

LIABLE FOR LOSSES TO THE CUSTODIAL PROPERTY UNLESS THEY RESULT FROM HIS BAD FAITH, INTENTIONAL WRONGDOING OR GROSS NEGLIGENCE OR FROM HIS FAILURE TO MAINTAIN THE STANDARD OF PRUDENCE IN INVESTING THE CUSTODIAL PROPERTY PROVIDED IN THIS SUBTITLE.

13-306. EXEMPTION OF THIRD PERSONS FROM LIABILITY.

NO ISSUER, TRANSFER AGENT, BANK, LIFE INSURANCE COMPANY, BROKER OR OTHER PERSON OR FINANCIAL INSTITUTION ACTING ON THE INSTRUCTIONS OF OR OTHERWISE DEALING WITH ANY PERSON PURPORTING TO ACT AS A DONOR OR IN THE CAPACITY OF A CUSTODIAN IS RESPONSIBLE FOR DETERMINING WHETHER THE PERSON DESIGNATED AS CUSTODIAN BY THE PURPORTED DONOR OR BY THE CUSTODIAN OR PURPORTING TO ACT AS CUSTODIAN HAS BEEN DULY DESIGNATED OR WHETHER ANY PURCHASE, SALE, OR TRANSFER TO OR BY OF ANY OTHER ACT OF ANY PERSON PURPORTING TO ACT IN THE CAPACITY OF CUSTODIAN IS IN ACCORDANCE WITH OR AUTHORIZED BY THIS SUBTITLE, OR IS OBLIGED TO INQUIRE INTO THE VALIDITY OR PROPRIETY UNDER THIS SUBTITLE OF ANY INSTRUMENT OR INSTRUCTIONS EXECUTED OR GIVEN BY A PERSON PURPORTING TO ACT AS A DONOR OR IN THE CAPACITY OF A CUSTODIAN, OR IS BOUND TO SEE TO THE APPLICATION BY ANY PERSON PURPORTING TO ACT IN THE CAPACITY OF A CUSTODIAN OF ANY MONEY OR OTHER PROPERTY PAID OR DELIVERED TO HIM.

13-307. RESIGNATION, DEATH, INELIGIBILITY, INCAPACITY OR REMOVAL OF CUSTODIAN; SUCCESSOR CUSTODIAN.

(A) ELIGIBILITY TO BECOME SUCCESSOR CUSTODIAN; MANNER OF DESIGNATING SUCCESSOR CUSTODIAN; POWERS OF SUCCESSOR CUSTODIAN.

ANY ADULT OR TRUST COMPANY ELIGIBLE TO BECOME A CUSTODIAN SHALL ALSO BE ELIGIBLE TO BECOME SUCCESSOR CUSTODIAN. A CUSTODIAN MAY DESIGNATE HIS SUCCESSOR BY EXECUTING AND DATING AN INSTRUMENT OF DESIGNATION BEFORE A SUBSCRIBING WITNESS OTHER THAN THE SUCCESSOR; THE INSTRUMENT OF DESIGNATION MAY BUT NEED NOT CONTAIN THE RESIGNATION OF THE CUSTODIAN. A SUCCESSOR CUSTODIAN HAS ALL THE RIGHTS, POWERS, DUTIES, AND IMMUNITIES OF A CUSTODIAN DESIGNATED IN A MANNER PRESCRIBED BY THIS SUBTITLE.

(B) WHEN DESIGNATION TAKES EFFECT.

THE DESIGNATION OF A SUCCESSOR CUSTODIAN AS PROVIDED IN SUBSECTION (A) TAKES EFFECT AS TO EACH ITEM OF THE CUSTODIAL ESTATE WHEN THE CUSTODIAN RESIGNS, DIES OR BECOMES LEGALLY INCAPACITATED AND THE CUSTODIAN OR HIS LEGAL REPRESENTATIVE:

(1) CAUSES THE ITEM, IF IT IS A SECURITY IN