

# Syndication Agreements



Syndication agreements are contractual agreements setting out the arrangements between a group of people who have pooled their resources to acquire a horse.

Syndication agreements are commonly used by groups of people wishing to purchase a stallion for breeding purposes. The concept however is readily applicable to horses being acquired for other purposes. For example, a syndicate group may form to lease a horse for a period for competing purposes, which is a common occurrence in the racing industry, or to purchase a horse outright.

Anyone contemplating participating in a syndicate should first take legal and tax advice as to the potential ramifications of doing so.

It is essential for a syndication agreement to be in writing and to cover details such as:-

- identification of the horse;
- details of each of the owners and their contact addresses;
- extent of each owner's share in the horse;
- rights, obligations and privileges afforded to each owner;
- how shares in the horse may be transferred and, for example, whether any rights or pre-emption exist;
- where the horse will be kept, stand or trained;
- who the syndicate manager is and his/her duties and details of remuneration;
- insurance cover for the horse;
- in the case of a stallion syndicate, what nomination rights are afforded to each owner and the health requirements in relation to mares to be served by the stallion;
- if it is intended the syndication arrangement is for limited duration only, to set out what will happen on expiry of that period (e.g. will the horse be sold); and
- procedures for varying any of the arrangements specified.