

Shareholder Buy / Sell Double Option Agreement

Where share purchase cover is being put in place on a personal basis, it is very important that the clients own legal advisor should be consulted on the suitability of our draft agreements for the clients particular circumstances.

In particular to ensure that any agreements are not in conflict with the company's constitution.

Start	This agreement is made... Insert date of agreement and names and addresses of shareholders...
Whereas:	<p>This section sets out the main terms of the agreement:</p> <ul style="list-style-type: none"> a) The people involved in the agreement are shareholders and directors in the company known as.... Insert name and address of company b) The agreement is basically a buy / sell agreement between the surviving shareholders and the deceased shareholders personal representatives. However, the Double Option feature gives both sides the option to not sell / purchase as long as both sides are agreeable. c) The arrangement is a reciprocal one. This means that all parties / each shareholder will effect and maintain a life assurance plan for the benefit of the other shareholders.
Section 1	This section gives the surviving shareholders the option to exercise in writing, within six months from the date of death of a shareholder, the option to buy the shares of the deceased from his / her personal representatives. If this option is exercised the deceased's personal representatives are compelled to sell the shares.
Section 2	This section gives the deceased shareholders personal representatives the option to exercise in writing, within six months from the date of death, the option to sell the shares of the deceased to the surviving shareholders. If this option is exercised the surviving partners are compelled to purchase the shares.
Section 3	This section deals with the price at which the shares are to be bought by the surviving shareholders. In order that a fair and realistic price is given the company's Auditor's, in accordance with the company's constitution, will agree the price.
Section 4	This section states that, if either option is exercised, then the surviving shareholders will purchase the shareholding at the valued rate immediately prior to the date the buy / sell option is exercised.
Section 5	This section states that any shareholder who is to benefit from this arrangement will effect and maintain a life assurance plan with Irish Life Assurance plc for the benefit of the other shareholders so long as they continue to be a shareholder.
Section 6	This section covers the area of non-payment of premium by the shareholder that is covered under the life assurance plan. The clause gives the company the right to deduct the cost of the premium from the remuneration or monies due to the shareholder covered to pay outstanding premiums due on receipt of notice of non-payment.
Section 7	<p>This section contains some terms of the agreement:</p> <ul style="list-style-type: none"> a) The deceased shareholders personal representatives are bound by this agreement. b) The agreement will no longer be valid if the company winds up other than for reconstruction purposes.
As Witness	All shareholders must sign individually and their signature must be witnessed by someone not party to the agreement.

SHAREHOLDER BUY / SELL DOUBLE OPTION LEGAL AGREEMENT

This agreement is made (date) between (names and addresses of shareholders)

WHEREAS:

- A.** The parties hereto are shareholders and directors in the company known as *(name and address of company)*
- B.** The parties hereto desire that on the death of any party hereto his personal representatives shall have the option to sell and the surviving parties hereto shall have the option to purchase the deceased party's shares on the terms hereinafter appearing.
- C.** The parties hereto desire to confirm that the said arrangements are reciprocal.

NOW THIS AGREEMENT WITNESSES as follows:

1. In consideration of the provisions of Clause 2 hereof on the death of any party hereto the surviving parties shall have the option to purchase the deceased's shares in the said company from the deceased's personal representatives such option to be exercised by notice in writing served within six months from the date of death and on the exercise of such option the deceased's personal representatives shall sell the share to the survivors on the terms hereinafter appearing.
2. In consideration of the provisions of Clause 1 hereof on the death of any party hereto the deceased's personal representatives shall have the option to sell the deceased's share in the said company to the surviving parties such option to be exercised by notice in writing served within six months from the date of death and on the exercise of such option the surviving parties shall purchase the share from the deceased's personal representatives on the terms hereinafter appearing.
3. The price shall (in default of agreement between the surviving parties hereto) be such price as may be determined on the occurrence of the death of any party hereto as the fair value thereof by the Companies Auditor's for the time being in accordance with the company's constitution.
4. If either option is exercised then (in default of agreement between the surviving parties hereto) the purchase of the deceased's share by the surviving parties hereto shall be made rateably according to their shareholdings immediately prior to the exercise of such option.
5. Each of the parties hereto hereby covenants with each of the other parties hereto that in consideration of his being named or described as a beneficiary on a policy of life assurance effected and maintained by each of the other parties with Irish Life Assurance plc, he (so long as the said policies are effected and maintained and he continues to be a shareholder in the said company) will himself effect and maintain a policy with Irish Life Assurance plc for the benefit of the other parties hereto.
6. Each of the parties hereto hereby irrevocably authorises the said company, in the event of his failing to pay any premium or premiums due on the said policy, to pay any amount outstanding in respect of such premiums by deduction from his remuneration or from any other sums due to him from the said company on receipt by the said company of a notice in writing from the other parties hereto furnishing details of a non-payment and requiring the said company to do so.
7. This agreement shall:
 - a) bind the personal representatives of the parties hereto;
 - b) cease to have effect on the winding up of the company otherwise than for the purpose of a reconstruction.

Note:

Every effort has been made to ensure that the information in this publication is accurate at the time of going to press. Irish Life Assurance plc accepts no responsibility for any liability incurred or loss suffered as a consequence of relying on any matter published in or omitted from this publication.

Please obtain independent legal and tax advice in relation to this agreement.

AS WITNESS the hands of the parties hereto the day and year first herein written.

Signature, address and occupation of Witness

Signature of Shareholder

Signature, address and occupation of Witness

Signature of Shareholder

Signature, address and occupation of Witness

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IMPORTANT NOTE:

The Company's Constitution should be checked to ensure there is no conflict between the constitution and the above Agreement. This is a specimen agreement, Irish Life Assurance plc. cannot accept any responsibility for its suitability in any case. Consult your professional advisor.

CONTACT US

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Irish Life Assurance plc is regulated by the Central Bank of Ireland.

Irish Life Assurance plc, Registered in Ireland number 152576, Vat number 9F55923G.

LAS (01/20)