

NONPROFIT CORPORATION ACT (EXCERPT)
Act 162 of 1982

450.2303b Conversion of shares into shares of any class or bonds; conversion of bonds into other bonds or shares; authorization of board to increase authorized shares.

Sec. 303b.

(1) If provided in the articles of incorporation, and subject to the restrictions in sections 301 and 303c, a corporation may issue shares that are convertible at the option of the holder or the corporation or on the happening of a specified event, into shares of any class or into bonds. A corporation may convert shares into bonds only if the corporation could at the time of conversion have purchased, redeemed, or otherwise acquired the shares by issuing the bonds under section 345. Authorized shares, whether issued or unissued, may be made convertible as provided in this subsection within the period and on the terms and conditions authorized in the articles of incorporation.

(2) Unless otherwise provided in the articles of incorporation, and subject to sections 301 and 303c, a corporation may issue bonds that are convertible at the option of the holder into other bonds or into shares of the corporation within the period and on the terms and conditions as fixed by the board.

(3) If the shareholders approve the issue of bonds or shares convertible into shares of the corporation, the approval may provide that the board is authorized by amendment of the articles of incorporation to increase the authorized shares of any class to the number that will be sufficient, when added to the previously authorized but unissued shares of the class, to satisfy the conversion privileges of any bonds or shares convertible into shares of the class.

History: Add. 2014, Act 557, Imd. Eff. Jan. 15, 2015