

CHAPTER 493

STOCK WITHOUT PAR VALUE

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493.1 Authorization.

Any corporation, heretofore or hereafter organized for pecuniary profit under the laws of this state, except state banks, trust companies, building and loan associations and insurance companies, may create one or more classes of stock without any nominal or par value, with such rights, preferences, privileges, voting powers, limitations, restrictions and qualifications thereon not inconsistent with law as shall be expressed in its articles of incorporation, or any amendment thereto. Stock without par value which is preferred as to dividends, or as to its distributive share of the assets of the corporation upon dissolution, may be made subject to redemption at such times and prices as may be determined in such articles of incorporation, or any amendment thereto. In the case of stock without par value which is preferred as to its distributive share of the assets of the corporation upon dissolution, the amount of such preference shall be stated in the articles of incorporation, or any amendment thereto.

[C31, 35, §8419-c1; C39, §8419.01; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §493.1]

493.2 Par value — method of stating.

In any case, in which the par value of the shares of stock of a corporation shall be required to be stated in the articles of incorporation, or any amendment thereto, or in any other place, it shall be stated in respect to shares without par value that such shares are without par value, and when the amount of such stock authorized, issued or outstanding shall be required to be stated, the number of shares thereof authorized, issued or outstanding, as the case may be, shall be stated, and it shall also be stated that such shares are without par value.

[C31, 35, §8419-c2; C39, §8419.02; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §493.2]

493.3 Amount of stock.

For the purpose of any rule of law or of any statutory provision relating to the amount of capital stock issued and represented by shares of stock without par value except as otherwise provided in this chapter such amounts shall be taken to be the amount of money or the actual value of the consideration, as fixed by the directors or otherwise, in accordance with law, as the case may be, for which such shares of stock shall have been issued. In any such case in which stock having a par value shall have been issued with stock without par value for a specified combined consideration, in determining the amount of the capital stock issued and represented by shares of stock without par value the then book value of such stock having a par value shall first be deducted from the amount of the money or actual value of the consideration determined as aforesaid, and the excess thereof, if any, shall be taken to be the amount of capital stock represented by the shares of stock without par value so issued.

[C31, 35, §8419-c3; C39, §8419.03; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §493.3]

493.4 Sale value.

Subject to any limitations and restrictions set forth in the articles of incorporation, or amendment thereto, any such corporation may issue its authorized capital stock without par value for such consideration as may be prescribed in the articles of incorporation, or amendment thereto, or, if not prescribed, then for such consideration as may be fixed by resolution passed by the stockholders of such corporation at any annual meeting thereof, or at any special meeting thereof duly called for that purpose, or by the board of directors acting under authority of such stockholders given in like manner. In the absence of fraud in the transaction, the judgment of the board of directors in fixing and determining such sale

value shall be conclusive as to the creditors and stockholders. Nothing in this chapter shall be so construed as to repeal the law as it now appears in sections 492.6, 492.7, and 492.8.

[C31, 35, §8419-c4; C39, §8419.04; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §493.4]

493.5 Liability of holder.

Any and all shares without par value issued for the consideration as prescribed or fixed in section 493.4 shall be deemed fully paid and nonassessable and the holder of such shares shall not be liable to the corporation or to its creditors in respect thereto.

[C31, 35, §8419-c5; C39, §8419.05; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §493.5]

493.6 Status of stock.

Except as to any preferences, rights, limitations, privileges and restrictions, lawfully granted or imposed with respect to any stock or class thereof, shares of stock without nominal or par value shall be deemed to be an aliquot part of the aggregate capital of the corporation issuing the same and equal to every other share of stock of the same class.

[C31, 35, §8419-c6; C39, §8419.06; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §493.6]

493.7 Certificates of stock.

Each stock certificate issued for shares without nominal or par value shall have plainly written or printed upon its face the number of shares which it represents, and the number of such shares the corporation is authorized to issue, and no such certificate shall state any nominal or par value of such shares or express any rate of dividend to which it shall be entitled in terms of percentage of any par or other value.

[C31, 35, §8419-c7; C39, §8419.07; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §493.7]

493.8 Number of shares.

The number of authorized shares of stock without par value may be increased or reduced in the manner and subject to the conditions provided by law for the increase or reduction of the capital stock of a similar corporation having shares with par value. All other statutory provisions relating to stock having a par value shall also apply to stock without par value, so far as the same may be legally, necessarily or practically applicable to, and not inconsistent with, the provisions of this chapter.

[C31, 35, §8419-c8; C39, §8419.08; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §493.8]

493.9 Change in stock.

Any such corporation may, by appropriate amendments to its articles of incorporation, adopted by a two-third affirmative vote of each class of stock then issued and outstanding and affected by such amendment, change its stock (common or preferred) having a par value to an equal, greater or less number of shares of stock having no par value, and, in connection therewith, may fix the amount of capital represented by such shares of stock without par value.

[C31, 35, §8419-c9; C39, §8419.09; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §493.9]

493.10 Convertibility.

The articles of incorporation, or any amendment thereto, of any such corporation may provide that shares of stock of any class shall be convertible into shares of stock of any other class upon such terms and conditions as may be therein stated.

[C31, 35, §8419-c10; C39, §8419.10; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §493.10]

493.11 Incorporation fee — computation.

For the purpose of computing the statutory fee for incorporating or for any other statutory provision based on the par value of shares of stock, but for no other purpose, each share of stock without par value shall be considered equivalent to a share having a nominal or par value of one hundred dollars.

[C31, 35, §8419-c11; C39, §8419.11; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §493.11]

493.12 Applicability of statutes.

Except as otherwise provided by this chapter, such corporations issuing shares without par value, under the provisions hereof, shall be and remain subject to the laws of this state, now or hereafter in force, relating to the formation, regulation, consolidation, or merger, rights, powers and privileges of corporations organized for pecuniary profit, and all other laws applicable thereto.

All acts or parts of acts providing for the incorporation, organization, administration and management of the affairs of corporations organized for pecuniary profit and having shares of stock with a par value are hereby made applicable to corporations having shares of stock without par value, except where the same are inconsistent with the provisions of this chapter.

[C31, 35, §8419-c12; C39, §**8419.12**; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §493.12]