

## Chapter 7 Registered Public Obligations Act

### 15-7-1 Short title.

This act shall be known and may be cited as the "Registered Public Obligations Act."

Enacted by Chapter 62, 1983 General Session

### 15-7-2 Definitions.

As used in this chapter:

- (1) "Authorized officer" means any individual required or permitted by any law or by the issuing public entity to execute on behalf of the public entity, a certificated registered public obligation or a writing relating to an uncertificated registered public obligation.
- (2) "Certificated registered public obligation" means a registered public obligation which is represented by an instrument.
- (3) "Code" means the Internal Revenue Code of 1954.
- (4) "Facsimile seal" means the reproduction by engraving, imprinting, stamping, or other means of the seal of the issuer, official, or official body.
- (5) "Facsimile signature" means the reproduction by engraving, imprinting, stamping, or other means of a manual signature.
- (6) "Financial intermediary" means a bank, broker, clearing corporation or other person, or the nominee of any of them, which in the ordinary course of its business maintains registered public obligation accounts for its customers.
- (7) "Issuer" means a public entity which issues an obligation.
- (8) "Obligation" means an agreement by a public entity to pay principal and any interest on the obligation, whether in the form of a contract to repay borrowed money, a lease, an installment purchase agreement, or otherwise, and includes a share, participation, or other interest in any such agreement.
- (9) "Official" or "official body" means the person or group of persons that is empowered to provide for the original issuance of an obligation of the issuer, by defining the obligation and its terms, conditions, and other incidents, or to perform duties with respect to a registered public obligation and any successor of such person or group of persons.
- (10) "Official actions" means the actions by statute, order, ordinance, resolution, contract, or other authorized means by which the issuer provides for issuance of a registered public obligation.
- (11) "Public entity" means any entity, department, or agency which is empowered under the laws of one or more states, territories, possessions of the United States or the District of Columbia, including this state, to issue obligations any interest with respect to which may, under any provision of law, be provided an exemption from the income tax referred to in the Code. The term "public entity" includes, without limitation, this state, an entity deriving powers from and acting pursuant to a state constitution or legislative act, a county, city, town, a municipal corporation, a quasi-municipal corporation, a state university or college, a school district, a special service district, a special district, a separate legal or administrative entity created under the Interlocal Cooperation Act or other joint agreement entity, a community reinvestment agency, any other political subdivision, a public authority or public agency, a public trust, a nonprofit corporation, or other organizations.
- (12) "Registered public obligation" means an obligation issued by a public entity which is issued pursuant to a system of registration.

- (13) "System of registration" and its variants means a plan that provides:
- (a) with respect to a certificated registered public obligation, that:
    - (i) the certificated registered public obligation specifies a person entitled to the registered public obligation and the rights it represents; and
    - (ii) transfer of the certificated registered public obligation and the rights it represents may be registered upon books maintained for that purpose by or on behalf of the issuer; and
  - (b) with respect to an uncertificated registered public obligation, that:
    - (i) books maintained by or on behalf of the issuer for the purpose of registration of the transfer of a registered public obligation specify a person entitled to the registered public obligation and the rights evidenced by it; and
    - (ii) transfer of the uncertificated registered public obligation and the rights evidenced by it be registered upon such books.
- (14) "Uncertificated registered public obligation" means a registered public obligation which is not represented by an instrument.

Amended by Chapter 16, 2023 General Session

**15-7-3 Purpose.**

- (1) The Code provides that interest with respect to certain obligations may not be exempt from federal income taxation unless they are in registered form. It is therefore a matter of state concern that public entities be authorized to provide for the issuance of obligations in registered form. It is a purpose of this act to empower all public entities to establish and maintain a system which permits obligations to be issued in registered form within the meaning of the applicable Code provisions.
- (2) It is further a purpose of this act to empower the establishment and maintenance of differing systems of registration of obligations, including system incidents, so as to accommodate the differing impacts upon issuers and varieties of obligations. It is further a purpose of this act to authorize systems that will facilitate the prompt and accurate transfer of registered public obligations and developing practices with regard to the registration and transfer of registered public obligations.

Enacted by Chapter 62, 1983 General Session

**15-7-4 Registration system established by issuer.**

- (1)
  - (a) Each issuer is authorized to establish and maintain a system of registration with respect to each obligation it issues.
  - (b) The system described in this Subsection (1) may either be:
    - (i) a system pursuant to which only certificated registered public obligations are issued;
    - (ii) a system pursuant to which only uncertificated registered public obligations are issued; or
    - (iii) a system pursuant to which both certificated and uncertificated registered public obligations are issued.
  - (c) The issuer may amend, discontinue, and reinstitute a system established under this section, from time to time, subject to covenants.
- (2) The system shall be established, amended, discontinued, or reinstated, for the issuer by, and shall be maintained for the issuer as provided by, the official or official body.
- (3) The system shall be described in the registered public obligation or in the official actions which provide for original issuance of the registered public obligation, and in subsequent official

- actions providing for amendments and other matters from time to time. The description may be by reference to a program of the issuer which is established by the official or official body.
- (4) The system shall define the method or methods by which transfer of the registered public obligation is effective with respect to the issuer, and by which payment of principal and any interest shall be made. The system may permit the issuance of registered public obligations in any denomination to represent several registered public obligations of smaller denominations. The system may also provide for the form of any certificated registered public obligation or of any writing relating to an uncertificated registered public obligation, for identifying numbers or other designations, for a sufficient supply of certificates for subsequent transfers, for record and payment dates, for varying denominations, for communications to holders or owners of obligations, and for accounting, cancelled certificate destruction, registration and release of security interests and other incidental matters. Unless the issuer otherwise provides, the record date for interest payable on the first or fifteenth days of a month shall be the fifteenth day or the last business day of the preceding month, respectively, and for interest payable on other than the first or fifteenth days of a month, shall be the fifteenth calendar day before the interest payment date.
  - (5) Under a system pursuant to which both certificated and uncertificated registered public obligations are issued, both types of registered public obligations may be regularly issued, or one type may be regularly issued and the other type issued only under described circumstances or to particular described categories of owners and provision may be made for registration and release of security interests in registered public obligations.
  - (6) The system may include covenants of the issuer as to amendments, discontinuances, and reinstatements of the system and the effect of such on the exemption of interest from the income tax provided for by the Code.
  - (7) Whenever an issuer issues an uncertificated registered public obligation, the system of registration may provide that, as long as the uncertificated registered obligation remains outstanding and unpaid, a true copy of the official actions of the issuer relating to the uncertificated registered public obligation will be maintained by the issuer or by the person, if any, maintaining the system on behalf of the issuer. A copy of such official actions verified by an authorized officer is admissible before any court of record, administrative body, or arbitration panel without further authentication.
  - (8) Nothing in this act precludes conversion from one form of registered public obligation provided by this act to a form of obligation not provided by this act if interest on the converted obligation continues to be exempt from income taxation under the Code.
  - (9) Rights provided by other laws with respect to obligations in forms not provided by this act shall, to the extent not inconsistent with this act, apply with respect to registered public obligations issued in forms authorized by this act.

Amended by Chapter 258, 2015 General Session

#### **15-7-5 Execution of obligations.**

- (1) A certificated registered public obligation shall be executed by the issuer by the manual or facsimile signature or signatures of authorized officers. Any signature of an authorized officer may be attested by the manual or facsimile signature of another authorized officer.
- (2) In addition to the signatures referred to in Subsection (1), any certificated registered public obligation or any writing relating to an uncertificated registered public obligation may include a certificate or certificates signed by the manual or facsimile signature of an authenticating agent, registrar, transfer agent, or the like.

- (3) At least one signature of an authorized officer or other persons required or permitted to be placed on a certificated registered public obligation shall be the manual signature.

Enacted by Chapter 62, 1983 General Session

**15-7-6 Signatures of officers.**

- (1) Any certificated registered public obligation is valid and binding, notwithstanding the fact that any authorized officer who signed it ceased to be an authorized officer before it is issued.
- (2) An authorized officer may adopt as and for the signature of such officer the signature of a predecessor in office if that predecessor's signature appears on the certificated registered public obligation. An authorized officer incurs no liability by adoption of a predecessor's signature that would not be incurred by such authorized officer if the signature were that of such authorized officer.

Enacted by Chapter 62, 1983 General Session

**15-7-7 Seals.**

If a seal is required or permitted in the execution of a certificated registered public obligation, an authorized officer may cause a facsimile of the seal to be placed on such obligation. Use of a facsimile of the seal has the same legal effect as the impression of the seal.

Enacted by Chapter 62, 1983 General Session

**15-7-8 Agents of issuer.**

- (1) An issuer may appoint for such term as may be agreed, including for so long as a registered public obligation may be outstanding, corporate or other authenticating agents, transfer agents, registrars, paying or other agents and specify the terms of their appointment, including their rights, their compensation and duties, limits upon their liabilities and the provision for their payment of liquidated damages in the event of breach of certain of the duties imposed, which liquidated damages may be made payable to the issuer, the owner, or a financial intermediary. Such agents need not maintain a place of business in Utah or do business within this state.
- (2) An issuer may agree with custodian banks and financial intermediaries, or their nominees, in connection with the establishment and maintenance by others of a central depository system for the transfer or pledge of registered public obligations. Any such custodian banks and financial intermediaries, or nominees, may, if qualified and acting as fiduciaries, also serve as authenticating agents, transfer agents, registrars, paying or other agents of the issuer with respect to the same issue of registered public obligations.
- (3) Nothing precludes an issuer from performing, alone or jointly with other issuers, any function described in this section.

Enacted by Chapter 62, 1983 General Session

**15-7-9 Transfer costs -- Agreements as to payment of costs.**

- (1) An issuer, before or at original issuance of registered public obligations, may as part of a system of registration provide that the transferor or transferee of the registered public obligations pay all or a designated part of the costs of the system as a condition precedent to transfer or that costs be paid out of proceeds of the registered public obligations, or that both

methods may be used. Any costs of the system not required to be paid by the transferor or transferee or out of such proceeds is the liability of the issuer.

- (2) The issuer may as a part of a system of registration provide for reimbursement or for satisfaction of its liability by payment by others. The issuer may enter into agreements with others respecting such reimbursement or payment, may establish fees and charges pursuant to such agreements or otherwise, and may provide that the amount or estimated amount of such fees and charges shall be reimbursed or paid from the same sources and with the same priority and effect and subject to the same procedures as the obligations.

Enacted by Chapter 62, 1983 General Session

**15-7-10 Investment of public funds in registered obligations of public entities of other states.**

Obligations issued by public entities under the laws of another state, the District of Columbia, or by territories or possessions of the United States, which are in registered form, whether or not represented by an instrument, and which, except for their form, satisfy the requirements with regard to security for deposits of money of public agencies prescribed pursuant to the law of Utah, are deemed to satisfy all such requirements even though they are in registered form if a security interest in such obligations is perfected on behalf of the public agency whose money is deposited.

Enacted by Chapter 62, 1983 General Session

**15-7-11 Registration records -- Public inspection -- Location.**

- (1) Records, with regard to the ownership of or security interests in registered public obligations, are not subject to inspection or copying under any law of this state relating to the right of the public to inspect or copy public records.
- (2) Registration records of the issuer may be maintained at such locations within or without this state as the issuer determines.

Enacted by Chapter 62, 1983 General Session

**15-7-12 Obligations subject to chapter.**

- (1) Unless the official or official body of the issuer determines otherwise before or at the time of the original issuance of a registered public obligation, this act is applicable to such registered public obligation. When this act is applicable, the provisions of this act prevail over any inconsistent provision under any other law. Pursuant to Section 11-14-401, this act is specifically made applicable to registered public obligations issued under Title 11, Chapter 14, Local Government Bonding Act, in accordance with Section 11-14-305.
- (2) Nothing in this act limits or prevents the issuance of obligations in any other form or manner authorized by law.
- (3) Unless determined otherwise pursuant to Subsection (1), this act is applicable with respect to obligations which have been approved before enactment of this act by vote, referendum, or hearing, which authorized or permitted the authorization of obligations in bearer and registered form, or in bearer form only, and such obligations need not be resubmitted for a further vote, referendum or hearing, for the purpose of authorizing or permitting the authorization of registered public obligations under this act.

Amended by Chapter 105, 2005 General Session

**15-7-13 Construction with other law.**

This act shall be construed in conjunction with the Uniform Commercial Code and the principles of contract law relative to the registration and transfer of obligations.

Enacted by Chapter 62, 1983 General Session

**15-7-14 Covenant against repeal of chapter.**

The state hereby covenants with the owners of any registered public obligations that it will not amend or repeal this act if the effect may be to impair the exemption from income taxation of interest on registered public obligations.

Enacted by Chapter 62, 1983 General Session