

1 State of Arkansas
2 95th General Assembly
3 Regular Session, 2025
4

A Bill

HOUSE BILL 1659

5 By: Representative S. Meeks
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For An Act To Be Entitled

9 AN ACT TO AMEND THE UNIFORM COMMERCIAL CODE; TO
10 CLARIFY THE PRIORITY AMONG SECURITY INTERESTS AND
11 ENTITLEMENT HOLDERS UNDER THE UNIFORM COMMERCIAL
12 CODE; AND FOR OTHER PURPOSES.
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Subtitle

15 TO AMEND THE UNIFORM COMMERCIAL CODE;
16 AND TO CLARIFY THE PRIORITY AMONG
17 SECURITY INTERESTS AND ENTITLEMENT
18 HOLDERS UNDER THE UNIFORM COMMERCIAL
19 CODE.
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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24 SECTION 1. Arkansas Code § 4-8-503(a), concerning property interest of
25 entitlement holder in financial asset held by securities intermediary, is
26 amended to read as follows:

27 (a) To the extent necessary for a securities intermediary to satisfy
28 all security entitlements with respect to a particular financial asset, all
29 interests in that financial asset held by the securities intermediary are
30 held by the securities intermediary for the entitlement holders, are not
31 property of the securities intermediary, and are not subject to claims of
32 creditors of the securities intermediary, ~~except as otherwise provided in §~~
33 ~~4-8-511.~~
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35 SECTION 2. Arkansas Code § 4-8-511 is amended to read as follows:
36 4-8-511. Priority among security interests and entitlement holders.



1 ~~(a)(1) Except as otherwise provided in subsections (b) and (c), if~~ If
2 a securities intermediary does not have sufficient interests in a particular
3 financial asset to satisfy both its obligations to entitlement holders who
4 have security entitlements to that financial asset and its obligation to a
5 creditor of the securities intermediary who has a security interest in that
6 financial asset, the claims of entitlement holders, other than the creditor,
7 have priority over the claim of the creditor.

8 (2) A claim of or a cause of action of an entitlement holder
9 under subdivision (a)(1) of this section shall be litigated in this state.

10 ~~(b) A claim of a creditor of a securities intermediary who has a~~
11 ~~security interest in a financial asset held by a securities intermediary has~~
12 ~~priority over claims of the securities intermediary's entitlement holders who~~
13 ~~have security entitlements with respect to that financial asset if the~~
14 ~~creditor has control over the financial asset~~ On and after January 1, 2026, a
15 dispute, case, claim, or controversy resulting from a contract or agreement
16 entered into under subsection (a) of this section shall be resolved or
17 litigated in this state.

18 ~~(c) If a clearing corporation does not have sufficient financial~~
19 ~~assets to satisfy both its obligations to entitlement holders who have~~
20 ~~security entitlements with respect to a financial asset and its obligation to~~
21 ~~a creditor of the clearing corporation who has a security interest in that~~
22 ~~financial asset, the claim of the creditor has priority over the claims of~~
23 ~~entitlement holders.~~

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25 SECTION 3. Arkansas Code § 4-9-305(a), concerning the law governing
26 perfection and priority of security interests in investment property, is
27 amended to read as follows:

28 (a) Except as otherwise provided in subsection (c), the following
29 rules apply:

30 (1) While a security certificate is located in a jurisdiction,
31 the local law of that jurisdiction governs perfection, the effect of
32 perfection or nonperfection, and the priority of a security interest in the
33 certificated security represented thereby.

34 (2) The local law of the issuer's jurisdiction as specified in §
35 4-8-110(d) governs perfection, the effect of perfection or nonperfection, and
36 the priority of a security interest in an uncertificated security.

1 (3) The local law of the securities intermediary's jurisdiction
2 ~~as specified in § 4-8-110(e)~~ governs perfection, the effect of perfection or
3 nonperfection, and the priority of a security interest in a security
4 entitlement or securities account.

5 (4) The local law of the commodity intermediary's jurisdiction
6 governs perfection, the effect of perfection or nonperfection, and the
7 priority of a security interest in a commodity contract or commodity account.
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