

TITLE 5: UNIFORM COMMERCIAL CODE
DIVISION 8: INVESTMENT SECURITIES

§ 8313. When Transfer to Purchaser Occurs; Financial Intermediary as Bona Fide Purchaser; “Financial Intermediary.”

(1) Transfer of a security or a limited interest (including a security interest) therein to a purchaser occurs only:

(a) At the time he or a person designated by him acquires possession of a certificated security;

(b) At the time the transfer, pledge, or release of an uncertificated security is registered to him or a person designated by him;

(c) At the time his financial intermediary acquires possession of a certificated security specially indorsed to or issued in the name of the purchaser;

(d) At the time a financial intermediary, not a clearing corporation, sends him confirmation of the purchase and also by book entry or otherwise identifies as belonging to the purchaser:

(i) A specific certificated security in the financial intermediary’s possession;

(ii) 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

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

(e) 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 that person acknowledges that he holds for the purchaser;

(f) 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 he holds for the purchaser;

(g) At the time appropriate entries to the account of the purchaser or a person designated by him on the books of a clearing corporation are made under 5 CMC § 8320;

(h) 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 pursuant to this paragraph, is signed by the secured party, is received by:

(i) A financial intermediary on whose books the interest of the transferor in the security appears;

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(ii) A third person, not a financial intermediary, in possession of the security, if it is certificated;

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

(iv) A third person, not a financial intermediary, who is the registered pledgee of the security, if it is uncertificated and subject to a registered pledge;

(i) With respect to the transfer of a security interest where the transferor has signed a security agreement containing a description of the security, at the time new value is given by the secured party; or

(j) With respect to the transfer of a security interest where the secured party is a financial intermediary and the security has already been transferred to the financial intermediary under subsections (1)(a), (1)(b), (1)(c), or (1)(g) of this section, at the time the transferor has signed a security agreement containing a description of the security and value is given by the secured party.

(2) The purchaser is the owner of a security held for him by a financial intermediary, but cannot be a bona fide purchaser of a security so held except in the circumstances specified in subsections (1)(c), (1)(d)(i), and (1)(g) of this section. If a security so held is part of a fungible bulk, as in the circumstances specified in subsections (1)(d)(ii) and (1)(d)(iii) of this section, the purchaser is the owner of a proportionate property interest in the fungible bulk.

(3) Notice of an adverse claim received by the financial intermediary or by the purchaser after the financial intermediary 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 or as to the purchaser. However, as between the financial intermediary and the purchaser the purchaser may demand transfer of an equivalent security as to which no notice of adverse claim has been received.

(4) 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.

Source: PL 3-56, § 1 (§ 8313).