

HOUSE BILL ANALYSIS

HB 2321

Title: An act relating to the transmission of proxy appointments by electronic or other nonwritten means as applied to the Washington business corporation act.

Brief Description: Authorizing the transmission of electronic proxy appointments.

Sponsors: Representatives Esser, Lantz and Constantine.

Brief Summary of Bill

- Allows a corporate shareholder to make a proxy appointment by electronic transfer.

HOUSE COMMITTEE ON JUDICIARY

Staff: Edie Adams (786-7180).

Background:

Under the Corporations Act, shareholders of a corporation are generally entitled to vote on corporate matters at annual and special meetings. A shareholder may vote either in person or by proxy. Proxy is the practice of a shareholder authorizing another person to vote or act for the shareholder at a meeting.

To appoint a proxy, a shareholder, or the shareholder's attorney or agent, must sign a written appointment form. The appointment is effective when received by the corporate agent authorized to tabulate votes.

Summary of Bill:

The Corporations Act is amended to authorize proxy appointments by electronic transmission. A proxy appointment that is made by electronic transmission must set forth or be submitted with information that shows that the shareholder authorized the electronic transmission.

A corporation that determines that an electronic proxy appointment is valid must state the information on which it relied to make that determination. A corporation must require a person who holds a proxy received by electronic transmission to provide a copy of the electronic transmission to the corporation, and the corporation must retain

the copy of the transmission for a reasonable period of time after the election, but no less than 60 days.

"Electronic transmission" is defined to include any form of electronic communication that does not directly involve the transfer of paper and that is able to be retained, retrieved and reproduced by the recipient. "Signature" is defined to include a manual, facsimile, conformed, or electronic signature.

Fiscal Note: Not requested.

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

Office of Program Research