§ 5016. Convertible shares, capital notes and debentures. 1. When so provided in the organization certificate, and subject to the restrictions in subdivision four of this section, a bank, trust company, stock-form savings bank, or stock-form savings and loan association may issue preferred shares convertible, at the option of the holder only, into common shares of any class. Authorized shares, whether issued or unissued, may be made so convertible within such period and upon such terms and conditions as are stated in the organization certificate.

2. Unless otherwise provided in the organization certificate, and subject to subdivision four of section ninety-six and subdivision five-b of section two hundred thirty-four of this chapter, and to the restrictions in subdivision four of this section, a bank, trust company, stock-form savings bank, or stock-form savings and loan association may issue its capital notes or debentures convertible into shares of the corporation within such period and upon such terms and conditions as are fixed by the board.

3. If there is stockholder approval for the issue of capital notes, debentures or shares convertible into shares of the corporation, such approval may provide that the board is authorized by certificate of amendment under section eight thousand five to increase the authorized shares of any class or series to such number as will be sufficient, when added to the previously authorized but unissued shares of such class or series, to satisfy the conversion privileges of any such capital notes, debentures or shares convertible into shares of such class or series.

4. No issue of capital notes, debentures or shares convertible into shares of the corporation shall be made unless:

(a) A sufficient number of authorized but unissued shares of the appropriate class or series are reserved by the board to be issued only in satisfaction of the conversion privileges of such convertible capital notes, debentures or shares when issued; or

(b) The aggregate conversion privileges of such convertible capital notes, debentures or shares when issued do not exceed the aggregate of any shares reserved under paragraph (a) and any additional shares which may be authorized by the board under subdivision three of this section.

5. No privilege of conversion may be conferred upon, or altered in respect to, any shares or capital notes or debentures that would result in the receipt by the corporation of less than the minimum consideration required to be received upon the issue of new shares. The consideration for shares issued upon the exercise of a conversion privilege shall be that provided in subdivision six of section five thousand four.

6. Within ninety days after any capital notes or debentures are converted into shares of the corporation, a certificate of the corporation shall be signed, verified and filed as provided in section one thousand three stating the amount of capital notes or debentures so converted, the number of shares of each class or series into which the same were converted, and such other information with respect thereto as the superintendent may require.