

**TITLE 5: UNIFORM COMMERCIAL CODE**  
**DIVISION 8: INVESTMENT SECURITIES**

**§ 8404. Liability and Non-Liability for Registration.**

(1) Except as provided in any law relating to the collection of taxes, the issuer is not liable to the owner, pledgee, or any other person suffering loss as a result of the registration of a transfer, pledge, or release of a security if:

(a) There were on or with a certificated security the necessary indorsements or the issuer had received an instruction originated by an appropriate person (5 CMC § 8308); and

(b) The issuer had no duty as to adverse claims or has discharged the duty (5 CMC § 8403).

(2) If an issuer has registered a transfer of a certificated security to a person not entitled to it, the issuer on demand shall deliver a like security to the true owner unless:

(a) The registration was pursuant to subsection (1) of this section;

(b) The owner is precluded from asserting any claim for registering the transfer under 5 CMC § 8405(1); or

(c) The delivery would result in overissue, in which case the issuer's liability is governed by 5 CMC § 8104.

(3) If an issuer has improperly registered a transfer, pledge, or release of an uncertificated security, the issuer on demand from the injured party shall restore the records as to the injured party to the condition that would have obtained if the improper registration had not been made unless:

(a) The registration was pursuant to subsection (1) of this section; or

(b) The registration would result in overissue, in which case the issuer's liability is governed by 5 CMC § 8104.

**Source:** PL 3-56, § 1 (§ 8404).