



E-voting

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Situation today

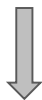
- Current laws do not allow for holding a general meeting in electronic format.
- The Joint-Stock Companies Law provides for the **only possible** way of holding a general meeting, which requires that shareholders or their representatives must attend the meeting at the specified location and time, have themselves registered for participation in the meeting, receive voting ballots, and vote.

Changes proposed

- Changes in the regulatory framework: two draft laws have been prepared:
 - No. 2284 (for e-meetings of bondholders); and
 - No. 2493 (for e-meetings of shareholders)
- Development and implementation of software to enable e-voting

Two meeting types:

The issuer chooses the preferred meeting type



In-person (physical) meeting



E-meeting

- Annual meeting (mandatory) or extraordinary meeting (optional)
- Convened either by the issuer or by a 5+% shareholder

IN-PERSON (PHYSICAL) MEETING:

1) Shareholders or their representatives may attend the meeting at the specified location and time, have themselves registered for participation in the meeting, receive voting ballots, and vote, just like they do it today.

OR

Shareholders or their representatives may log in to the e-voting system and vote either before or during the voting taking place at the specified location.

OR

Shareholders or their representative may instruct a depository institution (custodian) to vote at the meeting via the e-voting system.

2) Shareholders or their representatives who participate in the meeting via the e-voting system may take part in discussions through audio or video channels.

3) Shareholders and/or their representatives attending the meeting in person are registered in the e-voting system by the registration commission, and those who participate in the meeting via the e-voting system are registered directly by the e-voting system. Whether or not the quorum is present is established by the registration commission.

4) Upon voting, the vote counting commission processes hard-copy voting ballots and adds the votes cast via the e-voting system.

5) The vote counting commission issues voting results reports, and an issuer's representative issues meeting minutes.

E-MEETING:

1) Shareholders or their representatives may log in to the e-voting system and vote during the specified voting period.

OR

Shareholders or their representative may instruct a depository institution (custodian) to vote at the meeting via the e-voting system.

2) The draft law is silent on whether shareholders may take part in discussions through audio or video channels, and whether this option should be available for e-voting. Market expectations in this regard will be taken into account.

3) Shareholders and/or their representatives are registered for participation in the meeting directly by the e-voting system. Whether or not the quorum is present is established automatically by the e-voting system.

4) All voting results are processed automatically by the e-voting system.

5) All voting reports, minutes, and other documents relating to the meeting are generated by the e-voting system.

E-meetings of bondholders will be conducted in a similar way to e-meetings of shareholders.

ROLE-BASED MODEL IN THE E-VOTING SYSTEM

Issuer

- Must enter into an agreement with NDU for the use of the e-voting system
- For the purposes of a particular meeting, must designate an authorized person(s) to use the e-voting system
- The authorized person 'creates' a meeting in the e-voting system and uploads all materials for the meeting (agenda, draft resolutions, and other content) and, during the voting, submits and receives relevant information/documents

National Depository of Ukraine

- Is the technical administrator of the e-voting system
- Provides the e-voting service to issuers and depository institutions

Depository institution

- Must enter into an agreement with NDU for the use of the e-voting system
- Records the details of securities holders' representatives at the meeting in the securities holders' details forms
- Executes securities holders' voting instructions

Shareholder

- Provides the depository institution with the representative's details
- Either votes independently or gives a voting instruction to the depository institution

IDENTIFICATION OF A SHAREHOLDER (REPRESENTATIVE)

Identification is made using a qualified electronic signature (QES)

- An individual shareholder may be identified directly with the help of the QES.
- A corporate shareholder must (and an individual shareholder may) enter the details of the representative at the meeting in the account details form, and, during the voting process, that shareholder will be identified using the QES of the representative named in the details form.

Draft Law No. 2493 also provides for other electronic identification means that may be prescribed by the national securities market regulator. They will be determined in the future, following a dialogue with market players.

Estimated deadline for the E-voting project implementation:

Mid-2021

REMOTE MEETING PROJECT: MAKE IT IN 1.5 MONTHS

CONTEXT:

Due to the COVID-19 and the fight against it, in-person (physical) meetings cannot be held during the quarantine period.

However:

- The current Joint-Stock Companies Law requires that companies hold their annual meetings no later than 30 April.
- Issuers need to hold their annual meetings to deal with their urgent matters.

SOLUTION:

On 2 April 2020, the Verkhovna Rada (Parliament) passed the law in accordance with which:

- The requirement to hold an annual meeting no later than 30 April is inapplicable until the quarantine ends.
- If a meeting cannot be held as normal, the meeting can be held **REMOTELY**, in accordance with a temporary procedure to be approved by the national regulator.

Outcome: On 13 May 2020, the Meeting Portal was launched to enable companies to hold their meetings remotely

REMOTE MEETING

Operating principles:

- The Meeting Portal is based on the Client Cabinet platform.
- Meeting participants are identified using a QES.
- The issuer enters into an agreement with NDU and provides the latter with a list of individuals authorized to use the Meeting Portal.
- An authorized person **creates a form** on the Meeting Portal, containing information relating to the meeting (agenda, draft resolutions, etc.).
- The issuer sends information relating to the meeting to the shareholders via the depository system and makes the voting ballot file publicly available.
- Shareholders download and fill in the voting ballot and submit it to the depository institution either in hard copy or in electronic format signed with a QES.
- The depository institution uses the information from the voting ballot to complete the **form created by the issuer** on the Meeting Portal and attaches scans of the authorizing documents signed with a QES.
- NDU brings the information on the votes cast by the shareholders into a single file, signs the file with its QES and sends it to the issuer via the Meeting Portal.
- The issuer processes the information received and issues a voting report and meeting minutes.

Total, 41 days for:

- Drafting and approval of a temporary procedure by the national regulatory authority
- Design, testing, and launch of the Meeting Portal + drafting and approval of NDU's internal regulations



**Thank you for your
attention!**

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