

TITLE 5: UNIFORM COMMERCIAL CODE  
DIVISION 8: INVESTMENT SECURITIES

**§ 8402. Assurance that Indorsements and Instructions Are Effective.**

(1) The issuer may require the following assurance that each necessary indorsement of a certificated security or each instruction (5 CMC § 8308) is genuine and effective:

(a) In all cases, a guarantee of the signature (5 CMC § 8312(1) or (2)) of the person indorsing a certificated security or originating an instruction including, in the case of an instruction, a warranty of the taxpayer identification number or, in the absence thereof, other reasonable assurance of identity;

(b) If the indorsement is made or the instruction is originated by an agent, appropriate assurance of authority to sign;

(c) If the indorsement is made or the instruction is originated by a fiduciary, appropriate evidence of appointment or incumbency;

(d) If there is more than one fiduciary, reasonable assurance that all who are required to sign have done so; and

(e) If the indorsement is made or the instruction is originated by a person not covered by any of the foregoing, assurance appropriate to the case corresponding as nearly as may be to the foregoing.

(2) A “guarantee of the signature” in subsection (1) of this section means a guarantee signed by or on behalf of a person reasonably believed by the issuer to be responsible. The issuer may adopt standards with respect to responsibility if they are not manifestly unreasonable.

(3) “Appropriate evidence of appointment or incumbency” in subsection (1) of this section means:

(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 60 days before the date of presentation for transfer, pledge, or release; 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 issuer to be responsible or, in the absence of that document or certificate, other evidence reasonably deemed by the issuer to be appropriate. The issuer may adopt standards with respect to the evidence if they are not manifestly unreasonable. The issuer is not 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.

(4) The issuer may elect to require reasonable assurance beyond that specified in this section, but if it does so and, for a purpose other than that specified in subsection (3)(b) of this section, both requires and obtains a copy of a will, trust, indenture, articles of co-partnership, by-laws, or other controlling instrument, it is charged with notice of all matters contained therein affecting the transfer, pledge, or release.

**Source:** PL 3-56, § 1 (§ 8402).