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Key features of Trainor Legal's Short Form Shareholders Agreement

The **key features** of Trainor Legal's **Short Form Shareholders Agreement** are as follows:

- Each Shareholder appoints 1 Nominee Director, which votes at Board level the percentage share held by its nominating Shareholder.
- Board meeting quorum is 1 Director for each Shareholder entitled to nominate.
- Pre-emptive rights on transfer of shares (voluntary or involuntary) to prevent dilution.
- Death of Key Person ("Nominee Director") to trigger share transfer notice.
- Embedded list of most important operational matters for the Company requiring special level of Shareholder approval.
- Can specify a Unanimous or Special Resolution is required for those most important operational matters (allows manipulation of normal decision making process to either provide rights of veto or to ensure certain level of majority control).
- Can set percentage for Special Resolution (75% or otherwise depending on Shareholder spread).
- Can set a Financial Risk Cap to be dollar threshold for important operational issues.
- Events of Default (including insolvency of Shareholder or breach of Shareholders Agreement).
- Initial Shareholders must be in place before Agreement binding.
- New Shareholders must sign Deed of Accession to be bound as if they were an original Shareholder.
- Accounts to be audited annually (if applicable), must comply with Australian accounting principles, procedures and practices.
- Shareholder loans recorded (if any).
- Board can determine further funding requirements and make a call on Shareholders.
- Failure to provide proportionate capital injections triggers share transfer.
- Fair Valuation of shares to be by person unanimously agreed by Board, failing that by nominee of Institute of Chartered Accountants.
- Discount percentage applied on valuation of shares transferred by defaulting shareholder.
- Dispute resolution procedure, notification process to identify the issue in dispute, 21 day period within which shareholders to attempt to resolve dispute, failing resolution to mediation as per Law Society of WA procedures by either an agreed mediator, or an appointed mediator.
- Overrides the Constitution of the company to the extent of any inconsistency
- Clarifies that parties are not in partnership, nor can they bind the others to legal obligations outside the company.
- Parties must act in good faith towards each other.