

HB 3336 -- SIGNATURE GUARANTEES ON SECURITIES

SPONSOR: Butz

This bill amends current law to allow financial institutions participating in a signature guarantee program to validate a medallion stamp signature, which is a type of guarantee used to verify the identity of someone endorsing a security or initiating a transfer of ownership.

The bill defines various terms related to securities and guarantees, including, but not limited to, "eligible guarantor institution", "security," and "signature guarantee program".

The bill clarifies that a "transfer verification guarantee" from an eligible institution binds the issuer, transfer agent, and any person who acquires the security in reliance of the guarantee, relieving them of the need to independently verify identity or authority, and protects them from liability if they accept such a guarantee in good faith.

Furthermore, the bill states that signature guarantee programs should protect transfer agents from financial loss and unauthorized guarantees, and that participating institutions must offer medallion signature validation services. In cases of conflict, Federal law will prevail, and the provisions related to signature guarantee programs will take precedence over inconsistencies with the Uniform Commercial Code regarding valid signature guarantees.

The director of the Division of Finance is empowered to create rules for administering this section, with specific provisions for legislative review of these rules.