

1-1 By: Middleton S.B. No. 1239
1-2 (In the Senate - Filed February 12, 2025;
1-3 February 28, 2025, read first time and referred to Committee on
1-4 Business & Commerce; March 31, 2025, reported adversely, with
1-5 favorable Committee Substitute by the following vote: Yeas 10,
1-6 Nays 0; March 31, 2025, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	Schwertner	X		
1-10	King		X	
1-11	Blanco	X		
1-12	Campbell	X		
1-13	Creighton	X		
1-14	Johnson	X		
1-15	Kolkhorst	X		
1-16	Menéndez	X		
1-17	Middleton	X		
1-18	Nichols	X		
1-19	Zaffirini	X		

1-20 COMMITTEE SUBSTITUTE FOR S.B. No. 1239 By: Middleton

1-21 A BILL TO BE ENTITLED
1-22 AN ACT

1-23 relating to choice of law and assignment or acquisition of claims
1-24 and demands in connection with certificated and uncertificated
1-25 securities.

1-26 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-27 SECTION 1. Section 8.110, Business & Commerce Code, is
1-28 amended by adding Subsection (g) to read as follows:

1-29 (g) If a security is determined not to be valid under the
1-30 local law of the issuer's jurisdiction, the law of the jurisdiction
1-31 agreed by the issuer of the security to govern the construction or
1-32 interpretation of documents evidencing or containing the terms of
1-33 the security and matters arising out of or relating to the security
1-34 and documents, including the enforceability of the security and the
1-35 rights and remedies available to a purchaser of such a security,
1-36 governs the consequences to the issuer and the purchaser of the
1-37 invalidity.

1-38 SECTION 2. Section 8.302, Business & Commerce Code, is
1-39 amended by adding Subsections (d) and (e) to read as follows:

1-40 (d) The rights acquired by a purchaser of a certificated or
1-41 uncertificated security issued by a foreign state as defined by 28
1-42 U.S.C. Section 1603, unless otherwise agreed in writing, include,
1-43 without limitation, all of the following claims and demands of the
1-44 transferor, regardless of whether the claims and demands are known
1-45 to exist:

1-46 (1) a claim or demand for damages or rescission
1-47 against the issuer or other party to such security;

1-48 (2) a claim or demand for damages against the trustee,
1-49 depositary, or other party under any indenture under which such
1-50 security was issued or is outstanding;

1-51 (3) a claim or demand for damages against any issuer,
1-52 underwriter, trustee, depositary, guarantor, or other party to the
1-53 obligations of the issuer; and

1-54 (4) a claim or demand to enforce any rights of a
1-55 securityholder under the terms of such security, including rights
1-56 arising prior to the date of the transfer.

1-57 (e) Except as specifically provided by statute with respect
1-58 to assignments of the claims and demands of a transferor to the
1-59 purchaser of a certificated or uncertificated security issued by a
1-60 foreign state as defined by 28 U.S.C. Section 1603, no issuer or

other party subject to any obligation, or to any claim or demand for damages, with respect to any such security may assert a defense to such an obligation, claim, or demand, or assert a claim against the purchaser, based on the intent of the purchaser, or an assignor or assignee of the purchaser, to assert or pursue through litigation or other lawful means the enforcement of the purchaser's rights thereto.

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

(a-1) Unless otherwise agreed in writing, the choice of governing law specified in the terms applicable to a certificated or uncertificated security issued by a foreign state as defined by 28 U.S.C. Section 1603 in a qualified transaction, including any change in that governing law, applies retroactively to all issues relating to such security.

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

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

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