How to protect yourself as a minority shareholder

A quick guide for minority shareholders in startups that want to cover their backs.

¿Por qué este dossier?

At Morán Lobato Abogados, we work with startups from their first coffee between founders to their first funding round—and well beyond. We know that many legal mistakes don't show up in the early months... but explode later. And fixing them is always more expensive than preventing them.

This guide is designed to help **minority shareholders** protect themselves from potential abuses by other actors within the company. A wide range of people can fall into the category of minority shareholder: technical profiles, co-founders without control, small investors, advisors, mentors, key team members with equity, and more. In general, we refer to a minority shareholder as someone holding **between 5% and 25%** of the company's share capital.

We'll reference only the essential articles of the Spanish Companies Act (LSC). What you'll find here are real tools to understand your rights, spot the most common traps, and know how to react if you've already signed something that doesn't feel right. Because being a minority doesn't mean being powerless.

¿Who we are?

morān & lobato

abogados

At Morán Lobato Abogados we do not speak latin. We speak startup.

We're a **law firm based in Barcelona**, agile and committed to the real growth of our clients. We understand that entrepreneurship isn't just about signing papers: it's about making decisions under pressure, distributing equity fairly, surviving the first funding round... and moving forward without legal obstacles slowing you down.

We work with startups from the earliest stage—when everything is still a sketch on a napkin—through to more advanced phases where structure, investment and even exits need to be handled professionally. We're well-versed in the ecosystem: SaaS, HealthTech, AI, marketplaces... and **we know how to anticipate the costly mistakes**.

We don't use templates or one-size-fits-all contracts. What we offer is strategic legal advice tailored to your phase, team and goals. From realistic shareholder agreements to SAFE reviews, clean cap tables and meaningful vesting plans. If you're a founder, investor, or key team member, **we'll help make legal an ally—not a headache**.

What we do

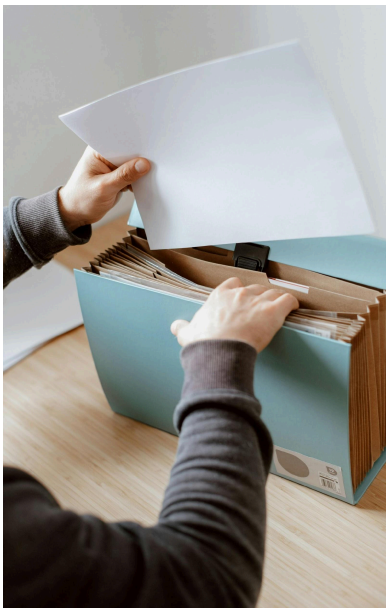
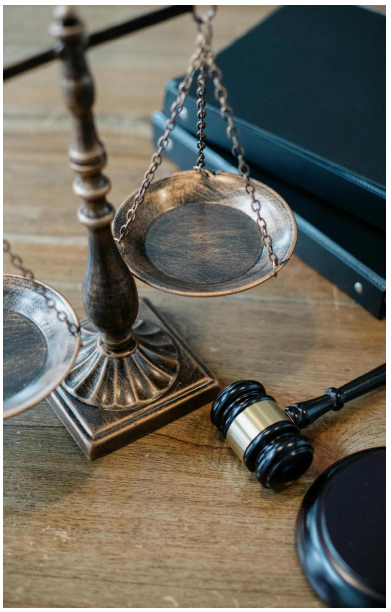
So what exactly do we do? Whatever your startup actually needs. No more, no less.

At Morán Lobato Abogados, **we give real advice**, guiding founders and startups to make legal decisions aligned with their business strategy.

We draft contracts that are clear (and enforceable), structure shareholder agreements for long-term growth, scrutinize SAFEs and term sheets, and adapt the legal framework—bylaws, agreements, advisor and employee relations—so that it makes sense both day-to-day and for your big-picture roadmap.

And if conflict arises, **we litigate**. When co-founders clash, clauses are breached, or someone overreaches—we defend your position in court with the same drive we use to help you grow. Because sometimes, mediation isn't enough—and we play that game too.

In short: we don't just sell documents. **We design legal structures that survive rounds, investors and crises. And if needed, judges**.

Consultation	Contracts	Court
		

Minority Shareholder Rights

Commercial Law

When we talk about these matters, we must remember that we're operating under commercial law, which has its own specific rules. At the end of the day, a startup is still a company—with a different funding model and a perspective that is often too short-term. That means the relationships between shareholders and the company are governed by legal standards set by the authorities.

> ***Article 2 – Commercial nature***
> *Capital companies, regardless of their corporate purpose, shall have a commercial nature.*

Thanks to this legal framework, being a minority shareholder doesn't mean being powerless. The Spanish Companies Act (Ley de Sociedades de Capital, or LSC) grants you rights that, if ignored, might as well not exist. Let's go over them without too much legal jargon, but with enough clarity for you to know when someone is stepping on your toes.

1️⃣ Right to Information (Articles 196 and 197 LSC)

You're not just a spectator. You have the right to access essential company information: balance sheets, annual accounts, board minutes... And no, a summary on WhatsApp doesn't count. If the administrators refuse to provide it without justification, you can challenge their silence (Art. 204 LSC).

Real-world example:

You suspect the company is hiding debt. You ask for the financials, get no response, and later find out the founders took out a loan without notifying anyone. That's not just bad faith—it may breach their duty of loyalty.

2️⃣ Access to Key Documents

Beyond the financials, you can request:

- Shareholder agreements (even if you didn't sign them).

- Shareholder registries and relevant meeting minutes (to check for side deals).

- Critical contracts (debt, deals with majority shareholders...).

Important: If you're a startup shareholder, check whether the shareholder agreement tries to restrict this right. Some do, but the LSC overrides private agreements in many cases (Art. 28 LSC).

3️⃣ Right to Dividends (Art. 348 LSC)

If the company distributes profits, you're entitled to your share. But watch out—many shareholder agreements include clauses that make distribution conditional (e.g., "only if there's unanimous agreement"). If that's not justified, it could be challenged.

"Dividends? In this startup, the only thing they distribute is pizza during late-night coding sessions."

Sure, but if there's ever a real payout, make sure you're not left out.

4️⃣ Pre-emptive Right in Capital Increases (Art. 304 LSC)

If the company increases capital, you have the right to participate and avoid being diluted. If they don't notify you, or make it difficult, you may be able to nullify the increase.

Typical scenario**:** The founders issue new shares to an investor… but "forget" to inform you. Result: your 10% drops to 5% overnight. That's challengeable.

5️⃣ Right to Challenge Corporate Resolutions (Art. 204–206 LSC)

If a decision disproportionately harms minority shareholders (e.g., selling a key asset to a company controlled by a major shareholder), you can request its annulment.

Real case: Majority shareholders approved selling a core asset to another company… that they also owned. The minority shareholder challenged it, and the court annulled the deal.

You only have one month from the time you become aware of the resolution to challenge it.

6️⃣ Right to Proportional Liquidation (Art. 403 LSC)

If the company is sold or dissolved, you're entitled to your fair share. But beware of poorly drafted drag-along clauses: they could force you to sell under worse terms.

Practical tip: If you've signed a drag-along clause, make sure it's paired with a tag-along—so you can sell under the same conditions as the majority.

Having rights means nothing if you don't exercise them. The law is on your side, but abusive clauses and bad practices rely on you not standing up for yourself. If you don't request information today, you won't be able to challenge decisions tomorrow. If you don't verify your rights now, there may be no remedy later.

The difference between a minority shareholder and a powerless investor comes down to one thing: acting on time.

If your stake has real value and you need to protect it, we offer specialized legal reviews carried out by experienced legal professionals.

What to sign before joining

Bullet points: Shareholders' Agreement

Some things don't feel urgent... until they suddenly are. Before signing the agreement (or even after, if you still have a chance), make sure that:

- If the majority sells, **you can sell too** – take advantage of their power.
- Agree to **antidilution protection** – it helps preserve your relevance.
- If there's vesting, **it should apply to everyone**, not just you. Either you're all in, or none of you are.
- For key decisions, **your vote should matter too**.
- And if things fall apart: **what's your exit plan? Who buys you out? At what price?** Don't leave it up in the air.

💣 **Common mistake:** Thinking you'll always be in the "honeymoon phase."
🎯 **Solution:** Put everything in writing, with clear consequences in case of breach.

If You Also Work in the Startup

It's common: you own a small equity stake and also work full-time on the project. But be careful—**owning equity is not the same as having a contract.**

- If you're an **employee**, you need a proper employment contract: salary, conditions, time off, health coverage, etc.
- If you're a **freelancer or external collaborator**, put in writing what you do, how you get paid, and what you deliver.
- And above all: **clearly define what you create for the company vs. your own independent work.**

💣 **Classic mistake:** "We don't need a contract, we trust each other."
Until there's a problem. Then you have no payslip, no invoice, and no protection.

🎯 **Solution:** Get both roles right from the beginning. **Being a shareholder is one thing. Working in the startup is another.** Each must be documented.

Clauses You Should Review

The beauty (and danger) of shareholder agreements is that they're **omnilateral**—signed by all the shareholders. Once signed, they work like an internal rulebook everyone is bound by. Here's a simple table to help you spot the **traps** and how to avoid them:

Clauses	What does it mean?	Solution
1 **Drag-along without tag-along** (or how to force you to sell cheap)	If a majority sells, you are obliged to sell too, but if there is no tag-along, they can leave you out of a good deal.	Demand a **tag-along clause** along with the drag-along clause. Check whether you can challenge on the grounds of inequality (Art. 348 LSC).
2 Exclusion for ambiguous reasons (or how to get **kicked out with an excuse**)	Formulas such as "misalignment" or "loss of confidence" are vague and dangerous. They can use them to get **rid of you for disagreeing**.	Request **specific and objective** reasons. If it has already been signed, review it: abuses are contestable (Art. 205 LSC).
3 **Unilateral vesting** (or how to lose your shares if you leave)	Only you lose equity if you leave. This does not apply to founders.	Vesting **must be the same for everyone**. If it is discriminatory, it may be null and void (Art. 348 LSC).
4 **Limitations on voting or access to information** (or how to make yourself invisible)	Agreements that take away your right to vote or access the accounts. They violate the minimum rights of members.	Check whether it violates Art. 28 LSC. Statutes or agreements cannot contradict the law.
5 **Eternal no-competition** (or how to veto you after you leave)	They prevent you from working in the sector for years after leaving the company. If it is disproportionate, it may be abusive.	Limited in time (≤ 2 years) and scope. Requires **compensation (severance pay)**.

Be careful what you sign: these clauses are not just small print, they are time bombs. When the conflict erupts (and it will), you won't be able to claim 'I didn't read it'. Either you review them now with a professional, or you will suffer the consequences later—and by then, it may be too late to save your participation. Would you like us to analyze your agreement before it becomes a problem? We'll tell you within 48 hours which clauses are contestable and how to protect yourself.

What if you have to confront the majority partner?

There are times when there is no other choice. You have asked for explanations, but they have shut the door on you. You have reviewed the agreement, tried to talk... and nothing. When all amicable avenues have been exhausted and your rights have been violated, it is time **to defend yourself**.

When should you consider it?

- When you are denied access to information that is rightfully yours.
- When decisions are made that harm you without consulting you.
- When the agreement is blatantly violated.
- When they try to expel you without clear cause.
- Or when they dilute your participation without giving you a real chance to respond.

In short: if they are acting as if you were invisible, it's time to make yourself seen.

What can you do?

The Capital Companies Act provides you with tools, and they are not merely decorative. Here are some of the most useful ones:

- **Challenge corporate resolutions** that are abusive or contrary to the law (Art. 204–206 LSC).
- **Sue for breach of contract** if it is binding and has been violated.
- **Hold administrators liable** if they have acted against the company's interests (Art. 236 LSC).
- **Request the dissolution of the company**, as a last resort, if the conflict is irreconcilable (Art. 363 LSC).

Of course, litigation is slow, expensive, and exhausting. But sometimes it is the only way to be heard... or to be compensated. Practical advice: **keep everything** (emails, minutes, messages, balance sheets...). Lawsuits are not won with what you know, but with what you can prove.

You should only go to court with sufficient evidence to **prove your case**, but above all with the confidence that comes from relying on legal professionals with extensive **courtroom experience**. Sometimes you don't need a clerk, but someone who knows the legal procedures and doesn't tremble when questioned by a judge.

Conclussions

Are you being a minority partner... or a silent guest?

If you've made it this far, you're probably starting to ask yourself the right questions. Because having 5% doesn't mean signing without reading or accepting without negotiating. In a startup, decisions are made quickly. Legal mistakes are too. And when you realize you signed the wrong thing, you're already out of the game or in the middle of a mess.

If this dossier has made you think, it's no coincidence. **The best time to protect your position was before signing. The second best time is now**.

What makes us different?

At **Morán Lobato Abogados**, we don't just answer legal questions — **we solve business problems with a strategic mindset.**

We're a dynamic team that moves at the pace of founders — not at the pace of bureaucracy. We know what it means to close a funding round under pressure, recruit a CTO mid-launch, or renegotiate a shareholder agreement when one co-founder goes silent.

Oh, and yes — **our fees are competitive.** Because advising startups isn't about pushing paper — it's about delivering value.

We don't hand you a stack of PDFs. We help you make legal a growth tool.

Want help doing it right from day one?

At Morán Lobato Abogados, we work with startups from napkin sketch to exit.

We draft contracts, design shareholder agreements, review SAFEs, clean up cap tables, and — when necessary — go to court. But most importantly, we think strategically alongside you.

📍 Based in Barcelona, working with projects all across Spain.
📅 Book a quick consult or reach out via our website.
📘 More free resources available in the Resources section.
🔗 Or connect with us on LinkedIn.

💼 Because launching a startup is hard.
But doing it without legal advice? Even harder.

Daniel Lobato
ICAB 46066
Cofounder of Morán Lobato Abogados