

**§8-1102. Definitions**

(1). As used in this Article, unless the context otherwise indicates, the following terms have the following meanings.

- (a). "Adverse claim" means a claim that a claimant has a property interest in a financial asset and that it is a violation of the rights of the claimant for another person to hold, transfer or deal with the financial asset. [PL 1997, c. 429, Pt. B, §2 (NEW).]
- (b). "Bearer form," as applied to a certificated security, means a form in which the security is payable to the bearer of the security certificate according to its terms but not by reason of an indorsement. [PL 1997, c. 429, Pt. B, §2 (NEW).]
- (c). "Broker" means a person defined as a broker or dealer under the federal securities laws, but without excluding a bank acting in that capacity. [PL 1997, c. 429, Pt. B, §2 (NEW).]
- (d). "Certificated security" means a security that is represented by a certificate. [PL 1997, c. 429, Pt. B, §2 (NEW).]
- (e). "Clearing corporation" means:
  - (i) A person that is registered as a "clearing agency" under the federal securities laws;
  - (ii) A federal reserve bank; or
  - (iii) Any other person that provides clearance or settlement services with respect to financial assets that would require it to register as a clearing agency under the federal securities laws but for an exclusion or exemption from the registration requirement, if its activities as a clearing corporation, including adoption of rules, are subject to regulation by a federal or state governmental authority. [PL 1997, c. 429, Pt. B, §2 (NEW).]
- (f). "Communicate" means to:
  - (i) Send a signed writing; or
  - (ii) Transmit information by any mechanism agreed upon by the persons transmitting and receiving the information. [PL 1997, c. 429, Pt. B, §2 (NEW).]
- (g). "Entitlement holder" means a person identified in the records of a securities intermediary as the person having a security entitlement against the securities intermediary. If a person acquires a security entitlement by virtue of section 8-1501, subsection (2), paragraph (b) or (c), that person is the entitlement holder. [PL 1997, c. 429, Pt. B, §2 (NEW).]
- (h). "Entitlement order" means a notification communicated to a securities intermediary directing transfer or redemption of a financial asset to which the entitlement holder has a security entitlement. [PL 1997, c. 429, Pt. B, §2 (NEW).]
- (i). "Financial asset," except as otherwise provided in section 8-1103, means:
  - (i) A security;
  - (ii) An obligation of a person or a share, participation or other interest in a person or in property or an enterprise of a person that is, or is of a type, dealt in or traded on financial markets or that is recognized in any area in which it is issued or dealt in as a medium for investment; or
  - (iii) Any property that is held by a securities intermediary for another person in a securities account if the securities intermediary has expressly agreed with the other person that the property is to be treated as a financial asset under this Article.

As context requires, the term means either the interest itself or the means by which a person's claim to it is evidenced, including a certificated or uncertificated security, a security certificate or a security entitlement. [PL 1997, c. 683, Pt. A, §5 (AMD).]

- (j). [PL 2009, c. 325, Pt. B, §24 (RP); PL 2009, c. 325, Pt. B, §27 (AFF).]
  - (k). "Indorsement" means a signature that alone or accompanied by other words is made on a security certificate in registered form or on a separate document for the purpose of assigning, transferring or redeeming the security or granting a power to assign, transfer or redeem it. [PL 1997, c. 429, Pt. B, §2 (NEW).]
  - (l). "Instruction" means a notification communicated to the issuer of an uncertificated security that directs that the transfer of the security be registered or that the security be redeemed. [PL 1997, c. 429, Pt. B, §2 (NEW).]
  - (m). "Registered form," as applied to a certificated security, means a form in which:
    - (i) The security certificate specifies a person entitled to the security; and
    - (ii) A transfer of the security may be registered upon books maintained for that purpose by or on behalf of the issuer or the security certificate so states. [PL 1997, c. 429, Pt. B, §2 (NEW).]
  - (n). "Securities intermediary" means:
    - (i) A clearing corporation; or
    - (ii) A person, including a bank or broker, that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity. [PL 1997, c. 429, Pt. B, §2 (NEW).]
  - (o). "Security," except as otherwise provided in section 8-1103, means an obligation of an issuer or a share, participation or other interest in an issuer or in property or an enterprise of an issuer:
    - (i) That is represented by a security certificate in bearer or registered form or the transfer of which may be registered upon books maintained for that purpose by or on behalf of the issuer;
    - (ii) That is one of a class or series or by its terms is divisible into a class or series of shares, participations, interests or obligations; and
    - (iii) That:
      - (A) Is, or is of a type, dealt in or traded on securities exchanges or securities markets; or
      - (B) Is a medium for investment and by its terms expressly provides that it is a security governed by this Article. [PL 1997, c. 429, Pt. B, §2 (NEW).]
  - (p). "Security certificate" means a certificate representing a security. [PL 1997, c. 429, Pt. B, §2 (NEW).]
  - (q). "Security entitlement" means the rights and property interest of an entitlement holder with respect to a financial asset specified in Part 5. [PL 1997, c. 429, Pt. B, §2 (NEW).]
  - (r). "Uncertificated security" means a security that is not represented by a certificate. [PL 1997, c. 429, Pt. B, §2 (NEW).]
- [PL 2009, c. 325, Pt. B, §24 (AMD); PL 2009, c. 325, Pt. B, §27 (AFF).]

**(2).** Other definitions applying to this Article and the sections in which they appear are:

Appropriate person	Section 8-1107
Control	Section 8-1106
Delivery	Section 8-1301
Investment company security	Section 8-1103
Issuer	Section 8-1201
Overissue	Section 8-1210
Protected purchaser	Section 8-1303
Securities account	Section 8-1501

[PL 1997, c. 429, Pt. B, §2 (NEW).]

(3). In addition, Article 1 contains general definitions and principles of construction and interpretation applicable throughout this Article.

[PL 1997, c. 429, Pt. B, §2 (NEW).]

(4). The characterization of a person, business or transaction for purposes of this Article does not determine the characterization of the person, business or transaction for purposes of any other law, regulation or rule.

[PL 1997, c. 429, Pt. B, §2 (NEW).]

#### SECTION HISTORY

PL 1997, c. 429, §B2 (NEW). PL 1997, c. 683, §A5 (AMD). PL 2009, c. 325, Pt. B, §24 (AMD). PL 2009, c. 325, Pt. B, §27 (AFF).

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