

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

**Agreement between shareholders for the regulation of**

[Company name]

Dated: [date]

## **Agreement between shareholders for the regulation of**

[Company name]

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## Schedule 1 Existing IP owned by IP shareholder

## Schedule 2 Ownership of assets

## **Agreement between shareholders for the regulation of**

[Company name]

This agreement is dated: [ █ █ █ █ ]

The Company is: [company █ █ █ █ ] (" █ █ █ █ █ █ █ ")

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

## The Shareholders are:

[name] of [■ ■ ■ ■]

[name] of [■ ■ ■ ■]

#### **The background to this agreement is:**

- A. [Company name] is a private limited company, number [1234567], [REDACTED]  
[REDACTED] [REDACTED].
  - B. The parties have agreed these terms in order to [REDACTED]  
[REDACTED].

## **These are the terms of the agreement:**

## 1. Definitions

"Articles" means articles of association of the Company.

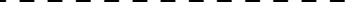
"Confidential Information" means all information, including:

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

information about staff, their performance and ■ ■ ■

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  


"Director" means a director of the Company.

"Transfer Date" means a date when a shareholder transfers shares, whether or not that transfer

## 2. Interpretation

In this agreement unless the context otherwise requires:

### **3. Relationship of parties**



#### **4. Shareholders' details**

The shareholders in the Company are:

Name of shareholder	Number of shares
ABC	80
DEF	20

## 5. Completion

## **6. Special voting rights**

## **7. Appointment and removal of Directors**

OR

- 7.5. To nominate some person other than himself, a shareholder shall write to the [company secretary] and [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED].
- 7.6. A Director who is not a shareholder may be appointed only if his appointment is approved [REDACTED] [ 80 ]  
% [REDACTED]  
[REDACTED]  
[REDACTED].
- 7.7. A Director may be removed by a vote to that effect at [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED].

## 8. Directors may delegate

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

For the purpose [REDACTED] " [REDACTED] " [REDACTED]  
[REDACTED] :

- 8.2.2 dealing with employees
- 8.2.3 making arrangements for meetings,
- 8.2.4 banking matters,
- 8.2.5 preparation of annual budget estimates,
- 8.2.6 maintenance of books of accounts / annual accounts,
- 8.2.7 keeping the members informed.
- 8.3. If the Directors so specify, any [REDACTED]  
[REDACTED]  
[REDACTED].

## 9. Proxy votes



## **10. Company's obligations**

## **11. Shareholders' obligations**



## **12. Dividend policy and procedure**



### **13. Actions requiring 75% shareholder consent by law**

## **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 Company 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 Company as is necessary to enable the Company to ■■■■■ , ■■■■■  
■■■■■ , ■■■■■ - ■■■■■  
■■■■■  
■■■■■ .

## **15. New Intellectual Property**



## **16. Assets introduced by a shareholder**

## **17. Confidentiality**

## **18. General provisions relating to shares**

- 18.1. No party shall assign, mortgage, charge, or otherwise encumber, [REDACTED]  
[REDACTED]  
[REDACTED] [ 80 ]% .
  - 18.2. A shareholder may freely dispose of some or all of his shares to [his spouse or [REDACTED], [REDACTED], [REDACTED] / [REDACTED]  
[REDACTED] / [REDACTED], [REDACTED] ].
  - 18.3. A shareholder may at any time transfer shares [REDACTED]  
[REDACTED]

### **19. Exit provision: co-operate to find buyer**



OR

- 19.3. procure some other avenue whereby any Shareholder may dispose of his shares at a [REDACTED] £ [ 10 , 000 , 000 ], [REDACTED]

## **20. Share sale by single shareholder**

20.1. In this paragraph:

"Sale Shares"

Category	Share (%)
Books	25%
CDs	20%
DVDs	15%
Video Games	10%
Merchandise	20%

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

20.2.4 the identity of any such third party and ( [REDACTED]  
[REDACTED] ) ( [REDACTED] ) [REDACTED]  
[REDACTED].

20.2.5 all other terms relating to the proposed transaction.

20.5. The Sale Notice shall not be revocable except with [REDACTED]

\_\_\_\_\_

## **21. Procedure after transfer**



## **22. Shareholder's continuing rights and obligations**

- 22.2. [REDACTED]  
[REDACTED], [REDACTED]  
[REDACTED]:
- 22.2.1 [REDACTED]  
[REDACTED]  
;
- 22.2.2 [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].
- 23.3. [REDACTED]  
[REDACTED]  
[REDACTED] [REDACTED]  
[REDACTED], [REDACTED], [REDACTED], [REDACTED]  
[REDACTED];
- 23.4. [REDACTED] [REDACTED]  
[REDACTED], [REDACTED], [REDACTED], [REDACTED]  
[REDACTED]  
[REDACTED];
- 23.5. [REDACTED], [REDACTED]  
[REDACTED], [REDACTED]  
[REDACTED]  
[REDACTED];

#### **24. Transfer of shares on death or incapacity**

In this paragraph:

A decorative horizontal separator consisting of a series of black squares arranged in three parallel rows. The top row has 25 squares, the middle row has 26 squares, and the bottom row has 27 squares, creating a stepped effect.

the death of a shareholder; or

.....

24.5.1 ( ) 14 ;

A large grid of black squares arranged in 24 rows and 7 columns, representing a 24x7 matrix.

## **25. Transfer of shares on bankruptcy**

- 25.1. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED];  
25.1.1 [REDACTED]  
[REDACTED].  
25.1.2 [REDACTED]  
[REDACTED];  
25.1.3 [REDACTED], [REDACTED]  
[REDACTED], [REDACTED]  
[REDACTED];  
25.1.4 [REDACTED]  
[REDACTED], [REDACTED]  
[REDACTED], [REDACTED]  
[REDACTED].

## **26. Life insurance provision**

In this paragraph:

- "[REDACTED]" [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED].  
[REDACTED]"[REDACTED]" [REDACTED]:  
[REDACTED] [REDACTED] [REDACTED]  
[REDACTED] [REDACTED] [REDACTED]  
[REDACTED] [REDACTED] [REDACTED]  
[REDACTED] [REDACTED] [REDACTED]  
[REDACTED]"[REDACTED]" [REDACTED]  
[REDACTED]

- .....  
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- 26.1. ....  
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- 26.2. ....  
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- 26.3. ( ..... ) .....
- 26.4. ....  
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- 26.5. The Sum shall be payable to the Beneficiary.
- 26.6. ....  
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## 27. Publicity

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## 28. Conflict with the Articles

.....  
..... , .....

- 28.1. .... , .....

## **29. Miscellaneous matters**

It shall be deemed to have been delivered:

72 ;  
- : 24 .

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

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 Company**

## **Schedule 3 - Letter of instruction to accountants for valuation**

*On the letterhead of the company*

To: [Bloggs accountants]

Dear Sirs

## Shares valuation - this company

[ ] %

To assist you we now enclose:

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

A decorative horizontal bar at the bottom of the page, consisting of two rows of black squares. The top row has 30 squares, and the bottom row has 29 squares, creating a subtle visual texture.

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]  
[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

# Paragraph specific notes

Notes following the numbered paragraphs

## 1. Definitions

## 2. Interpretation

### **3. Relationship of parties**

#### **4. Shareholders' details**

## 5. Completion

## **6. Special voting rights**

Remember however, that good modern articles allow for meetings to take place via telecoms software even if the participants are scattered over the

## **7. Appointment and removal of Directors**

In a private company 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, please let us know.

To prevent this, we have provided that the right to appoint a director is removed when a shareholder no longer holds a given percentage of shares. We have suggested 5%, but it [REDACTED].

#### **8. Director(s) may delegate**

## 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. Company's obligations**

## **11. Shareholders' obligations**

## **12. Dividend policy and procedure**

Payment of a dividend must accord with tax law and the Companies Act, S829 to 853. The tax element relates in part to the availability of profit out of which a dividend may be paid.

.....

Payment of a dividend must also accord with the company articles. If you ■

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

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### **13 Actions requiring shareholder consent by law**

This paragraph is most important. In setting out these points, we are merely reminding all shareholders that these items require a 75% majority because the Companies Act says so. Any attempt to reduce it will be void. However, you can increase the 75% if you wish to do so. We have explained shareholders' statutory rights fully in our article at

## **14. Existing Intellectual Property**

## **15. New intellectual property**

#### **16. Assets introduced by a shareholder**

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## **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