

286.3-070 Minimum capital stock required -- Reduction in capital stock -- Preferred capital stock.

- (1) (a) The minimum capital stock of any newly chartered state bank or trust company shall be five million dollars (\$5,000,000). Additional capital may be required depending upon an investigation of the application, at the discretion of the commissioner.
- (b) The minimum capital required under paragraph (a) of this subsection shall:
 1. Be paid in full in money;
 2. Be in the custody of the directors before the institution commences business; and
 3. Not be designated as undivided profits.
- (c) Not less than fifty percent (50%) of the minimum capital required under paragraph (a) of this subsection shall be designated as surplus.
- (2) (a) A reduction in the capital stock of a state bank or trust company shall not be made until it has been approved by the commissioner. Any reduction made in violation of this paragraph shall be invalid.
- (b) The commissioner shall not approve a reduction in capital stock unless he or she finds that:
 1. The interest of the state bank's or trust company's creditors will not be prejudiced by the reduction; and
 2. The reduction results in capital stock that is not less than the greater of the following:
 - a. An amount that is not less than the amount that was required for organization; or
 - b. Two million five hundred thousand dollars (\$2,500,000).
- (3) (a) Any state bank or trust company may issue preferred capital stock of one (1) or more classes.
- (b) Preferred capital stock may be considered as part of the minimum capital stock required under this section, and in the case of existing corporations, shall be issued in the manner provided for increasing capital stock.
- (c) Unless expressly provided otherwise in this subtitle, the following shall be governed by KRS Chapter 271B:
 1. The manner in which preferred capital stock is issued; and
 2. The rights and preferences of preferred capital stockholders.
- (d) The issue of preferred capital stock shall not be valid until the stated value of the issued stock has been paid in.
- (e) If any part of the capital stock of a state bank or trust company consists of preferred capital stock, the determination of whether or not the capital of the corporation is impaired, and the amount of the impairment, shall be based upon the stated value of the state bank's or trust company's stock, even though the amount that the preferred capital stockholders are entitled to receive in the event of retirement or liquidation is in excess of the stated value of the

preferred capital stock.

Effective: July 15, 2024

History: Amended 2024 Ky. Acts ch. 152, sec. 16, effective July 15, 2024. -- Amended 2010 Ky. Acts ch. 24, sec. 619, effective July 15, 2010; and ch. 28, sec. 8, effective July 15, 2010. -- Amended 1998 Ky. Acts ch. 196, sec. 8, effective July 15, 1998. -- Amended 1954 Ky. Acts ch. 182, sec. 2. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. secs. 577, 603, 612a, 883c-1.

Formerly codified as KRS 287.070.

Legislative Research Commission Note (7/12/2006). In accordance with 2006 Ky. Acts ch. 247, secs. 38 and 39, this statute has been renumbered as a section of the Kentucky Financial Services Code, KRS Chapter 286.