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RH/CL

P.L. 2017, CHAPTER 363, *approved January 16, 2018*  
Assembly, No. 2971

1 AN ACT concerning actions of corporate directors and amending  
2 N.J.S.14A:6-7.1.

3  
4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6  
7 1. N.J.S.14A:6-7.1 is amended to read as follows:  
8 14A:6-7.1. Directors' voting; quorum of board of directors and  
9 committees; action of board and committees; action of directors  
10 without a meeting.

11 (1) Each director shall have one vote at meetings of the board or  
12 at meetings of board committees unless the certificate of  
13 incorporation provides the director is entitled to more than one vote  
14 pursuant to a provision in the certificate of incorporation consistent  
15 with subsection 14A:6-7.1(2).

16 (2) The certificate of incorporation may provide either that one  
17 or more directors elected by the holders of shares of a class or series  
18 shall have more than one vote or that the shareholders at an annual  
19 or special meeting shall have the right to designate one or more  
20 directors who shall have more than one vote. The certificate of  
21 incorporation shall also specify either the number of votes which  
22 those directors shall have or that the shareholders electing those  
23 directors shall have the right to specify the number of votes which  
24 the directors shall have. Any person appointed by the board to fill a  
25 vacancy of a directorship with more than one vote shall have only  
26 one vote unless otherwise provided by the certificate of  
27 incorporation. If a director has more than one vote as provided in  
28 this subsection, any reference in this act to the vote or act of a  
29 majority of the board, of the directors, or of the entire board, or  
30 similar language, means the vote or act of directors who are entitled  
31 to cast a majority of the votes.

32 (3) The participation of directors with a majority of the votes of  
33 the entire board, or of any committee thereof, shall constitute a  
34 quorum for the transaction of business, unless the certificate of  
35 incorporation or the by-laws provide that a greater or lesser  
36 proportion shall constitute a quorum, which in no case shall be less  
37 than one-third of the votes of the entire board or committee.

38 (4) Any action approved by a majority of the votes of directors  
39 present at a meeting at which a quorum is present shall be the act of  
40 the board or of the committee, unless this act, or the certificate of  
41 incorporation, or the by-laws require a greater proportion, including  
42 a unanimous vote.

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 (5) Unless otherwise provided by the certificate of incorporation  
2 or by-laws, any action required or permitted to be taken pursuant to  
3 authorization voted at a meeting of the board or any committee  
4 thereof, may be taken without a meeting if, prior or subsequent to  
5 the action, all members of the board or of such committee, as the  
6 case may be, consent thereto in writing or by electronic  
7 transmission and the written consents or electronic transmissions  
8 are filed with the minutes of the proceedings of the board or  
9 committee. Such consent or electronic transmission shall have the  
10 same effect as a unanimous vote of the board or committee for all  
11 purposes, and may be stated as a unanimous vote in any certificate  
12 or other document filed with the Secretary of State. The filing of  
13 written consents or electronic transmissions shall be in paper form  
14 if the minutes are maintained in paper form and shall be in  
15 electronic form if the minutes are maintained in electronic form.  
16 "Electronic transmission" shall have the meaning contained in  
17 section 14A:1-8.1.

18 (cf: P.L.1988, c.94, s.29)

19

20 2. This act shall take effect immediately.

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#### STATEMENT

24

25 This bill clarifies that corporate directors may approve actions  
26 without a meeting by electronic transmission. Under current law,  
27 any action required or permitted to be taken pursuant to  
28 authorization voted at a meeting of the board, or a committee  
29 thereof, may be taken without a meeting if, prior to the action, all  
30 members of the board or committee consent to the action in writing.  
31 The bill clarifies that this consent may also be by electronic  
32 transmission.

33 This bill is recommended by The New Jersey Corporate and  
34 Business Law Study Commission (the "Commission"). The  
35 Commission believes that, in addition to the historic practice of  
36 approving action by written consent, directors already approve  
37 action by electronic transmission. In light of changes in  
38 technology, the Commission believes that it is appropriate to clarify  
39 that directors may use electronic transmissions to approve corporate  
40 actions.

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44

45 Clarifies that corporate directors may approve actions without  
46 meeting by electronic transmission.

# ASSEMBLY, No. 2971

## STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED FEBRUARY 16, 2016

**Sponsored by:**

**Assemblyman PATRICK J. DIEGNAN, JR.**

**District 18 (Middlesex)**

**Assemblyman JAY WEBBER**

**District 26 (Essex, Morris and Passaic)**

**Assemblywoman NANCY J. PINKIN**

**District 18 (Middlesex)**

**Assemblyman RAJ MUKHERJI**

**District 33 (Hudson)**

**SYNOPSIS**

Clarifies that corporate directors may approve actions without meeting by electronic transmission.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 1/6/2018)

1 AN ACT concerning actions of corporate directors and amending  
2 N.J.S.14A:6-7.1.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. N.J.S.14A:6-7.1 is amended to read as follows:

8 14A:6-7.1. Directors' voting; quorum of board of directors and  
9 committees; action of board and committees; action of directors  
10 without a meeting.

11 (1) Each director shall have one vote at meetings of the board or  
12 at meetings of board committees unless the certificate of  
13 incorporation provides the director is entitled to more than one vote  
14 pursuant to a provision in the certificate of incorporation consistent  
15 with subsection 14A:6-7.1(2).

16 (2) The certificate of incorporation may provide either that one  
17 or more directors elected by the holders of shares of a class or series  
18 shall have more than one vote or that the shareholders at an annual  
19 or special meeting shall have the right to designate one or more  
20 directors who shall have more than one vote. The certificate of  
21 incorporation shall also specify either the number of votes which  
22 those directors shall have or that the shareholders electing those  
23 directors shall have the right to specify the number of votes which  
24 the directors shall have. Any person appointed by the board to fill a  
25 vacancy of a directorship with more than one vote shall have only  
26 one vote unless otherwise provided by the certificate of  
27 incorporation. If a director has more than one vote as provided in  
28 this subsection, any reference in this act to the vote or act of a  
29 majority of the board, of the directors, or of the entire board, or  
30 similar language, means the vote or act of directors who are entitled  
31 to cast a majority of the votes.

32 (3) The participation of directors with a majority of the votes of  
33 the entire board, or of any committee thereof, shall constitute a  
34 quorum for the transaction of business, unless the certificate of  
35 incorporation or the by-laws provide that a greater or lesser  
36 proportion shall constitute a quorum, which in no case shall be less  
37 than one-third of the votes of the entire board or committee.

38 (4) Any action approved by a majority of the votes of directors  
39 present at a meeting at which a quorum is present shall be the act of  
40 the board or of the committee, unless this act, or the certificate of  
41 incorporation, or the by-laws require a greater proportion, including  
42 a unanimous vote.

43 (5) Unless otherwise provided by the certificate of incorporation  
44 or by-laws, any action required or permitted to be taken pursuant to  
45 authorization voted at a meeting of the board or any committee

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

1   thereof, may be taken without a meeting if, prior or subsequent to  
2   the action, all members of the board or of such committee, as the  
3   case may be, consent thereto in writing or by electronic  
4   transmission and the written consents or electronic transmissions  
5   are filed with the minutes of the proceedings of the board or  
6   committee. Such consent or electronic transmission shall have the  
7   same effect as a unanimous vote of the board or committee for all  
8   purposes, and may be stated as a unanimous vote in any certificate  
9   or other document filed with the Secretary of State. The filing of  
10  written consents or electronic transmissions shall be in paper form  
11  if the minutes are maintained in paper form and shall be in  
12  electronic form if the minutes are maintained in electronic form.  
13  "Electronic transmission" shall have the meaning contained in  
14  section 14A:1-8.1.

15  (cf: P.L.1988, c.94, s.29)

16

17       2. This act shall take effect immediately.

18

19

20

#### STATEMENT

21

22       This bill clarifies that corporate directors may approve actions  
23   without a meeting by electronic transmission. Under current law,  
24   any action required or permitted to be taken pursuant to  
25   authorization voted at a meeting of the board, or a committee  
26   thereof, may be taken without a meeting if, prior to the action, all  
27   members of the board or committee consent to the action in writing.  
28   The bill clarifies that this consent may also be by electronic  
29   transmission.

30       This bill is recommended by The New Jersey Corporate and  
31   Business Law Study Commission (the "Commission"). The  
32   Commission believes that, in addition to the historic practice of  
33   approving action by written consent, directors already approve  
34   action by electronic transmission. In light of changes in  
35   technology, the Commission believes that it is appropriate to clarify  
36   that directors may use electronic transmissions to approve corporate  
37   actions.

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT  
COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 2971**

**STATE OF NEW JERSEY**

DATED: NOVEMBER 30, 2017

The Assembly Commerce and Economic Development Committee reports favorably Assembly Bill No. 2971.

This bill clarifies that corporate directors may approve actions without a meeting by electronic transmission. Under current law, any action required or permitted to be taken pursuant to authorization voted at a meeting of the board, or a committee thereof, may be taken without a meeting if, prior to the action, all members of the board or committee consent to the action in writing. The bill clarifies that this consent may also be by electronic transmission.

This bill is recommended by The New Jersey Corporate and Business Law Study Commission (the "Commission"). The commission believes that, in addition to the historic practice of approving action by written consent, directors already approve action by electronic transmission. In light of changes in technology, the commission believes that it is appropriate to clarify that directors may use electronic transmissions to approve corporate actions.



**SENATE, No. 2235**

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**STATE OF NEW JERSEY**  
**217th LEGISLATURE**

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INTRODUCED MAY 23, 2016

**Sponsored by:**

**Senator PATRICK J. DIEGNAN, JR.**

**District 18 (Middlesex)**

**SYNOPSIS**

Clarifies that corporate directors may approve actions without meeting by electronic transmission.

**CURRENT VERSION OF TEXT**

As introduced.



S2235 DIEGNAN

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35 technology, the Commission believes that it is appropriate to clarify  
36 that directors may use electronic transmissions to approve corporate  
37 actions.

SENATE COMMERCE COMMITTEE

STATEMENT TO

**SENATE, No. 2235**

**STATE OF NEW JERSEY**

DATED: JUNE 19, 2017

The Senate Commerce Committee reports favorably Senate Bill No. 2235.

This bill clarifies that corporate directors may approve actions without a meeting by electronic transmission. Under current law, any action required or permitted to be taken pursuant to authorization voted at a meeting of the board, or a committee thereof, may be taken without a meeting if, prior to the action, all members of the board or committee consent to the action in writing. The bill clarifies that this consent may also be by electronic transmission.

This bill is recommended by The New Jersey Corporate and Business Law Study Commission (the “Commission”).