

Format Guide: Subscription-Based Shareholder Agreement

This document serves as a template format for a Subscription-Based Shareholder Agreement between a Company and its Investors/Shareholders.

1. Title

Subscription-Based Shareholder Agreement

Dated: _____

2. Parties

- **The Company:** [Company Name], a [incorporation type & jurisdiction], with registered address at [address]
- **Subscribers/Shareholders:** [Name(s) of Subscriber(s)], residing at [address/es]

3. Recitals/Background

This Agreement sets out the terms under which the Subscribers agree to subscribe for shares in [Company Name], and under which the parties will regulate their relationship as shareholders.

4. Subscription Terms

- **Shares Subscribed:** [Number and class of shares]
- **Subscription Price:** [Amount per share or total subscription amount]
- **Payment Terms:** [Full/Installment schedule or as stated]
- **Effective Date:** [Start date of subscription]

5. Rights and Obligations

- Voting rights, dividend rights, and any restrictions applicable to the subscribed shares.
- Obligations regarding additional funding (if any).
- Pre-emption rights on new share issuances.
- Transfer restrictions and process for share transfers.

6. Board Representation

- Number of board seats to which subscribers are entitled (if applicable).
- Appointment and removal process of directors nominated by subscribers.

7. Warranties and Representations

- By the Company (e.g., authority to issue shares, compliance with laws).
- By the Subscriber (e.g., due authority, investment capacity).

8. Confidentiality & Non-Compete

- Obligations of confidentiality for both parties.
- Non-compete/non-solicitation clauses (if applicable).

9. Term & Termination

- Duration of the agreement.

- Events causing termination (e.g., breach, insolvency, mutual consent).

10. Miscellaneous

- Governing law and jurisdiction.
- Amendment procedures.
- Notices and communications.
- Dispute resolution mechanism.

11. Execution

Signature (Company)	Date	Signature (Subscriber)	Date
_____	_____	_____	_____

Important Notes:

- This is a sample format; consult legal counsel to customize the agreement per jurisdiction and company needs.
- Subscription agreements typically need to comply with local securities laws and regulations.
- Details on share classes, rights, and restrictions should match the company's articles of association.
- Proper due diligence and risk assessment is recommended for all parties before signing.