

**§8-1107. Whether indorsement, instruction or entitlement order is effective**

**(1).** "Appropriate person" means:

(a). With respect to an indorsement, the person specified by a security certificate or by an effective special indorsement to be entitled to the security; [PL 1997, c. 429, Pt. B, §2 (NEW).]

(b). With respect to an instruction, the registered owner of an uncertificated security; [PL 1997, c. 429, Pt. B, §2 (NEW).]

(c). With respect to an entitlement order, the entitlement holder; [PL 1997, c. 429, Pt. B, §2 (NEW).]

(d). If the person designated in paragraph (a), (b) or (c) is deceased, the designated person's successor taking under other law or the designated person's personal representative acting for the estate of the decedent; or [PL 1997, c. 429, Pt. B, §2 (NEW).]

(e). If the person designated in paragraph (a), (b), or (c) lacks capacity, the designated person's guardian, conservator or other similar representative who has power under other law to transfer the security or financial asset. [PL 1997, c. 429, Pt. B, §2 (NEW).]

[PL 1997, c. 429, Pt. B, §2 (NEW).]

**(2).** An indorsement, instruction or entitlement order is effective if:

(a). It is made by the appropriate person; [PL 1997, c. 429, Pt. B, §2 (NEW).]

(b). It is made by a person who has power under the law of agency to transfer the security or financial asset on behalf of the appropriate person, including, in the case of an instruction or entitlement order, a person who has control under Section 8-1106, subsection (3), paragraph (b) or subsection (4), paragraph (b); or [PL 1997, c. 429, Pt. B, §2 (NEW).]

(c). The appropriate person has ratified it or is otherwise precluded from asserting its ineffectiveness. [PL 1997, c. 429, Pt. B, §2 (NEW).]

[PL 1997, c. 429, Pt. B, §2 (NEW).]

**(3).** An indorsement, instruction or entitlement order made by a representative is effective even if:

(a). The representative has failed to comply with a controlling instrument or with the law of the state having jurisdiction of the representative relationship, including any law requiring the representative to obtain court approval of the transaction; or [PL 1997, c. 429, Pt. B, §2 (NEW).]

(b). The representative's action in making the indorsement, instruction or entitlement order or using the proceeds of the transaction is otherwise a breach of duty. [PL 1997, c. 429, Pt. B, §2 (NEW).]

[PL 1997, c. 429, Pt. B, §2 (NEW).]

**(4).** If a security is registered in the name of or specially indorsed to a person described as a representative, or if a securities account is maintained in the name of a person described as a representative, an indorsement, instruction or entitlement order made by the person is effective even though the person is no longer serving in the described capacity.

[PL 1997, c. 429, Pt. B, §2 (NEW).]

**(5).** Effectiveness of an indorsement, instruction or entitlement order is determined as of the date the indorsement, instruction or entitlement order is made, and an indorsement, instruction or entitlement order does not become ineffective by reason of any later change of circumstances.

[PL 1997, c. 429, Pt. B, §2 (NEW).]

**SECTION HISTORY**

PL 1997, c. 429, §B2 (NEW).

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