



MAR. 20

CAPITAL MARKETS

Coronavirus: CMVM recommendations for holding general meetings

The rapid spread of COVID-19 (Coronavirus) throughout the world and the impact of administrative measures to contain it represent a growing challenge for the management of companies.

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On 11 March 2020, the World Health Organization declared the existence of a pandemic. The main focus is now to guarantee the safety of workers and employees. However, the potential repercussions for the activities of companies – in the short and medium term – are vast, complex and, in certain cases, they conflict with each other.

PLMJ has created a multidisciplinary team dedicated to analysing the problems facing businesses. This team will share its thoughts, some technical, some practical, which it believes will contribute to finding solutions to mitigate the risks and relieve the pressure that businesses are under.

In an informative note published by PLMJ on 6 March (available [here](#)) we noted that shareholders' general meetings are a source of danger because they bring together large groups of people. As a result, specific duties of care arise in relation to holding meetings and these apply not only to the chair of the board of the general meeting, but also, and above all, to the directors of the company. The directors are responsible for ensuring the physical and technical conditions that will make it possible to hold the meeting safely and, at the same time, to guarantee the rights of the shareholders to participate in it.

It was the recognition of the existence of this source of danger that led to several measures being taken and recommendations being issued by public bodies to mitigate the risks associated with holding general meetings.

First, Decree-Law 10-A/2020 of 13 March extended the deadlines for holding mandatory annual general meetings of companies until 30 June 2020.

Second, after the state of emergency was declared, on 20 March, the Portuguese Securities Market Commission (CMVM) issued **recommendations intended to promote the broad use of electronic means to hold general meetings remotely. The aim of these recommendations is to prevent or, if that is impossible, minimise the need for attendance at meetings or any form of physical interaction.**

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In the search for solutions that reconcile mitigating the danger of holding meetings with maintaining the routines and activities of companies, several recommendations have been issued. In particular:

- Holding general meetings remotely.
- Ideally, the participation in the general meeting by electronic means should be communicated in the notice of the meeting.
- In some cases, the notice may not provide for this possibility, particularly if it has already been published in the meantime. However, the use of electronic means is still acceptable provided it is communicated (through the same means used to give the notice) to the shareholders before the meeting is held.
- For operational reasons, there may be cases where it is not possible to hold general meetings remotely by electronic means. In such cases, the recommendation is to use a combination of in-person and remote means to hold it (provided the measures taken under the state of emergency do not make that impossible). In these cases, the following means should be used:

- i) interaction between the participants by means of distance communication (e.g., videoconferencing);
 - ii) means of digital transmission and distance viewing, or the provision of decentralised physical spaces with video access to the location of the meeting.
- o It is recommended that the exercise of the voting and information rights, and all other relevant communications, be done by email.
 - o It is also recommended that the means of identifying the shareholders present at the meeting effectively confer a high level of certainty and security with regard to the reliability of the records (lists of attendees). The notice of the meeting should make it clear whether the shareholders needs to take any additional steps to identify themselves. ■

Other ways to participate in and to hold general meetings are allowed, provided they are agreed to or organised by the chair of the meeting, and properly communicated with reasonable notice using the same means used to give notice of the meeting itself.

- o It is recommended that the prior information for the general meeting be made available exclusively on the website of the company. In other words, this information should not be made available physically at the company's offices. If applicable, it should also be made available through the CMVM (Portuguese Securities Market Commission) Information Disclosure System.