

Shareholders' agreement: professional investors

Agreement 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

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 Existing Shareholders are:

[name] of [■ ■ ■ ■]

[name] of [■ ■ ■ ■]

[name] of [■ ■ ■ ■]

The Investor is:

The background to this agreement is:

These are the terms of the agreement:

1. Definitions

These definitions apply unless the context requires otherwise:

[3].

"Intellectual Property"	means intellectual property of every sort, whether or not registered or registrable in any country, including intellectual property of all kinds coming into existence after today; and including, among others, patents, [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED].
"Shareholders"	means the holders of shares in the Company from time to time, including any person who holds shares by operation [REDACTED].
"Transfer Date"	means a date when the ownership of one or more shares, changes, whether or not [REDACTED].

2. Interpretation

In this agreement unless the context otherwise requires:

- 2.1. a reference to a person includes a human individual, a corporate entity and any organisation [REDACTED].
- 2.2. a reference to one gender shall include any or all genders and a reference to the singular may be interpreted [REDACTED].
- 2.3. a reference to a person or party includes reference to that person's successors, legal representatives, permitted assigns and any person to whom rights and obligations are transferred or pass as [REDACTED].
- 2.4. a references to a paragraph or schedule is to a paragraph or schedule to this agreement unless the context [REDACTED].

3. Relationship of parties

4. Shareholders' details

- #### **4.1. The Existing Shareholders in the Company are:**

Name of shareholder	Number of shares
ABC	100
DEF	200
GHI	200

- 4.2. The Investor owns [500] shares ■ ■ ■ ■ £ 1 ■ ■ ■ ■ .

5. Completion

6. Special voting rights

7. Appointment and removal of Directors by Existing Shareholders

8. Appointment and removal of nominee Director by Investor

9. Duties of Directors

10. Proxy votes

11. Actions requiring 75% shareholder consent by law

12. Actions requiring shareholder consent by agreement

13. Company's obligations

..... ;

14. Shareholders' obligations

15. Information for the Investor

16. Deadlock

17. Existing Intellectual Property

18. New Intellectual Property

.....

19. Assets introduced by a shareholder

20. Assets and Intellectual Property introduced by the Investor

21. Confidentiality

21.1.2 in respect of any part of the Confidential Information of the other, from today until [REDACTED], [REDACTED]
[REDACTED], [REDACTED]
[REDACTED]

21.2. This paragraph does not apply to disclosure:

22. Dividend policy and procedure

- 22.2. Dividends shall be [REDACTED]
[REDACTED].
- 22.3. The Company may by ordinary [REDACTED], ([REDACTED]
[REDACTED]).
- 22.4. A dividend must not be declared unless the Directors [REDACTED]
[REDACTED].
[REDACTED]
- 22.5. No dividend shall be paid until the annual accounts [REDACTED]
[REDACTED]
[REDACTED] [REDACTED].
- 22.6. Provided the Directors act in good faith, they do not incur any liability [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].
- 22.7.

23. General provisions relating to shares

- 23.1. No party shall assign, mortgage, [REDACTED], [REDACTED]
[REDACTED]:
- 23.1.1 after [date]; or
- 23.1.2 by completion of the business for which the Investor [REDACTED]
[REDACTED] [REDACTED]
[REDACTED];

AND/OR

- 23.1.3 without the prior written [REDACTED]
[REDACTED].
- 23.2. A Shareholder may freely dispose of some or all of his shares to [his
spouse or [REDACTED], [REDACTED]
[REDACTED] / [REDACTED]
[REDACTED] / [REDACTED], [REDACTED]].

- 23.3. The Investor may dispose of all or any of its shares, [REDACTED]
[REDACTED]
[REDACTED].
- 23.4. A Shareholder may at any time transfer shares [REDACTED]
[REDACTED]
[REDACTED].
- 23.5. No transfer shall be accepted and / or registered by [REDACTED]
[REDACTED]
[REDACTED].

24. Exit provision: co-operate to find buyer

- It is a condition of this agreement [REDACTED]
[REDACTED]
[REDACTED] :
- 24.1. sell the whole of the [REDACTED]
[REDACTED] [REDACTED]; [REDACTED]
 - 24.2. procure some other avenue whereby [REDACTED]
[REDACTED]; [REDACTED]
 - 24.3. procure some other avenue whereby any Shareholder may dispose of his shares at a [REDACTED]
[REDACTED]
£ [10 , 000 , 000], [REDACTED]
[REDACTED].

25. Share sale by single shareholder

- 25.1. In this paragraph:

"Sale Notice" means a notice given [REDACTED]
[REDACTED], [REDACTED]
[REDACTED], [REDACTED]
[REDACTED].

"Sale Price" [REDACTED]
[REDACTED].

Company	Current Sale (%)	Previous Sale (%)
Apple	100	100
Microsoft	100	100
Google	100	100
Amazon	100	100
Facebook	100	100

.....

26. “Tag-along” right

26.1. [51] % (" ")
(" "),
(" ").

- 26.2. [REDACTED]
[REDACTED] ([REDACTED " [REDACTED - [REDACTED]] ") [REDACTED]
[REDACTED], [REDACTED]
[REDACTED], [REDACTED]
[REDACTED], [REDACTED], [REDACTED]
[REDACTED] / [REDACTED]
[REDACTED].
- 26.3. [REDACTED] 30 [REDACTED], [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED], [REDACTED]
[REDACTED]
[REDACTED] - [REDACTED] .
- 26.4. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].
- 26.5. [REDACTED]
- [REDACTED], [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].
- 26.6. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].
- 26.7. [REDACTED]
[REDACTED]
[REDACTED], [REDACTED]
[REDACTED], [REDACTED]
[REDACTED], [REDACTED]
[REDACTED].

27. “Drag along” right

- 27.1. [REDACTED]
[51] % [REDACTED]
[REDACTED] ([REDACTED " [REDACTED - [REDACTED]] ") [REDACTED]
[REDACTED], [REDACTED]
[REDACTED], [REDACTED]

“ ”
“ ”
“ ”
“ ”
“ ”

27.2.2 vote his shares in favour of that transaction;

27.2.3 ();

28. Procedure after transfer

28.1. [5]% :
[5]%

- 28.1.3 [REDACTED]
[REDACTED]
[REDACTED];
- 28.1.4 [REDACTED]
[REDACTED]
[REDACTED];
- 28.1.5 [REDACTED]
, [REDACTED];
- 28.1.6 [REDACTED], [REDACTED]
[REDACTED], [REDACTED];
- 28.2. [REDACTED]
[REDACTED]
[REDACTED], [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] ([REDACTED]
[REDACTED]
[REDACTED]).

29. Restrictions on Shareholder after transfer

Each Shareholder agrees that:

- 29.1. [REDACTED], [REDACTED]
[REDACTED]
[REDACTED];
- 29.2. [REDACTED] [REDACTED]
[REDACTED], [REDACTED], [REDACTED], [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].
- 29.3. [REDACTED]
[REDACTED]
[REDACTED] [REDACTED, [REDACTED]] [REDACTED]
[REDACTED], [REDACTED], [REDACTED], [REDACTED]
[REDACTED];

- 29.4. [] , , , ;
- 29.5. , , , ;
- 29.6. .

30. Shareholder's continuing rights and obligations

- 30.1. .
- 30.2. , .
■ :
- 30.2.1 .
; ;
- 30.2.2 .
; ;

31. Transfer of shares on death or incapacity

In this paragraph:

- " " .
" " .
" " : .

the death of a Shareholder; or

A decorative horizontal border consisting of a repeating pattern of black squares.

"....."

32. Transfer of shares on bankruptcy

33. Life insurance provision

33.1. In this paragraph:

The image consists of a grid of black squares on a white background. The grid is composed of several horizontal rows and vertical columns of squares. The first row contains 10 squares. Subsequent rows contain 11, 12, 13, 14, 15, 16, 17, 18, and 19 squares respectively, creating a stepped, pyramid-like shape that tapers to the right. This visual representation is likely a binary mask or a specific pattern in a digital image.

The image shows a decorative pattern of black squares arranged in a grid. It starts with a single row of 10 squares at the top, followed by 9 more rows of 10 squares each, creating a total of 100 squares. Below this main grid is a single row of 9 squares. The entire pattern is rendered in black on a white background.

.....

33.6. The Sum shall be payable to the Beneficiaries.

34. Publicity

A decorative horizontal separator at the bottom of the page, featuring three parallel rows of small black squares.

35. Conflict with the Articles

36. Miscellaneous matters

It shall be deemed to have been delivered:

36.9. [REDACTED], [REDACTED]
[REDACTED] [REDACTED]
[REDACTED] / [REDACTED] / [REDACTED]] [REDACTED]
[REDACTED]
[REDACTED].

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

Signed by [full name], an Existing Shareholder:

Signed by [full name], an Existing Shareholder:

Signed by [full name], an Existing Shareholder:

Signed by [full name], duly authorised on behalf of [DEF], the Investor:

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

[] 1% .

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]
[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: professional investors

General notes

1. This document has been drawn on the assumption that your company was formed after 01 January 2007 and that, accordingly, there is no reference nor requirement for shares to be "authorised". If it was formed before that date and still uses old style articles, then you should use this opportunity to broaden and simplify your operation of your company by substituting the new style of articles. We advise you not to use the version offered free of charge by Companies House. [REDACTED]
2. If your company is new, you may nevertheless be using the new standard template version. Again we advise you to consider [REDACTED].
3. Although all matters relating to the structure and management of a company must stay within the framework provided by the Act, this agreement is comparatively unregulated. It is therefore open to you to make whatever arrangements you wish. The starting point for this agreement should therefore be a "wish [REDACTED]" [REDACTED]. [REDACTED], [REDACTED]!
4. The agreement provides for special terms likely to be required to protect the interest of what we have named an "Investor". There are two [REDACTED]:
 - 4.1. The existing shareholders want to continue to control the company fully, so the investor takes a small shareholding (10%?) and lends a sum of money likely to be significant. In this case the investor is concerned mainly to be able to use his minority shareholding to protect his substantial loan, attend meetings, be entitled to reports and accounts, appoint a nominated director and [REDACTED]. [REDACTED]
 - 4.2. The investor takes a large shareholding because the purpose of the deal, for him, is to see capital appreciation in the value of his shares.

8.1 What if the buying shareholder has no money?

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 company has been formed and shares issued. If that is not the case, this agreement may be drawn in advance and dated the same day or [REDACTED], [REDACTED]
[REDACTED] ([REDACTED]) [REDACTED].

5. Completion

This is little more than a reminder to shareholders that they need to pay up for their shares and complete the formalities of minutes, and so on. The Act provides that minutes should always be kept. However, this will not be

6. Special voting rights

7. Appointment and removal of Directors by Existing Shareholders

In a small, private company it is usual for every shareholder to also be a director. We have provided for that. If a shareholder does not wish to be a director, we can provide for that by inserting the following clause:

8. Appointment and removal of nominee Director by Investor

9. Duties of Directors

10. 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].

11. Actions requiring 75% 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 <https://www.netlawman.co.uk/ia/shareholders-rights>

12. Actions requiring shareholder consent by agreement

The default position is that shareholders who collectively own more than 50% of the voting shares can do almost anything without reference to the opinion ■

13. Company's obligations

Edit freely so as to include _____.

14. Shareholders' obligations

Edit as you require.

15. Information for the Investor

16. Deadlock

By all means edit as you require.

17. Existing Intellectual Property

.....

18. New intellectual property

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

..... ,

19. Assets introduced by a shareholder

20. Assets and Intellectual Property introduced by the Investor

21. Confidentiality

22. Dividend policy and procedure

23. General provisions relating to shares

24. Exit provision: co-operate to find buyer

25. Share sale by single shareholder

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

The downside is that the
....."
.....".

The draft
.....

26. "Tag-along" right

This is
.....:

Large shareholder agrees sale of controlling interest to a
.....
.....,
......

We have suggested 51% as the appropriate trigger for this provision, because
.....
....., 51 %,
.....,
......

To an Investor, however, an ability to sell his
.....
.....,
.....
......

27. "Drag along" right

This provision is activated when a seller has found a buyer who is interested in
.....
.....
.....,
.....
......

It provides that the (majority) selling shareholder
.....
.....
....."
.....".

However, we have also provided that there shall be ██████████
██████████ . ██████████
██████████ ? ██████████
██████████ .

If you wish ██████████ , ██████████
██████████ .

28. Procedure after transfer

It is not unknown for a shareholder with a grievance to retain a small number of shares, ██████████ , ██████████ , ██████████
██████████ . ██████████
██████████ , ██████████
██████████ . ██████████
██████████ .

There is no reason why you ██████████
██████████
██████████ .

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

29. Restrictions on shareholder after transfer

The carefully chosen wording of these restrictions is necessary to withstand the general proposition that an agreement "in restraint of trade" ██████████
██████████
██████████ . ██████████
██████████
██████████ . ██████████
██████████
██████████ . ██████████
██████████ .

30. 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 ██████████ , ██████████
██████████ . ██████████
██████████ . ██████████
██████████ .

31. Transfer of shares on death or incapacity

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

32. Transfer of shares on bankruptcy

33. Life insurance provision

34. Publicity

We have no comment.

35. Conflict with the Articles

36. Miscellaneous matters

Letter to accountant - valuers

End of notes