

TITLE 5: UNIFORM COMMERCIAL CODE
DIVISION 8: INVESTMENT SECURITIES

§ 8320. Transfer or Pledge Within Central Depository System.

(1) In addition to other methods, a transfer, pledge, or release of a security or any interest therein may be effected by the making of appropriate entries on the books of a clearing corporation reducing the account of the transferor, pledgor, or pledgee and increasing the account of the transferee, pledgee, or pledgor by the amount of the obligation or the number of shares or rights transferred, pledged, or released, if the security is shown on the account of a transferor, pledgor, or pledgee on the books of the clearing corporation; is subject to the control of the clearing corporation; and

(a) If certificated:

(i) Is in the custody of the clearing corporation, another clearing corporation, a custodian bank, or a nominee of any of them; and

(ii) Is in bearer form or indorsed in blank by an appropriate person or registered in the name of the clearing corporation, a custodian bank, or a nominee of any of them; or

(b) If uncertificated, is registered in the name of the clearing corporation, another clearing corporation, a custodian bank, or a nominee of any of them.

(2) Under this section entries may be made with respect to like securities or interests therein as a part of a fungible bulk and may refer merely to a quantity of a particular security without reference to the name of the registered owner, certificate or bond number, or the like, and, in appropriate cases, may be on a net basis taking into account other transfers, pledges, or releases of the same security.

(3) A transfer under this section is effective (5 CMC § 8313) and the purchaser acquires the rights of the transferor (5 CMC § 8301). A pledge or release under this section is the transfer of a limited interest. 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 (5 CMC § 8321). A transferee or pledgee under this section may be a bona fide purchaser (5 CMC § 8302).

(4) A transfer or pledge under this section is not a registration of transfer under chapter 4 of this division [5 CMC § 8401 et seq.].

(5) That entries made on the books of the clearing corporation as provided in subsection (1) of this section are not appropriate does not affect the validity or effect of the entries or the liabilities or obligations of the clearing corporation to any person adversely affected thereby.

Source: PL 3-56, § 1 (§ 8320).