

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 898

STATE OF NEW JERSEY

DATED: MARCH 11, 2021

The Senate Commerce Committee reports favorably Senate Bill No. 898.

This bill provides that corporations may utilize electronic networks, including distributed electronic networks, in order to meet recordkeeping requirements.

Current law requires corporations to keep records containing the names and addresses of all shareholders, the number, class and series of shares held by each and the dates when they respectively became the owners of the shares. This bill provides that these corporate records of shares may be kept on an electronic network. It also provides that corporations may use electronic transmissions from electronic networks to meet with certain notice provisions of existing law.

As used in the bill, “electronic network” means one or more electronic networks or databases, including one or more distributed electronic networks or databases that utilize blockchain technology, administered by or on the behalf of the corporation.

This bill is based on recent changes to the Delaware General Corporation Law which allow Delaware corporations to utilize distributed electronic networks, also known as blockchain technology, in order to create and maintain certain shareholder records and meet with certain shareholder notice requirements. This bill clarifies that New Jersey corporations may use blockchain technology in order to simplify recordkeeping requirements.

As reported, this bill is identical to Assembly Bill No. 1178, as also reported by the committee.