



LAWS OF ALASKA

1990

Source

SB 88

Chapter No.

49

AN ACT

Relating to investment securities under the Uniform Commercial Code.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

THE ACT FOLLOWS ON PAGE 1, LINE 9

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.

Approved by the Governor: May 15, 1990
Actual Effective Date: August 13, 1990

AN ACT

Relating to investment securities under the Uniform Commercial Code.

* Section 1. AS 45.01.201(5) is amended to read:

(5) "bearer" means the person in possession of an instrument, document of title, or certificated security payable to bearer or endorsed in blank;

* Sec. 2. AS 45.01.201(14) is amended to read:

(14) "delivery" with respect to instruments, documents of title, chattel paper, or certificated securities means voluntary transfer of possession;

* Sec. 3. AS 45.01.201(20) is amended to read:

(20) "holder" means a person who is in possession of a document of title or an instrument or a certificated [AN] investment security drawn, issued, or endorsed to the person or to the order of the person or to bearer or in blank;

* Sec. 4. AS 45.05.114(b) is amended to read:

(b) Unless otherwise agreed, if documents appear on their face to comply with the terms of a credit but a required document does not in fact conform to the warranties made on negotiation or transfer of a document of title (AS 45.07.507) or of a certificated security (AS 45.08.306) or is forged or fraudulent or there is fraud in the transaction;

(1) the issuer must honor the draft or demand for payment

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1 if honor is demanded by a negotiating bank or other holder of the
2 draft or demand which has taken the draft or demand under the credit
3 and under circumstances which would make it a holder in due course
4 (AS 45.03.302) and in an appropriate case would make it a person to
5 whom a document of title has been duly negotiated (AS 45.07.502) or a
6 bona fide purchaser of a certificated security (AS 45.08.302); and

7 (2) in all other cases as against its customer, an issuer
8 acting in good faith may honor the draft or demand for payment despite
9 notification from the customer of fraud, forgery, or other defect not
10 apparent on the face of the documents, but a court of appropriate
11 jurisdiction may enjoin this honor.

12 * Sec. 5. AS 45.08.102 is repealed and reenacted to read:

13 Sec. 45.08.102. DEFINITIONS AND INDEX OF DEFINITIONS. (a) In
14 this chapter, unless the context otherwise requires,

15 (1) a "certificated security" is a share, participation, or
16 other interest in property of or an enterprise of the issuer or an
17 obligation of the issuer which is

18 (A) represented by an instrument issued in bearer or
19 registered form;

20 (B) of a type commonly dealt in on securities ex-
21 changes or markets or commonly recognized in any area in which it
22 is issued or dealt in as a medium for investment; and

23 (C) either one of a class or series or by its terms
24 divisible into a class or series of shares, participations,
25 interests, or obligations;

26 (2) an "uncertificated security" is a share, participation,
27 or other interest in property or an enterprise of the issuer or an
28 obligation of the issuer which is

29 (A) not represented by an instrument and the transfer

1 of which is registered upon books maintained for that purpose by
2 or on behalf of the issuer;

3 (B) of a type commonly dealt in on securities ex-
4 changes or markets; and

5 (C) either one of a class or series or by its terms
6 divisible into a class or series of shares, participations,
7 interests, or obligations;

8 (3) a "security" is either a certificated or an uncertif-
9 icated security; if a security is certificated, the terms "security"
0 and "certificated security" may mean either the intangible interest,
1 the instrument representing that interest, or both, as the context
2 requires; a writing that is a certificated security is governed by
3 this chapter and not by AS 45.03 on commercial paper, even though it
4 also meets the requirements of that chapter; this chapter does not
5 apply to money; if a certificated security has been retained by or
6 surrendered to the issuer or its transfer agent for reasons other than
7 registration of transfer, other temporary purpose, payment, exchange,
8 or acquisition by the issuer, that security shall be treated as an
9 uncertificated security for purposes of this chapter;

0 (4) a certificated security is in "registered form" if

1 (A) it specifies a person entitled to the security or
2 the rights it represents; and

3 (B) its transfer may be registered upon books main-
4 tained for that purpose by or on behalf of the issuer, or the
5 security so states;

6 (5) a certificated security is in "bearer form" if it runs
7 to bearer according to its terms and not by reason of any endorsement.

8 (b) A "subsequent purchaser" is a person who takes other than by
9 original issue.

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1 (c) A "clearing corporation" is a corporation registered as a
2 "clearing agency" under the federal securities laws or a corporation

3 (1) at least 90 percent of whose capital stock is held by
4 or for one or more organizations, none of which, other than a national
5 securities exchange or association, holds in excess of 20 percent of
6 the capital stock of the corporation, and each of which is

7 (A) subject to supervision or regulation under the
8 federal or state banking laws or state insurance laws;

9 (B) a broker or dealer or investment company regis-
10 tered under the federal securities laws; or

11 (C) a national securities exchange or association
12 registered under the federal securities laws; and

13 (2) any remaining capital stock of which is held by indi-
14 viduals who have purchased it at or before the time of their taking
15 office as directors of the corporation and who have purchased only so
16 much of the capital stock as is necessary to permit them to qualify as
17 directors.

18 (d) A "custodian bank" is a bank or trust company that is su-
19 pervised and examined by state or federal authority having supervision
20 over banks and is acting as custodian for a clearing corporation.

21 (e) Other definitions apply to this chapter or to specific
22 sections, and the sections in which they appear are:

23 (1) "adverse claim" (AS 45.08.302)

24 (2) "bona fide purchaser" (AS 45.08.302)

25 (3) "broker" (AS 45.08.303)

26 (4) "debtor" (AS 45.09.105)

27 (5) "financial intermediary" (AS 45.08.313)

28 (6) "guarantee of the signature" (AS 45.08.402)

29 (7) "initial transaction statement" (AS 45.08.408)

- (8) "instruction" (AS 45.08.308)
- (9) "intermediary bank" (AS 45.04.105)
- (10) "issuer" (AS 45.08.201)
- (11) "overissue" (AS 45.08.104)
- (12) "secured party" (AS 45.09.105)
- (13) "security agreement" (AS 45.09.105)

(f) In addition, AS 45.01 contains general definitions and principles of construction and interpretation applicable throughout this chapter.

* Sec. 6. AS 45.08.103 is amended to read:

Sec. 45.08.103. ISSUER'S LIEN. A lien upon a security in favor of an issuer of the security is valid against a purchaser only if

(1) the security is certificated and the right of the issuer to the lien is noted conspicuously on the certificate; or

(2) the security is uncertificated and a notation of the right of the issuer to the lien is contained in the initial transaction statement sent to the purchaser or, if the purchaser's interest is transferred to the purchaser other than by registration of transfer, pledge, or release, the initial transaction statement sent to the registered owner or the registered pledgee.

* Sec. 7. AS 45.08.104(a) is amended to read:

(a) The provisions of this chapter that validate a security or compel its issue or reissue do not apply to the extent that validation, issue, or reissue would result in overissue; but if

(1) [IF] an identical security which does not constitute an overissue is reasonably available for purchase, the person entitled to issue or validation may compel the issuer to purchase [AND DELIVER] the security for [TO] the person and either to deliver a certificated security or to register the transfer of an uncertificated security to

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1 the person, against surrender of any certificated [THE] security [, IF
2 ANY, WHICH] the person holds; or

3 (2) [IF] a security is not so available for purchase, the
4 person entitled to issue or validation may recover from the issuer the
5 price the person or the last purchaser for value paid for it with
6 interest from the date of the demand.

7 * Sec. 8. AS 45.08.105 is amended to read:

8 Sec. 45.08.105. CERTIFICATED SECURITIES NEGOTIABLE; STATEMENTS
9 AND INSTRUCTIONS NOT NEGOTIABLE; PRESUMPTIONS. (a) Certificated
10 securities [SECURITIES] governed by this chapter are negotiable in-
11 struments.

12 (b) Statements (AS 45.08.408), notices, or the like, sent by the
13 issuer of uncertificated securities and instructions (AS 45.08.308)
14 are neither negotiable instruments nor certificated securities.

15 (c) In an action on a security

16 (1) unless specifically denied in the pleadings, each
17 signature on a certificated [THE] security, [OR] in a necessary en-
18 dorsement, on an initial transaction statement, or on an instruction,
19 is admitted;

20 (2) if the effectiveness of a signature is put in issue,
21 the burden of establishing it is on the party claiming under the
22 signature, but the signature is presumed to be genuine or authorized;

23 (3) if signatures on a certificated security are admitted
24 or established, production of the security [INSTRUMENT] entitles a
25 holder to recover on it unless the defendant establishes a defense or
26 a defect going to the validity of the security; [AND]

27 (4) if signatures on an initial transaction statement are
28 admitted or established, the facts stated in the statement are pre-
29 sumed to be true as of the time of its issuance; and

(5) after it is shown that a defense or defect exists, the plaintiff has the burden of establishing that the plaintiff or some person under whom the plaintiff claims is a person against whom the defense or defect is ineffective (AS 45.08.202).

* Sec. 9. AS 45.08.106 is amended to read:

Sec. 45.08.106. APPLICABILITY. The law (including the conflict of laws rules) of the jurisdiction of organization of the issuer governs the validity of a security, the effectiveness of registration by that issuer, and the rights and duties of the issuer with respect to

(1) registration of transfer of a certificated security;

(2) registration of transfer, pledge, or release of an uncertificated security; and

(3) sending of statements of uncertificated securities [ARE GOVERNED BY THE LAW (INCLUDING THE CONFLICT OF LAWS RULES) OF THE JURISDICTION OF ORGANIZATION OF THE ISSUER].

* Sec. 10. AS 45.08.107 is amended to read:

Sec. 45.08.107. SECURITIES TRANSFERABLE [DELIVERABLE]; ACTION FOR PRICE. (a) Unless otherwise agreed and subject to an applicable law or regulation respecting short sales, a person obligated to transfer [DELIVER] securities may transfer [DELIVER] a certificated security of the specified issue in bearer form or registered in the name of the transferee, or endorsed to the transferee or in blank, or the obligated person may transfer an equivalent uncertificated security to the transferee or a person designated by the transferee.

(b) If the buyer fails to pay the price as it comes due under a contract of sale, the seller may recover the price of

(1) certificated [OF] securities accepted by the buyer;
[AND]

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1 (2) uncertificated securities that have been transferred to
2 the buyer or a person designated by the buyer; and

3 (3) [OF] other securities if efforts at their resale would
4 be unduly burdensome or if there is no readily available market for
5 their resale.

6 * Sec. 11. AS 45.08 is amended by adding a new section to read:

7 Sec. 45.08.108. REGISTRATION OF PLEDGE AND RELEASE OF UNCERTIF-
8 ICATED SECURITIES. A security interest in an uncertificated security
9 may be evidenced by the registration of pledge to the secured party or
10 a person designated by the secured party. There can be no more than
11 one registered pledge of an uncertificated security at any time. The
12 registered owner of an uncertificated security is the person in whose
13 name the security is registered, even if the security is subject to a
14 registered pledge. The rights of a registered pledgee of an uncertifi-
15 cated security under this chapter are terminated by the registration
16 of release.

17 * Sec. 12. AS 45.08.201 is amended to read:

18 Sec. 45.08.201. "ISSUER." (a) With respect to obligations on
19 or defenses to a security, "issuer" includes a person who

20 (1) places or authorizes the placing of the person's name
21 on a certificated security (otherwise than as authenticating trustee,
22 registrar, transfer agent, or the like) to evidence that it represents
23 a share, participation, or other interest in the person's property or
24 in an enterprise, or to evidence the person's duty to perform an
25 obligation represented [EVIDENCED] by the certificated security;

26 (2) creates shares, participations, or other interests in
27 that person's property or in an enterprise or undertakes obligations,
28 which shares, participations, interests, or obligations are uncertifi-
29 icated securities;

(3) directly or indirectly creates fractional interests in the person's rights or property, which fractional interests are represented [EVIDENCED] by certificated securities; or

(4) [(3)] becomes responsible for or in place of another person described as an issuer in this section.

(b) With respect to obligations on or defenses to a security, a guarantor is an issuer to the extent of the guaranty, whether or not the person's obligation is noted on a certificated [THE] security or on statements of uncertificated securities sent under AS 45.08.408.

(c) With respect to registration of transfer, pledge, or release (AS 45.08.401 - 45.08.406), "issuer" means a person on whose behalf transfer books are maintained.

* Sec. 13. AS 45.08.202 is amended to read:

Sec. 45.08.202. ISSUER'S RESPONSIBILITY AND DEFENSES; NOTICE OF DEFECT OR DEFENSE. (a) Even against a purchaser for value and without notice, the terms of a security include

(1) if the security is certificated, those stated on the security;

(2) if the security is uncertificated, those contained in the initial transaction statement sent to the purchaser, or if the purchaser's interest is transferred to the purchaser other than by registration of transfer, pledge, or release, the initial transaction statement sent to the registered owner or registered pledgee; and

(3) those made part of the security by reference, on the certificated security or in the initial transaction statement, to another instrument, indenture, or document or to a constitution, statute, ordinance, rule, regulation, order, or the like, to the extent that the terms [SO] referred to do not conflict with the [STAT-ED] terms stated on the certificated security or contained in the

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1 statement; [. SUCH] a reference under this paragraph does not of
2 itself charge a purchaser for value with notice of a defect going to
3 the validity of the security, even though the certificated security
4 expressly states that a person accepting it admits [THIS] notice.

5 (b) A certificated security in the hands of a purchaser for
6 value or an uncertificated security as to which an initial transaction
7 statement has been sent to a purchaser for value, other than a securi-
8 ty [ONE] issued by a government or governmental agency or unit, even
9 though issued with a defect going to its validity, is valid with
10 respect to the [IN THE HANDS OF A] purchaser if the purchaser is [FOR
11 VALUE AND] without notice of the particular defect unless the defect
12 involves a violation of constitutional provisions, in which case the
13 security is valid with respect to [IN THE HANDS OF] a subsequent
14 purchaser for value and without notice of the defect. This subsection
15 [(c) THE RULE OF (b) OF THIS SECTION] applies to an issuer that
16 [WHICH] is a government or governmental agency or unit only if either
17 there has been substantial compliance with the legal requirements
18 governing the issue or the issuer has received a substantial consid-
19 eration for the issue as a whole or for the particular security and a
20 stated purpose of the issue is one for which the issuer has power to
21 borrow money or issue the security.

22 (c) [(d)] Except as [OTHERWISE] provided in the case of certain
23 unauthorized signatures [ON ISSUE] (AS 45.08.205), lack of genuineness
24 of a certificated security or an initial transaction statement is a
25 complete defense, even against a purchaser for value and without
26 notice.

27 (d) [(e)] All other defenses of the issuer of a certificated or
28 uncertificated security, including nondelivery and conditional deliv-
29 ery of a certificated [THE] security, are ineffective against a

purchaser for value who has taken without notice of the particular defense.

(e) [(f)] Nothing in this section affects [MAY BE CONSTRUED TO AFFECT] the right of a party to a "when, as, and if issued" or a "when distributed" contract to cancel the contract in the event of a material change in the character of the security that [WHICH] is the subject of the contract or in the plan or arrangement under which the security is to be issued or distributed.

* Sec. 14. AS 45.08.203 is amended to read:

Sec. 45.08.203. STALENESS AS NOTICE OF DEFECTS OR DEFENSES. (a) After an act or event creating [WHICH CREATES] a right to immediate performance of the principal obligation represented [EVIDENCED] by a certificated [THE] security or that [WHICH] sets a date on or after which the security is to be presented or surrendered for redemption or exchange, a purchaser is charged with notice of any defect in the issue or defense of the issuer if

(1) [IF] the act or event is one requiring the payment of money, [OR] the delivery of certificated securities, the registration of transfer of uncertificated securities, or any of these [BOTH] on presentation or surrender of the certificated security, [AND] the funds or securities are available on the date set for payment or exchange, and the purchaser takes the security more than one year after that date; and

(2) [IF] the act or event is not covered by (1) of this subsection and the purchaser takes the security more than two years after the date set for surrender or presentation or the date on which [THE] performance became due.

(b) A call that [WHICH] has been revoked is not within (a) of this section.

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* Sec. 15. AS 45.08.204 is amended to read:

Sec. 45.08.204. EFFECT OF ISSUER'S RESTRICTIONS ON TRANSFER. A [UNLESS NOTED CONSPICUOUSLY ON THE SECURITY, A] restriction on transfer of a security imposed by the issuer, even though otherwise lawful, is ineffective [EXCEPT] against a person without [WITH] actual knowledge of it unless

(1) the security is certificated and the restriction is noted conspicuously on the certificate; or

(2) the security is uncertificated and a notation of the restriction is contained in the initial transaction statement sent to the person or, if that person's interest is transferred to that person other than by registration of transfer, pledge, or release, the initial transaction statement sent to the registered owner or the registered pledgee.

* Sec. 16. AS 45.08.205 is amended to read:

Sec. 45.08.205. EFFECT OF UNAUTHORIZED SIGNATURE ON CERTIFICATED SECURITY OR INITIAL TRANSACTION STATEMENT [ISSUE]. An unauthorized signature placed on a certificated security before or in the course of issue or placed on an initial transaction statement is ineffective, but [EXCEPT THAT] the signature is effective in favor of a purchaser for value of the certificated security or a purchaser for value of an uncertificated security to whom the initial transaction statement has been sent, if the purchaser is [AND] without notice of the lack of authority and [IF] the signing has been done by

(1) an authenticating trustee, registrar, transfer agent, or other person entrusted by the issuer with the signing of the security, [OR] of similar securities, or of initial transaction statements or the [THEIR] immediate preparation for signing of any of them; or

(2) an employee of the issuer, or of any of the foregoing,

entrusted with responsible handling of the security or initial transaction statement.

* Sec. 17. AS 45.08.206 is amended to read:

Sec. 45.08.206. COMPLETION OR ALTERATION OF CERTIFICATED SECURITY OR INITIAL TRANSACTION STATEMENT [INSTRUMENT]. (a) If a certificated security contains the signatures necessary to its issue or transfer but is incomplete in another respect,

(1) a person may complete it by filling in the blanks as authorized; and

(2) even though the blanks are incorrectly filled in, the security as completed is enforceable by a purchaser who takes it for value and without notice of the [SUCH] incorrectness.

(b) A complete certificated security that [WHICH] has been improperly altered, even though fraudulently, remains enforceable, but only according to its original terms.

* Sec. 18. AS 45.08.206 is amended by adding new subsections to read:

(c) If an initial transaction statement contains the signatures necessary to its validity, but is incomplete in any other respect,

(1) a person may complete it by filling in the blanks as authorized; and

(2) even though the blanks are incorrectly filled in, the statement as completed is effective in favor of the person to whom it is sent if that person purchased the security referred to in the statement for value and without notice of the incorrectness.

(d) A complete initial transaction statement that has been improperly altered, even though fraudulently, is effective in favor of a purchaser to whom it has been sent, but only according to its original terms.

* Sec. 19. AS 45.08.207 is amended to read:

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1 Sec. 45.08.207. RIGHTS AND DUTIES OF ISSUER WITH RESPECT TO
2 REGISTERED OWNERS AND REGISTERED PLEDGEEES. (a) Before due present-
3 ment for registration of transfer of a certificated security in regis-
4 tered form, the issuer or indenture trustee may treat the registered
5 owner as the person exclusively entitled to vote, to receive notifica-
6 tions, and otherwise to exercise all the rights and powers of an
7 owner.

8 (b) Subject to the provisions of (c), (d), and (f) of this
9 section, the issuer or indenture trustee may treat the registered
10 owner of an uncertificated security as the person exclusively entitled
11 to vote, to receive notifications, and otherwise to exercise all the
12 rights and powers of an owner.

13 (c) The registered owner of an uncertificated security that is
14 subject to a registered pledge is not entitled to registration of
15 transfer before the due presentment to the issuer of a release in-
16 struction. The exercise of conversion rights with respect to a con-
17 vertible uncertificated security is a transfer within the meaning of
18 this section.

19 (d) Upon due presentment of a transfer instruction from the
20 registered pledgee of an uncertificated security, the issuer shall:

21 (1) register the transfer of the security to the new owner
22 free of pledge, if the instruction specifies a new owner (who may be
23 the registered pledgee) and does not specify a pledgee;

24 (2) register the transfer of the security to the new owner
25 subject to the interest of the existing pledgee, if the instruction
26 specifies a new owner and the existing pledgee; or

27 (3) register the release of the security from the existing
28 pledge and register the pledge of the security to the other pledgee,
29 if the instruction specifies the existing owner and another pledgee.

(e) Continuity of perfection of a security interest is not broken by registration of transfer under (d)(2) of this section or by registration of release and pledge under (d)(3) of this section, if the security interest is assigned.

(f) If an uncertificated security is subject to a registered pledge,

(1) any uncertificated security issued in exchange for or distributed with respect to the pledged security shall be registered subject to the pledge;

(2) any certificated security issued in exchange for or distributed with respect to the pledged security shall be delivered to the registered pledgee; and

(3) any money paid in exchange for or in redemption of part or all of the security shall be paid to the registered pledgee.

(g) Nothing in this chapter affects [MAY BE CONSTRUED TO AFFECT] the liability of the registered owner of a security for calls, assessments, or the like.

* Sec. 20. AS 45.08.208(a) is amended to read:

(a) A person placing the person's signature upon a certificated security or an initial transaction statement as authenticating trustee, registrar, transfer agent, or the like, warrants to a purchaser for value of the certificated security or a purchaser for value of an uncertificated security to whom the initial transaction statement has been sent, if the purchaser is without notice of the particular defect, that

(1) the certificated security or initial transaction statement is genuine;

(2) the person's participation in the issue or registration of the transfer, pledge, or release of the security is within the

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1 person's capacity and within the scope of the authority [AUTHORIZA-
2 TION] received by the person from the issuer; and

3 (3) the person has reasonable grounds to believe that the
4 security is in the form and within the amount the issuer is authorized
5 to issue.

6 * Sec. 21. AS 45.08.301 is amended to read:

7 Sec. 45.08.301. RIGHTS ACQUIRED BY PURCHASER [; "ADVERSE CLAIM";
8 TITLE ACQUIRED BY BONA FIDE PURCHASER]. (a) Upon transfer [DELIVERY]
9 of a security to a purchaser (AS 45.08.313), the purchaser acquires
10 the rights in the security which the transferor had or had actual
11 authority to convey unless the purchaser's rights are limited by
12 AS 45.08.302(d).

13 (b) [EXCEPT THAT A PURCHASER WHO HAS BEEN A PARTY TO A FRAUD OR
14 ILLEGALITY AFFECTING THE SECURITY OR WHO AS A PRIOR HOLDER HAD NOTICE
15 OF AN ADVERSE CLAIM CANNOT IMPROVE THE PURCHASER'S POSITION BY TAKING
16 FROM A LATER BONA FIDE PURCHASER. "ADVERSE CLAIM" INCLUDES A CLAIM
17 THAT A TRANSFER WAS OR WOULD BE WRONGFUL OR THAT A PARTICULAR ADVERSE
18 PERSON IS THE OWNER OF OR HAS AN INTEREST IN THE SECURITY.

19 (b) A BONA FIDE PURCHASER, IN ADDITION TO ACQUIRING THE RIGHTS
20 OF A PURCHASER, ALSO ACQUIRES THE SECURITY FREE OF AN ADVERSE CLAIM.

21 (c) A transferee [PURCHASER] of a limited interest acquires
22 rights only to the extent of the interest transferred. The creation
23 or release of a security interest in a security is the transfer of a
24 limited interest in that security [PURCHASED].

25 * Sec. 22. AS 45.08.302 is amended to read:

26 Sec. 45.08.302. "BONA FIDE PURCHASER"; "ADVERSE CLAIM"; TITLE
27 ACQUIRED BY BONA FIDE PURCHASER. A "bona fide purchaser" is a pur-
28 chaser for value in good faith and without notice of an adverse claim

29 (1) who takes delivery of a certificated security in bearer

form or [OF ONE] in registered form, issued or endorsed to the purchaser or in blank;

(2) to whom the transfer, pledge, or release of an uncertificated security is registered on the books of the issuer; or

(3) to whom a security is transferred under the provisions of AS 45.08.313(a)(3), (4)(A), or (7).

* Sec. 23. AS 45.08.302 is amended by adding new subsections to read:

(b) "Adverse claim" includes a claim that a transfer was or would be wrongful or that a particular adverse person is the owner of or has an interest in the security.

(c) A bona fide purchaser, in addition to acquiring the rights of a purchaser (AS 45.08.301), also acquires the interest in the security free of any adverse claim.

(d) Notwithstanding AS 45.08.301(1), the transferee of a particular certificated security who has been a party to any fraud or illegality affecting the security, or who as a prior holder of that certificated security had notice of an adverse claim, cannot improve the transferee's position by taking from a bona fide purchaser.

* Sec. 24. AS 45.08.303 is amended to read:

Sec. 45.08.303. "BROKER." "Broker" means a person engaged full or part time in the business of buying and selling securities, who in the transaction concerned acts for, [OR] buys a security from, or sells a security to, a customer. Nothing in this chapter determines the capacity in which a person acts for purposes of another statute or rule to which the person is subject.

* Sec. 25. AS 45.08.304 is amended to read:

Sec. 45.08.304. NOTICE TO PURCHASER OF ADVERSE CLAIMS. (a) A purchaser (including a broker for the seller or buyer, but excluding an intermediary bank) of a certificated security is charged with

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notice of adverse claims if

(1) the security, whether in bearer or registered form, has been endorsed "for collection" or "for surrender" or for some other purpose not involving transfer; or

(2) the security is in bearer form and has on it an unambiguous statement that it is the property of a person other than the transferor; the mere writing of a name on a security is not such a statement.

(b) A purchaser (including a broker for the seller or buyer, but excluding an intermediary bank) to whom the transfer, pledge, or release of an uncertificated security is registered is charged with notice of adverse claims as to which the issuer has a duty under AS 45.08.403(d) at the time of registration and which are noted in the initial transaction statement sent to the purchaser or, if the purchaser's interest is transferred to the purchaser other than by registration of transfer, pledge, or release, the initial transaction statement sent to the registered owner or the registered pledgee.

(c) The fact that the purchaser (including a broker for the seller or buyer) of a certificated or uncertificated security has notice that the security is held for a third person or is registered in the name of or endorsed by a fiduciary does not create a duty of inquiry into the rightfulness of the transfer or constitute constructive notice of adverse claims. However, if [IF, HOWEVER,] the purchaser (excluding an intermediary bank) has knowledge that the proceeds are being used or that the transaction is for the individual benefit of the fiduciary or otherwise in breach of duty, the purchaser is charged with notice of adverse claims.

* Sec. 26. AS 45.08.305 is amended to read:

Sec. 45.08.305. STALENESS AS NOTICE OF ADVERSE CLAIMS. An act

or event that [WHICH] creates a right to immediate performance of the principal obligation represented [EVIDENCED] by a certificated [THE] security or [WHICH] sets a date on or after which a certificated [THE] security is to be presented or surrendered for redemption or exchange does not [OF] itself constitute a notice of adverse claims except in the case of a transfer [PURCHASE]

(1) after one year from a date set for [THE] presentment or surrender for redemption or exchange; or

(2) after six months from a date set for payment of money against presentation or surrender of the security if funds are available for payment on that date.

* Sec. 27. AS 45.08.306 is amended to read:

Sec. 45.08.306. WARRANTIES ON PRESENTMENT AND TRANSFER OF CERTIFICATED SECURITIES; WARRANTIES OF ORIGINATORS OF INSTRUCTIONS. (a)

A person who presents a certificated security for registration of transfer or for payment or exchange warrants to the issuer that the person is entitled to the registration, payment, or exchange. But a purchaser for value and without notice of adverse claims who receives a new, reissued, or reregistered certificated security on registration of transfer, or receives an initial transaction statement confirming the registration of transfer of an equivalent uncertificated security to that purchaser, warrants only that the purchaser has no knowledge of any unauthorized signature (AS 45.08.311) in a necessary endorsement.

(b) A person by transferring a certificated security to a purchaser for value warrants only that

(1) the transfer is effective and rightful;

(2) the security is genuine and has not been materially altered; and

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1 (3) the person knows of no fact that [WHICH] might impair
2 the validity of the security.

3 (c) If a certificated security is delivered by an intermediary
4 known to be entrusted with delivery of the security on behalf of
5 another or with collection of a draft or other claim against the
6 delivery, the intermediary by the delivery warrants only the inter-
7 mediary's own good faith and authority, even though the intermediary
8 has purchased or made advances against the claim to be collected
9 against the delivery.

10 (d) A pledgee or other holder for security who redelivers a
11 certificated [THE] security received or, after payment and on order of
12 the debtor, delivers that security to a third person, makes only the
13 warranties of an intermediary under (c) of this section.

14 (e) A person who originates an instruction warrants to the
15 issuer that

16 (1) the person is an appropriate person to originate the
17 instruction; and

18 (2) at the time the instruction is presented to the issuer,
19 the issuer will be entitled to the registration of transfer, pledge,
20 or release.

21 (f) A person who originates an instruction warrants to any
22 person specially guaranteeing the person's signature (AS 45.08.312(c))
23 that

24 (1) the person is an appropriate person to originate the
25 instruction; and

26 (2) at the time the instruction is presented to the issuer

27 (A) the issuer will be entitled to the registration of
28 transfer, pledge, or release; and

29 (B) the transfer, pledge, or release requested in the

instruction will be registered by the issuer free from all liens, security interests, restrictions, and claims other than those specified in the instruction.

(g) A person who originates an instruction warrants to a purchaser for value and to any person guaranteeing the instruction (AS 45.08.312(f)) that

(1) the originator is an appropriate person to originate the instruction;

(2) the uncertificated security referred to in the instruction is valid; and

(3) at the time the instruction is presented to the issuer

(A) the transferor will be entitled to the registration of transfer, pledge, or release;

(B) the transfer, pledge, or release requested in the instruction will be registered by the issuer free from all liens, security interests, restrictions, and claims other than those specified in the instruction; and

(C) the requested transfer, pledge, or release will be rightful.

(h) If a secured party is the registered pledgee or the registered owner of an uncertificated security, a person who originates an instruction of release or transfer to the debtor or, after payment and on order of the debtor, a transfer instruction to a third person, warrants to the debtor or the third person only that the originator is an appropriate person to originate the instruction and at the time the instruction is presented to the issuer, the transferor will be entitled to the registration of release or transfer. If a transfer instruction to a third person who is a purchaser for value is originated on order of the debtor, the debtor makes to the purchaser the

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warranties of (g)(2) and (3)(B) and (C) of this section.

(i) A person who transfers an uncertificated security to a purchaser for value and does not originate an instruction in connection with the transfer warrants only that

(1) the transfer is effective and rightful; and

(2) the uncertificated security is valid.

(j) A broker gives to the customer and to the issuer and a purchaser the applicable warranties provided in this section and has the rights and privileges of a purchaser under this section. The warranties of and in favor of the broker acting as an agent are in addition to applicable warranties given by and in favor of the customer.

* Sec. 28. AS 45.08.307 is amended to read:

Sec. 45.08.307. EFFECT OF DELIVERY WITHOUT ENDORSEMENT; RIGHT TO COMPEL ENDORSEMENT. If a certificated security in registered form has been delivered to a purchaser without a necessary endorsement, the purchaser may become a bona fide purchaser only as of the time the endorsement is supplied; however, [, BUT] against the transferor, the transfer is complete upon delivery and the purchaser has a specifically enforceable right to have any necessary endorsement supplied.

* Sec. 29. AS 45.08.308 is amended to read:

Sec. 45.08.308. ENDORSEMENTS: INSTRUCTIONS [ENDORSEMENT, HOW MADE; SPECIAL ENDORSEMENT; ENDORSER NOT A GUARANTOR; PARTIAL ASSIGNMENT]. (a) An endorsement of a certificated security in registered form is made when an appropriate person signs on it, or on a separate document, an assignment or transfer of the security or a power to assign or transfer it or when the signature of the person is written without more upon the back of the security.

(b) An endorsement may be in blank or special. An endorsement

in blank includes an endorsement to bearer. A special endorsement specifies [THE PERSON] to whom the security is to be transferred, or who has power to transfer it. A holder may convert a blank endorsement into a special endorsement.

(c) An endorsement purporting to be only of part of a certificated security representing units intended by the issuer to be separately transferable is effective to the extent of the endorsement.

(d) An "instruction" is an order to the issuer of an uncertificated security requesting that the transfer, pledge, or release from pledge of the uncertificated security specified in the instruction be registered.

(e) An instruction originated by an appropriate person is (1) a writing signed by an appropriate person; or (2) a communication to the issuer in any form agreed upon in a writing signed by the issuer and an appropriate person. If an instruction has been originated by an appropriate person but is incomplete in any other respect, any person may complete it as authorized and the issuer may rely on it as completed even though it has been completed incorrectly.

(f) "An appropriate person" in (a) of this section means

[(1)] the person specified by the certificated security or by special endorsement to be entitled to the security.

(g) "An appropriate person" in (e) of this section means

(1) for an instruction to transfer or pledge an uncertificated security that is then not subject to a registered pledge, the registered owner; or

(2) for an instruction to transfer or release an uncertificated security that is then subject to a registered pledge, the registered pledgee.

(h) In addition to the persons designated in (f) and (g) of this

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1 section, "an appropriate person" in (a) and (e) includes

2 (1) [(2)] if the person designated [SO SPECIFIED] is de-
3 scribed as a fiduciary but is no longer serving in the described
4 capacity, either that person or that person's successor;

5 (2) [(3)] if the persons designated are described as [SECU-
6 RITY OR ENDORSEMENT SO SPECIFIES] more than one person as fiduciaries
7 and one or more are no longer serving in the described capacity, the
8 remaining fiduciary or fiduciaries, whether or not a successor has
9 been appointed or qualified;

10 (3) [(4)] if the person designated [SO SPECIFIED] is an
11 individual and is without capacity to act by virtue of death, incompe-
12 tence, infancy, or otherwise, that person's executor, administrator,
13 guardian, or like fiduciary;

14 (4) [(5)] if the persons designated are described as [SECU-
15 RITY OR ENDORSEMENT SO SPECIFIES] more than one person as tenants by
16 the entirety or with right of survivorship and by reason of death all
17 cannot sign, the survivor or survivors;

18 (5) [(6)] a person having power to sign under applicable
19 law or controlling instrument; and

20 (6) [OR (7)] to the extent that the person designated or
21 any of the foregoing persons may act through an agent, that person's
22 authorized agent.

23 (i) [(d)] Unless otherwise agreed, the endorser of a certificat-
24 ed security by the endorsement or the originator of an instruction by
25 the origination assumes no obligation that the security will be
26 honored by the issuer but only the obligations provided in AS 45.08.-
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28 [(e) AN ENDORSEMENT PURPORTING TO BE ONLY OF PART OF A SECURITY
29 REPRESENTING UNITS INTENDED BY THE ISSUER TO BE SEPARATELY

TRANSFERABLE IS EFFECTIVE TO THE EXTENT OF THE ENDORSEMENT].

(j) [(f)] Whether the person signing is appropriate is determined as of the date of signing and an endorsement made by or an instruction originated by the [SUCH A] person does not become unauthorized for the purpose of this chapter by virtue of a subsequent change of circumstances.

(k) [(g)] Failure of a fiduciary to comply with a controlling instrument or with the law of the state having jurisdiction of the fiduciary relationship, including a law requiring the fiduciary to obtain court approval of the transfer, pledge, or release, does not render the fiduciary's endorsement or an instruction originated by the fiduciary unauthorized for the purposes of this chapter.

* Sec. 30. AS 45.08.309 is amended to read:

Sec. 45.08.309. EFFECT OF ENDORSEMENT WITHOUT DELIVERY. An endorsement of a certificated security, whether special or in blank, does not constitute a transfer until delivery of the certificated security on which it appears or, if the endorsement is on a separate document, until delivery of both the document and the certificated security.

* Sec. 31. AS 45.08.310 is amended to read:

Sec. 45.08.310. ENDORSEMENT OF CERTIFICATED SECURITY IN BEARER FORM. An endorsement of a certificated security in bearer form may give notice of adverse claims (AS 45.08.304), but does not otherwise affect any right to registration the holder possesses [MAY POSSESS].

* Sec. 32. AS 45.08.311 is amended to read:

Sec. 45.08.311. EFFECT OF UNAUTHORIZED ENDORSEMENT OR INSTRUCTION. Unless the owner or pledgee has ratified an unauthorized endorsement or instruction or is otherwise precluded from asserting its ineffectiveness,

1 (1) the owner or pledgee may assert its ineffectiveness
2 against the issuer or a purchaser, other than a purchaser for value
3 and without notice of adverse claims, who has in good faith received a
4 new, reissued, or reregistered certificated security on registration
5 of transfer or received an initial transaction statement confirming
6 the registration of transfer, pledge, or release of an equivalent
7 uncertificated security to the issuer or purchaser; and

8 (2) an issuer who registers the transfer of a certificated
9 security upon the unauthorized endorsement or who registers the trans-
10 fer, pledge, or release of an uncertificated security upon the unau-
11 thorized instruction is subject to liability for improper registration
12 (AS 45.08.404).

13 * Sec. 33. AS 45.08.312 is amended to read:

14 Sec. 45.08.312. EFFECT OF GUARANTEEING SIGNATURE, [OR] ENDORSE-
15 MENT, OR INSTRUCTION. (a) A person who guarantees a signature of an
16 endorser of a certificated security warrants that at the time of
17 signing (1) the signature was genuine; (2) the signer was an appropri-
18 ate person to endorse (AS 45.08.308); and (3) the signer had legal
19 capacity to sign. However, [BUT] the guarantor does not otherwise
20 warrant the rightfulness of the particular transfer.

21 (b) A person guaranteeing a signature of the originator of an
22 instruction warrants that at the time of signing

23 (1) the signature was genuine;

24 (2) the signer was an appropriate person to originate the
25 instruction (AS 45.08.308) if the person specified in the instruction
26 as the registered owner or registered pledgee of the uncertificated
27 security was, in fact, the registered owner or registered pledgee of
28 the security, as to which fact the signature guarantor makes no war-
29 ranty;

(3) the signer had legal capacity to sign; and

(4) the taxpayer identification number, if any, appearing on the instruction as that of the registered owner or registered pledgee was the taxpayer identification number of the signer or of the owner or pledgee for whom the signer was acting.

(c) A person specially guaranteeing the signature of the originator of an instruction makes not only the warranties of a signature guarantor ((b) of this section) but also warrants that at the time the instruction is presented to the issuer

(1) the person specified in the instruction as the registered owner or registered pledgee of the uncertificated security will be the registered owner or registered pledgee; and

(2) the transfer, pledge, or release of the uncertificated security requested in the instruction will be registered by the issuer free from all liens, security interest, restrictions, and claims other than those specified in the instruction.

(d) The guarantor under (a) or (b) of this section or the special guarantor under (c) of this section does not otherwise warrant the rightfulness of the particular transfer, pledge, or release.

(e) A [ANY] person guaranteeing [MAY GUARANTEE] an endorsement of a certificated security not only makes the warranties of a signature guarantor under (a) of this section [AND BY SO DOING WARRANTS NOT ONLY THE SIGNATURE ((a) OF THIS SECTION)] but also warrants the rightfulness of the particular transfer in all respects. However, [BUT] no issuer may require a guarantee of endorsement as a condition to registration of transfer.

(f) A person guaranteeing an instruction requesting the transfer, pledge, or release of an uncertificated security not only makes the warranties of a special signature guarantor under (c) of this

1 section but also warrants the rightfulness of the particular transfer,
2 pledge, or release in all respects.

3 (g) An issuer may not require a special guarantee of signature
4 ((c) of this section), a guarantee of endorsement ((e) of this sec-
5 tion), or a guarantee of instruction ((f) of this section) as a condi-
6 tion to registration of transfer, pledge, or release.

7 (h) [(c)] The foregoing warranties are made to any person taking
8 or dealing with the security in reliance on the guarantee, and the
9 guarantor is liable to the person for a loss resulting from breach of
10 the warranties.

11 * Sec. 34. AS 45.08.313 is amended to read:

12 Sec. 45.08.313. WHEN TRANSFER [DELIVERY] TO [THE] PURCHASER
13 OCCURS: FINANCIAL INTERMEDIARY AS BONA FIDE PURCHASER; "FINANCIAL
14 INTERMEDIARY." [; PURCHASER'S BROKER AS HOLDER.] (a) Transfer of a
15 security or a limited interest (including a security interest) in a
16 security [DELIVERY] to the purchaser occurs only [WHEN]

17 (1) at the time the purchaser or a person designated by the
18 purchaser acquires possession of a certificated security;

19 (2) at the time the transfer, pledge, or release of an
20 uncertificated security is registered to the purchaser or a person
21 designated by the purchaser;

22 (3) at the time the purchaser's financial intermediary
23 [BROKER] acquires possession of a certificated security specially
24 endorsed to or issued in the name of the purchaser;

25 (4) at the time [(3)] the purchaser's financial intermedi-
26 ary, not a clearing corporation, [BROKER] sends the purchaser confir-
27 mation of the purchase and also by book entry or otherwise identifies
28 [A SPECIFIC SECURITY IN THE BROKER'S POSSESSION] as belonging to the
29 purchaser

(A) a specific certificated security in the financial intermediary's possession;

(B) a quantity of securities that constitute or are part of a fungible bulk of certificated securities in the financial intermediary's possession or of uncertificated securities registered in the name of the financial intermediary; or

(C) a quantity of securities that constitute or are part of a fungible bulk of securities shown on the account of the financial intermediary on the books of another financial intermediary;

(5) [(4)] with respect to an identified certificated security to be delivered while still in the possession of a third person, not a financial intermediary, at the time [WHEN] that person acknowledges that the person holds for the purchaser; [OR]

(6) with respect to a specific uncertificated security the pledge or transfer of which has been registered to a third person, not a financial intermediary, at the time that person acknowledges that the person holds for the purchaser;

(7) at the time [(5)] appropriate entries to the account of the purchaser or a person designated by the purchaser are made on the books of a clearing corporation as provided in AS 45.08.320;

(8) with respect to the transfer of a security interest where the debtor has signed a security agreement containing a description of the security, at the time a written notification, which, in the case of the creation of the security interest, is signed by the debtor (which may be a copy of the security agreement) or which, in the case of the release or assignment of the security interest created under this paragraph, is signed by the secured party, is received by

(A) a financial intermediary on whose books the

1 interest of the transferor in the security appears;

2 (B) a third person, not a financial intermediary, in
3 possession of the security, if it is certificated;

4 (C) a third person, not a financial intermediary, who
5 is the registered owner of the security, if it is uncertificated
6 and not subject to a registered pledge; or

7 (D) a third person, not a financial intermediary, who
8 is the registered pledgee of the security, if it is uncertificat-
9 ed and subject to a registered pledge;

10 (9) with respect to the transfer of a security interest
11 where the transferor has signed a security agreement containing a
12 description of the security, at the time new value is given by the
13 secured party; or

14 (10) with respect to the transfer of a security interest
15 where the secured party is a financial intermediary and the security
16 has already been transferred to the financial intermediary under (1),
17 (2), (3), (4), or (7) of this subsection, at the time the transferor
18 has signed a security agreement containing a description of the secu-
19 arity and value is given by the secured party.

20 (b) The purchaser is the owner of a security held for the pur-
21 chaser by a financial intermediary [THE PURCHASER'S BROKER], but
22 cannot be a bona fide purchaser of a security so held [IS NOT THE
23 HOLDER] except in the circumstances [AS] specified in (a)(3), (4)(A),
24 and (7) [(a)(2), (3) AND (5)] of this section. If [WHERE] a security
25 so held is part of a fungible bulk, as in the circumstances specified
26 in (a)(4)(B) and (C) of this section, the purchaser is an owner of a
27 proportionate property interest in the fungible bulk.

28 (c) Notice of an adverse claim received by the financial inter-
29 mediary [BROKER] or by the purchaser after the financial intermediary

[BROKER] takes delivery of a certificated security as a holder for value or after the transfer, pledge, or release of an uncertificated security has been registered free of the claim to a financial intermediary who has given value is not effective either as to the financial intermediary [BROKER] or as to the purchaser. However, as between the financial intermediary [BROKER] and the purchaser, the purchaser may demand transfer [DELIVERY] of an equivalent security as to which no notice of [AN] adverse claim has been received.

* Sec. 35. AS 45.08.313 is amended by adding a new subsection to read:

(d) A "financial intermediary" is a bank, broker, clearing corporation, or other person, or the nominee of any of them, which in the ordinary course of its business maintains security accounts for its customers and is acting in that capacity. A financial intermediary may have a security interest in securities held in account for its customer.

* Sec. 36. AS 45.08.314 is amended to read:

Sec. 45.08.314. DUTY TO TRANSFER [DELIVER], WHEN COMPLETED. (a) Unless otherwise agreed, if a sale of a security is made on an exchange or otherwise through brokers,

(1) the selling customer fulfills the duty to transfer at the time [DELIVER WHEN] the customer

(A) places a certificated security in the possession of the selling broker or of a person designated by the broker;

(B) causes an uncertificated security to be registered in the name of the selling broker or a person designated by the broker;

(C) if requested, causes an acknowledgement to be made to the selling broker that a certificated or uncertificated security is held for the broker; or

1 (D) places in the possession of the selling broker or
2 of a person designated by the broker a transfer instruction for
3 an uncertificated security, providing the issuer does not refuse
4 to register the requested transfer if the instruction is present-
5 ed to the issuer for registration within 30 days thereafter [OR,
6 IF REQUESTED, CAUSES AN ACKNOWLEDGEMENT TO BE MADE TO THE SELLING
7 BROKER THAT IT IS HELD FOR THE BROKER]; and

8 (2) the selling broker, including a correspondent broker
9 acting for a selling customer, fulfills the duty to transfer at the
10 time the broker

11 (A) places a certificated [DELIVER BY PLACING THE
12 SECURITY OR A LIKE] security in the possession of the buying
13 broker or a person designated by the buying broker;

14 (B) causes an uncertificated security to be registered
15 in the name of the buying broker or a person designated by the
16 buying broker;

17 (C) places in the possession of the buying broker or
18 of a person designated by the buying broker a transfer instruc-
19 tion for an uncertificated security, providing the issuer does
20 not refuse to register the requested transfer if the instruction
21 is presented to the issuer for registration within 30 days there-
22 after; or

23 (D) effects clearance of the sale in accordance with
24 the rules of the exchange on which the transaction took place [OR
25 BY EFFECTING CLEARANCE OF THE SALE IN ACCORDANCE WITH THE RULES
26 OF THE EXCHANGE ON WHICH THE TRANSACTION TOOK PLACE].

27 (b) Except as [OTHERWISE] provided in this section and unless
28 otherwise agreed, a transferor's duty to transfer [DELIVER] a security
29 under a contract of purchase is not fulfilled until the transferor

1 (1) places a certificated [THE] security in form to be
2 negotiated by the purchaser in the possession of the purchaser or of a
3 person designated by the purchaser;

4 (2) causes an uncertificated security to be registered in
5 the name of the purchaser or a person designated by the purchaser; or

6 (3) if the purchaser requests, causes an acknowledgment to
7 be made to the purchaser that a certificated or uncertificated secur-
8 ity is held for the purchaser [OR AT THE PURCHASER'S REQUEST CAUSES AN
9 ACKNOWLEDGMENT TO BE MADE TO THE PURCHASER THAT IS HELD FOR THE PUR-
0 CHASER].

1 (c) Unless made on an exchange, a sale to a broker purchasing
2 for the broker's own account is within (b) of this section [SUB-
3 SECTION] and not within (a) of this section.

4 * Sec. 37. AS 45.08.315 is amended to read:

5 Sec. 45.08.315. ACTION AGAINST TRANSFeree [PURCHASER] BASED UPON
6 WRONGFUL TRANSFER. (a) A person against whom the transfer of a
7 security is wrongful for any reason, including the incapacity of that
8 person, [MAY,] against anyone except a bona fide purchaser, may

9 (1) reclaim possession of the certificated security wrong-
0 fully transferred;

1 (2) [OR] obtain possession of a new certificated security
2 representing [EVIDENCING] all or part of the same rights;

3 (3) compel the origination of an instruction to transfer to
4 that person or to a person designated by the person an uncertificated
5 security constituting all or part of the same rights; or

6 (4) have damages.

7 (b) If the transfer is wrongful because of an unauthorized
8 endorsement of a certificated security, the owner may also reclaim or
9 obtain possession of the security or a new certificated security, even

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1 from a bona fide purchaser, if the ineffectiveness of the purported
2 endorsement can be asserted against the bona fide purchaser under the
3 provisions of this chapter on unauthorized endorsements (AS 45.08.-
4 311).

5 (c) The right to obtain or reclaim possession of a certificated
6 security or to compel the origination of a transfer instruction may be
7 specifically enforced, the [ITS] transfer of a certificated or uncer-
8 tificated security enjoined, and a certificated [THE] security im-
9 pounded pending the litigation.

10 * Sec. 38. AS 45.08.316 is amended to read:

11 Sec. 45.08.316. PURCHASER'S RIGHT TO REQUISITES FOR REGISTRATION
12 OF TRANSFER, PLEDGE, OR RELEASE ON BOOKS. Unless otherwise agreed,
13 the transferor of a certificated security or the transferor, pledgor,
14 or pledgee of an uncertificated security must, on due demand, supply
15 the purchaser with any proof of authority to transfer, pledge, or
16 release or with any other requisite [WHICH IS] necessary to obtain
17 registration of the transfer, pledge, or release of the security; [,]
18 but if the transfer, pledge, or release is not for value, a trans-
19 feror, pledgor, or pledgee need not do so unless the purchaser fur-
20 nishes the necessary expenses. Failure, within a reasonable time, to
21 comply with a demand made [WITHIN A REASONABLE TIME] gives the pur-
22 chaser the right to reject or rescind the transfer, pledge, or re-
23 lease.

24 * Sec. 39. AS 45.08.317 is amended to read:

25 Sec. 45.08.317. CREDITORS' RIGHTS [ATTACHMENT OR LEVY UPON SECUR-
26 ITY]. (a) Subject to the exceptions in (c) and (d) of this section,
27 an [NO] attachment or levy upon a certificated security or share or
28 other interest represented [EVIDENCED] by it which is outstanding is
29 not valid until the security is actually seized by the officer making

1 (1) places a certificated [THE] security in form to be
2 negotiated by the purchaser in the possession of the purchaser or of a
3 person designated by the purchaser;

4 (2) causes an uncertificated security to be registered in
5 the name of the purchaser or a person designated by the purchaser; or

6 (3) if the purchaser requests, causes an acknowledgment to
7 be made to the purchaser that a certificated or uncertificated secur-
8 ity is held for the purchaser [OR AT THE PURCHASER'S REQUEST CAUSES AN
9 ACKNOWLEDGMENT TO BE MADE TO THE PURCHASER THAT IS HELD FOR THE PUR-
0 CHASER].

1 (c) Unless made on an exchange, a sale to a broker purchasing
2 for the broker's own account is within (b) of this section [SUB-
3 SECTION] and not within (a) of this section.

4 * Sec. 37. AS 45.08.315 is amended to read:

5 Sec. 45.08.315. ACTION AGAINST TRANSFeree [PURCHASER] BASED UPON
6 WRONGFUL TRANSFER. (a) A person against whom the transfer of a
7 security is wrongful for any reason, including the incapacity of that
8 person, [MAY,] against anyone except a bona fide purchaser, may

9 (1) reclaim possession of the certificated security wrong-
0 fully transferred;

1 (2) [OR] obtain possession of a new certificated security
2 representing [EVIDENCING] all or part of the same rights;

3 (3) compel the origination of an instruction to transfer to
4 that person or to a person designated by the person an uncertificated
5 security constituting all or part of the same rights; or

6 (4) have damages.

7 (b) If the transfer is wrongful because of an unauthorized
8 endorsement of a certificated security, the owner may also reclaim or
9 obtain possession of the security or a new certificated security, even

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1 from a bona fide purchaser, if the ineffectiveness of the purported
2 endorsement can be asserted against the bona fide purchaser under the
3 provisions of this chapter on unauthorized endorsements (AS 45.08.-
4 311).

5 (c) The right to obtain or reclaim possession of a certificated
6 security or to compel the origination of a transfer instruction may be
7 specifically enforced, the [ITS] transfer of a certificated or uncer-
8 tificated security enjoined, and a certificated [THE] security im-
9 pounded pending the litigation.

10 * Sec. 38. AS 45.08.316 is amended to read:

11 Sec. 45.08.316. PURCHASER'S RIGHT TO REQUISITES FOR REGISTRATION
12 OF TRANSFER, PLEDGE, OR RELEASE ON BOOKS. Unless otherwise agreed,
13 the transferor of a certificated security or the transferor, pledgor,
14 or pledgee of an uncertificated security must, on due demand, supply
15 the purchaser with any proof of authority to transfer, pledge, or
16 release or with any other requisite [WHICH IS] necessary to obtain
17 registration of the transfer, pledge, or release of the security; [,]
18 but if the transfer, pledge, or release is not for value, a trans-
19 feror, pledgor, or pledgee need not do so unless the purchaser fur-
20 nishes the necessary expenses. Failure, within a reasonable time, to
21 comply with a demand made [WITHIN A REASONABLE TIME] gives the pur-
22 chaser the right to reject or rescind the transfer, pledge, or re-
23 lease.

24 * Sec. 39. AS 45.08.317 is amended to read:

25 Sec. 45.08.317. CREDITORS' RIGHTS [ATTACHMENT OR LEVY UPON SECU-
26 RITY]. (a) Subject to the exceptions in (c) and (d) of this section,
27 an [NO] attachment or levy upon a certificated security or share or
28 other interest represented [EVIDENCED] by it which is outstanding is
29 not valid until the security is actually seized by the officer making

1 the attachment or levy, but a certificated security that [WHICH] has
2 been surrendered to the issuer may be reached by a creditor by legal
3 process at the issuer's chief executive office in the United States
4 [ATTACHED OR LEVIED UPON AT THE SOURCE].

5 (b) An uncertificated security registered in the name of the
6 debtor may not be reached by a creditor except by legal process at the
7 issuer's chief executive office in the United States.

8 (c) The interest of a debtor in a certificated security that is
9 in the possession of a secured party not a financial intermediary or
10 in an uncertificated security registered in the name of a secured
11 party not a financial intermediary, or in the name of a nominee of the
12 secured party, may be reached by a creditor by legal process upon the
13 secured party.

14 (d) The interest of a debtor in a certificated security that is
15 in the possession of or registered in the name of a financial inter-
16 mediary or in an uncertificated security registered in the name of a
17 financial intermediary may be reached by a creditor by legal process
18 upon the financial intermediary on whose books the interest of the
19 debtor appears.

20 (e) Unless otherwise provided by law, a creditor's lien upon the
21 interest of a debtor in a security obtained under (c) or (d) of this
22 section is not a restraint on the transfer of the security, free of
23 the lien, to a third party for new value; but, in the event of a
24 transfer, the lien applies to the proceeds of the transfer in the
25 hands of the secured party or financial intermediary, subject to any
26 claims having priority.

27 (f) A creditor whose debtor is the owner of a security is enti-
28 tled to [SUCH] aid from courts of appropriate jurisdiction, by injunc-
29 tion or otherwise, in reaching the security or in satisfying the claim

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1 by the security' as is allowed at law or in equity in regard to proper-
2 ty that [WHICH] cannot readily be reached [ATTACHED OR LEVIED UPON] by
3 ordinary legal process.

4 * Sec. 40. AS 45.08.318 is amended to read:

5 Sec. 45.08.318. NO CONVERSION BY GOOD FAITH CONDUCT [DELIVERY].
6 An agent or bailee who in good faith (including observance of reason-
7 able commercial standards if the agent or bailee is in the business of
8 buying, selling, or otherwise dealing with securities) has received
9 certificated securities and sold, pledged, or delivered them or has
10 sold or caused the transfer or pledge of uncertificated securities
11 over which he had control according to the instructions of the princi-
12 pal, is not liable for conversion or for participation in breach of
13 fiduciary duty although the principal had no right so to deal with the
14 securities [TO DISPOSE OF THEM].

15 * Sec. 41. AS 45.08.319 is amended to read:

16 Sec. 45.08.319. STATUTE OF FRAUDS. A contract for the sale of
17 securities is not enforceable by way of action or defense unless

18 (1) there is a writing signed by the party against whom
19 enforcement is sought or by an authorized agent or broker of that
20 party, sufficient to indicate that a contract has been made for sale
21 of a stated quantity of described securities at a defined or stated
22 price;

23 (2) delivery of a certificated [THE] security or transfer
24 instruction has been accepted, or transfer of an uncertificated secu-
25 urity has been registered and the transferee has failed to send written
26 objection to the issuer within 10 days after receipt of the initial
27 transaction statement confirming the registration, or payment has been
28 made, but the contract is enforceable under this paragraph only to the
29 extent of that delivery, registration, or payment;

1 (3) within a reasonable time a writing in confirmation of
2 the sale or purchase and sufficient against the sender under (1) of
3 this section has been received by the party against whom enforcement
4 is sought and that party has failed to send written objection to its
5 contents within 10 [TEN] days after its receipt; or

6 (4) the party against whom enforcement is sought admits in
7 a pleading, testimony, or otherwise in court that a contract was made
8 for the sale of a stated quantity of described securities at a defined
9 or stated price.

10 * Sec.42. AS 45.08.320 is amended to read:

11 Sec. 45.08.320. TRANSFER OR PLEDGE WITHIN [A] CENTRAL DEPOSITORY
12 SYSTEM. (a) In addition to other methods [PROVIDED FOR IN THIS
13 CHAPTER], a transfer, [OR] pledge, or release of a security or any
14 interest in a security may be made by appropriate entries on the books
15 of a clearing corporation reducing the account of the transferor, [OR]
16 pledgor, or pledgee and increasing the account of the transferee, [OR]
17 pledgee, or pledgor by the amount of the obligation, or the number of
18 shares or rights transferred, [OR] pledged, or released, if the secu-
19 rity is shown on the account of a transferor, pledgor, or pledgee on
20 the books of the clearing corporation; is subject to the control of
21 the clearing corporation; and

22 (1) if certificated,

23 (A) is in the custody of the clearing corporation,
24 another clearing corporation, [OR OF] a custodian bank, or a
25 nominee of any of them [EITHER SUBJECT TO THE INSTRUCTIONS OF THE
26 CLEARING CORPORATIONS]; and

27 (B) [(2)] is in bearer form or endorsed in blank by an
28 appropriate person or registered in the name of the clearing
29 corporation, a [OR] custodian bank, or a nominee of any of them

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[EITHER]; or

(2) if uncertificated, is registered in the name of the clearing corporation, another clearing corporation, a custodian bank, or a nominee of any of them [AND

(3) IS SHOWN ON THE ACCOUNT OF A TRANSFEROR OR PLEDGOR ON THE BOOKS OF THE CLEARING CORPORATION].

(b) A transfer, [OR] pledge, or release of securities or interest in securities which are part of a fungible bulk may be made under this section by entries on the books of a clearing corporation merely by referring to a quantity of a particular security without reference to the name of the registered owner, certificate or bond number, or other factor serving to identify ownership of a particular portion of the total bulk of securities; and, in appropriate cases, may be on a net basis taking into account other transfers, [OR] pledges, or releases of the same security.

(c) A transfer or pledge under this section is effective (AS 45.08.313) and the purchaser acquires the rights of the transferor (AS 45.08.301). A pledge or release under this section is the transfer of a limited interest. If [HAS THE EFFECT OF A DELIVERY OF A SECURITY IN BEARER FORM OR DULY ENDORSED IN BLANK REPRESENTING THE AMOUNT OF THE OBLIGATION OR THE NUMBER OF SHARES OR RIGHTS TRANSFERRED OR PLEDGED AND IF] a pledge or the creation of a security interest is intended, the security interest is perfected at the time when both value is given by the pledgee and the appropriate entries are made (AS 45.08.321) [MAKING OF ENTRIES HAS THE EFFECT OF A TAKING OF DELIVERY BY THE PLEDGEE OR A SECURED PARTY]. A transferee or pledgee under this section may be a bona fide purchaser (AS 45.08.302) [IS THE HOLDER].

(d) A transfer or pledge under this section is not [DOES NOT

1 CONSTITUTE] a registration of transfer under AS 45.08.401 - 45.08.406.

2 (e) Failure to make appropriate entries on the books of the
3 clearing corporation as provided in (a) of this section does not
4 affect the validity or the effect of the entries nor does it affect
5 the liabilities or obligations of the clearing corporation to any
6 person adversely affected thereby.

7 * Sec. 43. AS 45.08 is amended by adding a new section to read:

8 Sec. 45.08.321. ENFORCEABILITY, ATTACHMENT, PERFECTION, AND
9 TERMINATION OF SECURITY INTERESTS. (a) A security interest in a
10 security is enforceable and can attach only if it is transferred to
11 the secured party or a person designated by the secured party under a
12 provision of AS 45.08.313(a).

13 (b) A security interest so transferred pursuant to agreement by
14 a transferor who has rights in the security to a transferee who has
15 given value is a perfected security interest, but a security interest
16 that has been transferred solely under AS 45.08.313(a)(9) becomes
17 unperfected after 21 days unless, within that time, the requirements
18 for transfer under any other provision of AS 45.08.313(a) are sat-
19 isfied.

20 (c) A security interest in a security is subject to the pro-
21 visions of AS 45.09, but (1) a filing is not required to perfect the
22 security interest, and (2) a written security agreement signed by the
23 debtor is not necessary to make the security interest enforceable,
24 except as otherwise provided in AS 45.08.313(a)(8), (9), or (10). The
25 secured party has the rights and duties provided in AS 45.09.207, to
26 the extent that they are applicable, whether or not the security is
27 certificated, and, if certificated, whether or not it is in the se-
28 cured party's possession.

29 (d) Unless otherwise agreed, a security interest in a security

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1 is terminated by transfer to the debtor or a person designated by the
2 debtor under a provision of AS 45.08.313(a). If a security is thus
3 transferred, the security interest, if not terminated, becomes unper-
4 fected unless the security is certificated and is delivered to the
5 debtor for the purpose of ultimate sale or exchange or presentation,
6 collection, renewal, or registration of transfer. In that case, the
7 security interest becomes unperfected after 21 days unless, within
8 that time, the security (or securities for which it has been ex-
9 changed) is transferred to the secured party or a person designated by
10 the secured party under a provision of AS 45.08.313(a).

11 * Sec. 44. AS 45.08.401 is amended to read:

12 Sec. 45.08.401. DUTY OF ISSUER TO REGISTER TRANSFER, PLEDGE, OR
13 RELEASE. (a) If a certificated security in registered form is pre-
14 sented to the issuer with a request to register transfer, or an in-
15 struction is presented to the issuer with a request to register trans-
16 fer, pledge, or release, the issuer shall [IS UNDER A DUTY TO] regis-
17 ter the transfer, pledge, or release as requested if

18 (1) the security is endorsed or the instruction was orig-
19 inated by the appropriate person (AS 45.08.308);

20 (2) reasonable assurance is given that those endorsements
21 or instructions are genuine and effective (AS 45.08.402);

22 (3) the issuer has no duty as to [INQUIRE INTO] adverse
23 claims or has discharged the duty (AS 45.08.403);

24 (4) any applicable law relating to the collection of taxes
25 has been complied with; and

26 (5) the transfer, pledge, or release is in fact rightful
27 or is to a bona fide purchaser.

28 (b) If an issuer is under a duty to register a transfer, pledge,
29 or release of a security, the issuer is also liable to the person

1 presenting a certificated security or an instruction [IT] for regis-
2 tration or that person's principal for loss resulting from an unrea-
3 sonable delay in registration or from failure or refusal to register
4 the transfer, pledge, or release.

5 * Sec. 45. AS 45.08.402 is amended to read:

6 Sec. 45.08.402. ASSURANCE THAT ENDORSEMENTS AND INSTRUCTIONS ARE
7 EFFECTIVE. (a) The issuer may require the following assurance that
8 each necessary endorsement of a certificated security or each instruc-
9 tion (AS 45.08.308) is genuine and effective:

10 (1) in all cases, a guarantee of the signature (AS 45.-
11 08.312(a) or (b) of the person endorsing a certificated security or
12 originating an instruction including, in the case of an instruction, a
13 warranty of the taxpayer identification number or, in the absence of
14 one, other reasonable assurance of identity;

15 (2) if the endorsement is made or the instruction is orig-
16 inated by an agent, appropriate assurance of authority to sign;

17 (3) if the endorsement is made or the instruction is orig-
18 inated by a fiduciary, appropriate evidence of appointment or incum-
19 bency;

20 (4) if there is more than one fiduciary, reasonable assur-
21 ance that all who are required to sign have done so; and

22 (5) if the endorsement is made or the instruction is orig-
23 inated by a person not covered by any of the foregoing, assurance
24 appropriate to the case corresponding as nearly as may be to the
25 foregoing.

26 (b) A "guarantee of the signature" in (a) of this section means
27 a guarantee signed by or on behalf of a person reasonably believed by
28 the issuer to be responsible. The issuer may adopt standards with
29 respect to responsibility, if the standards are not manifestly

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1 unreasonable.

2 (c) "Appropriate evidence of appointment or incumbency" in (a)
3 of this section means

4 (1) in the case of a fiduciary appointed or qualified by a
5 court, a certificate issued by or under the direction or supervision
6 of that court or an officer of the court and dated within 60 days
7 before the date of presentation for transfer, pledge, or release; or

8 (2) in any other case, a copy of a document showing the
9 appointment or a certificate issued by or on behalf of a person rea-
10 sonably believed by the issuer to be responsible or, in the absence of
11 such a document or certificate, other evidence reasonably considered
12 [DEEMED] by the issuer to be appropriate; the issuer may adopt stan-
13 dards with respect to the evidence, if [PROVIDED] the standards are
14 not manifestly unreasonable; the issuer is not charged with notice of
15 the contents of a document obtained under this paragraph except to the
16 extent that the contents relate directly to the appointment or incum-
17 bency.

18 (d) The issuer may elect to require reasonable assurance beyond
19 that specified in this section, but if it does so and, for a purpose
20 other than that specified in (c)(2) of this section, both requires and
21 obtains a copy of a will, trust, indenture, articles of copartnership,
22 bylaws, or other controlling instrument, it is charged with notice of
23 all matters contained therein affecting the transfer, pledge, or
24 release.

25 * Sec. 46. AS 45.08.403 is amended to read:

26 Sec. 45.08.403. ISSUER'S DUTY AS TO ADVERSE CLAIMS [LIMITED DUTY
27 OF INQUIRY]. (a) An issuer to whom a certificated security is pre-
28 sented for registration shall [IS UNDER A DUTY TO] inquire into ad-
29 verse claims if

1 (1) a written notification of an adverse claim is received
2 at a time and in a manner affording [WHICH AFFORD] the issuer a rea-
3 sonable opportunity to act on it before the issuance of a new, reis-
4 sued, or reregistered certificated security, and the notification
5 identifies the claimant, the registered owner, and the issue of which
6 the security is a part, and provides an address for communications
7 directed to the claimant; or

8 (2) the issuer is charged with notice of an adverse claim
9 from a controlling instrument that [WHICH] it has elected to require
0 under AS 45.08.402(d).

1 (b) The issuer may discharge a duty of inquiry by any reasonable
2 means, including notifying an adverse claimant by registered or cer-
3 tified mail at the address furnished by the claimant or, if there is
4 no such address, at the residence or regular place of business of the
5 claimant, that the certificated security has been presented for regis-
6 tration of transfer by a named person, and that the transfer will be
7 registered unless, within 30 days from the date of mailing the noti-
8 fication, either

9 (1) an appropriate restraining order, injunction, or other
0 process issues from a court of competent jurisdiction; or

1 (2) there is filed with the issuer an indemnity bond,
2 sufficient in the issuer's judgment to protect the issuer and any
3 transfer agent, registrar, or other agent of the issuer involved from
4 a loss that [WHICH] it or they might [MAY] suffer by complying with
5 the adverse claim [IS FILED WITH THE ISSUER].

6 (c) Unless an issuer is charged with notice of an adverse claim
7 from a controlling instrument which it has elected to require under
8 AS 45.08.402(d) or receives notification of an adverse claim under (a)
9 of this section, if a certificated security presented for registration

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1 is endorsed by the appropriate person or persons, the issuer is under
2 no duty to inquire into adverse claims. In particular,

3 (1) an issuer registering a certificated security in the
4 name of a person who is a fiduciary or who is described as a fiduciary
5 is not bound to inquire into the existence, extent, or correct de-
6 scription of the fiduciary relationship; [,] and afterward the issuer
7 may assume without inquiry that the newly registered owner continues
8 to be the fiduciary until the issuer receives written notice that the
9 fiduciary is no longer acting as such with respect to the particular
10 security;

11 (2) an issuer registering transfer on an endorsement by a
12 fiduciary is not bound to inquire whether the transfer is made in
13 compliance with a controlling instrument or with the law of the state
14 having jurisdiction of the fiduciary relationship, including a law
15 requiring the fiduciary to obtain court approval of the transfer; and

16 (3) the issuer is not charged with notice of the contents
17 of a court record or file or other recorded or unrecorded document
18 even though the document is in its possession and even though the
19 transfer is made on the endorsement of a fiduciary to the fiduciary or
20 to a nominee of the fiduciary.

21 * Sec. 47. AS 45.08.403 is amended by adding a new subsection to read:

22 (d) An issuer is under no duty as to adverse claims with respect
23 to an uncertificated security except

24 (1) claims embodied in a restraining order, injunction, or
25 other legal process served upon the issuer if the process was served
26 at a time and in a manner affording the issuer a reasonable opportuni-
27 ty to act on it in accordance with the requirements of (e) of this
28 section;

29 (2) claims of which the issuer has received a written

1 notification from the registered owner or the registered pledgee if
2 the notification was received at a time and in a manner affording the
3 issuer a reasonable opportunity to act on it in accordance with the
4 requirements of (e) of this section;

5 (3) claims (including restrictions on transfer not imposed
6 by the issuer) to which the registration of transfer to the present
7 registered owner was subject and were so noted in the initial trans-
8 action statement sent to the owner; and

9 (4) claims as to which an issuer is charged with notice
0 from a controlling instrument it has elected to require under AS 45.-
1 08.402(d).

2 (e) If the issuer of an uncertificated security is under a duty
3 as to an adverse claim, the issuer discharges that duty by

4 (1) including a notation of the claim in any statements
5 sent with respect to the security under AS 45.08.408(c), (f), and (g);
6 and

7 (2) refusing to register the transfer or pledge of the
8 security unless the nature of the claim does not preclude transfer or
9 pledge subject thereto.

10 (f) If the transfer or pledge of the security is registered
11 subject to an adverse claim, a notation of the claim must be included
12 in the initial transaction statement and all subsequent statements
13 sent to the transferee and pledgee under AS 45.08.408.

14 (g) Notwithstanding (d) and (e) of this section, if an uncertif-
15 icated security was subject to a registered pledge at the time the
16 issuer first came under a duty as to a particular adverse claim, the
17 issuer has no duty as to that claim if transfer of the security is
18 requested by the registered pledgee or an appropriate person acting
19 for the registered pledgee unless

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1 (1) the claim was embodied in legal process which expressly
2 provides otherwise;

3 (2) the claim was asserted in a written notification from
4 the registered pledgee;

5 (3) the claim was one as to which the issuer was charged
6 with notice from a controlling instrument it required under AS 45.08.-
7 402(d) in connection with the pledgee's request for transfer; or

8 (4) the transfer requested is to the registered owner.

9 * Sec. 48. AS 45.08.404 is amended to read:

10 Sec. 45.08.404. LIABILITY AND NONLIABILITY FOR REGISTRATION.

11 (a) Except as [OTHERWISE] provided in a law relating to the col-
12 lection of taxes, the issuer is not liable to the owner, pledgee or
13 any other person suffering loss as a result of the registration of a
14 transfer, pledge, or release of a security if

15 (1) there were on or with a certificated [THE] security the
16 necessary endorsements or the issuer had received an instruction
17 originated by an appropriate person (AS 45.08.308); and

18 (2) the issuer had no duty as to [INQUIRE INTO] adverse
19 claims or has discharged the duty (AS 45.08.403).

20 (b) If an issuer has registered a transfer of a certificated
21 security to a person not entitled to it, the issuer on demand shall
22 [MUST] deliver a like security to the true owner unless

23 (1) the registration was under (a) of this section;

24 (2) the owner is precluded from asserting a claim for
25 registering the transfer under AS 45.08.405(a); or

26 (3) the delivery would result in overissue, in which case
27 the issuer's liability is governed by AS 45.08.104.

28 * Sec. 49. AS 45.08.404 is amended by adding a new subsection to read:

29 (c) If an issuer has improperly registered a transfer, pledge,

1 or release of an uncertificated security, the issuer on demand from
2 the injured party shall restore the records as to the injured party to
3 the condition that would have obtained if the improper registration
4 had not been made unless

5 (1) the registration was pursuant to (a) of this section;

6 or

7 (2) the registration would result in overissue, in which
8 case the issuer's liability is governed by AS 45.08.104.

9 * Sec. 50. AS 45.08.405 is amended to read:

10 Sec. 45.08.405. LOST, DESTROYED, AND STOLEN CERTIFICATED SECURITIES. (a) If a certificated security has been lost, apparently
11 destroyed, or wrongfully taken, and the owner fails to notify the
12 issuer of that fact within a reasonable time after the owner has
13 notice of it and the issuer registers a transfer of the security
14 before receiving the notification, the owner may not assert against
15 the issuer a claim for registering the transfer under AS 45.08.404 or
16 a claim to a new security under this section.

17 (b) If the owner of a certificated security claims that the
18 security has been lost, destroyed, or wrongfully taken, the issuer
19 shall [MUST] issue a new security in place of the original security,
20 if the owner

21 (1) so requests before the issuer has notice that the
22 security has been acquired by a bona fide purchaser;

23 (2) files with the issuer a sufficient indemnity bond; and

24 (3) satisfies any other reasonable requirements imposed by
25 the issuer.

26 (c) If, after the issue of a [THE] new certificated or uncertif-
27 icated security, a bona fide purchaser of the original certificated
28 security presents it for registration of transfer, the issuer shall
29

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[MUST] register the transfer unless registration would result in overissue, in which event the issuer's liability is governed by AS 45.08.104. In addition to rights on the indemnity bond, the issuer may recover the new certificated security from the person to whom it was issued or any person taking under that person except a bona fide purchaser or may cancel the uncertificated security unless a bona fide purchaser or any person taking under a bona fide purchaser is then the registered owner or registered pledgee of the security.

* Sec. 51. AS 45.08.406 is amended to read:

Sec. 45.08.406. DUTY OF AUTHENTICATING TRUSTEE, TRANSFER AGENT, OR REGISTRAR. (a) If a person acts as authenticating trustee, transfer agent, registrar, or other agent for an issuer in the registration of transfers of its certificated securities or in the registration of transfers, pledges, and releases of its uncertificated securities, in the issue of new securities, or in the cancellation of surrendered securities,

(1) the person is under a duty to the issuer to exercise good faith and due diligence in performing the person's functions; and

(2) [THE PERSON HAS] with regard to the particular functions the person performs, the person has the same obligation to the holder or owner of a certificated [THE] security or to the owner or pledgee of an uncertificated security and has the same rights and privileges as the issuer has in regard to those functions.

(b) Notice to an authenticating trustee, transfer agent, registrar, or other [SUCH] agent is notice to the issuer with respect to the functions performed by the agent.

* Sec. 52. AS 45.08 is amended by adding new sections to read:

Sec. 45.08.407. EXCHANGEABILITY OF SECURITIES. (a) An issuer is not subject to the requirements of this section unless it regularly

1 maintains a system for issuing the class of securities involved under
2 which both certificated and uncertificated securities are regularly
3 issued to the category of owners, which includes the person in whose
4 name the new security is to be registered.

5 (b) Upon surrender of a certificated security with all necessary
6 endorsements and presentation of a written request by the person
7 surrendering the security, the issuer, if the issuer has no duty as to
8 adverse claims or has discharged the duty (AS 45.08.403), shall issue
9 to the person or a person designated by that person an equivalent
10 uncertificated security subject to all liens, restrictions, and claims
11 that were noted on the certificated security.

12 (c) Upon receipt of a transfer instruction originated by an
13 appropriate person who so requests, the issuer of an uncertificated
14 security shall cancel the uncertificated security and issue an equiva-
15 lent certificated security on which must be noted conspicuously any
16 liens and restrictions of the issuer and any adverse claims, as to
17 which the issuer has a duty under AS 45.08.403(d), to which the uncer-
18 tificated security was subject. The certificated security must be
19 registered in the name of and delivered to

20 (1) the registered owner, if the uncertificated security
21 was not subject to a registered pledge; or

22 (2) the registered pledgee, if the uncertificated security
23 was subject to a registered pledge.

24 Sec. 45.08.408. STATEMENTS OF UNCERTIFICATED SECURITIES. (a)
25 Within two business days after the transfer of an uncertificated
26 security has been registered, the issuer shall send to the new regis-
27 tered owner and, if the security has been transferred subject to a
28 registered pledge, to the registered pledgee a written statement
29 containing

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1 (1) a description of the issue of which the uncertificated
2 security is a part;

3 (2) the number of shares or units transferred;

4 (3) the name and address and any taxpayer identification
5 number of the new registered owner and, if the security has been
6 transferred subject to a registered pledge, the name and address and
7 any taxpayer identification number of the registered pledgee;

8 (4) a notation of any liens and restrictions of the issuer
9 and any adverse claims, as to which the issuer has a duty under
10 AS 45.08.403(d), to which the uncertificated security is or may be
11 subject at the time of registration or a statement that there are none
12 of those liens, restrictions, or adverse claims; and

13 (5) the date the transfer was registered.

14 (b) Within two business days after the pledge of an uncertif-
15 icated security has been registered, the issuer shall send to the
16 registered owner and the registered pledgee a written statement con-
17 taining

18 (1) a description of the issue of which the uncertificated
19 security is a part;

20 (2) the number of shares or units pledged;

21 (3) the name and address and any taxpayer identification
22 number of the registered owner and the registered pledgee;

23 (4) a notation of any liens and restrictions of the issuer
24 and any adverse claims, as to which the issuer has a duty under
25 AS 45.08.403(d), to which the uncertificated security is or may be
26 subject at the time of registration or a statement that there are none
27 of those liens, restrictions, or adverse claims; and

28 (5) the date the pledge was registered.

29 (c) Within two business days after the release from pledge of an

1 uncertificated security has been registered, the issuer shall send to
2 the registered owner and the pledgee whose interest was released a
3 written statement containing

4 (1) a description of the issue of which the uncertificated
5 security is a part;

6 (2) the number of shares or units released from pledge;

7 (3) the name and address and any taxpayer identification
8 number of the registered owner and the pledgee whose interest was
9 released;

0 (4) a notation of any liens and restrictions of the issuer
1 and any adverse claims, as to which the issuer has a duty under
2 AS 45.08.403(d), to which the uncertificated security is or may be
3 subject at the time of registration or a statement that there are none
4 of those liens, restrictions, or adverse claims; and

5 (5) the date the release was registered.

6 (d) An "initial transaction statement" is the statement sent to
7 (1) the new registered owner and, if applicable, to the registered
8 pledgee under (a) of this section; (2) the registered pledgee under
9 (b) of this section; or (3) the registered owner under (c) of this
0 section. Each initial transaction statement must be signed by or on
1 behalf of the issuer and must be identified as "Initial Transaction
2 Statement."

3 (e) Within two business days after the transfer of an uncertif-
4 icated security has been registered, the issuer shall send to the
5 former registered owner and the former registered pledgee, if any, a
6 written statement containing

7 (1) a description of the issue of which the uncertificated
8 security is a part;

9 (2) a number of shares or units transferred;

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1 (3) the name and address and any taxpayer identification
2 number of the former registered owner and of any former registered
3 pledgee; and

4 (4) the date the transfer was registered.

5 (f) At periodic intervals no less frequent than annually and at
6 any time upon the reasonable written request of the registered owner,
7 the issuer shall send to the registered owner of each uncertificated
8 security a dated written statement containing

9 (1) a description of the issue of which the uncertificated
10 security is a part;

11 (2) the name and address and any taxpayer identification
12 number of the registered owner;

13 (3) the number of shares or units of the uncertificated
14 security registered in the name of the registered owner on the date of
15 the statement;

16 (4) the name and address and any taxpayer identification
17 number of any registered pledgee and the number of shares or units
18 subject to the pledge; and

19 (5) a notation of any liens and restrictions of the issuer
20 and any adverse claims, as to which the issuer has a duty under
21 AS 45.08.403(d), to which the uncertificated security is or may be
22 subject or a statement that there are none of those liens, restric-
23 tions, or adverse claims.

24 (g) At periodic intervals no less frequent than annually and at
25 any time upon the reasonable written request of the registered
26 pledgee, the issuer shall send to the registered pledgee of each
27 uncertificated security a dated written statement containing

28 (1) a description of the issue of which the uncertificated
29 security is a part;

1 (2) the name and address and any taxpayer identification
2 number of the registered owner;

3 (3) the name and address and any taxpayer identification
4 number of the registered pledgee;

5 (4) the number of shares or units subject to the pledge;
6 and

7 (5) a notation of any liens and restrictions of the issuer
8 and any adverse claims, as to which the issuer has a duty under
9 AS 45.08.403(d), to which the uncertificated security is or may be
10 subject or a statement that there are none of those liens, restric-
11 tions, or adverse claims.

12 (h) If the issuer sends the statements described in (f) and (g)
13 of this section at periodic intervals no less frequent than quarterly,
14 the issuer is not obliged to send additional statements upon request
15 unless the owner or pledgee requesting them pays to the issuer the
16 reasonable cost of furnishing them.

17 (i) Each statement sent under this section must bear a conspicu-
18 ous legend reading substantially as follows: "This statement is
19 merely a record of the rights of the addressee as of the time of its
20 issuance. Delivery of this statement, of itself, confers no rights on
21 the recipient. This statement is neither a negotiable instrument nor
22 a security."

23 * Sec. 53. AS 45.09.103(c) is amended to read:

24 (c) This subsection applies to accounts (other than an account
25 described in (e) of this section) and general intangibles (other than
26 uncertificated securities) and to goods which are mobile and which are
27 of a type normally used in more than one jurisdiction, such as motor
28 vehicles, trailers, rolling stock, airplanes, shipping containers,
29 road building and construction machinery and commercial harvesting

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1 machinery and the like, if the goods are equipment or are inventory
2 leased or held for lease by the debtor to others, and are not covered
3 by a certificate of title described in (b) of this section.

4 (1) The law (including the conflict of laws rules) of the
5 jurisdiction in which the debtor is located governs the perfection and
6 the effect of perfection or nonperfection of the security interest.

7 (2) If, however, the debtor is located in a jurisdiction
8 which is not a part of the United States, and which does not provide
9 for perfection of the security interest by filing or recording in that
10 jurisdiction, the law of the jurisdiction in the United States in
11 which the debtor has the debtor's major executive office in the United
12 States governs the perfection and the effect of perfection or nonper-
13 fection of the security interest through filing. In the alternative,
14 if the debtor is located in a jurisdiction which is not a part of the
15 United States or Canada and the collateral is accounts or general
16 intangibles for money due or to become due, the security interest may
17 be perfected by notification to the account debtor. As used in this
18 paragraph, "United States" includes its territories and possessions
19 and the Commonwealth of Puerto Rico.

20 (3) A debtor shall be considered located at the debtor's
21 place of business if the debtor has one, at the debtor's chief execu-
22 tive office if the debtor has more than one place of business, or
23 otherwise at the debtor's residence. If, however, the debtor is a
24 foreign air carrier under the Federal Aviation Act of 1958, as amend-
25 ed, it shall be considered located at the designated office of the
26 agent upon whom service of process may be made on behalf of the for-
27 eign air carrier.

28 (4) A security interest perfected under the law of the
29 jurisdiction of the location of the debtor is perfected until the

1 expiration of four months after a change of the debtor's location to
2 another jurisdiction, or until perfection would have ceased by the law
3 of the first jurisdiction, whichever period first expires. Unless
4 perfected in the new jurisdiction before the end of that period, the
5 security interest becomes unperfected thereafter and is considered to
6 have been unperfected as against a person who became a purchaser after
7 the change.

8 * Sec. 54. AS 45.09.103 is amended by adding a new subsection to read:

9 (f) The law (including the conflict of laws rules) of the juris-
10 diction of organization of the issuer governs the perfection and the
11 effect of perfection or nonperfection of a security interest in uncer-
12 tificated securities.

13 * Sec. 55. AS 45.09.105(a)(9) is amended to read:

14 (9) "instrument" means a negotiable instrument (defined in
15 AS 45.03.104), or a certificated security (defined in AS 45.08.102),
16 or any other writing that [WHICH] evidences a right to the payment of
17 money and is not itself a security agreement or lease and is of a type
18 that [WHICH] is in ordinary course of business transferred by delivery
19 with any necessary endorsement or assignment;

20 * Sec. 56. AS 45.09.203(a) is amended to read:

21 (a) Subject to the provisions of AS 45.04.208 on the security
22 interest of a collecting bank, AS 45.08.321 on security interests in
23 securities, and AS 45.09.113 on a security interest arising under
24 AS 45.02, a security interest is not enforceable against the debtor or
25 third parties with respect to the collateral and does not attach
26 unless

27 (1) the collateral is in the possession of the secured
28 party pursuant to agreement or the debtor has signed a security agree-
29 ment that [WHICH] contains a description of the collateral, and, in

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1 addition, if the security interest covers crops growing or to be grown
2 or timber to be cut, a description of the land concerned;

3 (2) value has been given; and

4 (3) the debtor has rights in the collateral.

5 * Sec. 57. AS 45.09.302(a) is amended to read:

6 (a) A financing statement must be filed to perfect all security
7 interests except the following:

8 (1) a security interest in collateral in possession of the
9 secured party under AS 45.09.305;

10 (2) a security interest temporarily perfected in instru-
11 ments or documents without delivery under AS 45.09.304 or in proceeds
12 for a 10-day period under AS 45.09.306;

13 (3) a security interest created by an assignment of a
14 beneficial interest in a trust or a decedent's estate;

15 (4) a purchase money security interest in consumer goods;
16 but filing is required for a motor vehicle required to be registered;
17 and fixture filing is required for priority over conflicting interests
18 in fixtures to the extent provided in AS 45.09.313;

19 (5) an assignment of accounts which does not alone or in
20 conjunction with other assignments to the same assignee transfer a
21 significant part of the outstanding accounts of the assignor;

22 (6) a security interest of a collecting bank ([SEE] AS 45.-
23 04.208), or in securities (AS 45.08.321), or arising under AS 45.02
24 (see AS 45.09.113) or covered in (c) of this section;

25 (7) as assignment for the benefit of all the creditors of
26 the transferor, and subsequent transfers by the assignee.

27 * Sec. 58. AS 45.09.304(a) is amended to read:

28 (a) A security interest in chattel paper or negotiable documents
29 may be perfected by filing. A security interest in money or

1 instruments (other than certificated securities or instruments that
2 [WHICH] constitute part of chattel paper) can be perfected only by the
3 secured party's taking possession, except as provided in (d) and (e)
4 of this section and AS 45.09.306(b) and (c) on proceeds.

5 * Sec. 59. AS 45.09.304(d) is amended to read:

6 (d) A security interest in instruments (other than certificated
7 securities) or negotiable documents is perfected without filing or the
8 taking of possession for a period of 21 days from the time it attaches
9 to the extent that it arises for new value given under a written
10 security agreement.

11 * Sec. 60. AS 45.09.304(e) is amended to read:

12 (e) A security interest remains perfected for a period of 21
13 days without filing if a secured party has a perfected security inter-
14 est in an instrument (other than a certificated security), a negotia-
15 ble document, or goods in possession of a bailee other than one who
16 has issued a negotiable document for the goods, and

17 (1) makes the goods or documents representing the goods
18 available to the debtor for ultimate sale or exchange or to load,
19 unload, store, ship, transship, manufacture, process, or otherwise
20 dealing with them in a manner preliminary to their sale or exchange,
21 but priority between conflicting security interests in the goods is
22 subject to AS 45.09.312; or

23 (2) delivers the instrument to the debtor for ultimate
24 sale, exchange, presentation, collection, renewal, or registration of
25 transfer.

26 * Sec. 61. AS 45.09.305 is amended to read:

27 Sec. 45.09.305. WHEN POSSESSION BY SECURED PARTY PERFECTS SECU-
28 RITY INTEREST WITHOUT FILING. A security interest in letters of
29 credit and advices of credit (AS 45.05.116(b)(1)), goods, instruments

1 (other than certificated securities), money, negotiable documents, or
2 chattel paper may be perfected by the secured party's taking pos-
3 session of the collateral. If the collateral, other than goods
4 covered by a negotiable document, is held by a bailee, the secured
5 party is considered to have possession from the time the bailee re-
6 ceives notification of the secured party's interest. A security
7 interest is perfected by possession from the time possession is taken
8 without relation back and continues only so long as possession is
9 retained unless otherwise specified in this chapter. The security
10 interest may be otherwise perfected as provided in this chapter before
11 or after the period of possession by the secured party.

12 * Sec. 62. AS 45.09.309 is amended to read:

13 Sec. 45.09.309. PROTECTION OF PURCHASERS OF INSTRUMENTS AND
14 DOCUMENTS AND SECURITIES. Nothing in this chapter limits the rights
15 of a holder in due course of a negotiable instrument (AS 45.03.302) or
16 a holder to whom a negotiable document of title has been duly negoti-
17 ated (AS 45.07.501) or a bona fide purchaser of a security (AS 45.08.-
18 302 [AS 45.08.301]), and the holders or purchasers take priority over
19 an earlier security interest even though perfected. Filing under this
20 chapter does not constitute notice of the security interest to the
21 holders or purchasers.

22 * Sec. 63. AS 45.09.312(g) is amended to read:

23 (g) If future advances are made while a security interest is
24 perfected by filing or the taking of possession, or perfected under
25 AS 45.08.321 on securities, the security interest has the same priori-
26 ty for the purposes of (e) of this section with respect to the future
27 advances as it does with respect to the first advance. If a commit-
28 ment is made before or while the security interest is so perfected,
29 the security interest has the same priority with respect to advances

1 made under the commitment. In other cases a perfected security inter-
2 est has priority from the date the advance is made.
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