

Memorandum

New York City Comptroller Scott Stringer Urges Issuers to Abandon Virtual-Only Meetings

April 11, 2017

On April 2, 2017, New York City Comptroller Scott M. Stringer announced that his office has sent letters to over a dozen S&P 500 companies that either hosted virtual-only annual general meetings last year or have indicated that they will host virtual-only meetings this year, urging them to host in-person meetings instead.¹ Comptroller Stringer also alerted these companies of a proposed change to the New York City Pension Funds' proxy voting guidelines that, if approved later this month, would codify a policy of voting against governance committee members at companies that hold virtual-only meetings. This policy, the Comptroller's office stated in its letters, would take effect immediately for S&P 500 companies that hold virtual-only meetings in 2017 and "would extend to all U.S. portfolio companies in 2018." According to the letters, the "only exception to this new policy . . . would be for companies that agree – in advance of their 2017 meetings dates – to hold in-person or hybrid annual meetings beginning in 2018."

Comptroller Stringer's announcement comes amid the significant increase in recent years in corporations hosting virtual-only meetings. According to the Comptroller's press release, the number of issuers holding virtual-only meetings has increased by more than 700%, from 19 in 2010 to 155 last year. Comptroller Stringer's concern is that "[v]irtual-only meetings deprive shareowners the fundamental right that, regardless of the number of shares they own, they can engage directly with management and directors – face-to-face – at least one-time per year." According to the Comptroller, virtual-only meetings also:

- "filter company exchanges with shareowners;
- 'cherry-pick' the shareowners that are allowed to ask questions;

¹ See Press Release, "[Comptroller Stringer: Virtual Only Meetings Deprive Shareowners of Important Rights, Stifle Criticism](#)" (Apr. 2, 2017); [Letter of Office of the Comptroller Scott M. Stringer to Chair of the Corporate Governance Committee of Duke Energy Corporation](#) (Mar. 24, 2017).

- insulate directors and management from investor frustration on such issues as CEO pay or environmental or other controversies with a potentially significant adverse impact on long-term shareowner value; and
- present shareowner proposal proponents from presenting their resolutions directly to boards and senior management.”

The Comptroller thus believes that companies should hold “either traditional in-person meetings or hybrid ones, which expand access by combining in-person meetings with aspects of virtual meetings.” The Comptroller is ready to hold “accountable” those boards that he believes “shirk their responsibility” of ensuring that shareholders have at least one face-to-face opportunity each year to engage with senior management and directors.

If you have any questions or would like additional information, please do not hesitate to contact **Yafit Cohn** at +1-212-455-3815 or yafit.cohn@stblaw.com, or any other member of the Firm’s Public Company Advisory Practice.

The contents of this publication are for informational purposes only. Neither this publication nor the lawyers who authored it are rendering legal or other professional advice or opinions on specific facts or matters, nor does the distribution of this publication to any person constitute the establishment of an attorney-client relationship. Simpson Thacher & Bartlett LLP assumes no liability in connection with the use of this publication. Please contact your relationship partner if we can be of assistance regarding these important developments. The names and office locations of all of our partners, as well as our recent memoranda, can be obtained from our website, www.simpsonthacher.com.



UNITED STATES

New York
425 Lexington Avenue
New York, NY 10017
+1-212-455-2000

Houston
600 Travis Street, Suite 5400
Houston, TX 77002
+1-713-821-5650

Los Angeles
1999 Avenue of the Stars
Los Angeles, CA 90067
+1-310-407-7500

Palo Alto
2475 Hanover Street
Palo Alto, CA 94304
+1-650-251-5000

Washington, D.C.
900 G Street, NW
Washington, D.C. 20001
+1-202-636-5500

EUROPE

London
CityPoint
One Ropemaker Street
London EC2Y 9HU
England
+44-(0)20-7275-6500

ASIA

Beijing
3901 China World Tower
1 Jian Guo Men Wai Avenue
Beijing 100004
China
+86-10-5965-2999

Hong Kong
ICBC Tower
3 Garden Road, Central
Hong Kong
+852-2514-7600

Seoul
25th Floor, West Tower
Mirae Asset Center 1
26 Eulji-ro 5-Gil, Jung-Gu
Seoul 100-210
Korea
+82-2-6030-3800

Tokyo
Ark Hills Sengokuyama Mori Tower
9-10, Roppongi 1-Chome
Minato-Ku, Tokyo 106-0032
Japan
+81-3-5562-6200

SOUTH AMERICA

São Paulo
Av. Presidente Juscelino
Kubitschek, 1455
São Paulo, SP 04543-011
Brazil
+55-11-3546-1000