

Companies turning to virtual conferences to stage annual meetings

April 22 2020, by Patrick Kennedy



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It is annual meeting season for public companies, but the coronavirus restrictions are quickening a trend toward virtual meetings.

With no unnecessary travel and stay-at-home orders, some corporations have postponed the meetings.

April Hamlin is a partner and securities lawyer in the Minneapolis office of law firm Ballard Spahr. She has helped companies with their annual meetings.

"Many companies are just delaying their annual [meeting](#)," said Hamlin. "Some in order to see how things shake out and some due to practical reasons which is the pivot to a virtual meeting."

For years, companies have been dispensing with the pomp and circumstance that once made annual meetings a big event on the corporate calendar for shareholders, employees and retirees. Some companies made them elaborate affairs hosted by the company at or near its headquarters or moved around the country to be close to major operation centers.

Now the big events like Berkshire Hathaway's and Hormel's are few and far between, and many annual meetings are lightly attended and held at company headquarters or even the offices of companies' corporate attorneys.

Companies might have to change corporate bylaws to allow the change to virtual, depending on the state where they are registered. Some bylaws also stipulate a physical place by the wording in bylaws.

"A couple of years ago when the virtual meetings started to gain in popularity some boards thought to do that, even if they didn't take advantage of that," Hamlin said.

The changes require board, not full shareholder, approval, so other companies are rushing to schedule a board vote.

That's what Minneapolis-based U.S. Bancorp did. Afterward, it changed the meeting scheduled for April 21 in Charlotte, N.C., to a virtual one.

Wells Fargo and Ameriprise also switched to the virtual format for their April meetings.

On April 2, Target Corp. amended its bylaws to give the board the option to hold an annual meeting "solely by means of remote communication."

The Securities and Exchange Commission and New York and Nasdaq stock exchanges have given public companies broader latitude in moving physical meetings to virtual ones.

"The SEC staff recognizes that many public companies and other market participants are transitioning to teleworking, virtual meetings and other contingency measures to address [health concerns](#)," said SEC Chairman Jay Clayton in a March statement.

"Our staff stands ready to facilitate these transitions, and we encourage market participants to contact us with requests for guidance or relief.."

Companies are being allowed to make changes to their meetings through electronic communications and without the added cost and time of shipping out additional printed proxy materials.

Proxy advisory firms have generally frowned on virtual annual meetings because they believe the practice is poor governance and limits the participation of the rank and file shareholders and the ability of those shareholders to question [company](#) boards and management teams.

But in March, the proxy advisory firm Glass Lewis said discouraging the virtual meetings during the coronavirus restrictions does not serve the

interests of shareholders or companies. The firm said its general view remains the same, though.

With the SEC, states and other regulatory agencies granting more leniency on rescheduling annual meetings the biggest issue may be getting a spot on the calendar with Broadridge Financial Services.

Broadridge, based in Edgewood, N.Y., is the largest provider of virtual [annual meeting](#) services and has said they are doing what they can to meet increased demand.

"Broadridge has seen increased interest in virtual shareholder meetings (VSM) from existing and new clients and we've made investments and adjustments to accommodate the demand," according to a spokeswoman. "While this year's number is hard to pinpoint, we managed 326 VSMS for clients in 2019, and expect we may quadruple that to 1,200+ VSMS in 2020."

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