



## Media Release

April 01, 2020

Colombo:

### CSE offers guidance to Listed companies on hosting AGMs amidst the COVID-19 outbreak

The Colombo Stock Exchange (CSE) has continued to receive inquiries pertaining to the hosting of Annual General Meetings (AGMs) and requesting guidance to comply with the mandatory requirement within the boundaries of an excepted framework in the light of the COVID-19 pandemic. Large events and mass gatherings can contribute to the spread of COVID-19 via its participants and introduce the virus to new communities. Given the public health and safety concerns related to COVID-19, the CSE in its continued efforts to promote social distancing and discourage public gatherings has offered guidance to assist Listed Companies in meeting their obligation of hosting an AGM.

The Listing Rules of the CSE do not contain specific provisions relating to the date on which an AGM is to be hosted by a listed company. As such, listed companies will be required to comply with the applicable provisions set out in the Companies Act No. 7 of 2007 ('Companies Act') and the Articles of Association of the company in this regard.

This interim guidance is intended to act as a guideline for companies listed on the CSE, setting out the possible approaches that may be adopted in hosting AGMs amidst the restrictions brought about by the Covid-19 pandemic. The guidance offered is purely for information purposes and should be construed only as a guide. It is imperative that a listed company obtain appropriate legal advice in determining the most appropriate arrangement regarding the conduct of an AGM in the current context.

The following measures/factors can be considered by listed companies in this regard:

#### **Postponement of the AGM**

The company could decide to postpone its scheduled/to be scheduled AGM awaiting a more conducive environment to surface. A listed company that has already scheduled and disclosed its AGM is required to notify the CSE of its postponement. Preferably, this notice may be published in the newspapers as well.

The payment of a final dividend, already announced by a listed company and is in requirement of the approval of its shareholders, would also be postponed accordingly. The company could also decide to pay an interim dividend instead of the announced final dividend provided adequate prior notice can be given to the market.

In view of the postal disruptions, a company could choose electronic means (subject to legal advice) to serve notices and other communications regarding the AGM to its shareholders.

Any postponement of the AGM will be subject to the timelines specified in Section 133 of the Companies Act and if unable to comply, the company is advised to consult the Registrar General of Companies for further guidance.

### **Virtual AGMs**

Companies listed on the CSE have also been presented with the option of hosting its AGM virtually to comply with the regulatory requirements and restrictions imposed as a result of the Covid-19 pandemic. This may include electronic and teleconference mechanisms to host the AGM such as Facebook Live, WEB Ex, Zoom, Webinar.

A company could choose to explore this alternate avenue unless restricted by its Articles of Association and subject to legal advice. The company may also consider the options set out in Section 144 of the Companies Act, under legal advice.

### **Hybrid AGMs**

The guidance offered by CSE also presents the option for a listed company to organize and host a 'hybrid' AGM. The meeting which would be simultaneously held at a physical and virtual location would enable a listed company to conduct its AGM with minimal physical presence which would mitigate the risk factor associated with the spread of the virus.

If the Notice of Meeting has already been dispatched to the shareholders, it may be advisable to issue a Supplementary Notice, setting out the instructions. The company is obligated to notify the CSE with regards to the decision made which would be disseminated to the market.

### **Vote by Proxy**

A listed company may also offer its shareholders an option to vote by proxy in the Notice of Meeting. In such instances, the shareholders could be presented with the option of authorizing an independent director to attend and vote at the AGM on their behalf.

### **Questions by shareholders prior to the AGM**

A listed company may accommodate questions by its shareholders related to the business of the AGM which could be submitted prior to the date of the AGM. Responses to these provided by the Board of Directors and management along with relevant comments from the shareholders may be included in the minutes of the AGM.

### **Alternative arrangements for venues to facilitate the AGM**

A listed company could also choose to host its AGM segregating its shareholders across a number of venues and enabling video links connecting its shareholders to the meeting. This option would reduce the numbers present at a single location which would aid the company and its shareholders to adhere to guidelines in relation to preventing the spread COVID-19.

The company may be required to provide a notice of this adaptation in advance to its shareholders, specifying the numbers accommodated at a single venue and requesting shareholders to pre-register themselves or their proxies for arrangements to be made accordingly.

Additionally, the company could also have in place temperature and health screening measures, allowing them to turn away shareholders who fail to satisfy the health screen measures.

***For more information:***

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**About CSE**

The Colombo Stock Exchange (CSE) operates the only stock market in Sri Lanka and is responsible for providing a transparent and regulated environment where companies and investors can come together. The CSE is a company that is limited by guarantee established under the Laws of Sri Lanka. The CSE is licensed by the Securities and Exchange Commission of Sri Lanka (SEC) and is a mutual exchange consisting of 14 Members and 14 Trading Members. All Members and Trading Members are licensed by the SEC to operate as Stockbrokers. For more information, please visit: [www.cse.lk](http://www.cse.lk).

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