

7-3-28 Capital notes or debentures.

- (1) Any bank, with the prior written approval of the commissioner and the authorization by resolution of its board of directors may issue its convertible or nonconvertible capital notes or debentures. The issuance may be in the amounts, for the term, and contain provisions as may be approved by the commissioner.
- (2) All such notes or debentures shall be subordinated to the claims of depositors and other creditors.
- (3) The total amount of outstanding capital notes or debentures of any bank may not exceed such limitations as the commissioner may by regulation prescribe for the protection of depositors. The limitations prescribed may not be more restrictive than those prescribed for national banks.
- (4) The amount of such outstanding capital notes or debentures not maturing within one year shall be added to the capital of the issuing bank for the purpose of determining the maximum amount that may be loaned to a single borrower by such bank as provided in this chapter.
- (5) The commissioner may prescribe regulations for the protection of the bank's depositors and shareholders as, in the judgment of the commissioner, will effectuate the purposes of this section.

Amended by Chapter 8, 1983 General Session