

524.521 Authorized shares.

1. The articles of incorporation of a state bank incorporated as a stock corporation must prescribe the classes of shares and series of shares within a class and the number of shares of each class that the state bank is authorized to issue. If more than one class or series of shares is authorized, the articles of incorporation must prescribe a distinguishing designation for each class or series, and before the issuance of shares of a class or series, describe the terms, including the preferences, rights, and limitations of that class or series. Except to the extent otherwise permitted by [section 524.522](#), all shares of a class or series must have terms, including preferences, rights, and limitations identical with those of other shares of the same class or series.

2. The articles of incorporation of a state bank incorporated as a stock corporation must authorize both of the following:

a. One or more classes or series of shares that together have full voting rights.

b. One or more classes or series of shares, which may be the same class, classes, or series as those with voting rights, that together are entitled to receive the net assets of the state bank upon dissolution.

3. The articles of incorporation of a state bank incorporated as a stock corporation may authorize one or more classes or series of shares that have any of the following qualities:

a. Have special, conditional, or limited voting rights, or no right to vote, unless prohibited by [this chapter](#).

b. Are redeemable or convertible as specified in the articles of incorporation in any of the following ways:

(1) At the option of the state bank, the shareholders, or another person or upon the occurrence of a specified event.

(2) For cash, indebtedness, securities, or other property.

(3) In a designated amount or in an amount determined in accordance with a designated formula or by reference to extrinsic data or events.

c. Preferred shares are redeemable only by resolution of the board of directors with the prior approval of the superintendent. Preferred shares which are redeemable according to the terms of their issuance shall be redeemed only in accordance with such terms. Preferred shares which are redeemed shall be canceled and shall not be reissued. Preferred shares which are not redeemable according to the terms of their issuance are redeemable only pro rata, by lot, or by such other equitable method as determined by the board of directors.

d. (1) If preferred shares are redeemed by a state bank, the redemption effects a cancellation of the shares, and a statement of cancellation shall be filed as provided in this paragraph. The filing of the statement of cancellation constitutes an amendment to the articles of incorporation and reduces the number of preferred shares of the class which the state bank is authorized to issue by the number which are canceled.

(2) The statement of cancellation shall be executed by the state bank by its president or a vice president and by its cashier or an assistant cashier, and acknowledged by one of the officers signing such statement, and shall set forth all of the following:

(a) The name of the state bank and the effective date of its articles of incorporation.

(b) The number of preferred shares canceled through redemption, itemized by classes.

(c) The aggregate number of issued shares, itemized by classes, after giving effect to the cancellation.

(d) The amount, expressed in dollars, of the stated capital of the state bank after giving effect to the cancellation.

(e) The number of shares which the state bank has authority to issue, itemized by classes, after giving effect to the cancellation.

(3) The statement of cancellation, together with the applicable filing fees, shall be delivered to the superintendent who shall, if the superintendent finds the statement of cancellation satisfies the requirements of [this section](#), deliver it to the secretary of state for filing in the secretary of state's office. The capital of the state bank is deemed to be reduced by the par value of the shares canceled upon the effective date of the redemption.

e. Entitle the holders to distributions calculated in any manner, including dividends that may be cumulative, noncumulative, or partially cumulative.

f. Have preference over any other class or series of shares with respect to distributions, including dividends and distributions upon the dissolution of the state bank.

4. The description of the designations, preferences, rights, and limitations of classes or series of shares in [subsection 3](#) is not exhaustive.

5. Unless the articles of incorporation or bylaws otherwise provide, the board of directors, by resolution duly adopted and with the approval of the superintendent as provided in [section 524.405](#), may issue from time to time, in whole or in part, the shares authorized by the articles of incorporation.

[C97, §1853, 1865; C24, 27, §9192, 9209; C31, 35, §9192, 9209, 9261-c1; C39, §9192, 9209, 9261.1; C46, 50, 54, 58, 62, 66, §526.36, 527.7, 528.55; C71, 73, 75, 77, 79, 81, §524.501]

[95 Acts, ch 148, §38](#)

[CS95, §524.521](#)

[2012 Acts, ch 1017, §8, 18; 2013 Acts, ch 90, §159; 2022 Acts, ch 1062, §38](#)

Referred to in [§524.522, 524.527](#)