

302A.429 RESTRICTION ON TRANSFER OR REGISTRATION OF SECURITIES.

Subdivision 1. **How imposed.** A restriction on the transfer or registration of transfer of securities of a corporation may be imposed in the articles, in the bylaws, by a resolution adopted by the shareholders, or by an agreement among or other written action by a number of shareholders or holders of other securities or among them and the corporation. A restriction is not binding with respect to securities issued prior to the adoption of the restriction, unless the holders of those securities are parties to the agreement or voted in favor of the restriction.

Subd. 2. **Restrictions permitted.** A written restriction on the transfer or registration of transfer of securities of a corporation that is not manifestly unreasonable under the circumstances and is either: (1) noted conspicuously on the face or back of the certificate; or (2) included in information sent to the holders of uncertificated shares in accordance with section 302A.417, subdivision 7, may be enforced against the holder of the restricted securities or a successor or transferee of the holder, including a pledgee or a legal representative. Unless noted conspicuously on the face or back of the certificate or included in information sent to the holders of uncertificated shares in accordance with section 302A.417, subdivision 7, a restriction, even though permitted by this section, is ineffective against a person without knowledge of the restriction. A restriction under this section is deemed to be noted conspicuously and is effective if the existence of the restriction is stated on the certificate and reference is made to a separate document creating or describing the restriction.

History: 1981 c 270 s 64; 1997 c 10 art 1 s 18