

Part 3

Transfer of Certificated and Uncertificated Securities

70A-8-301 Delivery.

- (1) Delivery of a certificated security to a purchaser occurs when:
 - (a) the purchaser acquires possession of the security certificate;
 - (b) another person, other than a securities intermediary, either acquires possession of the security certificate on behalf of the purchaser or, having previously acquired possession of the certificate, acknowledges that it holds for the purchaser; or
 - (c) a securities intermediary acting on behalf of the purchaser acquires possession of the security certificate, only if the certificate is in registered form and is:
 - (i) registered in the name of the purchaser;
 - (ii) payable to the order of the purchaser; or
 - (iii) specially indorsed to the purchaser by an effective indorsement and has not been indorsed to the securities intermediary or in blank.
- (2) Delivery of an uncertificated security to a purchaser occurs when:
 - (a) the issuer registers the purchaser as the registered owner, upon original issue or registration of transfer; or
 - (b) another person, other than a securities intermediary, either becomes the registered owner of the uncertificated security on behalf of the purchaser or, having previously become the registered owner, acknowledges that it holds for the purchaser.

Amended by Chapter 252, 2000 General Session

70A-8-302 Rights of purchaser.

- (1) Except as otherwise provided in Subsections (2) and (3), a purchaser of a certificated or uncertificated security acquires all rights in the security that the transferor had or had power to transfer.
- (2) A purchaser of a limited interest acquires rights only to the extent of the interest purchased.
- (3) A purchaser of a certificated security who as a previous holder had notice of an adverse claim does not improve its position by taking from a protected purchaser.

Amended by Chapter 252, 2000 General Session

70A-8-303 Protected purchaser.

- (1) "Protected purchaser" means a purchaser of a certificated or uncertificated security, or of an interest in the security, who:
 - (a) gives value;
 - (b) does not have notice of an adverse claim to the security;
 - (c) obtains control of the security; and
 - (d) for a share of stock issued by a land company or a water company:
 - (i) pays, or whose predecessors in interest paid, an assessment levied against the share of stock for at least four of the immediate past seven years by the land company or the water company; or
 - (ii) has used, or whose predecessors in interest have used, either directly or indirectly, the water available under the share of stock issued by a water company for at least four of the immediate past seven years.

- (2) In addition to acquiring the rights of a purchaser, a protected purchaser acquires the purchaser's interest in the certificated or uncertificated security, share of stock in a land company, or share of stock in a water company free of any adverse claim.

Amended by Chapter 22, 2016 General Session

70A-8-304 Indorsement.

- (1) An indorsement may be in blank or special. An indorsement in blank includes an indorsement to bearer. A special indorsement specifies to whom a security is to be transferred or who has power to transfer it. A holder may convert a blank indorsement to a special indorsement.
- (2) An indorsement purporting to be only of part of a security certificate representing units intended by the issuer to be separately transferable is effective to the extent of the indorsement.
- (3) An indorsement, whether special or in blank, does not constitute a transfer until delivery of the certificate on which it appears or, if the indorsement is on a separate document, until delivery of both the document and the certificate.
- (4) If a security certificate in registered form has been delivered to a purchaser without a necessary indorsement, the purchaser may become a protected purchaser only when the indorsement is supplied. However, against a transferor, a transfer is complete upon delivery and the purchaser has a specifically enforceable right to have any necessary indorsement supplied.
- (5) An indorsement of a security certificate in bearer form may give notice of an adverse claim to the certificate, but it does not otherwise affect a right to registration that the holder possesses.
- (6) Unless otherwise agreed, a person making an indorsement assumes only the obligations provided in Section 70A-8-107 and not an obligation that the security will be honored by the issuer.

Repealed and Re-enacted by Chapter 204, 1996 General Session

70A-8-305 Instruction.

- (1) 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.
- (2) Unless otherwise agreed, a person initiating an instruction assumes only the obligations imposed by Section 70A-8-107 and not an obligation that the security will be honored by the issuer.

Repealed and Re-enacted by Chapter 204, 1996 General Session

70A-8-306 Effect of guaranteeing signature, indorsement, or instruction.

- (1) A person who guarantees a signature of an indorser of a security certificate warrants that at the time of signing:
 - (a) the signature was genuine;
 - (b) the signer was an appropriate person to indorse, or if the signature is by an agent, the agent had actual authority to act on behalf of the appropriate person; and
 - (c) the signer had legal capacity to sign.
- (2) A person who guarantees a signature of the originator of an instruction warrants that at the time of signing:
 - (a) the signature was genuine;

- (b) the signer was an appropriate person to originate the instruction, or if the signature is by an agent, the agent had actual authority to act on behalf of the appropriate person, if the person specified in the instruction as the registered owner was, in fact, the registered owner, as to which fact the signature guarantor does not make a warranty; and
 - (c) the signer had legal capacity to sign.
- (3) A person who specially guarantees the signature of an originator of an instruction makes the warranties of a signature guarantor under Subsection (2) and also warrants that at the time the instruction is presented to the issuer:
- (a) the person specified in the instruction as the registered owner of the uncertificated security will be the registered owner; and
 - (b) the transfer of the uncertificated security 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.
- (4) A guarantor under Subsection (1) and (2) or a special guarantor under Subsection (3) does not otherwise warrant the rightfulness of the transfer.
- (5) A person who guarantees an indorsement of a security certificate makes the warranties of a signature guarantor under Subsection (1) and also warrants the rightfulness of the transfer in all respects.
- (6) A person who guarantees an instruction requesting the transfer of an uncertificated security makes the warranties of a special signature guarantor under Subsection (3) and also warrants the rightfulness of the transfer in all respects.
- (7) An issuer may not require a special guaranty of signature, a guaranty of indorsement, or a guaranty of instruction as a condition to registration of transfer.
- (8) The warranties under this section are made to a person taking or dealing with the security in reliance on the guaranty, and the guarantor is liable to the person for loss resulting from their breach. An indorser or originator of an instruction whose signature, indorsement, or instruction has been guaranteed is liable to a guarantor for any loss suffered by the guarantor as a result of breach of the warranties of the guarantor.

Repealed and Re-enacted by Chapter 204, 1996 General Session

70A-8-307 Purchaser's right to requisites for registration of transfer.

Unless otherwise agreed, the transferor of a security on due demand shall supply the purchaser with proof of authority to transfer or with any other requisite necessary to obtain registration of the transfer of the security, but if the transfer is not for value, a transferor need not comply unless the purchaser pays the necessary expenses. If the transferor fails within a reasonable time to comply with the demand, the purchaser may reject or rescind the transfer.

Repealed and Re-enacted by Chapter 204, 1996 General Session