



LAWS OF ALASKA

1970

Source

HB 638

Chapter No.

140

AN ACT

Relating to the transfer or pledge of securities within a central depository system under the Uniform Commercial Code; and providing for an effective date.

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

* Section 1. AS 45.05.614 is amended to read:

Sec. 45.05.614. DEFINITIONS AND INDEX OF DEFINITIONS.

(a) In secs. 612 - 688 of this chapter, unless the context otherwise requires,

(1) a "security" is an instrument which

(A) is issued in bearer or registered form;

(B) is of a type commonly dealt in upon securities exchanges or markets or commonly recognized in any area in which it is issued or dealt in as a medium for investment;

(C) is either one of a class or series or by its terms is divisible into a class or series of instruments; and

(D) evidences a share, participation, or other interest in property or in an enterprise or evidences an obligation of the issuer;

(2) a writing which is a security is governed by secs. 612 - 688 of this chapter and not by Uniform Commercial Code - Commercial Paper even though it also meets the requirements of secs. 246 - 402 of this chapter; secs. 612 - 688 of this chapter do not apply to money;

(3) a security is in "registered form" if it specifies a person entitled to the security or to the rights it evidences and if its transfer may be registered

upon books maintained for that purpose by or on behalf of an issuer or the security so states;

(4) a security is in "bearer form" if it runs to bearer according to its terms and not by reason of an endorsement.

(b) "Proper form" means regular on its face with regard to all formal matters.

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

(d) A "clearing corporation" is a corporation all of the capital stock of which is held by or for a national securities exchange or association, registered under a statute of the United States such as the Securities Exchange Act of 1934.

(e) A "custodian bank" is a bank or trust company, supervised and examined by state or federal authority having supervision over banks, which is acting as custodian for a clearing corporation.

(f) Other definitions apply to secs. 612 - 688 of this chapter or to specific sections, and the sections in which they appear are:

- (1) "adverse claim" (sec. 640)
- (2) "bona fide purchaser" (sec. 642)
- (3) "broker" (sec. 644)
- (4) "guarantee of the signature" (sec. 680)
- (5) "intermediary bank" (sec. 412)
- (6) "issuer" (sec. 624)
- (7) "overissue" (sec. 618)

(g) In addition, secs. 1 - 34 of this chapter contain general definitions and principles of construction and interpretation applicable throughout secs. 612 - 688 of this chapter.

* Sec. 2. AS 45.05.664 is repealed and re-enacted to read:

Sec. 45.05.664. WHEN DELIVERY TO THE PURCHASER OCCURS; PURCHASER'S BROKER AS HOLDER. (a) Delivery to the purchaser occurs when

(1) he or a person designated by him acquires possession of a security;

(2) his broker acquires possession of a security specially endorsed to or issued in the name of the purchaser; or

(3) his broker sends him confirmation of the purchase and also by book entry or otherwise identifies a specific security in the broker's possession as belonging

to the purchaser;

(4) with respect to an identified security to be delivered while still in the possession of a third person when that person acknowledges that he holds for the purchaser;

(5) appropriate entries are made on the books of a clearing corporation as provided in sec. 677 of this chapter.

(b) The purchaser is the owner of a security held for him by his broker, but is not the holder except as specified in (a)(2), (3) and (5) of this section. Where a security is part of a fungible bulk the purchaser is an owner of a proportionate property interest in the fungible bulk.

(c) Notice of an adverse claim received by the broker or by the purchaser after the broker takes delivery as a holder for value is not effective either as to the broker or as to the purchaser. However, as between the broker and the purchaser the purchaser may demand delivery of an equivalent security as to which no notice of an adverse claim has been received.

* Sec. 3. AS 45.05 is amended by adding a new section to read:

Sec. 45.05.677. TRANSFER OR PLEDGE WITHIN A CENTRAL DEPOSITORY SYSTEM. (a) In addition to other methods provided for in this chapter, a transfer or pledge of a security or any interest in a security may be made by appropriate entries on the books of a clearing corporation reducing the account of the transferor or pledgor and increasing the account of the transferee or pledgee by the amount of the obligation or the number of shares or rights transferred or pledged if the security

(1) is in the custody of a clearing corporation or of a custodian bank or a nominee of either subject to the instructions of the clearing corporation;

(2) is in bearer form or endorsed in blank by an appropriate person or registered in the name of the clearing corporation or custodian bank or a nominee of either; and

(3) is shown on the account of a transferor or pledgor on the books of the clearing corporation.

(b) A transfer or pledge 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 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 of the same security.

(c) A transfer or pledge under this section 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 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 is the holder.

(d) A transfer or pledge under this section does not constitute a registration of transfer under secs. 678 - 688 of this chapter.

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

* Sec. 4. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.