



Mutual Alert

Virtual Member Meetings: A Pandemic Workaround, or the Future for Mutual Member Participation?

On August 24, 2021; New Jersey Governor, Phil Murphy signed into law PL 2021 ch. 202; which allows New Jersey stock and mutual institutions to hold meetings remotely. The law mandates that all firms that opt to conduct meetings remotely, verify attendees to ensure they are a voting member or proxy, and that the organization provide reasonable opportunity for all shareholders and members to participate and vote in the meeting.

It is important to note that the OCC and a few states, notably Massachusetts, have issued guidance to mutual banks as to how to handle annual meetings during the COVID-19 pandemic. There is a great deal of experience with respect to virtual meetings and electronic voting for public companies now that the proxy season is over. However, most states as well as the FRB, and OCC in their capacity as governance regulator for federal associations and mutual holding companies have not offered any guidance to mutual institutions as to their position on virtual meetings once the pandemic recedes.

In an earlier alert, we summarized the guidance issued last June by the Massachusetts Division of Banks to Massachusetts-chartered mutual savings banks, mutual cooperative banks, and mutual holding companies on postponement of their annual meetings and alternative approaches including virtual or hybrid meetings by means of remote communication. New Jersey now joins Massachusetts in codifying virtual meetings into law. However, banks should be cautious in assuming the same authority for virtual meetings exists post pandemic. Moreover, mutual banks should carefully assess whether virtual meetings will usher in a new era of member, wanted or unwanted, participation.