

# STATE OF NEW YORK

1840

2025-2026 Regular Sessions

## IN SENATE

January 14, 2025

Introduced by Sen. HOYLMAN-SIGAL -- read twice and ordered printed, and when printed to be committed to the Committee on Judiciary

AN ACT to amend the uniform commercial code, in relation to addressing emerging technologies

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Paragraphs 10, 15, 21, 24, 27, 36 and 37 of subsection (b)  
2 of section 1--201 of the uniform commercial code, as added by chapter  
3 505 of the laws of 2014, are amended and a new paragraph 16-a is added  
4 to read as follows:

5 (10) "Conspicuous", with reference to a term, means so written,  
6 displayed, or presented that, based on the totality of the circum-  
7 stances, a reasonable person against which it is to operate ought to  
8 have noticed it. Whether a term is "conspicuous" or not is a decision  
9 for the court.

10 (15) "Delivery", with respect to an electronic document of title means  
11 voluntary transfer of control and with respect to an instrument, a  
12 tangible document of title, or an authoritative tangible copy of a  
13 record evidencing chattel paper, means voluntary transfer of possession.

14 (16-a) "Electronic" means relating to technology having electrical,  
15 digital, magnetic, wireless, optical, electromagnetic, or similar capa-  
16 bilities.

17 (21) "Holder" means:

18 (A) the person in possession of a negotiable instrument that is paya-  
19 ble either to bearer or to an identified person that is the person in  
20 possession; or

21 (B) the person in possession of a negotiable tangible document of  
22 title if the goods are deliverable either to bearer or to the order of  
23 the person in possession; or

24 (C) the person in control, other than pursuant to Section 7--106(g),  
25 of a negotiable electronic document of title.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.

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1 (24) "Money" means a medium of exchange that is currently authorized  
2 or adopted by a domestic or foreign government. The term includes a  
3 monetary unit of account established by an intergovernmental organiza-  
4 tion or by agreement between two or more countries. The term does not  
5 include an electronic record that is a medium of exchange recorded and  
6 transferable in a system that existed and operated for the medium of  
7 exchange before the medium of exchange was authorized or adopted by the  
8 government.

9 (27) "Person" means an individual, corporation, business trust,  
10 estate, trust, partnership, limited liability company, association,  
11 joint venture, government, governmental subdivision, agency, [~~or instru-~~  
12 ~~mentality, public corporation,~~] or any other legal or commercial entity.  
13 The term includes a protected series, however denominated, of an entity  
14 if the protected series is established under law other than this act  
15 that limits, or limits if conditions specified under the law are satis-  
16 fied, the ability of a creditor of the entity or of any other protected  
17 series of the entity to satisfy a claim from assets of the protected  
18 series.

19 (36) "Send", in connection with a [~~writing,~~] record[~~, or notice~~] or  
20 notification means:

21 (A) to deposit in the mail [~~or~~], deliver for transmission, or transmit  
22 by any other usual means of communication with postage or cost of trans-  
23 mission provided for [~~and properly~~], addressed [~~and, in the case of an~~  
24 ~~instrument, to an address specified thereon or otherwise agreed, or if~~  
25 ~~there be none~~] to any address reasonable under the circumstances; or

26 (B) [~~in any other way~~] to cause the record or notification to be  
27 received [~~any record or notice~~] within the time it would have [~~arrived~~]  
28 been received if properly sent pursuant to subparagraph (A).

29 (37) [~~"Signed" includes using any symbol executed or adopted with~~  
30 ~~present intention to adopt or accept a writing.~~] "Sign" means, with  
31 present intent to authenticate or adopt a record:

32 (A) execute or adopt a tangible symbol; or

33 (B) attach to or logically associate with the record an electronic  
34 symbol, sound, or process.

35 "Signed", "signing", and "signature" have corresponding meanings.

36 § 2. Section 1--204 of the uniform commercial code, as added by chap-  
37 ter 505 of the laws of 2014, is amended to read as follows:  
38 Section 1--204. Value.

39 Except as otherwise provided in articles 3, 4, [~~and~~] 5, and 12 of this  
40 act a person gives value for rights if the person acquires them:

41 (a) in return for a binding commitment to extend credit or for the  
42 extension of immediately available credit, whether or not drawn upon and  
43 whether or not a charge-back is provided for in the event of difficul-  
44 ties in collection;

45 (b) as security for, or in total or partial satisfaction of, a preex-  
46 isting claim;

47 (c) by accepting delivery under a preexisting contract for purchase;  
48 or

49 (d) in return for any consideration sufficient to support a simple  
50 contract.

51 § 3. Subsection (c) of section 1--301 of the uniform commercial code,  
52 as added by chapter 505 of the laws of 2014, is amended to read as  
53 follows:

54 (c) If one of the following provisions of this act specifies the  
55 applicable law, that provision governs and a contrary agreement is  
56 effective only to the extent permitted by the law so specified:

- 1 (1) Section 2--402;
- 2 (2) Sections 2-A--105 and 2-A--106;
- 3 (3) Section 4--102;
- 4 (4) Section 4-A--507;
- 5 (5) Section 5--116;
- 6 (6) Section 8--110; [~~and~~]
- 7 (7) Sections 9--301 through 9--307; and
- 8 (8) Section 12--107.

9 § 4. Section 1--306 of the uniform commercial code, as added by chap-  
10 ter 505 of the laws of 2014, is amended to read as follows:

11 Section 1--306. Waiver or Renunciation of Claim or Right After Breach.

12 A claim or right arising out of an alleged breach may be discharged in  
13 whole or in part without consideration by agreement of the aggrieved  
14 party in [~~an authenticated~~] a signed record.

15 § 5. Section 2--102 of the uniform commercial code is amended to read  
16 as follows:

17 Section 2--102. Scope; Certain Security and Other Transactions Excluded  
18 From This Article.

19 (1) Unless the context otherwise requires, and except as provided in  
20 subsection (3), this Article applies to transactions in goods~~[, it does~~  
21 ~~not apply to any transaction which although in the form of an uncondi-~~  
22 ~~tional contract to sell or present sale is intended to operate only as a~~  
23 ~~security transaction nor does this Article impair or repeal any statute~~  
24 ~~regulating sales to consumers, farmers or other specified classes of~~  
25 ~~buyers], it applies to the extent provided in subsection (2).~~

26 (2) In a hybrid transaction:

27 (a) If the sale-of-goods aspects do not predominate, only the  
28 provisions of this Article which relate primarily to the sale-of-goods  
29 aspects of the transaction apply, and the provisions that relate prima-  
30 riarily to the transaction as a whole do not apply.

31 (b) If the sale-of-goods aspects predominate, this Article applies to  
32 the transaction but does not preclude application in appropriate circum-  
33 stances of other law to aspects of the transaction which do not relate  
34 to the sale of goods.

35 (3) This Article does not:

36 (a) apply to a transaction that, even though in the form of an uncon-  
37 ditional contract to sell or present sale, operates only to create a  
38 security interest; or

39 (b) impair or repeal a statute regulating sales to consumers, farmers,  
40 or other specified classes of buyers.

41 § 6. Section 2--106 of the uniform commercial code is amended to read  
42 as follows:

43 Section 2--106. Definitions. "Contract"; "Agreement"; "Contract for  
44 Sale"; "Sale"; "Present Sale"; "Conforming" to  
45 Contract; "Termination"; "Cancellation"; "Hybrid Tran-  
46 saction".

47 (1) In this Article, unless the context otherwise requires, "contract"  
48 and "agreement" are limited to those relating to the present or future  
49 sale of goods. "Contract for sale" includes both a present sale of goods  
50 and a contract to sell goods at a future time. A "sale" consists in the  
51 passing of title from the seller to the buyer for a price (Section  
52 2--401). A "present sale" means a sale which is accomplished by the  
53 making of the contract.

54 (2) Goods or conduct including any part of a performance are "conform-  
55 ing" or conform to the contract when they are in accordance with the  
56 obligations under the contract.

1 (3) "Termination" occurs when either party pursuant to a power created  
2 by agreement or law puts an end to the contract otherwise than for its  
3 breach. On "termination" all obligations which are still executory on  
4 both sides are discharged but any right based on prior breach or  
5 performance survives.

6 (4) "Cancellation" occurs when either party puts an end to the  
7 contract for breach by the other and its effect is the same as that of  
8 "termination" except that the cancelling party also retains any remedy  
9 for breach of the whole contract or any unperformed balance.

10 (5) "Hybrid transaction" means a single transaction involving a sale  
11 of goods and:

12 (a) the provision of services;

13 (b) a lease of other goods; or

14 (c) a sale, lease, or license of property other than goods.

15 § 7. Subsections 1 and 2 of section 2--201 of the uniform commercial  
16 code are amended to read as follows:

17 (1) Except as otherwise provided in this section a contract for the  
18 sale of goods for the price of \$500 or more is not enforceable by way of  
19 action or defense unless there is [~~some writing~~] a record sufficient to  
20 indicate that a contract for sale has been made between the parties and  
21 signed by the party against whom enforcement is sought or by [~~his~~] the  
22 party's authorized agent or broker. A writing is not insufficient  
23 because it omits or incorrectly states a term agreed upon but the  
24 contract is not enforceable under this [~~paragraph~~] subsection beyond the  
25 quantity of goods shown in [~~such writing~~] the record.

26 (2) Between merchants if within a reasonable time a [~~writing~~] record  
27 in confirmation of the contract and sufficient against the sender is  
28 received and the party receiving it has reason to know its contents, it  
29 satisfies the requirements of subsection (1) against [~~such~~] the party  
30 unless written notice in a record of objection to its contents is given  
31 within ten days after it is received.

32 § 8. Section 2--202 of the uniform commercial code, as amended by  
33 chapter 505 of the laws of 2014, is amended to read as follows:  
34 Section 2--202. Final Written Expression: Parol or Extrinsic Evidence.

35 Terms with respect to which the confirmatory memoranda of the parties  
36 agree or which are otherwise set forth in a [~~writing~~] record intended by  
37 the parties as a final expression of their agreement with respect to  
38 such terms as are included therein may not be contradicted by evidence  
39 of any prior agreement or of a contemporaneous oral agreement but may be  
40 explained or supplemented

41 (a) by course of performance, course of dealing, or usage of trade  
42 (Section 1--303); and

43 (b) by evidence of consistent additional terms unless the court finds  
44 the [~~writing~~] record to have been intended also as a complete and exclu-  
45 sive statement of the terms of the agreement.

46 § 9. Section 2--203 of the uniform commercial code is amended to read  
47 as follows:

48 Section 2--203. Seals Inoperative.

49 The affixing of a seal to a [~~writing~~] record evidencing a contract for  
50 sale or an offer to buy or sell goods does not constitute the [~~writing~~]  
51 record a sealed instrument and the law with respect to sealed instru-  
52 ments does not apply to such a contract or offer.

53 § 10. Section 2--205 of the uniform commercial code is amended to read  
54 as follows:

55 Section 2--205. Firm Offers.

1 An offer by a merchant to buy or sell goods in a signed [~~writing~~  
2 record which by its terms gives assurance that it will be held open is  
3 not revocable, for lack of consideration, during the time stated or if  
4 no time is stated for a reasonable time, but in no event may such period  
5 of irrevocability exceed three months; but any such term of assurance on  
6 a form supplied by the offeree must be separately signed by the offeror.

7 § 11. Subsection 2 of section 2--209 of the uniform commercial code is  
8 amended to read as follows:

9 (2) A signed agreement which excludes modification or rescission  
10 except by a signed writing or other signed record cannot be otherwise  
11 modified or rescinded, but except as between merchants such a require-  
12 ment on a form supplied by the merchant must be separately signed by the  
13 other party.

14 § 12. Section 2-A-102 of the uniform commercial code, as added by  
15 chapter 114 of the laws of 1994, is amended to read as follows:  
16 Section 2-A-102. Scope.

17 (1) This Article applies to any transaction, regardless of form, that  
18 creates a lease and, in the case of a hybrid lease, it applies to the  
19 extent provided in subsection (2).

20 (2) In a hybrid lease:

21 (a) if the lease-of-goods aspects do not predominate:

22 (i) only the provisions of this article which relate primarily to the  
23 lease-of-goods aspects of the transaction apply, and the provisions that  
24 relate primarily to the transaction as a whole do not apply;

25 (ii) Section 2-A-209 applies if the lease is a finance lease; and

26 (iii) Section 2-A-407 applies to the promises of the lessee in a  
27 finance lease to the extent the promises are consideration for the right  
28 to possession and use of the leased goods; and

29 (b) if the lease-of-goods aspects predominate, this Article applies to  
30 the transaction, but does not preclude application in appropriate  
31 circumstances of other law to aspects of the lease which do not relate  
32 to the lease of goods.

33 § 13. Subsection 1 of section 2-A-103 of the uniform commercial code  
34 is amended by adding a new paragraph (h-1) to read as follows:

35 (h-1) "Hybrid lease" means a single transaction involving a lease of  
36 goods and:

37 (i) the provision of services;

38 (ii) a sale of other goods; or

39 (iii) a sale, lease, or license of property other than goods.

40 § 14. Section 2-A-107 of the uniform commercial code, as added by  
41 chapter 114 of the laws of 1994, is amended to read as follows:

42 Section 2-A-107. Waiver or Renunciation of Claim or Right After Default.

43 Any claim or right arising out of an alleged default or breach of  
44 warranty may be discharged in whole or in part without consideration by  
45 a [~~written~~] waiver or renunciation in a signed [~~and~~] record delivered by  
46 the aggrieved party.

47 § 15. Subsections 1, 3 and 5 of section 2-A-201 of the uniform commer-  
48 cial code, as added by chapter 114 of the laws of 1994, are amended to  
49 read as follows:

50 (1) A lease contract is not enforceable by way of action or defense  
51 unless:

52 (a) the total payments to be made under the lease contract,  
53 excluding payments for options to renew or buy, are less than  
54 \$1,000; or

55 (b) there is a [~~writing~~] record, signed by the party against whom  
56 enforcement is sought or by that party's authorized agent,

1 sufficient to indicate that a lease contract has been made  
2 between the parties and to describe the goods leased and the  
3 lease term.

4 (3) A [writing] record is not insufficient because it omits or incor-  
5 rectly states a term agreed upon, but the lease contract is not enforce-  
6 able under subsection (1)(b) beyond the lease term and the quantity of  
7 goods shown in the [writing] record.

8 (5) The lease term under a lease contract referred to in subsection  
9 (4) is:

10 (a) if there is a [writing] record signed by the party against  
11 whom enforcement is sought or by that party's authorized  
12 agent specifying the lease term, the term so specified;

13 (b) if the party against whom enforcement is sought admits in  
14 that party's pleading, testimony, or otherwise in court a  
15 lease term, the term so admitted; or

16 (c) a reasonable lease term.

17 § 16. Section 2-A-202 of the uniform commercial code, as added by  
18 chapter 114 of the laws of 1994, is amended to read as follows:

19 Section 2-A-202. Final Written Expression: Parol or Extrinsic Evidence.

20 Terms with respect to which the confirmatory memoranda of the parties  
21 agree or which are otherwise set forth in a [writing] record intended by  
22 the parties as a final expression of their agreement with respect to  
23 such terms as are included therein may not be contradicted by evidence  
24 of any prior agreement or of a contemporaneous oral agreement but may be  
25 explained or supplemented:

26 (a) by course of dealing or usage of trade or by course of  
27 performance; and

28 (b) by evidence of consistent additional terms unless the court  
29 finds the [writing] record to have been intended also as a  
30 complete and exclusive statement of the terms of the agree-  
31 ment.

32 § 17. Section 2-A-203 of the uniform commercial code, as added by  
33 chapter 114 of the laws of 1994, is amended to read as follows:

34 Section 2-A-203. Seals Inoperative.

35 The affixing of a seal to a [writing] record evidencing a lease  
36 contract or an offer to enter into a lease contract does not render the  
37 [writing] record a sealed instrument and the law with respect to sealed  
38 instruments does not apply to the lease contract or offer.

39 § 18. Section 2-A-205 of the uniform commercial code, as added by  
40 chapter 114 of the laws of 1994, is amended to read as follows:

41 Section 2-A-205. Firm Offers.

42 An offer by a merchant to lease goods to or from another person in a  
43 signed [writing] record that by its terms gives assurance it will be  
44 held open is not revocable, for lack of consideration, during the time  
45 stated or, if no time is stated, for a reasonable time, but in no event  
46 may the period of irrevocability exceed three months. Any such term of  
47 assurance on a form supplied by the offeree must be separately signed by  
48 the offeror.

49 § 19. Subsection 2 of section 2-A-208 of the uniform commercial code,  
50 as added by chapter 114 of the laws of 1994, is amended to read as  
51 follows:

52 (2) A signed lease agreement that excludes modification or rescission  
53 except by a signed [writing] record may not be otherwise modified or  
54 rescinded, but, except as between merchants, such a requirement on a  
55 form supplied by a merchant must be separately signed by the other  
56 party.

1 § 20. Paragraph (a) of subsection 1 of section 3--102 of the uniform  
2 commercial code is amended to read as follows:

3 (a) "Issue" means:

4 (i) the first delivery of an instrument to a holder or a  
5 remitter; or

6 (ii) if agreed by the payee, the first transmission by the  
7 drawer to the payee of an image of an item and information  
8 derived from the item that enables the depository bank to  
9 collect the item by transferring or presenting under federal  
10 law an electronic check.

11 § 21. Paragraph (g) of subsection 1 of section 3--112 of the uniform  
12 commercial code is amended and two new paragraphs (h) and (i) are added  
13 to read as follows:

14 (g) a statement in a draft drawn in a set of parts (Section  
15 3--801) to the effect that the order is effective only if no  
16 other part has been honored[~~+~~]; or

17 (h) a term that specifies the law that governs the promise or  
18 order; or

19 (i) an undertaking to resolve in a specified forum a dispute  
20 concerning the promise or order.

21 § 22. Section 3--605 of the uniform commercial code is amended by  
22 adding a new subsection 3 to read as follows:

23 (3) The obligation of a party to pay a check is not discharged solely  
24 by destruction of the check in connection with a process in which infor-  
25 mation is extracted from the check and an image of the check is made  
26 and, subsequently, the information and image are transmitted for  
27 payment.

28 § 23. Paragraph (a) of subsection 1 of section 4-A-103 of the uniform  
29 commercial code, as amended by chapter 208 of the laws of 1990, is  
30 amended to read as follows:

31 (a) "Payment order" means an instruction of a sender to a receiv-  
32 ing bank, transmitted orally[~~, electronically,~~] or in [~~writ-~~  
33 ~~ing~~] a record, to pay, or to cause another bank to pay, a  
34 fixed or determinable amount of money to a beneficiary if:

35 (i) the instruction does not state a condition to payment to  
36 the beneficiary other than time of payment,

37 (ii) the receiving bank is to be reimbursed by debiting an  
38 account of, or otherwise receiving payment from, the  
39 sender, and

40 (iii) the instruction is transmitted by the sender directly to  
41 the receiving bank or to an agent, funds transfer system,  
42 or communication system for transmittal to the receiving  
43 bank.

44 § 24. Section 4-A-201 of the uniform commercial code, as added by  
45 chapter 208 of the laws of 1990, is amended to read as follows:

46 Section 4-A-201. Security Procedure.

47 "Security procedure" means a procedure established by agreement of a  
48 customer and a receiving bank for the purpose of (1) verifying that a  
49 payment order or communication amending or cancelling a payment order is  
50 that of the customer, or (2) detecting error in the transmission or the  
51 content of the payment order or communication. A security procedure may  
52 impose an obligation on the receiving bank or the customer and may  
53 require the use of algorithms or other codes, identifying words [~~ex~~],  
54 numbers, symbols, sounds, biometrics, encryption, callback procedures,  
55 or similar security devices. Comparison of a signature on a payment  
56 order or communication with an authorized specimen signature of the

1 customer or requiring a payment order to be sent from a known email  
2 address, IP address, or telephone number is not by itself a security  
3 procedure.

4 § 25. Subsections 2 and 3 of section 4-A-202 of the uniform commercial  
5 code, as added by chapter 208 of the laws of 1990, are amended to read  
6 as follows:

7 (2) If a bank and its customer have agreed that the authenticity of  
8 payment orders issued to the bank in the name of the customer as sender  
9 will be verified pursuant to a security procedure, a payment order  
10 received by the receiving bank is effective as the order of the custom-  
11 er, whether or not authorized, if (a) the security procedure is a  
12 commercially reasonable method of providing security against unauthor-  
13 ized payment orders, and (b) the bank proves that it accepted the  
14 payment order in good faith and in compliance with the bank's obli-  
15 gations under the security procedure and any [~~written~~] agreement or  
16 instruction of the customer, evidenced by a record, restricting accept-  
17 ance of payment orders issued in the name of the customer. The bank is  
18 not required to follow an instruction that violates [~~a-written~~] an  
19 agreement with the customer, evidenced by a record, or notice of which  
20 is not received at a time and in a manner affording the bank a reason-  
21 able opportunity to act on it before the payment order is accepted.

22 (3) Commercial reasonableness of a security procedure is a question of  
23 law to be determined by considering the wishes of the customer expressed  
24 to the bank, the circumstances of the customer known to the bank,  
25 including the size, type, and frequency of payment orders normally  
26 issued by the customer to the bank, alternative security procedures  
27 offered to the customer, and security procedures in general use by  
28 customers and receiving banks similarly situated. A security procedure  
29 is deemed to be commercially reasonable if (a) the security procedure  
30 was chosen by the customer after the bank offered, and the customer  
31 refused, a security procedure that was commercially reasonable for that  
32 customer, and (b) the customer expressly agreed in [~~writing~~] a record to  
33 be bound by any payment order, whether or not authorized, issued in its  
34 name and accepted by the bank in compliance with the bank's obligations  
35 under the security procedure chosen by the customer.

36 § 26. Subsection 1 of section 4-A-203 of the uniform commercial code,  
37 as added by chapter 208 of the laws of 1990, is amended to read as  
38 follows:

39 (1) If an accepted payment order is not, under subsection (1) of  
40 Section 4-A-202, an authorized order of a customer identified as sender,  
41 but is effective as an order of the customer pursuant to subsection (2)  
42 of Section 4-A-202, the following rules apply:

43 (a) By express [~~written~~] agreement evidenced by a record, the  
44 receiving bank may limit the extent to which it is entitled  
45 to enforce or retain payment of the payment order.

46 (b) The receiving bank is not entitled to enforce or retain  
47 payment of the payment order if the customer proves that the  
48 order was not caused, directly or indirectly, by a person (i)  
49 entrusted at any time with duties to act for the customer  
50 with respect to payment orders or the security procedure, or  
51 (ii) who obtained access to transmitting facilities of the  
52 customer or who obtained, from a source controlled by the  
53 customer and without authority of the receiving bank, infor-  
54 mation facilitating breach of the security procedure, regard-  
55 less of how the information was obtained or whether the

1 customer was at fault. Information includes any access  
2 device, computer software, or the like.

3 § 27. Subsection 3 of section 4-A-207 of the uniform commercial code,  
4 as added by chapter 208 of the laws of 1990, is amended to read as  
5 follows:

6 (3) If (i) a payment order described in subsection (2) is accepted,  
7 (ii) the originator's payment order described the beneficiary inconsist-  
8 ently by name and number, and (iii) the beneficiary's bank pays the  
9 person identified by number as permitted by paragraph (a) of subsection  
10 (2), the following rules apply:

11 (a) If the originator is a bank, the originator is obliged to pay  
12 its order.

13 (b) If the originator is not a bank and proves that the person  
14 identified by number was not entitled to receive payment from  
15 the originator, the originator is not obliged to pay its  
16 order unless the originator's bank proves that the origina-  
17 tor, before acceptance of the originator's order, had notice  
18 that payment of a payment order issued by the originator  
19 might be made by the beneficiary's bank on the basis of an  
20 identifying or bank account number even if it identifies a  
21 person different from the named beneficiary. Proof of notice  
22 may be made by any admissible evidence. The originator's bank  
23 satisfies the burden of proof if it proves that the origina-  
24 tor, before the payment order was accepted, signed a [~~writ-~~  
25 ~~ing~~] record stating the information to which the notice  
26 relates.

27 § 28. Paragraph (b) of subsection 2 of section 4-A-208 of the uniform  
28 commercial code, as added by chapter 208 of the laws of 1990, is amended  
29 to read as follows:

30 (b) If the sender is not a bank and the receiving bank proves  
31 that the sender, before the payment order was accepted, had  
32 notice that the receiving bank might rely on the number as  
33 the proper identification of the intermediary or benefici-  
34 ary's bank even if it identifies a person different from the  
35 bank identified by name, the rights and obligations of the  
36 sender and the receiving bank are governed by paragraph (a)  
37 of subsection (2), as though the sender were a bank. Proof of  
38 notice may be made by any admissible evidence. The receiving  
39 bank satisfies the burden of proof if it proves that the  
40 sender, before the payment order was accepted, signed a  
41 [~~writing~~] record stating the information to which the notice  
42 relates.

43 § 29. Subsection 1 of section 4-A-210 of the uniform commercial code,  
44 as added by chapter 208 of the laws of 1990, is amended to read as  
45 follows:

46 (1) A payment order is rejected by the receiving bank by a notice of  
47 rejection transmitted to the sender orally, [~~electronically,~~] or in  
48 [~~writing~~] a record. A notice of rejection need not use any particular  
49 words and is sufficient if it indicates that the receiving bank is  
50 rejecting the order or will not execute or pay the order. Rejection is  
51 effective when the notice is given if transmission is by a means that is  
52 reasonable in the circumstances. If notice of rejection is given by a  
53 means that is not reasonable, rejection is effective when the notice is  
54 received. If an agreement of the sender and receiving bank establishes  
55 the means to be used to reject a payment order, (i) any means complying  
56 with the agreement is reasonable and (ii) any means not complying is not

1 reasonable unless no significant delay in receipt of the notice resulted  
2 from the use of the noncomplying means.

3 § 30. Subsection 1 of section 4-A-211 of the uniform commercial code,  
4 as added by chapter 208 of the laws of 1990, is amended to read as  
5 follows:

6 (1) A communication of the sender of a payment order cancelling or  
7 amending the order may be transmitted to the receiving bank orally[~~7~~  
8 ~~electronically,~~] or in [~~writing~~] a record. If a security procedure is in  
9 effect between the sender and the receiving bank, the communication is  
10 not effective to cancel or amend the order unless the communication is  
11 verified pursuant to the security procedure or the bank agrees to the  
12 cancellation or amendment.

13 § 31. Subsections 3 and 4 of section 4-A-305 of the uniform commercial  
14 code, as added by chapter 208 of the laws of 1990, are amended to read  
15 as follows:

16 (3) In addition to the amounts payable under subsections (1) and (2),  
17 damages, including consequential damages, are recoverable to the extent  
18 provided in an express [~~written~~] agreement of the receiving bank,  
19 evidenced by a record.

20 (4) If a receiving bank fails to execute a payment order it was  
21 obliged by express agreement to execute, the receiving bank is liable to  
22 the sender for its expenses in the transaction and for incidental  
23 expenses and interest losses resulting from the failure to execute.  
24 Additional damages, including consequential damages, are recoverable to  
25 the extent provided in an express [~~written~~] agreement of the receiving  
26 bank, evidenced by a record, but are not otherwise recoverable.

27 § 32. Section 5--104 of the uniform commercial code, as added by chap-  
28 ter 471 of the laws of 2000, is amended to read as follows:  
29 Section 5--104. Formal requirements.

30 A letter of credit, confirmation, advice, transfer, amendment, or  
31 cancellation may be issued in any form that is a signed record [~~and is~~  
32 ~~authenticated:~~

33 ~~(a) by a signature, or~~  
34 ~~(b) in accordance with the agreement of the parties or the standard~~  
35 ~~practice referred to in subsection (c) of section 5--108].~~

36 § 33. Section 5--116 of the uniform commercial code, as added by chap-  
37 ter 471 of the laws of 2000, is amended to read as follows:  
38 Section 5--116. Choice of law and forum.

39 (a) The liability of an issuer, nominated person, or adviser for  
40 action or omission is governed by the law of the jurisdiction chosen by  
41 an agreement in the form of a record signed [~~or otherwise authenticated~~]  
42 by the affected parties [~~in the manner provided in section 5--104~~] or by  
43 a provision in the person's letter of credit, confirmation, or other  
44 undertaking. The jurisdiction whose law is chosen need not bear any  
45 relation to the transaction.

46 (b) Unless subsection (a) of this section applies, the liability of an  
47 issuer, nominated person, or adviser for action or omission is governed  
48 by the law of the jurisdiction in which the person is located. The  
49 person is considered to be located at the address indicated in the  
50 person's undertaking. If more than one address is indicated, the person  
51 is considered to be located at the address from which the person's  
52 undertaking was issued. For the purpose of jurisdiction, choice of law,  
53 and recognition of interbranch letters of credit, but not enforcement of  
54 a [~~judgement~~] judgment, all branches of a bank are considered separate  
55 juridical entities and a bank is considered to be located at the place

1 where its relevant branch is considered to be located under [~~this~~]  
2 subsection (c).

3 (c) A branch of a bank is considered to be located at the address  
4 indicated in the branch's undertaking. If more than one address is  
5 indicated, the branch is considered to be located at the address from  
6 which the undertaking was issued.

7 (d) Except as otherwise provided in this subsection, the liability of  
8 an issuer, nominated person, or adviser is governed by any rules of  
9 custom or practice, such as the uniform customs and practice for docu-  
10 mentary credits, to which the letter of credit, confirmation, or other  
11 undertaking is expressly made subject. If (1) this article would govern  
12 the liability of an issuer, nominated person, or adviser under  
13 subsection (a) or (b) of this section, (2) the relevant undertaking  
14 incorporates rules of custom or practice, and (3) there is conflict  
15 between this article and those rules as applied to that undertaking,  
16 those rules govern except to the extent of any conflict with the nonvar-  
17 iable provisions specified in subsection (c) of section 5--103.

18 [~~(d)~~] (e) If there is conflict between this article and article 3, 4,  
19 4-A or 9, this article governs.

20 [~~(e)~~] (f) The forum for settling disputes arising out of an undertak-  
21 ing within this article may be chosen in the manner and with the binding  
22 effect that governing law may be chosen in accordance with subsection  
23 (a) of this section.

24 § 34. Paragraph 11 of subsection (a) of section 7--102 of the uniform  
25 commercial code, as added by chapter 505 of the laws of 2014, is amended  
26 to read as follows:

27 (11) [~~"Sign" means, with present intent to authenticate or adopt a~~  
28 ~~record+~~

29 ~~(A) to execute or adopt a tangible symbol, or~~

30 ~~(B) to attach to or logically associate with the record an electronic~~  
31 ~~sound, symbol, or process] Reserved.~~

32 § 35. Section 7--106 of the uniform commercial code, as added by chap-  
33 ter 505 of the laws of 2014, is amended to read as follows:  
34 Section 7--106. Control of Electronic Document of Title.

35 (a) A person has control of an electronic document of title if a  
36 system employed for evidencing the transfer of interests in the elec-  
37 tronic document reliably establishes that person as the person to which  
38 the electronic document was issued or transferred.

39 (b) A system satisfies subsection (a), and a person [~~is deemed to~~  
40 ~~have~~] has control of an electronic document of title, if the document is  
41 created, stored and [~~assigned~~] transferred in [~~such~~] a manner that:

42 (1) a single authoritative copy of the document exists which is  
43 unique, identifiable, and, except as otherwise provided in paragraphs  
44 (4), (5), and (6), unalterable;

45 (2) the authoritative copy identifies the person asserting control as:

46 (A) the person to which the document was issued; or

47 (B) if the authoritative copy indicates that the document has been  
48 transferred, the person to which the document was most recently trans-  
49 ferred;

50 (3) the authoritative copy is communicated to and maintained by the  
51 person asserting control or its designated custodian;

52 (4) copies or amendments that add or change an identified [~~assignee~~]  
53 ~~transferee~~ of the authoritative copy can be made only with the consent  
54 of the person asserting control;

55 (5) each copy of the authoritative copy and any copy of a copy is  
56 readily identifiable as a copy that is not the authoritative copy; and

1 (6) any amendment of the authoritative copy is readily identifiable as  
2 authorized or unauthorized.

3 (c) A system satisfies subsection (a), and a person has control of an  
4 electronic document of title, if an authoritative electronic copy of the  
5 document, a record attached to or logically associated with the elec-  
6 tronic copy, or a system in which the electronic copy is recorded:

7 (1) enables the person readily to identify each electronic copy as  
8 either an authoritative copy or a nonauthoritative copy;

9 (2) enables the person readily to identify itself in any way, includ-  
10 ing by name, identifying number, cryptographic key, office, or account  
11 number, as the person to which each authoritative electronic copy was  
12 issued or transferred; and

13 (3) gives the person exclusive power, subject to subsection (d), to:

14 (A) prevent others from adding or changing the person to which each  
15 authoritative electronic copy has been issued or transferred; and

16 (B) transfer control of each authoritative electronic copy.

17 (d) Subject to subsection (e), a power is exclusive under subsection  
18 (c) (3) (A) even if:

19 (1) the authoritative electronic copy, a record attached to or  
20 logically associated with the authoritative electronic copy, or a system  
21 in which the authoritative electronic copy is recorded limits the use of  
22 the document of title or has a protocol that is programmed to cause a  
23 change, including a transfer or loss of control; or

24 (2) the power is shared with another person.

25 (e) A power of a person is not shared with another person under  
26 subsection (d) (2) and the person's power is not exclusive if:

27 (1) the person can exercise the power only if the power also is exer-  
28 cised by the other person; and

29 (2) the other person:

30 (A) can exercise the power without exercise of the power by the  
31 person; or

32 (B) is the transferor to the person of an interest in the document of  
33 title.

34 (f) If a person has the powers specified in subsection (c) (3) (A) and  
35 (B), the powers are presumed to be exclusive.

36 (g) A person has control of an electronic document of title if another  
37 person, other than the transferor to the person of an interest in the  
38 document:

39 (1) has control of the document and acknowledges that it has control  
40 on behalf of the person; or

41 (2) obtains control of the document after having acknowledged that it  
42 will obtain control of the document on behalf of the person.

43 (h) A person that has control under this section is not required to  
44 acknowledge that it has control on behalf of another person.

45 (i) If a person acknowledges that it has or will obtain control on  
46 behalf of another person, unless the person otherwise agrees or law  
47 other than this article or Article 9 otherwise provides, the person does  
48 not owe any duty to the other person and is not required to confirm the  
49 acknowledgment to any other person.

50 § 36. Paragraph 6 of subsection (a) of section 8--102 of the uniform  
51 commercial code, as added by chapter 566 of the laws of 1997, is amended  
52 to read as follows:

53 (6) "Communicate" means to:

54 (i) send a signed [~~writing~~] record; or

55 (ii) transmit information by any mechanism agreed upon by  
56 the persons transmitting and receiving the information.

1 § 37. Subsections (b) and (e) of section 8--102 of the uniform commer-  
 2 cial code, subsection (b) as added by chapter 566 of the laws of 1997  
 3 and subsection (e) as added by chapter 84 of the laws of 2001, are  
 4 amended to read as follows:

5 (b) Other definitions applying to this Article and the sections in  
 6 which they appear are:

7 "Appropriate person". Section 8--107.

8 "Control". Section 8--106.

9 "Controllable account". Section 9--102.

10 "Controllable electronic record". Section 12--102.

11 "Controllable payment intangible". Section 9--102.

12 "Delivery". Section 8--301.

13 "Investment company security". Section 8--103.

14 "Issuer". Section 8--201.

15 "Overissue". Section 8--210.

16 "Protected purchaser". Section 8--303.

17 "Securities account". Section 8--501.

18 (e) The following definitions in Article 9 apply to this article:

19 Cooperative interest Section [~~9--102(a)(27-b)~~]

9--102(a)(27-d)

21 Cooperative organization Section [~~9--102(a)(27-e)~~]

9--102(a)(27-e)

23 Cooperative record Section [~~9--102(a)(27-e)~~]

9--102(a)(27-g)

25 § 38. Section 8--103 of the uniform commercial code is amended by  
 26 adding a new subsection (i) to read as follows:

27 (i) A controllable account, controllable electronic record, or  
 28 controllable payment intangible is not a financial asset unless Section  
 29 8--102(a)(9)(iii) applies.

30 § 39. Subsection (d) of section 8--106 of the uniform commercial code,  
 31 as amended by chapter 84 of the laws of 2001, is amended and two new  
 32 subsections (j) and (k) are added to read as follows:

33 (d) A purchaser has "control" of a security entitlement if:

34 (1) the purchaser becomes the entitlement holder;

35 (2) the securities intermediary has agreed that it will comply  
 36 with entitlement orders originated by the purchaser without  
 37 further consent by the entitlement holder; or

38 (3) another person, other than the transferor to the purchaser of  
 39 an interest in the security entitlement:

40 (A) has control of the security entitlement on behalf of the  
 41 purchaser or, having previously acquired control of the secu-  
 42 rity entitlement, acknowledges that it has control on behalf  
 43 of the purchaser[+];

44 (B) has control of the security entitlement and acknowledges that  
 45 it has control on behalf of the purchaser; or

46 (C) obtains control of the security entitlement after having  
 47 acknowledged that it will obtain control of the security  
 48 entitlement on behalf of the purchaser.

49 (j) A person that has control under this section is not required to  
 50 acknowledge that it has control on behalf of a purchaser.

51 (k) If a person acknowledges that it has or will obtain control on  
 52 behalf of a purchaser, unless the person otherwise agrees or law other  
 53 than this article or Article 9 otherwise provides, the person does not  
 54 owe any duty to the purchaser and is not required to confirm the  
 55 acknowledgment to any other person.

1 § 40. Section 8--110 of the uniform commercial code is amended by  
2 adding a new subsection (g) to read as follows:

3 (g) The local law of the issuer's jurisdiction or the securities  
4 intermediary's jurisdiction governs a matter or transaction specified in  
5 subsection (a) or (b) even if the matter or transaction does not bear  
6 any relation to the jurisdiction.

7 § 41. Subsection (b) of section 8--303 of the uniform commercial code,  
8 as added by chapter 566 of the laws of 1997, is amended to read as  
9 follows:

10 (b) [~~In addition to acquiring the rights of a purchaser, a~~] A  
11 protected purchaser also acquires its interest in the security free of  
12 any adverse claim.

13 § 42. Paragraphs 2, 3, 4, 7, 11, 27-a, 27-b, 27-c, 27-d, 27-e, 27-f,  
14 31, 42, 47, 61, 66, 66-a, 75 and 79 of subsection (a) of section 9--102  
15 of the uniform commercial code, as amended by chapter 505 of the laws of  
16 2014, are amended, and five new paragraphs 7-a, 7-b, 31-a, 54-a and 79-a  
17 are added to read as follows:

18 (2) "Account", except as used in "account for", means a right to  
19 payment of a monetary obligation, whether or not earned by  
20 performance, (i) for property that has been or is to be sold,  
21 leased, licensed, assigned, or otherwise disposed of, (ii)  
22 for services rendered or to be rendered, (iii) for a policy  
23 of insurance issued or to be issued, (iv) for a secondary  
24 obligation incurred or to be incurred, (v) for energy  
25 provided or to be provided, (vi) for the use or hire of a  
26 vessel under a charter or other contract, (vii) arising out  
27 of the use of a credit or charge card or information  
28 contained on or for use with the card, or (viii) as winnings  
29 in a lottery or other game of chance operated or sponsored by  
30 a state, governmental unit of a State, or person licensed or  
31 authorized to operate the game by a State or governmental  
32 unit of a State. The term includes health-care-insurance  
33 receivables. The term does not include (i) [~~rights to payment~~  
34 ~~evidenced by~~] chattel paper [~~or an instrument~~], (ii) commer-  
35 cial tort claims, (iii) deposit accounts, (iv) investment  
36 property, (v) letter-of-credit rights or letters of credit,  
37 or (vi) rights to payment for money or funds advanced or  
38 sold, other than rights arising out of the use of a credit or  
39 charge card or information contained on or for use with the  
40 card.

41 (3) "Account debtor" means a person obligated on an account,  
42 chattel paper, or general intangible. The term does not  
43 include persons obligated to pay a negotiable instrument,  
44 even if the instrument [~~constitutes part of~~] evidences chat-  
45 tel paper.

46 (4) "Accounting", except as used in "accounting for", means a  
47 record:

- 48 (A) [~~authenticated~~] signed by a secured party;  
49 (B) indicating the aggregate unpaid secured obligations as of  
50 a date not more than 35 days earlier or 35 days later  
51 than the date of the record; and  
52 (C) identifying the components of the obligations in reason-  
53 able detail.

54 (7) [~~"Authenticate" means,~~  
55 ~~(A) to sign, or~~

~~(B) with present intent to adopt or accept a record, to attach to or logically associate with the record an electronic sound, symbol, or process~~ Reserved.

(7-a) "Assignee", except as used in "assignee for benefit of creditors", means a person (A) in whose favor a security interest that secures an obligation is created or provided for under a security agreement, whether or not the obligation is outstanding or (B) to which an account, chattel paper, payment intangible, or promissory note has been sold. The term includes a person to which a security interest has been transferred by a secured party.

(7-b) "Assignor" means a person that (A) under a security agreement creates or provides for a security interest that secures an obligation or (B) sells an account, chattel paper, payment intangible, or promissory note. The term includes a secured party that has transferred a security interest to another person.

(11) "Chattel paper" means [~~a record or records that evidence both a monetary obligation and a security interest in specific goods, a security interest in specific goods and software used in the goods, a security interest in specific goods and license of software used in the goods, a lease of specific goods, or a lease of specific goods and license of software used in the goods. In this paragraph, "monetary obligation" means a monetary obligation secured by the goods or owed under a lease of the goods and includes a monetary obligation with respect to software used in the goods. The term does not include (i) charters or other contracts involving the use or hire of a vessel or (ii) records that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card. If a transaction is evidenced by records that include an instrument or series of instruments, the group of records taken together constitutes chattel paper.~~]:

(A) a right to payment of a monetary obligation secured by specific goods, if the right to payment and security agreement are evidenced by a record; or

(B) a right to payment of a monetary obligation owed by a lessee under a lease agreement with respect to specific goods and a monetary obligation owed by the lessee in connection with the transaction giving rise to the lease, if:

(i) the right to payment and lease agreement are evidenced by a record; and

(ii) the predominant purpose of the transaction giving rise to the lease was to give the lessee the right to possession and use of the goods; but

(C) does not include a right to payment arising out of a charter or other contract involving the use or hire of a vessel or a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card.

(27-a) "Controllable account" means an account evidenced by a controllable electronic record that provides that the account debtor undertakes to pay the person that has

control under Section 12--105 of the controllable electronic record.

(27-b) "Controllable payment intangible" means a payment intangible evidenced by a controllable electronic record that provides that the account debtor undertakes to pay the person that has control under Section 12--105 of the controllable electronic record.

(27-c) "Cooperative addendum" means a record that satisfies Section 9--502(e).

~~[(27-b)]~~ (27-d) "Cooperative interest" means an ownership interest in a cooperative organization, which interest, when created, is coupled with possessory rights of a proprietary nature in identified physical space belonging to the cooperative organization. A subsequent termination of the possessory rights shall not cause an ownership interest to cease being a cooperative interest.

~~[(27-c)]~~ (27-e) "Cooperative organization" means an organization which has as its principal asset an interest in real property in this state and in which organization all ownership interests are cooperative interests.

~~[(27-d)]~~ (27-f) "Cooperative organization security interest" means a security interest which is in a cooperative interest, is in favor of the cooperative organization, is created by the cooperative record, and secures only obligations incident to ownership of that cooperative interest.

~~[(27-e)]~~ (27-g) "Cooperative record" means those records which, as a whole, evidence cooperative interests and define the mutual rights and obligations of the owners of the cooperative interests and the cooperative organization.

~~[(27-f)]~~ (27-h) "Cooperative unit" means the physical space associated with a cooperative interest.

~~(31) ["Electronic chattel paper" means chattel paper evidenced by a record or records consisting of information stored in an electronic medium.] Reserved.~~

(31-a) "Electronic money" means money in an electronic form.

(42) "General intangible" means any personal property, including things in action, other than accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas, or other minerals before extraction. The term includes controllable electronic records, payment intangibles and software.

(47) "Instrument" means a negotiable instrument or any other writing that evidences a right to the payment of a monetary obligation, is not itself a security agreement or lease, and is of a type that in ordinary course of business is transferred by delivery with any necessary indorsement or assignment. The term does not include (i) investment property, (ii) letters of credit, ~~[ex]~~ (iii) writings that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card, or (iv) writings that evidence chattel paper.

(54-a) "Money" has the same meaning as in Section 1--201(b)(24), but does not include (A) a deposit account or (B) money in

an electronic form that cannot be subjected to control under Section 9-105A.

(61) "Payment intangible" means a general intangible under which the account debtor's principal obligation is a monetary obligation. The term includes a controllable payment intangible.

(66) "Proposal" means a record [~~authenticated~~] signed by a secured party which includes the terms on which the secured party is willing to accept collateral in full or partial satisfaction of the obligation it secures pursuant to Sections 9--620, 9--621, and 9--622.

(66-a) "Prove" with respect to a fact means to meet the burden of establishing the fact (Section [~~1-201(8)~~] 1--201(b)(8)).

(75) [~~"Send", in connection with a record or notification, means:~~

~~(A) to deposit in the mail, deliver for transmission, or transmit by any other usual means of communication, with postage or cost of transmission provided for, addressed to any address reasonable under the circumstances; or~~

~~(B) to cause the record or notification to be received within the time that it would have been received if properly sent under subparagraph (A).] Reserved.~~

(79) [~~"Tangible chattel paper" means chattel paper evidenced by a record or records consisting of information that is inscribed on a tangible medium.] Reserved.~~

(79-a) "Tangible money" means money in a tangible form.

§ 43. Subsection (b) of section 9--102 of the uniform commercial code is amended by adding three new definitions Controllable electronic record, Protected purchaser and Qualifying purchaser in alphabetical order to read as follows:

<u>"Controllable electronic record"</u>	<u>Section 12--102.</u>
<u>"Protected purchaser"</u>	<u>Section 8--303.</u>
<u>"Qualifying purchaser"</u>	<u>Section 12--102.</u>

§ 44. Paragraphs 2 and 5 of subsection (a) of section 9--104 of the uniform commercial code, as amended by chapter 505 of the laws of 2014, are amended to read as follows:

(2) the debtor, secured party, and bank have agreed in [~~an authenticated~~] a signed record that the bank will comply with instructions originated by the secured party directing disposition of the funds in the deposit account without further consent by the debtor;

(5) another person, other than the debtor:

(A) has control of the deposit account and acknowledges that it has control on behalf of the secured party [~~or, having previously acquired];~~  
or

(B) obtains control of the deposit account[~~, acknowledges~~] after having acknowledged that it [~~has~~] will obtain control of the deposit account on behalf of the secured party.

§ 45. Section 9--105 of the uniform commercial code, as added by chapter 84 of the laws of 2001, is amended to read as follows:

Section 9--105. Control of Electronic Copy of Record Evidencing Chattel Paper.

~~[A secured party has control of electronic chattel paper if the record or records comprising the chattel paper are created, stored, and assigned in such a manner that.]~~

(a) General rule: control of electronic copy of record evidencing chattel paper. A purchaser has control of an authoritative electronic copy of a record evidencing chattel paper if a system employed for evidencing the assignment of interests in the chattel paper reliably establishes the purchaser as the person to which the authoritative electronic copy was assigned.

(b) Single authoritative copy. A system satisfies subsection (a) if the record or records evidencing the chattel paper are created, stored, and assigned in a manner that:

- (1) a single authoritative copy of the record or records exists which is unique, identifiable and, except as otherwise provided in paragraphs (4), (5), and (6), unalterable;
- (2) the authoritative copy identifies the secured party as the assignee of the record or records;
- (3) the authoritative copy is communicated to and maintained by the secured party or its designated custodian;
- (4) copies or revisions that add or change an identified assignee of the authoritative copy can be made only with the participation of the secured party;
- (5) each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy that is not the authoritative copy; and
- (6) any revision of the authoritative copy is readily identifiable as an authorized or unauthorized revision.

(c) One or more authoritative copies. A system satisfies subsection (a), and a purchaser has control of an authoritative electronic copy of a record evidencing chattel paper, if the electronic copy, a record attached to or logically associated with the electronic copy, or a system in which the electronic copy is recorded:

(1) enables the purchaser readily to identify each electronic copy as either an authoritative copy or a nonauthoritative copy;

(2) enables the purchaser readily to identify itself in any way, including by name, identifying number, cryptographic key, office, or account number, as the assignee of the authoritative electronic copy; and

(3) gives the purchaser exclusive power, subject to subsection (d), to:

(A) prevent others from adding or changing an identified assignee of the authoritative electronic copy; and

(B) transfer control of the authoritative electronic copy.

(d) Meaning of exclusive. Subject to subsection (e), a power is exclusive under subsection (c)(3)(A) and (B) even if:

(1) the authoritative electronic copy, a record attached to or logically associated with the authoritative electronic copy, or a system in which the authoritative electronic copy is recorded limits the use of the authoritative electronic copy or has a protocol programmed to cause a change, including a transfer or loss of control; or

(2) the power is shared with another person.

(e) When power not shared with another person. A power of a purchaser is not shared with another person under subsection (d)(2) and the purchaser's power is not exclusive if:

(1) the purchaser can exercise the power only if the power also is exercised by the other person; and

1 (2) the other person:

2 (A) can exercise the power without exercise of the power by the  
3 purchaser; or

4 (B) is the transferor to the purchaser of an interest in the chattel  
5 paper.

6 (f) Presumption of exclusivity of certain powers. If a purchaser has  
7 the powers specified in subsection (c)(3)(A) and (B), the powers are  
8 presumed to be exclusive.

9 (g) Obtaining control through another person. A purchaser has control  
10 of an authoritative electronic copy of a record evidencing chattel paper  
11 if another person, other than the transferor to the purchaser of an  
12 interest in the chattel paper:

13 (1) has control of the authoritative electronic copy and acknowledges  
14 that it has control on behalf of the purchaser; or

15 (2) obtains control of the authoritative electronic copy after having  
16 acknowledged that it will obtain control of the electronic copy on  
17 behalf of the purchaser.

18 § 46. The uniform commercial code is amended by adding three new  
19 sections 9--105A, 9--107A and 9--107B to read as follows:

20 Section 9--105A. Control of Electronic Money.

21 (a) General rule: control of electronic money. A person has control  
22 of electronic money if:

23 (1) the electronic money, a record attached to or logically associated  
24 with the electronic money, or a system in which the electronic money is  
25 recorded gives the person:

26 (A) power to avail itself of substantially all the benefit from the  
27 electronic money; and

28 (B) exclusive power, subject to subsection (b), to:

29 (i) prevent others from availing themselves of substantially all the  
30 benefit from the electronic money; and

31 (ii) transfer control of the electronic money to another person or  
32 cause another person to obtain control of other electronic money as a  
33 result of the transfer of the electronic money; and

34 (2) the electronic money, a record attached to or logically associated  
35 with the electronic money, or a system in which the electronic money is  
36 recorded enables the person readily to identify itself in any way,  
37 including by name, identifying number, cryptographic key, office, or  
38 account number, as having the powers under paragraph (1).

39 (b) Meaning of exclusive. Subject to subsection (c), a power is  
40 exclusive under subsection (a)(1)(B)(i) and (ii) even if:

41 (1) the electronic money, a record attached to or logically associated  
42 with the electronic money, or a system in which the electronic money is  
43 recorded limits the use of the electronic money or has a protocol  
44 programmed to cause a change, including a transfer or loss of control;  
45 or

46 (2) the power is shared with another person.

47 (c) When power not shared with another person. A power of a person is  
48 not shared with another person under subsection (b)(2) and the person's  
49 power is not exclusive if:

50 (1) the person can exercise the power only if the power also is exer-  
51 cised by the other person; and

52 (2) the other person:

53 (A) can exercise the power without exercise of the power by the  
54 person; or

55 (B) is the transferor to the person of an interest in the electronic  
56 money.

1 (d) Presumption of exclusivity of certain powers. If a person has the  
 2 powers specified in subsection (a)(1)(B)(i) and (ii), the powers are  
 3 presumed to be exclusive.

4 (e) Control through another person. A person has control of electron-  
 5 ic money if another person, other than the transferor to the person of  
 6 an interest in the electronic money:

7 (1) has control of the electronic money and acknowledges that it has  
 8 control on behalf of the person; or

9 (2) obtains control of the electronic money after having acknowledged  
 10 that it will obtain control of the electronic money on behalf of the  
 11 person.

12 Section 9--107A. Control of Controllable Electronic Record, Controllable  
 13 Account, or Controllable Payment Intangible.

14 (a) Control under Section 12--105. A secured party has control of a  
 15 controllable electronic record as provided in Section 12--105.

16 (b) Control of controllable account and controllable payment intangi-  
 17 ble. A secured party has control of a controllable account or control-  
 18 lable payment intangible if the secured party has control of the  
 19 controllable electronic record that evidences the controllable account  
 20 or controllable payment intangible.

21 Section 9--107B. No Requirement to Acknowledge or Confirm; No Duties.

22 (a) No requirement to acknowledge. A person that has control under  
 23 Section 9--104, 9--105, or 9--105A is not required to acknowledge that  
 24 it has control on behalf of another person.

25 (b) No duties or confirmation. If a person acknowledges that it has or  
 26 will obtain control on behalf of another person, unless the person  
 27 otherwise agrees or law other than this article otherwise provides, the  
 28 person does not owe any duty to the other person and is not required to  
 29 confirm the acknowledgment to any other person.

30 § 47. Subsection (b) of section 9--203 of the uniform commercial code,  
 31 as added by chapter 84 of the laws of 2001 and subparagraph (D) of para-  
 32 graph 3 as amended by chapter 505 of the laws of 2014, is amended to  
 33 read as follows:

34 (b) Enforceability. Except as otherwise provided in subsections (c)  
 35 through (i), a security interest is enforceable against the debtor and  
 36 third parties with respect to the collateral only if:

- 37 (1) value has been given;  
 38 (2) the debtor has rights in the collateral or the power to  
 39 transfer rights in the collateral to a secured party; and  
 40 (3) one of the following conditions is met:  
 41 (A) the debtor has [~~authenticated~~] signed a security agree-  
 42 ment that provides a description of the collateral and,  
 43 if the security interest covers timber to be cut, a  
 44 description of the land concerned;  
 45 (B) the collateral is not a certificated security and is in  
 46 the possession of the secured party under Section 9--313  
 47 pursuant to the debtor's security agreement;  
 48 (C) the collateral is a certificated security in registered  
 49 form and the security certificate has been delivered to  
 50 the secured party under Section 8--301 pursuant to the  
 51 debtor's security agreement; [~~or~~]  
 52 (D) the collateral is controllable accounts, controllable  
 53 electronic records, controllable payment intangibles,  
 54 deposit accounts, electronic [~~chattel paper~~] documents,  
 55 electronic money, investment property[~~7~~] or letter-of-  
 56 credit rights, [~~or electronic documents~~], and the secured

1 party has control under Section 7--106, 9--104, 9--105,  
2 9--105A, 9--106, [~~9--107~~] 9--107, or 9--107A pursuant to the  
3 debtor's security agreement; or

4 (E) the collateral is chattel paper and the secured party has  
5 possession and control under Section 9--314A pursuant to  
6 the debtor's security agreement.

7 § 48. Subsection (b) of section 9--204 of the uniform commercial code,  
8 as added by chapter 84 of the laws of 2001, is amended and a new  
9 subsection (b-1) is added to read as follows:

10 (b) When after-acquired property clause not effective. [~~A~~] Subject to  
11 subsection (b-1), a security interest does not attach under a term  
12 constituting an after-acquired property clause to:

13 (1) consumer goods, other than an accession when given as addi-  
14 tional security, unless the debtor acquires rights in them  
15 within 10 days after the secured party gives value; or

16 (2) a commercial tort claim.

17 (b-1) Limitation on subsection (b). Subsection (b) does not prevent a  
18 security interest from attaching:

19 (1) to consumer goods as proceeds under Section 9--315(a) or  
20 commingled goods under Section 9--336(c);

21 (2) to a commercial tort claim as proceeds under Section  
22 9--315(a); or

23 (3) under an after-acquired property clause to property that is  
24 proceeds of consumer goods or a commercial tort claim.

25 § 49. Subsection (c) of section 9--207 of the uniform commercial code,  
26 as amended by chapter 505 of the laws of 2014, is amended to read as  
27 follows:

28 (c) Duties and rights when secured party in possession or control.  
29 Except as otherwise provided in subsection (d), a secured party having  
30 possession of collateral or control of collateral under Section 7--106,  
31 9--104, 9--105, 9--105A, 9--106, [~~9--107~~] 9--107, or 9--107A:

32 (1) may hold as additional security any proceeds, except money or  
33 funds, received from the collateral;

34 (2) shall apply money or funds received from the collateral to  
35 reduce the secured obligation, unless remitted to the debtor;  
36 and

37 (3) may create a security interest in the collateral.

38 § 50. Subsection (b) of section 9--208 of the uniform commercial code,  
39 as added by chapter 84 of the laws of 2001, paragraphs 4 and 5 as  
40 amended and paragraph 6 as added by chapter 505 of the laws of 2014, is  
41 amended to read as follows:

42 (b) Duties of secured party after receiving demand from debtor. Within  
43 10 days after receiving [~~an authenticated~~] a signed demand by the  
44 debtor:

45 (1) a secured party having control of a deposit account under  
46 Section 9--104(a)(2) shall send to the bank with which the  
47 deposit account is maintained [~~an authenticated statement~~] a  
48 signed record that releases the bank from any further obli-  
49 gation to comply with instructions originated by the secured  
50 party;

51 (2) a secured party having control of a deposit account under  
52 Section 9--104(a)(3) shall:

53 (A) pay the debtor the balance on deposit in the deposit  
54 account; or

55 (B) transfer the balance on deposit into a deposit account in  
56 the debtor's name;

- 1 (3) a secured party, other than a buyer, having control [~~of elec-~~  
2 ~~tronic chattel paper~~] under Section 9--105 [~~shall:~~  
3 ~~(A) communicate the authoritative copy of the electronic~~  
4 ~~chattel paper to the debtor or its designated custodian;~~  
5 ~~(B) if the debtor designates a custodian that is the desig-~~  
6 ~~nated custodian with which the authoritative copy of the~~  
7 ~~electronic chattel paper is maintained for the secured~~  
8 ~~party, communicate to the custodian an authenticated~~  
9 ~~record releasing the designated custodian from any~~  
10 ~~further obligation to comply with instructions originated~~  
11 ~~by the secured party and instructing the custodian to~~  
12 ~~comply with instructions originated by the debtor; and~~  
13 ~~(C) take appropriate action to enable the debtor or its~~  
14 ~~designated custodian to make copies of or revisions to~~  
15 ~~the authoritative copy which add or change an identified~~  
16 ~~assignee of the authoritative copy without the consent of~~  
17 ~~the secured party] of an authoritative electronic copy of  
18 a record evidencing chattel paper shall transfer control  
19 of the electronic copy to debtor or a person designated  
20 by the debtor;~~
- 21 (4) a secured party having control of investment property under  
22 Section 8--106(d)(2) or 9--106(b) shall send to the securi-  
23 ties intermediary or commodity intermediary with which the  
24 security entitlement or commodity contract is maintained [~~an~~  
25 ~~authenticated~~] a signed record that releases the securities  
26 intermediary or commodity intermediary from any further obli-  
27 gation to comply with entitlement orders or directions origi-  
28 nated by the secured party;
- 29 (5) a secured party having control of a letter-of-credit right  
30 under Section 9--107 shall send to each person having an  
31 unfulfilled obligation to pay or deliver proceeds of the  
32 letter-of-credit to the secured party [~~an authenticated~~] a  
33 signed release from any further obligation to pay or deliver  
34 proceeds of the letter-of-credit to the secured party; [~~and~~]
- 35 (6) a secured party having control [~~of an electronic document~~  
36 ~~shall:~~  
37 ~~(A) give control of the electronic document to the debtor or~~  
38 ~~its designated custodian;~~  
39 ~~(B) if the debtor designates a custodian that is the desig-~~  
40 ~~nated custodian with which the authoritative copy of the~~  
41 ~~electronic document is maintained for the secured party,~~  
42 ~~communicate to the custodian an authenticated record~~  
43 ~~releasing the designated custodian from any further obli-~~  
44 ~~gation to comply with instructions originated by the~~  
45 ~~secured party and instructing the custodian to comply~~  
46 ~~with instructions originated by the debtor; and~~  
47 ~~(C) take appropriate action to enable the debtor or its~~  
48 ~~designated custodian to make copies of or revisions to~~  
49 ~~the authoritative copy which add or change an identified~~  
50 ~~assignee of the authoritative copy without the consent of~~  
51 ~~the secured party] under Section 7--106 of an authori-  
52 tative electronic copy of an electronic document of title  
53 shall transfer control of the electronic copy to the  
54 debtor or a person designated by the debtor;  
55 (7) a secured party having control under Section 9--105A of  
56 electronic money shall transfer control of the electronic~~

1 money to the debtor or a person designated by the debtor;  
 2 and  
 3 (8) a secured party having control under Section 12--105 of a  
 4 controllable electronic record, other than a buyer of a  
 5 controllable account or controllable payment intangible  
 6 evidenced by the controllable electronic record, shall  
 7 transfer control of the controllable electronic record to  
 8 the debtor or a person designated by the debtor.

9 § 51. Subsection (b) of section 9--209 of the uniform commercial code,  
 10 as added by chapter 84 of the laws of 2001, is amended to read as  
 11 follows:

12 (b) Duties of secured party after receiving demand from debtor. Within  
 13 10 days after receiving [~~an authenticated~~] a signed demand by the  
 14 debtor, a secured party shall send to an account debtor that has  
 15 received notification under Section 9--406(a) or 12--106(b) of an  
 16 assignment to the secured party as assignee [~~under Section 9--406(a) an~~  
 17 ~~authenticated~~] a signed record that releases the account debtor from any  
 18 further obligation to the secured party.

19 § 52. Section 9--210 of the uniform commercial code, as added by chap-  
 20 ter 84 of the laws of 2001, is amended to read as follows:

21 Section 9--210. Request for Accounting; Request Regarding List of Colla-  
 22 teral or Statement of Account.

23 (a) Definitions in this section:

24 (1) "Request" means a record of a type described in paragraph  
 25 (2), (3), or (4).

26 (2) "Request for an accounting" means a record [~~authenticated~~]  
 27 signed by a debtor requesting that the recipient provide an  
 28 accounting of the unpaid obligations secured by collateral  
 29 and reasonably identifying the transaction or relationship  
 30 that is the subject of the request.

31 (3) "Request regarding a list of collateral" means a record  
 32 [~~authenticated~~] signed by a debtor requesting that the recip-  
 33 ient approve or correct a list of what the debtor believes to  
 34 be the collateral securing an obligation and reasonably ident-  
 35 ifying the transaction or relationship that is the subject  
 36 of the request.

37 (4) "Request regarding a statement of account" means a record  
 38 [~~authenticated~~] signed by a debtor requesting that the recip-  
 39 ient approve or correct a statement indicating what the  
 40 debtor believes to be the aggregate amount of unpaid obli-  
 41 gations secured by collateral as of a specified date and  
 42 reasonably identifying the transaction or relationship that  
 43 is the subject of the request.

44 (b) Duty to respond to requests. Subject to subsections (c), (d), (e),  
 45 and (f), a secured party, other than a buyer of accounts, chattel paper,  
 46 payment intangibles, or promissory notes or a consignor, shall comply  
 47 with a request within 14 days after receipt:

48 (1) in the case of a request for an accounting, by [~~authenticat-~~  
 49 ~~ing~~] signing and sending to the debtor an accounting; and

50 (2) in the case of a request regarding a list of collateral or a  
 51 request regarding a statement of account, by [~~authenticating~~]  
 52 signing and sending to the debtor an approval or correction.

53 (c) Request regarding list of collateral; statement concerning type of  
 54 collateral. A secured party that claims a security interest in all of a  
 55 particular type of collateral owned by the debtor may comply with a  
 56 request regarding a list of collateral by sending to the debtor [~~an~~

1 ~~authenticated~~] a signed record including a statement to that effect  
2 within 14 days after receipt.

3 (d) Request regarding list of collateral; no interest claimed. A  
4 person that receives a request regarding a list of collateral, claims no  
5 interest in the collateral when it receives the request, and claimed an  
6 interest in the collateral at an earlier time shall comply with the  
7 request within 14 days after receipt by sending to the debtor [~~an~~  
8 ~~authenticated~~] a signed record:

9 (1) disclaiming any interest in the collateral; and

10 (2) if known to the recipient, providing the name and mailing  
11 address of any assignee of or successor to the recipient's  
12 interest in the collateral.

13 (e) Request for accounting or regarding statement of account; no  
14 interest in obligation claimed. A person that receives a request for an  
15 accounting or a request regarding a statement of account, claims no  
16 interest in the obligations when it receives the request, and claimed an  
17 interest in the obligations at an earlier time shall comply with the  
18 request within 14 days after receipt by sending to the debtor [~~an~~  
19 ~~authenticated~~] a signed record:

20 (1) disclaiming any interest in the obligations; and

21 (2) if known to the recipient, providing the name and mailing  
22 address of any assignee of or successor to the recipient's  
23 interest in the obligations.

24 (f) Charges for responses. A debtor is entitled without charge to one  
25 response to a request under this section during any six-month period.  
26 The secured party may require payment of a charge not exceeding \$25 for  
27 each additional response.

28 § 53. The opening paragraph and subsection (c) of section 9--301 of  
29 the uniform commercial code, the opening paragraph as added by chapter  
30 84 of the laws of 2001 and subsection (c) as amended by chapter 505 of  
31 the laws of 2014, are amended to read as follows:

32 Except as otherwise provided in Sections 9--303 through [~~9--306~~]  
33 9-306B, the following rules determine the law governing perfection, the  
34 effect of perfection or nonperfection, and the priority of a security  
35 interest in collateral:

36 (c) Except as otherwise provided in subsection (d), while [~~tangible~~]  
37 negotiable tangible documents, goods, instruments, [~~money~~] or tangible  
38 [~~chattel—paper~~] money is located in a jurisdiction, the local law of  
39 that jurisdiction governs:

40 (1) perfection of a security interest in the goods by filing a  
41 fixture filing;

42 (2) perfection of a security interest in timber to be cut; and

43 (3) the effect of perfection or nonperfection and the priority of  
44 a nonpossessory security interest in the collateral.

45 § 54. Subsection (a) of section 9--304 of the uniform commercial code,  
46 as added by chapter 84 of the laws of 2001, is amended to read as  
47 follows:

48 (a) Law of bank's jurisdiction governs. The local law of a bank's  
49 jurisdiction governs perfection, the effect of perfection or nonper-  
50 fection, and the priority of a security interest in a deposit account  
51 maintained with that bank even if the transaction does not bear any  
52 relation to the bank's jurisdiction.

53 § 55. Subsection (a) of section 9--305 of the uniform commercial code  
54 is amended by adding a new paragraph 5 to read as follows:

55 (5) Paragraphs (2), (3), and (4) apply even if the transaction does  
56 not bear any relation to the jurisdiction.

1 § 56. The uniform commercial code is amended by adding two new  
2 sections 9-306A and 9-306B to read as follows:

3 Section 9-306A. Law Governing Perfection and Priority of Security Inter-  
4 ests in Chattel Paper.

5 (a) Chattel paper evidenced by authoritative electronic copy. Except  
6 as provided in subsection (d), if chattel paper is evidenced only by an  
7 authoritative electronic copy of the chattel paper or is evidenced by an  
8 authoritative electronic copy and an authoritative tangible copy, the  
9 local law of the chattel paper's jurisdiction governs perfection, the  
10 effect of perfection or nonperfection, and the priority of a security  
11 interest in the chattel paper, even if the transaction does not bear any  
12 relation to the chattel paper's jurisdiction.

13 (b) Chattel paper's jurisdiction. The following rules determine the  
14 chattel paper's jurisdiction under this section:

15 (1) If the authoritative electronic copy of the record evidencing  
16 chattel paper, or a record attached to or logically associated with the  
17 electronic copy and readily available for review, expressly provides  
18 that a particular jurisdiction is the chattel paper's jurisdiction for  
19 purposes of this part, this article, or this code, that jurisdiction is  
20 the chattel paper's jurisdiction.

21 (2) If paragraph (1) does not apply and the rules of the system in  
22 which the authoritative electronic copy is recorded are readily avail-  
23 able for review and expressly provide that a particular jurisdiction is  
24 the chattel paper's jurisdiction for purposes of this part, this arti-  
25 cle, or this code, that jurisdiction is the chattel paper's jurisdic-  
26 tion.

27 (3) If paragraphs (1) and (2) do not apply and the authoritative elec-  
28 tronic copy, or a record attached to or logically associated with the  
29 electronic copy and readily available for review, expressly provides  
30 that the chattel paper is governed by the law of a particular jurisdic-  
31 tion, that jurisdiction is the chattel paper's jurisdiction.

32 (4) If paragraphs (1), (2) and (3) do not apply and the rules of the  
33 system in which the authoritative electronic copy is recorded are readi-  
34 ly available for review and expressly provide that the chattel paper or  
35 the system is governed by the law of a particular jurisdiction, that  
36 jurisdiction is the chattel paper's jurisdiction.

37 (5) If paragraphs (1) through (4) do not apply, the chattel paper's  
38 jurisdiction is the jurisdiction in which the debtor is located.

39 (c) Chattel paper evidenced by authoritative tangible copy. If an  
40 authoritative tangible copy of a record evidences chattel paper and the  
41 chattel paper is not evidenced by an authoritative electronic copy,  
42 while the authoritative tangible copy of the record evidencing chattel  
43 paper is located in a jurisdiction, the local law of that jurisdiction  
44 governs:

45 (1) perfection of a security interest in the chattel paper by  
46 possession under Section 9--314A; and

47 (2) the effect of perfection or nonperfection and the priority of a  
48 security interest in the chattel paper.

49 (d) When perfection governed by law of jurisdiction where debtor  
50 located. The local law of the jurisdiction in which the debtor is  
51 located governs perfection of a security interest in chattel paper by  
52 filing.

53 Section 9-306B. Law Governing Perfection and Priority of Security Inter-  
54 ests in Controllable Accounts, Controllable Electron-  
55 ic Records, and Controllable Payment Intangibles.

1 (a) Governing law: general rules. Except as provided in subsection  
 2 (b), the local law of the controllable electronic record's jurisdiction  
 3 specified in Section 12--107(c) and (d) governs perfection, the effect  
 4 of perfection or nonperfection, and the priority of a security interest  
 5 in a controllable electronic record and a security interest in a  
 6 controllable account or controllable payment intangible evidenced by the  
 7 controllable electronic record.

8 (b) When perfection governed by law of jurisdiction where debtor  
 9 located. The local law of the jurisdiction in which the debtor is  
 10 located governs:

11 (1) perfection of a security interest in a controllable account,  
 12 controllable electronic record, or controllable payment intangible by  
 13 filing; and

14 (2) automatic perfection of a security interest in a controllable  
 15 payment intangible created by a sale of the controllable payment intan-  
 16 gible.

17 § 57. Paragraph 8 of subsection (b) of section 9--310 of the uniform  
 18 commercial code, as amended by chapter 505 of the laws of 2014, is  
 19 amended and a new paragraph 8-a is added to read as follows:

20 (8) in controllable accounts, controllable electronic records,  
 21 controllable payment intangibles, deposit accounts, [~~elec-~~  
 22 ~~tronic chattel paper,~~] electronic documents, investment prop-  
 23 erty, or letter-of-credit rights which is perfected by  
 24 control under Section 9--314;

25 (8-a) in chattel paper which is perfected by possession and  
 26 control under Section 9--314A;

27 § 58. The section heading and subsections (a), (b) and (e) of section  
 28 9--312 of the uniform commercial code, the section heading and  
 29 subsections (a) and (b) as added by chapter 84 of the laws of 2001, and  
 30 subsection (e) as amended by chapter 505 of the laws of 2014, are  
 31 amended to read as follows:

32 Perfection of Security Interests in Chattel Paper, Controllable  
 33 Accounts, Controllable Electronic Records, Controlla-  
 34 ble Payment Intangibles, Deposit Accounts, Documents,  
 35 Goods Covered by Documents, Instruments, Investment  
 36 Property, Letter-of-credit Rights, and Money;  
 37 Perfection by Permissive Filing; Temporary Perfection  
 38 Without Filing or Transfer of Possession.

39 (a) Perfection by filing permitted. A security interest in chattel  
 40 paper, [~~negotiable documents,~~] controllable accounts, controllable elec-  
 41 tronic records, controllable payment intangibles, instruments, [~~or~~]  
 42 investment property, or negotiable documents may be perfected by filing.

43 (b) Control or possession of certain collateral. Except as otherwise  
 44 provided in Section 9--315(c) and (d) for proceeds:

45 (1) a security interest in a deposit account may be perfected  
 46 only by control under Section 9--314;

47 (2) and except as otherwise provided in Section 9--308(d), a  
 48 security interest in a letter-of-credit right may be  
 49 perfected only by control under Section 9--314; [~~and~~]

50 (3) a security interest in tangible money may be perfected only  
 51 by the secured party's taking possession under Section  
 52 9--313; and

53 (4) a security interest in electronic money may be  
 54 perfected only by control under Section 9--314.

55 (e) Temporary perfection: new value. A security interest in certif-  
 56 icated securities, negotiable documents, or instruments is perfected

1 without filing or the taking of possession or control for a period of 20  
2 days from the time it attaches to the extent that it arises for new  
3 value given under [~~an authenticated~~] a signed security agreement.

4 § 59. Subsections (a), (c) and (d) of section 9--313 of the uniform  
5 commercial code, subsection (a) as amended by chapter 505 of the laws of  
6 2014, and subsections (c) and (d) as added by chapter 84 of the laws of  
7 2001, are amended to read as follows:

8 (a) Perfection by possession or delivery. Except as otherwise provided  
9 in subsection (b), a secured party may perfect a security interest in  
10 [~~tangible~~] goods, instruments, negotiable tangible documents, [~~goods,~~  
11 ~~instruments,—money,~~] or tangible [~~chattel—paper~~] money by taking  
12 possession of the collateral. A secured party may perfect a security  
13 interest in certificated securities by taking delivery of the certif-  
14 icated securities under Section 8--301.

15 (c) Collateral in possession of person other than debtor. With respect  
16 to collateral other than certificated securities and goods covered by a  
17 document, a secured party takes possession of collateral in the  
18 possession of a person other than the debtor, the secured party, or a  
19 lessee of the collateral from the debtor in the ordinary course of the  
20 debtor's business, when:

21 (1) the person in possession [~~authenticates~~] signs a record  
22 acknowledging that it holds possession of the collateral for  
23 the secured party's benefit; or

24 (2) the person takes possession of the collateral after having  
25 [~~authenticated~~] signed a record acknowledging that it will  
26 hold possession of the collateral for the secured party's  
27 benefit.

28 (d) Time of perfection by possession; continuation of perfection. If  
29 perfection of a security interest depends upon possession of the collat-  
30 eral by a secured party, perfection occurs [~~no~~] not earlier than the  
31 time the secured party takes possession and continues only while the  
32 secured party retains possession.

33 § 60. Section 9--314 of the uniform commercial code, as added by chap-  
34 ter 84 of the laws of 2001, subsections (a) and (b) as amended by chap-  
35 ter 505 of the laws of 2014, is amended to read as follows:  
36 Section 9--314. Perfection by Control.

37 (a) Perfection by control. A security interest in controllable  
38 accounts, controllable electronic records, controllable payment intangi-  
39 bles, deposit accounts, electronic documents, electronic money, invest-  
40 ment property, [~~deposit—accounts,~~] or letter-of-credit rights, [~~elec-~~  
41 ~~tronic chattel paper, or—electronic—documents~~] may be perfected by  
42 control of the collateral under Section 7--106, 9--104, [~~9--105~~]  
43 9--105A, 9--106, [~~ex~~] 9--107 or 9--107A.

44 (b) Specified collateral: time of perfection by control; continuation  
45 of perfection. A security interest in controllable accounts, controlla-  
46 ble electronic records, controllable payment intangibles, deposit  
47 accounts, electronic [~~chattel—paper~~] documents, electronic money, or  
48 letter-of-credit rights[~~,—or—electronic—documents~~] is perfected by  
49 control under Section 7--106, 9--104, [~~9--105~~] 9--105A, [~~ex~~] 9--107, or  
50 9--107A not earlier than the time when the secured party obtains control  
51 and remains perfected by control only while the secured party retains  
52 control.

53 (c) Investment property: time of perfection by control; continuation  
54 of perfection. A security interest in investment property is perfected  
55 by control under Section 9--106 [~~from~~] not earlier than the time the  
56 secured party obtains control and remains perfected by control until:

- 1 (1) the secured party does not have control; and  
2 (2) one of the following occurs:  
3 (A) if the collateral is a certificated security, the debtor  
4 has or acquires possession of the security certificate;  
5 (B) if the collateral is an uncertificated security, the  
6 issuer has registered or registers the debtor as the  
7 registered owner; or  
8 (C) if the collateral is a security entitlement, the debtor  
9 is or becomes the entitlement holder.  
10 (d) Cooperative interests. Subsections (a) through (c) do not apply to  
11 cooperative interests.

12 § 61. The uniform commercial code is amended by adding a new section  
13 9-314A to read as follows:

14 Section 9-314A. Perfection by Possession and Control of Chattel Paper.

15 (a) Perfection by possession and control. A secured party may perfect  
16 a security interest in chattel paper by taking possession of each  
17 authoritative tangible copy of the record evidencing the chattel paper  
18 and obtaining control of each authoritative electronic copy of the elec-  
19 tronic record evidencing the chattel paper.

20 (b) Time of perfection; continuation of perfection. A security inter-  
21 est is perfected under subsection (a) not earlier than the time the  
22 secured party takes possession and obtains control and remains perfected  
23 under subsection (a) only while the secured party retains possession and  
24 control.

25 (c) Application of Section 9--313 to perfection by possession of chat-  
26 tel paper. Section 9--313(c) and (f) through (i) applies to perfection  
27 by possession of an authoritative tangible copy of a record evidencing  
28 chattel paper.

29 § 62. Subsections (a) and (f) of section 9--316 of the uniform commer-  
30 cial code, as added by chapter 84 of the laws of 2001, are amended to  
31 read as follows:

32 (a) General rule: effect on perfection of change in governing law. A  
33 security interest perfected pursuant to the law of the jurisdiction  
34 designated in Section 9--301(a) [~~or~~], 9--305(c), 9-306A(d), or 9-306B(b)  
35 remains perfected until the earliest of:

- 36 (1) the time perfection would have ceased under the law of that  
37 jurisdiction;  
38 (2) the expiration of four months after a change of the debtor's  
39 location to another jurisdiction; or  
40 (3) the expiration of one year after a transfer of collateral to  
41 a person that thereby becomes a debtor and is located in  
42 another jurisdiction.

43 (f) Change in jurisdiction of chattel paper, controllable electronic  
44 record, bank, issuer, nominated person, securities intermediary, or  
45 commodity intermediary. A security interest in chattel paper, controlla-  
46 ble accounts, controllable electronic records, controllable payment  
47 intangibles, deposit accounts, letter-of-credit rights, or investment  
48 property which is perfected under the law of the chattel paper's juris-  
49 isdiction, the controllable electronic record's jurisdiction, the bank's  
50 jurisdiction, the issuer's jurisdiction, a nominated person's jurisdic-  
51 tion, the securities intermediary's jurisdiction, or the commodity  
52 intermediary's jurisdiction, as applicable, remains perfected until the  
53 earlier of:

- 54 (1) the time the security interest would have become unperfected  
55 under the law of that jurisdiction; or

1 (2) the expiration of four months after a change of the applica-  
2 ble jurisdiction to another jurisdiction.

3 § 63. Subsections (b) and (d) of section 9--317 of the uniform commer-  
4 cial code, as amended by chapter 505 of the laws of 2014, are amended  
5 and four new subsections (f), (g), (h) and (i) are added to read as  
6 follows:

7 (b) Buyers that receive delivery. Except as otherwise provided in  
8 subsection (e), a buyer, other than a secured party, of [~~tangible chat-  
9 tel paper~~] goods, instruments, tangible documents, [~~goods, instruments,~~]  
10 or a certificated security takes free of a security interest or agricul-  
11 tural lien if the buyer gives value and receives delivery of the collat-  
12 eral without knowledge of the security interest or agricultural lien and  
13 before it is perfected.

14 (d) Licensees and buyers of certain collateral. [~~A~~] Subject to  
15 subsections (f) through (i), a licensee of a general intangible or a  
16 buyer, other than a secured party, of [~~accounts,~~] collateral other than  
17 electronic [~~chattel paper~~] money, [~~electronic documents, general intan-~~  
18 ~~gibles, or investment property other than~~] goods, instruments, intangi-  
19 ble documents or a certificated security takes free of a security inter-  
20 est if the licensee or buyer gives value without knowledge of the  
21 security interest and before it is perfected.

22 (f) Buyers of chattel paper. A buyer, other than a secured party, of  
23 chattel paper takes free of a security interest if, without knowledge of  
24 the security interest and before it is perfected, the buyer gives value  
25 and:

26 (1) receives delivery of each authoritative tangible copy of the  
27 record evidencing the chattel paper; and

28 (2) if each authoritative electronic copy of the record evidencing the  
29 chattel paper can be subjected to control under Section 9--105, obtains  
30 control of each authoritative electronic copy.

31 (g) Buyers of electronic documents. A buyer of an electronic document  
32 takes free of a security interest if, without knowledge of the security  
33 interest and before it is perfected, the buyer gives value and, if each  
34 authoritative electronic copy of the document can be subjected to  
35 control under Section 7--106, obtains control of each authoritative  
36 electronic copy.

37 (h) Buyers of controllable electronic records. A buyer of a control-  
38 lable electronic record takes free of a security interest if, without  
39 knowledge of the security interest and before it is perfected, the buyer  
40 gives value and obtains control of the controllable electronic record.

41 (i) Buyers of controllable accounts and controllable payment intangi-  
42 bles. A buyer, other than a secured party, of a controllable account or  
43 a controllable payment intangible takes free of a security interest if,  
44 without knowledge of the security interest and before it is perfected,  
45 the buyer gives value and obtains control of the controllable account or  
46 controllable payment intangible.

47 § 64. Subsections (d) and (f) of section 9--323 of the uniform commer-  
48 cial code, as added by chapter 84 of the laws of 2001, are amended to  
49 read as follows:

50 (d) Buyer of goods. Except as otherwise provided in subsection (e), a  
51 buyer of goods [~~other than a buyer in ordinary course of business~~] takes  
52 free of a security interest to the extent that it secures advances made  
53 after the earlier of:

54 (1) the time the secured party acquires knowledge of the buyer's  
55 purchase; or

56 (2) 45 days after the purchase.

1 (f) Lessee of goods. Except as otherwise provided in subsection (g), a  
2 lessee of goods[~~, other than a lessee in ordinary course of business,~~]  
3 takes the leasehold interest free of a security interest to the extent  
4 that it secures advances made after the earlier of:

- 5 (1) the time the secured party acquires knowledge of the lease;
- 6 or
- 7 (2) 45 days after the lease contract becomes enforceable.

8 § 65. Subsections (b) and (d) of section 9--324 of the uniform commer-  
9 cial code, as added by chapter 84 of the laws of 2001, are amended to  
10 read as follows:

11 (b) Inventory purchase-money priority. Subject to subsection (c) and  
12 except as otherwise provided in subsection (g), a perfected purchase-mo-  
13 ney security interest in inventory has priority over a conflicting secu-  
14 rity interest in the same inventory, has priority over a conflicting  
15 security interest in chattel paper or an instrument constituting  
16 proceeds of the inventory and in proceeds of the chattel paper, if so  
17 provided in Section 9--330, and, except as otherwise provided in Section  
18 9--327, also has priority in identifiable cash proceeds of the inventory  
19 to the extent the identifiable cash proceeds are received on or before  
20 the delivery of the inventory to a buyer, if:

- 21 (1) the purchase-money security interest is perfected when the  
22 debtor receives possession of the inventory;
- 23 (2) the purchase-money secured party sends [~~an authenticated~~] a  
24 signed notification to the holder of the conflicting security  
25 interest;
- 26 (3) the holder of the conflicting security interest receives the  
27 notification within five years before the debtor receives  
28 possession of the inventory; and
- 29 (4) the notification states that the person sending the notifica-  
30 tion has or expects to acquire a purchase-money security  
31 interest in inventory of the debtor and describes the inven-  
32 tory.

33 (d) Livestock purchase-money priority. Subject to subsection (e) and  
34 except as otherwise provided in subsection (g), a perfected purchase-mo-  
35 ney security interest in livestock that are farm products has priority  
36 over a conflicting security interest in the same livestock, and, except  
37 as otherwise provided in Section 9--327, a perfected security interest  
38 in their identifiable proceeds and identifiable products in their unman-  
39 ufactured states also has priority, if:

- 40 (1) the purchase-money security interest is perfected when the  
41 debtor receives possession of the livestock;
- 42 (2) the purchase-money secured party sends [~~an authenticated~~] a  
43 signed notification to the holder of the conflicting security  
44 interest;
- 45 (3) the holder of the conflicting security interest receives the  
46 notification within six months before the debtor receives  
47 possession of the livestock; and
- 48 (4) the notification states that the person sending the notifica-  
49 tion has or expects to acquire a purchase-money security  
50 interest in livestock of the debtor and describes the live-  
51 stock.

52 § 66. The uniform commercial code is amended by adding a new section  
53 9-326A to read as follows:

54 Section 9-326A. Priority of Security Interest in Controllable Account,  
55 Controllable Electronic Record, and Controllable  
56 Payment Intangible.

1 A security interest in a controllable account, controllable electronic  
 2 record, or controllable payment intangible held by a secured party  
 3 having control of the account, electronic record, or payment intangible  
 4 has priority over a conflicting security interest held by a secured  
 5 party that does not have control.

6 § 67. Subsections (a), (b) and (f) of section 9--330 of the uniform  
 7 commercial code, as added by chapter 84 of the laws of 2001, are amended  
 8 to read as follows:

9 (a) Purchaser's priority: security interest claimed merely as  
 10 proceeds. A purchaser of chattel paper has priority over a security  
 11 interest in the chattel paper which is claimed merely as proceeds of  
 12 inventory subject to a security interest if:

13 (1) in good faith and in the ordinary course of the purchaser's  
 14 business, the purchaser gives new value [~~and~~], takes  
 15 possession of [~~the chattel paper or obtains control of~~] each  
 16 authoritative tangible copy of the record evidencing the  
 17 chattel paper, and obtains control under Section 9--105 of  
 18 each authoritative electronic copy of the record evidencing  
 19 the chattel paper; and

20 (2) the authoritative copies of the record evidencing the chattel  
 21 paper [~~does~~] do not indicate that [~~it~~] the chattel paper has  
 22 been assigned to an identified assignee other than the  
 23 purchaser.

24 (b) Purchaser's priority: other security interests. A purchaser of  
 25 chattel paper has priority over a security interest in the chattel paper  
 26 which is claimed other than merely as proceeds of inventory subject to a  
 27 security interest if the purchaser gives new value [~~and~~], takes  
 28 possession of each authoritative tangible copy of the record evidencing  
 29 the chattel paper [~~or~~], and obtains control [~~of the chattel paper~~] under  
 30 Section 9--105 of each authoritative electronic copy of the record  
 31 evidencing the chattel paper in good faith, in the ordinary course of  
 32 the purchaser's business, and without knowledge that the purchase  
 33 violates the rights of the secured party.

34 (f) Indication of assignment gives knowledge. For purposes of  
 35 subsections (b) and (d), if the authoritative copies of the record  
 36 evidencing chattel paper or an instrument [~~indicates~~] indicate that [~~it~~]  
 37 the chattel paper or instrument has been assigned to an identified  
 38 secured party other than the purchaser, a purchaser of the chattel paper  
 39 or instrument has knowledge that the purchase violates the rights of the  
 40 secured party.

41 § 68. Section 9--331 of the uniform commercial code, as added by chap-  
 42 ter 84 of the laws of 2001, is amended to read as follows:

43 Section 9--331. Priority of Rights of Purchasers of Controllable  
 44 Accounts, Controllable Electronic Records, Controlla-  
 45 ble Payment Intangibles, Documents, Instruments,  
 46 [~~Documents,~~] and Securities under Other Articles;  
 47 Priority of Interests in Financial Assets and Security  
 48 Entitlements and Protection Against Assertion of Claim  
 49 under [~~Article~~] Articles 8 and 12.

50 (a) Rights under Articles 3, 7, [~~and~~] 8, and 12 not limited. This  
 51 article does not limit the rights of a holder in due course of a negoti-  
 52 able instrument, a holder to which a negotiable document of title has  
 53 been duly negotiated, [~~or a~~] protected purchaser of a security, or a  
 54 qualifying purchaser of a controllable account, controllable electronic  
 55 record, or controllable payment intangible. These holders or purchasers

1 take priority over an earlier security interest, even if perfected, to  
2 the extent provided in Articles 3, 7, [~~and~~] 8, and 12.

3 (b) Protection under [~~Article~~] Articles 8 and 12. This article does  
4 not limit the rights of or impose liability on a person to the extent  
5 that the person is protected against the assertion of a claim under  
6 Article 8 or 12.

7 (c) Filing not notice. Filing under this article does not constitute  
8 notice of a claim or defense to the holders, or purchasers, or persons  
9 described in subsections (a) and (b).

10 (d) Section not applicable to cooperative interests. Subsections (a),  
11 (b), and (c) do not apply to cooperative interests.

12 § 69. Section 9--332 of the uniform commercial code, as added by  
13 chapter 84 of the laws of 2001, is amended to read as follows:

14 Section 9--332. Transfer of Money; Transfer of Funds from Deposit  
15 Account.

16 (a) Transferee of tangible money. A transferee of tangible money  
17 takes the money free of a security interest [~~unless~~] if the transferee  
18 [~~acts~~] receives possession of the money without acting in collusion with  
19 the debtor in violating the rights of the secured party.

20 (b) Transferee of funds from deposit account. A transferee of funds  
21 from a deposit account takes the funds free of a security interest in  
22 the deposit account [~~unless~~] if the transferee [~~acts~~] receives the funds  
23 without acting in collusion with the debtor in violating the rights of  
24 the secured party.

25 (c) Transferee of electronic money. A transferee of electronic money  
26 takes the money free of a security interest if the transferee obtains  
27 control of the money without acting in collusion with the debtor in  
28 violating the rights of the secured party.

29 § 70. Subsection (f) of section 9--334 of the uniform commercial code,  
30 as added by chapter 84 of the laws of 2001, is amended to read as  
31 follows:

32 (f) Priority based on consent, disclaimer, or right to remove. A secu-  
33 rity interest in fixtures, whether or not perfected, has priority over a  
34 conflicting interest of an encumbrancer or owner of the real property  
35 if:

36 (1) the encumbrancer or owner has, in [~~an authenticated~~] a signed  
37 record, consented to the security interest or disclaimed an  
38 interest in the goods as fixtures; or

39 (2) the debtor has a right to remove the goods as against the  
40 encumbrancer or owner.

41 § 71. Section 9--341 of the uniform commercial code, as added by chap-  
42 ter 84 of the laws of 2001, is amended to read as follows:

43 Section 9--341. Bank's Rights and Duties with Respect to Deposit  
44 Account.

45 Except as otherwise provided in Section 9--340 (c), and unless the  
46 bank otherwise agrees in [~~an authenticated~~] a signed record, a bank's  
47 rights and duties with respect to a deposit account maintained with the  
48 bank are not terminated, suspended, or modified by:

49 (a) the creation, attachment, or perfection of a security inter-  
50 est in the deposit account;

51 (b) the bank's knowledge of the security interest; or

52 (c) the bank's receipt of instructions from the secured party.

53 § 72. Paragraph 2 of subsection (a) of section 9--404 of the uniform  
54 commercial code, as added by chapter 84 of the laws of 2001, is amended  
55 to read as follows:

1 (2) any other defense or claim of the account debtor against the  
2 assignor which accrues before the account debtor receives a  
3 notification of the assignment [~~authenticated~~] signed by the  
4 assignor or the assignee.

5 § 73. Section 9--406 of the uniform commercial code, as added by chap-  
6 ter 84 of the laws of 2001, is amended to read as follows:

7 Section 9--406. Discharge of Account Debtor; Notification of Assignment;  
8 Identification and Proof of Assignment; Restrictions  
9 on Assignment of Accounts, Chattel Paper, Payment  
10 Intangibles, and Promissory Notes Ineffective.

11 (a) Discharge of account debtor; effect of notification. Subject to  
12 subsections (b) through [~~(h)~~] (i), an account debtor on an account,  
13 chattel paper, or a payment intangible may discharge its obligation by  
14 paying the assignor until, but not after, the account debtor receives a  
15 notification, [~~authenticated~~] signed by the assignor or the assignee,  
16 that the amount due or to become due has been assigned and that payment  
17 is to be made to the assignee. After receipt of the notification, the  
18 account debtor may discharge its obligation by paying the assignee and  
19 may not discharge the obligation by paying the assignor.

20 (b) When notification ineffective. Subject to [~~subsection~~] subsections  
21 (g) and (i), notification is ineffective under subsection (a):

- 22 (1) if it does not reasonably identify the rights assigned;  
23 (2) to the extent that an agreement between an account debtor and  
24 a seller of a payment intangible limits the account debtor's  
25 duty to pay a person other than the seller and the limitation  
26 is effective under law other than this article; or  
27 (3) at the option of an account debtor, if the notification noti-  
28 fies the account debtor to make less than the full amount of  
29 any installment or other periodic payment to the assignee,  
30 even if:  
31 (A) only a portion of the account, chattel paper, or payment  
32 intangible has been assigned to that assignee;  
33 (B) a portion has been assigned to another assignee; or  
34 (C) the account debtor knows that the assignment to that  
35 assignee is limited.

36 (c) Proof of assignment. Subject to [~~subsection~~] subsections (g) and  
37 (i), if requested by the account debtor, an assignee shall seasonably  
38 furnish reasonable proof that the assignment has been made. Unless the  
39 assignee complies, the account debtor may discharge its obligation by  
40 paying the assignor, even if the account debtor has received a notifica-  
41 tion under subsection (a).

42 (d) Term restricting assignment generally ineffective. For purposes of  
43 this subsection, "promissory note" includes a negotiable instrument that  
44 evidences chattel paper. Except as otherwise provided in subsection (e)  
45 and Sections 2-A-303 and 9--407, and subject to subsection (g), a term  
46 in an agreement between an account debtor and an assignor or in a prom-  
47 issory note is ineffective to the extent that it:

- 48 (1) prohibits, restricts, or requires the consent of the account  
49 debtor or person obligated on the promissory note to the  
50 assignment or transfer of, or the creation, attachment,  
51 perfection, or enforcement of a security interest in, the  
52 account, chattel paper, payment intangible, or promissory  
53 note; or  
54 (2) provides that the assignment or transfer or the creation,  
55 attachment, perfection, or enforcement of the security inter-  
56 est may give rise to a default, breach, right of recoupment,

1 claim, defense, termination, right of termination, or remedy  
2 under the account, chattel paper, payment intangible, or  
3 promissory note.

4 (e) Inapplicability of subsection (d) to certain sales. Subsection (d)  
5 does not apply to the sale of a payment intangible or promissory note.

6 (f) Subsection (b)(3) not waivable. Subject to ~~[subsection]~~  
7 subsections (g) and (i), an account debtor may not waive or vary its  
8 option under subsection (b)(3).

9 (g) Rule for individual under other law. This section is subject to a  
10 rule of law, statute, rule or regulation other than this article which  
11 establishes a different rule for an account debtor who is an individual  
12 and who incurred the obligation primarily for personal, family, or  
13 household purposes.

14 (h) Inapplicability. This section does not apply to:

15 (1) an assignment of a health care insurance receivable to the  
16 extent such assignment conflicts with other law or the  
17 parties have otherwise agreed in writing that such receivable  
18 is non-assignable,

19 (2) a claim or right to receive compensation for injuries or  
20 sickness as described in 26 U.S.C. § 104(a)(1) and (2), as  
21 amended from time to time, or

22 (3) a claim or right to receive benefits under a special needs  
23 trust as described in 42 U.S.C. § 1396p (d)(4), as amended  
24 from time to time.

25 (i) Inapplicability of certain subsections. Subsections (a),  
26 (b), (c) and (f) do not apply to a controllable account or  
27 controllable payment ~~[intangible]~~ intangible.

28 § 74. Section 9--408 of the uniform commercial code is amended by  
29 adding a new subsection (e) to read as follows:

30 (e) "Promissory note". In this section, "promissory note" includes a  
31 negotiable instrument that evidences chattel paper.

32 § 75. Paragraph 1 of subsection (a) and the opening paragraph of  
33 subsection (b) of section 9--509 of the uniform commercial code, as  
34 added by chapter 84 of the laws of 2001, are amended to read as follows:

35 (1) the debtor authorizes the filing in ~~[an-authenticated]~~ a  
36 signed record or pursuant to subsection (b) or (c); or

37 By ~~[authenticating]~~ signing or becoming bound as debtor by a security  
38 agreement, a debtor or new debtor authorizes the filing of an initial  
39 financing statement, and an amendment, covering:

40 § 76. Paragraph 2 of subsection (b) and the opening paragraph of  
41 subsection (c) of section 9--513 of the uniform commercial code, as  
42 added by chapter 84 of the laws of 2001, are amended to read as follows:

43 (2) if earlier, within 20 days after the secured party receives  
44 ~~[an-authenticated]~~ a signed demand from a debtor.

45 In cases not governed by subsection (a), within 20 days after a  
46 secured party receives ~~[an-authenticated]~~ a signed demand from a debtor,  
47 the secured party shall cause the secured party of record for a financ-  
48 ing statement to send to the debtor a termination statement for the  
49 financing statement or file the termination statement in the filing  
50 office if:

51 § 77. Subsection (b) of section 9--601 of the uniform commercial code,  
52 as amended by chapter 505 of the laws of 2014, is amended to read as  
53 follows:

54 (b) Rights and duties of secured party in possession or control. A  
55 secured party in possession of collateral or control of collateral under

1 Section 7--106, 9--104, 9--105, 9--105A, 9--106, [~~ex~~] 9--107, or 9--107A  
2 has the rights and duties provided in Section 9--207.

3 § 78. Section 9--605 of the uniform commercial code, as added by chap-  
4 ter 84 of the laws of 2001, is amended to read as follows:

5 Section 9--605. Unknown Debtor or Secondary Obligor.

6 [A] (a) In general: No duty owed by secured party. Except as  
7 provided in subsection (b), a secured party does not owe a duty based on  
8 its status as secured party:

9 [~~a~~] (1) to a person that is a debtor or obligor, unless the secured  
10 party knows:

11 [~~1~~] (A) that the person is a debtor or obligor;

12 [~~2~~] (B) the identity of the person; and

13 [~~3~~] (C) how to communicate with the person; or

14 [~~b~~] (2) to a secured party or lienholder that has filed a financing  
15 statement against a person, unless the secured party knows:

16 [~~1~~] (A) that the person is a debtor; and

17 [~~2~~] (B) the identity of the person.

18 (b) Exception: Secured party owes duty to debtor or obligor. A  
19 secured party owes a duty based on its status as a secured party to a  
20 person if, at the time the secured party obtains control of collateral  
21 that is a controllable account, controllable electronic record, or  
22 controllable payment intangible or at the time the security interest  
23 attaches to the collateral, whichever is later:

24 (1) the person is a debtor or obligor; and

25 (2) the secured party knows that the information in subsection  
26 (a)(1)(A), (B), or (C) relating to the person is not provided by the  
27 collateral, a record attached to or logically associated with the colla-  
28 teral, or the system in which the collateral is recorded.

29 § 79. Subparagraph (C) of paragraph 1 of subsection (a) of section  
30 9--608 of the uniform commercial code, as added by chapter 84 of the  
31 laws of 2001, is amended to read as follows:

32 (C) the satisfaction of obligations secured by any subordi-  
33 nate security interest in or other lien on the collateral  
34 subject to the security interest or agricultural lien  
35 under which the collection or enforcement is made if the  
36 secured party receives [~~an authenticated~~] a signed demand  
37 for proceeds before distribution of the proceeds is  
38 completed.

39 § 80. Subsections (a), (b), (c) and (e) of section 9--611 of the  
40 uniform commercial code, as added by chapter 84 of the laws of 2001, are  
41 amended to read as follows:

42 (a) "Notification date." In this section, "notification date" means  
43 the earlier of the date on which:

44 (1) a secured party sends to the debtor and any secondary obligor

45 [~~an authenticated~~] a signed notification of disposition; or

46 (2) the debtor and any secondary obligor waive the right to  
47 notification.

48 (b) Notification of disposition required. Except as otherwise provided  
49 in subsection (d), a secured party that disposes of collateral under  
50 Section 9--610 shall send to the persons specified in subsection (c) a  
51 reasonable [~~authenticated~~] signed notification of disposition.

52 (c) Persons to be notified. To comply with subsection (b), the secured  
53 party shall send [~~an authenticated~~] a signed notification of disposition  
54 to:

55 (1) the debtor;

56 (2) any secondary obligor; and

- 1 (3) if the collateral is other than consumer goods:  
 2 (A) any other person from which the secured party has  
 3 received, before the notification date, [~~an authenticated~~  
 4 ~~ed~~] a signed notification of a claim of an interest in  
 5 the collateral;  
 6 (B) any other secured party or lienholder that, 10 days  
 7 before the notification date, held a security interest in  
 8 or other lien on the collateral perfected by the filing  
 9 of a financing statement that:  
 10 (i) identified the collateral;  
 11 (ii) was indexed under the debtor's name as of that date;  
 12 and  
 13 (iii) was filed in the office in which to file a financ-  
 14 ing statement against the debtor covering the  
 15 collateral as of that date; and  
 16 (C) any other secured party that, 10 days before the notifi-  
 17 cation date, held a security interest in the collateral  
 18 perfected by compliance with a statute, regulation, or  
 19 treaty described in Section 9--311(a).

20 (e) Compliance with subsection (c) (3) (B). A secured party complies  
 21 with the requirement for notification prescribed by subsection (c)  
 22 (3) (B) if:

- 23 (1) not later than twenty days or earlier than thirty days before  
 24 the notification date, the secured party requests, in a  
 25 commercially reasonable manner, information concerning  
 26 financing statements indexed under the debtor's name in the  
 27 office indicated in subsection (c) (3) (B); and  
 28 (2) before the notification date, the secured party:  
 29 (A) did not receive a response to the request for informa-  
 30 tion; or  
 31 (B) received a response to the request for information and  
 32 sent [~~an authenticated~~] a signed notification of disposi-  
 33 tion to each secured party or other lienholder named in  
 34 that response whose financing statement covered the  
 35 collateral.

36 § 81. Section 9--613 of the uniform commercial code, as added by chap-  
 37 ter 84 of the laws of 2001, is amended to read as follows:  
 38 Section 9--613. Contents and Form of Notification Before Disposition of  
 39 Collateral: General.

40 (a) Contents and form of notification. Except in a consumer-goods  
 41 transaction, the following rules apply:

- 42 [~~(a)~~] (1) The contents of a notification of disposition are suffi-  
 43 cient if the notification:  
 44 [~~(1)~~] (A) describes the debtor and the secured party;  
 45 [~~(2)~~] (B) describes the collateral that is the subject of the  
 46 intended disposition;  
 47 [~~(3)~~] (C) states the method of intended disposition;  
 48 [~~(4)~~] (D) states that the debtor is entitled to an accounting of  
 49 the unpaid indebtedness and states the charge, if any, for an  
 50 accounting; and  
 51 [~~(5)~~] (E) states the time and place of a public disposition or  
 52 the time after which any other disposition is to be made.  
 53 [~~(b)~~] (2) Whether the contents of a notification that lacks any of  
 54 the information specified in subsection (a) are nevertheless sufficient  
 55 is a question of fact.

1 [~~(e)~~] (3) The contents of a notification providing substantially the  
 2 information specified in subsection (a) are sufficient, even if the  
 3 notification includes:

4 [~~(1)~~] (A) information not specified by subsection (a); or

5 [~~(2)~~] (B) minor errors that are not seriously misleading.

6 [~~(d)~~] (4) A particular phrasing of the notification is not required.

7 [~~(e)~~] (5) The following form of notification and the form appearing  
 8 in Section [~~9-614(e)~~] 9--614(a)(3), when completed in accordance with  
 9 the instructions in subsection (b) and Section 9--614(b), each provides  
 10 sufficient information:

11 NOTIFICATION OF DISPOSITION OF COLLATERAL

12 To: (Name of debtor, obligor, or other person to which the notifica-  
 13 tion is sent)

14 From: (Name, address, and telephone number of secured party)

15 [~~Name of Debtor(s): (Include only if debtor(s) are not an addressee)~~  
 16 ~~(For a public disposition:)~~

17 ~~We will sell (or lease or license, as applicable) the (describe colla-~~  
 18 ~~teral) (to the highest qualified bidder) in public as follows:~~

19 ~~Day and Date: \_\_\_\_\_~~

20 ~~Time: \_\_\_\_\_~~

21 ~~Place: \_\_\_\_\_~~

22 ~~(For a private disposition:)~~

23 ~~We will sell (or lease or license, as applicable) the (describe colla-~~  
 24 ~~teral) privately sometime after (day and date).~~

25 ~~You are entitled to an accounting of the unpaid indebtedness secured~~  
 26 ~~by the property that we intend to sell (or lease or license, as applica-~~  
 27 ~~ble) (for a charge of \$ ). You may request an accounting by calling us~~  
 28 ~~at (telephone number).]~~

29 {1} Name of any debtor that is not an addressee: (Name of each  
 30 debtor)

31 {2} We will sell (describe collateral) (to the highest qualified  
 32 bidder) at public sale. A sale could include a lease or license. The  
 33 sale will be held as follows:

34 (Date)

35 (Time)

36 (Place)

37 {3} We will sell (describe collateral) at private sale sometime after  
 38 (date). A sale could include a lease or license.

39 {4} You are entitled to an accounting of the unpaid indebtedness  
 40 secured by the property that we intend to sell or, as applicable, lease  
 41 or license.

42 {5} If you request an accounting you must pay a charge of \$ (amount).

43 {6} You may request an accounting by calling us at (telephone number).

44 (End of Form)

45 (b) Instructions for form of notification. The following instructions  
 46 apply to the form of notification in subsection (a)(5):

(1) The instructions in this subsection refer to the numbers in braces before items in the form of notification in subsection (a)(5). Do not include the numbers or braces in the notification. The numbers and braces are used only for the purpose of these instructions.

(2) Include and complete subsection (a)(5) item {1} only if there is a debtor that is not an addressee of the notification and list the name or names.

(3) Include and complete either item {2}, if the notification relates to a public disposition of the collateral, or item {3}, if the notification relates to a private disposition of the collateral. If item {2} is included, include the words "to the highest qualified bidder" only if applicable.

(4) Include and complete items {4} and {6}.

(5) Include and complete item {5} only if the sender will charge the recipient for an accounting.

§ 82. Section 9--614 of the uniform commercial code, as added by chapter 84 of the laws of 2001, is amended to read as follows:

Section 9--614. Contents and Form of Notification Before Disposition of Collateral: Consumer-goods Transaction.

(a) Contents and form of notification. In a consumer-goods transaction, the following rules apply:

[~~(a)~~](1) A notification of disposition must provide the following information:

[~~(1)~~](A) the information specified in Section 9--613(a);

[~~(2)~~](B) a description of any liability for a deficiency of the person to which the notification is sent;

[~~(3)~~](C) a telephone number from which the amount that must be paid to the secured party to redeem the collateral under Section 9--623 is available; and

[~~(4)~~](D) a telephone number or mailing address from which additional information concerning the disposition and the obligation secured is available.

[~~(b)~~](2) A particular phrasing of the notification is not required.

[~~(a)~~](3) The following form of notification, when completed in accordance with the instructions in subsection (b), provides sufficient information:

(Name and address of secured party)

(Date)

NOTICE OF OUR PLAN TO SELL PROPERTY

(Name and address of any obligor who is also a debtor)

Subject: (Identification of Transaction)

We have your (describe collateral), because you broke promises in our agreement.

[~~(For a public disposition:)~~]

{1} We will sell (describe collateral) at public sale. A sale could include a lease or license. The sale will be held as follows:

Date: \_\_\_\_\_

Time: \_\_\_\_\_

Place: \_\_\_\_\_

You may attend the sale and bring bidders if you want.

[~~(For a private disposition:)~~]

{2} We will sell (describe collateral) at private sale sometime after (date). A sale could include a lease or license.

{3} The money that we get from the sale [~~(+)~~], after paying our costs[~~(+)~~], will reduce the amount you owe. If we get less money than you owe, you (will or will not, as applicable) still owe us the difference.

1 If we get more money than you owe, you will get the extra money, unless  
2 we must pay it to someone else.

3 {4} You can get the property back at any time before we sell it by  
4 paying us the full amount you owe [~~+~~], not just the past due  
5 payments[~~+~~], including our expenses. To learn the exact amount you must  
6 pay, call us at (telephone number).

7 {5} If you want us to explain to you in writing or in (description of  
8 electronic record) (description of electronic record) how we have  
9 figured the amount that you owe us, [~~you may~~] {6} call us at (telephone  
10 number) [~~+~~]or write us at (secured party's address)[~~+~~] or contact us by  
11 (description of electronic communication method) {7} and request a writ-  
12 ten explanation or an explanation in (description of electronic record)  
13 an explanation in (description of electronic record).

14 [~~+~~]{8} We will charge you \$ (amount) for the explanation if we sent  
15 you another written explanation of the amount you owe us within the last  
16 six months.[~~+~~]

17 {9} If you need more information about the sale call us at (telephone  
18 number) [~~+~~]or write us at (secured party's address)[~~+~~] or contact us by  
19 (description of electronic communication method).

20 {10} We are sending this notice to the following other people who have  
21 an interest in (describe collateral) or who owe money under your agree-  
22 ment:

23 (Names of all other debtors and obligors, if any)

24 (End of Form)

25 [~~(d)~~]{4} A notification in the form of [~~subsection (e)~~] paragraph (3)  
26 is sufficient, even if additional information appears at the end of the  
27 form.

28 [~~(e)~~]{5} A notification in the form of [~~subsection (e)~~] paragraph (3)  
29 is sufficient, even if it includes errors in information not required by  
30 [~~subsection (a)~~] paragraph (3), unless the error is misleading with  
31 respect to rights arising under this article.

32 [~~(f)~~]{6} If a notification under this section is not in the form of  
33 [~~subsection (e)~~] paragraph (3), law other than this article determines  
34 the effect of including information not required by [~~subsection (a)~~]  
35 paragraph (3).

36 (b) Instructions for form of notification. The following instructions  
37 apply to the form of notification in subsection (a)(3):

38 (1) The instructions in this subsection refer to the numbers in braces  
39 before items in the form of notification in subsection (a)(3). Do not  
40 include the numbers or braces in the notification. The numbers and brac-  
41 es are used only for the purpose of these instructions.

42 (2) Include and complete either item {1}, if the notification relates  
43 to a public disposition of the collateral, or item {2}, if the notifica-  
44 tion relates to a private disposition of the collateral.

45 (3) Include and complete items {3}, {4}, {5}, {6}, and {7}.

46 (4) In item {5}, include and complete any one of the three alternative  
47 methods for the explanation--writing, writing or electronic record, or  
48 electronic record.

49 (5) In item {6}, include the telephone number. In addition, the sender  
50 may include and complete either or both of the two additional alterna-  
51 tive methods of communication--writing or electronic communication-for  
52 the recipient of the notification to communicate with the sender.  
53 Neither of the two additional methods of communication is required to be  
54 included.

1 (6) In item {7}, include and complete the method or methods for the  
 2 explanation--writing, writing or electronic record, or electronic  
 3 record--included in item {5}.

4 (7) Include and complete item {8} only if a written explanation is  
 5 included in item {5} as a method for communicating the explanation and  
 6 the sender will charge the recipient for another written explanation.

7 (8) In item {9}, include either the telephone number or the address or  
 8 both the telephone number and the address. In addition, the sender may  
 9 include and complete the additional method of communication--electronic  
 10 communication--for the recipient of the notification to communicate with  
 11 the sender. The additional method of electronic communication is not  
 12 required to be included.

13 (9) If item {10} does not apply, insert "None" after "agreement:".

14 § 83. Paragraphs 3 and 4 of subsection (a) of section 9--615 of the  
 15 uniform commercial code, as added by chapter 84 of the laws of 2001, are  
 16 amended to read as follows:

17 (3) the satisfaction of obligations secured by any subordinate  
 18 security interest in or other subordinate lien on the collat-  
 19 eral if:

20 (A) the secured party receives from the holder of the subor-  
 21 dinate security interest or other lien [~~an authenticated~~]  
 22 a signed demand for proceeds before distribution of the  
 23 proceeds is completed; and

24 (B) in a case in which a consignor has an interest in the  
 25 collateral, the subordinate security interest or other  
 26 lien is senior to the interest of the consignor; and

27 (4) a secured party that is a consignor of the collateral if the  
 28 secured party receives from the consignor [~~an authenticated~~]  
 29 a signed demand for proceeds before distribution of the  
 30 proceeds is completed.

31 § 84. Subsections (a) and (b) and the opening paragraph of subsection  
 32 (c) of section 9--616 of the uniform commercial code, as added by chap-  
 33 ter 84 of the laws of 2001, are amended to read as follows:

34 (a) Definitions. In this section:

35 (1) "Explanation" means a [~~writing~~] record that:

36 (A) states the amount of the surplus or deficiency;

37 (B) provides an explanation in accordance with subsection (c)  
 38 of how the secured party calculated the surplus or defi-  
 39 ciency;

40 (C) states, if applicable, that future debits, credits,  
 41 charges, including additional credit service charges or  
 42 interest, rebates, and expenses may affect the amount of  
 43 the surplus or deficiency; and

44 (D) provides a telephone number or mailing address from which  
 45 additional information concerning the transaction is  
 46 available.

47 (2) "Request" means a record:

48 (A) [~~authenticated~~] signed by a debtor or consumer obligor;

49 (B) requesting that the recipient provide an explanation; and

50 (C) sent after disposition of the collateral under Section  
 51 9--610.

52 (b) Explanation of calculation. In a consumer-goods transaction in  
 53 which the debtor is entitled to a surplus or a consumer obligor is  
 54 liable for a deficiency under Section 9--615, the secured party shall:

55 (1) send an explanation to the debtor or consumer obligor, as  
 56 applicable, after the disposition and:

1 (A) before or when the secured party accounts to the debtor  
 2 and pays any surplus or first makes [~~written~~] demand in a  
 3 record on the consumer obligor after the disposition for  
 4 payment of the deficiency; and

5 (B) within fourteen days after receipt of a request; or

6 (2) in the case of a consumer obligor who is liable for a defi-  
 7 ciency, within fourteen days after receipt of a request, send  
 8 to the consumer obligor a record waiving the secured party's  
 9 right to a deficiency.

10 To comply with subsection (a)(1)(B), [~~a writing~~] an explanation  
 11 must provide the following information in the following  
 12 order:

13 § 85. The opening paragraph of subsection (a) of section 9--619 of the  
 14 uniform commercial code, as added by chapter 84 of the laws of 2001, is  
 15 amended to read as follows:

16 In this section, "transfer statement" means a record [~~authenticated~~]  
 17 signed by a secured party stating:

18 § 86. The uniform commercial code is amended by adding a new article  
 19 12 to read as follows:

## 20 ARTICLE 12

### 21 CONTROLLABLE ELECTRONIC RECORDS

#### 22 Section 12--101. Short title.

23 This article may be cited as Uniform Commercial Code--Controllable  
 24 Electronic Records.

#### 25 Section 12--102. Definitions.

##### 26 (a) In this article:

27 (1) "Controllable electronic record" means a record stored in an elec-  
 28 tronic medium that can be subjected to control under Section 12-105. The  
 29 term does not include a controllable account, a controllable payment  
 30 intangible, a deposit account, an electronic copy of a record evidencing  
 31 chattel paper, an electronic document of title, electronic money,  
 32 investment property, or a transferable record.

33 (2) "Qualifying purchaser" means a purchaser of a controllable elec-  
 34 tronic record or an interest in a controllable electronic record that  
 35 obtains control of the controllable electronic record for value, in good  
 36 faith, and without notice of a claim of a property right in the control-  
 37 lable electronic record. In the case of a controllable electronic record  
 38 that would be a "draft" or a "note", as those terms are defined in  
 39 Section 3--104, if the controllable electronic record were a signed  
 40 writing, Section 3--304(7) applies to the determination of whether a  
 41 purchaser obtains control of the controllable electronic record without  
 42 notice of a claim of a property right in it as if the reference in that  
 43 subsection to "the instrument" referred to the controllable electronic  
 44 record. The preceding sentence applies even if the controllable elec-  
 45 tronic record contains a term by which an obligor or account debtor on  
 46 the controllable account or controllable payment intangible evidenced by  
 47 the controllable electronic record waives or agrees not to assert  
 48 against an assignee of the controllable electronic record any claim or  
 49 defense that the obligor or account debtor may have against the assig-  
 50 nor.

51 (3) "Transferable record" means an electronic record that either:

52 (A) is a "transferable record" under Section 201(a)(1) of the Elec-  
 53 tronic Signatures in Global and National Commerce Act, 15 U.S.C.  
 54 Section 7021(a)(1), as amended; or,

1 (B) is governed by the law of any State that has enacted or adopted  
2 the Uniform Electronic Transactions Act substantially as approved and  
3 recommended for enactment in all the States by the National Conference  
4 of Commissioners on Uniform State Laws in 1999 and is a "transferable  
5 record" under Section 16(a) of that Act.

6 (4) "Value" has the meaning provided in Section 3-303(a), as if refer-  
7 ences in that subsection to an "instrument" were references to a  
8 controllable account, controllable electronic record, or controllable  
9 payment intangible.

10 (b) Definitions in other articles. The following definitions in other  
11 articles apply to this article:

12 (1) The definitions in Article 9 of "account debtor", "controllable  
13 account", "controllable payment intangible", "chattel paper", "deposit  
14 account", "electronic money", and "investment property" apply to this  
15 article.

16 (2) Article 1 contains general definitions and principles of  
17 construction and interpretation applicable throughout this article.  
18 Section 12--103. Relation to Article 9 and Consumer Laws.

19 (a) Article 9 governs in case of conflict. If there is conflict  
20 between this article and Article 9, Article 9 governs.

21 (b) Applicable consumer law and other laws. A transaction subject to  
22 this article is subject to any applicable rule of law that establishes a  
23 different rule for consumers, including Article 22-A of the General  
24 Business Law and chapter 5 of title 20 of the New York City Administra-  
25 tive Code.

26 (c) Enforceability or effectiveness. If an electronic record is a  
27 controllable electronic record under this article, Section 307.2 of the  
28 Electronic Signatures and Records Act (State Technology Law 301 et seq.)  
29 shall not impair the enforceability or effectiveness of such electronic  
30 record under this article nor shall such Act cause such controllable  
31 electronic record to be governed by Article 3 rather than this article,  
32 except to the extent the electronic record expressly provides otherwise  
33 or was created prior to the effective date of this article.

34 Section 12--104. Rights in Controllable Account, Controllable Electronic  
35 Record, and Controllable Payment Intangible.

36 (a) Applicability of section to controllable account and controllable  
37 payment intangible. This section applies to the acquisition and  
38 purchase of rights in a controllable account or controllable payment  
39 intangible, including the rights and benefits under subsections (c),  
40 (d), (e), (g), and (h) of a purchaser and qualifying purchaser, in the  
41 same manner this section applies to a controllable electronic record.

42 (b) Control of controllable account and controllable payment intangi-  
43 ble. To determine whether a purchaser of a controllable account or a  
44 controllable payment intangible is a qualifying purchaser, the purchaser  
45 obtains control of the account or payment intangible if it obtains  
46 control of the controllable electronic record that evidences the account  
47 or payment intangible.

48 (c) Applicability of other law to acquisition of rights. Except as  
49 provided in this section, law other than this article determines whether  
50 a person acquires a right in a controllable electronic record and the  
51 right the person acquires.

52 (d) Shelter principle and purchase of limited interest. A purchaser of  
53 a controllable electronic record acquires all rights in the controllable  
54 electronic record that the transferor had or had power to transfer,  
55 except that a purchaser of a limited interest in a controllable elec-

1 tronic record acquires rights only to the extent of the interest  
2 purchased.

3 (e) Rights of qualifying purchaser. A qualifying purchaser acquires  
4 its rights in the controllable electronic record free of a claim of a  
5 property right in the controllable electronic record.

6 (f) Limitation of rights of qualifying purchaser in other property.  
7 Except as provided in subsections (a) and (e) for a controllable account  
8 and a controllable payment intangible or law other than this article, a  
9 qualifying purchaser takes a right to payment, right to performance, or  
10 other interest in property evidenced by the controllable electronic  
11 record subject to a claim of a property right in the right to payment,  
12 right to performance, or other interest in property.

13 (g) No-action protection for qualifying purchaser. An action may not  
14 be asserted against a qualifying purchaser based on both a purchase by  
15 the qualifying purchaser of a controllable electronic record and a claim  
16 of a property right in another controllable electronic record, whether  
17 the action is framed in conversion, replevin, constructive trust, equi-  
18 table lien, or other theory.

19 (h) Filing not notice. Filing of a financing statement under Article 9  
20 is not notice of a claim of a property right in a controllable electron-  
21 ic record.

#### 22 Section 12--105. Control of Controllable Electronic Record.

23 (a) General rule: control of controllable electronic record. A person  
24 has control of a controllable electronic record if the electronic  
25 record, a record attached to or logically associated with the electronic  
26 record, or a system in which the electronic record is recorded:

27 (1) gives the person:

28 (A) power to avail itself of substantially all the benefit from the  
29 electronic record; and

30 (B) exclusive power, subject to subsection (b), to:

31 (i) prevent others from availing themselves of substantially all the  
32 benefit from the electronic record; and

33 (ii) transfer control of the electronic record to another person or  
34 cause another person to obtain control of another controllable electron-  
35 ic record as a result of the transfer of the electronic record; and

36 (2) enables the person readily to identify itself in any way, includ-  
37 ing by name, identifying number, cryptographic key, office, or account  
38 number, as having the powers specified in paragraph (1).

39 (b) Meaning of exclusive. Subject to subsection (c), a power is exclu-  
40 sive under subsection (a)(1)(B)(i) and (ii) even if:

41 (1) the controllable electronic record, a record attached to or  
42 logically associated with the electronic record, or a system in which  
43 the electronic record is recorded limits the use of the electronic  
44 record or has a protocol programmed to cause a change, including a  
45 transfer or loss of control or a modification of benefits afforded by  
46 the electronic record; or

47 (2) the power is shared with another person.

48 (c) When power not shared with another person. A power of a person is  
49 not shared with another person under subsection (b)(2) and the person's  
50 power is not exclusive if:

51 (1) the person can exercise the power only if the power also is exer-  
52 cised by the other person; and

53 (2) the other person:

54 (A) can exercise the power without exercise of the power by the  
55 person; or

1 (B) is the transferor to the person of an interest in the controllable  
2 electronic record or a controllable account or controllable payment  
3 intangible evidenced by the controllable electronic record.

4 (d) Presumption of exclusivity of certain powers. If a person has the  
5 powers specified in subsection (a)(1)(B)(i) and (ii), the powers are  
6 presumed to be exclusive.

7 (e) Control through another person. A person has control of a control-  
8 lable electronic record if another person, other than the transferor to  
9 the person of an interest in the controllable electronic record or a  
10 controllable account or controllable payment intangible evidenced by the  
11 controllable electronic record:

12 (1) has control of the electronic record and acknowledges that it has  
13 control on behalf of the person; or

14 (2) obtains control of the electronic record after having acknowledged  
15 that it will obtain control of the electronic record on behalf of the  
16 person.

17 (f) No requirement to acknowledge. A person that has control under  
18 this section is not required to acknowledge that it has control on  
19 behalf of another person.

20 (g) No duties or confirmation. If a person acknowledges that it has or  
21 will obtain control on behalf of another person, unless the person  
22 otherwise agrees or law other than this article or Article 9 otherwise  
23 provides, the person does not owe any duty to the other person and is  
24 not required to confirm the acknowledgment to any other person.

25 Section 12--106. Discharge of Account Debtor on Controllable Account or  
26 Controllable Payment Intangible.

27 (a) Discharge of account debtor. An account debtor on a controllable  
28 account or controllable payment intangible may discharge its obligation  
29 by paying:

30 (1) the person having control of the controllable electronic record  
31 that evidences the controllable account or controllable payment intangi-  
32 ble; or

33 (2) except as provided in subsection (b), a person that formerly had  
34 control of the controllable electronic record.

35 (b) Content and effect of notification. Subject to subsection (d), the  
36 account debtor may not discharge its obligation by paying a person that  
37 formerly had control of the controllable electronic record if the  
38 account debtor receives a notification that:

39 (1) is signed by a person that formerly had control or the person to  
40 which control was transferred;

41 (2) reasonably identifies the controllable account or controllable  
42 payment intangible;

43 (3) notifies the account debtor that control of the controllable elec-  
44 tronic record that evidences the controllable account or controllable  
45 payment intangible was transferred;

46 (4) identifies the transferee, in any reasonable way, including by  
47 name, identifying number, cryptographic key, office, or account number;  
48 and

49 (5) provides a commercially reasonable method by which the account  
50 debtor is to pay the transferee.

51 (c) Discharge following effective notification. After receipt of a  
52 notification that complies with subsection (b), the account debtor may  
53 discharge its obligation by paying in accordance with the notification  
54 and may not discharge the obligation by paying a person that formerly  
55 had control.

1 (d) When notification ineffective. Subject to subsection (h), notification is ineffective under subsection (b):

2  
3 (1) unless, before the notification is sent, the account debtor and  
4 the person that, at that time, had control of the controllable electronic  
5 record that evidences the controllable account or controllable  
6 payment intangible agree in a signed record to a commercially reasonable  
7 method by which a person may furnish reasonable proof that control has  
8 been transferred;

9 (2) to the extent an agreement between the account debtor and seller  
10 of a payment intangible limits the account debtor's duty to pay a person  
11 other than the seller and the limitation is effective under law other  
12 than this article; or

13 (3) at the option of the account debtor, if the notification notifies  
14 the account debtor to:

15 (A) divide a payment;

16 (B) make less than the full amount of an installment or other periodic  
17 payment; or

18 (C) pay any part of a payment by more than one method or to more than  
19 one person.

20 (e) Proof of transfer of control. Subject to subsection (h), if  
21 requested by the account debtor, the person giving the notification  
22 under subsection (b) seasonably shall furnish reasonable proof, using  
23 the method in the agreement referred to in subsection (d)(1), that  
24 control of the controllable electronic record has been transferred.  
25 Unless the person complies with the request, the account debtor may  
26 discharge its obligation by paying a person that formerly had control,  
27 even if the account debtor has received a notification under subsection  
28 (b).

29 (f) What constitutes reasonable proof. A person furnishes reasonable  
30 proof under subsection (e) that control has been transferred if the  
31 person demonstrates, using the method in the agreement referred to in  
32 subsection (d)(1), that the transferee has the power to:

33 (1) avail itself of substantially all the benefit from the controlla-  
34 ble electronic record;

35 (2) prevent others from availing themselves of substantially all the  
36 benefit from the controllable electronic record; and

37 (3) transfer the powers specified in paragraphs (1) and (2) to another  
38 person.

39 (g) Rights not waivable. Subject to subsection (h), an account debtor  
40 may not waive or vary its rights under subsections (d)(1) and (e) or its  
41 option under subsection (d)(3).

42 (h) Rule for individual under other law. This section is subject to  
43 law other than this article which establishes a different rule for an  
44 account debtor who is an individual and who incurred the obligation  
45 primarily for personal, family, or household purposes.

46 Section 12--107. Governing Law.

47 (a) Governing law: general rule. Except as provided in subsection (b),  
48 the local law of a controllable electronic record's jurisdiction governs  
49 a matter covered by this article.

50 (b) Governing law: Section 12--106. For a controllable electronic  
51 record that evidences a controllable account or controllable payment  
52 intangible, the local law of the controllable electronic record's juris-  
53 isdiction governs a matter covered by Section 12--106 unless an effective  
54 agreement determines that the local law of another jurisdiction governs.

1 (c) Controllable electronic record's jurisdiction. The following rules  
2 determine a controllable electronic record's jurisdiction under this  
3 section:

4 (1) If the controllable electronic record, or a record attached to or  
5 logically associated with the controllable electronic record and readily  
6 available for review, expressly provides that a particular jurisdiction  
7 is the controllable electronic record's jurisdiction for purposes of  
8 this article, that jurisdiction is the controllable electronic record's  
9 jurisdiction.

10 (2) If paragraph (1) does not apply and the rules of the system in  
11 which the controllable electronic record is recorded are readily avail-  
12 able for review and expressly provide that a particular jurisdiction is  
13 the controllable electronic record's jurisdiction for purposes of this  
14 article, that jurisdiction is the controllable electronic record's  
15 jurisdiction.

16 (3) If paragraphs (1) and (2) do not apply and the controllable elec-  
17 tronic record, or a record attached to or logically associated with the  
18 controllable electronic record and readily available for review,  
19 expressly provides that the controllable electronic record is governed  
20 by the law of a particular jurisdiction, that jurisdiction is the  
21 controllable electronic record's jurisdiction.

22 (4) If paragraphs (1), (2), and (3) do not apply and the rules of the  
23 system in which the controllable electronic record is recorded are read-  
24 ily available for review and expressly provide that the controllable  
25 electronic record or the system is governed by the law of a particular  
26 jurisdiction, that jurisdiction is the controllable electronic record's  
27 jurisdiction.

28 (5) If paragraphs (1) through (4) do not apply, the controllable elec-  
29 tronic record's jurisdiction is the District of Columbia.

30 (d) Applicability of Article 12. If subsection (c)(5) applies and  
31 Article 12 is not in effect in the District of Columbia without material  
32 modification, the governing law for a matter covered by this article is  
33 the law of the District of Columbia as though Article 12 were in effect  
34 in the District of Columbia without material modification. In this  
35 subsection, "Article 12" means Article 12 of Uniform Commercial Code  
36 Amendments (2022).

37 (e) Relation of matter or transaction to controllable electronic  
38 record's jurisdiction not necessary. To the extent subsections (a) and  
39 (b) provide that the local law of the controllable electronic record's  
40 jurisdiction governs a matter covered by this article, that law governs  
41 even if the matter or a transaction to which the matter relates does not  
42 bear any relation to the controllable electronic record's jurisdiction.

43 (f) Rights of purchasers determined at time of purchase. The rights  
44 acquired under Section 12--104 by a purchaser or qualifying purchaser  
45 are governed by the law applicable under this section at the time of  
46 purchase.

47 § 87. The uniform commercial code is amended by adding a new article  
48 12-A to read as follows:

49 ARTICLE 12-A  
50 TRANSITIONAL PROVISIONS FOR UNIFORM COMMERCIAL  
51 CODE AMENDMENTS

52 PART 1  
53 GENERAL PROVISIONS AND DEFINITIONS

1 Section 12-A-101. Title. This article may be cited as Transitional  
2 Provisions for the 2025 Uniform Commercial Code  
3 Amendments.

4 Section 12-A-102. Definitions.

5 (a) Article A Definitions. In this article:

6 (1) "Adjustment date" means July 1, 2026, or the date that is one year  
7 after the effective date of this article, whichever is later.

8 (2) "Article 12" means Article 12 of this code.

9 (3) "Article 12 property" means a controllable account, controllable  
10 electronic record, or controllable payment intangible.

11 (b) Definitions in other articles. The following definitions in other  
12 articles of this code apply to this article.

13 "Controllable account". Section 9--102.

14 "Controllable electronic record". Section 12--102.

15 "Controllable payment intangible". Section 9--102.

16 "Electronic money". Section 9--102.

17 "Financing statement". Section 9--102.

18 (c) Article 1 definitions and principles. Article 1 contains general  
19 definitions and principles of construction and interpretation applicable  
20 throughout this article.

21 PART 2

22 GENERAL TRANSITIONAL PROVISION

23 Section 12-A-201. Saving Clause.

24 Except as provided in Part 3, a transaction validly entered into  
25 before the effective date of this article and the rights, duties, and  
26 interests flowing from the transaction remain valid thereafter and may  
27 be terminated, completed, consummated, or enforced as required or  
28 permitted by law other than this article or, if applicable, this arti-  
29 cle, as though this article had not taken effect.

30 PART 3

31 TRANSITIONAL PROVISIONS FOR ARTICLES 9 AND 12

32 Section 12-A-301. Saving Clause.

33 (a) Pre-effective-date transaction, lien, or interest. Except as  
34 provided in this part, Article 9 as amended by a chapter of the laws of  
35 two thousand twenty-five adding this article and Article 12 apply to a  
36 transaction, lien, or other interest in property, even if the trans-  
37 action, lien, or interest was entered into, created, or acquired before  
38 the effective date of this article.

39 (b) Continuing validity. Except as provided in subsection (c) and  
40 Sections 12-A-302 through 12-A-306:

41 (1) a transaction, lien, or interest in property that was validly  
42 entered into, created, or transferred before the effective date of this  
43 article and was not governed by this article, but would be subject to  
44 Article 9 as amended by a chapter of the laws of two thousand twenty-  
45 five adding this article or Article 12 if it had been entered into,  
46 created, or transferred on or after the effective date of this article,  
47 including the rights, duties, and interests flowing from the trans-  
48 action, lien, or interest, remains valid on and after the effective date  
49 of this article; and

50 (2) the transaction, lien, or interest may be terminated, completed,  
51 consummated, and enforced as required or permitted by this code or by  
52 the law that would apply if this article had not taken effect.

1 (c) Pre-effective-date proceeding. This code does not affect an  
2 action, case, or proceeding commenced before the effective date of this  
3 article.

4 Section 12-A-302. Security Interest Perfected Before Effective Date.

5 (a) Continuing perfection: perfection requirements satisfied. A secu-  
6 rity interest that is enforceable and perfected immediately before the  
7 effective date of this article is a perfected security interest under  
8 this article if, on the effective date of this article, the requirements  
9 for enforceability and perfection under this article are satisfied with-  
10 out further action.

11 (b) Continuing perfection: enforceability or perfection requirements  
12 not satisfied. If a security interest is enforceable and perfected imme-  
13 diately before the effective date of this article, but the requirements  
14 for enforceability or perfection under this article are not satisfied on  
15 the effective date of this article, the security interest:

16 (1) is a perfected security interest until the earlier of the time  
17 perfection would have ceased under the law in effect immediately before  
18 the effective date of this article or the adjustment date;

19 (2) remains enforceable thereafter only if the security interest  
20 satisfies the requirements for enforceability under Section 9--203, as  
21 amended by a chapter of the laws of two thousand twenty-five adding this  
22 article before the adjustment date; and

23 (3) remains perfected thereafter only if the requirements for  
24 perfection under this article are satisfied before the time specified in  
25 paragraph (1).

26 Section 12-A-303. Security Interest Unperfected Before Effective Date.

27 A security interest that is enforceable immediately before the effec-  
28 tive date of this article but is unperfected at that time:

29 (1) remains an enforceable security interest until the adjustment  
30 date;

31 (2) remains enforceable thereafter if the security interest becomes  
32 enforceable under Section 9--203, as amended by a chapter of the laws of  
33 two thousand twenty-five that added this article, on the effective date  
34 of this article or before the adjustment date; and

35 (3) becomes perfected:

36 (A) without further action, on the effective date of this article if  
37 the requirements for perfection under this article are satisfied before  
38 or at that time; or

39 (B) when the requirements for perfection are satisfied if the require-  
40 ments are satisfied after that time.

41 Section 12-A-304. Effectiveness of Actions Taken Before Effective Date.

42 (a) Pre-effective-date action; attachment and perfection before  
43 adjustment date. If action, other than the filing of a financing state-  
44 ment, is taken before the effective date of this article and the action  
45 would have resulted in perfection of the security interest had the secu-  
46 rity interest become enforceable before the effective date of this arti-  
47 cle, the action is effective to perfect a security interest that  
48 attaches under this article before the adjustment date. An attached  
49 security interest becomes unperfected on the adjustment date unless the  
50 security interest becomes a perfected security interest under this arti-  
51 cle before the adjustment date.

52 (b) Pre-effective-date filing. The filing of a financing statement  
53 before the effective date of this article is effective to perfect a  
54 security interest on the effective date of this article to the extent  
55 the filing would satisfy the requirements for perfection under this  
56 article.

1 (c) Pre-effective-date enforceability action. The taking of an action  
2 before the effective date of this article is sufficient for the enforce-  
3 ability of a security interest on the effective date of this article if  
4 the action would satisfy the requirements for enforceability under this  
5 article.

6 Section 12-A-305. Priority.

7 (a) Determination of priority. Subject to subsections (b) and (c),  
8 this code determines the priority of conflicting claims to collateral.

9 (b) Established priorities. Subject to subsection (c), if the priori-  
10 ties of claims to collateral were established before the effective date  
11 of this article, Article 9 as in effect before the effective date of a  
12 chapter of the laws of two thousand twenty-five that added this article  
13 determines priority.

14 (c) Determination of certain priorities on adjustment date. On the  
15 adjustment date, to the extent the priorities determined by Article 9 as  
16 amended by this code modify the priorities established before the effec-  
17 tive date of a chapter of the laws of two thousand twenty-five that  
18 added this article, the priorities of claims to Article 12 property and  
19 electronic money established before the effective date of this article  
20 cease to apply.

21 Section 12-A-306. Priority of Claims When Priority Rules of Article 9 Do  
22 Not Apply.

23 (a) Determination of priority. Subject to subsections (b) and (c),  
24 Article 12 determines the priority of conflicting claims to Article 12  
25 property when the priority rules of Article 9 as amended by this article  
26 do not apply.

27 (b) Established priorities. Subject to subsection (c), when the prior-  
28 ity rules of Article 9 as amended by a chapter of the laws of two thou-  
29 sand twenty-five that added this article do not apply and the priorities  
30 of claims to Article 12 property were established before the effective  
31 date of this article, law other than Article 12 determines priority.

32 (c) Determination of certain priorities on adjustment date. When the  
33 priority rules of Article 9 as amended by this article do not apply, to  
34 the extent the priorities determined by this code modify the priorities  
35 established before the effective date this article, the priorities of  
36 claims to Article 12 property established before the effective date of  
37 this article cease to apply on the adjustment date.

38 § 88. This act shall take effect on the one hundred eightieth day  
39 after it shall have become a law.