



Corporate Update

- New Shareholder Proxy App

Need to Lodge Your Shareholder-Proxy? There's an App For That!

What Are AMP Doing?

In May 2012 AMP Limited trialled the use of its new system to allow shareholders to lodge their proxy forms via their smartphones. Given the rapid growth of smartphone use within Australia and around the world, is this something your company should consider?

How Does It Work?

Technically, it's incorrect to describe the new service as a smartphone 'app'. Companies looking to trial this service will not be required to spend money designing an app for each general meeting, but rather, the way the service works is by cleverly using existing technology to provide a new way for shareholders to lodge their proxy.

The service utilises a technology known as 'QR codes' (QR is short for 'quick response'). These codes are small images that can be recognised and decoded by a shareholder's smartphone-camera. The smartphone can then convert the QR code into information regarding the company's general meeting.

Companies looking to provide this service would send shareholders information about the upcoming general meeting (as they do each year) but included with this information would be a personalised QR code for each shareholder. Shareholders could then use their smartphone to interpret the code, and be sent to a personalised webpage where they can indicate how they would like their proxy to vote.

What Are the Legal Requirements?

The Corporations Act does contemplate proxy voting by electronic means. However Corporations Regulation 2G.2 requires all forms of internet based voting to include security measures to authenticate the shareholder. QR codes are ideal for this purpose as a company can generate a unique QR code for each intended recipient. When combined with a personalised numeric string (included in the notice of meeting documents), shareholders simply take a photo of the code and enter their assigned numbers into their personalised webpage to be authenticated.

Companies looking to implement this system will need to ensure their constitution allows for alternative methods for lodging proxies. This is often dealt with by allowing the lodgement of proxies in 'such form as determined by the directors from time to time'.

Why Is It a Good Idea?

Certain shareholders might find this service a convenient way to lodge their proxy votes. In particular, younger retail investors might be more likely to lodge a proxy if the process can be easily completed on their iPhones, rather than lodgement of a paper form.

Should Your Company Do It Too?

Most companies (and certainly those companies with a largely institutional share register) will not feel the push to implement a smartphone proxy service for some time, however given our increasing reliance on technology and interconnectivity in the business world, it may well become the standard voting practice of the future.

Currently, it's a novel concept that may be worth a trial for companies with many retail shareholders.

Contacts



Amber Stanton
Partner

T +61 8 9429 7616
amber.stanton@squiresanders.com



Robert Eastwood
Senior Associate

T +61 8 9429 7568
robert.eastwood@squiresanders.com