

CA-CPsha02

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

Agreement between shareholders for the regulation of

[Corporation name]

Dated: [date]

- 8.2. If the Directors so specify, any [REDACTED]
[REDACTED] .
- 8.3. The Directors may revoke any [REDACTED] ,
[REDACTED] .

9. Proxy votes

- 9.1. Any action or decision which may be taken [REDACTED]
[REDACTED] , [REDACTED] ,
[REDACTED] .
- 9.2. A shareholder may [REDACTED] [REDACTED] [REDACTED] .
- 9.3. No person may act as proxy until his principal has given seven [REDACTED]
[REDACTED]
[REDACTED] [REDACTED] / [REDACTED] [REDACTED] [48]
[REDACTED] .]

10. Corporation's obligations

- 10.1. The Corporation [REDACTED]
[REDACTED] :
- 10.1.1 carry on the Business efficiently;
- 10.1.2 ensure that any decision reasonably likely to affect the [REDACTED]
([REDACTED]) [REDACTED]
[REDACTED]
[REDACTED] ;
- 10.1.3 maintain insurances [REDACTED]
[REDACTED] .
- 10.1.4 buy, sell and deal at all [REDACTED]
[REDACTED]
[REDACTED] .
- 10.1.5 keep accurate accounts and records of the Corporation and
the Business [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 [redacted]
[redacted] [2] [redacted].
- 16.3. This paragraph applies to those assets and also [redacted]
[redacted], [redacted]
[redacted].
- 16.4. Unless a clear intention of gift [redacted], [redacted]
[redacted]
[redacted].
- 16.5. Each shareholder, who has permitted his assets of any description [redacted]
[redacted], [redacted]
[redacted]. [redacted] :
- 16.5.1 is limited to [redacted]
[redacted];
- 16.5.2 prohibits reproduction [redacted], [redacted]
[redacted];
- 16.5.3 shall terminate at any time [redacted]
[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]
[redacted]
[redacted];
- 17.1.2 in respect of any part of the Confidential Information of the
Corporation, from today until [redacted]
[redacted], [redacted]
[redacted]

.....
.....).

22. Shareholder's continuing rights and obligations

22.1.
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22.2.
.....,
.....:

22.2.1
.....
;

22.2.2
.....
;

23. Restrictions on shareholder after transfer

Each shareholder agrees that:

23.1.,
.....
.....;

23.2. [.....]
.....,,
.....
.....
.....
.....

23.3.
..... [.....
.....] ,
.....,
.....;

..... 90 %
.....

25. Transfer of shares on bankruptcy

25.1.
.....
.....
..... :

25.1.1 [.....]
.....]

25.1.2
..... ;

25.1.3 ,
..... ,
..... ;

25.1.4 ,
..... ,
.....
.....

26. Life insurance provision

In this paragraph:

" "
.....
.....

..... " " :

[.....] [.....
.....] [.....]

[.....] [.....
.....] [.....]

[] []
[] []

" " "
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" " "
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26.1. "
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26.2. "
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" () "
"

26.3. () "
"
"

26.4. "
"

26.5. The Sum shall be payable to the Beneficiary.

26.6. "
" - "
"

27. Publicity

" "
"
"

Schedule 1: Existing IP owned by IP shareholder

[.....]

Schedule 2: Ownership of assets used by the Corporation

Yours faithfully,

.....
.....

Payment of a dividend must also accord with the corporation articles. If you
..... ,
.....

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

You do not have to include a dividend policy in a shareholders agreement. A
young and expanding corporation may prefer to state categorically that no
dividend shall ,
..... -
.....

The usual way to provide for an outside shareholder
.....

We recommend that you leave this paragraph substantially ,
.....

13. Actions requiring shareholder consent

This paragraph is important. In setting out these points, we are merely
reminding the
.....

14. Existing Intellectual Property

A shareholder who personally owns IP rights essential to the operation of the
business has a gigantic stranglehold over the corporation - and hence, over
the other shareholders. The IP may be anything: a ,
..... ,
..... ,
.....
.....

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

If this could be important to you now, you should clearly identify the
.....
.....

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

assigns ,
 - \$ 1 ,

To take up the above suggestions, the draft

If however, you wish to clear the decks and set the corporation up in a way in
 which it could be attractive to a third party buyer, IP rights
 ,

15. New intellectual property

The scope and potential value of intellectual property is very wide. It is
 sometimes difficult to identify, let alone to track. The provisions in this
 agreement are therefore thorough. As long as we do not know today
 ,

16. Assets introduced by a shareholder

Over time, shareholders tend to introduce assets for use in the corporation. It
 might be a picture to hang on the office wall, or an old desk, or some graphic
 design or software. Later, arguments
 , ,
 ,

This paragraph grants a formal licence to the

17. Confidentiality

It is for the parties to decide whether they think this provision is appropriate.
 This happens where software, customer lists, and designs creep out of the
 business

18. General provisions relating to shares

.....
.....

In practice, the majority holder will most commonly either
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....., ,
.....
.....

The draft
.....

21. Procedure after transfer

The extent of these provisions is a matter of choice. If colleagues fall ,
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..... .
..... ,
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.....

Many people will find
..... .

22. Shareholder's continuing rights and obligations

It is almost impossible to devise a deal whereby all shareholders are treated
equally because at the moment when one decides ,
.....
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..... ,
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23. Restrictions on shareholder after transfer

The carefully chosen wording of these restrictions is necessary to withstand
the general proposition that an agreement "....."
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..... ,
..... ,

24. Transfer of shares on death or incapacity

There are :

First, probate law will take precedence over anything you say here. Second, A PR is also bound by the law and in , " " " " " " " "

A PR is compelled to carry out , , -

In practice, a PR will usually - -

This provision is intentionally precise and thorough because

Since most shareholders' agreements are between small numbers of shareholders it is likely that they will be able to discuss any offer made and , 90 % ,

25. Transfer of shares on bankruptcy

We are sometimes asked what steps should be taken when a court order is made, declaring a

