

Jason B. Kyle proposes the following substitute bill:

Uniform Commercial Code Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jason B. Kyle

Senate Sponsor:

LONG TITLE

General Description:

This bill amends the Uniform Commercial Code.

Highlighted Provisions:

This bill:

▸ provides that a securities intermediary shall provide a disclosure when a financial asset held by the securities intermediary is subject to certain conditions.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

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

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

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

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

- (1) Except as otherwise provided in Subsections (2) and (3), if a securities intermediary does not have sufficient interests in a particular financial asset to satisfy both its obligations to entitlement holders who have security entitlements to that financial asset and its 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.
- (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

30 financial asset if the creditor has control over the financial asset.

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

36 (4) If Subsection (2) or (3) applies to a financial asset held by a securities intermediary, the
37 securities intermediary shall provide a written, conspicuous disclosure to each of the
38 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
41 Subsection (2) or (3).

42 Section 2. **Effective Date.**

43 This bill takes effect on May 6, 2026.