



WEBINAR

Shareholders Agreements



Presented by
Greg Henry, Principal



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legal advice.

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What are we talking about today?

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Why do people have them?

What do they contain?

How to prepare one

What will it cost?

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Why do people have them?

Major shareholders want control.

(They can't just do whatever they want.)

Minor shareholders want protections.

(They are vulnerable.)

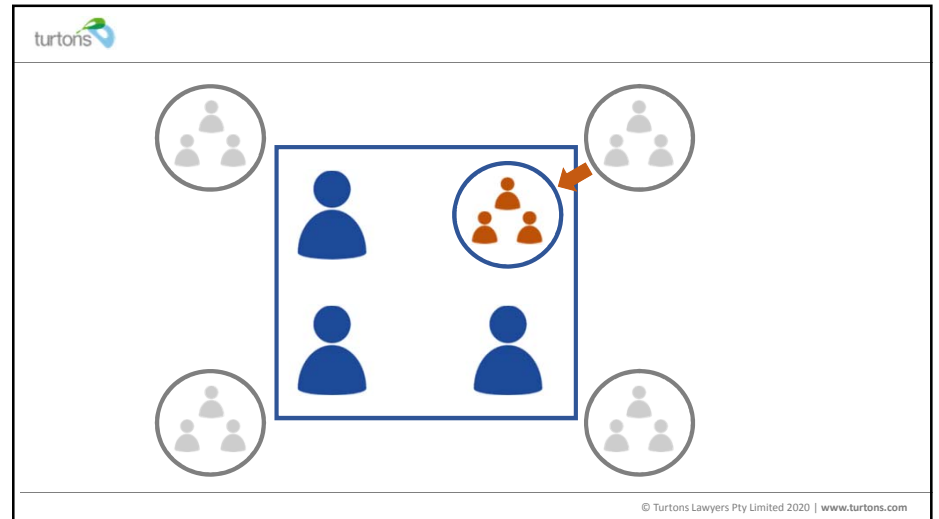
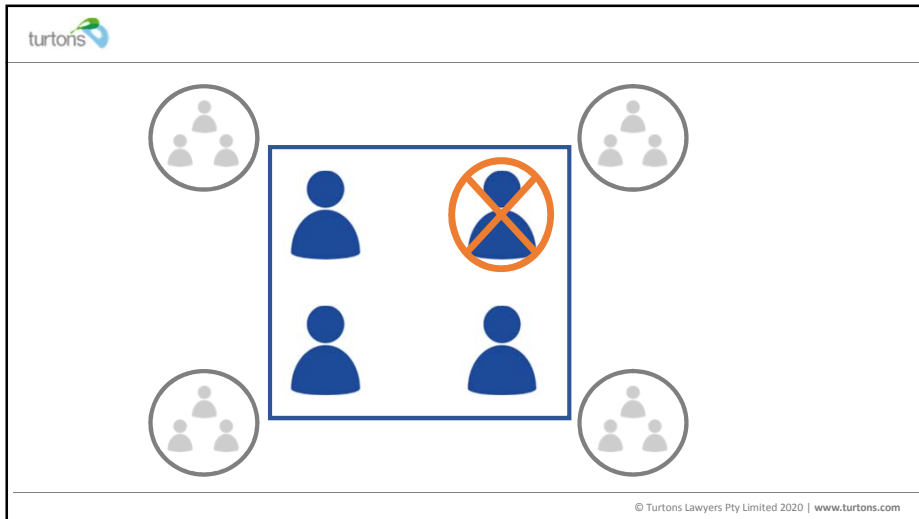
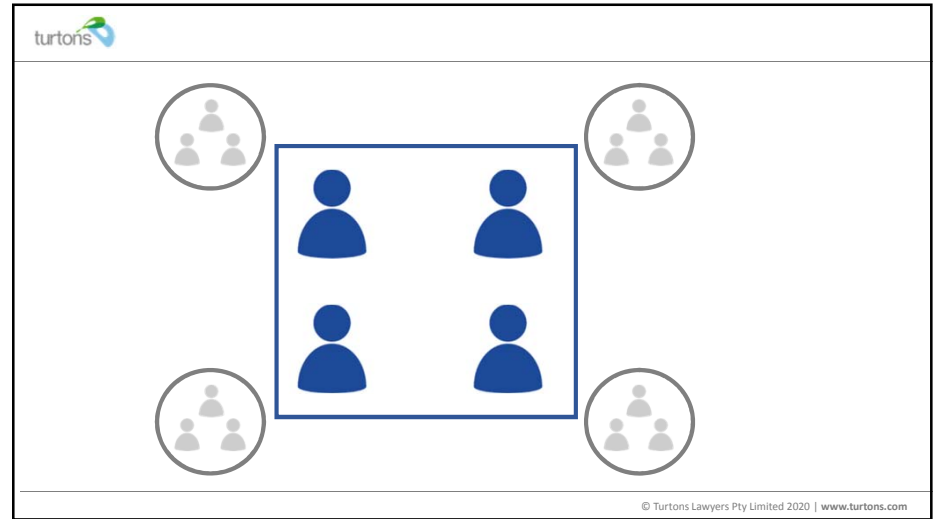
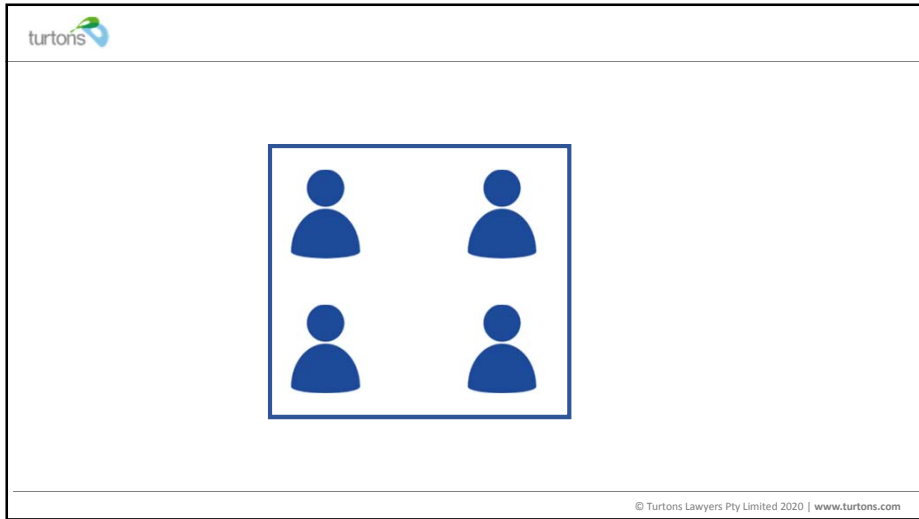
Nobody wants to end up in a dispute.

(Shareholder disputes can be frightfully expensive.)

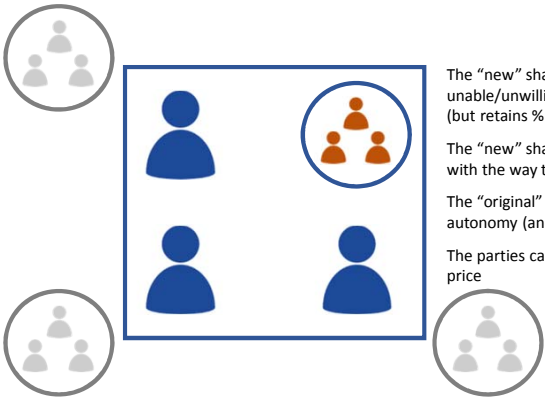
Your constitution and the general law
aren't specific and
may not provide the protection you want.

For example....

What if someone dies...?



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The “new” shareholder is unable/unwilling to contribute (but retains % stake)

The “new” shareholder is not happy with the way the business is being run

The “original” shareholders want autonomy (and no free-riding)

The parties can’t agree on a buy-out price

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What if the shareholders stop agreeing?



Company can’t raise money

Company can’t pursue new initiatives

Shareholders interfere with running of company

Minor shareholders start making complaints

Directors become tied up in admin

Shareholders can’t sell without causing a dispute


Exit/succession planning breaks down

Profits suffer

People start engaging lawyers...

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Company can’t raise money

Company can’t pursue new initiatives

Shareholders interfere with running of company

Minor shareholders start making complaints

Major shareholders want control.
Beware oppression and limitations on your decision-making powers.

Minor shareholders want protections.
Beware that you are vulnerable and enforcing your rights is expensive.

Nobody wants to end up in a dispute.
Time spent now could save a lot of time and money later.

Directors become tied up in admin

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Right to appoint director(s)
Specific powers granted to Board
Rights to buy out others
Pre-emptive rights
Right to drag other shareholders into a sale
Restraints

Right to appoint director(s)
Specific powers reserved to shareholders
Rights to information
Pre-emptive rights
Right to tag along in a sale
Restraints

Dispute resolution procedures
Forced buy/sell provisions

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Right to appoint director(s)
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 Specific powers reserved to shareholders
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 Right to tag along in a sale
 Restraints
 Rights to information
 Dispute resolution procedures
 Forced buy/sell provisions
 Miscellaneous other provisions

	CEO	Board (majority)	Special Resolution (75% of Shareholders)	Unanimous Shareholder Approval
Trading				
1. Entering into a contract with value of more than \$500,000 in the ordinary course of business	*			
2. Entering into a contract with a value between \$500,000 and \$10 million in the ordinary course of business		*		
3. Entering into any contract with a value of more than \$10 million			*	
4. Entering into a transaction with a Shareholder or a Shareholder's Related Entity				*
Acquisitions, Disposals and Other Commercial Matters				
5. Acquiring or disposing of any asset with a value of up to \$50,000 in the ordinary course of business	*			
6. Acquiring or disposing of any asset with a value of more than \$50,000 in the ordinary course of business			*	
7. Entering, varying or terminating any lease, contract for sale or other agreement in relation to real property			*	
8. Sale of the Company or Business or a material part of it				*
9. Acquisition of any business				*
10. Material alteration to the nature or scope of the Business				*
Corporate and Other				
11. Changing the Company's name			*	
12. Creating any encumbrances over the Company's assets				*
13. Changes to the corporate structure of the Company (eg formation of subsidiaries)				*
14. Issuing new Shares				*
15. Conducting a share buy-back or other capital reduction				*

How do you make a shareholders agreement?

Make it a priority.
 Don't copy one.
 Discuss it with your other shareholders.
 Engage a lawyer.

How do you make a shareholders agreement?

Turtons Shareholders Agreement Questionnaire

How can a lawyer help?

How much will it cost?

[Further Resources](#)

Final Questions...?

Feedback, Slide Deck, Resources

Thank you.

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