

Virtual-Only Annual Meetings Remain Controversial

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After adopting bylaws to allow for annual meetings to be held solely via online technology (known as virtual-only meetings), both PNC Financial Services and Bank of New York Mellon received shareholder [proposals](#) requesting that the companies affirm their continuation of in-person annual meetings in addition to allowing for electronic access. The resolutions seek in-person meetings as a way for shareholders to interact directly with the board and management and state that virtual-only meetings would “insulate” companies from shareholder opposition or difficult questions.

Neither company has announced that it intends to hold virtual-only meetings, so the proposals appear to be preemptive. The bylaws were amended this year to permit that annual and special meetings may be held only by means of remote communications, Internet or other electronic communications technology. The Council of Institutional Investors has an existing policy urging companies to use virtual meetings as a supplement, not a substitute, to in-person meetings.

Some companies provide a hybrid approach by holding a physical meeting but also allowing shareholders to participate online. According to news reports on these [bylaws](#), Broadridge, which offers online meeting technology, reported that 58 meetings allowed for remote access as of October, but only half were virtual-only without any live presence.

Broadridge, along with several other groups, issued a set of [guidelines](#) last year for online shareholder participation in annual meetings. The guidelines recognize that 22 states, including California and Delaware, permit virtual-only shareholder meetings, while New York, Massachusetts, New Jersey and 16 other states prohibit such meetings. The group recommends a set of best practices for any online meetings, virtual-only or hybrid, including posting questions received in advance of the meeting, reasonable guidelines for displaying questions and answers, arranging for proponents of shareholder proposals to present the proposal in-person or through telephone or video connection, adding proxy statement disclosure that provides notice for the type of meeting to be used in advance for next year's meeting and archiving the meeting on a publicly available space for some period of time.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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