

TITLE 5: UNIFORM COMMERCIAL CODE
DIVISION 8: INVESTMENT SECURITIES

§ 8302. “Bona Fide Purchaser”; “Adverse Claim”; Title Acquired by Bona Fide Purchaser.

(1) A “bona fide purchaser” is a purchaser for value in good faith and without notice of any adverse claim:

(a) Who takes delivery of a certificated security in bearer form or in registered form, issued or indorsed to him or in blank;

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

(c) To whom a security is transferred under the provisions of 5 CMC § 8313 (1)(c), (1)(d)(i), or (1)(g).

(2) “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.

(3) A bona fide purchaser in addition to acquiring the rights of a purchaser (5 CMC § 8301) also acquires his interest in the security free of any adverse claim.

(4) Notwithstanding 5 CMC § 8301(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 his position by taking from a bona fide purchaser.

Source: PL 3-56, § 1 (§ 8302).