

# SHARE SALE AND PURCHASE AGREEMENT TEMPLATE



The Share Sale and Purchase Agreement is used for the sale of a limited company by the sale of all of the shares in the company to the purchaser. The owner of the company wants to sell the assets of the business (equipment, goodwill, existing contracts, customer lists, etc.) rather than all the shares. This agreement is suitable for the acquisition or disposal of a small or medium sized company which has no subsidiaries. The **Share Sale Contract** consists of 13 clauses and covers such matters as the price, the procedures on completion, disclosure of information and warranties to be given by the sellers, non-competition and confidentiality.

## SHARE SALE AND PURCHASE AGREEMENT

**DATE:** .....

### BETWEEN:

..... [*company legal name*] whose registered office is at .....  
[*address, city and country*] and registration/fiscal number is ..... (hereinafter referred to as “the Seller”),

### AND:

..... [*company legal name*] whose registered office is at .....  
[*address, city and country*] and registration/fiscal number is ..... (hereinafter referred to as “the Buyer”),

### INTRODUCTION:

- (A) The Sellers hold all the share capital in ..... [*insert legal name of the company*] a company limited by shares incorporated in ..... [*insert country*], under company registration number ..... (the “Company”)
- (B) The Buyer wishes to purchase the entire share capital of the Company;
- (C) It is agreed that on the Completion Date the Sellers shall sell and the Buyer shall buy the Sellers’ entire shareholding in the issued share capital of the Company.

Both parties acknowledge each other’s right and ability to undertake the terms of the present Agreement and **AGREE AS FOLLOWS**,

## 1. DEFINITIONS

This Agreement contains the following defined terms: which have the meanings set out below:

- “Accounts Date”** ..... [insert date] being the date of the last [audited] accounts of the Company;
- “Completion”** completion of the sale and purchase of the Sale Shares in accordance with this Agreement;
- “Completion Date”** ..... [insert date] being the date when the sale of the Sale Shares is to be completed;
- “Completion Accounts”** the un-audited accounts of the company covering the period from the Accounts Date up to the Completion Date];
- “Sale Price”** the price payable for the Sale Shares specified in Clause 3;
- “Sale Shares”** the entire issued shareholdings of the Sellers in the Company, comprising:  
.....  
.....  
[insert number and class of shares];
- “Shareholders”** the shareholders of the Company at the Completion Date; and
- “Transaction”** the transaction whereby the Sellers shall sell and the Buyer shall buy the Sale Shares.

## 2. SALE AND PURCHASE

- 2.1 The Sellers agree to sell, or procure the sale, of the Sale Shares to the Buyer with full title guarantee free from all liens, charges and encumbrances and with all rights attaching to the Sale Shares.
- 2.2 The Buyer agrees to buy the Sale Shares and to pay the Sale Price to the Sellers.
- 2.3 The Buyer is not obliged to complete the purchase of any of the Sale Shares unless the purchase of all the Sale Shares is completed simultaneously.

## 3. SALE PRICE

The Buyer shall on Completion pay to the Sellers the sum of ..... [insert total amount] €, as full consideration for the Sale Shares.

#### 4. COMPLETION

4.1 Completion of the Transaction shall take place on the Completion Date at ..... *[insert place agreed by the parties]*.

4.2 At Completion:

The Sellers shall deliver to the Buyer:

- 4.2.1 the certificates which they hold in respect of the Sale Shares;
- 4.2.2 signed stock transfer forms in respect of the Sale Shares;
- 4.2.3 a letter of resignation signed by each director, company secretary and other officer of the Company together with a signed statement by each of them that he/she has no claim against the Company for loss of office or for any other payment whatsoever;
- 4.2.4 the statutory books of the Company, certificate of incorporation and all books of account, paying in books, cheque books and unused cheques;
- 4.2.5 leases and title deeds of all property owned or occupied by the Company, customer lists, customer and supplier contracts and agreements with any third parties, vehicle log books, insurance certificates and all other records and books of the Company and all information, data, software and documents needed to enable the Buyer to conduct the business of the Company;
- 4.2.6 sealed discharges or releases, in a form acceptable to the Buyer, of all charges, mortgages, debentures and guarantees to which the Company is a party.
- 4.2.7 *the Completion Accounts.*

*Optional*

4.2.8 *a letter of resignation signed by each director, company secretary and other offices of the Company together with a signed statement by each of them that he/she has no claim against the Company for loss of office or for any other payment whatsoever.*

4.3 The Sellers shall at Completion procure that a meeting of the directors of the Company is held at which:

- 4.3.1 the persons nominated by the Buyer will be appointed as directors [and company secretary] of the Company with immediate effect, and service agreements in an agreed form shall be entered into between the Company and those individuals notified in writing by the Buyer to the Sellers;
- 4.3.2 the existing directors and company secretary will resign;

- 4.3.3 the transfers of the Sale Shares will be approved for registration in the books of the Company;
  - 4.3.4 the registered office of the Company shall be changed in accordance with the Buyer's written instructions.
  - 4.3.5 existing mandates with the Company's bank shall be revoked and new instructions given to the Bank in the form required by the Buyer; and
  - 4.3.6 the firm of accountants nominated by the Buyer shall be appointed [*and the Company's Accounting Reference Date shall be changed to a date chosen by the Buyer*].
- 4.4 The Buyer shall pay the Sale Price to the Sellers, payment to be by bankers draft or bank transfer to the Sellers' bank account, details of which have been supplied to the Buyer.
- 4.5 Should the Buyer fail to pay the Purchase Price in full at Completion to the Sellers as specified in clause 5 the Sellers shall be entitled to receive from the Buyer simple interest at 4%, above the Official Base Rate then in force in respect of that part of the Purchase Price that remains unpaid from Completion until the date that the Sellers receive payment in cash or cleared funds of all outstanding monies.
- .....

**This is a sample of the Share Sale and Purchase Agreement.**

**To get more information about this contract click here:**



**[SHARE SALE AND PURCHASE AGREEMENT](#)**

# USER GUIDE

Contracts drafted by the legal experts of Global Negotiator cover all relevant aspects that are negotiated and agreed in the different types of business between companies. However, when these contracts are used you should take into account some recommendations common to all of them that are described in this User Guide.

## DATE

The date when the contract comes into force is the one that appears in its header, as mentioned in the final paragraphs of the contract, before signatures (This Contract comes into force on the date written above).

In some contracts -for example in the Supply Contract- the date of coming into force is also mentioned in one of the clauses. In these cases, you have to verify that the two dates inserted in the contract (in the heading and in the corresponding clause) are the same, in order to avoid discrepancies.

## PARTIES

Be sure to insert in the first page of the contract the full details of the Parties:

- When a Party is a company you must insert the following information: legal name, legal form (limited, incorporated, etc.), full address, registration data and fiscal identification number.
- When a Party is an individual that works as independent professional (for example a commercial agent) you must insert the following information: full name, profession, full address and fiscal identification number.

## CLAUSES

### **Clauses with different alternatives: choose the most favorable**

In the most important clauses of each contract (exclusivity, payment terms, applicable law and competent jurisdiction, etc.) several drafting alternatives are proposed so you can choose the most appropriate to each situation. Therefore, the user before submitting the contract to the other Party must choose the alternatives that seem best suited to their interests, and eliminate the rest.

### **Clauses with blank spaces to be completed**

In several clauses of the contract blank spaces appear with dots (.....) that the user has to complete inserting text. Following the dots, between brackets, you will see the data and explanations to insert the text.

- When the text between brackets is in normal letters (the same as the contract) and separated by "," or the word "o", the user must insert one of the options suggested.

Example of blank space (.....) with options to select between brackets:

Orders handled before completion of the present Contract which produce sales transactions within ..... [1, 2, 3, 6] months shall entitle the Agent to receive the corresponding commission. In this case the user must choose between options 1, 2, 3 or 6 months and insert one in the blank space (.....).

- When the text between brackets is in italics the user has to insert the data and information requested and eliminate the bracketed text.

Example of blank space - (.....) to insert text:

Both parties, by mutual consent, resolve to refer any dispute to the Rules of Conciliation and Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with said Rules. The place of arbitration shall be ..... [*city and country*]. In this case the user must insert in the blank space (.....) the city and country chosen to conduct the arbitration and afterwards eliminate the bracketed text [*city and country*].

### **Notices Clause**

Sometimes it may happen that the official address of the Parties which appear at the beginning of the contract is different from which is to be used for communications between the Parties during the terms of the contract. In this case the user should include at the end of the contract a Notices Clause.

Example of Notices Clause:

Notices. - In order to comply with their contractual obligations, the Parties establish the following address for the provision of notices related to this contract:

- Party 1 ..... [*insert full address*].
- Party 2 ..... [*insert full address*].

### **ANNEXES**

The contracts incorporate some Annexes, each of them, referenced to the corresponding Clause. Annexes are drafted in commonly used formats, although the user must adapt these formats and the text inserted in them to each particular situation.

### **SIGNATURES**

#### **People who sign**

Persons signing the contract on behalf of the company must have the authority to do so and preferably, be entitled on the basis of a power of attorney. Below the signature, in addition to the full name of the person that signs his/her position must be inserted. When one of the Parties who signs is a natural person (for example a commercial agent in an Agency Contract) obviously he or she is the person that has to sign the contract.

The laws of some countries require that contracts, to be valid, shall be signed in front of witnesses or a public notary. Therefore, before signing a contract you should be informed about the requirements that may exist in each country.

### **Place and date of signature**

Usually, contracts are signed by both Parties on the same date and place. Nevertheless, in international contracts, due to physical distance, it is common that each of the Parties sign in different dates and places. This contract provides for both alternatives, so it comes to choosing the most appropriate to each situation.

### **Number of copies**

Usually, the Parties sign two copies of the contract, each Party retaining one of them, but can also arise the need to sign more copies. In this case all you have to do is mention explicitly the number of copies to be signed in the paragraph that is included at the end of the contract (Both Parties declare their conformity to the present contract, which is signed in ..... copies, each of which shall be considered an original).

### **GENERAL RECOMMENDATIONS**

The Parties must sign all pages of the contract, including Annexes, so they are also valid. It is better to use ball point or pen (not pencil) in a color other than black (e.g.: blue); this makes it easier to distinguish an original document from a photocopy.

It is preferable (although no mandatory) to express sums of money and percentages in words and figures. Of course, the words and figures for a given amount must match exactly. You also must insert the currency in which the amounts are expressed. It is advisable to use the rules establish by ISO that name each currency by three capital letters (EUR for euro, USD for dollar, GBP for sterling pound, JPY for Japanese yen, etc. - you can get the acronyms of every currency in the website [www.oanda.com](http://www.oanda.com)).

Once you have chosen the best alternatives of each clause and have completed the blank spaces you should revise the whole contract to remove remaining paragraphs and correct any errors.

#### **LEGAL WARNING**

Depending upon your particular situation this contract might not meet your needs and requirements. In case of doubt, you should consult a legal advisor.

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# BUSINESS CONTRACTS & AGREEMENTS TEMPLATES

## BUSINESS CONTRACTS

- Strategic Alliance Agreement
- Joint Venture Agreement
- Manufacturing Contract
- Supply Contract
- Service Provider Contract
- Consulting Services Contract

## COMMERCIAL CONTRACTS

- Exclusive Distribution Contract
- Commercial Agency Contract
- Sales Representative Agreement
- Sales Commission Contract
- Real State Agent Agreement

## LICENSE & FRANCHISE CONTRACTS

- Trademark License Agreement
- Technology Transfer Agreement
- Software License Agreement
- Franchise Contract
- Master Franchise Contract

## CONFIDENTIALITY CONTRACTS

- Confidentiality Contract between Companies
- Confidentiality Contract for Product or Business Idea
- Confidentiality Contract for Employees
- Confidentiality Contract for Consultants and Contractors

## SHAREHOLDERS & INVESTORS AGREEMENTS

- Shareholders Agreement for a New Company
- Investors Agreement
- Business Plan for Investors
- Business Proposal for Investors

## BUSINESS SALE AND PURCHASE AGREEMENTS

- Business Sale and Purchase Agreement
- Share Sale and Purchase Agreement
- Broker Agreement for the Sale of a Business
- Broker Agreement for the Sale of Shares
- Confidentiality Agreement for Selling a Business
- Disclosure Letter for Selling a Business
- Letter of Intent to Purchase a Business
- Due Diligence Report
- Due Diligence Checklist
- Legal Due Diligence

### Online Purchase

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