

### **355.8-102 Definitions.**

- (1) In this article:
  - (a) "Adverse claim" means a claim that a claimant has a property interest in a financial asset and that it is a violation of the rights of the claimant for another person to hold, transfer, or deal with the financial asset;
  - (b) "Bearer form," as applied to a certificated security, means a form in which the security is payable to the bearer of the security certificate according to its terms but not by reason of an indorsement;
  - (c) "Broker" means a person defined as a broker or dealer under the federal securities laws, but without excluding a bank acting in that capacity;
  - (d) "Certificated security" means a security that is represented by a certificate;
  - (e) "Clearing corporation" means:
    1. A person that is registered as a "clearing agency" under the federal securities laws;
    2. A federal reserve bank; or
    3. Any other person that provides clearance or settlement services with respect to financial assets that would require it to register as a clearing agency under the federal securities laws but for an exclusion or exemption from the registration requirement, if its activities as a clearing corporation, including promulgation of rules, are subject to regulation by a federal or state governmental authority;
  - (f) "Communicate" means to:
    1. Send a signed writing; or
    2. Transmit information by any mechanism agreed upon by the persons transmitting and receiving the information;
  - (g) "Entitlement holder" means a person identified in the records of a securities intermediary as the person having a security entitlement against the securities intermediary. If a person acquires a security entitlement by virtue of KRS 355.8-501(2)(b) or (c), that person is the entitlement holder;
  - (h) "Entitlement order" means a notification communicated to a securities intermediary directing transfer or redemption of a financial asset to which the entitlement holder has a security entitlement;
  - (i) "Financial asset," except as otherwise provided in KRS 355.8-103, means:
    1. A security;
    2. An obligation of a person or a share, participation, or other interest in a person or in property or an enterprise of a person, which is, or is of a type, dealt in or traded on financial markets, or which is recognized in any area in which it is issued or dealt in as a medium for investment; or
    3. Any property that is held by a securities intermediary for another person in a securities account if the securities intermediary has expressly agreed

with the other person that the property is to be treated as a financial asset under this article.

As context requires, the term means either the interest itself or the means by which a person's claim to it is evidenced, including a certificated or uncertificated security, a security certificate, or a security entitlement;

- (j) (Reserved)
- (k) "Indorsement" means a signature that alone or accompanied by other words is made on a security certificate in registered form or on a separate document for the purpose of assigning, transferring, or redeeming the security or granting a power to assign, transfer, or redeem it;
- (l) "Instruction" means a notification communicated to the issuer of an uncertificated security which directs that the transfer of the security be registered or that the security be redeemed;
- (m) "Registered form," as applied to a certificated security, means a form in which:
  - 1. The security certificate specifies a person entitled to the security; and
  - 2. A transfer of the security may be registered upon books maintained for that purpose by or on behalf of the issuer, or the security certificate so states;
- (n) "Securities intermediary" means:
  - 1. A clearing corporation; or
  - 2. A person, including a bank or broker, that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity;
- (o) "Security," except as otherwise provided in KRS 355.8-103, means an obligation of an issuer or a share, participation, or other interest in an issuer or in property or an enterprise of an issuer:
  - 1. Which is represented by a security certificate in bearer or registered form, or the transfer of which may be registered upon books maintained for that purpose by or on behalf of the issuer;
  - 2. Which is one of a class or series or by its terms is divisible into a class or series of shares, participations, interests, or obligations; and
  - 3. Which:
    - a. Is, or is of a type, dealt in or traded on securities exchanges or securities markets; or
    - b. Is a medium for investment and by its terms expressly provides that it is a security governed by this article;
- (p) "Security certificate" means a certificate representing a security;
- (q) "Security entitlement" means the rights and property interest of an entitlement holder with respect to a financial asset specified in Part 5 of this article; and

- (r) "Uncertificated security" means a security that is not represented by a certificate.
- (2) Other definitions applying to this article and the sections in which they appear are:
  - (a) "Appropriate person." KRS 355.8-107;
  - (b) "Control." KRS 355.8-106;
  - (c) "Delivery." KRS 355.8-301;
  - (d) "Investment company security." KRS 355.8-103;
  - (e) "Issuer." KRS 355.8-201;
  - (f) "Overissue." KRS 355.8-210;
  - (g) "Protected purchaser." KRS 355.8-303; and
  - (h) "Securities account." KRS 355.8-501.
- (3) In addition, Article 1 of this chapter contains general definitions and principles of construction and interpretation applicable throughout this article.
- (4) The characterization of a person, business, or transaction for purposes of this article does not determine the characterization of the person, business, or transaction for purposes of any other law, regulation, or rule.

**Effective:** July 12, 2006

**History:** Amended 2006 Ky. Acts ch. 242, sec. 56, effective July 12, 2006. -- Repealed and reenacted 1996 Ky. Acts ch. 130, sec. 115, effective January 1, 1997. -- Amended 1986 Ky. Acts ch. 118, sec. 10, effective July 1, 1987. -- Amended 1972 Ky. Acts ch. 314, sec. 1 -- Amended 1964 Ky. Acts ch. 130, sec. 15, effective July 1, 1964. -- Created 1958 Ky. Acts ch. 77, sec. 8-102.