

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 HOUSE BILL 1741

By: Moore

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5
6 AS INTRODUCED

7 An Act relating to the Uniform Commercial Code;
8 amending 12A O.S. 2021, Sections 8-110, as amended by
9 Section 40, Chapter 13, O.S.L. 2024, 8-503, 8-511 and
10 Section 1-9-305, as amended by Section 55, Chapter
11 13, O.S.L. 2024 (12A O.S. Supp. 2024, Sections 8-110
12 and 1-9-305), which relate to securities and certain
13 intermediaries; modifying provisions related to
14 applicable law to certain transactions; modifying
15 provisions related to property interest of securities
16 intermediary; modifying provisions related to
17 security interests; and providing an effective date.

18 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

19 SECTION 1. AMENDATORY 12A O.S. 2021, Section 8-110, as
20 amended by Section 40, Chapter 13, O.S.L. 2024 (12A O.S. Supp. 2024,
21 Section 8-110), is amended to read as follows:

22 Section 8-110.

23 Applicability; Choice of Law.

24 (a) The local law of the issuer's jurisdiction, as specified in
subsection (d) of this section, governs:

(1) the validity of a security;

- (2) the rights and duties of the issuer with respect to registration of transfer;
- (3) the effectiveness of registration of transfer by the issuer;
- (4) whether the issuer owes any duties to an adverse claimant to a security; and
- (5) whether an adverse claim can be asserted against a person to whom transfer of a certificated or uncertificated security is registered or a person who obtains control of an uncertificated security.

(b) The local law of the ~~securities intermediary's~~ entitlement holder's jurisdiction, ~~as specified in subsection (e) of this section,~~ governs:

- ~~(1) acquisition of a security entitlement from the securities intermediary;~~
- ~~(2) the rights and duties of the securities intermediary and entitlement holder arising out of a security entitlement;~~
- ~~(3) whether the securities intermediary owes any duties to an adverse claimant to a security entitlement; and~~
- ~~(4) whether an adverse claim can be asserted against a person who acquires a security entitlement from the securities intermediary or a person who purchases a~~

1 ~~security entitlement or interest therein from an~~
2 ~~entitlement holder.~~

3 (c) The local law of the jurisdiction in which a security
4 certificate is located at the time of delivery governs whether an
5 adverse claim can be asserted against a person to whom the security
6 certificate is delivered.

7 (d) "Issuer's jurisdiction" means the jurisdiction under which
8 the issuer of the security is organized or, if permitted by the law
9 of that jurisdiction, the law of another jurisdiction specified by
10 the issuer. An issuer organized under the law of this state may
11 specify the law of another jurisdiction as the law governing the
12 matters specified in paragraphs (2) through (5) of subsection (a) of
13 this section.

14 ~~(e) The following rules determine a "securities intermediary's~~
15 ~~jurisdiction" for purposes of this section:~~

16 ~~(1) If an agreement between the securities intermediary~~
17 ~~and its entitlement holder governing the securities~~
18 ~~account expressly provides that a particular~~
19 ~~jurisdiction is the securities intermediary's~~
20 ~~jurisdiction for purposes of this part, this article,~~
21 ~~or this title, that jurisdiction is the securities~~
22 ~~intermediary's jurisdiction;~~

23 ~~(2) If paragraph (1) does not apply and an agreement~~
24 ~~between the securities intermediary and its~~

1 ~~entitlement holder governing the securities account~~
2 ~~expressly provides that the agreement is governed by~~
3 ~~the law of a particular jurisdiction, that~~
4 ~~jurisdiction is the securities intermediary's~~
5 ~~jurisdiction.~~

6 ~~(3) If neither paragraph (1) nor paragraph (2) of this~~
7 ~~subsection applies and an agreement between the~~
8 ~~securities intermediary and its entitlement holder~~
9 ~~governing the securities account expressly provides~~
10 ~~that the securities account is maintained at an office~~
11 ~~in a particular jurisdiction, that jurisdiction is the~~
12 ~~securities intermediary's jurisdiction;~~

13 ~~(4) If none of the preceding paragraphs of this subsection~~
14 ~~applies, the securities intermediary's jurisdiction is~~
15 ~~the jurisdiction in which the office identified in an~~
16 ~~account statement as the office serving the~~
17 ~~entitlement holder's account is located; and~~

18 ~~(5) If none of the preceding paragraphs of this subsection~~
19 ~~applies, the securities intermediary's jurisdiction is~~
20 ~~the jurisdiction in which the chief executive office~~
21 ~~of the securities intermediary is located.~~

22 ~~(f) A securities intermediary's jurisdiction is not determined~~
23 ~~by the physical location of certificates representing financial~~
24 ~~assets, or by the jurisdiction in which is organized the issuer of~~

1 ~~the financial asset with respect to which an entitlement holder has~~
2 ~~a security entitlement, or by the location of facilities for data~~
3 ~~processing or other recordkeeping concerning the account.~~

4 ~~(g)~~ The local law of the issuer's jurisdiction or the
5 securities intermediary's jurisdiction governs a matter or
6 transaction specified in subsection (a) or (b) of this section even
7 if the matter or transaction does not bear any relation to the
8 jurisdiction.

9 SECTION 2. AMENDATORY 12A O.S. 2021, Section 8-503, is
10 amended to read as follows:

11 Section 8-503.

12 Property Interest of Entitlement Holder in Financial Asset Held
13 by Securities Intermediary.

14 (a) To the extent necessary for a securities intermediary to
15 satisfy all security entitlements with respect to a particular
16 financial asset, all interests in that financial asset held by the
17 securities intermediary are held by the securities intermediary for
18 the entitlement holders, are not property of the securities
19 intermediary, and are not subject to claims of creditors of the
20 securities intermediary, ~~except as otherwise provided in Section 8-~~
21 ~~511 of this title.~~

22 (b) An entitlement holder's property interest with respect to a
23 particular financial asset under subsection (a) of this section is a
24 pro rata property interest in all interests in that financial asset

1 held by the securities intermediary, without regard to the time the
2 entitlement holder acquired the security entitlement or the time the
3 securities intermediary acquired the interest in that financial
4 asset.

5 (c) An entitlement holder's property interest with respect to a
6 particular financial asset under subsection (a) of this section may
7 be enforced against the securities intermediary only by exercise of
8 the entitlement holder's rights under Sections 8-505 through 8-508
9 of this title.

10 (d) An entitlement holder's property interest with respect to a
11 particular financial asset under subsection (a) of this section may
12 be enforced against a purchaser of the financial asset or interest
13 therein only if:

14 (1) insolvency proceedings have been initiated by or
15 against the securities intermediary;

16 (2) the securities intermediary does not have sufficient
17 interests in the financial asset to satisfy the
18 security entitlements of all of its entitlement
19 holders to that financial asset;

20 (3) the securities intermediary violated its obligations
21 under Section 8-504 of this title by transferring the
22 financial asset or interest therein to the purchaser;
23 and

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1 (4) the purchaser is not protected under subsection (e) of
2 this section.

3 The trustee or other liquidator, acting on behalf of all entitlement
4 holders having security entitlements with respect to a particular
5 financial asset, may recover the financial asset, or interest
6 therein, from the purchaser. If the trustee or other liquidator
7 elects not to pursue that right, an entitlement holder whose
8 security entitlement remains unsatisfied has the right to recover
9 its interest in the financial asset from the purchaser.

10 (e) An action based on the entitlement holder's property
11 interest with respect to a particular financial asset under
12 subsection (a) of this section, whether framed in conversion,
13 replevin, constructive trust, equitable lien, or other theory, may
14 not be asserted against any purchaser of a financial asset or
15 interest therein who gives value, obtains control, and does not act
16 in collusion with the securities intermediary in violating the
17 securities intermediary's obligations under Section 8-504 of this
18 title.

19 SECTION 3. AMENDATORY 12A O.S. 2021, Section 8-511, is
20 amended to read as follows:

21 Section 8-511.

22 Priority Among Security Interests and Entitlement Holders.

23 ~~(a) Except as otherwise provided in subsections (b) and (c) of~~
24 ~~this section, if~~ If a securities intermediary does not have

1 sufficient interests in a particular financial asset to satisfy both
2 its obligations to entitlement holders who have security
3 entitlements to that financial asset and its obligation to a
4 creditor of the securities intermediary who has a security interest
5 in that financial asset, the claims of entitlement holders, other
6 than the creditor, have priority over the claim of the creditor.

7 ~~(b) A claim of a creditor of a securities intermediary who has
8 a security interest in a financial asset held by a securities
9 intermediary has priority over claims of the securities
10 intermediary's entitlement holders who have security entitlements
11 with respect to that financial asset if the creditor has control
12 over the financial asset.~~

13 ~~(c) If a clearing corporation does not have sufficient
14 financial assets to satisfy both its obligations to entitlement
15 holders who have security entitlements with respect to a financial
16 asset and its obligation to a creditor of the clearing corporation
17 who has a security interest in that financial asset, the claim of
18 the creditor has priority over the claims of entitlement holders.~~

19 SECTION 4. AMENDATORY 12A O.S. 2021, Section 1-9-305, as
20 amended by Section 55, Chapter 13, O.S.L. 2024 (12A O.S. Supp. 2024,
21 Section 1-9-305), is amended to read as follows:

22 Section 1-9-305.

23 LAW GOVERNING PERFECTION AND PRIORITY

24 OF SECURITY INTERESTS IN INVESTMENT PROPERTY

1 (a) Except as otherwise provided in subsection (c) of this
2 section, the following rules apply:

3 (1) While a security certificate is located in a jurisdiction,
4 the local law of that jurisdiction governs perfection, the effect of
5 perfection or nonperfection, and the priority of a security interest
6 in the certificated security represented thereby.

7 (2) The local law of the issuer's jurisdiction as specified in
8 subsection (d) of Section 8-110 of this title governs perfection,
9 the effect of perfection or nonperfection, and the priority of a
10 security interest in an uncertificated security.

11 ~~(3) The local law of the securities intermediary's jurisdiction~~
12 ~~as specified in subsection (e) of Section 8-110 of this title~~
13 ~~governs perfection, the effect of perfection or nonperfection, and~~
14 ~~the priority of a security interest in a security entitlement or~~
15 ~~securities account.~~

16 ~~(4)~~ The local law of the commodity intermediary's jurisdiction
17 governs perfection, the effect of perfection or nonperfection, and
18 the priority of a security interest in a commodity contract or
19 commodity account.

20 (5) Paragraphs (2), (3), and (4) of this subsection apply even
21 if the transaction does not bear any relation to the jurisdiction.

22 (b) The following rules determine a commodity intermediary's
23 jurisdiction for purposes of this part:
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1 (1) If an agreement between the commodity intermediary and
2 commodity customer governing the commodity account expressly
3 provides that a particular jurisdiction is the commodity
4 intermediary's jurisdiction for purposes of this part, this article,
5 or this title, that jurisdiction is the commodity intermediary's
6 jurisdiction.

7 (2) If paragraph (1) of this subsection does not apply and an
8 agreement between the commodity intermediary and commodity customer
9 governing the commodity account expressly provides that the
10 agreement is governed by the law of a particular jurisdiction, that
11 jurisdiction is the commodity intermediary's jurisdiction.

12 (3) If neither paragraph (1) nor paragraph (2) of this
13 subsection applies and an agreement between the commodity
14 intermediary and commodity customer governing the commodity account
15 expressly provides that the commodity account is maintained at an
16 office in a particular jurisdiction, that jurisdiction is the
17 commodity intermediary's jurisdiction.

18 (4) If none of the preceding paragraphs of this section
19 applies, the commodity intermediary's jurisdiction is the
20 jurisdiction in which the office identified in an account statement
21 as the office serving the commodity customer's account is located.

22 (5) If none of the preceding paragraphs of this section
23 applies, the commodity intermediary's jurisdiction is the
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1 jurisdiction in which the chief executive office of the commodity
2 intermediary is located.

3 (c) The local law of the jurisdiction in which the debtor is
4 located governs:

5 (1) perfection of a security interest in investment property by
6 filing;

7 (2) automatic perfection of a security interest in investment
8 property created by a broker or securities intermediary; and

9 (3) automatic perfection of a security interest in a commodity
10 contract or commodity account created by a commodity intermediary.

11 SECTION 5. This act shall become effective November 1, 2025.

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