

MARSHALL ISLANDS ALLOWS VIRTUAL SHAREHOLDER MEETINGS IN LIGHT OF COVID-19

14 MAY 2020 • ARTICLE



In light of COVID-19, the Marshall Islands has adopted a regulation permitting shareholders to participate remotely in shareholder meetings, including annual shareholder meetings. Under this new regulation, Marshall Islands corporations now have the flexibility to elect to hold a “hybrid” meeting, which is held at a physical location but also allows remote participation by shareholders, or an entirely virtual meeting.

"Shareholders or proxyholders shall be deemed present at and may participate and vote at such meetings “by means of remote communications”, even if not physically in attendance."

Effective May 8, 2020, the new regulation allows a corporation’s board of directors to “permit shareholders and proxyholders to participate in any shareholder meeting by means of remote communications or determine that any meeting of shareholders may instead be held solely by means of remote communications” unless explicitly prohibited by a corporation’s articles of incorporations or bylaws. Subject to rules and procedures adopted by the board of directors, shareholders or proxyholders shall be deemed present at and may participate and vote at such meetings “by means of remote communications”, even if not physically in attendance—whether the meeting is a hybrid meeting or an entirely virtual meeting.

If a corporation avails itself of the option to hold a shareholder meeting remotely or permit remote participation, it must “implement reasonable measures” to (a) verify that those deemed present and permitted to vote at such meetings are shareholders or proxyholders and (b) allow such shareholders or proxyholders to participate in and vote at the meeting, including to read or hear the proceedings of the meeting. The corporation must also keep a record of any votes or actions taken at the meeting by remote communication.

The new regulations have no expiration date and will, unless they are repealed, remain in effect indefinitely.

Corporations which may wish to take advantage of the option to conduct a hybrid or virtual meeting should consider carefully how the meeting procedures are disclosed to shareholders and how the meeting will be conducted. For advice on evolving best practices around virtual and hybrid meetings, please contact the WFW Capital Markets team.

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