



DCU BULLETIN

Division of Credit Unions

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Revised Guidance: Hybrid Membership Meetings

A cornerstone of sound corporate governance for a cooperative business is membership participation at a successful annual membership meeting. With advances of Internet communication technologies, a credit union has more options on how to host a meeting and typically what method is best for meeting with its members.

For purposes of this Bulletin, the phase “hybrid virtual” meeting is one held at a physical location which combines a “live” in-person event, simultaneously with a virtual online component. The virtual online component refers to an event involving people interacting through the use of online technology. During research, we also found the terms “online” and “remote” used to describe a virtual meeting. Based on research, we found a Washington credit union may conduct a hybrid virtual membership meeting but not a virtual-only membership meeting. The Washington Credit Union Act will need to be amended to authorize a virtual-only membership meeting; see the Revised Interpretive Letter I-17-04 for the legal analysis.

The guidance for a hybrid virtual membership meeting is as follows:

- A. Credit unions may conduct a hybrid virtual membership meeting. The credit union should review the Revised Interpretive Letter I-17-04 for more information about hybrid virtual meeting requirements in the Washington Credit Union Act and Washington Nonprofit Corporation Act.
- B. If the credit union plans to hold a hybrid virtual meeting, amend your bylaws to allow the option of a hybrid virtual membership meeting. Decide if the option is for either an annual or special membership meeting. If a special membership meeting is likely to be

more contentious, the credit union may not want to hold a hybrid virtual meeting where communication may be more complex or spirited.

- C. If contracting with a virtual meeting provider, confirm the credit union's computer security requirements will be met.
- D. The meeting notice should explain that the member may participate in-person or by an online technology. The notice should specify how a member may participate in the hybrid virtual meeting, such as how to gain access for online participation. For the virtual portion, the credit union may want to provide a link for a member to do a quick system check for access before the meeting date and a contact if the member has access problems before or during the meeting.
- E. Procedures should ensure that persons participating in the hybrid virtual meeting are in fact members of the credit union and provide them with a reasonable opportunity to participate in the meeting, be heard by the other members, and vote on all matters requiring a vote.
- F. The credit union should establish reasonable guidelines for questions, such as procedures for submitting questions in advance, setting time limits for questions asked of management, and setting specific and reasonable guidelines for the display of questions and answers.
- G. Bylaws addressing voting at a hybrid virtual annual meeting should contain procedures consistent with the Division of Credit Unions Opinion Letter 01-4 on Electronic Voting Methods. For a copy of Letter 01-4, see <https://dfi.wa.gov/sites/default/files/credit-unions/interpretive-letters/O-01-4.pdf>
- H. For voting procedures, we suggest using Option A4 to Article V of the NCUA's model Federal Credit Union Bylaws; see https://www.ecfr.gov/cgi-bin/text-idx?SID=ac13b36c9e2e35001576da9e357ab733&mc=true&node=pt12.7.701&rgn=div5#ap12.7.701_139.a
- I. The results of the voting must be verified and announced at the annual meeting, and no sooner.
- J. Archive a recording of a hybrid virtual meeting on a public or member accessible website for a specific and reasonable period of time.

As the virtual component of a hybrid virtual membership meeting may be more complicated, we suggest reading the following:

1. Harvard Law School Forum on Corporate Governance and Financial Regulation: Annual Shareholder Meeting: Selected Considerations for a Virtual-Only Meeting., <https://corpgov.law.harvard.edu/2016/12/09/annual-shareholder-meeting-selected-considerations-for-a-virtual-only-meeting/>
2. Broadridge.com: Guidelines for protecting and enhancing online shareholder participation in annual meetings, https://www.broadridge.com/_assets/pdf/broadridge-guidelines-for-protecting-and-enhancing-online-shareholder-participation-in-annual-meetings.pdf
3. Lexology: Is It Time to Implement a Virtual Annual Meeting?, Forbes: How to Fix What's Wrong with Virtual Meetings, <https://www.lexology.com/library/detail.aspx?g=2553266a-2508-4b1e-a82f-98bd67a1c158>

If you have any questions or suggestions for this guidance on virtual membership meetings, please do not hesitate to contact Linda Jekel, Director of Credit Unions, at linda.jekel@dfi.wa.gov or (360) 902-8778.