

Insights

UK COVID-19: Q&AS ON FORTHCOMING AGMS

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SUMMARY

On 28 March the UK Government announced that it will introduce legislation to ensure that companies can hold Annual General Meetings (AGMs) safely. Legislation is currently being drafted but in the interim, the FRC and BEIS have produced some Q&As to help companies plan ahead. Below is a brief summary of the key Q&As together with our commentary in italics.

What form will the flexibility on AGMs and other general meetings take? Companies will be allowed to hold 'closed' meetings with a minimum number of people by way of telephone or other equivalent means of communication. *To some extent this is already taking place. Some companies with forthcoming AGMs are holding 'closed meetings' with shareholders strongly encouraged to participate by voting by proxy and to appoint the Chair of the meeting as their proxy so their votes can be counted as other proxies are not permitted to attend.*

How will these meetings be quorate? Articles normally provide that quorum is 2-5 people present at the meeting. The proposals would allow companies to form a quorum by telephone or other electronic means.

Why can't companies just use technology to hold virtual meetings with full freedom for shareholders to participate? Virtual meetings are uncommon and largely untested in the UK, and mandating their use is likely to create further significant issues. *Holding a virtual AGM within a tight timescale would be onerous for many companies and the service providers and could potentially be costly, particularly for companies with smaller shareholder bases.*

The AGM is an opportunity for shareholders to engage with the company and its board. Surely shareholders will be denied a voice? Shareholders will have the ability to vote by proxy. Companies are encouraged to engage with stakeholders prior to, during and following meetings including answering any questions. Companies should consider holding shareholder days later in the year. *In some cases this is already occurring with (i) shareholders being asked to submit questions in*

advance (ii) meetings being livestreamed; or (iii) meetings being broadcast by conference call with Boards answering shareholders' question and listening to their views on the call.

What happens if a shareholder requests a hard copy of the notice of the AGM, or any other documentation? The Government intends to temporarily give companies the flexibility to restrict the communication of notices and other meeting documentation to emails, websites and other electronic media.

Wouldn't it have been simpler just to extend the deadline within which AGMs must be held? An extension will be an option but the Government believes companies will want to hold their meetings within the normal timescales in order to renew existing authorities etc.

What further extensions to filing deadlines do you have in mind? This is currently being monitored.

[Q&As](#)

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