



# AIM JOURNAL

THE ONLINE MONTHLY FOR THE ALTERNATIVE INVESTMENT MARKET

## **AGMs & EGMs in a post-COVID world**

The COVID pandemic has wrecked lives and livelihoods across the globe, but businesses have been obliged to function throughout the turmoil. Initial financial support from the government was quick to arrive and widely reported in the press, although arguably the easing of regulations related to company operations has been somewhat less generous – and off the radar for many.

From mid-March, UK regulators were issuing guidance on Company Meetings and on 25th June 2020, the government did change the law to permit businesses to suspend the ability of shareholders to attend meetings in person, which provided some welcome respite for many Companies. Avenir Registrars already has experience of facilitating remote meetings for a number of clients. Often these issuers will only have a very small pool of securities holders on the register, but such arrangements are scalable and can be adopted into any company's articles, either at incorporation or pursuant to the relevant approvals being obtained at a later date. And such innovation seems set to become ever more popular when it comes to the future shape of both the AGM and EGM.

The process can ultimately be as simple as providing a conference call number for investors to join on and dispatching relevant documents and voting resolutions in a timely manner. So long as the basic structure is there with a quorum of company officers present – albeit virtually - and the meeting is properly minuted, the event has indeed taken place in the eyes of the law, all in an incredibly efficient manner.

COVID-19 has had a profound effect on the way each one of us undertakes so many of our day-to-day activities and there's no shortage of suggestions as to how this will impact the future. Whether it's a video consultation with your GP or online grocery shopping becoming the default option, a new world is emerging and there's every expectation that the fall-out from 2020 will have a lasting impact on company meetings, too. After all, expecting investors to move around the country to a potentially inconvenient location to participate fully in an AGM does - on reflection - seem to be a rather outdated method of thinking.

Admittedly there is some reluctance from both government and lobby groups for moving shareholder meetings completely online, noting that it could further limit engagement especially amongst smaller investors. However, given video conferencing over platforms such as Zoom is now seen as perfectly normal for business and personal engagement alike, it's increasingly difficult to argue that a majority of shareholders won't soon expect this. No travel, no hassle and no need to pick up the bill for a conference centre plus the obligatory tea and biscuits.



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So, if there's a meeting looming in your calendar, what are the options now? A delay could be proposed, although that may already have happened once, and the government has been eager to stress that these events of record will ultimately have to take place.

That presents two further options, the first of which is a remote AGM as referenced above. You should give participants the ability to elect a Chairman ahead of the meeting, which is then held behind closed doors with a minimum number of attendees to achieve a quorum. It's certainly not an ideal situation and one that investors would likely lose confidence with if used repeatedly, but in terms of a company meeting its legal obligations, it will tick the box.

The other option – which having been popular in the USA is now gaining favour in the UK – is the hybrid meeting. These use the latest technology to build a comprehensive virtual platform, allowing officers of the company to present to shareholders regardless of their location. Furthermore, such platforms also have the ability to incorporate polling to facilitate real time voting, whilst Q&A functionality is also available, further replicating the true meeting experience.

It's important to bear in mind that this will itself need to be permitted within the articles of incorporation, and although some may have accounted for this, it's far from universal. Those who have the ability could hold this type of meeting, arguing that it embraces the best of both worlds.

Nonetheless, shareholder campaign groups will be keeping a close eye on how this develops as they are keen to ensure physical meetings are not a thing of the past.

However, 2020 could prove to be a watershed moment when it comes to investor relations, dragging the rather antiquated AGM process into the 21st century as a result.

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