

(a) *there were on or with the security the necessary indorsements (Section 8—308); and*

(b) *the issuer had no duty to inquire into adverse claims or has discharged any such duty (Section 8—403).*

(2) *Where an issuer has registered a transfer of a security to a person not entitled to it the issuer on demand must deliver a like security to the true owner unless*

(a) *the registration was pursuant to subsection (1); or*

(b) *the owner is precluded from asserting any claim for registering the transfer under subsection (1) of the following section; or*

(c) *such delivery would result in overissue, in which case the issuer's liability is governed by Section 8—104.*

8—405. *Lost, Destroyed and Stolen Securities.*

(1) *Where a security has been lost, apparently destroyed or wrongfully taken and the owner fails to notify the issuer of that fact within a reasonable time after he has notice of it and the issuer registers a transfer of the security before receiving such a notification, the owner is precluded from asserting against the issuer any claim for registering the transfer under the preceding section or any claim to a new security under this section.*

(2) *Where the owner of a security claims that the security has been lost, destroyed or wrongfully taken, the issuer must issue a new security in place of the original security if the owner*

(a) *so requests before the issuer has notice that the security has been acquired by a bona fide purchaser; and*

(b) *files with the issuer a sufficient indemnity bond; and*

(c) *satisfies any other reasonable requirements imposed by the issuer.*

(3) *If, after the issue of the new security, a bona fide purchaser of the original security presents it for registration of transfer, the issuer must register the transfer, unless registration would result in overissue, in which event the issuer's liability is governed by Section 8—104. In addition to any rights on the indemnity bond, the issuer may recover the new security from the person to whom it was issued or any person taking under him except a bona fide purchaser.*

8—406. *Duty of Authenticating Trustee, Transfer Agent or Registrar.*

(1) *Where a person acts as authenticating trustee, transfer agent, registrar, or other agent for an issuer in the registration of transfers of its securities or in the issue of new securities or in the cancellation of surrendered securities*

(a) *he is under a duty to the issuer to exercise good faith and due diligence in performing his functions; and*

(b) *he has with regard to the particular functions he performs the same obligation to the holder or owner of the security and has the*