

By: Representative Newman

To: Banking and Financial Services

HOUSE BILL NO. 170

1 AN ACT TO AMEND SECTIONS 75-8-110, 75-8-503, 75-8-511 AND
 2 75-9-305, MISSISSIPPI CODE OF 1972, WHICH RELATE TO INVESTMENT
 3 SECURITIES, TO REVISE CERTAIN PROVISIONS REGARDING SECURITIES
 4 INTERMEDIARY'S AND ENTITLEMENT HOLDER'S JURISDICTION; TO BRING
 5 FORWARD SECTIONS 75-8-501, 75-8-502, 75-8-504, 75-8-505, 75-8-506,
 6 75-8-507, 75-8-508, 75-8-509, 75-8-510, 75-8-511, 75-1-301,
 7 75-9-103, 75-9-304 AND 75-9-306, MISSISSIPPI CODE OF 1972, WHICH
 8 RELATE TO SECURITY ENTITLEMENTS, FOR PURPOSES OF POSSIBLE
 9 AMENDMENT; AND FOR RELATED PURPOSES.

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

11 **SECTION 1.** Section 75-8-110, Mississippi Code of 1972, is
 12 amended as follows:

13 75-8-110. (a) The local law of the issuer's jurisdiction,
 14 as specified in subsection (d), governs:

- 15 (1) The validity of a security;
- 16 (2) The rights and duties of the issuer with respect to
 17 registration of transfer;
- 18 (3) The effectiveness of registration of transfer by
 19 the issuer;
- 20 (4) Whether the issuer owes any duties to an adverse
 21 claimant to a security; and



22 (5) Whether an adverse claim can be asserted against a
23 person to whom transfer of a certificated or uncertificated
24 security is registered or a person who obtains control of an
25 uncertificated security.

26 (b) The local law of the * * * entitlement holder's
27 jurisdiction * * * governs * * *.

28 * * *

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

33 (d) "Issuer's jurisdiction" means the jurisdiction under
34 which the issuer of the security is organized or, if permitted by
35 the law of that jurisdiction, the law of another jurisdiction
36 specified by the issuer. An issuer organized under the law of
37 this state may specify the law of another jurisdiction as the law
38 governing the matters specified in subsection (a)(2) through (5).

39 * * *

40 **SECTION 2.** Section 75-8-503, Mississippi Code of 1972, is
41 amended as follows:

42 75-8-503. (a) To the extent necessary for a securities
43 intermediary to satisfy all security entitlements with respect to
44 a particular financial asset, all interests in that financial
45 asset held by the securities intermediary are held by the
46 securities intermediary for the entitlement holders, are not



47 property of the securities intermediary, and are not subject to
48 claims of creditors of the securities intermediary * * *.

49 (b) An entitlement holder's property interest with respect
50 to a particular financial asset under subsection (a) is a pro rata
51 property interest in all interests in that financial asset held by
52 the securities intermediary, without regard to the time the
53 entitlement holder acquired the security entitlement or the time
54 the securities intermediary acquired the interest in that
55 financial asset.

56 (c) An entitlement holder's property interest with respect
57 to a particular financial asset under subsection (a) may be
58 enforced against the securities intermediary only by exercise of
59 the entitlement holder's rights under Sections 75-8-505 through
60 75-8-508.

61 (d) An entitlement holder's property interest with respect
62 to a particular financial asset under subsection (a) may be
63 enforced against a purchaser of the financial asset or interest
64 therein only if:

65 (1) Insolvency proceedings have been initiated by or
66 against the securities intermediary;

67 (2) The securities intermediary does not have
68 sufficient interests in the financial asset to satisfy the
69 security entitlements of all of its entitlement holders to that
70 financial asset;



71 (3) The securities intermediary violated its
72 obligations under Section 75-8-504 by transferring the financial
73 asset or interest therein to the purchaser; and

74 (4) The purchaser is not protected under subsection
75 (e).

76 The trustee or other liquidator, acting on behalf of all
77 entitlement holders having security entitlements with respect to a
78 particular financial asset, may recover the financial asset, or
79 interest therein, from the purchaser. If the trustee or other
80 liquidator elects not to pursue that right, an entitlement holder
81 whose security entitlement remains unsatisfied has the right to
82 recover its interest in the financial asset from the purchaser.

83 (e) An action based on the entitlement holder's property
84 interest with respect to a particular financial asset under
85 subsection (a), whether framed in conversion, replevin,
86 constructive trust, equitable lien, or other theory, may not be
87 asserted against any purchaser of a financial asset or interest
88 therein who gives value, obtains control, and does not act in
89 collusion with the securities intermediary in violating the
90 securities intermediary's obligations under Section 75-8-504.

91 **SECTION 3.** Section 75-8-511, Mississippi Code of 1972, is
92 amended as follows:

93 75-8-511. (a) * * * If a securities intermediary does not
94 have sufficient interests in a particular financial asset to
95 satisfy both its obligations to entitlement holders who have



96 security entitlements to that financial asset and its obligation
97 to a creditor of the securities intermediary who has a security
98 interest in that financial asset, the claims of entitlement
99 holders, other than the creditor, have priority over the claim of
100 the creditor.

101 * * *

102 **SECTION 4.** Section 75-9-305, Mississippi Code of 1972, is
103 amended as follows:

104 75-9-305. (a) Except as otherwise provided in subsection
105 (c), the following rules apply:

106 (1) While a security certificate is located in a
107 jurisdiction, the local law of that jurisdiction governs
108 perfection, the effect of perfection or nonperfection, and the
109 priority of a security interest in the certificated security
110 represented thereby.

111 (2) The local law of the issuer's jurisdiction as
112 specified in Section 75-8-110(d) governs perfection, the effect of
113 perfection or nonperfection, and the priority of a security
114 interest in an uncertificated security.

115 * * *

116 (* * *3) The local law of the commodity intermediary's
117 jurisdiction governs perfection, the effect of perfection or
118 nonperfection, and the priority of a security interest in a
119 commodity contract or commodity account.



120 (b) The following rules determine a commodity intermediary's
121 jurisdiction for purposes of this part:

122 (1) If an agreement between the commodity intermediary
123 and commodity customer governing the commodity account expressly
124 provides that a particular jurisdiction is the commodity
125 intermediary's jurisdiction for purposes of this part, this
126 article, or the Uniform Commercial Code, that jurisdiction is the
127 commodity intermediary's jurisdiction.

128 (2) If paragraph (1) does not apply and an agreement
129 between the commodity intermediary and commodity customer
130 governing the commodity account expressly provides that the
131 agreement is governed by the law of a particular jurisdiction,
132 that jurisdiction is the commodity intermediary's jurisdiction.

133 (3) If neither paragraph (1) nor paragraph (2) applies
134 and an agreement between the commodity intermediary and commodity
135 customer governing the commodity account expressly provides that
136 the commodity account is maintained at an office in a particular
137 jurisdiction, that jurisdiction is the commodity intermediary's
138 jurisdiction.

139 (4) If none of the preceding paragraphs applies, the
140 commodity intermediary's jurisdiction is the jurisdiction in which
141 the office identified in an account statement as the office
142 serving the commodity customer's account is located.

143 (5) If none of the preceding paragraphs applies, the
144 commodity intermediary's jurisdiction is the jurisdiction in which



145 the chief executive office of the commodity intermediary is
146 located.

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

149 (1) Perfection of a security interest in investment
150 property by filing;

151 (2) Automatic perfection of a security interest in
152 investment property created by a broker or securities
153 intermediary; and

154 (3) Automatic perfection of a security interest in a
155 commodity contract or commodity account created by a commodity
156 intermediary.

157 **SECTION 5.** Section 75-8-501, Mississippi Code of 1972, is
158 brought forward as follows:

159 75-8-501. (a) "Securities account" means an account to
160 which a financial asset is or may be credited in accordance with
161 an agreement under which the person maintaining the account
162 undertakes to treat the person for whom the account is maintained
163 as entitled to exercise the rights that comprise the financial
164 asset.

165 (b) Except as otherwise provided in subsections (d) and (e),
166 a person acquires a security entitlement if a securities
167 intermediary:

168 (1) Indicates by book entry that a financial asset has
169 been credited to the person's securities account;



170 (2) Receives a financial asset from the person or
171 acquires a financial asset for the person and, in either case,
172 accepts it for credit to the person's securities account; or

173 (3) Becomes obligated under other law, regulation, or
174 rule to credit a financial asset to the person's securities
175 account.

176 (c) If a condition of subsection (b) has been met, a person
177 has a security entitlement even though the securities intermediary
178 does not itself hold the financial asset.

179 (d) If a securities intermediary holds a financial asset for
180 another person, and the financial asset is registered in the name
181 of, payable to the order of, or specially indorsed to the other
182 person, and has not been indorsed to the securities intermediary
183 or in blank, the other person is treated as holding the financial
184 asset directly rather than as having a security entitlement with
185 respect to the financial asset.

186 (e) Issuance of a security is not establishment of a
187 security entitlement.

188 **SECTION 6.** Section 75-8-502, Mississippi Code of 1972, is
189 brought forward as follows:

190 75-8-502. An action based on an adverse claim to a financial
191 asset, whether framed in conversion, replevin, constructive trust,
192 equitable lien, or other theory, may not be asserted against a
193 person who acquires a security entitlement under Section 75-8-501
194 for value and without notice of the adverse claim.



195 **SECTION 7.** Section 75-8-504, Mississippi Code of 1972, is
196 brought forward as follows:

197 75-8-504. (a) A securities intermediary shall promptly
198 obtain and thereafter maintain a financial asset in a quantity
199 corresponding to the aggregate of all security entitlements it has
200 established in favor of its entitlement holders with respect to
201 that financial asset. The securities intermediary may maintain
202 those financial assets directly or through one or more other
203 securities intermediaries.

204 (b) Except to the extent otherwise agreed by its entitlement
205 holder, a securities intermediary may not grant any security
206 interests in a financial asset it is obligated to maintain
207 pursuant to subsection (a).

208 (c) A securities intermediary satisfies the duty in
209 subsection (a) if:

210 (1) The securities intermediary acts with respect to
211 the duty as agreed upon by the entitlement holder and the
212 securities intermediary; or

213 (2) In the absence of agreement, the securities
214 intermediary exercises due care in accordance with reasonable
215 commercial standards to obtain and maintain the financial asset.

216 (d) This section does not apply to a clearing corporation
217 that is itself the obligor of an option or similar obligation to
218 which its entitlement holders have security entitlements.



219 **SECTION 8.** Section 75-8-505, Mississippi Code of 1972, is
220 brought forward as follows:

221 75-8-505. (a) A securities intermediary shall take action
222 to obtain a payment or distribution made by the issuer of a
223 financial asset. A securities intermediary satisfies the duty if:

224 (1) The securities intermediary acts with respect to
225 the duty as agreed upon by the entitlement holder and the
226 securities intermediary; or

227 (2) In the absence of agreement, the securities
228 intermediary exercises due care in accordance with reasonable
229 commercial standards to attempt to obtain the payment or
230 distribution.

231 (b) A securities intermediary is obligated to its
232 entitlement holder for a payment or distribution made by the
233 issuer of a financial asset if the payment or distribution is
234 received by the securities intermediary.

235 **SECTION 9.** Section 75-8-506, Mississippi Code of 1972, is
236 brought forward as follows:

237 75-8-506. A securities intermediary shall exercise rights
238 with respect to a financial asset if directed to do so by an
239 entitlement holder. A securities intermediary satisfies the duty
240 if:

241 (1) The securities intermediary acts with respect to
242 the duty as agreed upon by the entitlement holder and the
243 securities intermediary; or



244 (2) In the absence of agreement, the securities
245 intermediary either places the entitlement holder in a position to
246 exercise the rights directly or exercises due care in accordance
247 with reasonable commercial standards to follow the direction of
248 the entitlement holder.

249 **SECTION 10.** Section 75-8-507, Mississippi Code of 1972, is
250 brought forward as follows:

251 75-8-507. (a) A securities intermediary shall comply with
252 an entitlement order if the entitlement order is originated by the
253 appropriate person, the securities intermediary has had reasonable
254 opportunity to assure itself that the entitlement order is genuine
255 and authorized, and the securities intermediary has had reasonable
256 opportunity to comply with the entitlement order. A securities
257 intermediary satisfies the duty if:

258 (1) The securities intermediary acts with respect to
259 the duty as agreed upon by the entitlement holder and the
260 securities intermediary; or

261 (2) In the absence of agreement, the securities
262 intermediary exercises due care in accordance with reasonable
263 commercial standards to comply with the entitlement order.

264 (b) If a securities intermediary transfers a financial asset
265 pursuant to an ineffective entitlement order, the securities
266 intermediary shall reestablish a security entitlement in favor of
267 the person entitled to it, and pay or credit any payments or
268 distributions that the person did not receive as a result of the



269 wrongful transfer. If the securities intermediary does not
270 reestablish a security entitlement, the securities intermediary is
271 liable to the entitlement holder for damages.

272 **SECTION 11.** Section 75-8-508, Mississippi Code of 1972, is
273 brought forward as follows:

274 75-8-508. A securities intermediary shall act at the
275 direction of an entitlement holder to change a security
276 entitlement into another available form of holding for which the
277 entitlement holder is eligible, or to cause the financial asset to
278 be transferred to a securities account of the entitlement holder
279 with another securities intermediary. A securities intermediary
280 satisfies the duty if:

281 (1) The securities intermediary acts as agreed upon by
282 the entitlement holder and the securities intermediary; or

283 (2) In the absence of agreement, the securities
284 intermediary exercises due care in accordance with reasonable
285 commercial standards to follow the direction of the entitlement
286 holder.

287 **SECTION 12.** Section 75-8-509, Mississippi Code of 1972, is
288 brought forward as follows:

289 75-8-509. (a) If the substance of a duty imposed upon a
290 securities intermediary by Sections 75-8-504 through 75-8-508 is
291 the subject of other statute, regulation, or rule, compliance with
292 that statute, regulation, or rule satisfies the duty.



293 (b) To the extent that specific standards for the
294 performance of the duties of a securities intermediary or the
295 exercise of the rights of an entitlement holder are not specified
296 by other statute, regulation, or rule or by agreement between the
297 securities intermediary and entitlement holder, the securities
298 intermediary shall perform its duties and the entitlement holder
299 shall exercise its rights in a commercially reasonable manner.

300 (c) The obligation of a securities intermediary to perform
301 the duties imposed by Sections 75-8-504 through 75-8-508 is
302 subject to:

303 (1) Rights of the securities intermediary arising out
304 of a security interest under a security agreement with the
305 entitlement holder or otherwise; and

306 (2) Rights of the securities intermediary under other
307 law, regulation, rule, or agreement to withhold performance of its
308 duties as a result of unfulfilled obligations of the entitlement
309 holder to the securities intermediary.

310 (d) Sections 75-8-504 through 75-8-508 do not require a
311 securities intermediary to take any action that is prohibited by
312 other statute, regulation, or rule.

313 **SECTION 13.** Section 75-8-510, Mississippi Code of 1972, is
314 brought forward as follows:

315 75-8-510. (a) In a case not covered by the priority rules
316 in Article 9 or the rules stated in subsection (c), an action
317 based on an adverse claim to a financial asset or security



318 entitlement, whether framed in conversion, replevin, constructive
319 trust, equitable lien, or other theory, may not be asserted
320 against a person who purchases a security entitlement, or an
321 interest therein, from an entitlement holder if the purchaser
322 gives value, does not have notice of the adverse claim, and
323 obtains control.

324 (b) If an adverse claim could not have been asserted against
325 an entitlement holder under Section 75-8-502, the adverse claim
326 cannot be asserted against a person who purchases a security
327 entitlement, or an interest therein, from the entitlement holder.

328 (c) In a case not covered by the priority rules in Chapter
329 9, a purchaser for value of a security entitlement, or an interest
330 therein, who obtains control has priority over a purchaser of a
331 security entitlement, or an interest therein, who does not obtain
332 control. Except as otherwise provided in subsection (d),
333 purchasers who have control rank according to priority in time of:

334 (1) The purchaser's becoming the person for whom the
335 securities account, in which the security entitlement is carried,
336 is maintained, if the purchaser obtained control under Section
337 75-8-106(d) (1);

338 (2) The securities intermediary's agreement to comply
339 with the purchaser's entitlement orders with respect to security
340 entitlements carried or to be carried in the securities account in
341 which the security entitlement is carried, if the purchaser
342 obtained control under Section 75-8-106(d) (2); or



343 (3) If the purchaser obtained control through another
344 person under Section 75-8-106(d) (3), the time on which priority
345 would be based under this subsection if the other person were the
346 secured party.

347 (d) A securities intermediary as purchaser has priority over
348 a conflicting purchaser who has control unless otherwise agreed by
349 the securities intermediary.

350 **SECTION 14.** Section 75-8-511, Mississippi Code of 1972, is
351 brought forward as follows:

352 75-8-511. (a) Except as otherwise provided in subsections
353 (b) and (c), if a securities intermediary does not have sufficient
354 interests in a particular financial asset to satisfy both its
355 obligations to entitlement holders who have security entitlements
356 to that financial asset and its obligation to a creditor of the
357 securities intermediary who has a security interest in that
358 financial asset, the claims of entitlement holders, other than the
359 creditor, have priority over the claim of the creditor.

360 (b) A claim of a creditor of a securities intermediary who
361 has a security interest in a financial asset held by a securities
362 intermediary has priority over claims of the securities
363 intermediary's entitlement holders who have security entitlements
364 with respect to that financial asset if the creditor has control
365 over the financial asset.

366 (c) If a clearing corporation does not have sufficient
367 financial assets to satisfy both its obligations to entitlement



368 holders who have security entitlements with respect to a financial
369 asset and its obligation to a creditor of the clearing corporation
370 who has a security interest in that financial asset, the claim of
371 the creditor has priority over the claims of entitlement holders.

372 **SECTION 15.** Section 75-1-301, Mississippi Code of 1972, is
373 brought forward as follows:

374 75-1-301. **Territorial application of the code; parties'**
375 **power to choose applicable law.** (a) Except as provided hereafter
376 in this section, when a transaction bears a reasonable relation to
377 this state and also to another state or nation the parties may
378 agree that the law either of this state or of such other state or
379 nation shall govern their rights and duties. Failing such
380 agreement, the Uniform Commercial Code applies to transactions
381 bearing an appropriate relation to this state. However, the law
382 of the State of Mississippi shall always govern the rights and
383 duties of the parties in regard to disclaimers of implied
384 warranties of merchantability or fitness, limitations of remedies
385 for breaches of implied warranties of merchantability or fitness,
386 or the necessity for privity of contract to maintain a civil
387 action for breach of implied warranties of merchantability or
388 fitness notwithstanding any agreement by the parties that the laws
389 of some other state or nation shall govern the rights and duties
390 of the parties.

391 (b) Where one (1) of the following provisions of the Uniform
392 Commercial Code specifies the applicable law, that provision



393 governs and a contrary agreement is effective only to the extent
394 permitted by the law (including the conflict of laws rules) so
395 specified:

396 Rights of creditors against sold goods (Section 75-2-402).

397 Applicability of the Article on Leases (Sections 75-2A-105
398 and 75-2A-106).

399 Applicability of the Article on Bank Deposits and Collections
400 (Section 75-4-102).

401 Governing law in the Article on Funds Transfers (Section
402 75-4A-507).

403 Letters of credit (Section 75-5-116).

404 Applicability of the Article on Investment Securities
405 (Section 75-8-110).

406 Law governing perfection, the effect of perfection or
407 nonperfection, and the priority of security interests and
408 agricultural liens (Sections 75-9-301 through 75-9-307).

409 **SECTION 16.** Section 75-9-103, Mississippi Code of 1972, is
410 brought forward as follows:

411 75-9-103. (a) In this section:

412 (1) "Purchase-money collateral" means goods or software
413 that secures a purchase-money obligation incurred with respect to
414 that collateral; and

415 (2) "Purchase-money obligation" means an obligation of
416 an obligor incurred as all or part of the price of the collateral



417 or for value given to enable the debtor to acquire rights in or
418 the use of the collateral if the value is in fact so used.

419 (b) A security interest in goods is a purchase-money
420 security interest:

421 (1) To the extent that the goods are purchase-money
422 collateral with respect to that security interest;

423 (2) If the security interest is in inventory that is or
424 was purchase-money collateral, also to the extent that the
425 security interest secures a purchase-money obligation incurred
426 with respect to other inventory in which the secured party holds
427 or held a purchase-money security interest; and

428 (3) Also to the extent that the security interest
429 secures a purchase-money obligation incurred with respect to
430 software in which the secured party holds or held a purchase-money
431 security interest.

432 (c) A security interest in software is a purchase-money
433 security interest to the extent that the security interest also
434 secures a purchase-money obligation incurred with respect to goods
435 in which the secured party holds or held a purchase-money security
436 interest if:

437 (1) The debtor acquired its interest in the software in
438 an integrated transaction in which it acquired an interest in the
439 goods; and

440 (2) The debtor acquired its interest in the software
441 for the principal purpose of using the software in the goods.



442 (d) The security interest of a consignor in goods that are
443 the subject of a consignment is a purchase-money security interest
444 in inventory.

445 (e) In a transaction other than a consumer-goods
446 transaction, if the extent to which a security interest is a
447 purchase-money security interest depends on the application of a
448 payment to a particular obligation, the payment must be applied:

449 (1) In accordance with any reasonable method of
450 application to which the parties agree;

451 (2) In the absence of the parties' agreement to a
452 reasonable method, in accordance with any intention of the obligor
453 manifested at or before the time of payment; or

454 (3) In the absence of an agreement to a reasonable
455 method and a timely manifestation of the obligor's intention, in
456 the following order:

457 (A) To obligations that are not secured; and

458 (B) If more than one (1) obligation is secured, to
459 obligations secured by purchase-money security interests in the
460 order in which those obligations were incurred.

461 (f) In a transaction other than a consumer-goods
462 transaction, a purchase-money security interest does not lose its
463 status as such, even if:

464 (1) The purchase-money collateral also secures an
465 obligation that is not a purchase-money obligation;



466 (2) Collateral that is not purchase-money collateral
467 also secures the purchase-money obligation; or

468 (3) The purchase-money obligation has been renewed,
469 refinanced, consolidated, or restructured.

470 (g) In a transaction other than a consumer-goods
471 transaction, a secured party claiming a purchase-money security
472 interest has the burden of establishing the extent to which the
473 security interest is a purchase-money security interest.

474 (h) The limitation of the rules in subsections (e), (f), and
475 (g) to transactions other than consumer-goods transactions is
476 intended to leave to the court the determination of the proper
477 rules in consumer-goods transactions. The court may not infer
478 from that limitation the nature of the proper rule in
479 consumer-goods transactions and may continue to apply established
480 approaches.

481 **SECTION 17.** Section 75-9-304, Mississippi Code of 1972, is
482 brought forward as follows:

483 75-9-304. (a) The local law of a bank's jurisdiction
484 governs perfection, the effect of perfection or nonperfection, and
485 the priority of a security interest in a deposit account
486 maintained with that bank.

487 (b) The following rules determine a bank's jurisdiction for
488 purposes of this part:

489 (1) If an agreement between the bank and its customer
490 governing the deposit account expressly provides that a particular



491 jurisdiction is the bank's jurisdiction for purposes of this part,
492 this article, or the Uniform Commercial Code, that jurisdiction is
493 the bank's jurisdiction.

494 (2) If paragraph (1) does not apply and an agreement
495 between the bank and its customer governing the deposit account
496 expressly provides that the agreement is governed by the law of a
497 particular jurisdiction, that jurisdiction is the bank's
498 jurisdiction.

499 (3) If neither paragraph (1) nor paragraph (2) applies
500 and an agreement between the bank and its customer governing the
501 deposit account expressly provides that the deposit account is
502 maintained at an office in a particular jurisdiction, that
503 jurisdiction is the bank's jurisdiction.

504 (4) If none of the preceding paragraphs applies, the
505 bank's jurisdiction is the jurisdiction in which the office
506 identified in an account statement as the office serving the
507 customer's account is located.

508 (5) If none of the preceding paragraphs applies, the
509 bank's jurisdiction is the jurisdiction in which the chief
510 executive office of the bank is located.

511 **SECTION 18.** Section 75-9-306, Mississippi Code of 1972, is
512 brought forward as follows:

513 75-9-306. (a) Subject to subsection (c), the local law of
514 the issuer's jurisdiction or a nominated person's jurisdiction
515 governs perfection, the effect of perfection or nonperfection, and



516 the priority of a security interest in a letter-of-credit right if
517 the issuer's jurisdiction or nominated person's jurisdiction is a
518 state.

519 (b) For purposes of this part, an issuer's jurisdiction or
520 nominated person's jurisdiction is the jurisdiction whose law
521 governs the liability of the issuer or nominated person with
522 respect to the letter-of-credit right as provided in Section
523 75-5-116.

524 (c) This section does not apply to a security interest that
525 is perfected only under Section 75-9-308(d).

526 **SECTION 19.** This act shall take effect and be in force from
527 and after July 1, 2025.

