

## **E-solutions can hereinafter be used during general meetings**

18 May 2020. The Riigikogu adopted a law that extends the options for electronic solutions available to legal persons during meetings and simplifies adoption of decisions. The term prescribed for the submission of the annual report will also be extended this year.

“We have likely all experienced in the recent weeks that meetings can be held without leaving home and meeting in person,” exclaimed the Minister of Justice Raivo Aeg. “The most important amendment to the law adopted today is, in fact, the rethinking of the meaning of the meetings of legal persons. Participation in the meeting via electronic means will hereinafter be equal to physical participation in the meeting,” he explained.

The opportunities to use electronic means extend to all legal persons, however, the actual use thereof depends on the wishes and ability of each individual organisation. It is important to note that all existing rules for holding meetings are applicable when using e-solutions and partners, shareholders, and members must be able to exercise all of their rights also in virtual meetings.

Casting votes prior to a meeting will become non-uniform for private and public limited companies, meaning the organisation can independently decide in their articles of association on which methods can be used to cast a vote prior to a meeting. The only applicable condition is using a format that can be reproduced in writing, which should prove who voted in which manner, if necessary.

The supervisory boards of public limited companies and foundations will receive an additional option to adopt decisions without conducting a written meeting. Commercial associations will also be granted the right to make statutory decisions without a meeting and no longer have to separately include this option in their articles of association.

Non-profit associations can now adopt decisions by majority vote without calling a meeting. The consent of all members was previously necessary, making the adoption of decisions practically impossible. In addition, the obligation of non-profit associations and apartment associations to send a list of participants in the meeting along with their signatures to the registrar on paper shall be abolished. It was previously necessary even if the petition for an entry was submitted electronically.

The terms and conditions established for apartment associations in regard to adopting a decision without a meeting shall be specified, and a minimum term of seven days shall be added, which shall be granted to apartment owners for submitting their position. On the other hand, it is no longer necessary for more than half of all votes to be in favour of the decision, the required quorum established in legislation or the articles of association for making a decision at a meeting shall apply instead. The same terms and conditions shall also apply to non-profit associations.

As the restrictions arising from the emergency situation have hindered the conduct of meetings and the adoption of amendments to the law require time, the term of authority of members of the management board of apartment associations and non-profit associations, and the term prescribed for the submission of the annual report of all legal persons shall be extended until 31 October this year.

Furthermore, the apartment associations and non-profit associations whose articles of association include a provision that requires the consent of all members for adopting a decision without a meeting are allowed to temporarily deviate from this provision and follow the majority vote requirement established by law until 31 October.

In order to simplify and accelerate the raising of capital in the current complex economic situation, provisions on abolishing the notarisation requirement of a transaction constituting an obligation to transfer a share of a private limited company shall be enforced along with amendments to the meeting procedure.

This draft is the result of the efficient cooperation of various interest groups (Estonian Bar Association, Nasdaq Tallinn AS, non-profit association FinanceEstonia, Estonian Insurance

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Association, Estonian Private Equity and Venture Capital Association, Estonian Employers' Confederation, Estonian Service Industry Association, Estonian Civil Society, Estonian Property Management Association, Estonian Union of Co-operative Housing Associations, Estonian Auditors' Association, Estonian Chamber of Commerce and Industry, Estonian Trade Union Confederation, Estonian Lawyers Union, National Foundation of Civil Society, Estonian Council of Churches), the working group of the revision of association law, and the Ministry of Justice.

All amendments shall enter into force on the day after the publication thereof in the Riigi Teataja.

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