

### **271B.6-010 Authorized shares.**

- (1) The articles of incorporation shall prescribe the classes of shares and series of shares within a class and the number of shares of each class and series that the corporation is authorized to issue. If more than one (1) class or series of shares is authorized, the articles of incorporation shall prescribe a distinguishing designation for each class or series, and, prior to the issuance of shares of a class or series, the preferences, limitations, and relative rights of that class or series must be described in the articles of incorporation. All shares of a class shall have preferences, limitations, and relative rights identical with those of other shares of the same class except to the extent otherwise permitted by KRS 271B.6-020.
- (2) The articles of incorporation shall authorize:
  - (a) One (1) or more classes or series of shares that together have unlimited voting rights; and
  - (b) One (1) or more classes or series of shares which may be the same class or classes as those with voting rights, that together are entitled to receive the net assets of the corporation upon dissolution.
- (3) The articles of incorporation may authorize one (1) or more classes or series of shares that:
  - (a) Have special, conditional, or limited voting rights, or no right to vote, except to the extent otherwise provided by this chapter;
  - (b) Are redeemable or convertible as specified in the articles of incorporation:
    1. At the option of the corporation, the shareholder, or another person or upon the occurrence of a designated event;
    2. For cash, indebtedness, securities, or other property; or
    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) Entitle the holders to distributions calculated in any manner, including dividends that may be cumulative, noncumulative, or partially cumulative; or
  - (d) Have preference over any other class or series of shares with respect to distributions, including dividends and distributions upon the dissolution of the corporation.
- (4) Terms of shares may be made dependent upon facts objectively ascertainable outside the articles of incorporation in accordance with KRS 271B.1-200(2).
- (5) The description of the designations, preferences, limitations, and relative rights of share classes in subsection (3) of this section shall not be considered exhaustive.

**Effective:** January 1, 2011

**History:** Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 60, effective July 15, 2010; and amended ch. 151, sec. 121, effective January 1, 2011. -- Amended 2007 Ky. Acts ch. 137, sec. 60, effective June 26, 2007. -- Created 1988 Ky. Acts ch. 23, sec. 33, effective January 1, 1989.

**Legislative Research Commission Note** (1/1/2011). This section was amended by 2010 Ky. Acts ch. 151, and repealed and reenacted by 2010 Ky. Acts ch. 51. Pursuant to Section 184 of Acts ch. 51, it was the intent of the General Assembly that the repeal

and reenactment not serve to void the amendment, and these Acts do not appear in conflict, therefore, they have been codified together.

**Legislative Research Commission Note** (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."