

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

Schedule 3 Letter of instruction

1

"MOI" means the memorandum of incorporation of the Company.

"Confidential Information" means all information, including:

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

information created or arising from this agreement;

information, comment or implication published on

	[REDACTED]
"Director"	means a director of the Company.
"Existing Shareholders"	means shareholders other than the Investor.
"Fair Price"	means the price of Transfer Shares certified by an independent accountant instructed for the purpose of such valuation and based [REDACTED] [REDACTED] [REDACTED] [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].
"Shareholders"	means the holders of shares in the Company from time to time, including any person who holds shares by operation of law. It includes the Existing Shareholders and the [REDACTED]. [REDACTED] [REDACTED] [REDACTED].
"Transfer Date"	means a date when the ownership of one or more shares, changes, whether or not [REDACTED] [REDACTED] [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]
[REDACTED].
- 2.2. a reference to one gender shall include any or all genders and a reference to the singular may be interpreted [REDACTED]
[REDACTED].

3. Relationship of parties

- 6.2. A shareholder shall be treated as present whether in person, by proxy, by alternate director or [REDACTED].
- 6.3. The foregoing provision does not apply to a vote on any issue [REDACTED].

7. Appointment and removal of Directors by Existing Shareholders

- 7.1. Each Existing Shareholder who owns at least [5] % of the voting shares of the Company may be a director [REDACTED].
- 7.2. If an Existing Shareholder shall reduce his holding of voting shares so that his residual holding is less than [5] % of all the voting shares of the Company, then he shall resign as a Director and the provisions of paragraphs [28, 29 and 30] shall apply. *Note: you may need to change [REDACTED]*
[REDACTED] " [REDACTED] " [REDACTED]
[REDACTED] " [REDACTED] " [REDACTED]
".
- 7.3. To nominate some person other than himself, an Existing Shareholder shall write to the [company secretary]
[REDACTED]
[REDACTED]
[REDACTED],
[REDACTED].
- 7.4. A Director who is not a Shareholder may be appointed only if his appointment is approved [REDACTED] [80] % [REDACTED]
[REDACTED].
- 7.5. A Director may be removed by a vote to that effect at [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].

8. Appointment and removal of nominee Director by Investor

- 8.1. The Investor shall nominate one director.
- 8.2. The Investor may remove or replace the director nominated ██████████
██████████ . ██████████ ██████████ ██████████
██████████ :
 - 8.2.1 provide sufficient representation to constitute a quorum, and
 - 8.2.2 subject to there being a ████████, ██████████ ██████████
██████████ .
- 8.3. The Investor agrees to indemnify the Company against all cost and ██████████
██████████ ██████████ ██████████ ██████████
██████████ .

9. Duties of Directors

- 9.1. After completion of this agreement, ██████████
██████████ ██████████ .
- 9.2. The Directors of ██████████ ██████████ ██████████
██████████ :
[Name], ██████████
[Name], ██████████
[Investor's ██████████], ██████████ .

10. Proxy votes

- 10.1. Any action or decision which may be taken ██████████
██████████ , ██████████ ,
██████████ .
- 10.2. No person may act as proxy until his ██████████
██████████ / ██████████

13. Deadlock

14. Company's obligations

15. Shareholders' obligations

- 15.2. Each Shareholder undertakes with each of the others that whilst he remains a [REDACTED]
[REDACTED]
[REDACTED], [REDACTED]
[REDACTED].

16. Information for the Investor

In addition to [REDACTED]:

- 16.1. provide to any Director nominated by [REDACTED]
[REDACTED]
[REDACTED];
- 16.2. before the commencement of each financial year, consult with and explain to [REDACTED], [REDACTED]
[REDACTED]
[REDACTED];
- 16.3. provide to the Investor the [REDACTED]
[REDACTED]/[REDACTED].

17. Existing Intellectual Property

- 17.1. Schedule [1] of [REDACTED]
[REDACTED].
- 17.2. Nothing in this agreement shall prevent a [REDACTED]
[REDACTED]
[REDACTED].
- 17.3. If any shareholder (the "IP shareholder") [REDACTED]
[REDACTED], [REDACTED]
[REDACTED] ("[REDACTED"], [REDACTED].
- 17.4. In the absence of any other documented licence agreement between the Company and the IP shareholder, the [REDACTED]
[REDACTED]
[REDACTED], [REDACTED]
[REDACTED]
[REDACTED] [1] [REDACTED].

- 17.5. The IP shareholder may at any [6].
- 17.6. If, on expiry of the [6] month notice period, [6], [6], [6]:
 - 17.6.1 The IP shareholder shall have no claim, [6].
 - 17.6.2 The IP shareholder grants whatever licence to the Company as is necessary to enable the Company to [6], [6], [6], [6], [6].
 - 17.6.3 All other deemed licences shall [6], [6].
 - 17.6.4 The Company will acknowledge that it [6], [6].

18. New Intellectual Property

- 18.1. Each shareholder understands that whilst associated with the Company, he may discover or [6], [6], [6], [6], [6], [6]:
 - 18.1.1 do his utmost to [6], [6];
 - 18.1.2 inform the Company [6], [6], [6];
 - 18.1.3 provide to the Company whatever full code, passwords, specification, [6], [6], [6], [6].

- [REDACTED], [REDACTED]
■.
- 18.2. To make this effective each shareholder now undertakes to do whatever is [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].
- 18.3. If Intellectual Property owned by a shareholder and used by the Company with his permission, is incorporated into [REDACTED]
[REDACTED]
[REDACTED], [REDACTED]
[REDACTED]
[REDACTED], [REDACTED], [REDACTED]
[REDACTED].
- 18.4. This paragraph does not apply to Intellectual Property created by [REDACTED]
[REDACTED]
[REDACTED].

19. Assets introduced by a shareholder

- 19.1. This paragraph does not apply to Intellectual Property.
- 19.2. The assets listed under the [REDACTED]
■ 2 [REDACTED].
- 19.3. This paragraph applies to those assets and also [REDACTED]
[REDACTED], [REDACTED]
[REDACTED].
- 19.4. Unless a clear intention of gift [REDACTED], [REDACTED]
[REDACTED]
■ ■ ■ .
- 19.5. Each Shareholder, who has permitted his assets of any description [REDACTED]
[REDACTED]
[REDACTED]
■ ■ ■ . ■ ■ ■ :
- 19.5.1 is limited to [REDACTED]
■ ■ ■ ■ ;

20. Assets and Intellectual Property introduced by the Investor

21. Confidentiality

21.2. This paragraph does not apply to disclosure:

22. Dividend policy and procedure

22.1. The Shareholders shall [REDACTED] .

22.2. Dividends shall be [REDACTED]
[REDACTED].

).

23. General provisions relating to shares

23.1. No party shall assign, mortgage, [REDACTED], [REDACTED], [REDACTED], [REDACTED]
[REDACTED];

23.1.1 after [date]; or

AND/OR

- 23.1.3 without the prior written [] % .
- 23.2. A Shareholder may freely dispose of some or all of his shares to [his spouse or] , / [].
- 23.3. The Investor may dispose of all or any of its shares, .
- 23.4. A Shareholder may at any time transfer shares .
- 23.5. No transfer shall be accepted and / or registered by .

24. Exit provision: co-operate to find buyer

It is a condition of this agreement : -

- 24.1. sell the whole of the [] ;
- 24.2. procure some other avenue whereby ;
- 24.3. procure some other avenue whereby any Shareholder may dispose of his shares at [], .

25. Share sale by single shareholder

25.1. In this paragraph:

A horizontal bar chart titled "Sale Shares" showing the percentage share for different categories. The y-axis lists categories: All, Men, Women, and Children. The x-axis shows percentages from 0% to 100% in increments of 10%. Each category has a corresponding black bar.

Category	Sale Shares (%)
All	100
Men	~85
Women	~75
Children	~65

25.2.1 the number and classes of Sale Shares;

25.2.5 all other terms relating to the proposed transaction.

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

- [REDACTED]
- 25.6. Promptly after the Sale Notice is received, the Directors shall send a copy of [REDACTED]
[REDACTED]
[REDACTED], [REDACTED]
[REDACTED].
- 25.7. A Shareholder wishing to accept any or all of the shares offered to him shall give written notice of [REDACTED]
[REDACTED] [21] [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].
- 25.8. If such notice is not received by [REDACTED] [21] [REDACTED],
[REDACTED]
- .
- 25.9. A notice of acceptance shall be irrevocable and shall give rise to [REDACTED]
[REDACTED]
[REDACTED], [REDACTED]
[REDACTED].
- 25.10. The Sale Shares shall be sold free from all charges and with [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].
- 25.11. In exchange for the Sale Price, the Seller shall deliver to each [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] ([REDACTED]) [REDACTED].
- 25.12. [REDACTED]
[REDACTED], [REDACTED]
[REDACTED]
[REDACTED].
- 25.13. [REDACTED]
[REDACTED]
[REDACTED], [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].

26. “Tag-along” right

- 26.1. [51] % (" " ") (" "), (" ") .
- 26.2. (" " - " ") , , , [/].
- 26.3. 30 , , , .
- 26.4. .
- 26.5. - , , .
- 26.6. .
- 26.7. - , , , , .

27. “Drag along” right

- 27.1. [51] % (" ")
[51] % (" ")
[51] % (" ")
[51] % .
- 27.2. [51] % ,
[51] % :
27.2.1 [51] % ,
[51] % -
[51] % ([51] %);
27.2.2 vote his shares in favour of that transaction;
27.2.3 [51] % ;
27.2.4 [51] % , [51] % , [51] % .

28. Procedure after transfer

- 28.1. [51] % , [51] % , [51] % , [51] %
[51] % , [51] %
[51] % [5] %
[51] % , [51] % :
28.1.1 [51] %

- [REDACTED]
[REDACTED];
- 28.1.2 [REDACTED], [REDACTED]
[REDACTED]
[REDACTED];
- 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]
[REDACTED]).

29. Restrictions on Shareholder after transfer

Each Shareholder agrees that:

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

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

30. Shareholder's continuing rights and obligations

- 30.1. [REDACTED]
[REDACTED].
- 30.2. [REDACTED]
[REDACTED, REDACTED, REDACTED]
[REDACTED]
■ :
- 30.2.1 [REDACTED]
[REDACTED]
[REDACTED];
- 30.2.2 [REDACTED]
[REDACTED]
[REDACTED];

31. 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 25 squares, creating a total length of approximately 76 characters.

the death of a Shareholder; or

□ ; □ □ □

32. Transfer of shares on bankruptcy

33. Life insurance provision

33.1. In this paragraph:

A decorative horizontal bar consisting of a series of black squares of varying sizes arranged in three rows. The top row has 10 squares, the middle row has 11 squares, and the bottom row has 12 squares, creating a stepped effect.

33.6. The Sum shall be payable to the Beneficiaries.

34. Publicity

.....

35. Conflict with the MOI

.....
.....,

35.1.,;

35.2.
.....

36. Miscellaneous matters

36.1.
.....,
.....

36.2.
.....
.....

36.3.,
.....,
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.....
.....
.....

36.4.
.....,
.....
.....

36.5.
.....
.....

36.6.
.....
.....,
.....

36.7.,
.....,
.....

36.8. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].

It shall be deemed to have been delivered:

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

36.9. [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

[] % .

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]
.
12. [REDACTED]
[REDACTED]
[REDACTED]

Yours faithfully,

Explanatory notes:

Shareholders' agreement: professional investors

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

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:

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. Appointment and removal of nominee Director by Investor

9. Duties of Directors

10. Proxy votes

The law requires that you enable proxy voting. It is very
.

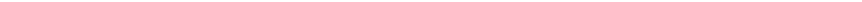
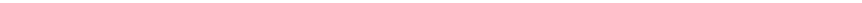
A proxy votes his principal's shares. He stands in the shoes of the principal only for the purpose of voting. He is not expected to contribute to ■ ■ ■ ■ ■

We suggest leave it as is.

11. Actions requiring [75%] shareholder consent by law

This paragraph deals first with the "special resolution percentage - 75 %" ■ ■

Special resolution percentage - 75%

If you have not changed threshold in your MOI then you should leave 75% as is. In that case  .  .

List of matters

12. Actions requiring [51%] shareholder consent by agreement

13. Deadlock

By all means edit as you require.

14. Company's obligations

15. Shareholders' obligations

Edit as you require.

16. Information for the Investor

17. Existing Intellectual Property

When a company is first formed, it is usual, rather than exceptional, for it to use intellectual property owned by one of more of its new shareholders. That may be to exploit a patent, [REDACTED], [REDACTED]
[REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED],
[REDACTED] " [REDACTED]" [REDACTED].

18. New intellectual property

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

We have provided in detail for a right of pre-emption in the event that a shareholder wishes ██████████.
██████████
██████████
██████████
██████████
██████████
██████████
██████████.

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" ██████████
██████████ ██████████ ██████████ ██████████ ██████████
██████████ ██████████ ██████████ ██████████ ██████████
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██████████ ██████████ ██████████ ██████████ ██████████
██████████ .

30. Shareholder's continuing rights and obligations

31. Transfer of shares on death or incapacity

There are twenty black squares.

32. Transfer of shares on bankruptcy

However, the shareholders can agree with each other as to how they buy ■ ■

In our experience, a trustee in [REDACTED]

33. Life insurance provision

34. Publicity

We have no comment.

35. Conflict with the MOI

36. Miscellaneous matters

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



The visual element consists of four horizontal rows of black squares connected by thin lines, forming a grid-like pattern. The first row has 25 squares. The second row has 24 squares, with the last square followed by a period. The third row has 25 squares, with the last square followed by a comma. The fourth row has 25 squares.

Letter to accountant - valuers

End of notes