

§ 25-8-102. Definitions.

(a) In this Article:

- (1) "Adverse claim" means a claim that a claimant has a property interest in a financial asset and that it is a violation of the rights of the claimant for another person to hold, transfer, or deal with the financial asset.
- (2) "Bearer form", as applied to a certificated security, means a form in which the security is payable to the bearer of the security certificate according to its terms but not by reason of an indorsement.
- (3) "Broker" means a person defined as a broker or dealer under the federal securities laws, but without excluding a bank acting in that capacity.
- (4) "Certificated security" means a security that is represented by a certificate.
- (5) "Clearing corporation" means:
 - (i) A person that is registered as a "clearing agency" under the federal securities laws;
 - (ii) A federal reserve bank; or
 - (iii) Any other person that provides clearance or settlement services with respect to financial assets that would require it to register as a clearing agency under the federal securities laws but for an exclusion or exemption from the registration requirement, if its activities as a clearing corporation, including promulgation of rules, are subject to regulation by a federal or state governmental authority.
- (6) "Communicate" means to:
 - (i) Send a signed writing; or
 - (ii) Transmit information by any mechanism agreed upon by the persons transmitting and receiving the information.
- (7) "Entitlement holder" means a person identified in the records of a securities intermediary as the person having a security entitlement against the securities intermediary. If a person acquires a security entitlement by virtue of G.S. 25-8-501(b)(2) or (3), that person is the entitlement holder.
- (8) "Entitlement order" means a notification communicated to a securities intermediary directing transfer or redemption of a financial asset to which the entitlement holder has a security entitlement.
- (9) "Financial asset", except as otherwise provided in G.S. 25-8-103, means:
 - (i) A security;
 - (ii) An obligation of a person or a share, participation, or other interest in a person or in property or an enterprise of a person, which is, or is of a type, dealt in or traded on financial markets, or which is recognized in any area in which it is issued or dealt in as a medium for investment; or
 - (iii) Any property that is held by a securities intermediary for another person in a securities account if the securities intermediary has expressly agreed with the other person that the property is to be treated as a financial asset under this Article.

As context requires, the term means either the interest itself or the means by which a person's claim to it is evidenced, including a certificated or uncertificated security, a security certificate, or a security entitlement.
- (10) Repealed by Session Laws 2006-112, s. 20, effective October 1, 2006.
- (11) "Indorsement" means a signature that alone or accompanied by other words is made on a security certificate in registered form or on a separate

document for the purpose of assigning, transferring, or redeeming the security or granting a power to assign, transfer, or redeem it.

- (12) "Instruction" means a notification communicated to the issuer of an uncertificated security which directs that the transfer of the security be registered or that the security be redeemed.
- (13) "Registered form", as applied to a certificated security, means a form in which:
- (i) The security certificate specifies a person entitled to the security; and
 - (ii) A transfer of the security may be registered upon books maintained for that purpose by or on behalf of the issuer, or the security certificate so states.
- (14) "Securities intermediary" means:
- (i) A clearing corporation; or
 - (ii) A person, including a bank or broker, that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity.
- (15) "Security", except as otherwise provided in G.S. 25-8-103, means an obligation of an issuer or a share, participation, or other interest in an issuer or in property or an enterprise of an issuer:
- (i) Which is represented by a security certificate in bearer or registered form, or the transfer of which may be registered upon books maintained for that purpose by or on behalf of the issuer;
 - (ii) Which is one of a class or series or by its terms is divisible into a class or series of shares, participations, interests, or obligations; and
 - (iii) Which:
 - (A) Is, or is of a type, dealt in or traded on securities exchanges or securities markets; or
 - (B) Is a medium for investment and by its terms expressly provides that it is a security governed by this Article.
- (16) "Security certificate" means a certificate representing a security.
- (17) "Security entitlement" means the rights and property interest of an entitlement holder with respect to a financial asset specified in Part 5 of this Article.
- (18) "Uncertificated security" means a security that is not represented by a certificate.
- (b) Other definitions applying to this Article and the sections in which they appear are:
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| "Appropriate person" | G.S. 25-8-107. |
| "Control" | G.S. 25-8-106. |
| "Delivery" | G.S. 25-8-301. |
| "Investment company security" | G.S. 25-8-103. |
| "Issuer" | G.S. 25-8-201. |
| "Overissue" | G.S. 25-8-210. |
| "Protected purchaser" | G.S. 25-8-303. |
| "Securities account" | G.S. 25-8-501. |
- (c) In addition, Article 1 of this Chapter contains general definitions and principles of construction and interpretation applicable throughout this Article.
- (d) The characterization of a person, business, or transaction for purposes of this Article does not determine the characterization of the person, business, or transaction for purposes of

any other law, regulation, or rule. (1965, c. 700, s. 1; 1973, c. 497, s. 3; 1989, c. 588, s. 1; 1989 (Reg. Sess., 1990), c. 1024, s. 9(a); 1997-181, s. 1; 2006-112, s. 20.)