WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1961

ENROLLED

HOUSE BILL No...274...

(By Mr. [Signature] and [Signature])

PASSED March 8, 1961

In Effect Ninety Days from Passage

Filed in Office of the Secretary of State
of West Virginia MAR 17 1961
JOE F. BURDETT
SECRETARY OF STATE
AN ACT to amend chapter thirty-one of the code of West Virginia, one thousand nine hundred thirty-one, as amended, by adding to said chapter a new article, numbered and designated article four-d, relating to fiduciary security transfers, and adopting the uniform act for simplification of fiduciary security transfers.

Be it enacted by the Legislature of West Virginia:

That chapter thirty-one of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended by adding thereto a new article, numbered and designated article four-d, to read as follows:

Article 4-d. Uniform Act for Simplification of Fiduciary Security Transfers.

   Section 1. Definitions.—In this article, unless the context otherwise requires:
(a) "Assignment" includes any written stock power, bond power, bill of sale, deed, declaration of trust or other instrument of transfer.

(b) "Claim of beneficial interest" includes a claim of any interest by a decedent's legatee, distributee, heir or creditor; a beneficiary under a trust, a ward, a beneficial owner of a security registered in the name of a nominee, or a minor owner of a security registered in the name of a custodian, or a claim of any similar interest, whether the claim is asserted by the claimant or by a fiduciary or by any other authorized person on his behalf, and includes a claim that the transfer would be in breach of fiduciary duties.

(c) "Corporation" means a private or public corporation, association or trust issuing a security.

(d) "Fiduciary" means an executor, administrator, trustee, guardian, committee, conservator, curator, tutor, custodian or nominee.

(e) "Person" includes an individual, a corporation, government or governmental subdivision or agency, business trust, estate, trust, partnership or association, two or
more persons having a joint or common interest, or any
other legal or commercial entity.
(f) "Security" includes any share of stock, bond, de-
benture, note or other security issued by a corporation
which is registered as to ownership on the books of the
corporation.
(g) "Transfer" means a change on the books of a cor-
poration in the registered ownership of a security.
(h) "Transfer agent" means a person employed or
authorized by a corporation to transfer securities issued
by the corporation.

Sec. 2. Registration in the Name of a Fiduciary.—A cor-
poration or transfer agent registering a security in the
name of a person who is a fiduciary or who is described
as a fiduciary is not bound to inquire into the existence,
extent, or correct description of the fiduciary relationship,
and thereafter the corporation and its transfer agent may
assume without inquiry that the newly registered owner
continues to be the fiduciary until the corporation or
transfer agent receives written notice that the fiduciary
is no longer acting as such with respect to the particular security.

Sec. 3. Assignment by a Fiduciary.—Except as otherwise provided in this article, a corporation or transfer agent making a transfer of a security pursuant to an assignment by a fiduciary:

(a) May assume without inquiry that the assignment, even though to the fiduciary himself or to his nominee, is within his authority and capacity and is not in breach of his fiduciary duties;

(b) May assume without inquiry that the fiduciary has complied with any controlling instrument and with the law of the jurisdiction governing the fiduciary relationship, including any law requiring the fiduciary to obtain court approval of the transfer; and

(c) Is not charged with notice of and is not bound to obtain or examine any court record or any recorded or unrecorded document relating to the fiduciary relationship or the assignment, even though the record or document is in its possession.

Sec. 4. Evidence of Appointment or Incumbency.—A
corporation or transfer agent making a transfer pursuant to an assignment by a fiduciary who is not the registered owner shall obtain the following evidence of appointment or incumbency:

(a) 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 thereof and dated within sixty days before the transfer; or

(b) 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 corporation or transfer agent to be responsible or, in the absence of such a document or certificate, other evidence reasonably deemed by the corporation or transfer agent to be appropriate.

Corporations and transfer agents may adopt standards with respect to evidence of appointment or incumbency under this subsection (b) provided such standards are not manifestly unreasonable. Neither the corporation nor transfer agent is charged with notice of the contents of any document obtained pursuant to this subsection (b)
except to the extent that the contents relate directly to
the appointment or incumbency.

Sec. 5. Adverse Claims.—(a) A person asserting a
claim of beneficial interest adverse to the transfer of a
security pursuant to an assignment by a fiduciary may
give the corporation or transfer agent written notice of
the claim. The corporation or transfer agent is not put
on notice unless the written notice identifies the claimant,
the registered owner and the issue of which the security
is a part, provides an address for communications directed
to the claimant and is received before the transfer. Noth-
ing in this article relieves the corporation or transfer
agent of any liability for making or refusing to make the
transfer after it is so put on notice, unless it proceeds in
the manner authorized in subsection (b).

(b) As soon as practicable after the presentation of a
security for transfer pursuant to an assignment by a fidu-
ciairy, a corporation or transfer agent which has received
notice of a claim of beneficial interest adverse to the trans-
fer may send notice of the presentation by registered or
certified mail to the claimant at the address given by him.
If the corporation or transfer agent so mails such a notice it shall withhold the transfer for thirty days after the mailing and shall then make the transfer unless restrained by a court order.

Sec. 6. Non-Liability of Corporation and Transfer Agent.—A corporation or transfer agent incurs no liability to any person by making a transfer or otherwise acting in a manner authorized by this article.

Sec. 7. Non-Liability of Third Persons.—(a) No person who participates in the acquisition, disposition, assignment or transfer of a security by or to a fiduciary including a person who guarantees the signature of the fiduciary is liable for participation in any breach of fiduciary duty by reason of failure to inquire whether the transaction involves such a breach unless it is shown that he acted with actual knowledge that the proceeds of the transaction were being or were to be used wrongfully for the individual benefit of the fiduciary or that the transaction was otherwise in breach of duty.

(b) If a corporation or transfer agent makes a transfer pursuant to an assignment by a fiduciary, a person who
guaranteed the signature of the fiduciary is not liable on
the guarantee to any person to whom the corporation or
transfer agent by reason of this act incurs no liability.
(c) This section does not impose any liability upon the
corporation or its transfer agent.

Sec. 8. *Law Governing Registering or Transferring Securities; Application of Article.*—(a) The rights and
duties of a corporation and its transfer agents in register-
ing a security in the name of a fiduciary or in making a
transfer of a security pursuant to an assignment by a
fiduciary are governed by the law of the jurisdiction
under whose laws the corporation is organized.
(b) This article applies to the rights and duties of a
person other than the corporation and its transfer agents
with regard to acts and omissions in this state in con-
nection with the acquisition, disposition, assignment or
transfer of a security by or to a fiduciary and of a person
who guarantees in this state the signature of a fiduciary
in connection with such a transaction.

Sec. 9. *Tax Obligations.*—This article shall not affect
any obligation of a corporation or transfer agent with
3 respect to estate, inheritance, succession or other taxes
4 imposed by the laws of this state.

Sec. 10. *Uniformity of Interpretation.*—This article
2 shall be so construed as to effectuate its general purpose to
3 make uniform the law of those states which enact it.

Sec. 11. *Short Title.*—This article may be cited as the
2 uniform act for simplication of fiduciary security transfers.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

[Signature]
Chairman Senate Committee

[Signature]
Chairman House Committee

Originated in the House.

Takes effect______ninety days from______passage.

[Signature]
Clerk of the Senate

[Signature]
Clerk of the House of Delegates

[Signature]
President of the Senate

[Signature]
Speaker House of Delegates

The within______approved this the______17th______day of______March______, 1961.

[Signature]
Governor

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JOE F. BURDETT
SECRETARY OF STATE