



# How to hold members' meetings during the epidemic?

KPMG Legal Tóásó Law Firm

16 April 2020



Alternative methods of adopting resolutions 1



Alternative methods of adopting resolutions 2



Decisions of the management 1



Decisions of the management 2



Adopting resolutions subsequently



Decision-making by collegial bodies



Juridical acts



Public companies limited by shares



Contacts

# Alternative methods of adopting resolutions 1



## Alternative methods of adopting resolutions

In view of the state of emergency, a meeting of the decision-making body of a legal person may not, as a general rule, be held in such a way as to require the personal attendance of a member.

Alternative forms of decision making:



**Holding a meeting by means of electronic communications equipment**

OR



**Decision-making without holding a meeting**  
(unless precluded by law)

It is important to note that if the deed of incorporation does not allow the above forms of decision-making, the management of the legal person has the right to establish the rules related to the implementation thereof and to communicate them to the members.



Alternative methods of adopting resolutions 1



Alternative methods of adopting resolutions 2



Decisions of the management 1



Decisions of the management 2



Adopting resolutions subsequently



Decision-making by collegial bodies



Juridical acts



Public companies limited by shares



Contacts

# Alternative methods of adopting resolutions 2



## Special rules for the different methods of adopting resolutions

### In the case of attendance by means of electronic communication:

- The scope of the electronic communications equipment and IT applications permitted to be used shall be specified; and
- If the management of the legal person does not know the members (their representatives) personally, the method of identification must be specified.

### In the case of decision-making without holding a meeting

- At least 15 days must be allowed for the vote to be sent;
- A member may not initiate the convocation of a meeting of the decision-making body or holding thereof by means of electronic communications equipment;
- A vote shall be valid if it clearly identifies the member, the indication of the draft resolution put to the vote and the vote cast therefor; and
- A member may also send his / her vote in the form of an electronic written juridical act (see Juridical acts).



Alternative methods of adopting resolutions 1



Alternative methods of adopting resolutions 2



Decisions of the management 1



Decisions of the management 2



Adopting resolutions subsequently



Decision-making by collegial bodies



Juridical acts



Public companies limited by shares



Contacts

# Decisions of the management 1



## The decision-making powers of the management

**If the quorum of the decision-making body cannot be ensured in accordance with the above, the management shall decide:**

- on the approval of the accounts;
- on the use of taxed profits; and
- in matters within the powers of the decision-making body, necessary for the continuation of the legality of the legal person regarding the management of the situation created due to the state of danger, and for urgent matters arising within the framework of sound and responsible management.



It is important to note that the management may take such decision only if members holding more than 25% of the shares do not object in their preliminary written opinion to at least 51% of the votes, or, if there is such member, members with a controlling interest or a qualified majority do not object to the proposed decision in their preliminary written opinion.



Alternative methods of adopting resolutions 1



Alternative methods of adopting resolutions 2



Decisions of the management 1



Decisions of the management 2



Adopting resolutions subsequently



Decision-making by collegial bodies



Juridical acts



Public companies limited by shares



Contacts

# Decisions of the management 2



## Limitations of decision making

**However, even during the state of emergency, the management may not decide on the following matters:**

- Amendment of the instrument of incorporation (unless required by a provision of an Act entering into force during the time of the state of emergency);
- Termination of the legal person without succession;
- Merger, division or transformation of the legal person;
- Decrease of the registered capital in the case of a limited liability company or a company limited by shares;
- Additional monetary contributions (only in specific cases).





Alternative methods of adopting resolutions 1



Alternative methods of adopting resolutions 2



Decisions of the management 1



Decisions of the management 2



Adopting resolutions subsequently



Decision-making by collegial bodies



Juridical acts



Public companies limited by shares



Contacts

# Adopting resolutions subsequently



In the course of an extraordinary meeting to be convened no later than 90 days after the end of the state of emergency, the decision-making body shall decide on the following matters:

- On the approval of the accounts, the use of taxed profits, and on the approval or change of the management's decisions regarding matters within the powers of the decision-making body, necessary for the continuation of the legality of the legal person on the management of the situation created due to the state of emergency, and for urgent matters arising within the framework of sound and responsible management.
- In the case of limited liability companies and private companies limited by shares, to take the necessary measures, if the equity of the company decreased under the minimum limit determined by an Act, the company is threatened with insolvency or the assets of the company do not cover its debts.
- In matters related to the mandatory decrease of the initial / share capital, or in cases of failure to execute them.





Alternative methods of adopting resolutions 1



Alternative methods of adopting resolutions 2



Decisions of the management 1



Decisions of the management 2



Adopting resolutions subsequently



Decision-making by collegial bodies



Judicial acts



Public companies limited by shares



Contacts

# Decision-making by organizational bodies



The body of executive officers, the supervisory board, the audit committee and other organizational bodies hold their meetings:



**By means of electronic communications equipment that enables identification**

OR



**By other electronic means of identification**



**By written decision making  
(E-mail is also considered as a written form)**

If, during the state of emergency, the number of members of the body falls below the prescribed number, or the member is otherwise unable to act due to the human epidemic endangering life and property and causing massive disease outbreaks, the other members shall have the power to make a decision.





Alternative methods of adopting resolutions 1



Alternative methods of adopting resolutions 2



Decisions of the management 1



Decisions of the management 2



Adopting resolutions subsequently



Decision-making by collegial bodies



Juridical acts



Public companies limited by shares



Contacts

# Juridical acts



## Juridical acts of the bodies of the legal person

The bodies of a legal person may also send a written juridical act to the members by e-mail, provided that they meet the following requirements:

- it shall be signed with a qualified or advanced electronic signature based on qualified certificates; or
- it shall be sealed with an electronic seal; or, in the absence of these
- it shall be authenticated through the Document Authentication Based on Identification service.

## Juridical acts of the members

A **natural person** member is not required to sign electronically, however, a juridical act must contain the data necessary for the identification of the member.

If the member is a **legal person**, a juridical act has to meet the following requirements:

- it shall be signed with a qualified or advanced electronic signature based on qualified certificates; or, in the absence of this
- it shall be authenticated through the Document Authentication Based on Identification service.

**If the message meets the above conditions, the statement sent by e-mail can also be considered an electronic written juridical act.**





Alternative methods of adopting resolutions 1



Alternative methods of adopting resolutions 2



Decisions of the management 1



Decisions of the management 2



Adopting resolutions subsequently



Decision-making by collegial bodies



Juridical acts



Public companies limited by shares



Contacts

# Public companies limited by shares



In the case of public companies limited by shares, the rules on alternative decision-making methods and those referred to above regarding the preliminary opinion on the decisions of the management shall not apply.

## The decision-making powers of the management

If they have not yet been published, the invitation to the annual general meeting shall be published at least 21 days before the general meeting, and the proposals on the items on the agenda, the related reports of the supervisory board and the proposals for resolution at least 8 days before the general meeting.

The management is also entitled to make a decision on the issues on the published agenda, as well as on the approval of the accounts, the use of taxed profits and in matters within the powers of the decision-making body necessary for the continuation of the legality of the legal person regarding the management of the situation created due to the state of emergency, and for urgent matters arising within the framework of sound and responsible management.

The management is required to decide on the accounts by the end of the fourth month following the balance sheet date of the company's financial year.

## Subsequent approval of resolutions

Within **30 days (term of preclusion)** after the end of the state of emergency, shareholders may request that a general meeting be convened for the purpose of a **subsequent approval** of the resolutions.

An **amendment to the articles of association** shall cease to have effect after the date of the general meeting if it is not approved subsequently by the general meeting.

## The payment of dividends

If the convocation of the general meeting is initiated by the shareholders, the payment of dividends may take place only after the accounts and the disbursement of dividends have been subsequently approved by the general meeting.



Alternative methods of adopting resolutions 1



Alternative methods of adopting resolutions 2



Decisions of the management 1



Decisions of the management 2



Adopting resolutions subsequently



Decision-making by collegial bodies



Juridical acts



Public companies limited by shares



Contacts

# Contacts



**Dr. Bálint Tóásó MSc LL.M (Vienna)**

Head of Legal Services

+36 30 663-6245

[Balint.Toaso@kpmg.hu](mailto:Balint.Toaso@kpmg.hu)



**Dr. Boglárka Kricskovics-Béli**

Attorney-at-Law

+36 70 520 4507

[Boglarka.Kricskovics-Beli@kpmg.hu](mailto:Boglarka.Kricskovics-Beli@kpmg.hu)



**Dr. Ákos Krenusz**

Senior Associate

+36 70 370-1892

[Akos.Krenusz@kpmg.hu](mailto:Akos.Krenusz@kpmg.hu)





[kpmg.com/socialmedia](https://kpmg.com/socialmedia)



[kpmg.com/app](https://kpmg.com/app)

The information contained herein are only for information purposes and shall not apply to any circumstances of any specific legal or natural persons or other entities without legal personality. Though KPMG intends to provide accurate and timely information, however, shall not undertake any responsibility for the present or future effectiveness of any information set out herein. KPMG does not undertake responsibility for damages arising from such activities which were based on the usage of the information set out herein and which lacks full analysis and advisory activity of KPMG.

KPMG name, KPMG logo is the registered trademark of KPMG International Cooperative (“KPMG International”).

© 2019 KPMG Legal Tóásó Law Firm, a Hungarian law firm registered in the Budapest Bar Association and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.