

CERTIFICATION OF ENROLLMENT

SENATE BILL 6040

65th Legislature
2018 Regular Session

Passed by the Senate January 25, 2018
Yeas 49 Nays 0

President of the Senate

Passed by the House March 2, 2018
Yeas 98 Nays 0

Speaker of the House of Representatives

Approved

Governor of the State of Washington

CERTIFICATE

I, Brad Hendrickson, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 6040** as passed by Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

SENATE BILL 6040

Passed Legislature - 2018 Regular Session

State of Washington

65th Legislature

2018 Regular Session

By Senators Pedersen and Padden; by request of Washington State Bar Association

Prefiled 12/20/17.

1 AN ACT Relating to meetings under the business corporations act;
2 and amending RCW 23B.07.010, 23B.07.020, and 23B.07.080.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 23B.07.010 and 2002 c 297 s 20 are each amended to
5 read as follows:

6 (1) Except as provided in subsections (2) and (~~(+5)~~) (6) of this
7 section, a corporation shall hold a meeting of shareholders annually
8 for the election of directors at a time stated in or fixed in
9 accordance with the bylaws.

10 (2)(a) If the articles of incorporation or the bylaws of a
11 corporation registered as an investment company under the investment
12 company act of 1940 so provide, the corporation is not required to
13 hold an annual meeting of shareholders in any year in which the
14 election of directors is not required by the investment company act
15 of 1940.

16 (b) If a corporation is required under (a) of this subsection to
17 hold an annual meeting of shareholders to elect directors, the
18 meeting shall be held no later than one hundred twenty days after the
19 occurrence of the event requiring the meeting.

20 (3) Subject to subsection (4) of this section:

1 (a) Annual shareholders' meetings may be held in or out of this
2 state at the place stated in or fixed in accordance with the
3 bylaws(~~(-)~~); and

4 (b) If no place is stated in or fixed in accordance with the
5 bylaws, annual meetings shall be held at the corporation's principal
6 office.

7 (4) Unless the articles of incorporation or bylaws provide
8 otherwise, if the board of directors or another person is authorized
9 in the bylaws to determine the place of annual meetings, the board of
10 directors or such other person may, in the sole discretion of the
11 board of directors or such other person, determine that an annual
12 meeting will not involve a physical assembly of shareholders at a
13 particular geographic location, but instead will be held solely by
14 means of remote communication, in accordance with RCW 23B.07.080.

15 (5) The failure to hold an annual meeting at the time stated in
16 or fixed in accordance with a corporation's bylaws does not affect
17 the validity of any corporate action.

18 (~~(+5)~~) (6) Shareholders may act by consent set forth in a record
19 to elect directors as permitted by RCW 23B.07.040 in lieu of holding
20 an annual meeting.

21 **Sec. 2.** RCW 23B.07.020 and 2002 c 297 s 21 are each amended to
22 read as follows:

23 (1) A corporation shall hold a special meeting of shareholders:

24 (a) On call of its board of directors or the person or persons
25 authorized to do so by the articles of incorporation or bylaws; or

26 (b) Except as set forth in subsections (2) and (3) of this
27 section, if the holders of at least ten percent of all the votes
28 entitled to be cast on any issue proposed to be considered at the
29 proposed special meeting deliver to the corporation's secretary one
30 or more demands set forth in an executed and dated record for the
31 meeting describing the purpose or purposes for which it is to be
32 held, which demands shall be set forth either (i) in an executed
33 record or (ii) if the corporation has designated an address,
34 location, or system to which the demands may be electronically
35 transmitted and the demands are electronically transmitted to that
36 designated address, location, or system, in an executed
37 electronically transmitted record.

1 (2) The right of shareholders of a public company to call a
2 special meeting may be limited or denied to the extent provided in
3 the articles of incorporation.

4 (3) If the corporation is other than a public company, the
5 articles or bylaws may require the demand specified in subsection
6 (1)(b) of this section be made by a greater percentage, not in excess
7 of twenty-five percent, of all the votes entitled to be cast on any
8 issue proposed to be considered at the proposed special meeting.

9 (4) If not otherwise fixed under RCW 23B.07.030 or 23B.07.070,
10 the record date for determining shareholders entitled to demand a
11 special meeting is the date of delivery of the first shareholder
12 demand in compliance with subsection (1) of this section.

13 (5) Subject to subsection (6) of this section:

14 (a) Special shareholders' meetings may be held in or out of this
15 state at the place stated in or fixed in accordance with the
16 bylaws((-)); and

17 (b) If no place is stated or fixed in accordance with the bylaws,
18 special meetings shall be held at the corporation's principal office.

19 (6) Unless the articles of incorporation or bylaws provide
20 otherwise, if the board of directors or another person is authorized
21 in the bylaws to determine the place of special meetings, the board
22 of directors or such other person may, in the sole discretion of the
23 board of directors or such other person, determine that a special
24 meeting will not involve a physical assembly of shareholders at a
25 particular geographic location, but instead will be held solely by
26 means of remote communication, in accordance with RCW 23B.07.080.

27 (7) Only business within the purpose or purposes described in the
28 meeting notice required by RCW 23B.07.050(3) may be conducted at a
29 special shareholders' meeting.

30 **Sec. 3.** RCW 23B.07.080 and 1989 c 165 s 67 are each amended to
31 read as follows:

32 ~~((If))~~ (1) Unless the articles of incorporation or bylaws ((se))
33 provide((,-shareholders may)) otherwise, a corporation may permit any
34 or all shareholders to participate in any meeting of shareholders by
35 ((any means of communication by which all persons participating in
36 the meeting can hear each other during the meeting. A shareholder
37 participating in a meeting by this means is deemed to be present in
38 person at the meeting)) means of, or conduct the meeting solely
39 through the use of, remote communication. Subject to the provisions

1 of subsection (2) of this section, participation by remote
2 communication is to be subject to any guidelines and procedures
3 adopted by or pursuant to the authority of the board of directors.

4 (2) If a corporation elects to permit participation by means of,
5 or conduct a meeting solely through the use of, remote communication:

6 (a) The notice of the meeting must specify how a shareholder may
7 participate in the meeting by means of remote communication; and

8 (b) The corporation must implement reasonable measures to (i)
9 verify that each person participating remotely as a shareholder or
10 proxy holder is a shareholder or proxy holder, and (ii) provide each
11 person participating remotely as a shareholder or proxy holder a
12 reasonable opportunity to participate in the meeting and to vote on
13 matters submitted to the shareholders, including an opportunity to
14 read or hear the proceedings of the meeting substantially
15 concurrently with those proceedings.

16 (3) Participation in a meeting in accordance with this section
17 constitutes presence in person at that meeting.

18 (4) If the board of directors or another authorized person
19 determines to hold a shareholders' meeting without a physical
20 assembly of shareholders in accordance with RCW 23B.07.010(4) or
21 23B.07.020(6), all shareholders entitled to vote at such meeting must
22 have the opportunity to participate in the meeting by remote
23 communication in accordance with this section.

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