By: Lambert   H.B. No. 3929

A BILL TO BE ENTITLED

1   AN ACT

2 relating to choice of law and assignment or acquisition of claims

3 and demands in connection with certificated and uncertificated

4 securities.

5   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6   SECTION 1. Section 8.110, Business & Commerce Code, is

7 amended by adding Subsection (g) to read as follows:

8   (g) If a security is determined not to be valid under the

9 local law of the issuer's jurisdiction, the law of the jurisdiction

10 agreed by the issuer of the security to govern the construction or

11 interpretation of documents evidencing or containing the terms of

12 the security and matters arising out of or relating to the security

13 and documents, including the enforceability of the security and the

14 rights and remedies available to a purchaser of such a security,

15 governs the consequences to the issuer and the purchaser of the

16 invalidity.

17   SECTION 2. Section 8.302, Business & Commerce Code, is

18 amended by adding Subsections (d) and (e) to read as follows:

19   (d) The rights acquired by a purchaser of a certificated or

20 uncertificated security, unless otherwise agreed in writing,

21 include, without limitation, all of the following claims and

22 demands of the transferor, regardless of whether the claims and

23 demands are known to exist:

24   (1) a claim or demand for damages or rescission

1 against the issuer or other party to the security;

2   (2) a claim or demand for damages against the trustee,

3 depositary, or other party under any indenture under which the

4 security was issued or is outstanding;

5   (3) a claim or demand for damages against any issuer,

6 underwriter, trustee, depositary, guarantor, or other party to the

7 obligations of the issuer; and

8   (4) a claim or demand to enforce any rights of a

9 securityholder under the terms of the security, including rights

10 arising prior to the date of the transfer.

11   (e) Except as specifically provided by statute with respect

12 to assignments of the claims and demands of a transferor to the

13 purchaser of a certificated or uncertificated security, no issuer

14 or other party subject to any obligation, or to any claim or demand

15 for damages, with respect to any such security may assert a defense

16 to such an obligation, claim, or demand, or assert a claim against

17 the purchaser, based on the intent of the purchaser, or an assignor

18 or assignee of the purchaser, to assert or pursue through

19 litigation or other lawful means the enforcement of the purchaser's

20 rights thereto.

21   SECTION 3. Section 271.005, Business & Commerce Code, is

22 amended by adding Subsections (a-1) and (c) to read as follows:

23   (a-1) Unless otherwise agreed in writing, the choice of

24 governing law specified in the terms applicable to a certificated

25 or uncertificated security issued in a qualified transaction,

26 including any change in that governing law, applies retroactively

27 to all issues relating to the security.

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1   (c) A security issued in a qualified transaction may be

2 modified or amended, in accordance with the security's terms, to

3 permit amendment of the terms of the security by less than unanimous

4 consent, and to choose the law of a different jurisdiction to govern

5 the security. An amendment described by this subsection applies

6 retroactively unless otherwise agreed by the parties in writing.

7   SECTION 4. This Act takes effect September 1, 2025.