



SHAREHOLDERS' AGREEMENT CHECKLIST

This checklist is intended to assist you and your lawyer with the preparation of a unanimous Shareholders' Agreement for your Corporation.

CORPORATION PARTICULARS

Name of Corporation:

Business Number:

Date of Incorporation:

Business Description of the Company:

Corporation's Office Address:

Registered Office Address (if different):

Corporation's President:

Corporation's Secretary:

Address:

Address:

Home/Business/Cell Phone:

Home/Business/Cell Phone:

Other Directors:

Directors' Addresses and Phone Numbers:

Name and Address of Corporation's Accountant:

A SHARE INFORMATION

Authorized Share Capital:

<input type="checkbox"/>	Attach Articles of Incorporation
<input type="checkbox"/>	Attach Shareholders' Register
<input type="checkbox"/>	Attach last Annual Return

Names and Addresses of Shareholders:

Number and Class of Shares Issued:

B DIRECTORS'/MANAGEMENT DECISIONS

1. Will the Agreement require certain directors/officers to be elected? No Yes

If yes, give details: _____

2. How many directors are required to form a quorum:: _____

3. How often will meetings be held?: _____

4. How will board decisions be made – simple majority or specified majority (eg. $\frac{3}{4}$ majority) ? If so, give details. _____

5. What type of decisions will require unanimity of the directors?

<input type="checkbox"/>	Election of directors
<input type="checkbox"/>	Salaries of employees
<input type="checkbox"/>	Dissolution of the Corporation
<input type="checkbox"/>	Termination of the Agreement
<input type="checkbox"/>	
<input type="checkbox"/>	

6. Will any matters require majority consent of the shareholders - simple majority or specified majority (eg. $\frac{3}{4}$ majority) ? If so, give details. _____

7. How many directors are required to sign cheques? _____

8. Who can sign cheques? _____

9. How many directors are required to sign contracts? _____

10. Who can sign contracts? Are there any restrictions on approval of contracts required when the value is above a certain threshold (ie. \$5,000)? _____

11. Will there be a dividend policy? No Yes If yes, details (ie. After specified debts are paid, % of profits, retained for working capital): _____

12. Will all of the shareholders have a right to receive annual financial statements? No Yes

13. Does the chairman have a second or casting vote in the event of a tie? No Yes

14. Are shareholders required to give guarantees? If so, provide details. _____

15. Have any loans been made to the Corporation by the Shareholders? If so, provide details. _____

16. If loans have been made by shareholders, should these loans to be secured, provide for interest, or provide for any other special repayment mechanism? _____

C SHARE BUY-OUT / TRANSFER OPTIONS

1. Are shares required to be transferred to the Corporation upon the death of a shareholder? If so, to whom?

2. Will surviving shareholders have an option to purchase the shares of a deceased shareholder?
 No Yes. If yes, provide details: _____

3. Is insurance to be used to fund death buy-outs? No Yes

4. Is insurance already purchased? No Yes

5. If the purchase price is greater than the insurance, is the balance owing to be paid over time? If so, provide details and advise if the purchase price is to be secured in some fashion: _____

6. How is the purchase price to be determined (ie. Formula, fair market value as determined by accountant or appraiser, last year's financial statements book value?) _____

7. Should a selling shareholder be required to first offer his shares to the other shareholders? If so, are the shares of the spouse of the selling shareholder included? Provide details: _____

8. Will a bankrupt or insolvent shareholder be required to sell his shares? No Yes If so, is the purchase price discounted? _____

9. Will a disabled shareholder be required to sell his shares? No Yes If so, provide details of buy-out: _____

D EMPLOYEE SHAREHOLDERS

1. Will an employee shareholder be required to sell his shares upon termination of employment? No Yes If so, will it be at a discounted price? _____

2. Will an employee shareholder be required to sell his shares upon retiring? No Yes If yes, what are the conditions and particulars of the transfer? _____

3. Do any shareholders have existing employment contracts or require new employment contracts? No Yes If so, provide details: _____

4. On an shareholder/employee's departure, does a non-compete and non-solicitation provision become required? No Yes If so, provide details: _____

5. In the event of a compulsory transfer, how will the value of the shares be determined? _____

6. Will terminating circumstances affect the share valuation? _____

7. What are the consequences of unauthorized share transfers? _____

E MINORITY RIGHTS

1. Do you want to give minority shareholders "tag along" rights that prevent the sale of shares if that sale would give the buyer control of the company (more than 50%) unless the buyer also offers to buy every other member's shares?

2. Do you want to give majority shareholders "drag along" rights that permit shareholders owning more than a specified percentage of the company's shareholdings that have agreed to sell their shares to a buyer to compel the remaining shareholders to sell their shares to the same buyer on the same terms?

F MISCELLANEOUS

1. Are disputes arising between shareholders to be settled by arbitration, mediation or corporate dissolution?

2. Are any restrictive covenants to be included? _____

3. Is a clause required regarding protecting confidential information and trade secrets? _____

4. Will the rights of creditors and ex-spouses be limited: _____

5. Are shareholders required to present outside business opportunities to the corporation for consideration?
