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Client Advisory

NEW JERSEY BANKS MAY NOW HAVE STAGGERED BOARDS

Governor Corzine has just signed legislation which permits New Jersey state-chartered banks, effective immediately, to have a classified or staggered board of directors. Previously, New Jersey state-chartered banks had to elect all of their directors every year and did not have the same flexibility to structure a board of directors that best suited their governance needs as was afforded to New Jersey corporations, national banks and banks chartered under the laws of a majority of other states. The new legislation, which was drafted and supported by Archer & Greiner, amends N.J.S.A. 17:9A-102 to permit a New Jersey state-chartered bank to provide in its charter for a staggered board of directors (at least one class must be elected each year and no class may hold office for longer than five years).

The most common benefits realized by an institution from having a staggered or classified board of directors are:

- (a) continuity and stability of business strategies, policies and practices,
- (b) consistent management, and
- (c) consistent implementation of long-range strategic business initiatives and goals.

If you would like to discuss possible implementation of a staggered board of directors at your institution, please contact Gary Green (856-354-3047) or Debbie Hays (856-354-3089), partners in Archer & Greiner's Banking Law & Finance Group.

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