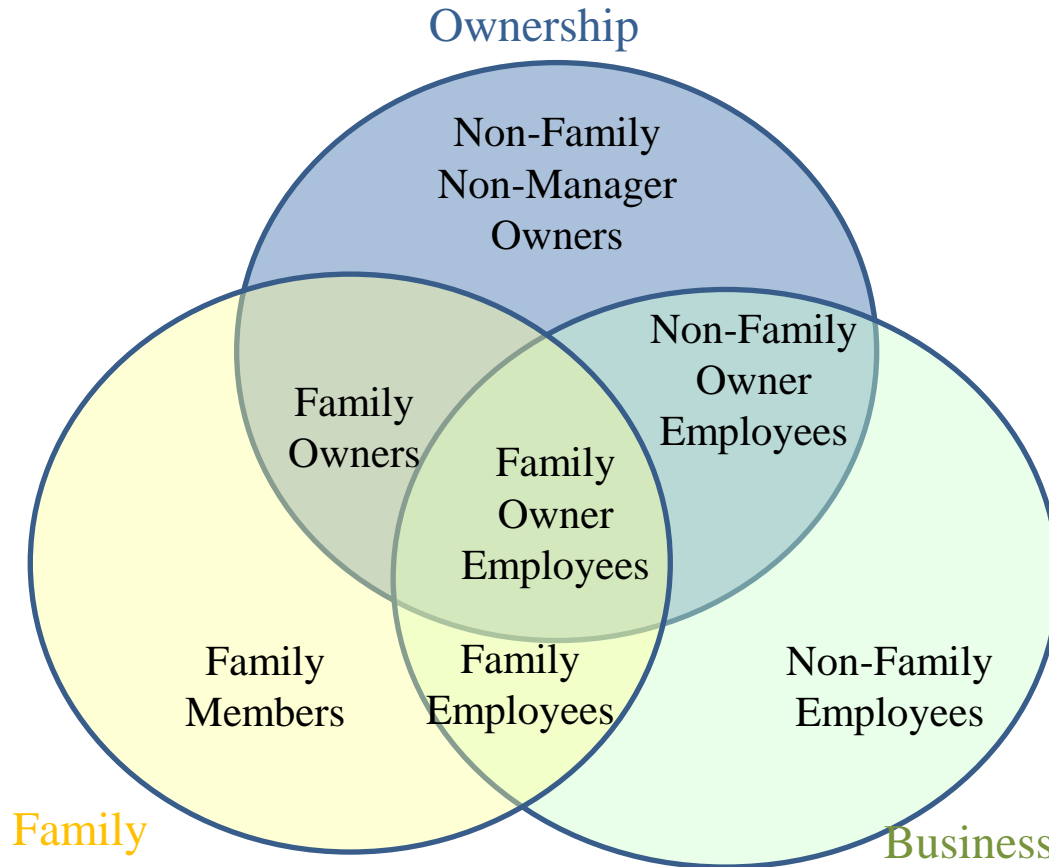


**FOA**  
CERTIFICATE IN  
FAMILY OFFICE ADVISING

**FAMILY CONSTITUTIONS, CHARTERS  
&  
SHAREHOLDER AGREEMENTS**



Source: Taiguri & Davis

# 3 ESSENTIAL QUESTIONS

Family

Who all are part of the Family?

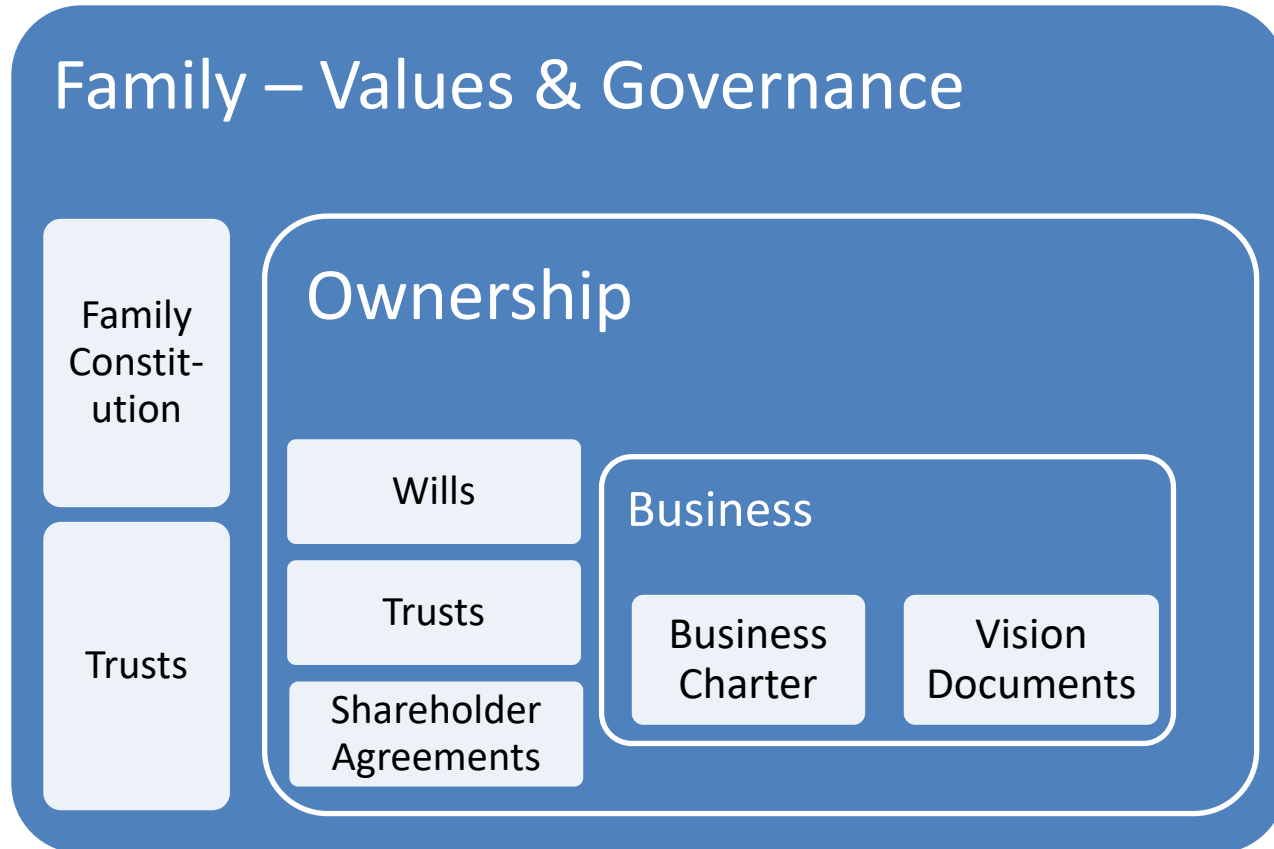
Ownership

Who among the Family are, and can be owners? Are they absolute owners or restricted owners?

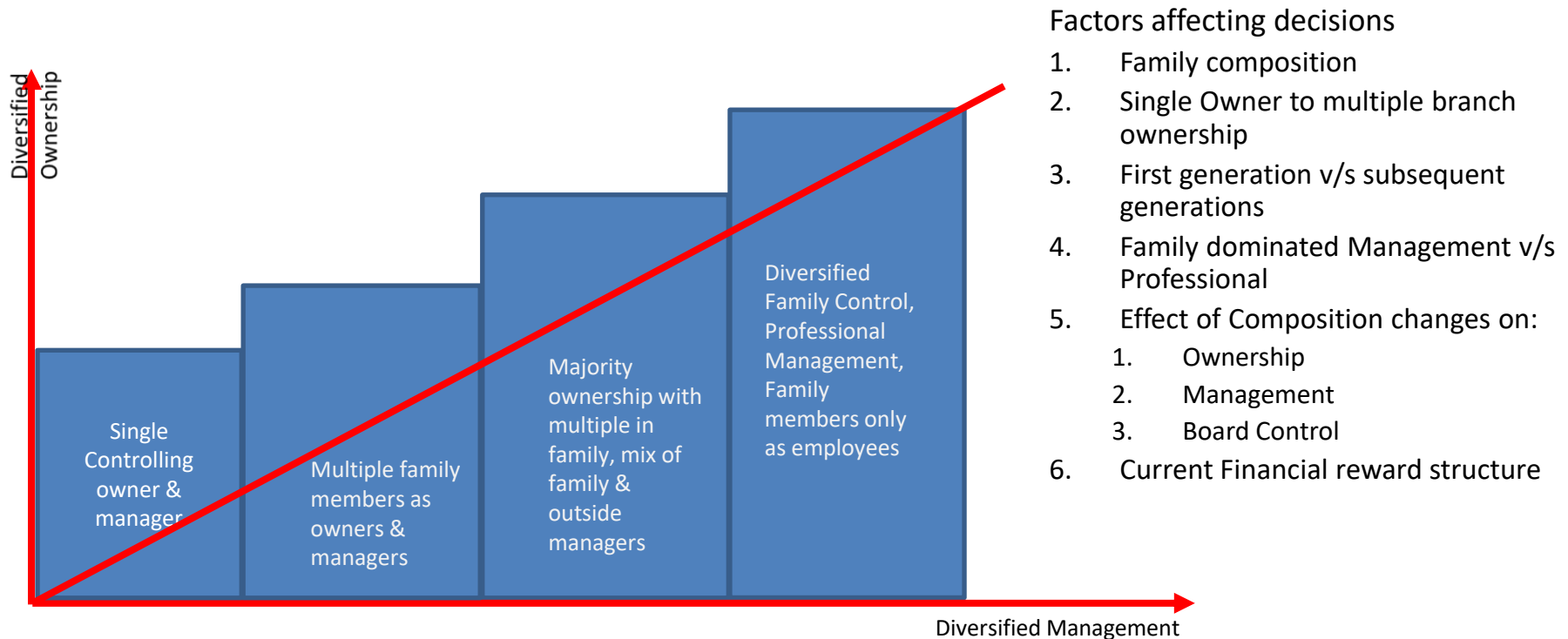
Business

What is my business? What is family's core competence with respect to business?

# SUCCESSION INSTRUMENTS & THEIR USE



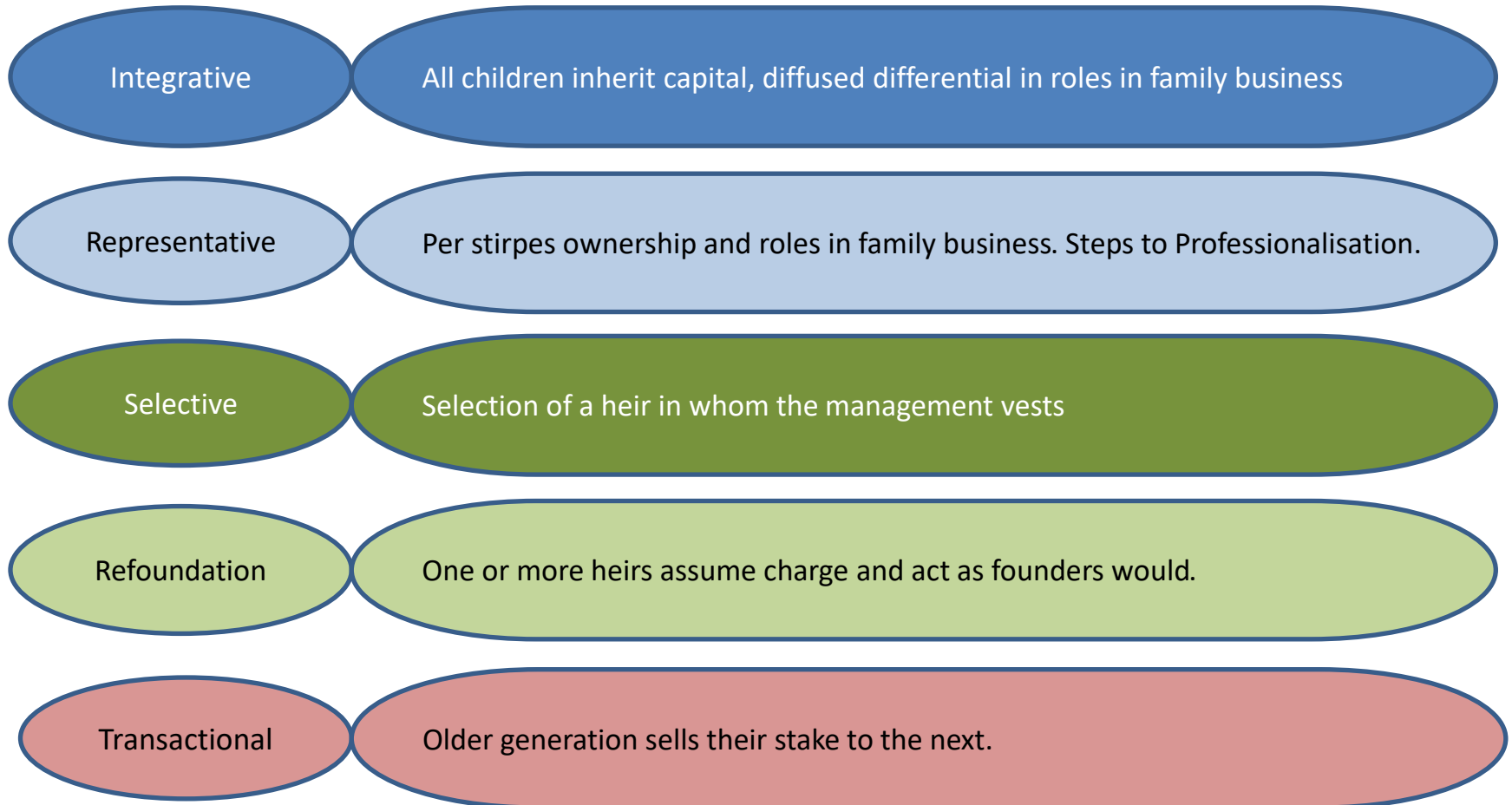
# WHERE ARE WE GOING?



# THEORIES IMPACTING SUCCESSION

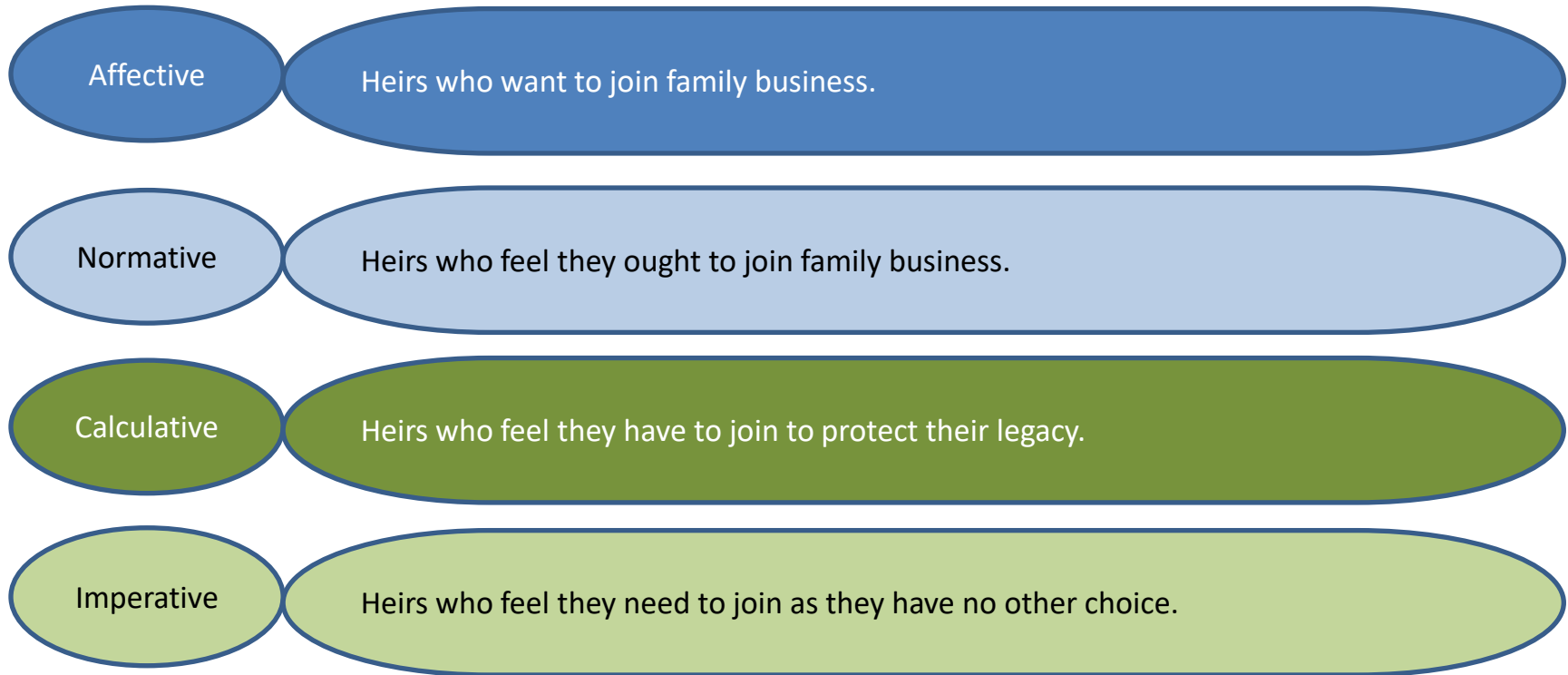
- Stewardship
- Agency
- Transaction Analysis
- Socio Emotional Wealth Theory
- Life Cycle Theory
- Organizational identity Theory
- Social Capital Theory
- Role Theory

# TYPE OF SUCCESSION



Source: Leonardo J Glikin

# TYPE OF HEIRS



Source: Sharma & Irving 2005



# DEFINITIONS

- Shareholder Agreement - an arrangement among shareholders describing how company should be operated and outlines shareholders' rights and obligations. Also includes information on the management and privileges and protection of shareholders.
- Family Business Charter - a set of agreed principles and protocols for governance of a family business. Defines Family relationship with each other qua the business.
- Family Constitution - a formal document setting out rights, values, responsibilities and rules applying to stakeholders in the family business and provides plans and structures to deal with situations which arise during family business's operation.

## KEY PROVISIONS SHAREHOLDER AGREEMENTS

- ROFR
- Drag Along Rights
- Tag Along Rights
- Entrenchment Rights
- Poison Pills
- Differential Voting Right structures
- Liquidation Preference

# KEY PROVISIONS – BUSINESS CHARTERS

Key provisions of SHA +

- Business Values
- Proxy Rights
- Manner of appointment of Board members, KMPs and IDs
- Family member Employment and evaluation policy
- Family Business & Political Network Maintenance
- Business Strategic Directions
- New Ventures & Capital raise decisions
- Dividend policy

# KEY PROVISIONS – FAMILY CHARTERS

Business Charter +

- Family History
- Family Values
- Family Wealth Management Policy
- Education and Mentoring
- Family Social Network Maintenance
- Lifestyle policy
- Family Support & Contingency Systems
- Dispute Resolution Systems
- Philanthropy

***Thank you***