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CHAPTER 434

1977 Senate Bill 510

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CHAPTER 434, Laws of 1977

AN ACT to amend 408.403 (3) (b) and (c); and to create 408.403 (3) (d) of the statutes, relating to an issuer's duty to inquire concerning securities presented by corporations.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 408.403 (3) (b) and (c) of the statutes are amended to read:

408.403 (3) (b) An issuer registering transfer on an indorsement by a fiduciary is not bound to inquire whether the transfer is made in compliance with a controlling instrument or with the law of the state having jurisdiction of the fiduciary relationship, including any law requiring the fiduciary to obtain court approval of the transfer; ~~and~~

(c) The issuer is not charged with notice of the contents of any court record or file or other recorded or unrecorded document even though the document is in its possession and even though the transfer is made on the indorsement of a fiduciary to the fiduciary himself or herself or to his or her nominee; ~~and~~

SECTION 2. 408.403 (3) (d) of the statutes is created to read:

408.403 (3) (d) An issuer registering a transfer of a security upon an indorsement by a corporation, either individually or as fiduciary in whose name the security is registered, is not bound to inquire whether the indorsement is within the authority of the indorsing officer, or to obtain any corporate resolution or supporting paper, and may assume without inquiry that the indorsement is within the authority of the indorsing officer or officers, that each person who executes the indorsement is an incumbent of the office in which capacity he or she purports to sign and that if more than one officer is required to execute the indorsement, all who must execute it have done so.
