

REVISOR'S NOTE TO SECTION: Present CA §§ 6-120(b) and 6-141(a), which relate to the minimum par value of capital stock, now appear in § 3-202(b)(7) of this title.

3-302. PREFERRED STOCK.

(A) GENERAL RULE.

IF THE BANK COMMISSIONER APPROVES, A COMMERCIAL BANK MAY ISSUE PREFERRED STOCK, IN THE AMOUNT AND WITH THE PAR VALUE THAT THE BANK COMMISSIONER APPROVES, AS PROVIDED IN THIS SECTION.

(B) PREFERRED STOCK NOT VALID UNTIL FULLY PAID.

UNLESS OTHERWISE PROVIDED BY LAW, PREFERRED STOCK ISSUED UNDER THIS SECTION IS NOT VALID UNTIL THE COMMERCIAL BANK RECEIVES THE PURCHASE PRICE IN AN AMOUNT THAT EQUALS AT LEAST PAR VALUE.

(C) PREFERRED STOCK MAY BE CONVERTIBLE.

IF THE BANK COMMISSIONER APPROVES, PREFERRED STOCK MAY BE CONVERTIBLE INTO COMMON STOCK ON THE TERMS AND CONDITIONS THAT THE CHARTER PROVIDES. HOWEVER, PREFERRED STOCK IS NOT CONVERTIBLE:

(1) INTO COMMON STOCK OF A GREATER TOTAL PAR VALUE; OR

(2) AT ANY TIME WHEN THE COMMERCIAL BANK DOES NOT HAVE A SURPLUS IN AN AMOUNT THAT EQUALS AT LEAST 20 PERCENT OF ITS CAPITAL STOCK:

(I) OUTSTANDING IMMEDIATELY BEFORE THE CONVERSION; AND

(II) OUTSTANDING IMMEDIATELY AFTER THE CONVERSION.

(D) DIVIDENDS.

(1) THE HOLDER OF PREFERRED STOCK IS ENTITLED TO CUMULATIVE DIVIDENDS AT A RATE NOT EXCEEDING 6 PERCENT A YEAR OF ITS PAR VALUE.

(2) DIVIDENDS ON COMMON STOCK MAY NOT BE DECLARED OR PAID UNTIL THE CUMULATIVE DIVIDENDS ON THE PREFERRED STOCK ARE FULLY PAID.

(E) VOTING RIGHTS.

EACH HOLDER OF PREFERRED STOCK HAS THE VOTING RIGHTS THAT THE CHARTER PROVIDES AND THE BANK COMMISSIONER APPROVES.

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