

SENATE BILL REPORT

SB 6729

As Reported by Senate Committee On:
Judiciary, February 5, 2010

Title: An act relating to notices to shareholders of annual or special meetings.

Brief Description: Addressing the contents of notices to shareholders of annual or special meetings.

Sponsors: Senator Fraser.

Brief History:

Committee Activity: Judiciary: 2/03/10, 2/05/10 [DPS].

SENATE COMMITTEE ON JUDICIARY

Majority Report: That Substitute Senate Bill No. 6729 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kline, Chair; Regala, Vice Chair; Carrell, Gordon, Hargrove, Kohl-Welles and Roach.

Staff: Karen Campbell (786-7448)

Background: The boards of directors and managers of commercial banks, credit unions, savings banks, and savings and loan associations are responsible for managing and operating those financial institutions. However, the shareholders own the bank and provide capital by buying shares of ownership. This is referred to as equity financing. The board of directors is elected by the shareholders of the financial institutions. The board keeps the shareholders apprized of the financial condition of the bank. Typically, this can occur at an annual or special shareholders meeting. The board of directors will put forth propositions upon which the shareholders must vote and take questions concerning the institution's financial status. Shareholders are entitled to notice of these meetings, which includes the date, time, and place of the meetings.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Substitute): The notice to shareholders of annual or special meetings must include the corporation's website, if any, and a citation to the United

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

States Securities and Exchange Commission's electronic data gathering, analysis, and retrieval system if applicable.

Both corporations and state chartered banks must comply with this requirement.

EFFECT OF CHANGES MADE BY JUDICIARY COMMITTEE (Recommended Substitute As Passed Committee): Corporations are also required to provide additional information in the notice to shareholders of annual and special meetings.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Proposed Substitute As Heard in Committee:
PRO: Some banks, especially in the current fiscal crises, risk failure in varying degrees. In many cases, the stockholders of these banks are citizens of local communities or employees who receive stock options as part of their compensation. Stockholders can use these investments to fund retirement, college, or other savings plans. Often, stock holders believe that their investments are safe and experience surprise when the bank becomes financially distressed or fails, in which case a stockholder may lose some or all of their investments. It is important that stockholders participate meaningfully in the annual or special meetings. A well informed stockholder is in a better position to ask meaningful questions of the board of directors and obtain important information about institution's financial health. Most stock holders do not know how to obtain information about their bank in order to ask these questions. Stockholders should be given the tools to help them locate this information.

Persons Testifying: PRO: Senator Fraser, prime sponsor.