

ASSEMBLY, No. 3861

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED MARCH 16, 2020

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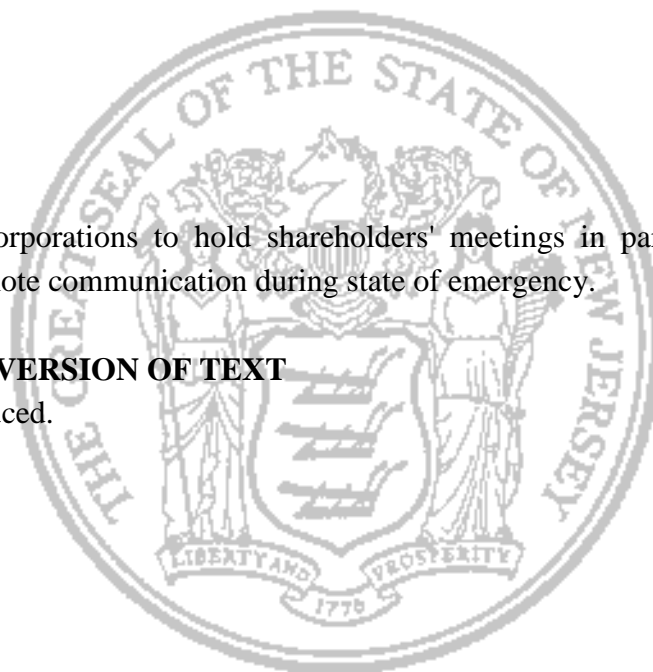
District 30 (Monmouth and Ocean)

SYNOPSIS

Permits corporations to hold shareholders' meetings in part or solely by means of remote communication during state of emergency.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/19/2020)

1 AN ACT concerning corporations and remote shareholders' meetings
2 and amending N.J.S.14A:5-1.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. N.J.S.14A:5-1 is amended to read as follows:

8 14A:5-1. Place of shareholders' meetings.

9 (1) Meetings of shareholders of every corporation organized for
10 any purpose under any general or special law of this State may,
11 unless otherwise provided by law, be held at such place, within or
12 without this State, as may be provided in the by-laws or as may be
13 fixed by the board pursuant to authority granted by the by-laws. In
14 the absence of any such provision, all meetings shall be held at the
15 registered office of the corporation. During a state of emergency
16 declared by the Governor, a meeting of shareholders may be held by
17 means of remote communication to the extent the board authorizes
18 and adopts guidelines and procedures governing such a meeting.

19 (2) **[A shareholder]** One or more shareholders may participate
20 in a meeting of shareholders by means of remote communication to
21 the extent the board authorizes that participation. **[Participation]**
22 Shareholder meetings conducted in part or solely by means of
23 remote communication in reliance upon this subsection and any
24 shareholder's remote participation in those meetings shall be
25 subject to those guidelines and procedures as the board adopts, and
26 shall be in conformity with subsection 14A:5-1(3).

27 (3) A shareholder participating in a meeting of shareholders by
28 means of remote communication in reliance upon subsection 14A:5-
29 1(1) shall be deemed present in person and shall be entitled to vote
30 at the meeting **[if]** regardless of whether that meeting is held at a
31 designated place or solely by means of remote communication. In
32 any shareholder meeting conducted in part or solely by means of
33 remote communication in reliance upon subsection 14A:5-1(1), the
34 corporation **[has implemented]** shall implement reasonable
35 measures to:

36 (a) verify that each person participating remotely is a
37 shareholder or a proxy of a shareholder; **[and]**

38 (b) provide each shareholder participating remotely with a
39 reasonable opportunity to participate in the meeting, including an
40 opportunity to vote on matters submitted to the shareholders, and to
41 read or hear the proceedings of the meeting substantially
42 concurrently with those proceedings; and

43 (c) record and maintain a record of any shareholder votes or
44 other actions taken by remote communication at the meeting.

45 (cf: P.L.2013, c.41, s.1.)

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 2. This act shall take effect immediately.

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3

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STATEMENT

5

6 This bill permits corporations to hold shareholders' meetings in
7 part or solely by means of remote communication.

8 Pursuant to current law, corporations are permitted to allow
9 shareholders to participate in shareholders' meetings by means of
10 remote communication, but the meetings are required to be held at a
11 physical location. Under the bill, during a state of emergency
12 declared by the Governor, a meeting of shareholders may be held by
13 means of remote communication to the extent the board authorizes
14 and adopts guidelines and procedures governing such a meeting.

15 The bill also provides that shareholders participating in a
16 meeting of shareholders by means of remote communication are
17 deemed to be present in person and are entitled to vote at the
18 meeting, regardless of whether the meeting is held at a designated
19 place or solely by means of remote communication.

20 This bill will give corporations greater flexibility in how they
21 hold their shareholders' meetings. Remote meetings can offer
22 broader accessibility to shareholders and increase shareholder
23 participation. It also offers corporations a potential cost savings, as
24 the expense of meetings held solely by means of remote
25 communication is typically less than the expense of meetings held
26 at a designated place.