

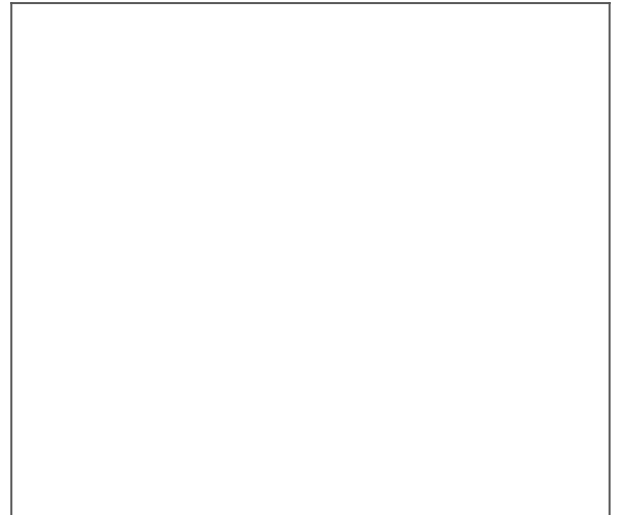
# The Unanimous Shareholder Agreement

**Authors: Drew Mitchell**

*published 02/24/2012*

A Unanimous Shareholder Agreement (a “USA”) is an agreement among all of the shareholders of a corporation which restricts, in whole or in part, the powers of the directors of a corporation to manage, or supervise the management of, the business and affairs of the corporation. The Supreme Court of Canada has described the effect of a USA as follows:

“Rather than removing the directors from their positions, a USA simply relieves them of their powers, rights, duties, and associated responsibilities. This may be accomplished without specific formality; all that is required appears to be some unanimous written expression of shareholder will. The result, however, amounts to a fundamental change in the management of the company...”



Typical provisions in a USA would include, but would not be limited to, the following:

1. imposing restrictions on the transfer of shares;
2. imposing restrictions on the issuance of shares;
3. setting out the types of decisions that require “special” or unanimous approval of shareholders;
4. setting out any insurance requirements for key individuals;
5. setting out a mechanism to deal with problems between shareholders (such as a shotgun provision); and
6. providing certain rights to minority shareholders (such as a tag-along provision).

Although there is time and cost involved in negotiating and preparing a USA, those shareholders who have avoided costly litigation or arbitration on account of a USA will attest to their usefulness. In fact, even the exercise of negotiating a USA will often provide individuals with insight into their fellow shareholders.

---

**DISCLAIMER:** *This article is presented for informational purposes only. The content does not constitute legal advice or solicitation and does not create a solicitor client relationship. The views expressed are solely the authors' and should not be attributed to any other party, including Thompson Dorfman Sweatman LLP (TDS), its affiliate companies or its clients. The authors make no guarantees regarding the accuracy or adequacy of the information contained herein or linked to via this article. The authors are not able to provide free legal advice. If you are seeking advice on specific matters, please contact Keith LaBossiere, CEO & Managing Partner at [kdl@tdslaw.com](mailto:kdl@tdslaw.com), or 204.934.2587. Please be aware that any unsolicited information sent to the author(s) cannot be considered to be solicitor-client privileged.*

*While care is taken to ensure the accuracy for the purposes stated, before relying upon these articles, you should seek and be guided by legal advice based on your specific circumstances. We would be pleased to provide you with our assistance on any of the issues raised in these articles.*