

UNIFORM COMMERCIAL CODE (EXCERPT)

Act 174 of 1962

PART 4

REGISTRATION

440.8401 Registration of transfer; duty and liability of issuer.

Sec. 8401. (1) If a certificated security in registered form is presented to an issuer with a request to register transfer or an instruction is presented to an issuer with a request to register transfer of an uncertificated security, the issuer shall register the transfer as requested if:

(a) Under the terms of the security the person seeking registration of transfer is eligible to have the security registered in its name.

(b) The indorsement or instruction is made by the appropriate person or by an agent who has actual authority to act on behalf of the appropriate person.

(c) Reasonable assurance is given that the indorsement or instruction is genuine and authorized in accordance with section 8402.

(d) Any applicable law relating to the collection of taxes has been complied with.

(e) The transfer does not violate any restriction on transfer imposed by the issuer in accordance with section 8204.

(f) A demand that the issuer not register transfer has not become effective under section 8403, or the issuer has complied with section 8403(2) but no legal process or indemnity bond is obtained as provided in section 8403(4).

(g) The transfer is in fact rightful or is to a protected purchaser.

(2) If an issuer is under a duty to register a transfer of a security, the issuer is liable to a person presenting a certificated security or an instruction for registration or to the person's principal for loss resulting from unreasonable delay in registration or failure or refusal to register the transfer.

History: 1962, Act 174, Eff. Jan. 1, 1964;—Am. 1987, Act 16, Imd. Eff. Apr. 24, 1987;—Am. 1998, Act 278, Imd. Eff. July 27, 1998.

440.8402 Indorsement as genuine and authorized; assurance; definitions.

Sec. 8402. (1) The issuer may require the following assurance that each necessary indorsement or each instruction is genuine and authorized:

(a) In all cases, a guarantee of the signature of the person making an indorsement or originating an instruction including, in the case of an instruction, reasonable assurance of identity.

(b) If the indorsement is made or the instruction is originated by an agent, appropriate assurance of actual authority to sign.

(c) If the indorsement is made or the instruction is originated by a fiduciary pursuant to section 8107(1)(d) or (e), appropriate evidence of appointment or incumbency.

(d) If there is more than 1 fiduciary, reasonable assurance that all who are required to sign have done so.

(e) If the indorsement is made or the instruction is originated by a person not covered by another provision of this subsection, assurance appropriate to the case corresponding as nearly as may be to the provisions of this subsection.

(2) An issuer may elect to require reasonable assurance beyond that specified in this section.

(3) As used in this section:

(a) "Guarantee of the signature" means a guarantee signed by or on behalf of a person reasonably believed by the issuer to be responsible. The issuer may adopt standards with respect to responsibility if the standards are not manifestly unreasonable.

(b) "Appropriate evidence of appointment or incumbency" means either of the following:

(i) In the case of a fiduciary appointed or qualified by a court, a certificate issued by or under the direction or supervision of that court or an officer of that court and dated within 60 days before the date of presentation for transfer.

(ii) In any other case, a copy of a document showing the appointment or a certificate issued by or on behalf of a person reasonably believed by the issuer to be responsible or, in the absence of that document or certificate, other evidence the issuer reasonably considered appropriate.

History: 1962, Act 174, Eff. Jan. 1, 1964;—Am. 1987, Act 16, Imd. Eff. Apr. 24, 1987;—Am. 1998, Act 278, Imd. Eff. July 27, 1998.

440.8403 Demand; effect; notification; period of time; liability of issuer.

Sec. 8403. (1) A person who is an appropriate person to make an indorsement or originate an instruction

may demand that the issuer not register transfer of a security by communicating to the issuer a notification that identifies the registered owner and the issue of which the security is a part and provides an address for communications directed to the person making the demand. The demand is effective only if it is received by the issuer at a time and in a manner affording the issuer reasonable opportunity to act on it.

(2) If a certificated security in registered form is presented to an issuer with a request to register transfer or an instruction is presented to an issuer with a request to register transfer of an uncertificated security after a demand that the issuer not register transfer has become effective, the issuer shall promptly communicate to the person who initiated the demand at the address provided in the demand and the person who presented the security for registration of transfer or initiated the instruction requesting registration of transfer a notification stating all of the following:

(a) The certificated security has been presented for registration of transfer or instruction for registration of transfer of uncertificated security has been received.

(b) A demand that the issuer not register transfer had previously been received.

(c) The issuer will withhold registration of transfer for a period of time stated in the notification in order to provide the person who initiated the demand an opportunity to obtain legal process or an indemnity bond.

(3) The period described in subsection (2)(c) may not exceed 30 days after the date of communication of the notification. A shorter period may be specified by the issuer if it is not manifestly unreasonable.

(4) An issuer is not liable to a person who initiated a demand that the issuer not register transfer for any loss the person suffers as a result of registration of a transfer pursuant to an effective indorsement or instruction if the person who initiated the demand does not, within the time stated in the issuer's communication, do either of the following:

(a) Obtain an appropriate restraining order, injunction, or other process from a court of competent jurisdiction enjoining the issuer from registering the transfer.

(b) File with the issuer an indemnity bond, sufficient in the issuer's judgment to protect the issuer and any transfer agent, registrar, or other agent of the issuer involved from any loss it or they may suffer by refusing to register the transfer.

(5) This section does not relieve an issuer from liability for registering transfer pursuant to an indorsement or instruction that was not effective.

History: 1962, Act 174, Eff. Jan. 1, 1964;—Am. 1987, Act 16, Imd. Eff. Apr. 24, 1987;—Am. 1998, Act 278, Imd. Eff. July 27, 1998.

440.8404 Liability of issuer for wrongful registration or transfer.

Sec. 8404. (1) Except as otherwise provided in section 8406, an issuer is liable for wrongful registration of transfer if the issuer has registered a transfer of a security to a person not entitled to it, and the transfer was registered in 1 or more of the following ways:

(a) Pursuant to an ineffective indorsement or instruction.

(b) After a demand that the issuer not register transfer became effective under section 8403(1) and the issuer did not comply with section 8403(2).

(c) After the issuer had been served with an injunction, restraining order, or other legal process enjoining it from registering the transfer, issued by a court of competent jurisdiction, and the issuer had a reasonable opportunity to act on the injunction, restraining order, or other legal process.

(d) By an issuer acting in collusion with the wrongdoer.

(2) An issuer that is liable for wrongful registration of transfer under subsection (1) on demand shall provide the person entitled to the security with a like certificated or uncertificated security, and any payments or distributions that the person did not receive as a result of the wrongful registration. If an overissue would result, the issuer's liability to provide the person with a like security is governed by section 8210.

(3) Except as otherwise provided in subsection (1) or in a law relating to the collection of taxes, an issuer is not liable to an owner or other person suffering loss as a result of the registration of a transfer of a security if registration was made pursuant to an effective indorsement or instruction.

History: 1962, Act 174, Eff. Jan. 1, 1964;—Am. 1987, Act 16, Imd. Eff. Apr. 24, 1987;—Am. 1998, Act 278, Imd. Eff. July 27, 1998.

440.8405 Lost, destroyed, or wrongfully taken securities.

Sec. 8405. (1) If an owner of a certificated security, whether in registered or bearer form, claims that the certificate has been lost, destroyed, or wrongfully taken, the issuer shall issue a new certificate if the owner does all of the following:

(a) Requests before the issuer has notice that the certificate has been acquired by a protected purchaser.

(b) Files with the issuer a sufficient indemnity bond.

(c) Satisfies other reasonable requirements imposed by the issuer.

(2) If, after the issue of a new security certificate, a protected purchaser of the original certificate presents it for registration of transfer, the issuer shall register the transfer unless an overissue would result. In that case, the issuer's liability is governed by section 8210. In addition to any rights on the indemnity bond, an issuer may recover the new certificate from a person to whom it was issued or any person taking under that person, except a protected purchaser.

History: 1962, Act 174, Eff. Jan. 1, 1964;—Am. 1987, Act 16, Imd. Eff. Apr. 24, 1987;—Am. 1998, Act 278, Imd. Eff. July 27, 1998.

440.8406 Lost, destroyed, or wrongfully taken security certificate; failure to notify issuer.

Sec. 8406. If a security certificate has been lost, apparently destroyed, or wrongfully taken, and the owner fails to notify the issuer of that fact within a reasonable time after the owner has notice of it and the issuer registers a transfer of the security before receiving notification, the owner may not assert against the issuer a claim for registering the transfer under section 8404 or a claim to a new security certificate under section 8405.

History: 1962, Act 174, Eff. Jan. 1, 1964;—Am. 1987, Act 16, Imd. Eff. Apr. 24, 1987;—Am. 1998, Act 278, Imd. Eff. July 27, 1998.

440.8407 Authenticating trustee, transfer agent, registrar, or other agent; obligation to holder or owner of certificate.

Sec. 8407. A person acting as authenticating trustee, transfer agent, registrar, or other agent for an issuer in the registration of a transfer of its securities, in the issue of new security certificates or uncertificated securities, or in the cancellation of surrendered security certificates has the same obligation to the holder or owner of a certificated or uncertificated security with regard to the particular functions performed as the issuer has in regard to those functions.

History: Add. 1987, Act 16, Imd. Eff. Apr. 24, 1987;—Am. 1998, Act 278, Imd. Eff. July 27, 1998.

440.8408 Repealed. 1998, Act 278, Imd. Eff. July 27, 1998.

Compiler's note: The repealed section pertained to written statements sent by issuer to new registered owner.