

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

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

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

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

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

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

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

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

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

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

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

2. This act shall take effect immediately.

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.

STATEMENT

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

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

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

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

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