

SHAREHOLDERS' AGREEMENTS

Lexia Attorneys Ltd
Growth Academy



SHA - WHY?

- A shareholders' agreement (SHA) establishes common rules for the company's
 - ownership;
 - management; and
 - development of the business
- An SHA grants rights and requires commitments → It commits the key people to the operations of the business
- An SHA creates certainty and predictability → This prevents disputes, because the agreement already sets out the "rules" by which the shareholders must follow

WHO ARE PARTIES TO A SHA? WHO MAKES THE DECISIONS?

- A SHA is entered into by the company's:
 - Major shareholders
 - Potential new shareholders
 - Key employees
 - Investors
 - Advisors
- Key matters to consider regarding new shareholders:
 - Adherence to the shareholders' agreement either by way of the SHA / minority shareholders' agreement / adherence agreement
 - Maximum share (and maximum share at termination)
- Governance and decision making of the company
 - Composition of decision-making bodies, especially the Board of Directors
 - Decision making process; qualified majority decisions, veto rights

WHAT IS AGREED IN THE SHA?

- Goals of the parties
 - Increasing the value of the company
 - Exit? Something else?
- Ownership of the company and changes in ownership
 - Transfer restrictions
 - Conditions for the transfer of ownership
- The business of the company and its development
 - A jointly agreed upon business plan
 - Key principles of doing business
 - Financing of the company → Obligation of shareholders to participate in capitalization?

WHAT IS AGREED IN THE SHA?

- Special rights and obligations of the parties
 - Obligations, e.g. obligation of confidentiality, non-compete & non-solicitation
 - Drag along and Tag along (Obligation and right to co-sell)
 - Investor rights, e.g. Board seat, veto right, preferential shares.
 - IPRs
- Working obligation – Vesting
- Good leaver / Bad leaver
- Procedural rules
 - How disputes are resolved
 - Court
 - Arbitration
 - Mediation
 - Sanctions for material breaches of the shareholders' agreement
- Other provisions
 - Amendments
 - Notices
 - Entire agreement
 - Severability

THE MOST COMMON STUMBLING BLOCKS

- Disputes between the shareholders
- IPRs
- Investors
- Late subscription of shares

- Your experiences?

QUESTIONS?

Maria Storey

Associate

Maria.storey@lexia.fi

0407432222

Juuso Turtiainen

Associate

Juuso.turtiainen@lexia.fi

0407648910



LEXIA ATTORNEYS LTD