# The Top 4 Reasons Why Your Shareholder Agreement Should Be Updated or Reviewed

Shareholder agreements should be reviewed and updated on a regular basis to ensure that they continue to accurately reflect the current state of the business and the intentions of the shareholders.

There are a few key events or circumstances that may trigger the need for a review and update of a shareholder agreement:

1. **Changes in Ownership:** If there are changes in the ownership structure of the business, such as the issuance of new shares or the sale of existing shares, the shareholder agreement should be reviewed and updated to reflect these changes.
2. **Changes in the Business:** If there are significant changes in the business, such as the introduction of new products or services, the expansion into new markets, or the acquisition of other companies, the shareholder agreement should be reviewed and updated to ensure that it continues to accurately reflect the current state of the business.
3. **Changes in Laws or Regulations:** If there are changes in laws or regulations that affect the business, such as a change to tax laws or security regulations, the shareholder agreement should be reviewed and updated to ensure that it continues to comply with all relevant laws and regulations.
4. **Time:** Even if there are no major changes in the business or its ownership structure, it is a good practice to review the shareholder agreement every three to five years or as per the requirement of the jurisdiction the business is operating in. This will ensure that the agreement is still relevant and that it continues to accurately reflect the intentions of the shareholders.

It is important to note that it is always recommended to review the agreement with the help of a legal expert, as they can advise on any changes that may be required to ensure that the agreement remains legally binding and enforceable.

Overall, the frequency of review and update of a shareholder agreement will depend on the specific circumstances of the business and the needs of the shareholders. By regularly reviewing and updating the agreement, a business can ensure that they continue to accurately reflect the current state of the business and the intentions of the shareholders, and that it remains legally binding and enforceable.