
Judiciary Committee

SB 6040

Title: An act relating to meetings under the business corporations act.

Brief Description: Addressing meetings under the business corporations act.

Sponsors: Senators Pedersen and Padden; by request of Washington State Bar Association.

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| <p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Establishes procedures and requirements under which a business corporation may hold its annual and special meetings solely by means of remote communication rather than having a physical assembly of shareholders at a particular geographic location. |
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Hearing Date: 2/15/18

Staff: Edie Adams (786-7180).

Background:

Under the Washington Business Corporations Act, corporations are required to hold an annual meeting of shareholders for the election of directors. Special meetings of a corporation may be called by the board of directors or other authorized persons, or by shareholders of at least 10 percent of the votes entitled to be cast on any issue proposed to be considered at the meeting.

Annual shareholders meetings and special meetings may be held in or out of the state at the place specified in the bylaws, or if not specified, at the corporation's principal office. Unless the corporation's governing documents provide otherwise, shareholders may participate in any meeting of shareholders by any means of communication by which all persons participating can hear each other during the meeting. A shareholder participating in a meeting by this means is deemed to be present in person at the meeting.

Summary of Bill:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Unless otherwise provided in the governing documents, a corporation's annual shareholders meeting and any special meetings may be held solely by means of remote communication rather than having a physical assembly of shareholders at a particular geographic location. The board of directors or other person who has the right to determine the location of a meeting has the sole discretion to make this determination.

If a corporation elects to conduct a meeting solely through the use of remote communication or to allow a shareholder to participate in a meeting through remote communication, the meeting notice must provide information on how the shareholder may participate by remote communication. The corporation must implement reasonable measures to verify the identity of each person participating as a shareholder or proxy holder and to provide them with a reasonable opportunity to participate and vote on matters being considered, including an opportunity to read or hear the proceedings substantially concurrently with the proceedings.

Participation in a meeting by remote communication constitutes presence in person at the meeting and is subject to any guidelines and procedures adopted by the board of directors.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.