

WAC 460-16A-045 Protective provisions for preferred shares. The charter documents of a corporation proposing to issue preferred shares which are nonparticipating and nonconvertible should normally provide reasonable protective provisions for the preferred shareholders, including where appropriate:

(1) A provision that the dividends on such shares shall be cumulative;

(2) A provision prohibiting any dividends on common stock during the existence of any arrears on the preferred shares;

(3) An appropriate requirement for the approval by the vote or written consent of a specified percentage of the preferred shares of any substantial sale of assets or any adverse change in the rights of such shares and of the issuance of any shares having priority over such preferred shares; and

(4) Appropriate dividend restrictions on the common stock.

[Order 304, § 460-16A-045, filed 2/28/75, effective 4/1/75. Formerly chapter 460-16 WAC.]