

AN ACT

relating to choice of law and assignment or acquisition of claims and demands in connection with certificated and uncertificated securities.

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

SECTION 1. Section 8.110, Business & Commerce Code, is amended by adding Subsection (g) to read as follows:

(g) If a security is determined not to be valid under the local law of the issuer's jurisdiction, the law of the jurisdiction agreed by the issuer of the security to govern the construction or interpretation of documents evidencing or containing the terms of the security and matters arising out of or relating to the security and documents, including the enforceability of the security and the rights and remedies available to a purchaser of such a security, governs the consequences to the issuer and the purchaser of the invalidity.

SECTION 2. Section 8.302, Business & Commerce Code, is amended by adding Subsections (d) and (e) to read as follows:

(d) The rights acquired by a purchaser of a certificated or uncertificated security issued by a foreign state as defined by 28 U.S.C. Section 1603, unless otherwise agreed in writing, include, without limitation, all of the following claims and demands of the transferor, regardless of whether the claims and demands are known to exist:

1 (1) a claim or demand for damages or rescission
2 against the issuer or other party to such security;

3 (2) a claim or demand for damages against the trustee,
4 depository, or other party under any indenture under which such
5 security was issued or is outstanding;

6 (3) a claim or demand for damages against any issuer,
7 underwriter, trustee, depository, guarantor, or other party to the
8 obligations of the issuer; and

9 (4) a claim or demand to enforce any rights of a
10 securityholder under the terms of such security, including rights
11 arising prior to the date of the transfer.

12 (e) Except as specifically provided by statute with respect
13 to assignments of the claims and demands of a transferor to the
14 purchaser of a certificated or uncertificated security issued by a
15 foreign state as defined by 28 U.S.C. Section 1603, no issuer or
16 other party subject to any obligation, or to any claim or demand for
17 damages, with respect to any such security may assert a defense to
18 such an obligation, claim, or demand, or assert a claim against the
19 purchaser, based on the intent of the purchaser, or an assignor or
20 assignee of the purchaser, to assert or pursue through litigation
21 or other lawful means the enforcement of the purchaser's rights
22 thereto.

23 SECTION 3. Section [271.005](#), Business & Commerce Code, is
24 amended by adding Subsections (a-1) and (c) to read as follows:

25 (a-1) Unless otherwise agreed in writing, the choice of
26 governing law specified in the terms applicable to a certificated
27 or uncertificated security issued by a foreign state as defined by

1 28 U.S.C. Section 1603 in a qualified transaction, including any
2 change in that governing law, applies retroactively to all issues
3 relating to such security.

4 (c) A security issued by a foreign state as defined by 28
5 U.S.C. Section 1603 in a qualified transaction may be modified or
6 amended, in accordance with such security's terms, to permit
7 amendment of the terms of the security by less than unanimous
8 consent, and to choose the law of a different jurisdiction to govern
9 the security. An amendment described by this subsection applies
10 retroactively unless otherwise agreed by the parties in writing.

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

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1239 passed the Senate on April 10, 2025, by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1239 passed the House on May 20, 2025, by the following vote: Yeas 136, Nays 10, three present not voting.

Chief Clerk of the House

Approved:

Date

Governor