



# Shareholders'/Partners' 'Cross Option' Agreement for Consideration by the Company's/Partnership's Solicitor

**Note 1:** This agreement incorporates a double option agreement exercisable by the legal personal representative of a deceased shareholder/partner or by the surviving shareholders/partners after the death of one of their number.

**Note 2:** This agreement is suggested only for guidance and will need to be adapted to the circumstances of each individual case and, in particular, so as to fit in with the provisions of the articles of association of the company/partnership agreement and any shareholders' agreement. It should be used only after independent legal advice has been taken.

**THIS AGREEMENT** is made the \_\_\_\_\_ day of \_\_\_\_\_

**BETWEEN**

(Shareholder/Partner)

(Shareholder/Partner)

(Shareholder/Partner)

(hereinafter called the Company/Partnership).

(ii) The parties hereto desire to provide for the disposition of each party's Relevant Interest (being his/her shares in the Company or, as the case may be, share or interest in the partnership) in the circumstances and on the terms hereinafter appearing.

(iii) In consideration of the other party or parties hereto doing likewise, each of the parties hereto is effecting on his/her own life a policy or policies of life assurance and critical illness assurance for the benefit of the other party or parties hereto, particulars of which are set out in the Schedule hereto.

**NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:**

1. In consideration of the provision of Clause 2 hereof on the death of any party hereto, the surviving party or parties shall have the option to purchase the deceased's Relevant Interest from the deceased's personal representatives. Such option is to be exercised by the surviving party or by one of the surviving parties (whether or not with the consent of the other of them) by notice in writing. This notice shall be served within the period which shall expire six months from the date of death or two months from the date of a Grant of Representation being taken out (whichever shall be the later). On the exercise of such option, the deceased's personal representatives shall sell the said Relevant Interest to the surviving party or parties on the terms hereinafter appearing.

2. In consideration of the provision 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 Relevant Interest to the surviving party or parties. Such option is to be exercised by notice in writing served on the surviving party or on one of the surviving parties within the period which shall expire either six months from the date of death or two months from the date of a Grant or Representation being taken out (whichever shall be the later).

On the exercise of such option, the surviving party or parties shall purchase the said Relevant Interest from the deceased's personal representatives on the terms hereinafter appearing.

4. The price to be paid for the Relevant Interest shall be the fair value thereof at the date of death of the deceased, under any policy subject to this agreement. Such fair value shall be determined by the Company's /Partnership's Auditor together with interest at the rate of [ ] percent per annum on the amount of the said price. This shall be calculated on the date of death and shall be paid within thirty days after the date of the Auditor's determination. However, this is provided that in the event of the said price exceeding the amount received by the remaining party or parties under the policy or policies, the balance of the said price shall be paid by four equal instalments at intervals of six months. The first instalment is to be paid at the expiry of the six months from the date of the said determination.

5. The parties hereto agree that any amount paid on the death of any party hereto to the surviving party or parties from the proceeds of any policy shall immediately be paid to the Legal Personal Representatives of the deceased as an asset of his estate. This applies if the amount shall be subject to this agreement and which is in excess of the value of the deceased party's Relevant Interest as determined by the Company's/Partnership's Auditor.

6. The surviving party or parties hereto shall have the option to purchase the deceased director's/partner's Relevant Interest in the following proportions:-

EQUALLY OR RATEABLY ACCORDING TO THEIR THEN EXISTING RETAINED INTEREST

7. In the case of a Company, the deceased's personal representatives shall waive any dividends on the deceased's shares as from the date of death. In the case of a Partnership, the deceased's personal representatives shall not be entitled to any share in the profits as at the date of death.

8. This Agreement shall bind the personal representatives of all the parties hereto.

As witness whereof the parties hereto have set their hands the date and year first above written:

Signed by the said

Signature

Signed by the said

Signature

Signed by the said

Signature

## SCHEDULE

Type of Policy

Sum Assured

Life Assured