

272A.6-030 Transferability of member's interest.

- (1) The provisions of this chapter relating to the transferability of a member's interest are subject to the Uniform Commercial Code as enacted in the Commonwealth of Kentucky in KRS Chapter 355.
- (2) Unless the organic rules otherwise provide, a member's interest other than financial rights is not transferable.
- (3) Unless a transfer is restricted or prohibited by the organic rules, a member may transfer the member's financial rights in the limited cooperative association.
- (4) The terms of any restriction on transferability of financial rights shall be:
 - (a) Set forth in the organic rules and the member records of the association; and
 - (b) Conspicuously noted on any certificates evidencing a member's interest.
- (5) A transferee of a member's financial rights, to the extent the rights are transferred, has the right to share in the allocation of profits or losses and to receive the distributions to the member transferring the interest to the same extent as the transferring member. A transferee of a member's financial rights does not become a member upon transfer of the financial rights unless the transferee is admitted as a member by the limited cooperative association and has no governance rights in the association.
- (6) Except as provided in the organic rules, a member who has conveyed all of the member's financial rights shall remain a member.
- (7) A limited cooperative association need not give effect to a transfer under this section until the association has notice of the transfer.
- (8) A transfer of a member's financial rights in violation of a restriction on transfer contained in the organic rules is ineffective as to a person having notice of the restriction at the time of transfer.

Effective: July 12, 2012

History: Created 2012 Ky. Acts ch. 160, sec. 47, effective July 12, 2012.