

# HB0543S01 compared with HB0543

~~{Omitted text}~~ shows text that was in HB0543 but was omitted in HB0543S01

inserted text shows text that was not in HB0543 but was inserted into HB0543S01

**DISCLAIMER: This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will NOT be completely accurate. Therefore, you need to read the actual bills. This automatically generated document could contain inaccuracies caused by: limitations of the compare program; bad input data; or other causes.**

1 **Uniform Commercial Code Amendments**  
2026 GENERAL SESSION  
STATE OF UTAH  
Chief Sponsor: Jason B. Kyle  
Senate Sponsor:



2  
3 **LONG TITLE**

4 **General Description:**

5 This bill amends ~~{and repeals provisions of}~~ the Uniform Commercial Code.

6 **Highlighted Provisions:**

7 This bill:

8 

- ~~{amends the statutory provisions}~~ provides that ~~{guide which jurisdiction's law applies to actions involving}~~ a securities intermediary shall provide a disclosure when a financial asset held by the securities intermediary{;} is subject to certain conditions.

10 

- ~~{removes exceptions related to priority of creditors over entitlement holders in security interests;}~~

12 

- ~~{amends rules relating to the perfection and priority of a security interest; and}~~

13 

- ~~{makes technical and conforming changes.}~~

10 **Money Appropriated in this Bill:**

11 None

12 **Other Special Clauses:**

13 None

HB0543

# HB0543 compared with HB0543S01

14 **Utah Code Sections Affected:**

15 AMENDS:

20 ~~{70A-8-109, as last amended by Laws of Utah 2000, Chapter 252}~~

21 ~~{70A-8-503, as enacted by Laws of Utah 1996, Chapter 204}~~

16 70A-8-511, as enacted by Laws of Utah 1996, Chapter 204

23 ~~{70A-9a-305, as enacted by Laws of Utah 2000, Chapter 252}~~

17

18 *Be it enacted by the Legislature of the state of Utah:*

26 ~~{Section 1. Section 70A-8-109 is amended to read: }~~

27 **70A-8-109. Applicability -- Choice of law.**

28 (1) The local law of the issuer's jurisdiction, as specified in Subsection (4), governs:

29 (a) the validity of a security;

30 (b) the rights and duties of the issuer with respect to registration of transfer;

31 (c) the effectiveness of registration of transfer by the issuer;

32 (d) whether the issuer owes any duties to an adverse claimant to a security; and

33 (e) whether an adverse claim can be asserted against a person to whom transfer of a certificated or  
uncertificated security is registered or a person who obtains control of an uncertificated security.

36 (2) The local law of the [securities intermediary's] entitlement holder's jurisdiction[~~, as specified in~~  
~~Subsection (5),~~] governs:

38 (a) acquisition of a security entitlement from the securities intermediary;

39 (b) the rights and duties of the securities intermediary and entitlement holder arising out of a security  
entitlement;

41 (c) whether the securities intermediary owes any duties to an adverse claimant to a security entitlement;  
and

43 (d) whether an adverse claim can be asserted against a person who acquires a security entitlement from  
the securities intermediary or a person who purchases a security entitlement or interest therein from  
an entitlement holder.

46 (3) The local law of the jurisdiction in which a security certificate is located at the time of delivery  
governs whether an adverse claim can be asserted against a person to whom the security certificate  
is delivered.

49

## HB0543 compared with HB0543S01

(4) "Issuer's jurisdiction" means the jurisdiction under which the issuer of the security is organized or, if permitted by the law of that jurisdiction, the law of another jurisdiction specified by the issuer. An issuer organized under the law of this state may specify the law of another jurisdiction as the law governing the matters specified in Subsections (1)(b) through (e).

54 [(5) The following rules determine a "securities intermediary's jurisdiction" for purposes of this section:]

56 [(a) If an agreement between the securities intermediary and its entitlement holder governing the securities account expressly provides that a particular jurisdiction is the securities intermediary's jurisdiction for purposes of this part, this chapter, or this title, that jurisdiction is the securities intermediary's jurisdiction.]

60 [(b) If Subsection (5)(a) does not apply and an agreement between the securities intermediary and its entitlement holder governing the securities account expressly provides that the agreement is governed by the law of a particular jurisdiction, that jurisdiction is the securities intermediary's jurisdiction.]

64 [(c) If neither Subsection (5)(a) nor Subsection (5)(b) applies and an agreement between the securities intermediary and its entitlement holder governing the securities account expressly provides that the securities account is maintained at an office in a particular jurisdiction, that jurisdiction is the securities intermediary's jurisdiction.]

68 [(d) If Subsections (5)(a) through (c) do not apply, the securities intermediary's jurisdiction is the jurisdiction in which the office identified in an account statement as the office serving the entitlement holder's account is located.]

71 [(e) If Subsections (5)(a) through (d) do not apply, the securities intermediary's jurisdiction is the jurisdiction in which the chief executive office of the securities intermediary is located.]

74 [(6) A securities intermediary's jurisdiction is not determined by the physical location of certificates representing financial assets, or by the jurisdiction in which is organized the issuer of the financial asset with respect to which an entitlement holder has a security entitlement, or by the location of facilities for data processing or other record keeping concerning the account.]

79 {Section 2. ~~Section 70A-8-503 is amended to read: }~~

80 **70A-8-503. Property interest of entitlement holder in financial asset held by securities intermediary.**

82

## HB0543 compared with HB0543S01

- (1) To the extent necessary for a securities intermediary to satisfy all security entitlements with respect to a particular financial asset, all interests in that financial asset held by the securities intermediary are held by the securities intermediary for the entitlement holders, are not property of the securities intermediary, and are not subject to claims of creditors of the securities intermediary~~[-, except as otherwise provided in Section 70A-8-511].~~
- 88 (2) An entitlement holder's property interest with respect to a particular financial asset under Subsection (1) is a pro rata property interest in all interests in that financial asset held by the securities intermediary, without regard to the time the entitlement holder acquired the security entitlement or the time the securities intermediary acquired the interest in that financial asset.
- 93 (3) An entitlement holder's property interest with respect to a particular financial asset under Subsection (1) may be enforced against the securities intermediary only by exercise of that entitlement holder's rights under Sections 70A-8-505 through 70A-8-508.
- 96 (4)
- (a) An entitlement holder's property interest with respect to a particular financial asset under Subsection (1) may be enforced against a purchaser of the financial asset or interest therein only if:
- 99 (i) insolvency proceedings have been initiated by or against the securities intermediary;
- 101 (ii) the securities intermediary does not have sufficient interests in the financial asset to satisfy the security entitlements of all of its entitlement holders to that financial asset;
- 104 (iii) the securities intermediary violated its obligations under Section 70A-8-504 by transferring the financial asset or interest therein to the purchaser; and
- 106 (iv) the purchaser is not protected under Subsection (5).
- 107 (b)
- (i) The trustee or other liquidator, acting on behalf of all entitlement holders having security entitlements with respect to a particular financial asset, may recover the financial asset, or interest therein, from the purchaser.~~[-]~~
- 110 (ii) If the trustee or other liquidator elects not to pursue that right, an entitlement holder whose security entitlement remains unsatisfied has the right to recover its interest in the financial asset from the purchaser.
- 113 (5) An action based on the entitlement holder's property interest with respect to a particular financial asset under Subsection (1), whether framed in conversion, replevin, constructive trust, equitable lien, or other theory, may not be asserted against any purchaser of a financial asset or interest therein

## HB0543 compared with HB0543S01

who gives value, obtains control, and does not act in collusion with the securities intermediary in violating the securities intermediary's obligations under Section 70A-8-504.

19 Section 1. Section **70A-8-511** is amended to read:

20 **70A-8-511. Priority among security interests and entitlement holders.**

121 ~~{(1) Except as otherwise provided in Subsections (2) and (3), if ~~{}~~ ~~If~~ a securities intermediary does not have sufficient interests in a particular financial asset to satisfy both ~~{fits{}}~~ ~~the securities intermediary's~~ obligations to entitlement holders who have security entitlements to that financial asset and ~~{fits{}}~~ ~~the securities intermediary's~~ obligation to a creditor of the securities intermediary who has a security interest in that financial asset, the claims of entitlement holders, other than the creditor, have priority over the claim of the creditor.~~

128 ~~{(2) A claim of a creditor of a securities intermediary who has a security interest in a financial asset held by a securities intermediary has priority over claims of the securities intermediary's entitlement holders who have security entitlements with respect to that financial asset if the creditor has control over the financial asset.}}~~

132 ~~{(3) If a clearing corporation does not have sufficient financial assets to satisfy both its obligations to entitlement holders who have security entitlements with respect to a financial asset and its obligation to a creditor of the clearing corporation who has a security interest in that financial asset, the claim of the creditor has priority over the claims of entitlement holders.}}~~

36 (4) If Subsection (2) or (3) applies to a financial asset held by a securities intermediary, the securities intermediary shall provide a written, conspicuous disclosure to each of the securities intermediary's entitlement holders stating:

39 (a) that the financial asset is subject to Subsection (2) or (3); and

40 (b) a brief description of the practical implication of the financial asset being subject to Subsection (2) or (3).

137 ~~{Section 4. Section **70A-9a-305** is amended to read: }~~

138 **70A-9a-305. Law governing perfection and priority of security interests in investment property.**

140 (1) Except as otherwise provided in Subsection (3), the following rules apply:

141 (a) While a security certificate is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in the certificated security represented thereby.

## HB0543 compared with HB0543S01

- 144 (b) The local law of the issuer's jurisdiction as specified in Subsection 70A-8-109(4) governs  
perfection, the effect of perfection or nonperfection, and the priority of a security interest in an  
uncertificated security.
- 147 (c) The local law of the [~~securities intermediary's~~] entitlement holder's jurisdiction [~~as specified in~~  
~~Subsection 70A-8-109(5)] governs perfection, the effect of perfection or nonperfection, and the~~  
priority of a security interest in a security entitlement or securities account.
- 151 (d) The local law of the commodity intermediary's jurisdiction governs perfection, the effect of  
perfection or nonperfection, and the priority of a security interest in a commodity contract or  
commodity account.
- 154 (2) The following rules determine a commodity intermediary's jurisdiction for purposes of this part:
- 156 (a) If an agreement between the commodity intermediary and commodity customer governing the  
commodity account expressly provides that a particular jurisdiction is the commodity intermediary's  
jurisdiction for purposes of this part, this chapter, or this title, that jurisdiction is the commodity  
intermediary's jurisdiction.
- 160 (b) If Subsection (2)(a) does not apply and an agreement between the commodity intermediary and  
commodity customer governing the commodity account expressly provides that the agreement is  
governed by the law of a particular jurisdiction, that jurisdiction is the commodity intermediary's  
jurisdiction.
- 164 (c) If neither Subsection (2)(a) nor Subsection (2)(b) applies and an agreement between the commodity  
intermediary and commodity customer governing the commodity account expressly provides that  
the commodity account is maintained at an office in a particular jurisdiction, that jurisdiction is the  
commodity intermediary's jurisdiction.
- 168 (d) If none of the Subsections (2)(a) through (c) applies, the commodity intermediary's jurisdiction  
is the jurisdiction in which the office identified in an account statement as the office serving the  
commodity customer's account is located.
- 171 (e) If none of the Subsections (2)(a) through (d) applies, the commodity intermediary's jurisdiction is  
the jurisdiction in which the chief executive office of the commodity intermediary is located.
- 174 (3) The local law of the jurisdiction in which the debtor is located governs:
- 175 (a) perfection of a security interest in investment property by filing;
- 176 (b) automatic perfection of a security interest in investment property created by a broker or securities  
intermediary; and

## HB0543 compared with HB0543S01

178 (c) automatic perfection of a security interest in a commodity contract or commodity account created by  
a commodity intermediary.

42 Section 2. **Effective date.**

Effective Date.

This bill takes effect on May 6, 2026.

2-24-26 9:02 AM