

# Equity Participation Shareholder Agreement

This Equity Participation Shareholder Agreement ("Agreement") is made and entered into on [Date] by and among:

1. [Company Name], a company incorporated and existing under the laws of [Jurisdiction], having its principal place of business at [Address] (the "Company"); and
2. The persons listed in the schedule attached hereto as Schedule 1 (the "Shareholders").

Collectively referred to as the "Parties".

## 1. Purpose

The purpose of this Agreement is to set out the rights, obligations, and relationships of the Shareholders in relation to their equity participation in the Company.

## 2. Shareholding Structure

The shareholding structure of the Company as of the date of this Agreement is as follows:

Shareholder	No. of Shares	Percentage Ownership
[Shareholder 1]	[X]	[X%]
[Shareholder 2]	[Y]	[Y%]
[Shareholder 3]	[Z]	[Z%]

## 3. Rights and Obligations

- Each Shareholder shall exercise their voting rights in accordance with the percentages set out above.
- Dividends shall be distributed pro rata based on shareholdings, subject to applicable laws and available profits.
- No Shareholder shall transfer, assign, or otherwise dispose of any shares without prior written consent of the other Shareholders and compliance with the terms herein.

## 4. Management and Governance

- The Shareholders shall appoint a Board of Directors consisting of [Number] members.
- The Shareholders shall have the right to nominate directors in proportion to their shareholding.
- Major decisions (including the issuance of new shares, mergers, amendments to the articles, etc.) require approval by at least [Threshold]% of the shareholding.

## 5. Exit and Transfer Provisions

- No Shareholder may transfer shares to a third party without offering them first to the other Shareholders (Right of First Refusal).
- In the event of a proposed sale of the Company, tag-along and drag-along rights apply as described in Schedule 2.

## 6. Confidentiality

All Parties shall keep confidential any non-public information regarding the Company and this Agreement, unless disclosure is required by law.

## 7. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of [Jurisdiction].

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[Shareholder 1 Name]

Date: \_\_\_\_\_

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[Shareholder 2 Name]

Date: \_\_\_\_\_

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[On behalf of Company]

Date: \_\_\_\_\_

### Important Notes:

- This template is a starting point and should be tailored by a qualified attorney to suit the specific needs and jurisdiction of the Parties.
- Clear provisions for dispute resolution and deadlock situations are recommended.
- Equity participation agreements can have major tax, legal, and financial implications.
- All parties should fully understand the terms before signing.
- Schedules referenced (e.g., Shareholder list, tag/drag rights) should be attached and completed.