

# Remote Shareholders' Meetings Authorized and Encouraged for North Carolina Corporations in COVID-19 Environment

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On April 1, 2020, North Carolina Governor Roy Cooper issued [Executive Order No. 125](#), which permits and encourages corporations incorporated in North Carolina to conduct all or any part of a shareholders' meeting solely by means of remote communication during the current state of emergency in North Carolina. The Executive Order is effective for 60 days, unless earlier rescinded or replaced, and applies for North Carolina corporations holding, commencing, or sending formal notice to their shareholders of such a meeting during the state of emergency.

The North Carolina Business Corporation Act currently may be interpreted to require North Carolina corporations to hold shareholders' meetings at a physical location. North Carolina corporations have been grappling with this issue in light of COVID-19 and related public health concerns and recommended limits or restrictions on public gatherings. The Executive Order provides these corporations with greater certainty by temporarily expressly providing that all or any portion of a shareholders' meeting may be held solely by means of remote communication.

A North Carolina corporation that chooses to hold a virtual-only shareholders' meeting pursuant to the Executive Order must, among other things, provide its shareholders the opportunity to participate in, and vote at, the meeting. The Executive Order also permits a corporation that holds a shareholders' meeting at a physical location to limit the number of in-person attendees in accordance with restrictions on mass gatherings during the state of emergency. Furthermore, the Executive Order clarifies that the "place" of the shareholders' meeting designated in the notice of meeting includes the method of remote communication through which shareholders may participate in a meeting held solely by means of remote communication. North Carolina corporations should review their governing documents with counsel in connection with a shareholders' meeting held pursuant to the Executive Order.

For publicly traded companies, the Executive Order follows recently released [guidance by the Securities and Exchange Commission](#) that provides flexibility to those companies seeking to change the date, time or location of their annual meeting of shareholders, or change the format of their

annual meeting, without needing to mail additional proxy materials.

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