

1 **Uniform Commercial Code Amendments**

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jason B. Kyle

Senate Sponsor:

2 **LONG TITLE**

3 **General Description:**

4 This bill amends and repeals provisions of the Uniform Commercial Code.

5 **Highlighted Provisions:**

6 This bill:

- 7 ▶ amends the statutory provisions that guide which jurisdiction's law applies to actions
- 8 involving a securities intermediary;
- 9 ▶ removes exceptions related to priority of creditors over entitlement holders in security
- 10 interests;
- 11 ▶ amends rules relating to the perfection and priority of a security interest; and
- 12 ▶ makes technical and conforming changes.

13 **Money Appropriated in this Bill:**

14 None

15 **Other Special Clauses:**

16 None

17 **Utah Code Sections Affected:**

18 AMENDS:

19 **70A-8-109**, as last amended by Laws of Utah 2000, Chapter 252

20 **70A-8-503**, as enacted by Laws of Utah 1996, Chapter 204

21 **70A-8-511**, as enacted by Laws of Utah 1996, Chapter 204

22 **70A-9a-305**, as enacted by Laws of Utah 2000, Chapter 252

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

24 Section 1. Section **70A-8-109** is amended to read:

25 **70A-8-109 . Applicability -- Choice of law.**

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

- 27 (a) the validity of a security;
- 28 (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
- 34 certificated or uncertificated security is registered or a person who obtains control of
- 35 an uncertificated security.
- 36 (2) The local law of the [~~securities intermediary's~~] entitlement holder's jurisdiction [~~as~~
- 37 ~~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
- 40 of a security entitlement;
- 41 (c) whether the securities intermediary owes any duties to an adverse claimant to a
- 42 security entitlement; and
- 43 (d) whether an adverse claim can be asserted against a person who acquires a security
- 44 entitlement from the securities intermediary or a person who purchases a security
- 45 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
- 47 delivery governs whether an adverse claim can be asserted against a person to whom the
- 48 security certificate is delivered.
- 49 (4) "Issuer's jurisdiction" means the jurisdiction under which the issuer of the security is
- 50 organized or, if permitted by the law of that jurisdiction, the law of another jurisdiction
- 51 specified by the issuer. An issuer organized under the law of this state may specify the
- 52 law of another jurisdiction as the law governing the matters specified in Subsections
- 53 (1)(b) through (e).
- 54 [~~(5) The following rules determine a "securities intermediary's jurisdiction" for purposes of~~
- 55 ~~this section:]~~
- 56 [~~(a) If an agreement between the securities intermediary and its entitlement holder~~
- 57 ~~governing the securities account expressly provides that a particular jurisdiction is the~~
- 58 ~~securities intermediary's jurisdiction for purposes of this part, this chapter, or this~~
- 59 ~~title, that jurisdiction is the securities intermediary's jurisdiction.]~~
- 60 [(b) If Subsection (5)(a) does not apply and an agreement between the securities
- 61 intermediary and its entitlement holder governing the securities account expressly
- 62 provides that the agreement is governed by the law of a particular jurisdiction, that
- 63 jurisdiction is the securities intermediary's jurisdiction.]
- 64 [(c) If neither Subsection (5)(a) nor Subsection (5)(b) applies and an agreement between

65 the securities intermediary and its entitlement holder governing the securities account
66 expressly provides that the securities account is maintained at an office in a particular
67 jurisdiction, that jurisdiction is the securities intermediary's jurisdiction.]

68 [(d) If Subsections (5)(a) through (c) do not apply, the securities intermediary's
69 jurisdiction is the jurisdiction in which the office identified in an account statement as
70 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
72 jurisdiction is the jurisdiction in which the chief executive office of the securities
73 intermediary is located.]

74 [(6) A securities intermediary's jurisdiction is not determined by the physical location of
75 certificates representing financial assets, or by the jurisdiction in which is organized the
76 issuer of the financial asset with respect to which an entitlement holder has a security
77 entitlement, or by the location of facilities for data processing or other record keeping
78 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**
81 **securities intermediary.**

82 (1) To the extent necessary for a securities intermediary to satisfy all security entitlements
83 with respect to a particular financial asset, all interests in that financial asset held by the
84 securities intermediary are held by the securities intermediary for the entitlement
85 holders, are not property of the securities intermediary, and are not subject to claims of
86 creditors of the securities intermediary[, except as otherwise provided in Section
87 70A-8-511].

88 (2) An entitlement holder's property interest with respect to a particular financial asset
89 under Subsection (1) is a pro rata property interest in all interests in that financial asset
90 held by the securities intermediary, without regard to the time the entitlement holder
91 acquired the security entitlement or the time the securities intermediary acquired the
92 interest in that financial asset.

93 (3) An entitlement holder's property interest with respect to a particular financial asset
94 under Subsection (1) may be enforced against the securities intermediary only by
95 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
97 under Subsection (1) may be enforced against a purchaser of the financial asset or
98 interest therein only if:

- 99 (i) insolvency proceedings have been initiated by or against the securities
 100 intermediary;
- 101 (ii) the securities intermediary does not have sufficient interests in the financial asset
 102 to satisfy the security entitlements of all of its entitlement holders to that financial
 103 asset;
- 104 (iii) the securities intermediary violated its obligations under Section 70A-8-504 by
 105 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
 108 having security entitlements with respect to a particular financial asset, may
 109 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
 111 holder whose security entitlement remains unsatisfied has the right to recover its
 112 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
 114 financial asset under Subsection (1), whether framed in conversion, replevin,
 115 constructive trust, equitable lien, or other theory, may not be asserted against any
 116 purchaser of a financial asset or interest therein who gives value, obtains control, and
 117 does not act in collusion with the securities intermediary in violating the securities
 118 intermediary's obligations under Section 70A-8-504.

119 Section 3. Section **70A-8-511** is amended to read:

120 **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
 122 does not have sufficient interests in a particular financial asset to satisfy both [its] the
 123 securities intermediary's obligations to entitlement holders who have security
 124 entitlements to that financial asset and [its] the securities intermediary's obligation to a
 125 creditor of the securities intermediary who has a security interest in that financial asset,
 126 the claims of entitlement holders, other than the creditor, have priority over the claim of
 127 the creditor.~~
- 128 [~~(2) A claim of a creditor of a securities intermediary who has a security interest in a~~
 129 ~~financial asset held by a securities intermediary has priority over claims of the securities~~
 130 ~~intermediary's entitlement holders who have security entitlements with respect to that~~
 131 ~~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~~

133 obligations to entitlement holders who have security entitlements with respect to a
134 financial asset and its obligation to a creditor of the clearing corporation who has a
135 security interest in that financial asset, the claim of the creditor has priority over the
136 claims of entitlement holders.]

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

138 **70A-9a-305 . Law governing perfection and priority of security interests in**
139 **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
142 jurisdiction governs perfection, the effect of perfection or nonperfection, and the
143 priority of a security interest in the certificated security represented thereby.
- 144 (b) The local law of the issuer's jurisdiction as specified in Subsection 70A-8-109(4)
145 governs perfection, the effect of perfection or nonperfection, and the priority of a
146 security interest in an uncertificated security.
- 147 (c) The local law of the [~~securities intermediary's~~] entitlement holder's jurisdiction [~~as~~
148 ~~specified in Subsection 70A-8-109(5)~~] governs perfection, the effect of perfection or
149 nonperfection, and the priority of a security interest in a security entitlement or
150 securities account.
- 151 (d) The local law of the commodity intermediary's jurisdiction governs perfection, the
152 effect of perfection or nonperfection, and the priority of a security interest in a
153 commodity contract or commodity account.

154 (2) The following rules determine a commodity intermediary's jurisdiction for purposes of
155 this part:

- 156 (a) If an agreement between the commodity intermediary and commodity customer
157 governing the commodity account expressly provides that a particular jurisdiction is
158 the commodity intermediary's jurisdiction for purposes of this part, this chapter, or
159 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
161 intermediary and commodity customer governing the commodity account expressly
162 provides that the agreement is governed by the law of a particular jurisdiction, that
163 jurisdiction is the commodity intermediary's jurisdiction.
- 164 (c) If neither Subsection (2)(a) nor Subsection (2)(b) applies and an agreement between
165 the commodity intermediary and commodity customer governing the commodity
166 account expressly provides that the commodity account is maintained at an office in a

- 167 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
169 jurisdiction is the jurisdiction in which the office identified in an account statement as
170 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
172 jurisdiction is the jurisdiction in which the chief executive office of the commodity
173 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
177 or securities intermediary; and
178 (c) automatic perfection of a security interest in a commodity contract or commodity
179 account created by a commodity intermediary.

180 **Section 5. Effective Date.**

181 This bill takes effect on May 6, 2026.