## 302A.401 AUTHORIZED SHARES.

Subdivision 1. **Board may authorize.** Subject to any restrictions in the articles, a corporation may issue securities and rights to purchase securities only when authorized by the board.

## Subd. 2. **Terms of shares.** All the shares of a corporation:

- (a) shall be of one class and one series, unless the articles establish, or authorize the board to establish, more than one class or series;
- (b) shall be common shares entitled to vote and shall have equal rights and preferences in all matters not otherwise provided for by the board, unless and to the extent that the articles have fixed the relative rights and preferences of different classes and series; and
- (c) shall have, unless a different par value is specified in the articles, a par value of one cent per share, solely for the purpose of a statute or rule imposing a tax or fee based upon the capitalization of a corporation, and a par value fixed by the board for the purpose of a statute or rule requiring the shares of the corporation to have a par value.
- Subd. 3. **Procedure for fixing terms.** (a) Subject to any restrictions in the articles, the power granted in subdivision 2 may be exercised by a resolution or resolutions approved by the affirmative vote of the directors required by section 302A.237 establishing a class or series, setting forth the designation of the class or series, and fixing the relative rights and preferences of the class or series.
- (b) A statement setting forth the name of the corporation and the text of the resolution and certifying the adoption of the resolution and the date of adoption shall be filed with the secretary of state before the issuance of any shares for which the resolution creates rights or preferences not set forth in the articles; provided, however, where the shareholders have received notice of the creation of shares with rights or preferences not set forth in the articles before the issuance of the shares, the statement may be filed any time within one year after the issuance of the shares. The resolution is effective when the statement has been filed with the secretary of state; or, if it is not required to be filed with the secretary of state before the issuance of shares, on the date of its adoption by the directors.
- (c) Filing a statement with the secretary of state in accordance with paragraph (b) is not considered an amendment of the articles for purposes of sections 302A.135, 302A.137, and 302A.471. Filing an amendment of such a statement with the secretary of state is considered an amendment of the articles for purposes of sections 302A.135, 302A.137, and 302A.471.
- Subd. 4. **Specific terms.** Without limiting the authority granted in this section, a corporation may issue shares of a class or series:

- (a) subject to the right of the corporation to redeem any of those shares at the price fixed for their redemption by the articles or by the board or at a price determined in the manner specified by the articles or by the board;
- (b) entitling the shareholders to cumulative, partially cumulative, or noncumulative distributions in the amounts fixed by the articles or by the board or in amounts determined in the manner specified by the articles or by the board;
- (c) having preference over any class or series of shares for the payment of distributions of any or all kinds;
- (d) convertible into shares of any other class or any series of the same or another class on the terms fixed by the articles or by the board or on terms determined in the manner specified by the articles or by the board; or
  - (e) having full, partial, or no voting rights, except as provided in section 302A.137.

**History:** 1981 c 270 s 55; 1982 c 497 s 32; 1985 c 248 s 70; 1987 c 104 s 18; 1991 c 49 s 3,4; 1993 c 17 s 22,23; 1994 c 417 s 2; 1997 c 10 art 1 s 11; 2004 c 199 art 14 s 12; 2006 c 250 art 1 s 21