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| **Explanatory Note**  |
| **Document name:** | Shareholders Agreement |
| **PLEASE READ:** *This precedent has been prepared by Al Tamimi & Company without reference to any particular matter, transaction or set of facts.  Substantive changes to this precedent may be required to adapt it to the requirements of a specific client or matter.  As of the date of publication, this template has been drafted pursuant to all applicable legislation and statutes. Laws and/or procedures may have changed since this precedent was published.* ***NOTE: THIS IS A BASIC SAMPLE ONLY AND SPECIFIC ADVICE SHOULD BE SOUGHT FROM COUNSEL DULY LICENSED TO OPINE ON THE LAWS OF THE UNITED ARAB EMITRATES PRIOR TO A PARTY ENTERING INTO SUCH AN AGREEMENT.*** |

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| **Notes:** 1. The draft contemplates the governing law to be UAE law. Ensure this issue is discussed with a senior lawyer and the arbitration department before an initial draft agreement is circulated.
2. All sections marked in square brackets [+] are to be completed by a lawyer, or with the assistance and oversight of a lawyer, and tailored to the specific case at hand
3. This draft is a Shareholder’s Agreement
 |

**DATED 202[+]**

**[+]**

and

**[+]**

and

**[company to be included]**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**SHAREHOLDERS’ AGREEMENT**

**IN RELATION TO [COMPANY]**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

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**THIS AGREEMENT is dated 2022**

**BETWEEN**

1. **[+]** a company incorporated in [+] whose registered company number is [+] and whose registered office address is [+] (“**First Shareholder**”);
2. **[+]** a [+] national with passport number [+] (“**Second Shareholder**”);
3. [+] a company incorporated in the Abu Dhabi Global Market whose registered company number is [+] and whose registered office address is [+] (the “**Company**”),

(each a “**Party**” and, together the “**Parties**”).

**WHEREAS:**

1. On the date of this Agreement, First Shareholder holds [+] per cent. of the Shares and the remaining [+] per cent. of the Shares are held by the Second Shareholder as provided in clause ‎2.
2. This Agreement sets out the rights and obligations of each of the Shareholders in their capacity as shareholders in the Company and in respect of the conduct of the Business.

**NOW IT IS HEREBY AGREED AS FOLLOWS:**

1. DEFINITIONS AND INTERPRETATION

In this Agreement the definitions and rules of interpretation in this clause apply.

* 1. Definitions

In this Agreement the following terms shall have the following meanings:

“**Affiliate**” of a Party, with the exception of the Company (defined below), means a person, corporation, association or other entity which directly or indirectly Controls such Party or is Controlled by such Party or is under common Control with such Party;

“**Board**” means the board of Directors of the Company;

“**Business**” means the business of the Company as set out in clause ‎5;

“**Business Day**” means a day, other than a Saturday or a Sunday, on which commercial banks in the UAE are open for business;

“**Confidential Information**” means the information and/or data, whether in writing or verbal of any kind, form or nature whatsoever including but not limited to:

* + - * 1. information contained in this Agreement;
				2. the existence or contents of any discussions and/or negotiation pertaining to the nature of this Agreement;
				3. information concerning or relating in any way whatsoever to the organization, business, commerce, finances, assets, proprietary information, undertakings, liabilities, transactions, operations, administration, marketing or other affairs of either Party;
				4. information and documents pertaining to statutory, company secretarial and other records of either Party;
				5. know-how, trade secret, discoveries, ideas, concepts, designs, specifications, models, procedures, improvements, development plans, projections, forecasts, budgets, financial statements, accounts, marketing materials and records of either Party,
				6. non-public information designated as being confidential or which, under the circumstances surrounding the disclosure, ought to be treated as confidential; and
				7. any information marked “**Confidential Information**” by any Party;

“**Control**” means, in relation to a body corporate, the power of a person to secure that its affairs are conducted in accordance with the wishes of that person:

* + - * 1. by means of the holding of shares or the possession of voting power in or in relation to that or any other body corporate; or
				2. by means of having the right to appoint or remove Directors having a majority of the voting rights exercisable at meetings of the board of Directors of that undertaking; or
				3. by virtue of any powers conferred by the articles of association or any other document regulating that or any other body corporate,

and a “**Change of Control**” shall occur if a person who controls any company or undertaking ceases to do so, or if another person acquires control of it;

“**Constitutional Documents**” means either the Articles of Association of the Company or the Memorandum of Association of the Company (as applicable) in the agreed form;

“**Deed of Adherence**” means the deed of adherence at ‎Schedule 2;

“**Director**” means a person appointed as a director of the Company in accordance with the terms of this Agreement;

“**Group”** means the Company and its Subsidiaries;

“**Permitted Transferee**” means in respect of a Shareholder any of its Affiliates;

“**Relevant Date**” means the date on which the relevant Shareholder ceases to hold any Shares;

“**Relevant Proportion**” means the number of Shares held by the relevant Shareholder calculated on a fully diluted basis and expressed as a proportion of the issued share capital of the Company on a fully diluted basis, save that, if the expression “**Relevant Proportion**” is used in the context of some (but not all) of the Shareholders, it shall be expressed as a proportion of the aggregate number of Shares held by all such relevant Shareholders on a fully diluted basis;

“**Representatives”** has the meaning given to such term in clause ‎‎18.2;

“**Reserved Matters**” means the matters set out in Schedule 1;

“**Shares**” means the shares in the capital of the Company;

“**Shareholde**r” means a registered owner of Shares;

“**Subsidiary**” means in relation to an undertaking (the holding undertaking), any other undertaking which is directly or indirectly Controlled by the holding undertaking (or persons acting on its behalf) and any undertaking which is a Subsidiary of another undertaking shall also be a Subsidiary of that undertaking’s holding undertaking;

“**Surviving Clauses**” means clause ‎1, ‎‎15, ‎‎16 and ‎‎17 to ‎‎20 (inclusive); and

“**Transaction Documents**” means this Agreement and the Constitutional Documents.

* 1. Interpretation
	2. In this Agreement, a reference to:
		1. any statutory provision or statute includes all modifications thereto and all reenactments (with or without modification) thereof and all subordinate legislation made thereunder, in each case for the time being in force, except where the context requires otherwise or as expressly stated otherwise;
		2. a document in the “**agreed form**” is a reference to a document in a form approved and for the purposes of identification initialled on or around the date of this Agreement by or on behalf of First Shareholder and the Second Shareholder;
		3. a “**person**” includes a reference to any individual, firm, company, corporation or other body corporate, government, state or agency of a state or any joint venture, association or partnership, works council or employee representative body (whether or not having a separate legal personality);
		4. a “**Party”** is a reference to a party to this Agreement (either by virtue of having executed this Agreement or having entered into a deed of adherence to it) and includes a reference to that party’s legal personal representatives, successors and permitted assigns, and “**Parties to this Agreement**” and “**Parties**” shall be construed accordingly;
		5. a clause or schedule, unless the context otherwise requires, is a reference to a clause of, or a schedule to, this Agreement;
		6. a paragraph, unless the context otherwise requires, is a reference to a paragraph of a schedule to this Agreement;
		7. (unless the context otherwise requires) the singular shall include the plural, and vice versa;
		8. one gender shall include each gender;
		9. a reference to a time of day shall be to the time of day in the United Arab Emirates;
		10. any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most nearly approximates in that jurisdiction to the English legal term and a reference to any English statute shall be construed so as to include equivalent or analogous laws of any other jurisdiction; and
		11. a specific Transaction Document is a reference to that document as amended, varied, novated, supplemented or replaced from time to time (other than in breach of the provisions of this Agreement).
		12. The ejusdem generis principle of construction shall not apply to this Agreement. Accordingly, general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words.
		13. The schedules form part of this Agreement and shall have effect accordingly.
		14. The headings in this Agreement do not affect its interpretation or construction.
1. Warranties
	1. Each Party warrants to the other Parties that:
		1. it has the requisite power and authority to enter into and perform this Agreement;
		2. its execution and delivery of, and the performance by it of its obligations under, this Agreement will not:
			1. result in a material breach of any provision of the constitutional documents of it (if applicable); or
			2. result in a breach of any order, judgment or decree of any court or governmental agency to which it is a party or by which it is bound.
2. SHARE CAPITAL
	1. The Parties hereby agree that the initial share capital of the Company shall be USD [AED] to be divided into [+] shares, held by the Parties in the following proportions (and each Party shall contribute their respective capital contributions into the Company in cash upon its establishment):

|  |  |  |
| --- | --- | --- |
| **Name of Shareholder** | **No. of Shares** | **Percentage** |
| First Shareholder  | [+] | [+]% |
| Second Shareholder | [+] | [+]% |

1. FUNDING
	1. If the Board resolves that the Company or any other member of the Group requires any additional funding, then any such additional funding requirement shall be satisfied in the following order of priority:
		1. first, from the existing internal cash resources and working capital of the Group;
		2. second, from the available proceeds of any third party debt entered into or to be entered into by any member of the Group, in respect of which the Parties agree that any security would, to the extent possible, be provided by the Group; and
		3. third, if both the Company’s internal cash reserves and third party debt finance are not sufficient to cover all the additional funding required, or if the Board considers that third party debt finance is not available from banking sources or other financial institutions on terms which are reasonably acceptable to the Board (either in its entirety or for the full amount required), further equity finance from the Shareholders in accordance with the Constitutional Documents and applicable laws.
	2. No Shareholder shall be obliged, nor does the Company or any Shareholder have the right to require any Shareholder, to provide any capital or loan of any kind or otherwise make or provide any financial commitment, guarantee or other form of financial support or security, to or in connection with the Group.
2. tHE BUSINESS OF THE GROUP

The business of the Group shall be [+] on the date of this Agreement, together with such other business as the Parties may agree upon from time to time.

1. CORPORATE GOVERNANCE
	1. The provisions of clauses ‎6 to ‎8 shall apply to each Subsidiary as if any reference in such clauses (express or implied) to the Company were construed as a reference to each Subsidiary for the time being.
	2. Subject to clause 8, the Board may exercise all such powers and do all such acts on behalf of the Company necessary for the management of the Group in the conduct of the Business.
	3. The composition of the Board shall be [+] Directors with First Shareholder entitled to nominate, remove and replace [+] Directors and the Second Shareholder entitled to nominate, remove and replace [+] Directors.
	4. The chairman of the Board (the “**Chairman**”) shall be a Director nominated by [First Shareholder **or** SecondShareholder]. The Chairman shall [not] have a casting vote.
	5. A Party may nominate a Director, and remove a Director whom it nominated, by giving notice to the Company and the other Party. Following receipt of such notice, the Parties shall undertake all actions necessary (at the cost of the requesting Party) to give effect to such appointment and/or removal.
	6. The Party removing a Director must indemnify the Company against any claim connected with the Director’s removal from office.
	7. The Directors shall not be entitled to any remuneration in their capacity as Directors of the Company. However, the Parties agree that any properly incurred expenses incurred by the Directors in the performance of their duties as Directors shall be reimbursed by the Company. Nothing in this clause shall prohibit a Director from receiving remuneration for their engagement or employment by a member of the Group.
	8. A Director’s office is automatically vacated if he:
		1. is prohibited by any applicable law from being a Director;
		2. becomes bankrupt; or
		3. is dead or, by virtue of any mental or physical disability, incapable of acting.
2. BOARD MEETINGS
	1. The Parties intend there to be a meeting of Directors at least once [a quarter] at a location to be decided by the Board.
	2. A Director may, and at the request of a Director, the Chairman must, call a meeting of Directors upon [+] days prior notice in writing to the other Directors specifying the proposed date time and location of the meeting together with the details of the matters to be discussed. A meeting of the Board may be called at shorter notice if each of the Directors so agrees in writing.
	3. The quorum at any meeting of Directors shall be [+].
	4. No business will be conducted at any meeting of Directors unless a quorum is present at the beginning of the meeting and at the time when there is to be voting on any business. If a quorum is not present within 30 minutes after the time specified for a Directors’ meeting in the notice of the meeting, then it will be adjourned for at least [+] Business Days and the quorum for the adjourned meeting shall be [+] Directors.
	5. Directors may participate in any meeting of the Board by means of telephone, electronic or other communication facilities that permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such meeting shall constitute presence in person at such meeting.
	6. Subject to clause ‎8, meetings of Directors will make decisions by passing resolutions and such resolutions shall be passed if approved by a majority of Directors present or represented at a quorate Board meeting and voting.
	7. At a meeting of Directors, each Director has one vote.
	8. Any Director who will be absent from a meeting may, with prior notice to both Parties, appoint an authorized representative to act as his alternate at the meeting. For the purposes of the meeting the alternate Director:
		1. shall be deemed to have been appointed by the Party that appointed the Director for whom the alternate Director is acting as an alternate and may, in particular, vote and be counted towards a quorum in place of such Director; and
		2. a Director appointed as an alternate Director shall also be a Director (and may vote and be counted towards a quorum) in his own right.
	9. Resolutions of the Board may be passed in writing without the holding of a meeting of the Board if an instrument setting out such resolution (which may be executed in counterparts) is signed by all Directors.
3. RESERVED MATTERS
	1. The Parties shall procure that a member of the Group shall not, without the prior written approval of each of the Shareholders, carry out any of the Reserved Matters.
	2. In the event that the requisite majority of Shareholders do not vote in favour of a Reserved Matter or any matter requiring shareholder approval pursuant to applicable law, the business of the Group shall continue operating in accordance with the status quo.
4. MEETINGS OF THE SHAREHOLDERS
	1. Meetings of the Shareholders (“**General Meetings**”) shall be held in accordance with applicable law and the Constitutional Documents.
	2. No business shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business and remains present during the transaction of business.
	3. A quorum shall exist at any General Meeting if representatives of Shareholders holding at least [+]% of the Company’s share capital are present. If a quorum is not present at a General Meeting within 30 minutes from the time specified for any General Meeting, or if during the meeting a quorum is no longer present, the Chairman may adjourn the meeting for [+] Business Days (excluding the date of the original meeting and the date of the adjourned meeting) to the same place and time of day. A quorum shall exist at the adjourned General Meeting if representatives of Shareholders holding at least [+]% of the Company’s share capital are present. Representatives of the Shareholders will be considered present when they can communicate through the medium of conference telephone or any other form of communications equipment, provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting.
	4. Unless all Shareholders agree otherwise, at least [+] Business Days’ notice shall be given to each Shareholder of any General Meeting (or [+] Business Days’ notice in the case of an adjourned meeting) which notice period must exclude the date of the notice and the date of the General Meeting.
	5. Subject to clause ‎8, at General Meetings all decisions shall be adopted by the Shareholders acting by simple majority of those present, unless applicable law requires otherwise.
	6. A resolution in writing signed by all the Shareholders shall be as valid and effective for all purposes as a resolution passed by the Shareholders at a General Meeting duly convened, held and constituted.
5. FINANCIAL INFORMATION
	1. The financial year of the Group shall be [+].
	2. The Parties shall procure that the Company shall deliver to each of the Shareholders:
		1. Within [+] days of the end of each [month] (i) a [monthly] consolidated balance sheet regarding the Group, (ii) a [monthly] consolidated income statement sheet regarding the Group, (iii) a [monthly] cash flow statement sheet regarding the Group and (iv) such other financial or management information as a Shareholder may from time to time reasonably request, all to be prepared by [+]; and
		2. consolidated annual audited accounts regarding the Group within three (3) months and no later than four (4) months of the end of the financial year to which they relate.
	3. The books, records and supporting documents of the Group shall be available for inspection by any of the Shareholders or their designees at all reasonable times.
6. DIVIDEND POLICY
	1. As determined by the Board and to the extent permitted by any applicable law, the Company shall pay the Shareholders after tax annual profits available for distribution as dividends, after deducting legal reserves, including amounts allocated or committed to the Company’s budgets, reinvestment into the Company or management accounts and any other reserves that the Board agrees should be retained by the Company for other purposes.
	2. In determining the dividend policy of the Company, the Board shall give due regard to the future budgeted cash flow requirements of the Company.
7. lock in
	1. Save with the prior written consent of the other Shareholder no Shareholder may transfer any Shares to any person for a period of [+] years following the date of this Agreement.
	2. Following the expiry of the period referred to in clause ‎12.1, any Shareholder may transfer their shares in accordance with applicable law, provided they comply with clause ‎14.[[1]](#footnote-1)
8. PERMITTED TRANSFERS
	1. The First Shareholder is permitted from time to time to transfer some or all of the Shares held by it to one or more of its Permitted Transferees following any such transfer, the relevant Permitted Transferee may transfer such Shares back to the relevant transferor or to any other Permitted Transferee of such transferor.
	2. It shall be a condition of any transfer of Shares to a Permitted Transferee that if the Permitted Transferee ceases to be a Permitted Transferee of the relevant transferor, then the Permitted Transferee shall (and the relevant transferor shall procure that the Permitted Transferee shall), before such cessation, transfer the relevant Shares to the relevant transferor or, at the relevant transferor’s option, to another Permitted Transferee of that transferor.
9. PROVISIONs APPLYING TO ALL TRANSFERS
	1. No transfer of Shares shall be effected other than in accordance with this Agreement and the Constitutional Documents.
	2. Save for transfers to persons who are already a Party to this Agreement, unless upon such transfer the transferring Shareholder (the “**Transferor**”) shall have procured that the transferee of the Shares (the “**Transferee**”) shall have adhered to this Agreement by duly executing the Deed of Adherence. By signing the Deed of Adherence the transferee shall agree to become a party to this Agreement and to assume all of the rights and obligations of the transferring Shareholder hereunder. The Transferor shall remain a Party to this Agreement and fulfil all the obligations of such Party hereunder until the Transferee becomes a party to this Agreement by signing the Deed of Adherence.
	3. The Company shall notify all of the Shareholders upon registering any transfer of Shares.
10. COVENANT NOT TO COMPETE
	1. Each Shareholder shall not, and shall procure that any Affiliate of the Shareholder shall not on the Shareholder’s behalf, while it is a Shareholder and for [+] years after the Relevant Date:
		1. at any time, in any geographic areas in which any business of the Company was carried on at the Relevant Date, carry on or be employed, engaged or interested in any business which would be in competition with any part of the Business as the Business was carried on at the Relevant Date;
		2. at any time deal with, canvass, solicit or otherwise seek the custom of any person who is at the Relevant Date, or who has been at any time during the period of 12 months immediately preceding that date, a client or customer of the Company;
		3. at any time during the period of [+] years from the Relevant Date:
			1. offer employment to, enter into a contract for the services of, or attempt to entice away from the Company, any individual who is at the time of the offer or attempt, and was at the Relevant Date, employed or directly engaged or employed by a member of the Company; or
			2. procure or facilitate the making of any such offer or attempt by any other person.
		4. at any time during a period of [+] years from the Relevant Date, solicit or entice away from any member of the Group any supplier to any member of the Group who had supplied goods and/or services to a member of the Group at any time during the 24 months immediately preceding the Relevant Date, if that solicitation or enticement causes or would cause such supplier to cease supplying or materially reduce its supply of, those goods and/or services to a member of the Group Companies.
	2. The covenants in this clause ‎15 are intended for the benefit of the other Shareholder and each member of the Group and apply to actions carried out by the other Shareholder and any Affiliate of the Shareholder in any capacity and whether directly or indirectly, on the Shareholder’s or any Affiliate of the Shareholder’s behalf.
	3. Nothing in this clause prevents the Shareholder or any Affiliate of the Shareholder from holding, for investment purposes only any class of shares, securities or similar interests of any undertaking that do not exceed [+]% of the nominal value of the total shares, securities and similar interests issued by each undertaking.
	4. Each of the covenants in this clause ‎15 is a separate undertaking and shall be enforceable by each Shareholder separately and independently of its right to enforce any one or more of the other covenants contained in this clause ‎15. Each of the covenants in this clause ‎15 is considered fair and reasonable by the Parties but if any restriction is found to be unenforceable, but would be valid if any part of it were deleted or the period or area of application reduced, the restriction shall apply with such modifications as may be necessary to make it valid and enforceable.
11. TERM AND TERMINATION
	1. This Agreement shall become effective from the date hereof and shall remain in full force and effect until any of the circumstances below occur in which case it shall terminate without the need for a court order:
		1. the Company is either voluntarily or by means of a court order dissolved and liquidated;
		2. the Parties agree in writing to terminate this Agreement;
		3. as regards a Party, when that Party ceases to hold any Shares in the Company as a result of a transfer of Shares in accordance with this Agreement; or
		4. when one Shareholder owns the entire issued share capital of the Company.
	2. Termination of this Agreement with respect to either of the Parties shall be without prejudice to the rights of either Party accrued prior to such termination or under any provision which is a Surviving Clause.
	3. In the event of the occurrence of any of the following events:
		1. depletion of all or most of the assets which makes the beneficial investment of the remainder impossible;
		2. the Parties unanimously agree to dissolve the Company and terminate this Agreement; or
		3. upon the rendering of a decision from a court of a competent jurisdiction to dissolve the Company,

then each Party shall exercise its respective voting rights as shareholder of the Company and take all necessary steps within its power so as to effect the voluntary dissolution/liquidation of the Company in accordance with the laws of the place of incorporation of the Company.

1. COSTS

Each Party shall bear its own costs in connection with the preparation, negotiation and execution of this Agreement.

1. CONFIDENTIALITY
	1. Each Party agrees that it will treat all Confidential Information as confidential and will not, except as hereinafter provided, disclose, use or permit the disclosure or use of such Confidential Information.
	2. Any receiving Party or person may disclose Confidential Information only to such of its and its Affiliates’ Directors, officers, employees, managers, members, agents or advisors (including, without limitation, attorneys, accountants, consultants, and financial advisors) (collectively, the “**Representatives**”) who have a demonstrable need to know such information and who are informed of the confidential nature of such information (it being understood that each Party will inform its Representatives of the confidential nature of the Confidential Information and will be responsible for such Representatives treating such Confidential Information in the same manner as the receiving Party is required to treat it under this Agreement).
	3. The restrictions referred to in this clause ‎‎18 shall not apply to any Confidential Information to the extent that such information:
		1. is already known without restrictions on use or other obligations of confidentiality to the Party or person to whom it is disclosed; or
		2. is in or comes into the public domain otherwise than as a result of any breach of this Agreement; or
		3. to the extent that it is required to be disclosed by law, by a rule of a listing authority or stock exchange or by a government authority or other authority;
		4. is independently developed by the Party or person to whom it is disclosed as evidenced in writing; or
		5. is expressly stated by the disclosing Party not to be subject to the obligation of confidentiality.
	4. The obligation of confidentiality in this clause ‎18 shall survive the termination of this Agreement and shall continue unless and until all of the Confidential Information provided to any receiving Party or person hereunder enters the public domain through no fault of such receiving Party or person or of any other person owing a duty of confidentiality to any disclosing Party.
2. NOTICES
	1. A notice under this Agreement shall only be effective if it is in writing. E-mail is permitted, provided that promptly thereafter the notice is also sent by registered courier to the address set out in clause ‎‎19.2. Fax is not permitted.
	2. Notices under this Agreement shall be sent to a Party at its address or number and for the attention of the individual set out below:

|  |  |  |
| --- | --- | --- |
| **Party** | **Address** | **Email** |
| First Shareholder  | FAO: [+] | [+] |
| The Second Shareholder | FAO: [+] | [+] |
| The Company | FAO: [+] | [+] |

Provided that any of the Parties may change their notice details on giving notice to the other Parties of the change in accordance with this clause. That notice shall only be effective on the day falling 5 clear Business Days after the notification has been received or such later date as may be specified in the notice.

* 1. Any notice delivered under this Agreement shall, in the absence of earlier receipt, be deemed to have been duly given as follows:
		1. if delivered personally or by registered courier, on delivery; or
		2. if sent by e-mail, when despatched.
	2. Any notice given under this Agreement outside working hours in the place to which it is addressed shall be deemed not to have been delivered until the start of the next period of working hours in such place.
1. GENERAL
	1. Each Party will, to the extent that it is able to do so, exercise all its voting rights and other powers in relation to the Company to procure that the provisions of this Agreement are properly and promptly observed and given full force and effect according to the spirit and intention of the Parties.
	2. If any provision in the Constitutional Documents conflicts with any provision of this Agreement, this Agreement will prevail (to the extent permissible under any applicable law).
	3. The Parties will, when necessary, exercise their powers of voting and any other rights and powers they have to amend, waive or suspend a conflicting provision in the Constitutional Documents to the extent necessary and to the extent permissible under any applicable law to permit the Company and its business to be administered as provided in this Agreement.
	4. Each of the Parties covenants and agrees to promptly take (at its own cost and expense) such action and execute and deliver all such documents, and do all such things, as the other Party may from time to time reasonably require for the purpose of giving full effect to the provisions of this Agreement.
	5. This Agreement shall ensure to the benefit of and be binding upon the Parties to this Agreement and their respective heirs, executors, administrators, and successors.
	6. This Agreement may be executed in any number of counterparts each of which when executed and delivered in an original, but all the counterparts together constitute the same document.
	7. No variation of this Agreement shall be valid unless it is in writing and signed by each of the Parties or their authorised representatives.
	8. No exercise or failure to exercise or delay by either Party in exercising any right, power or remedy under this Agreement shall constitute a waiver by that Party of any such other right, power or remedy.
	9. Either Party may release or compromise the liability of the other Party or grant the other Party any time or other indulgence without affecting its rights in relation to that other Party.
2. governing law and dispute resolution
	1. This Agreement and any non-contractual obligations arising out of or in connection with this Agreement shall be governed by, and interpreted in accordance with, the laws of the United Arab Emirates.
	2. Each Party irrevocably agrees that any dispute, controversy, proceedings or claim between the Parties relating to this Agreement, including any question regarding its existence, validity and termination, shall be subject to the exclusive jurisdiction of the UAE Courts.
3. Language

Each notice, demand, request, statement, instrument, certificate, or other communication under or in connection with this Agreement shall be in Arabic.

IN WITNESS WHEREOF this Deed has been executed by the Parties on the date specified above.

|  |  |
| --- | --- |
| Executed as a deed by[First Shareholder] acting by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_…………………………………(Name of witness)………………………………………………………………………………………………………(Address of witness)………………………………(Signature of witness) | …………………………………**(Signature of authorised person)** |

|  |  |
| --- | --- |
| Executed as a deed by**[Second Shareholder]** acting by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_…………………………………(Name of witness)………………………………………………………………………………………………………(Address of witness)………………………………(Signature of witness) | …………………………………**(Signature of authorised person)** |

|  |  |
| --- | --- |
| Executed as a deed by**[Company]**…………………………………(Name of witness)………………………………………………………………………………………………………(Address of witness)………………………………(Signature of witness) | ………………………………… |

RESERVED MATTERS

* 1. vary in any respect its Constitutional Documents or the rights attaching to any of its Shares;
	2. increase the amount of its issued share capital, grant any option or other interest (in the form of convertible securities or in any other form) over or in its share capital, redeem or purchase any of its own shares or effect any other reorganisation of its share capital,;
	3. the making of any capital expenditure and/or the incurring of any commitments involving capital expenditure, exceeding in [+] in aggregate;
	4. issue any loan capital or enter into any commitment with any person with respect to the issue of any loan capital;
	5. make any borrowing or provide any loans or give any guarantee, suretyship, indemnity, encumbrance, charge, pledge, lien or other security to secure the liability of any person or assume the obligations of any person (including any member of the Group);
	6. apply for the listing or trading of any Shares or debt securities on any stock exchange or market;
	7. pass any resolution for its winding up or present any petition for its administration, dissolution, liquidation or other proceeding of a similar nature (unless required by applicable law or otherwise in accordance with this Agreement);
	8. form any Subsidiary, acquire shares in any other company, participate in any partnership, joint venture (incorporated or not), profit-sharing agreement, technology licence or collaboration;
	9. enter into, amend, vary or otherwise terminate any contract, agreement or arrangement with any Shareholder or the Affiliate of any Shareholder;
	10. close down any business operation or dispose of or dilute its interest in any of its Subsidiaries for the time being, sell or transfer all or substantially all of any member of the Group’s assets or amalgamate or merge with any other company or business undertaking;
	11. [*insert as appropriate*].

Each of the Parties shall procure that no Subsidiary takes any action which would constitute a breach of any provision in this ‎Schedule 1 as if any reference in this ‎Schedule 1 (express or implied) to the Company were construed as a reference to each Subsidiary for the time being.

DEED OF ADHERENCE

**DATE:** (the “**Effective Date**”)

**BETWEEN:**

 [+] [(registered in [+] with number [+]) whose registered office is at] [of [+]] (the “**Transferor**”);

1. [+] [(registered in [+] with number [+]) whose registered office is at] [of [+]] (the “**New Shareholder**”);
2. [+] [(registered in [+] with number [+]) whose registered office is at] [of [+]] (the “**Continuing Shareholder**”); and
3. [+] [(registered in [+] with number [+]) whose registered office is at] [of [+]] (the “**Company**”).

**RECITALS:**

**BACKGROUND**

1. This deed is entered into under clause [+] of an agreement dated [DATE], made between the Transferor, the Continuing Shareholders and the Company setting out the terms for operating the Company, as amended from time to time (“**Shareholders’** **Agreement**”).
2. By a transfer Shares in the capital of the Company dated [DATE], the Transferor transferred to the New Shareholder [NUMBER] Shares each in the capital of the Company.

**AGREED TERMS**

* 1. Words and expressions used in this deed shall, unless the context expressly requires otherwise, have the meaning given to them in the Shareholders’ Agreement.
	2. The New Shareholder confirms that it has been supplied with a copy of the Shareholders’ Agreement. The New Shareholder and each of the Company and the Continuing Shareholders undertake with each other that, from the Effective Date, the New Shareholder shall assume all of the rights of the Transferor under the Shareholders’ Agreement and shall observe, perform and be bound by the provisions of the Shareholders’ Agreement that contain obligations on the Transferor as though the New Shareholder was an original party to the Shareholders’ Agreement.
	3. Nothing in this deed shall release the Transferor from any liability in respect of any obligations under the Shareholders’ Agreement due to be performed prior to the Effective Date.
	4. This deed may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.
	5. This deed and any dispute or claim arising out of or in connection with it or its subject matter Clause [21] of the Shareholders’ Agreement shall apply to this deed.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

1. Drafting note: there are a number of options that could be considered in relation to the transfer of shares by shareholders, including rights of first refusal, rights of first offer, tag and drag along rights. [↑](#footnote-ref-1)