

CHAPTER 305—S. F. No. 971

An act authorizing banking institutions to issue and sell capital notes or debentures; subordinating same to other claims; providing that same shall not be considered as liabilities in determining impairment of capital; prohibiting payment or retirement of same where such action would impair capital; exempting them from assessment and the holders of same individually from any obligations of such institutions and from any assessments to restore impairment of their capital.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Banks may issue notes or debentures.—With the approval of the Commissioner of Banks any banking institution may at any time through action of its Board of Directors and without requiring any action of its stockholders issue and sell its capital notes or debentures. Such capital notes or debentures shall be subordinate and subject to the claims of depositors and may be subordinated and subjected to the claims of other creditors.

In determining whether the capital of any banking institution is impaired, outstanding capital notes or debentures, legally issued by such institution and sold by it to the Reconstruction Finance Corporation, shall not be considered as liabilities of such institutions, but for all other purposes they shall be, and shall be considered as, liabilities of such institution.

No capital notes, or debentures shall be retired or paid by any such institutions, if such retirement or payment would impair the capital of such institution.

Such capital notes or debentures shall in no case be subject to any assessment. The holders of such capital notes or debentures shall not be held individually responsible as such holders for any debts, contracts, or engagements of such institutions, and shall not be held liable for assessments to restore impairments in the capital of such institution.

Sec. 2. All laws or parts of laws in conflict herewith are hereby repealed.

Approved April 29, 1935.