

355.3-104 Negotiable instrument. (Effective January 1, 2025)

- (1) Except as provided in subsections (3) and (4) of this section, "negotiable instrument" means an unconditional promise or order to pay a fixed amount of money, with or without interest or other charges described in the promise or order, if it:
 - (a) Is payable to bearer or to order at the time it is issued or first comes into possession of a holder;
 - (b) Is payable on demand or at a definite time; and
 - (c) Does not state any other undertaking or instruction by the person promising or ordering payment to do any act in addition to the payment of money, but the promise or order may contain:
 1. An undertaking or power to give, maintain, or protect collateral to secure payment;
 2. An authorization or power to the holder to confess judgment or realize on or dispose of collateral;
 3. A waiver of the benefit of any law intended for the advantage or protection of an obligor;
 4. A term that specifies the law that governs the promise or order; or
 5. An undertaking to resolve in a specified forum a dispute concerning the promise or order.
- (2) "Instrument" means a negotiable instrument.
- (3) An order that meets all of the requirements of subsection (1) of this section, except paragraph (a) of that subsection, and otherwise falls within the definition of "check" in subsection (6) of this section is a negotiable instrument and a check.
- (4) A promise or order other than a check is not an instrument if, at the time it is issued or first comes into possession of a holder, it contains a conspicuous statement, however expressed, to the effect that the promise or order is not negotiable or is not an instrument governed by this article.
- (5)
 - (a) An instrument is a "note" if it is a promise and is a "draft" if it is an order.
 - (b) If an instrument falls within the definition of both "note" and "draft," a person entitled to enforce the instrument may treat it as either.
- (6)
 - (a) "Check" means:
 1. A draft, other than a documentary draft, payable on demand and drawn on a bank; or
 2. A cashier's check or teller's check.
 - (b) An instrument may be a check even though it is described on its face by another term, such as "money order."
- (7) "Cashier's check" means a draft with respect to which the drawer and drawee are the same bank or branches of the same bank.
- (8) "Teller's check" means a draft drawn by a bank:
 - (a) On another bank; or

- (b) Payable at or through a bank.
- (9) "Traveler's check" means an instrument that:
 - (a) Is payable on demand;
 - (b) Is drawn on or payable at or through a bank;
 - (c) Is designated by the term "traveler's check" or by a substantially similar term;
and
 - (d) Requires, as a condition to payment, a countersignature by a person whose specimen signature appears on the instrument.
- (10) (a) "Certificate of deposit" means an instrument containing an acknowledgment by a bank that a sum of money has been received by the bank and a promise by the bank to repay the sum of money.
- (b) A certificate of deposit is a note of the bank.

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History: Amended 2024 Ky. Acts ch. 10, sec. 20, effective January 1, 2025. --
Repealed and reenacted 1996 Ky. Acts ch. 130, sec. 4, effective January 1, 1997. --
Created 1958 Ky. Acts ch. 77, sec. 3-104, effective July 1, 1960.