

IC 23-1-25

Chapter 25. Shares Generally

IC 23-1-25-1

Authorization of shares in articles of incorporation

Sec. 1. (a) The articles of incorporation must prescribe the number of shares that the corporation is authorized to issue. If more than one (1) class of shares is authorized by the articles of incorporation, the articles of incorporation must prescribe the number of shares in each class and a distinguishing designation for each class. Before the issuance of shares of a class, the preferences, limitations, and relative rights of that class must be described in the articles of incorporation. All shares of a class must have preferences, limitations, and relative rights identical with those of other shares of the same class except to the extent otherwise permitted by section 2 of this chapter.

(b) The articles of incorporation must authorize:

- (1) one (1) or more classes of shares that together have unlimited voting rights; and
- (2) one (1) or more classes of shares (that 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.

(c) The articles of incorporation may authorize one (1) or more classes of shares that have one (1) or more of the following characteristics:

- (1) Have special, conditional, or limited voting rights, or no right to vote, except to the extent prohibited by this article.
- (2) Are redeemable or convertible as specified in the articles of incorporation:
 - (A) at the option of the corporation, the shareholder, or another person or upon the occurrence of a designated event;
 - (B) for cash, indebtedness, securities, or other property; and
 - (C) in a designated amount or in an amount determined in accordance with a designated formula or by reference to extrinsic data or events.
- (3) Entitle the holders to distributions calculated in any manner, including dividends that may be cumulative, noncumulative, or partially cumulative.
- (4) Have preference over any other class of shares with respect to distributions, including dividends and distributions upon the dissolution of the corporation.

(d) The description of the designations, preferences, limitations, and relative rights of share classes in subsection (c) is not exhaustive. *As added by P.L.149-1986, SEC.9.*

IC 23-1-25-2

Series of shares; filing articles with secretary of state

Sec. 2. (a) If the articles of incorporation so provide, the board of directors may create one (1) or more series, and may determine, in

whole or in part, the preferences, limitations, and relative voting and other rights (within the limits set forth in section 1 of this chapter) of:

- (1) any class of shares before the issuance of any shares of that class; or
- (2) one (1) or more series within a class before the issuance of any shares of that series.

(b) Each series of a class must be given a distinguishing designation.

(c) All shares of a series must have preferences, limitations, and relative rights identical with those of other shares of the same series and, except to the extent otherwise provided in the description of the series, with those of other series of the same class.

(d) Before issuing any shares of a class or series the preferences, limitations, and relative voting and other rights of which are determined under this section, the corporation must deliver to the secretary of state for filing articles of amendment, which are effective without shareholder action, that set forth:

- (1) the name of the corporation;
- (2) the text of the amendment determining the terms of the class or series of shares;
- (3) the date it was adopted; and
- (4) a statement that the amendment was duly adopted by the board of directors.

As added by P.L.149-1986, SEC.9.

IC 23-1-25-3

Issuance of shares; number; outstanding shares

Sec. 3. (a) A corporation may issue the number of shares of each class or series authorized by the articles of incorporation. Shares that are issued are outstanding shares until they are reacquired, redeemed, converted, or cancelled.

(b) The reacquisition, redemption, or conversion of outstanding shares is subject to the limitations of subsection (c) and to IC 23-1-28.

(c) At all times that shares of the corporation are outstanding, one (1) or more shares that together have unlimited voting rights and one (1) or more shares that together are entitled to receive the net assets of the corporation upon dissolution must be outstanding.

As added by P.L.149-1986, SEC.9.

IC 23-1-25-4

Fractional shares; scrip

Sec. 4. (a) A corporation may do any one (1) or more of the following:

- (1) Issue fractions of a share or pay in money the value of fractions of a share.
- (2) Arrange for disposition of fractional shares by the shareholders.
- (3) Issue scrip in registered or bearer form entitling the holder

to receive a full share upon surrendering enough scrip to equal a full share.

(b) Each certificate representing scrip must be conspicuously labeled "scrip" and must contain the information required by IC 23-1-26-6(b).

(c) The holder of a fractional share is entitled to exercise the rights of a shareholder, including the right to vote, to receive dividends, and to participate in the assets of the corporation upon liquidation. The holder of scrip is not entitled to any of these rights unless the scrip provides for them.

(d) The board of directors may authorize the issuance of scrip subject to any condition considered desirable, including:

(1) that the scrip will become void if not exchanged for full shares before a specified date; and

(2) that the shares for which the scrip is exchangeable may be sold and the proceeds paid to the scripholders.

As added by P.L.149-1986, SEC.9.