

S.1182 (Benjamin) / A.1237 (Paulin)

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BILL S.1182 (Benjamin) / A.1237 (Paulin)
SUBJECT Permanent Authority for Virtual Shareholder Meetings
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SUPPORT

The Business Council supports this legislation that would modernize the New York Business Corporation Law (NYBCL) to provide permanent authorization for New York-incorporated companies to hold virtual shareholder meetings that use means of remote communication such as the Internet or teleconferencing, in addition to traditional in-person annual meetings.

This legislation is based on Delaware law adopted in 2000. Currently, 22 states allow for virtual shareholder meetings (Arizona, California, Colorado, Delaware, Hawaii, Kansas, Kentucky, Maryland, Michigan, Minnesota, Missouri, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee, Texas, Utah, Vermont, West Virginia and Wyoming) and companies are increasingly making use of these alternatives to the traditional approach of holding their meetings solely in-person.

Importantly, the bill does not mandate one approach over another, but instead leaves the decision to the corporation's board of directors. The best approach for individual New York companies may vary depending on factors such as the location of the company's offices and facilities, the size and concentration of its shareholder base, or the specific agenda items to be discussed at the meeting. The bill also provides for reasonable measures to protect the participation of shareholders and the integrity of the meeting process if a company elects to hold a virtual meeting.

As the technology to enable virtual meetings has evolved and become increasingly accepted in recent years, and as corporations and shareholders have successfully used the virtual meeting approach in New York State during the current pandemic under temporary authority provisions, we believe that the NYBCL should keep pace and provide New York companies the same range of options already available in a growing number of other jurisdictions.

Virtual shareholder meetings can improve shareholder participation and engagement with companies since they allow shareholders to participate without having to travel, thereby promoting participation by for a more representative

sample of shareholders. Virtual meetings can also reduce companies' costs of holding their annual shareholder meetings by reducing the expenses of hosting a physical meeting, such as meeting space, security and travel.

For these reasons, The Business Council respectfully supports approval of this legislation.