

Shareholders' agreement: majority owner(s) in firm control

Agreement between shareholders for the regulation of

[Corporation name]

Dated: [date]

Agreement between shareholders for the regulation of

[Corporation name]

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Agreement between shareholders for the regulation of

[Corporation name]

This agreement is dated: [█ █ █ █]

The Corporation is: [corporation █ █ █ █] (" █ █ █ █ █ █ █ ")

The Corporation's registered office is: [REDACTED / REDACTED]

The Shareholders are:

[name] of [address]

[name] of [address]

The background to this agreement is:

These are the terms of the agreement:

1. Definitions

For federal law

Or for Ontario users

Or for Manitoba users

Or for Alberta users

Or for British Columbia users

Or for Saskatchewan users

"Articles" means articles of incorporation of the Corporation.

"Confidential Information" means all information, including:

personal information, as defined in applicable law, owned by any individual whom a party to this agreement may contact in relation to ■ ■ ■ ■ ■

information which may give a commercially competitive advantage to any other person. ■ ■ ■

data or information relating to suppliers, product plans, marketing strategies, finance, performance, operations, customer ■ ■ ■ ■ , ■ ■

■ ■ ■ ■ ■ ■ , ■ ■ ■ ■ ■ ■ ■ ■ , ■ ■ ■ ■ ■ ■ ■ ■ ;

information created or arising from this agreement;

information, comment or implication published on
[REDACTED].

"Director" means a director of the Corporation.

2. Interpretation

In this agreement unless the context otherwise requires:

3. Relationship of parties

4. Shareholders' details

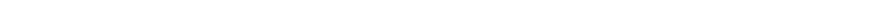
The shareholders in the Corporation are:

5. Completion

6. Special voting rights

7. Appointment and removal of Directors

7.1. Each shareholder who owns at least [5] %



QR

8. Directors may delegate

- 8.1. Subject to the Articles, the [REDACTED],
[REDACTED] [REDACTED],
:
8.1.1 by whatever means
8.1.2 to whatever extent
8.1.3 on whatever terms they think fit.

For the purpose " " ;

- 8.1.4 dealing with employees,
 - 8.1.5 making arrangements for meetings,
 - 8.1.6 banking matters,
 - 8.1.7 preparation of annual budget estimates,
 - 8.1.8 maintenance of books of accounts / annual accounts,
 - 8.1.9 keeping the members informed.

9. Proxy votes

10. Corporation's obligations

11. Shareholders' obligations

- 11.1. The shareholders agree to exercise their powers in relation to [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].
 - 11.2. Each shareholder undertakes with each of the other parties that whilst he remains a shareholder [REDACTED]
[REDACTED]
[REDACTED], [REDACTED]
[REDACTED].

12. Dividend policy and procedure

13. Actions requiring shareholder consent

- 13.1. change the name of the Corporation;
- 13.2. change the Articles of the Corporation;
- 13.3. pass any resolution for ■■■■■ - ■■■■■
■■■■■ .
- 13.4. sell, transfer, lease, ■■■■■ - ■■■■■
■■■■■ ;

14. Existing Intellectual Property

- 14.1. Schedule [1] of ■■■■■ - ■■■■■
■■■■■ .
- 14.2. Nothing in this agreement shall prevent a ■■■■■ - ■■■■■
■■■■■ .
- 14.3. If any shareholder (the "IP shareholder") ■■■■■ , ■■■■■
■■■ ("■■■"), ■■■■■ .
- 14.4. In the absence of any other documented licence agreement between
the Corporation and the IP shareholder, the ■■■■■ - ■■■■■
■■■■■
■■■■■ , ■■■■■
■■■■■ \$[1] ■■■■■ .
- 14.5. The IP shareholder may at any ■■■■■ - ■■■■■
■■■■■ [6] ■■■■■ .
- 14.6. If, on expiry of the [6] month notice period, ■■■■■ - ■■■■■
■■■■■ , ■■■■■ :
 - 14.6.1 The IP shareholder shall have no claim, ■■■■■ - ■■■■■
■■■■■
■■■■■ ■■■■■ .
 - 14.6.2 The IP shareholder grants whatever licence to the Corporation
as is necessary to enable the Corporation to ■■■■■ , ■■■■■
■■■■■ , ■■■■■ - ■■■■■

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14.6.3 All other deemed licences shall [REDACTED], [REDACTED]
[REDACTED]
[REDACTED]

15. New Intellectual Property

15.1. Each shareholder understands that whilst associated with the Corporation, he may discover or [REDACTED]
[REDACTED]
[REDACTED]

15.1.3 provide to the Corporation whatever full code, passwords, specification, [REDACTED], [REDACTED]
[REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED],
[REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED],
[REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED],
[REDACTED]

16. Assets introduced by a shareholder

- 16.1. This paragraph does not apply to Intellectual Property.
- 16.2. The assets listed under the [2].
- 16.3. This paragraph applies to those assets and also [REDACTED].
- 16.4. Unless a clear intention of gift [REDACTED], [REDACTED].
- 16.5. Each shareholder, who has permitted his assets of any description [REDACTED], [REDACTED].
[REDACTED]:
 - 16.5.1 is limited to [REDACTED];
 - 16.5.2 prohibits reproduction [REDACTED], [REDACTED];
 - 16.5.3 shall terminate at any time [REDACTED] [REDACTED / [REDACTED]].

17. Confidentiality

- 17.1. Each shareholder agrees and undertakes that he will:
 - 17.1.1 not remove from Corporation's premises or copy or allow anyone else to copy from [REDACTED], [REDACTED], [REDACTED];
 - 17.1.2 in respect of any part of the Confidential Information of the Corporation, from today until [REDACTED], [REDACTED], [REDACTED]

17.2. This paragraph does not apply to disclosure:

18. General provisions relating to shares

19. Exit provision: co-operate to find buyer

It is a condition of this agreement [REDACTED]

OR

- 19.3. procure some other avenue whereby any shareholder may dispose of his shares at [REDACTED]
[REDACTED]
[REDACTED] \$ [REDACTED], [REDACTED]
[REDACTED].

20. Share sale by single shareholder

- 20.1. In this paragraph:

- #### **20.2.1 the number and classes of Sale Shares;**

- 20.2.5 all other terms relating to the proposed transaction.

- 20.12. If the Seller fails to comply with the [REDACTED], [REDACTED]
[REDACTED].
- 20.13. If in respect of all or any Sale Shares the Seller's offer lapses or is [REDACTED]
[REDACTED], [REDACTED]
[REDACTED]
[REDACTED].

21. Procedure after transfer

If, at any time, [REDACTED], [REDACTED]
[REDACTED], [REDACTED]:

- 21.1. resign as a Director of the Corporation [REDACTED]
[REDACTED];
- 21.2. immediately transfer to whomever the Corporation [REDACTED], [REDACTED]
[REDACTED];
- 21.3. [REDACTED]
[REDACTED];
- 21.4. [REDACTED]
[REDACTED];
- 21.5. [REDACTED]
[REDACTED];
- 21.6. [REDACTED], [REDACTED]
[REDACTED];
- 21.7. [REDACTED], [REDACTED], [REDACTED]
[REDACTED];
[REDACTED]
[REDACTED]
[REDACTED],
[REDACTED]
[REDACTED]
[REDACTED] ([REDACTED]

[REDACTED].

22. Shareholder's continuing rights and obligations

- 22.1. [REDACTED]
[REDACTED].
- 22.2. [REDACTED]
[REDACTED], [REDACTED]
[REDACTED]:
 - 22.2.1 [REDACTED]
[REDACTED]
[REDACTED];
 - 22.2.2 [REDACTED]
[REDACTED]
[REDACTED];

23. Restrictions on shareholder after transfer

Each shareholder agrees that:

- 23.1. [REDACTED], [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED];
- 23.2. [REDACTED] [REDACTED]
[REDACTED], [REDACTED], [REDACTED], [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].
- 23.3. [REDACTED]
[REDACTED] [REDACTED]
[REDACTED] [REDACTED]
[REDACTED], [REDACTED]
[REDACTED];

- 23.4. [] , , , ;
- 23.5. , , , ;
- 23.6. .

24. Transfer of shares on death or incapacity

In this paragraph:

" " .

" " .

" " :

the death of a shareholder; or

. ; .

. .

For Ontario users

. 1 .

OR for Manitoba user

1
1998 .

OR for Alberta users

OR for British Columbia users

OR for Saskatchewan users

.....

A large grid of black squares arranged in 10 rows and 20 columns, representing a 2D array or matrix.

A horizontal progress bar consisting of a series of small black squares. The bar is nearly full, with only a few squares missing from the end. To the right of the bar, the text "90 %" is displayed.

25. Transfer of shares on bankruptcy

26. Life insurance provision

In this paragraph:

```
"-----"  
-----  
-----  
-----
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26.5. The Sum shall be payable to the Beneficiary.

27. Publicity

.....
.....
.....

28. Conflict with the Articles

29. Miscellaneous matters

29.8. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].

It shall be deemed to have been delivered:

[REDACTED];
[REDACTED];
[REDACTED] 72 [REDACTED];
[REDACTED]
[REDACTED] 24 [REDACTED]
[REDACTED]
[REDACTED]. [REDACTED]
[REDACTED],
[REDACTED]
[REDACTED].

29.9. [REDACTED], [REDACTED]
[REDACTED] [REDACTED]
[REDACTED] [REDACTED].

Signed by [full name of one Director], duly authorised on behalf of the Corporation

Signed by [full name], a shareholder:

Signed by [full name], a shareholder:

Schedule 1: Existing IP owned by IP shareholder

Schedule 2: Ownership of assets used by the Corporation

Schedule 3: Letter of instruction to accountants for valuation

On the letterhead of the corporation

To: [Bloggs accountants]

Dear Sirs

Shares valuation - this corporation

[] %

To assist you we now enclose:

- [REDACTED], [REDACTED];
 - [REDACTED];
 - details of the current and forward order book;
 - budget for the next **[two]** years;

.....

OR

Please make your valuation on the following assumptions:

3. [REDACTED]
[REDACTED]
[REDACTED], [REDACTED]
%].
4. [REDACTED]
[REDACTED] / [REDACTED], [REDACTED]
5. [REDACTED]
[REDACTED], [REDACTED] / [REDACTED]
[REDACTED].
6. [REDACTED]
[REDACTED]
[REDACTED], [REDACTED]:
6.1. depreciation,
6.2. salary payments to the directors,
6.3. other emoluments of the directors,
7. [REDACTED], [REDACTED]
[REDACTED] ([REDACTED]
[REDACTED]).
8. [REDACTED]
[REDACTED].
9. [REDACTED]
[REDACTED].
10. [REDACTED]
[REDACTED].
11. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].
12. [REDACTED]
[REDACTED]
[REDACTED].

Yours faithfully,

Explanatory notes:

Shareholders' agreement: single majority owner retains control

General notes

1. Although all matters relating to the structure and management of a corporation must stay within the framework provided by the Act this agreement is comparatively unregulated. It is, therefore, open to you to make whatever arrangements they wish. The starting point for this agreement should therefore be a "wish [REDACTED]" [REDACTED]!
[REDACTED], [REDACTED]
[REDACTED].
2. As we explained on the page from which you bought this document template, this version is for a corporation which is controlled by one shareholder director, now wishing to give or sell or allow subscription for new shares to some other person, but still retain full control. There may be two of you who have always controlled the corporation. Fine. The point is that whether there are one or [REDACTED], [REDACTED]
[REDACTED], [REDACTED]
[REDACTED].
3. Certain points cannot be avoided, because the law says so. Every director is equally responsible. Every shareholder has similar rights - at [REDACTED]
[REDACTED].
4. A critical point to bear in mind is that a holding of over 25% of voting shares gives stronger rights than under 25%. The key provision however, is that, to control a corporation, you need over 50%. This [REDACTED]
[REDACTED]
[REDACTED].
5. Before you can discuss the detail of this document, everyone involved should talk about the "exit strategy". We can advise confidently that there will be a dispute at some [REDACTED], [REDACTED], [REDACTED], [REDACTED].
6. What we can do in this document is to give you ideas on how to minimise your disputes by advance agreement. Sadly, neither you nor we know what problems will arise. You cannot stop bad things from happening, but you can provide as best you can. That is what we try to do in [REDACTED] 25 [REDACTED].
[REDACTED], [REDACTED]
[REDACTED].

Paragraph specific notes

Notes following the numbered paragraphs

1. Definitions

2. Interpretation

3. Relationship of parties

4. Shareholders' details

In providing shareholder details, we assume the corporation has been formed and shares issued. If that is not the case, this agreement may be drawn in

5. Completion

6. Special voting rights

7. Appointment and removal of Directors

In a private corporation it is usual for every shareholder also to be a director. We have provided for that. If a shareholder does not wish to be a director, he or she can resign from the board at any time by giving notice in writing to the company.

Remember that the actual appointment or removal must take place within the

8. Director(s) may delegate

Every part of this paragraph may be edited to suit your requirement. This is suitable in the structure where a director holds majority shares in the ■ ■ ■

9. Proxy votes

The question of absence through holidays or sickness is often overlooked. It is likely that the articles cover the situation at meetings, but will not cover other situations. You need to be able to appoint someone to vote your shares if [REDACTED]
[REDACTED], [REDACTED]
[REDACTED].
[REDACTED].

10. Corporation's obligations

11. Shareholders' obligations

12. Dividend policy and procedure

We have not provided for an interim dividend because interim accounts are required in order

13. Actions requiring shareholder consent

14. Existing Intellectual Property

Such rights could be the basis for regular payment of a ■■■■■ (■■■■■)

This paragraph provides a route through the maze. The ideal provision is not in this agreement at all. It is to identify essential IP and make sure the owner

15. New intellectual property

16. Assets introduced by a shareholder

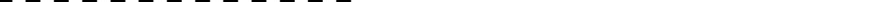
17. Confidentiality

18. General provisions relating to shares

This is the first paragraph about exit provisions. Every shareholder wants to be able to leave at some point, either through a sale of their shares or through a liquidation of the company. There are several ways to achieve this:

19. Exit provision: co-operate to find buyer

You can decide now exactly what will be the future of the corporation or you ■



20. Share sale by single shareholder

.....
.....

21. Procedure after transfer

22. Shareholder's continuing rights and obligations

23. Restrictions on shareholder after transfer

24. Transfer of shares on death or incapacity

A PR is compelled to carry out [REDACTED], [REDACTED]
[REDACTED], [REDACTED]
[REDACTED] - [REDACTED].

25. Transfer of shares on bankruptcy

26. Life insurance provision

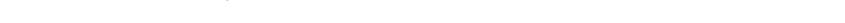
27. Publicity

We have no comment

28. Conflict with the Articles

29. Miscellaneous matters

A number of special points. We have identified each of these as important to



Letter to accountant - valuers

End of notes