

# Shareholders Agreement

This **Shareholder Agreement** (this **"Agreement"**) is made and entered into as of \_\_\_\_\_, by and among:

\_\_\_\_\_, a \_\_\_\_\_ corporation with its principal office located at \_\_\_\_\_ (the **"Company"**);

and

The persons and entities listed below; (each a **"Shareholder"** and collectively, the **"Shareholders"**).

Name of Shareholder	Address	Number of Shares	% Ownership

## ARTICLE 1 - Interpretation

In this Agreement, unless the context otherwise requires:

- **"Affiliate"** means any entity controlling, controlled by, or under common control with a party.
- **"Board"** means the board of directors of the Company.
- **"Shares"** means the common shares and any preferred shares in the capital of the Company.
- **"Business Day"** means any day other than a Saturday, Sunday, or a statutory holiday.

## ARTICLE 2 - Share Capital and Issuance

The authorized share capital of the Company is as follows:

- \_\_\_\_\_ Common Shares
- \_\_\_\_\_ Preferred Shares (with rights, privileges, restrictions, and conditions as described in the Articles of Incorporation)

No Shares shall be issued by the Company unless all shareholders approve in writing; or the issuance is in accordance with a pre-approved stock option plan. Each Shareholder shall have the right to purchase a pro rata portion of any new issuance of Shares by the Company, on the same terms and conditions offered to third parties.

## ARTICLE 3 - Board of Directors

The Board shall consist of \_\_\_\_\_ directors. Each Shareholder owning more than \_\_\_\_\_ % of the Shares shall have the right to nominate one (1) director.

A quorum of the Board shall require the presence of at least \_\_\_\_\_ of the directors. Board decisions shall be made by a simple majority unless otherwise specified herein.

The following matters shall require the approval of at least \_\_\_\_\_ % of the Shareholders:

- Issuance of new securities;
- Mergers or acquisitions;
- Liquidation or winding-up of the Company;
- Any capital expenditure over \_\_\_\_\_.

## ARTICLE 4 - Transfer of Shares

No Shareholder shall transfer, assign, pledge, or otherwise dispose of any Shares except in accordance with this Agreement. If a Shareholder (the "**Selling Shareholder**") receives a bona fide offer to purchase its Shares, it must first offer such Shares to the other Shareholders on the same terms.

If one or more Shareholders sell more than \_\_\_\_\_ % of the Shares to a third party, the remaining Shareholders shall have the right to join the transaction and sell their pro rata portion of Shares. If Shareholders holding more than \_\_\_\_\_ % of the Shares approve a sale of the Company, all other Shareholders shall be required to sell their Shares on the same terms.

## ARTICLE 5 - Term and Termination

Without prejudice to the legal regulations on the subject, this Agreement shall continue in force until the earlier of:

- (i) The dissolution of the Company;
- (ii) The unanimous agreement of all Shareholders to terminate this Agreement.

Upon termination, this Agreement shall be of no further force and effect, except with respect to confidentiality, dispute resolution, and other provisions intended to survive.

## ARTICLE 6 - Dividends and Distributions

Dividends shall be declared at the discretion of the Board, provided the Company has sufficient profits and is legally permitted to distribute them. Upon liquidation or sale of the Company, the proceeds shall be distributed to Shareholders in proportion to their shareholding unless preferred Shares carry liquidation preferences.

## ARTICLE 7 - Confidentiality and Non-Compete

Each Shareholder agrees to strictly maintain the confidentiality of all proprietary and non-public information of the Company.

During the term of this Agreement and for \_\_\_\_\_ after ceasing to be a Shareholder, no Shareholder shall directly or indirectly engage in any business that competes with the Company within \_\_\_\_\_.

## ARTICLE 8 - Dispute Resolution

In the event of a dispute arising out of this Agreement, the parties shall first attempt to resolve the dispute through good-faith negotiation.

If the dispute is not resolved within \_\_\_\_\_ days, it shall be submitted to mediation. If mediation fails, it shall be finally resolved by binding arbitration in accordance with the rules of the \_\_\_\_\_, in \_\_\_\_\_.

## ARTICLE 9 - Miscellaneous

**Entire Agreement** - This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written.

**Amendment and Waiver** - No amendment or modification of this Agreement shall be effective unless made in writing and signed by all the Shareholders. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision, nor shall such waiver constitute a continuing waiver unless expressly provided. Any waiver must be in writing and signed by the party granting the waiver.

**Assignment** - This Agreement and the rights and obligations hereunder may not be assigned, transferred, or delegated by any party hereto without the prior written consent of the other parties. Any purported assignment without such consent shall be null and void.

**Conflict with Articles or Bylaws** - In the event of any conflict between the terms of this Agreement and the articles of incorporation, bylaws, or any corporate resolutions of the Company, the terms of this Agreement shall prevail, and the Shareholders shall take all necessary steps to amend such articles, bylaws, or resolutions to conform with this Agreement.

**Notices** - Any notice, request, demand, consent, or other communication required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally, sent by registered or certified mail (postage prepaid), or sent by electronic mail (with confirmed delivery) to the parties at their addresses set forth in the first page of this Agreement (or to such other address as a party may later designate in writing).

**Electronic Delivery** - Delivery of a signed copy of this Agreement by facsimile, email, or other electronic transmission shall be as effective as delivery of a manually executed original counterpart.

**Governing Law** - This Agreement shall be governed by and construed in accordance with the laws of \_\_\_\_\_.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the date first above written.

<b>Shareholder 1</b>	
<b>Shareholder 2</b>	
<b>Shareholder 3</b>	
<b>Shareholder 4</b>	
<b>Authorized Signatory of the Company</b>	



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