

Cherokee Nation Code Annotated

Title 18: Corporations

Chapter 1: Cherokee Nation General Corporation Act

Article 7: Stock Transfers

§ 55. Restriction on transfer of securities

Cite as: 18 CNCA § 55

A. A written restriction on the transfer or registration of transfer of a security of a corporation, if permitted by this section and noted conspicuously on the certificate representing the security or, in the case of uncertificated shares, contained in the notice sent pursuant to the provisions of 18 CNCA § 32(F), may be enforced against the holder of the restricted security or any successor or transferee of the holder including an executor, administrator, trustee, guardian or other fiduciary entrusted with like responsibility for the person or estate of the holder. Unless noted conspicuously on the certificate representing the security or, in the case of uncertificated shares, contained in the notice sent pursuant to the provisions of 18 CNCA § 32(F), a restriction, even though permitted by this section, is ineffective except against a person with actual knowledge of the restriction.

B. A restriction on the transfer or registration of transfer of securities of a corporation may be imposed either by the certificate of incorporation or by the bylaws or by an agreement among any number of security holders or among such holders and the corporation. No restriction so imposed shall be binding with respect to securities issued prior to the adoption of the restriction unless the holders of the securities are parties to an agreement or voted in favor of the restriction.

C. A restriction on the transfer of securities of a corporation is permitted by the provisions of this section if it:

1. obligates the holder of the restricted securities to offer to the corporation or to any other holders of securities of the corporation or to any other person or to any combination of the foregoing, a prior opportunity, to be exercised within a reasonable time, to acquire the restricted securities; or
2. obligates the corporation or any holder of securities of the corporation or any other person or any combination of the foregoing, to purchase the securities which are the subject of an agreement respecting the purchase and sale of the restricted securities; or
3. requires the corporation or the holders of any class of securities of the corporation to consent to any proposed transfer of the restricted securities or to approve the proposed transferee of the restricted securities; or

4. prohibits the transfer of the restricted securities to designated persons or classes of persons, and such designation is not manifestly unreasonable.

D. Any restriction on the transfer of the shares of a corporation for the purpose of maintaining its status as an electing small business corporation under Subchapter S of the United States Internal Revenue Code¹ or of maintaining any other tax advantage to the corporation is conclusively presumed to be for a reasonable purpose.

E. Any other lawful restriction on transfer or registration of transfer of securities is permitted by the provisions of this section.

Historical Data

LA 16–96, eff. July 15, 1996.

¹ 26 U.S.C. § 1361 et seq.