

16-10a-623 Share dividends.

- (1) Unless the articles of incorporation provide otherwise, shares may be issued pro rata and without consideration to the corporation's shareholders or, to the extent and in the manner provided for in the articles of incorporation, to the shareholders of one or more classes or series of shares. An issuance of shares under this subsection is a share dividend.
- (2) Shares of one class or series may not be issued as a share dividend in respect of shares of another class or series unless:
 - (a) the articles of incorporation so authorize;
 - (b) a majority of the votes entitled to be cast by the outstanding shares of the class or series to be issued approve the issue; or
 - (c) there are no outstanding shares of the class or series to be issued.
- (3) The bylaws or, in the absence of an applicable bylaw, the board of directors may fix a future date as the record date for determining shareholders entitled to a share dividend. If no future date is so fixed, the record date is the date the board of directors authorizes the share dividend.

Enacted by Chapter 277, 1992 General Session