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DOUBLE OPTION AGREEMENT FOR
SHAREHOLDING DIRECTORS OR PARTNERS

(choice of "agreed" or "market" value)

Provided for the consideration of clients' legal advisers

THIS AGREEMENT is made the _____ day of _____ 20__

BETWEEN _____

of _____

and _____

of _____

and _____

of _____

and _____

of _____

(hereinafter referred to together as "the Parties" and individually as "The Party")

DEFINITIONS

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

"Business" means _____ (name of firm or company). Which is either the firm in which the Parties are partners or the company in which the Parties are shareholders and directors and which is registered at the Companies Registry with number as appropriate.

"Agreed Value" means the Specified Value (as indicated below) if the death occurs within three years of the date of this Agreement and otherwise means the Fair Value (as defined below).

"Specified Value" means _____ (insert the current value of the Business here if the Parties have agreed on this. If it is desired to use the Fair Value leave blank)

“Fair Value” means the market value of the entire Business as at the Date of the Party’s death as determined by an independent auditor or professional valuer appointed by the personal representatives of the Deceased Party (as defined in paragraph (i) below) and in the absence of any such determination the Fair Value shall be the said market value as determined by the President for the time being of the Institute of Chartered Accountants in (England and Wales/Scotland).

“Relevant Proportion” means, if the Business is a partnership the percentage of partnership capital to which the Deceased Party was entitled in the accounting period during which the death occurs assuming that the Deceased Party had continued as a partner in the Business for the whole of the said accounting period and, if the Business is a company, the percentage of the issued ordinary shares of the company to which the Deceased Party is beneficially entitled at the time of death.

WHEREAS

(i) The Parties wish that on death of any Party (“the Deceased Party”) his personal representatives shall have the option to sell and those of the Parties or Party who Survive the Deceased Party (“the Surviving Parties or Party”) shall have the option to purchase

- if the business is a limited company, the ordinary shares in the company of which, immediately before the death of the Deceased Party he was the beneficial owner
- if the Business is a partnership the share of the Business which immediately before the death of the Deceased Party belonged to that party

In either case such shares or share (hereinafter referred to as “the Share”) shall be purchased on the terms set out below.

ii) Each Party if effecting a policy of life assurance upon his own life on trust for the primary benefit of the other Parties in consideration of the other Parties doing likewise:-

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. On the death of any Party the surviving Parties or Party shall have the option to purchase the Share from the Deceased Party’s personal representatives and the Deceased Party’s personal representatives shall have the option to sell the Share to the Surviving Parties or Party. Either of such option is to be exercised by notice in writing served within three months after the date of death of the Deceased Party (or if later within fourteen days after the issue of a Grant of Representation to the estate of the deceased) and on the exercise of the Deceased Party’s personal representatives shall sell the Share to the Surviving Parties or Party on the terms hereinafter appearing at the price set out in Clause 2.

2. The price to be paid for the Share should the sale contemplated in Clause 1 hereof take place shall be:

if the Specified Value for the Business has been stated above in the Definitions section of this Agreement

- the Relevant Proportion of the Agreed Value.

and otherwise

- such price as will be determined on the occurrence of the death of any Party as the Relevant Proportion of the Fair Value with interest at the rate of ()% per annum on the amount of the price calculated from the date of death to the date of payment and where the Business is a limited company without discount for minority holdings.

3. If either of the options specified in Clause 1 hereof is exercised then the Surviving Parties or Party shall purchase the Share and if more than one then, if the Business is a limited company, in proportion to their respective holdings of issued ordinary voting shares in the Business ignoring the share of the Deceased Party and any Shareholder who is not party to this agreement and, if the Business is a partnership, then in proportion to their respective capital shares in the Business ignoring the share of the deceased and any partner who is not party to this agreement, unless otherwise agreed and provided where relevant that if the Surviving Parties agree it shall be possible for such a purchase of the Deceased Party's Share bought by each of the Surviving Parties to be such as they agree between them all.
4. This agreement shall:
 - (a) Bind the personal representatives of all Parties
 - (b) Cease to bind any Party who shall no longer be a shareholder in the company or a partner in the firm at the deceased's death
 - (c) Cease to have any effect upon the insolvent winding up of the Business
 - (d) Take effect notwithstanding anything in the Articles of Association of the Company or any Partnership Deed which may be in conflict with this Agreement.
5. Nothing in the Agreement shall in any way whatsoever prevent or hinder any Party from disposing, charging, encumbering or otherwise dealing in any way with his Share.

SIGNED by the said _____

In the presence of _____

SIGNED by the said _____

In the presence of _____

SIGNED by the said _____

In the presence of _____

SIGNED by the said _____

In the presence of _____

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