

# SHAREHOLDERS AGREEMENT

Jurisdiction: General

Generated: July 30, 2024

*This Shareholders Agreement (this "Agreement") is made and entered into as of [Date of Agreement], by and among [Company Name], a corporation duly organized and existing under the laws of [Jurisdiction of Incorporation] (the "Company"), and the individuals and/or entities listed in Schedule A hereto (collectively, the "Shareholders"). This Agreement sets forth the rights, obligations, and understandings among the Shareholders concerning the ownership and management of the Company, and the transfer of shares therein.*

## 1. Definitions

1.1. "Shares" means the common shares of the Company, and any other equity securities issued by the Company. 1.2. "Shareholder" means any person or entity holding Shares in the Company, as listed in Schedule A. 1.3. "Board" means the Board of Directors of the Company. 1.4. "Transfer" means to sell, assign, pledge, hypothecate, grant a security interest in, or otherwise dispose of, directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise.

## 2. Share Ownership

2.1. The Shareholders acknowledge and agree that the ownership of Shares in the Company is as follows:

- a. Shareholder A: 50% of the issued and outstanding Shares.
- b. Shareholder B: 50% of the issued and outstanding Shares.

2.2. A complete and accurate list of all Shareholders and their respective shareholdings is attached hereto as Schedule A. The Shareholders agree to promptly update Schedule A to reflect any changes in share ownership.

### 3. Board Representation

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3.1. The Shareholders agree that the Board of Directors of the Company shall consist of [Number] directors. 3.2. Shareholder A shall have the right to nominate and appoint [Number] directors to the Board. Shareholder B shall have the right to nominate and appoint [Number] directors to the Board. 3.3. Each Shareholder agrees to vote their Shares and take all other necessary actions to ensure that the directors nominated in accordance with Section 3.2 are duly elected to the Board.

### 4. Transfer Restrictions

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4.1. General Restriction. No Shareholder shall Transfer any of their Shares, or any interest therein, without the prior written consent of the other Shareholders, except as expressly permitted by this Agreement. 4.2. Right of First Refusal. Before any Shareholder (the "Selling Shareholder") may Transfer any Shares to a third party, the Selling Shareholder shall first offer such Shares to the other Shareholders (the "Non-Selling Shareholders") in accordance with the following procedures:

- a. The Selling Shareholder shall provide written notice (the "Offer Notice") to the Non-Selling Shareholders, stating their intention to Transfer a specified number of Shares and the terms and conditions of the proposed Transfer, including the identity of the prospective transferee and the price.
- b. The Non-Selling Shareholders shall have [Number] days from the receipt of the Offer Notice to elect to purchase all, but not less than all, of the offered Shares at the price and on the terms and conditions set forth in the Offer Notice.
- c. If the Non-Selling Shareholders elect to purchase the offered Shares, the closing of such purchase shall occur within [Number] days of their election.
- d. If the Non-Selling Shareholders do not elect to purchase all of the offered Shares within the specified period, the Selling Shareholder may Transfer such Shares to the prospective third-party transferee identified in the Offer Notice at a price not less than, and on terms no more favorable than, those offered to the Non-Selling Shareholders, provided such Transfer is completed within [Number] days of the expiration of the Non-Selling Shareholders' election period. Any Shares not so Transferred within this period shall again be subject to the provisions of this Section 4.2.

## 5. Voting Arrangements

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5.1. Unanimous Shareholder Consent. Notwithstanding anything to the contrary in the Company's organizational documents, the following actions shall require the unanimous written consent of all Shareholders:

- a.** Any amendment to the Company's Articles of Incorporation or Bylaws.
- b.** Any issuance of new Shares or other equity securities.
- c.** Any merger, consolidation, dissolution, or sale of all or substantially all of the assets of the Company.
- d.** Any incurrence of indebtedness exceeding [Amount].
- e.** Any dividend or distribution of profits.

5.2. Board Decisions. For any matter requiring approval by the Board of Directors, a [Majority/Supermajority] vote of the directors shall be required, unless otherwise specified in this Agreement or the Company's Bylaws. Each Shareholder agrees to exercise their voting rights to ensure that their nominated directors vote in a manner consistent with this Agreement.

## 6. Exit Provisions

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6.1. Drag-Along Right. If Shareholders holding at least [Percentage]% of the issued and outstanding Shares (the "Initiating Shareholders") propose to sell all of their Shares to a bona fide third-party purchaser, the Initiating Shareholders shall have the right to require all other Shareholders (the "Tag-Along Shareholders") to sell all of their Shares to such third-party purchaser on the same terms and conditions as the Initiating Shareholders.

a. The Initiating Shareholders shall provide written notice of such proposed sale to the Tag-Along Shareholders, including the identity of the purchaser, the price, and the terms and conditions of the sale.

b. The Tag-Along Shareholders shall be obligated to participate in such sale and sell their Shares at the same price per Share and on the same terms and conditions as the Initiating Shareholders.

6.2. Tag-Along Right. If any Shareholder(s) (the "Selling Shareholder(s)") propose to Transfer more than [Percentage]% of the issued and outstanding Shares to a third-party purchaser, the other Shareholders (the "Participating Shareholders") shall have the right to participate in such sale and sell a pro-rata portion of their Shares to such third-party purchaser on the same terms and conditions as the Selling Shareholder(s).

a. The Selling Shareholder(s) shall provide written notice of such proposed Transfer to the Participating Shareholders, including the identity of the purchaser, the price, and the terms and conditions of the Transfer.

b. The Participating Shareholders shall have [Number] days from the receipt of such notice to elect to participate in the sale. If they elect to participate, they shall sell a pro-rata portion of their Shares based on their relative shareholdings compared to the Selling Shareholder(s).

6.3. Put Option. In the event of [Trigger Event, e.g., a material breach of this Agreement by another Shareholder, deadlock, or specific change of control], any Shareholder shall have the right to require the Company or the other Shareholders to purchase all of their Shares at a fair market value to be determined by an independent appraisal, as set forth in Schedule B. This put option shall be exercisable by written notice to the Company and other Shareholders within [Number] days of the Trigger Event.

## 7. Confidentiality

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7.1. Each Shareholder acknowledges that they will have access to confidential and proprietary information of the Company. Each Shareholder agrees to keep all such information strictly confidential and not to disclose it to any third party or use it for any purpose other than the benefit of the Company, without the prior written consent of the Board.

## 8. Governing Law

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8.1. This Agreement shall be governed by and construed in accordance with the laws of [General Jurisdiction], without regard to its conflict of laws principles.

9. Entire Agreement

9.1. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written, of the parties.

10. Counterparts

10.1. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SIGNATURES

Shareholder A  
[Name of Shareholder A]  
Date:

Shareholder B  
[Name of Shareholder B]  
Date:

The Company By:  
[Authorized Signatory for Company]  
Date:

