

Navigating Legal Work When Selling Shares: Answers to FAQs

If you are a small-cap business owner seeking to sell your shares, navigating the legal complexities of this process can be challenging. To ensure a smooth and successful transaction, it's essential to work with an experienced legal advisor who understands the nuances of this area of law.

In this article, we'll provide a comprehensive overview of what to expect in terms of legal advice when you want to sell your shares. This guide will cover due diligence, term sheets, share purchase agreements, regulatory filings, and other critical aspects of selling shares.

Whether you're new to the world of mergers and acquisitions or are a seasoned business owner looking to sell your shares, this guide will guide you how to instruct external legal counsel to help you navigate the legal complexities of a share sale.

Here is a brief description of what is expected in terms of legal work when a business owner wants to sell his(her) shares:

1. Due diligence:

Before any sale can take place, it's essential to conduct due diligence to identify any legal or financial issues that could impact the sale. This process involves gathering information about the company's financial statements, contracts, legal agreements, and other essential documents. The results of this due diligence will inform the next steps in the process.

2. Term sheet:

Once due diligence is complete and both parties agree to move forward with the sale, a term sheet will be drafted. A term sheet is a non-binding document that outlines the key terms and conditions of the sale, including the purchase price, payment terms, representations, warranties, and any other conditions precedent that must be met before the transaction can be completed.

3. Share purchase agreement:

After the term sheet is agreed upon, the next step is to negotiate and draft a share purchase agreement. This document outlines the final terms of the sale, including the purchase price, payment terms, representations, warranties, and any other conditions precedent that must be met before the transaction can be completed. It's essential to work closely with the buyer's legal team to ensure that all necessary legal requirements are met.

4. Regulatory filings:

Depending on the size and scope of the sale, it may be necessary to file regulatory notifications with the relevant authorities. For example, antitrust notifications may be required to ensure that the sale does not violate any competition laws.

5. Closing:

Once all necessary legal requirements are met, the sale can be closed. This process involves transferring ownership of the shares from the seller to the buyer and ensuring that all financial obligations are met.

Overall, selling shares can be a complex legal process with many steps involved. As noted in the [article](#) on [VC.ru](#) portal, “the consultant’s task is to identify problems and ‘blind spots’ that may not be detected by in-house staff, and create an effective plan to steer the company out of crisis situations. The external counsel can then support the project until the intended results are achieved and participate in implementing recommended changes.” It’s essential to work closely with a legal advisor throughout the entire process to ensure that all legal requirements are met and that the sale is successful.

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