

NZ-CPsha02

Shareholders' agreement: single majority owner retains control

Agreement between shareholders for the regulation of

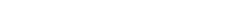
[Company name]

Dated: [date]

Contents

1.	Definitions	
2.	Interpretation	
3.	Relationship of parties	
4.	Issuance for shares	
5.	Shareholders' details	
6.	Completion	
7.	Company's use of money	
8.	Director may delegate	
9.	Proxy votes	
10.	Company's obligations	
11.	Shareholders' obligations	
12.	Dividend policy and procedure	
13.	Actions requiring shareholder consent	
14.	Existing intellectual property	
15.	New intellectual property	
16.	Assets introduced by a shareholder	
17.	Confidentiality	
18.	Exit strategy	
19.	Transfer of shares and right of pre-emption	
20.	Procedure after transfer	
21.	Transfer of shares on death or incapacity	
22.	Transfer of shares on bankruptcy	
23.	Restrictions on shareholder after transfer	
24.	Shareholder's continuing obligations	
25.	Life insurance provision	
26.	Publicity	
27.	Conflict with the Constitution	
28.	Breach of this agreement	
29.	Dispute resolution	
30.	Severance and invalidity	
31.	Miscellaneous matters	
	Schedule 1	Intellectual Property owned by shareholder
	Schedule 2	ownership of assets used by the Company
	Schedule 3	Letter of instruction to accountants for valuation

- 7.3 the shareholdings in the Company is as set out in this agreement.

8. 

These are the terms of the agreement:

1. Definitions

These definitions apply unless the context requires a different interpretation:

"Act"

means ■■■■■■

■■■■■

■■■■■

"Business" means the business of [state nature of business concisely].

"Confidential Information" means all

“Constitution” means constitution of the Company

"Director" means a director of the Company.

"Fair Price" means the price of Sale Shares or Transfer Shares certified by the auditor of the Company or by independent accountant instructed for the

"Intellectual Property"	means
"PR"	means the
"Sale Notice"	means a notice given by a shareholder to the Company, specifying the details of Sale Shares.
"Sale Price"	means the price specified in a Sale Notice.
"Sale Shares"	means the shares which a shareholder wishes to transfer by gift or sale, or otherwise to dispose of.
"Transfer Date"	means the date when a shareholder transfers the last of his shares in the Company.
"Transfer Event"	means any one of:
	the death of a shareholder; or
	the
	the
"Transfer Shares"	means shares which are owned by a shareholder whose affairs become subject to a Transfer Event.

2. Interpretation

In this agreement unless the context otherwise requires:

- [illegible]

6. Completion

The parties agree to give effect to this ■■■■■■■■■■■■■■■■■■■■■■■■■■■■■■■■
:

- [illegible]

7. Company's use of money

The Company will use the money from the shares solely to ■■■■■■
■■■■■.

8. Director may delegate

- 8.1. Subject to the Constitution, the Director may delegate common administrative matters to any ■■■■ [■■■■■■■■■■], ■■■■■■■■ ■■■■■■■■:

- 8.1.1 by whatever means
- 8.1.2 to whatever extent
- 8.1.3 on whatever terms as he thinks fit.

For the purpose of this paragraph the “■■■■■” ■■■■
:

- #### 8.1.4 dealing with employees

- [illegible]

9. Proxy votes

- [illegible]

10. Company's obligations

- [illegible]

- [illegible]

11. Shareholders' obligations

- [illegible]

12. Dividend policy and procedure

- [illegible]

- 12.3. No dividend shall be paid until the annual accounts of the Company have shown a profit after tax of at ■■■■ [■■■■] ■■■■■■■■■■
■■■■■■■■■■■■■■■■■■■■.

13. Actions requiring shareholder consent

[illegible]

- 13.1. change the name of the Company;
- 13.2. adopt a constitution after registration and change or revoke ■■■■■■
■■■■■■■■■■■■■■■■■■■■; ;
- 13.3. approve a major transaction or amalgamation of the Company
- 13.4. pass any resolution for winding-up the Company ■■■■■■■■■■■■■■■■■■■■
■■■■■■■■■■■■■■■■■■■■ .
- 13.5. put into liquidation

14. Existing Intellectual Property

[illegible]

- [illegible]

[illegible]

- 19.3. If a shareholder wishes to dispose of all or any of his shares, [] ,
:
19.4. The selling shareholder (" ") ;
19.5. The Sale Notice must specify:
19.5.1 the number and classes of () ;
19.5.2 The Sale Price per share, being the price at which the (,) ;
19.5.3 whether any third party has indicated a willingness to buy the 3 ;
19.5.4 the identity of any such third party and () ;
19.5.5 a summary of the terms of purchase put forward .
19.6. If the Seller asserts that the Sale Price is , / .
19.7. The Sale Notice shall be .
19.8. The Sale Notice shall not be revocable except with .

19.9. Promptly after the Sale Notice is received, the Directors shall send a copy of _____

_____, _____
_____.

19.10. A shareholder wishing to accept any or all of the shares offered to him shall give written notice of [21]

19.11. If such notice is not received by [21] ,
 .

[illegible][illegible][illegible]

19.15. If the Seller fails to comply with the _____ ,

_____ .

[illegible]

20. Procedure after transfer

20.1. On or immediately _____, _____
 _____:

.....
:

22.1.1 [The remaining shareholders].

22.1.2 The price
.....;

22.1.3 As between the remaining shareholders, each shall be
.....,
.....;

22.1.4 If any remaining shareholder does not wish to buy his
proportionate number of shares,
.....,
......

23. Restrictions on shareholder after transfer

Each shareholder agrees that:

23.1. after the Transfer Date to continue to acknowledge the ownership
.....;

23.2. he will not within [three] years of the Transfer Date directly or indirectly,
advise, instruct,
.....
.....
.....
......




23.3. the restrictions imposed by the last
..... [.....] ;

23.4. he will not within [three] years of the Transfer Date directly or ,
..... , ,
.....
.....
..... ;

The "Sum"

■ ■ .

[illegible][illegible]

25.3. ()   .

[illegible]

25.5. The Sum shall be payable to the Beneficiary.

[illegible]

26. Publicity

[illegible]

27. Conflict with the Constitution

.....
.....:

27.1. ■■■■■■■■■■■■■■■■■■■■■■, ■■■■■■■■■■■■■■■■■■■■■■;

[illegible]

28. Breach of this agreement

[illegible][illegible]

29. Dispute Resolution


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

30. Severance and invalidity

[illegible][illegible]

31. Miscellaneous matters

[illegible][illegible][illegible]

31.4. .

[illegible]

It shall be deemed to have been delivered:

.....
⁷².....;

[illegible][illegible]

Signed by [full name], duly authorised on behalf of the Company

Signed by [full name], a shareholder:

Signed by [full name], a shareholder:

Schedule 1 – Intellectual Property owned by shareholder

[Provide the list of any intellectual property owned by shareholder being used by the company]

Schedule 2 - ownership of assets used by the Company

Yours faithfully,

Explanatory notes:

Shareholders' agreement: single majority owner retains control

General notes

- Although all matters relating to the management, operation and structure of a company are regulated by statute, this agreement is comparatively unregulated. It is therefore open to the parties to make whatever arrangements they wish. The starting point for this agreement should therefore be a "wish list" . , !
- There are also some important preliminary decisions relating to who does what, how the whole deal terminates, and what happens when .
- The document contains four preliminary points which are technically called "recitals". The main purpose of the recitals in this case is to set out the structure of the company before the agreement becomes effective. It is . !

We have provided two options in the background paragraph. Use ■■■■■■
■■■■■■■■■■.

Paragraph specific notes

Notes following the numbered paragraphs

4. Definitions

[illegible][illegible]

5. Interpretation

[illegible]

6. Relationship of parties

[illegible]

7. Issuance of shares

This is optional paragraph. Use it if the company is new and shares have not yet been issued ■■■■■■■■■■■■. ■■■■■■■■■■.

The price per share is usually the nominal value. If the shares are \$1 shares, then the price per share should be \$1. However, there is nothing to prevent a issuance at any price. If one party has contributed an existing business to the deal, it could be that others may have to contribute many

8. Shareholders' details

This is optional paragraph. Use this paragraph if the company is already operational and you wish to include ■■■■■■■■■■■■.■■■■■■■■■■.

9. Completion

The agreement does not of itself make things happen. So far as change must be made, it is likely to be through service contracts, minutes of meetings, and so on. It is therefore important to specify and list the actions to be taken to complete the agreement.

10. Company's use of money

23. Procedure after transfer

[illegible]

24. Transfer of shares on death or incapacity

If the transfer is by operation of law, (bankruptcy ■■■■■■■■■■) ■■■■■■■■■■
 ■■■■■■■■■■. ■■■■■■■■■■
 ■■■■■■■■■■,
 ■■■■■■■■■■.

[illegible]

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

[illegible][illegible]

End of notes