

Outline of rules concerning a “Shareholders Meeting without a Designated Location”

- Under **the Industrial Competitiveness Enhancement Act, rules concerning a “Shareholders Meeting without a Designated Location” have been established** as exceptions to current provisions of the Companies Act, **enabling a virtual-only shareholders meeting to be held**.

Purpose of the rules

A virtual-only shareholders meeting (i) facilitates shareholders including those in remote areas to attend, (ii) reduces operating costs without the need to prepare a physical venue, and (iii) reduces risks of infectious diseases and other risks without the need for shareholders, directors and other members to gather.

Thus, **as it makes a shareholders meeting active, efficient and smooth, the rules enable a virtual-only shareholders meeting to be held** from the perspective of strengthening industrial competitiveness, with consideration for securing interests of shareholders.

Content of the rules

- (1) **A Listed Company may provide in its articles of incorporation to the effect that a shareholders meeting may be held as a “Shareholders Meeting without a Designated Location,” as long as the company obtains the confirmation of both the Minister of Economy, Trade and Industry and the Minister of Justice.** A Listed Company which has such provisions in its articles of incorporation **may hold a virtual-only shareholders meeting**.
- (2) In light of **the impact of the spread of COVID-19 infection, a Listed Company which has obtained the confirmation under (1) above will be deemed to have such provisions referred to in (1) above in its articles of incorporation for a period of two years after the enforcement of the rules (on June 16th, 2021).** Consequently, **such company may hold a virtual-only shareholders meeting** without a resolution of shareholders meeting to amend the articles of incorporation within the period. A Shareholders Meeting without a Designated Location by the application of this exceptional rule cannot resolve amendments of articles of incorporation adding such provisions.

* Under the rules, there is no provision that allows a company to refuse to take up questions and motions from shareholders. **A company shall take up questions and motions from shareholders at a Shareholders Meeting without a Designated Location in accordance with the principles of the Companies Act.**