

9-904. Reduction of capital stock, when. (a) The capital stock of any bank or trust company may be reduced to the minimum provided by law for a new bank or trust company by resolution adopted by the stockholders representing 2/3 of the voting stock of such bank or trust company, except that no such reduction shall become effective until the commissioner approves the same.

(b) With prior approval of the state bank commissioner, a bank or trust company may reduce its capital stock below the minimum amount allowed by subsection (a) by transferring capital stock to its surplus fund. No such reduction shall be approved unless the state bank commissioner finds:

(1) The proposed reduction is necessary to provide greater operational flexibility to an adequately capitalized, well-managed institution;

(2) the proposed reduction does not result in or is not in furtherance of a reduction in the institution's capital to an amount below 8% of total deposits for a bank or below \$250,000 for a trust company;

(3) the proposed reduction is not intended to delay, prevent or be in lieu of capital stock impairment or a stockholder's assessment pursuant to K.S.A. 9-906, and amendments thereto; and

(4) the proposed reduction poses no significant risk to the financial stability, safety or soundness of the institution.

(c) After the commissioner has approved such reduction a certificate signed by the president and cashier of the bank or trust company setting forth the result of such reduction of its capital stock, the names of its stockholders and the amount of stock held by each, shall be filed with the secretary of state and a duplicate shall be filed with the commissioner.

(d) Whenever the capital stock of any bank or trust company shall be reduced as herein provided, every stockholder, owner or holder of any stock certificate shall surrender the same for cancellation and shall be entitled to receive a new certificate for such person's proportion of the new stock. No dividends shall be paid to any such stockholder until the old certificate is surrendered.

History: L. 1947, ch. 102, § 17; L. 1989, ch. 48, § 18; L. 1996, ch. 175, § 12; L. 2001, ch. 87, § 2; July 1.