

## OFF THE RECORD COMMUNICATIONS AT SHAREHOLDERS MEETINGS

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### ABSTRACT

The time is ripe for an investigation of the subtleties that characterize the communication in shareholders meetings. Way too often academics and policymakers underplay the importance that shareholders meetings have or ought to have to facilitate the engagement of individuals, not only institutional investors, in corporate governance. Since the origins of business corporations in Ancient Rome, when shares were called *partes*, civic society had participated in collective enterprises by holding equities in large businesses. In fact, Roman corporations, the *societates publicanorum*, borrowed their corporate form from municipal entities, of which they also reflected decision-making mechanics. Over time, shareholders meetings assumed the likes of townhall meetings, becoming the *agora* in which people analyzed and discussed collective, common interests. As their radius of operation expanded, American corporations strived to maintain the engagement of individual shareholders by adopting regional shareholders meetings, in which individuals could gather together, learn about a corporation's performance and governance features, and make their sentiments heard.

Proxy voting, however, has increasingly exacerbated the distance between individuals and corporations by making shareholders meeting less and less central in corporate governance. The growth of institutional investors and of their out-of-the-meeting engagement tactics has further isolated individuals from corporate governance. As a result, numerous commentators have been downplaying the role of shareholders meetings, considering them a mere formality. Such an approach fails to recognize that the current reduced role of shareholders meetings is a symptom of a dysfunctional corporate governance infrastructure, which concentrate all the power in the hands of a handful of fund managers and corporate leaders. Rather than advocating for a marginal role of shareholders meetings, academics are called to investigate the causes that have led corporate governance to become an elitist club and suggest solutions to revamp the role of shareholders meetings and of individuals in corporate governance.

This Article brings to the forefront dynamics and strategies of communication in shareholders meetings. Side conversations, body language, a sense of belonging to groups with common causes, and signaling tactics are at the very core of communication when a multitude of people gather together. This Article investigates their relevance both in virtual and in in-person shareholders meetings. It also suggests ways to make these communication strategies beneficial for investors, issuers, and society at large.

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