RELATED PARTY TRANSFER INSTRUCTIONS
SOUTH DAKOTA SOYBEAN PROCESSORS, LLC

All transfers of capital units of South Dakota Soybean Processors, LLC (“SDSP”) among related parties must be conducted in accordance with these Related Party Transfer Instructions, SDSP’s Capital Units Transfer System and SDSP’s Operating Agreement, as they may be amended from time to time, and such other policies and procedures as SDSP’s Board of Managers may adopt from time to time.

Related parties may transfer capital units amongst themselves only if the transfer qualifies as a “private transfer” under the Treasury Regulations set forth at 26 CFR § 1.7704-1(e), and if the transfer qualifies with these Related Party Transfer Instructions. All other transfers must be made through the Trading System that will be operated by a third-party broker-dealer.

1. Permitted Related Party Transfers. Only the following transfers qualify as “private transfers” and may be completed pursuant to these instructions:

a. Transfers in which the basis of the capital units in the hands of the transferee is determined, in whole or in part by reference to the capital units' basis in the hands of the transferor (i.e., gifts, some transfers to business entities);

b. Transfers at death, including transfers from an estate or testamentary trust;

c. Transfers between members of a family (as defined in Section 267(c)(4) of the Code). “Members of a family” means a person’s brothers and sisters (whether by whole or half blood), spouse, ancestors and lineal descendants;

d. Transfers involving distributions from a retirement plan qualified under Section 401(a) of the Code or an individual retirement account; or

e. “Block” transfers, meaning the transfer by a person and any related person (within the meaning of Section 267(b) or 707(b)(1) of the Code) in one or more transactions during any 30 calendar day period of capital units representing in the aggregate more than 2% of SDSP’s issued and outstanding capital units.

2. Transfer Procedures. All private transfers shall be completed in accordance with the following procedures:

a. The holder of capital units must complete and submit to the Board of Managers:

   i. a completed Request To Transfer Form;

   ii. the transferor’s capital units certificate (or an affidavit of lost certificate if the certificate has been lost, stolen or destroyed);

   iii. a member administrative fee of $200.00 for each transferee that is not already a member;

   iv. an executed counterpart signature page to SDSP’s Operating Agreement for each transferee that is not already a member;
v. copies of all relevant documents that the Board of Managers may request to determine if the transfer qualifies as a private transfer; and

vi. if the capital units have been pledged as collateral security for a loan or other obligation, the lender must confirm in writing the lender's consent to transfer the capital units.

b. The Board of Managers will determine whether the transfer qualifies as a private transfer and complies with all the other requirements of these Related Party Transfer Instructions, the Capital Units Transfer System, the Operating Agreement, and other policies and procedures of SDSP.

c. If the transfer qualifies as a private transfer, the Board of Managers will do or direct its transfer agent to do the following:

   i. cancel the transferor's capital units certificate;

   ii. issue and deliver to each transferee a new capital units certificate; and

   iii. Issue and deliver to the transferor a new capital units certificate, if the transferor retained capital units.

d. If the transfer does not qualify as a private transfer, or comply with the other requirements of the these Related Party Transfer Instructions, the Capital Units Transfer System, the Operating Agreement, and other policies and procedures of SDSP, the Board of Managers will notify the transferor that the transfer does not qualify and return to the transferor the documents identified in subsection (a) above [Options: but not the administrative fee; or including the administrative fee.].