

A BILL

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IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

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To amend Subtitle I of Title 28 of the District of Columbia Code, to add a new Article 12—
Controllable Electronic Records, to provide rules for transactions involving digital assets,
including cryptocurrency, non-fungible tokens, and electronic promises to pay, and to
provide for their negotiability and their perfection by control; to make conforming and
related amendments to Article 1—General Provisions, Article 2—Sales, Article 2A—
Leases, Article 4A—Funds Transfers, Article 5—Letters of Credit, Article 7—
Documents of Title, Article 8—Investment Securities, and Article 9—Secured
Transactions; to provide transition rules to protect the expectations of parties to existing
transactions; and for other purposes.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this

act may be cited as the “Uniform Commercial Code Amendment Act of 2023”.

Sec. 2. Subtitle I of Title 28 of the District of Columbia Code is amended as follows:

(a) The Table of Contents is amended as follows:

(1) The section heading for section 28:2-106 is amended by striking the period at
the end and inserting the phrase “; hybrid transaction.” in its place.

(2) The section heading for section 28:2-202 is amended by striking the word
“written”.

(3) The section heading for section 28:2A-202 is amended by striking the word
“written”.

(4) The section heading for section 28:3-401 is amended to read as follows:

31 “28:3-401. Signature necessary for liability on instrument.”

32 (5) The section heading for section 28:9-105 is amended to read as follows:

33 “28:9-105. Control of electronic copy of record evidencing chattel paper.”

34 (6) A new section heading is added after the section heading for section 28:9-105
35 to read as follows:

36 “28:9-105A. Control of electronic money.”

37 (7) New section headings are added after the section heading for section 28:9-107
38 to read as follows:

39 “28:9-107A. Control of controllable electronic record, controllable account, or controllable
40 payment intangible.

41 “28:9-107B. No Requirement to Acknowledge or Confirm; No Duties.”

42 (8) New section headings are added after the section heading for section 28:9-306
43 to read as follows:

44 “28:9-306A. Law governing perfection and priority of security interests in chattel paper.

45 “28:9-306B. Law governing perfection and priority of security interests in controllable accounts,
46 controllable electronic records, and controllable payment intangibles.”

47 (9) The section heading for section 28:9-312 is amended to read as follows:

48 "28:9-312. Perfection of security interests in chattel paper, controllable accounts, controllable
49 electronic records, controllable payment intangibles, deposit accounts, negotiable documents,
50 goods covered by documents, instruments, investment property, letter-of-credit rights, and

51 money; perfection by permissive filing; temporary perfection without filing or transfer of
52 possession.”

53 (10) A new section heading is added after the section heading for section 28:9-
54 314 to read as follows:

55 “28:9-314A. Perfection by possession and control of chattel paper.”

56 (11) A new section heading is added after the section heading for section 28:9-
57 326 to read as follows:

58 “28:9-326A. Priority of security interest in controllable account, controllable electronic record,
59 and controllable payment intangible.”

60 (12) The section heading for section 28:9-331 is amended to read as follows:

61 “28:9-331. Priority of rights of purchasers of controllable accounts, controllable electronic
62 records, controllable payment intangibles, documents, instruments, and securities under other
63 articles; priority of interests in financial assets and security entitlements and protection against
64 assertion of claim under Articles 8 and 12.”

65 (13) Headings for a new article 12 are added to read as follows:

66 “Article 12. Controllable Electronic Records.”

67 “Part I. General Provisions.

68 “28:12-101. Title.

69 “28:12-102. Definitions.

70 “28:12-103. Relation to Article 9 and consumer laws.

71 “28:12-104. Rights in controllable account, controllable electronic record, and controllable
72 payment intangible.

73 “28:12-105. Control of controllable electronic record.

74 “28:12-106. Discharge of account debtor on controllable account or controllable
75 payment intangible.

76 “28:12-107. Governing law.

77 “Part II. Transitional Provisions for Articles 9 and 12.”

78 “28:12-201. Definitions.

79 “28:12-202. Saving clause.

80 “28:12-203. Security interest perfected before effective date of 2023 Act.

81 “28:12-204. Security interest unperfected before effective date of 2023 Act.

82 “28:12-206. Effectiveness of actions taken before effective date of 2023 Act.

83 “28:12-206. Priority.

84 “28:12-207. Priority of claims when priority rules of Article 9 do not apply.”

85 (b) Article 1 is amended as follows:

86 (1) Section 28:1-201(b) is amended as follows:

87 (A) Paragraph (10) is amended to read as follows:

88 “(10) “Conspicuous”, with reference to a term, means so written, displayed, or presented
89 that, based on the totality of the circumstances, a reasonable person against which it is to operate
90 ought to have noticed it. Whether a term is “conspicuous” or not is a decision for the court.”

91 (B) Paragraph (15) is amended to read as follows:

92 “(15) “Delivery”, with respect to an electronic document of title, means voluntary
93 transfer of control; and, with respect to an instrument, a tangible document of title, or an
94 authoritative tangible copy of a record evidencing chattel paper, means voluntary transfer of
95 possession.”

96 (C) A new paragraph (16A) is added to read as follows:

97 “(16A) “Electronic” means relating to technology having electrical, digital, magnetic,
98 wireless, optical, electromagnetic, or similar capabilities.”

99 (D) Paragraph (21)(C) is amended by striking the word “control” and
100 inserting the phrase “control, other than pursuant to § 28:7-106(g)”.

101 (E) Paragraph (24) is amended to read as follows:

102 “(24) “Money” means a medium of exchange that is currently authorized or adopted by a
103 domestic or foreign government. The term “money” includes a monetary unit of account
104 established by an intergovernmental organization or pursuant to an agreement between 2 or more
105 countries. The term “money” does not include an electronic record that is a medium of exchange
106 recorded and transferable in a system that existed and operated for the medium of exchange
107 before the medium of exchange was authorized or adopted by the government.”

108 (F) Paragraph (27) is amended by to read as follows:

109 “(27) “Person” means an individual, estate, business or nonprofit entity, government or
110 governmental subdivision, agency, or instrumentality, or other legal entity. The term “person”

111 includes a protected series, however denominated, of an entity, if the protected series is
112 established under law, other than this subtitle, that limits, or limits if conditions specified under
113 the law are satisfied, the ability of a creditor of the entity or of any other protected series of the
114 entity to satisfy a claim from assets of the protected series.”

115 (G) Paragraph (36) is amended by to read as follows:

116 “(36) “Send”, in connection with a record or notification means:

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

120 “(B) To cause the record or notification to be received within the time it would
121 have been received if properly sent under subparagraph (A).”

122 (H) Paragraph (37) is amended by to read as follows:

123 “(37)(A) “Sign” means, with present intent to authenticate or adopt a record:

124 “(i) To execute or adopt a tangible symbol; or

125 “(ii) To attach to or logically associate with the record an electronic
126 symbol, sound, or process.

127 “(B) “Signed”, “signing”, and “signature” have corresponding meanings.”

128 (2) Section 28:1-204 is amended by deleting the phrase “Articles 3, 4, and 5” and
129 inserting the phrase “articles 3, 4, 5, and 12” in its place.

130 (3) Section 28:1-301(c) is amended as follows:

131 (A) Paragraph (7) is amended by striking the period at the end and
132 inserting a semicolon in its place; and

133 (B) A new paragraph (8) is added to read as follows:

134 “(8) Section 28:12-107.”

135 (4) Section 28:1-306 is amended by striking the phrase “an authenticated” and
136 inserting the phrase “a signed” in its place.

137 (c) Article 2 is amended as follows:

138 (1) Section 28:2-102 is amended to read as follows:

139 “§ 28:2-102. Scope; certain security and other transactions excluded from this article.

140 “(a) Unless the context otherwise requires, and except as provided in subsection (c) of
141 this section, this article applies to transactions in goods and, in the case of a hybrid transaction, it
142 applies to the extent provided in subsection (b) of this section.

143 “(b) In a hybrid transaction:

144 “(1) If the sale-of-goods aspects do not predominate, only the provisions of this
145 article that relate primarily to the sale-of-goods aspects of the transaction apply, and the
146 provisions that relate primarily to the transaction as a whole do not apply.

147 “(2) If the sale-of-goods aspects predominate, this article applies to the transaction
148 but does not preclude application in appropriate circumstances of other law to aspects of the
149 transaction which do not relate to the sale of goods.

150 “(c) This article does not:

151 “(1) Apply to a transaction that, even though in the form of an unconditional
152 contract to sell or present sale, operates only to create a security interest; or

153 “(2) Impair or repeal a statute regulating sales to consumers, farmers, or other
154 specified classes of buyers.”

155 (2) Section 28:2-106 is amended as follows:

156 (A) The section heading is amended by striking the period at the end and
157 inserting the phrase “; hybrid transaction.” in its place.

158 (B) A new paragraph (5) is added to read as follows:

159 “(5) “Hybrid transaction” means a single transaction involving a sale of goods
160 and:

161 “(A) The provision of services;

162 “(B) A lease of other goods; or

163 “(C) A sale, lease, or license of property other than goods.”

164 (3) Section 28:2-201 is amended as follows:

165 (A) Paragraph (1) is amended to read as follows:

166 “(1) Except as otherwise provided in this section a contract for the sale of goods for the
167 price of \$500 or more is not enforceable by way of action or defense unless there is a record
168 sufficient to indicate that a contract for sale has been made between the parties and signed by the
169 party against whom enforcement is sought or by the party’s authorized agent or broker. A record
170 is not insufficient because it omits or incorrectly states a term agreed upon but the contract is not

171 enforceable under this subsection beyond the quantity of goods shown in the record.”

172 (B) Paragraph (2) is amended to read as follows:

173 “(2) Between merchants if within a reasonable time a record in confirmation of the
174 contract and sufficient against the sender is received and the party receiving it has reason to
175 know its contents, it satisfies the requirements of subsection (1) of this section against the party
176 unless notice in a record of objection to its contents is given within 10 days after it is received.”

177 (4) Section 28:2-202 is amended as follows:

178 (A) The section heading is amended by striking the word “written”.

179 (B) Subsection (b) is amended by striking the word “writing” and inserting
180 the word “record” in its place.

181 (5) Section 28:2-203 is amended by striking the word “writing” both places it
182 appears and inserting the word “record” in its place.

183 (6) Section 28:2-205 is amended by striking the word “writing” and inserting the
184 word “record” in its place.

185 (7) Section 28:209(2) is amended by striking the word “writing” and inserting the
186 phrase “writing or other signed record” in its place.

187 (d) Article 2A is amended as follows:

188 (1) Section 28:2A-102 is amended to read as follows:

189 “28:2A-102. Scope.

190 “(a) This article applies to any transaction, regardless of form, that creates a lease; in

191 the case of a hybrid lease, this article applies to the extent provided in subsection (b) of this
192 section.

193 “(b) In a hybrid lease:

194 “(1) If the lease-of-goods aspects do not predominate:

195 “(A) Only the provisions of this article which relate primarily to the
196 lease-of-goods aspects of the transaction apply, and the provisions that relate primarily to the
197 transaction as a whole do not apply;

198 “(B) Section 28:2A-209 applies if the lease is a finance lease; and

199 “(C) Section 28:2A-407 applies to the promises of the lessee in a
200 finance lease to the extent the promises are consideration for the right to possession and use
201 of the leased goods; and

202 “(2) If the lease-of-goods aspects predominate, this article applies to the
203 transaction, but does not preclude application in appropriate circumstances of other law to
204 aspects of the lease which do not relate to the lease of goods.”

205 (2) Section 28:2A-103(a) is amended by adding a new paragraph (8A) to read
206 as follows:

207 “(8A) “Hybrid lease” means a single transaction involving a lease of goods and:

208 “(A) The provision of services;

209 “(B) A sale of other goods; or

210 “(C) A sale, lease, or license of property other than goods.”

211 (3) Section 28:2A-107 is amended by striking the phrase “written waiver or
212 renunciation signed and” and inserting the phrase “waiver or renunciation in a signed record”
213 in its place.

214 (4) Section 28:2A-201 is amended as follows:

215 (A) Subsection (a)(2) is amended by striking the word “writing” and
216 inserting the word “record” in its place.”

217 (B) Subsection (c) is amended by striking the word “writing” both time
218 it appears and inserting the word “record” in its place.

219 (C) Subsection (e)(1) is amended by striking the word “writing” and
220 inserting the word “record” in its place.”

221 (5) Section 28:2A-202 is amended as follows:

222 (A) The section heading is amended by striking the word “written”.

223 (B) The lead-in sentence is amended by striking the word “writing” and
224 inserting the word “record” in its place.

225 (C) Paragraph (2) is amended by striking the word “writing” and
226 inserting the word “record” in its place.

227 (6) Section 28:2A-203 is amended by striking the word “writing” both times it
228 appears and inserting the word “record” in its place.

229 (7) Section 28:2A-205 is amended by striking the word “writing” and inserting
230 the word “record” in its place.

231 (8) Section 28:2A-208(b) is amended by striking the word “writing” and
232 inserting the word “record” in its place.

233 (e) Article 3 is amended as follows:

234 (1) Section 28:3-104(a)(3) is amended to read as follows:

235 “(3) Does not state any other undertaking or instruction by the person
236 promising or ordering payment to do any act in addition to the payment of money, but the
237 promise or order may contain (i) an undertaking or power to give, maintain, or protect
238 collateral to secure payment, (ii) an authorization or power to the holder to confess judgment
239 or realize on or dispose of collateral, (iii) a waiver of the benefit of any law intended for the
240 advantage or protection of an obligor, (iv) a term that specifies the law that governs the
241 promise or order, or (v) an undertaking to resolve in a specified forum a dispute concerning
242 the promise or order.”

243 (2) Section 28:3-105(a) is amended to read as follows:

244 “(a) “Issue” means:

245 “(1) The first delivery of an instrument by the maker or drawer, whether to a
246 holder or non-holder, for the purpose of giving rights on the instrument to any person; or

247 “(2) If agreed by the payee, the first transmission by the drawer to the payee of
248 an image of an item and information derived from the item that enables the depository bank
249 to collect the item by transferring or presenting under federal law an electronic check.”

250 (3) Section 28:3-401(b) is repealed.

251 (4) Section 28:3-604 is amended as follows:

252 (A) Subsection (a) is amended by adding a new sentence at the end to
253 read as follows: “The obligation of a party to pay a check is not discharged solely by
254 destruction of the check in connection with a process in which information is extracted from
255 the check and an image of the check is made and, subsequently, the information and image
256 are transmitted for payment.”

257 (B) Subsection (c) is repealed.

258 (f) Article 4A is amended as follows:

259 (1) Section 28:4A-103(a)(3) is amended by striking the phrase “,
260 electronically, or in writing” and inserting the phrase “or in a record” in its place.

261 (2) Section 28:4A-201 is amended to read as follows:

262 ““Security procedure” means a procedure established by agreement of a customer and
263 a receiving bank for the purpose of (i) verifying that a payment order or communication
264 amending or cancelling a payment order is that of the customer, or (ii) detecting error in the
265 transmission or the content of the payment order or communication. A security procedure
266 may impose an obligation on the receiving bank or the customer and may require the use of
267 algorithms or other codes, identifying words, ~~or~~ numbers, symbols, sounds, biometrics,
268 encryption, callback procedures, or similar security devices. Comparison of a signature on a
269 payment order or communication with an authorized specimen signature of the customer or
270 requiring a payment order to be sent from a known email address, Internet Protocol address,

271 or telephone number is not by itself a security procedure.”

272 (3) Section 28:4A-202 is amended as follows:

273 (A) Subsection (b) is amended to read as follows:

274 “(b) If a bank and its customer have agreed that the authenticity of payment orders
275 issued to the bank in the name of the customer as sender will be verified pursuant to a
276 security procedure, a payment order received by the receiving bank is effective as the order
277 of the customer, whether or not authorized, if (i) the security procedure is a commercially
278 reasonable method of providing security against unauthorized payment orders, and (ii) the
279 bank proves that it accepted the payment order in good faith and in compliance with the
280 bank’s obligations under the security procedure and any agreement or instruction of the
281 customer, evidenced by a record, restricting acceptance of payment orders issued in the name
282 of the customer. The bank is not required to follow an instruction that violates an agreement
283 with the customer, evidenced by a record, or notice of which is not received at a time and in
284 a manner affording the bank a reasonable opportunity to act on it before the payment order is
285 accepted.”

286 (B) Subsection (c) is amended by:

287 (i) Striking the word “writing” and inserting the phrase “a
288 record” in its place; and

289 (ii) Striking the phrase “in compliance with the security
290 procedure chosen by the customer” and inserting the phrase “in compliance with the bank’s

291 security obligation under the security procedure chosen by the customer”

292 (4) Section 28:4A-203(a)(1) is amended by striking the phrase “written
293 agreement” and inserting the phrase “agreement evidenced by a record” in its place.

294 (5) Section 28:4A-207(c)(2) is amended by striking the word “writing” and
295 inserting the word “record” in its place.

296 (6) Section 28:4A-208(b)(2) is amended by striking the word “writing” and
297 inserting the word “record” in its place.

298 (7) Section 28:4A-210(a) is amended by striking the phrase “, electronically,
299 or in writing” and inserting the phrase “or in a record” in its place.

300 (8) Section 28:4A-211(a) is amended by striking the phrase “, electronically,
301 or in a writing” and inserting the phrase “or in a record” in its place.

302 (9) Section 28:4A-305 is amended as follows:

303 (A) Subsection (c) is amended by striking the phrase “written
304 agreement of the receiving bank” and inserting the phrase “agreement of the receiving bank,
305 evidenced by a record”.

306 (B) Subsection (d) is amended by striking the phrase “written
307 agreement of the receiving bank” and inserting the phrase “agreement of the receiving bank,
308 evidenced by a record”.

309 (g) Article 5 is amended as follows:

310 (1) Section 28:5-104 is amended by striking the phrase “record and is

311 authenticated (i) by a signature or (ii) in accordance with the agreement of the parties or the
312 standard practice referred to in § 28:5-108(e)” and inserting the phrase “signed record” in its
313 place.

314 (2) Section 28:5-116 is amended as follows:

315 (A) Subsection (a) is amended by striking the phrase “or otherwise
316 authenticated by the affected parties in the manner provided in § 28:5-104” and inserting the
317 phrase “by the affected parties” in its place.

318 (B) Subsection (b) is amended by striking the fourth sentence.

319 (C) A new subsection (b-1) is added to read as follows:

320 “(b-1) For the purpose of jurisdiction, choice of law, and recognition of interbranch
321 letters of credit, but not enforcement of a judgment, all branches of a bank are considered
322 separate juridical entities and a bank is considered to be located at the place where its
323 relevant branch is considered to be located under subsection (b-2) of this section.”.

324 (F) A new subsection (b-2) is added to read as follows:

325 “(b-2) A branch of a bank is considered to be located at the address indicated in the
326 branch’s undertaking. If more than one address is indicated, the branch is considered to be
327 located at the address from which the undertaking was issued.”.

328 (h) Article 7 is amended as follows:

329 (1) Section 28:7-102(a) is amended as follows:

330 (A) Paragraph (10) is repealed.

331 (B) Paragraph (12) is repealed.

332 (2) Section 28:7-106 is amended to read as follows:

333 (A) Subsection (b) is amended as follows:

334 (i) The lead-in language is amended as follows:

335 (I) Striking the phrase “is deemed to have” and inserting
336 the word “has” in its place; and

337 (II) striking the phrase “assigned in such” and inserting
338 the phrase “transferred in” in its place.

339 (ii) Paragraph (4) is amended by striking the word “assignee”
340 and inserting the word “transferee” in its place.

341 (B) New subsections are added to read as follows:

342 “(c) A system satisfies subsection (a) of this section, and a person has control of an
343 electronic document of title, if an authoritative electronic copy of the document, a record
344 attached to or logically associated with the electronic copy, or a system in which the
345 electronic copy is recorded:

346 “(1) Enables the person readily to identify each electronic copy as either an
347 authoritative copy or a non-authoritative copy;

348 “(2) Enables the person readily to identify itself in any way, including by
349 name, identifying number, cryptographic key, office, or account number, as the person to
350 which each authoritative electronic copy was issued or transferred; and

351 “(3) Gives the person exclusive power, subject to subsection (d) of this
352 section, to:

353 “(A) Prevent others from adding or changing the person to which each
354 authoritative electronic copy has been issued or transferred; and

355 “(B) Transfer control of each authoritative electronic copy.

356 “(d) Subject to subsection (e) of this section, a power is exclusive under subsection
357 (c)(3) of this section even if:

358 “(1) The authoritative electronic copy, a record attached to or logically
359 associated with the authoritative electronic copy, or a system in which the authoritative
360 electronic copy is recorded limits the use of the document of title or has a protocol that is
361 programmed to cause a change, including a transfer or loss of control; or

362 “(2) The power is shared with another person.

363 “(e) A power of a person is not shared with another person under subsection (d)(2) of
364 this section and the person’s power is not exclusive if:

365 “(1) The person can exercise the power only if the power also is exercised by
366 the other person; and

367 “(2) The other person:

368 “(A) Can exercise the power without exercise of the power by the
369 person; or

370 “(B) Is the transferor to the person of an interest in the document of

371 title.

372 “(f) If a person has the powers specified in subsection (c)(3) of this section, those
373 powers are presumed to be exclusive.

374 “(g) A person has control of an electronic document of title if another person, other
375 than the transferor to the person of an interest in the document:

376 “(1) Has control of the document and acknowledges that it has control on
377 behalf of the person; or

378 “(2) Obtains control of the document after having acknowledged that it will
379 obtain control of the document on behalf of the person.

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

382 “(i) If a person acknowledges that it has or will obtain control on behalf of another
383 person, unless the person otherwise agrees or law other than this article or article 9 otherwise
384 provides, the person does not owe any duty to the other person and is not required to confirm
385 the acknowledgment to any other person.”

386 (i) Article 8 is amended as follows:

387 (1) Section 28:8-102 is amended as follows:

388 (A) Subsection (a)(6)(A) is amended by striking the word “writing” and
389 inserting the word “record” in its place.

390 (B) Subsection (b) is amended to read as follows:

391 “(b) The following definitions in this article and other articles apply to this article:

392 “(1) “Appropriate person”. § 28:8-107.

393 “(2) “Control”. § 28:8-106.

394 “(3) “Controllable account”. § 28:9-102.

395 “(4) “Controllable electronic record”. § 28:12-102.

396 “(5) “Controllable payment intangible”. § 28:9-102.

397 “(6) “Delivery”. § 28:8-28:8-301.

398 “(7) “Investment company security”. § 28:8-103.

399 “(8) “Issuer”. § 28:8-201.

400 “(9) “Overissue”. § 28:8-210.

401 “(10) “Protected purchaser”. § 28:8-303.

402 “(11) “Securities account”. § 28:8-501.”

403 (2) Section 28:8-103 is amended by adding a new subsection (h) to read
404 as follows:

405 “(h) A controllable account, controllable electronic record, or controllable payment
406 intangible is not a financial asset unless § 28:8-102(a)(9)(A)(iii) applies.”

407 (3) Section 28:8-106 is amended as follows:

408 (A) Subsection (d)(3) is amended to read as follows:

409 “(3) Another person, other than the transferor to the purchaser of an interest in
410 the security entitlement:

411 “(A) Has control of the security entitlement and acknowledges that it
412 has control on behalf of the purchaser; or

413 “(B) Obtains control of the security entitlement after having
414 acknowledged that it will obtain control of the security entitlement on behalf of the
415 purchaser.”

416 (B) New subsections (h) and (i) are added to read as follows:

417 “(h) A person that has control under this section is not required to acknowledge that it has
418 control on behalf of a purchaser.

419 “(i) If a person acknowledges that it has or will obtain control on behalf of a purchaser,
420 unless the person otherwise agrees or law other than this article or article 9 otherwise provides,
421 the person does not owe any duty to the purchaser and is not required to confirm the
422 acknowledgment to any other person.”

423 (4) Section 28:8-110 is amended by adding a new subsection (g) to read as
424 follows:

425 “(g) The local law of the issuer’s jurisdiction or the securities intermediary’s
426 jurisdiction governs a matter or transaction specified in subsection (a) or (b) of this section,
427 even if the matter or transaction does not bear any relation to the jurisdiction.”

428 (5) Section 28:8-303(b) is amended by striking the phrase “In addition to
429 acquiring the rights of a purchaser, a” and inserting the word “A” in its place.

430 (j) Article 9 is amended as follows:

431 (1) Section 28:9-102 is amended as follows:

432 (A) Subsection (a) is amended as follows:

433 (i) Paragraph (2) is amended to read as follows:

434 “(2) “Account”, except as used in “account for”, “account statement”,
435 “account to”, “commodity account” in paragraph (14) of this subsection, “customer’s
436 account”, “deposit account” in paragraph (29) of this subsection, “on account of”, and
437 “statement of account”, means a right to payment of a monetary obligation, whether or not
438 earned by performance, (i) for property that has been or is to be sold, leased, licensed,
439 assigned, or otherwise disposed of, (ii) for services rendered or to be rendered, (iii) for a
440 policy of insurance issued or to be issued, (iv) for a secondary obligation incurred or to be
441 incurred, (v) for energy provided or to be provided, (vi) for the use or hire of a vessel under a
442 charter or other contract, (vii) arising out of the use of a credit or charge card or information
443 contained on or for use with the card, or (viii) as winnings in a lottery or other game of
444 chance operated or sponsored by a State, governmental unit of a State, or person licensed or
445 authorized to operate the game by a State or governmental unit of a State. The term includes
446 controllable accounts and health-care-insurance receivables. The term does not include (i)
447 chattel paper, (ii) commercial tort claims, (iii) deposit accounts, (iv) investment property, (v)
448 letter-of-credit rights or letters of credit, (vi) rights to payment for money or funds advanced
449 or sold, other than rights arising out of the use of a credit or charge card or information
450 contained on or for use with the card, or (vii) rights to payment evidenced by an instrument.”

451 (ii) Paragraph (3) is amended by striking the phrase “instrument
452 constitutes part of” and inserting the phrase “negotiable instrument evidences” in its place.

453 (iii) Paragraph (4)(A) is amended by striking the word
454 “Authenticated” and inserting the word “Signed” in its place.

455 (iv) Paragraph (7) is repealed.

456 (v) New paragraphs (7A) and (7B) are added to read as follows:

457 “(7A) “Assignee”, except as used in “assignee for benefit of creditors”, means
458 a person (i) in whose favor a security interest that secures an obligation is created or
459 provided for under a security agreement, whether or not the obligation is outstanding or (ii)
460 to which an account, chattel paper, payment intangible, or promissory note has been sold.
461 The term includes a person to which a security interest has been transferred by a secured
462 party.

463 “(7B) “Assignor” means a person that (i) under a security agreement creates or
464 provides for a security interest that secures an obligation or (ii) sells an account, chattel
465 paper, payment intangible, or promissory note. The term includes a secured party that has
466 transferred a security interest to another person.”

467 (vi) Paragraph (11) is amended to read as follows:

468 “(11)(A) “Chattel paper” means:

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

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

474 “(I) The right to payment and lease agreement are
475 evidenced by a record; and

476 “(II) The predominant purpose of the transaction giving
477 rise to the lease was to give the lessee the right to possession and use of the goods.

478 “(B) The term does not include a right to payment arising out of a
479 charter or other contract involving the use or hire of a vessel or a right to payment arising out
480 of the use of a credit or charge card or information contained on or for use with the card.”

481 (vii) New paragraphs (27A) and (27B) are added to read as
482 follows:

483 “(27A) “Controllable account” means an account evidenced by a controllable
484 electronic record that provides that the account debtor undertakes to pay the person that has
485 control under § 28:12-105 of the controllable electronic record.

486 “(27B) “Controllable payment intangible” means a payment intangible
487 evidenced by a controllable electronic record that provides that the account debtor undertakes
488 to pay the person that has control under §28:12-105 of the controllable electronic record.”

489 (viii) Paragraph (31) is repealed.

490 (ix) A new paragraph (31A) is added to read as follows:

491 “(31A) “Electronic money” means money in an electronic form.”

492 (x) Paragraph (42) is amended by striking the second sentence
493 and inserting the sentence “The term includes controllable electronic records, payment
494 intangibles, and software.” in its place.

495 (xi) Paragraph (47) is amended striking the period at the end and
496 inserting the phrase “, or (iv) writings that evidence chattel paper.” in its place.

497 (xii) A new paragraph (54A) is added to read as follows:

498 “(54A) “Money” has the meaning in §28:1-201(b)(24), but does not include (i)
499 a deposit account or (ii) money in an electronic form that cannot be subjected to control
500 under §28:9-105A.”

501 (xiii) Paragraph (61) is amended by adding a new sentence at
502 the end to read as follows: “The term includes a controllable payment intangible.”

503 (xiv) Paragraph (66) is amended by striking the word
504 “authenticated” and inserting the word “signed” in its place.

505 (xv) Paragraph (75) is repealed.

506 (xvi) Paragraph (79) is repealed.

507 (xvii) A new paragraph (79A) is added to read as follows:

508 “(79A) “Tangible money” means money in a tangible form”.

509 (B) Subsection (b) is amended to read as follows:

510 “(b) “Control” as provided in § 28:7-106 and the following definitions in other

511 articles apply to this article:

512 “(1) “Applicant” § 28:5-102.

513 “(2) “Beneficiary” § 28:5-102.

514 “(3) “Broker” § 28:8-102.

515 “(4) “Certificated security” § 28:8-102.

516 “(5) “Check” § 28:3-104.

517 “(6) “Clearing corporation” § 28:8-102.

518 “(7) “Contract for sale” § 28:2-106.

519 “(8) “Controllable electronic record”. § 28:12-102.

520 “(9) “Customer” § 28:4-104.

521 “(10) “Entitlement holder” § 28:8-102.

522 “(11) “Financial asset” § 28:8-102.

523 “(12) “Holder in due course” § 28:3-302.

524 “(13)(A) “Issuer” (with respect to a letter of credit or letter-of-credit right) §
525 28:5-102;

526 “(B) “Issuer” (with respect to a security) § 28:8-201; and

527 “(C) “Issuer” (with respect to documents of title) § 28:7-102.

528 “(14) “Lease” § 28:2A-103.

529 “(15) “Lease agreement” § 28:2A-103.

530 “(16) “Lease contract” § 28:2A-103.

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- 531 “(17) “Leasehold interest” § 28:2A-103.
- 532 “(18) “Lessee” § 28:2A-103.
- 533 “(19) “Lessee in ordinary course of business” § 28:2A-103.
- 534 “(20) “Lessor” § 28:2A-103.
- 535 “(21) “Lessor's residual interest” § 28:2A-103.
- 536 “(22) “Letter of credit” § 28:5-102.
- 537 “(23) “Merchant” § 28:2-104.
- 538 “(24) “Negotiable instrument” § 28:3-104.
- 539 “(25) “Nominated person” § 28:5-102.
- 540 “(26) “Note” § 28:3-104.
- 541 “(27) “Proceeds of a letter of credit” § 28:5-114.
- 542 “(28) “Protected purchaser”. § 28:8-303.
- 543 “(29) “Prove” § 28:3-103.
- 544 “(30) “Qualifying purchaser”. § 28:12-102.
- 545 “(31) “Sale” § 28:2-106.
- 546 “(32) “Securities account” § 28:8-501.
- 547 “(33) “Securities intermediary” § 28:8-102.
- 548 “(34) “Security” § 28:8-102.
- 549 “(35) “Security certificate” § 28:8-102.
- 550 “(36) “Security entitlement” § 28:8-102.

551 “(37) “Uncertificated security” §§ 28:9-104.”

552 (2) Section 28:9-104(a) is amended as follows:

553 (A) Paragraph (2) is amended by:

554 (i) Striking the phrase “an authenticated” and inserting the
555 phrase “a signed” in its place; and

556 (ii) Striking the word “or”.

557 (B) Paragraph (3) is amended by striking the period and inserting the
558 phrase “; or” in its place.

559 (C) A new paragraph (4) is added to read as follows:

560 “(4) Another person, other than the debtor:

561 “(A) Has control of the deposit account and acknowledges that it has
562 control on behalf of the secured party; or

563 “(B) Obtains control of the deposit account after acknowledged that it
564 will obtain control of the deposit account on behalf of the secured party.”

565 (3) Section 28:9-105 is amended to read as follows:

566 “§ 28:9-105. Control of electronic copy of record evidencing chattel paper.

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

571 “(b) A system satisfies subsection (a) if the record or records evidencing the chattel
572 paper are created, stored, and assigned in a manner that:

573 “(1) A single authoritative copy of the record or records exists which is
574 unique, identifiable, and, except as otherwise provided in paragraphs (4), (5), and (6) of this
575 section, unalterable;

576 “(2) The authoritative copy identifies the purchaser as the assignee of the
577 record or records;

578 “(3) The authoritative copy is communicated to and maintained by the
579 purchaser or its designated custodian;

580 “(4) Copies or amendments that add or change an identified assignee of the
581 authoritative copy can be made only with the consent of the purchaser;

582 “(5) Each copy of the authoritative copy and any copy of a copy is readily
583 identifiable as a copy that is not the authoritative copy; and

584 “(6) Any amendment of the authoritative copy is readily identifiable as
585 authorized or unauthorized.

586 “(c) A system satisfies subsection (a) of this section, and a purchaser has control of an
587 authoritative electronic copy of a record evidencing chattel paper, if the electronic copy, a
588 record attached to or logically associated with the electronic copy, or a system in which the
589 electronic copy is recorded:

590 “(1) Enables the purchaser readily to identify each electronic copy as either an

591 authoritative copy or a non-authoritative copy;

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

595 “(3) Gives the purchaser exclusive power, subject to subsection (d) of this
596 section, to:

597 “(A) Prevent others from adding or changing an identified assignee of
598 the authoritative electronic copy; and

599 “(B) Transfer control of the authoritative electronic copy.

600 “(d) Subject to subsection (e) of this section, a power is exclusive under subsection
601 (c)(3)(A) and (B) of this section even if:

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

606 “(2) The power is shared with another person.

607 “(e) A power of a purchaser is not shared with another person under subsection (d)(2)
608 of this section and the purchaser’s power is not exclusive if:

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

611 “(2) The other person:

612 “(A) Can exercise the power without exercise of the power by the
613 purchaser; or

614 “(B) Is the transferor to the purchaser of an interest in the chattel paper.

615 “(f) If a purchaser has the powers specified in subsection (c)(3)(A) and (B) of this
616 section, the powers are presumed to be exclusive.

617 “(g) A purchaser has control of an authoritative electronic copy of a record
618 evidencing chattel paper if another person, other than the transferor to the purchaser of an
619 interest in the chattel paper:

620 “(1) Has control of the authoritative electronic copy and acknowledges that it
621 has control on behalf of the purchaser; or

622 “(2) Obtains control of the authoritative electronic copy after having
623 acknowledged that it will obtain control of the electronic copy on behalf of the purchaser.”

624 (4) A new section 28:9-105A is added to read as follows:

625 “§ 28:9-105A. Control of electronic money.

626 “(a) A person has control of electronic money if:

627 “(1) The electronic money, a record attached to or logically associated with the
628 electronic money, or a system in which the electronic money is recorded gives the person:

629 “(A) Power to avail itself of substantially all the benefit from the
630 electronic money; and

631 “(B) Exclusive power, subject to subsection (b) of this section, to:

632 “(i) Prevent others from availing themselves of substantially all
633 the benefit from the electronic money; and

634 “(ii) Transfer control of the electronic money to another person
635 or cause another person to obtain control of other electronic money as a result of the transfer
636 of the electronic money; and

637 “(2) The electronic money, a record attached to or logically associated with the
638 electronic money, or a system in which the electronic money is recorded enables the person
639 readily to identify itself in any way, including by name, identifying number, cryptographic
640 key, office, or account number, as having the powers under paragraph (1) of this subsection.

641 “(b) Subject to subsection (c) of this section, a power is exclusive under subsection
642 (a)(1)(B)(i) and (ii) of this section even if:

643 “(1) The electronic money, a record attached to or logically associated with the
644 electronic money, or a system in which the electronic money is recorded limits the use of the
645 electronic money or has a protocol programmed to cause a change, including a transfer or
646 loss of control; or

647 “(2) The power is shared with another person.

648 “(c) A power of a person is not shared with another person under subsection (b)(2) of
649 this section and the person’s power is not exclusive if:

650 “(1) The person can exercise the power only if the power also is exercised by

651 the other person; and

652 “(2) The other person:

653 “(A) Can exercise the power without exercise of the power by the
654 person; or

655 “(B) Is the transferor to the person of an interest in the electronic
656 money.

657 “(d) If a person has the powers specified in subsection (a)(1)(B)(i) and (ii) of this
658 section, the powers are presumed to be exclusive.

659 “(e) A person has control of electronic money if another person, other than the
660 transferor to the person of an interest in the electronic money:

661 “(1) Has control of the electronic money and acknowledges that it has control
662 on behalf of the person; or

663 “(2) Obtains control of the electronic money after having acknowledged that it
664 will obtain control of the electronic money on behalf of the person.”

665 (5) New sections 28:9-107A and 28:9-107B are added to read as follows:

666 “§ 28:9-107A. Control of controllable electronic record, controllable account, or
667 controllable payment intangible.

668 “(a) A secured party has control of a controllable electronic record as provided in
669 § 28:12-105.

670 “(b) A secured party has control of a controllable account or controllable payment

671 intangible if the secured party has control of the controllable electronic record that evidences
672 the controllable account or controllable payment intangible.

673 “§ 28:9-107B. No requirement to acknowledge or confirm; no duties.

674 “(a) A person that has control under § 28:9-104, § 28:9-105, or § 28:9-105A is not
675 required to acknowledge that it has control on behalf of another person.

676 “(b) If a person acknowledges that it has or will obtain control on behalf of another
677 person, unless the person otherwise agrees or law other than this article otherwise provides,
678 the person does not owe any duty to the other person and is not required to confirm the
679 acknowledgment to any other person.”

680 (6) Section 28:9-203(b)(3) is amended as follows:

681 (A) Subparagraph (A) is amended by striking the word “authenticated”
682 and inserting the word “signed” in its place.

683 (B) Subparagraph (C) is amended by striking the word “or”.

684 (C) Subparagraph (D) is amended to read as follows:

685 “(D) the collateral is controllable accounts, controllable electronic
686 records, controllable payment intangibles, deposit accounts, electronic documents, electronic
687 money, investment property, or letter-of-credit rights, and the secured party has control under
688 § 28:7-106, § 28:9-104, § 28:9-105A, § 28:9-106, § 28:9-107, or § 28:9-107A pursuant to the
689 debtor’s security agreement; or”.

690 (D) A new subparagraph (E) is added to read as follows:

691 “(E) The collateral is chattel paper and the secured party has possession
692 and control under § 28:9-314A pursuant to the debtor’s security agreement.”

693 (7) Section 28:9-204 is amended as follows:

694 (A) Subparagraph (b) is amended by striking the word “A” the first
695 time it appears and inserting the phrase “Subject to subsection (b1) of this section, a” in its
696 place.

697 (B) A new subsection (b-1):

698 “(b-1) Subsection (b) of this section does not prevent a security interest from
699 attaching:

700 “(1) To consumer goods as proceeds under § 28:9-315(a) or commingled
701 goods under § 28:9-336(c);

702 “(2) To a commercial tort claim as proceeds under § 28:9-315(a); or

703 “(3) Under an after-acquired property clause to property that is proceeds of
704 consumer goods or a commercial tort claim.”

705 (8) Section 28:9-207(c) is amended by striking the phrase “§ 28:7-106, § 28:9-
706 104, § 28:9-105, § 28:9-106, or § 28:9-107” and inserting the phrase “§ 28:7-106, § 28:9-
707 104, § 28:9-105, § 28:9-105A, § 28:9-106, § 28:9-107, or § 28:9-107A” in its place.

708 (9) Section 28:9-208(b) is amended as follows:

709 (A) Striking the phrase “an authenticated” and inserting the phrase “a
710 signed” in its place.

711 (B) Paragraph (3) is amended to read as follows:

712 “(3) A secured party, other than a buyer, having control under § 28:9-105 of an
713 authoritative electronic copy of a record evidencing chattel paper shall transfer control of the
714 electronic copy to the debtor or a person designated by the debtor;”.

715 (C) Paragraph (4) is amended by striking the phrase “an authenticated”
716 and inserting the phrase “a signed” in its place.

717 (D) Paragraph (5) is amended by:

718 (i) Striking the phrase “an authenticated” and inserting the
719 phrase “a signed” in its place; and

720 (ii) Striking the phrase “; and” and inserting a semicolon in its
721 place.

722 (E) Paragraph (6) is amended to read as follows:

723 “(6) A secured party having control under § 28:7-106 of an authoritative
724 electronic copy of an electronic document of title shall transfer control of the electronic copy
725 to the debtor or a person designated by the debtor;”.

726 (F) New paragraphs (7) and (8) are added to read as follows:

727 “(7) A secured party having control under § 28:9-105A of electronic money
728 shall transfer control of the electronic money to the debtor or a person designated by the
729 debtor; and

730 “(8) A secured party having control under § 28:12-105 of a controllable

731 electronic record, other than a buyer of a controllable account or controllable payment
732 intangible evidenced by the controllable electronic record, shall transfer control of the
733 controllable electronic record to the debtor or a person designated by the debtor.”

734 (10) Section 28:9-209(b) is amended to read as follows:

735 “(b) Within 10 days after receiving a signed demand by the debtor, a secured party
736 shall send to an account debtor that has received notification under § 28:9-406(a) or § 28:12-
737 106(b) of an assignment to the secured party as assignee a signed record that releases the
738 account debtor from any further obligation to the secured party.”

739 (11) Section 28:9-210 is amended as follows:

740 (A) Subsection (a) is amended as by striking the word “authenticated”
741 wherever it appears and inserting the word “signed” in its place.

742 (B) Subsection (b) is amended by striking the word “authenticating”
743 wherever it appears and inserting the word “signing” in its place.

744 (C) Subsection (c) is amended by striking the phrase “an authenticated”
745 and inserting the phrase “a signed” in its place.

746 (D) Subsection (d) is amended by striking the phrase “an authenticated”
747 and inserting the phrase “a signed” in its place.

748 (E) Subsection (e) is amended by striking the phrase “an authenticated”
749 and inserting the phrase “a signed” in its place.

750 (12) Section 28:9-301 is amended as follows:

751 (A) The lead-in language is amended by striking the word “28:9-306”
752 and inserting the word “28:9-306B” in its place.

753 (B) Paragraph (3) is amended by striking the phrase “while tangible
754 negotiable documents, goods, instruments, money, or tangible chattel paper” and inserting
755 the phrase “while negotiable tangible documents, goods, instruments, or tangible money” in
756 its place.

757 (13) Section 28:9-304(a) is amended by striking the phrase “bank.” and
758 inserting the phrase “bank, even if the transaction does not bear any relation to the bank’s
759 jurisdiction.” in its place.

760 (14) Section 28:9-305(a) is amended by adding a new paragraph (5) to read as
761 follows:

762 “(5) Paragraphs (2), (3), and (4) of this subsection apply even if the transaction
763 does not bear any relation to the jurisdiction.”

764 (15) New sections 28:9-306A and 28:9-306B are added to read as follows:

765 “§ 28:9-306A. Law governing perfection and priority of security interests in chattel
766 paper.

767 “(a) Except as provided in subsection (d) of this section, if chattel paper is evidenced
768 only by an authoritative electronic copy of the chattel paper or is evidenced by an
769 authoritative electronic copy and an authoritative tangible copy, the local law of the chattel
770 paper’s jurisdiction governs perfection, the effect of perfection or nonperfection, and the

771 priority of a security interest in the chattel paper, even if the transaction does not bear any
772 relation to the chattel paper's jurisdiction.

773 “(b) The following rules determine the chattel paper's jurisdiction under this section:

774 “(1) If the authoritative electronic copy of the record evidencing chattel paper,
775 or a record attached to or logically associated with the electronic copy and readily available
776 for review, expressly provides that a particular jurisdiction is the chattel paper's jurisdiction
777 for purposes of this part, this article, or this subtitle, that jurisdiction is the chattel paper's
778 jurisdiction.

779 “(2) If paragraph (1) of this subsection does not apply and the rules of the
780 system in which the authoritative electronic copy is recorded are readily available for review
781 and expressly provide that a particular jurisdiction is the chattel paper's jurisdiction for
782 purposes of this part, this article, or this subtitle, that jurisdiction is the chattel paper's
783 jurisdiction.

784 “(3) If paragraphs (1) and (2) of this subsection do not apply and the
785 authoritative electronic copy, or a record attached to or logically associated with the
786 electronic copy and readily available for review, expressly provides that the chattel paper is
787 governed by the law of a particular jurisdiction, that jurisdiction is the chattel paper's
788 jurisdiction.

789 “(4) If paragraphs (1), (2), and (3) of this subsection do not apply and the rules
790 of the system in which the authoritative electronic copy is recorded are readily available for

791 review and expressly provide that the chattel paper or the system is governed by the law of a
792 particular jurisdiction, that jurisdiction is the chattel paper’s jurisdiction.

793 “(5) If paragraphs (1) through (4) of this subsection do not apply, the chattel
794 paper’s jurisdiction is the jurisdiction in which the debtor is located.

795 “(c) If an authoritative tangible copy of a record evidences chattel paper and the
796 chattel paper is not evidenced by an authoritative electronic copy, while the authoritative
797 tangible copy of the record evidencing chattel paper is located in a jurisdiction, the local law
798 of that jurisdiction governs:

799 “(1) Perfection of a security interest in the chattel paper by possession under
800 § 28:9-314A; and

801 “(2) The effect of perfection or nonperfection and the priority of a security
802 interest in the chattel paper.

803 “(d) The local law of the jurisdiction in which the debtor is located governs perfection
804 of a security interest in chattel paper by filing.

805 “§ 28:9-306B. Law governing perfection and priority of security interests in
806 controllable accounts, controllable electronic records, and controllable payment intangibles.

807 “(a) Except as provided in subsection (b) of this section, the local law of the
808 controllable electronic record’s jurisdiction specified in § 28:12-107(c) governs perfection,
809 the effect of perfection or nonperfection, and the priority of a security interest in a
810 controllable electronic record and a security interest in a controllable account or controllable

811 payment intangible evidenced by the controllable electronic record.

812 “(b) The local law of the jurisdiction in which the debtor is located governs:

813 “(1) Perfection of a security interest in a controllable account, controllable
814 electronic record, or controllable payment intangible by filing; and

815 “(2) Automatic perfection of a security interest in a controllable payment
816 intangible created by a sale of the controllable payment intangible.”

817 (16) Section 28:9-310(b) is amended as follows:

818 (A) Paragraph (8) is amended by striking the phrase “In deposit
819 accounts, electronic chattel paper;” and inserting the phrase “In controllable accounts,
820 controllable electronic records, controllable payment intangibles, deposit accounts,” in its
821 place.

822 (B) A new paragraph (8A) is added to read as follows:

823 “(8A) In chattel paper which is perfected by possession and control under
824 § 28:9-314A;”.

825 (17) Section 28:9-312 is amended as follows:

826 (A) The section heading is amended by striking the phrase “in chattel
827 paper,” and inserting the phrase “in chattel paper, controllable accounts, controllable
828 electronic records, controllable payment intangibles;”.

829 (B) Subsection (a) is amended to read as follows:

830 “(a) A security interest in chattel paper, controllable accounts, controllable electronic

831 records, controllable payment intangibles, instruments, investment property, or negotiable
832 documents may be perfected by filing.”

833 (C) Subsection (b) is amended as follows:

834 (i) Paragraph (2) is amended by striking the word “and”.

835 (ii) Paragraph (3) is amended to read as follows:

836 “(3) a security interest in tangible money may be perfected only by the secured
837 party’s taking possession under § 28:9-313; and”.

838 (iii) A new paragraph (4) is added to read as follows:

839 “(4) A security interest in electronic money may be perfected only by control
840 under § 28:9-314.”.

841 (D) Subsection (e) is amended by striking the phrase “an authenticated”
842 and inserting the phrase “a signed” in its place.

843 (18) Section 28:9-313 is amended as follows:

844 (A) Subsection (a) is amended by striking the phrase “in tangible
845 negotiable documents, goods, instruments, money, or tangible chattel paper” and inserting
846 the phrase “in goods, instruments, negotiable tangible documents, or tangible money” in its
847 place.

848 (B) Subsection (c) is amended as follows:

849 (i) Paragraph (1) is amended by striking the word
850 “authenticates” and inserting the word “signs” in its place.

851 (ii) Paragraph (2) is amended to read as follows:

852 “(2) The person takes possession of the collateral after having signed a record
853 acknowledging that it will hold possession of the collateral for the secured party’s benefit.”

854 (C) Subsection (d) is amended by striking the phrase “no earlier than”
855 and inserting the word “not earlier than” in its place.

856 (19) Section 28:9-314 is amended as follows:

857 (A) Subsection (a) is amended to read as follows:

858 “(a) A security interest in controllable accounts, controllable electronic records,
859 controllable payment intangibles, deposit accounts, electronic documents, electronic money,
860 investment property, or letter-of-credit rights may be perfected by control of the collateral
861 under § 28:7-106, § 28:9-104, § 28:9-105A, § 28:9-106, § 28:9-107, or § 28:9-107A.”

862 (B) Subsection (b) is amended to read as follows:

863 “(b) A security interest in controllable accounts, controllable electronic records,
864 controllable payment intangibles, deposit accounts, electronic documents, electronic money,
865 or letter-of-credit rights is perfected by control under § 28:7-106, § 28:9-104, § 28:9-105A,
866 § 28:9-107, or § 28:9-107A not earlier than the time the secured party obtains control and
867 remains perfected by control only while the secured party retains control.”

868 (C) Subsection (c) is amended by striking the word “from the time” and
869 inserting the phrase “not earlier than the time” in its place.

870 (20) A new section 28:9-314A is added to read as follows:

871 “§ 28:9-314A. Perfection by possession and control of chattel paper.

872 “(a) A secured party may perfect a security interest in chattel paper by taking
873 possession of each authoritative tangible copy of the record evidencing the chattel paper and
874 obtaining control of each authoritative electronic copy of the electronic record evidencing the
875 chattel paper.

876 “(b) A security interest is perfected under subsection (a) of this section not earlier
877 than the time the secured party takes possession and obtains control and remains perfected
878 under subsection (a) of this section only while the secured party retains possession and
879 control.

880 “(c) § 28:9-313(c) and (f) through (i) applies to perfection by possession of an
881 authoritative tangible copy of a record evidencing chattel paper.”

882 (21) Section 28:9-316 is amended as follows:

883 (A) Subsection (a) is amended by striking the phrase “or § 28:9-305(c)”
884 and inserting the phrase “, § 28:9-305(c), § 28:9-306A(d), or § 28:9-306B(b)” in its place.

885 (B) Subsection (f) is amended striking the phrase “deposit accounts,
886 letter-of-credit rights, or investment property which is perfected under the law of” and
887 inserting the phrase “chattel paper, controllable accounts, controllable electronic records,
888 controllable payment intangibles, deposit accounts, letter-of-credit rights, or investment
889 property which is perfected under the law of the chattel paper’s jurisdiction, the controllable
890 electronic record’s jurisdiction,” in its place.

891 (22) Section 28:9-317 is amended as follows:

892 (A) Subsection (b) is amended by striking the phrase “of tangible
893 chattel paper, tangible documents, goods, instruments,” and inserting the phrase “of goods,
894 instruments, tangible documents,” in its place.

895 (B) Subsection (d) is amended to read as follows:

896 “(d) Subject to subsections (f) through (i) of this section, a licensee of a general
897 intangible or a buyer, other than a secured party, of collateral other than electronic money,
898 goods, instruments, tangible documents, or a certificated security takes free of a security
899 interest if the licensee or buyer gives value without knowledge of the security interest and
900 before it is perfected.”

901 (C) The following new subsections are added to read as follows:

902 “(f) A buyer, other than a secured party, of chattel paper takes free of a security
903 interest if, without knowledge of the security interest and before it is perfected, the buyer
904 gives value and:

905 “(1) Receives delivery of each authoritative tangible copy of the record
906 evidencing the chattel paper; and

907 “(2) If each authoritative electronic copy of the record evidencing the chattel
908 paper can be subjected to control under § 28:9-105, obtains control of each authoritative
909 electronic copy.

910 “(g) A buyer of an electronic document takes free of a security interest if, without

911 knowledge of the security interest and before it is perfected, the buyer gives value and, if
912 each authoritative electronic copy of the document can be subjected to control under § 28:7-
913 106, obtains control of each authoritative electronic copy.

914 “(h) A buyer of a controllable electronic record takes free of a security interest if,
915 without knowledge of the security interest and before it is perfected, the buyer gives value
916 and obtains control of the controllable electronic record.

917 “(i) A buyer, other than a secured party, of a controllable account or a controllable
918 payment intangible takes free of a security interest if, without knowledge of the security
919 interest and before it is perfected, the buyer gives value and obtains control of the
920 controllable account or controllable payment intangible.”

921 (23) Section 28:9-323 is amended as follows:

922 (A) Subsection (d) is amended by striking the phrase “other than a
923 buyer in the ordinary course of business”.

924 (B) Subsection (f) is amended by striking the phrase “, other than a
925 lessee in ordinary course of business”.

926 (24) Section 28:9-324 is amended as follows:

927 (A) Subsection (b)(2) is amended by striking the phrase “an
928 authenticated” and inserting the phrase “a signed” in its place.

929 (B) Subsection (d)(2) is amended by striking the phrase “an
930 authenticated” and inserting the phrase “a signed” in its place.

931 (25) A new section 28:9-326A is added to read as follows:

932 “§ 28:9-326A. Priority of security interest in controllable account, controllable
933 electronic record, and controllable payment intangible.

934 “A security interest in a controllable account, controllable electronic record, or
935 controllable payment intangible held by a secured party having control of the account,
936 electronic record, or payment intangible has priority over a conflicting security interest held
937 by a secured party that does not have control.”

938 (26) Section 28:9-330 is amended as follows:

939 (A) Subsection (a) is amended to read as follows:

940 “(a) A purchaser of chattel paper has priority over a security interest in the chattel
941 paper which is claimed merely as proceeds of inventory subject to a security interest if:

942 “(1) in good faith and in the ordinary course of the purchaser’s business, the
943 purchaser gives new value, takes possession of each authoritative tangible copy of the record
944 evidencing the chattel paper, and obtains control under § 28:9-105 of each authoritative
945 electronic copy of the record evidencing the chattel paper; and

946 “(2) the authoritative copies of the record evidencing the chattel paper do not
947 indicate that ~~it~~ the chattel paper has been assigned to an identified assignee other than the
948 purchaser.”

949 (B) Subsection (b) is amended to read as follows:

950 “(b) A purchaser of chattel paper has priority over a security interest in the

951 chattel paper which is claimed other than merely as proceeds of inventory subject to a
952 security interest if the purchaser gives new value, takes possession of each authoritative
953 tangible copy of the record evidencing the chattel paper, and obtains control under § 28:9-
954 105 of each authoritative electronic copy of the record evidencing the chattel paper in good
955 faith, in the ordinary course of the purchaser’s business, and without knowledge that the
956 purchase violates the rights of the secured party.”

957 (C) Subsection (f) is amended to read as follows:

958 “(f) For purposes of subsections (b) and (d) of this section, if the authoritative copies
959 of the record evidencing chattel paper or an instrument indicate that the chattel paper or
960 instrument has been assigned to an identified secured party other than the purchaser, a
961 purchaser of the chattel paper or instrument has knowledge that the purchase violates the
962 rights of the secured party.”

963 (27) Section 28:9-331 is amended as follows:

964 (A) The section heading is amended to read as follows:

965 “§ 28:9-331. Priority of rights of purchasers of controllable accounts, controllable
966 electronic records, controllable payment intangibles, documents, instruments, and securities
967 under other articles; priority of interests in financial assets and security entitlements and
968 protection against assertion of claim under Articles 8 and 12.”

969 (B) Subsection (a) is amended to read as follows:

970 “(a) This article does not limit the rights of a holder in due course of a negotiable

971 instrument, a holder to which a negotiable document of title has been duly negotiated, a
972 protected purchaser of a security, or a qualifying purchaser of a controllable account,
973 controllable electronic record, or controllable payment intangible. These holders or
974 purchasers take priority over an earlier security interest, even if perfected, to the extent
975 provided in Articles 3, 7, 8, and 12.”

976 (C) Subsection (b) is amended striking the phrase “Article 8.” and
977 inserting the phrase “Article 8 or 12” in its place.

978 (28) Section 28:9-332 is amended as follows:

979 (A) Subsection (a) is amended to read as follows:

980 “(a) A transferee of tangible money takes the money free of a security interest if the
981 transferee receives possession of the money without acting in collusion with the debtor in
982 violating the rights of the secured party.”

983 (B) Subsection (b) is amended by striking the phrase “unless the
984 transferee acts” and inserting the phrase “if the transferee receives the funds without acting”
985 in its place.

986 (C) A new subsection (c) is added to read as follows:

987 “(c) A transferee of electronic money takes the money free of a security interest if the
988 transferee obtains control of the money without acting in collusion with the debtor in
989 violating the rights of the secured party.”

990 (29) Section 28:9-334(f)(1) is amended by striking the phrase “an

991 authenticated” and inserting the phrase “a signed” in its place.

992 (30) Section 28:9-341 is amended by striking the phrase “an authenticated”
993 and inserting the phrase “a signed” in its place.

994 (31) Section 28:9-404(a)(2) is amended by striking the phrase “authenticated”
995 and inserting the phrase “signed” in its place.

996 (32) Section 28:9-406 is amended as follows:

997 (A) Subsection (a) is amended by:

998 (i) Striking the phrase “subsection (b) through (i)” and inserting
999 the phrase “subsections (b) through (k)”;

1000 (ii) Striking the word “authenticated” and inserting the word
1001 “signed” in its place.

1002 (B) Subsection (b) is amended by striking the phrase “subsection (h)”
1003 and inserting the phrase “subsections (h) and (k)” in its place.

1004 © Subsecti©(c) is amended by striking the phrase “subsection (h)” and
1005 inserting the phrase “subsections (h) and (k)” in its place.

1006 (D) Subsection (d) is amended striking the phrase “Except as otherwise
1007 provided in subsection (e)” and inserting the phrase “In this subsection, “promissory note”
1008 includes a negotiable instrument that evidences chattel paper. Except as otherwise provided
1009 in subsections of this section” in its place.

1010 (E) Subsection (f) is amended by striking the phrase “§§ 28:2A-303 and

1011 28:9-407” and inserting the phrase “subsection (j) of this section and §§ 28:2A-303 and 28:9-
1012 407”.

1013 (F) Subsection (g) is amended by striking the phrase “subsection (h)”
1014 and inserting the phrase “subsections (h) and (k) of this section” in its place.

1015 (G) New subsections (j) and (k) are added to read as follows:

1016 “(j) Subsections (d) and (e) of this section do not apply to a security interest in an
1017 ownership interest in a general partnership, limited partnership, or limited liability
1018 company.”

1019 “(k) Subsections (a), (b), (c) and (g) of this section do not apply to a controllable
1020 account or controllable payment intangible.”

1021 (33) Section 28:9-408 is amended as follows:

1022 (A) Subsection (a) is amended by striking the phrase “subsection (b)”
1023 and inserting the phrase “subsections (b) and (e) of this section” in its place.

1024 (B) Subsection (c) is amended by striking the phrase “A rule of law”
1025 and inserting the phrase “Except as otherwise provided in subsection (e) of this section, a
1026 rule of law” in its place.

1027 (C) New subsections (e) and (f) are added to read as follows:

1028 “(e) This section does not apply to a security interest in an ownership interest in a
1029 general partnership, limited partnership, or limited liability company.

1030 “(f) For the purposes of this section, “promissory note” includes a negotiable

1031 instrument that evidences chattel paper.”

1032 (34) Section 28:9-509 is amended as followed:

1033 (A) Subsection (a)(1) is amended by striking the phrase “an
1034 authenticated” and inserting the phrase “a signed” in its place.

1035 (B) Subsection (b) is amended by striking the word “authenticating”
1036 and inserting the word “signing” in its place.

1037 (35) Section 28:9-513 is amended as follows:

1038 (A) Subsection (b)(2) is amended by striking the phrase “an
1039 authenticated” and inserting the phrase “a signed” in its place.

1040 (B) Subsection (c) is amended by striking the phrase “an authenticated”
1041 and inserting the phrase “a signed” in its place.

1042 (36) Section 28:9-601(b) is amended by striking the phrase “28:7-106, § 28:9-
1043 104, § 28:9-105, § 28:9-107, or § 28:9-107” and inserting the phrase “28:7-106, § 28:9-104,
1044 § 28:9-105, § 28:9-105A, § 28:9-107, § 28:9-107, or § 28:9-107A,” in its place.

1045 (37) Section 28:9-605 is amended as follows:

1046 (A) The lead-in language is amended to read as follows:

1047 “(a) Except as provided in subsection (b), a secured party does not owe a duty based
1048 on its status as a third party.”

1049 (B) A new subsection (b) is added to read as follows:

1050 “(b) A secured party owes a duty based on its status as a secured party to a person if,

1051 at the time the secured party obtains control of collateral that is a controllable account,
1052 controllable electronic record, or controllable payment intangible or at the time the security
1053 interest attaches to the collateral, whichever is later:

1054 “(1) The person is a debtor or obligor; and

1055 “(2) The secured party knows that the information in subsection (a)(1)(A), (B),
1056 or (C) of this section relating to the person is not provided by the collateral, a record attached
1057 to or logically associated with the collateral, or the system in which the collateral is
1058 recorded.”

1059 (38) Section 28:9-608(a)(1)(C) is amended by striking the phrase “an
1060 authenticated”.

1061 (39) Section 28:9-611 is amended as follows:

1062 (A) Subsection (a)(1) is amended by striking the phrase “an
1063 authenticated” and inserting the phrase “a signed” in its place.

1064 (B) Subsection (b) is amended by striking the phrase “authenticated”
1065 and inserting the phrase “signed” in its place.

1066 (C) Subsection (c) is amended by striking the phrase “an authenticated”
1067 wherever it appears and inserting the phrase “a signed” in its place.

1068 (D) Subsection (e)(2)(B) is amended by striking the phrase “an
1069 authenticated” and inserting the phrase “a signed” in its place.

1070 (40) Section 28:9-613 is amended as follows:

1071 (A) The existing text is designated as subsection (a).

1072 (B) The newly designated subsection (a)(5)

1073 is amended to read as follows:

1074 “(5) The following form of notification and the form appearing in § 28:9-
1075 614(a)(3), when completed in accordance with the instructions in subsection (b) of this
1076 section and § 28:9-614(b), each provides sufficient information:

1077 “NOTIFICATION OF DISPOSITION OF COLLATERAL

1078 “To: (Name of debtor, obligor, or other person to which the notification is sent)

1079 “From: (Name, address, and telephone number of secured party)

1080 “(1) Name of any debtor that is not an addressee: (Name of each debtor)

1081 “(2) We will sell (describe collateral) (to the highest qualified bidder) at public sale.

1082 A sale could include a lease or license. The sale will be held as follows:

1083 “(Date)

1084 “(Time)

1085 “(Place)

1086 “(3) We will sell (describe collateral) at private sale sometime after (date). A sale
1087 could include a lease or license.

1088 “(4) You are entitled to an accounting of the unpaid indebtedness secured by the
1089 property that we intend to sell or, as applicable, lease or license.

1090 “(5) If you request an accounting you must pay a charge of \$ (amount).

1091 “(6) You may request an accounting by calling us at (telephone number).

1092 “(End of Form)

1093 (B) A new subsection (b) is added to read as follows:

1094 “(b) The following instructions apply to the form of notification in subsection (a)(5)
1095 of this section:

1096 “(1) The instructions in this subsection refer to the numbers in braces before
1097 items in the form of notification in subsection (a)(5) of this section. Do not include the
1098 numbers or braces in the notification. The numbers and braces are used only for the purpose
1099 of these instructions.

1100 “(2) Include and complete item (1) only if there is a debtor that is not an
1101 addressee of the notification and list the name or names.

1102 “(3) Include and complete either item (2), if the notification relates to a public
1103 disposition of the collateral, or item (3), if the notification relates to a private disposition of
1104 the collateral. If item (2) is included, include the words “to the highest qualified bidder” only
1105 if applicable.

1106 “(4) Include and complete items (4) and (6).

1107 “(5) Include and complete item (5) only if the sender will charge the recipient
1108 for an accounting.”

1109 (41) Section 28:9-614 is amended as follows:

1110 (A) The existing text is designated as subsection (a).

1111 (B) The new designated subsection (a) is amended as follows:

1112 (i) Paragraph (1)(A) is amended by striking the phrase “§ 28:9-
1113 613(1)” and inserting the phrase “§ 28:9-613(a)(1)” in its place.

1114 (ii) Paragraph (3) is amended to read as follows:

1115 “(3) The following form of notification, when completed in accordance with
1116 the instructions in subsection (b) of this section, provides sufficient information:

1117 “(Name and address of secured party)

1118 “(Date)

1119 “NOTICE OF OUR PLAN TO SELL PROPERTY

1120 “(Name and address of any obligor who is also a debtor)

1121 “Subject: (Identify transaction)

1122 “We have your (describe collateral) because you broke promises in our agreement.

1123 “(1) We will sell (describe collateral) at public sale. A sale could include a lease or
1124 license. The sale will be held as follows:

1125 “(Date)

1126 “(Time)

1127 “(Place)

1128 “You may attend the sale and bring bidders if you want.

1129 “(2) We will sell (describe collateral) at private sale sometime after (date). A sale
1130 could include a lease or license.

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1131 “(3) The money that we get from the sale, after paying our costs, will reduce the
1132 amount you owe. If we get less money than you owe, you (will or will not, as applicable) still
1133 owe us the difference. If we get more money than you owe, you will get the extra money,
1134 unless we must pay it to someone else.

1135 “(4) You can get the property back at any time before we sell it by paying us the full
1136 amount you owe, not just the past due payments, including our expenses. To learn the exact
1137 amount you must pay, call us at (telephone number).

1138 “(5) If you want us to explain to you in (writing) (writing or in (description of
1139 electronic record)) (description of electronic record) how we have figured the amount that
1140 you owe us,

1141 “(6) call us at (telephone number) (or) (write us at (secured party’s address)) (or
1142 contact us by (description of electronic communication method)).

1143 “(7) and request (a written explanation) (a written explanation or an explanation in
1144 (description of electronic record)) (an explanation in (description of electronic record)).

1145 “(8) We will charge you \$ (amount) for the explanation if we sent you another written
1146 explanation of the amount you owe us within the last six months.

1147 “(9) If you need more information about the sale (call us at (telephone number)) (or)
1148 (write us at (secured party’s address)) (or contact us by (description of electronic
1149 communication method)).

1150 “(10) We are sending this notice to the following other people who have an interest in

1151 (describe collateral) or who owe money under your agreement:

1152 “(Names of all other debtors and obligors, if any)

1153 “[End of Form]”

1154 (C) A new subsection (b) is added to read as follows:

1155 “(b) The following instructions apply to the form of notification in subsection (a)(3)
1156 of this section:

1157 “(1) The instructions in this subsection refer to the numbers in braces before
1158 items in the form of notification in subsection (a)(3) of this section. Do not include the
1159 numbers or braces in the notification. The numbers and braces are used only for the purpose
1160 of these instructions.

1161 “(2) Include and complete either item (1), if the notification relates to a public
1162 disposition of the collateral, or item (2), if the notification relates to a private disposition of
1163 the collateral.

1164 “(3) Include and complete items (3), (4), (5), (6), and (7).

1165 “(4) In item (5), include and complete any one of the three alternative methods
1166 for the explanation, writing, writing or electronic record, or electronic record.

1167 “(5) In item (6), include the telephone number. In addition, the sender may
1168 include and complete either or both of the two additional alternative methods of
1169 communication, writing or electronic communication, for the recipient of the notification to
1170 communicate with the sender. Neither of the two additional methods of communication is

1171 required to be included.

1172 “(6) In item (7), include and complete the method or methods for the
1173 explanation, writing, writing or electronic record, or electronic record, included in item (5).

1174 “(7) Include and complete item (8) only if a written explanation is included in
1175 item (5) as a method for communicating the explanation and the sender will charge the
1176 recipient for another written explanation.

1177 “(8) In item (9), include either the telephone number or the address or both the
1178 telephone number and the address. In addition, the sender may include and complete the
1179 additional method of communication, electronic communication, for the recipient of the
1180 notification to communicate with the sender. The additional method of electronic
1181 communication is not required to be included.

1182 “(9) If item (10) does not apply, insert “None” after “agreement:”.

1183 (42) Section 28:9-615(a) is amended by striking the phrase “an authenticated”
1184 wherever it appears and inserting the phrase “a signed” in its place.

1185 (43) Section 28:9-616 is amended as follows:

1186 (A) Subsection (a) is amended as follows:

1187 (i) Paragraph (1) is amended by striking the word “writing” and
1188 inserting the word “record” in its place.

1189 (ii) Paragraph (2)(A) is amended by striking the word
1190 “authenticated” and inserting the word “signed” in its place.

1191 (B) Subsection (b)(1)(A) is amended by striking the phrase “written
1192 demand” and inserting the phrase “demand in a record” in its place.

1193 (C) Subsection (c) is amended by striking the phrase “a writing” and
1194 inserting the phrase “an explanation” in its place.

1195 (44) Section 28:9-619(a) is amended by striking the word “authenticated” and
1196 inserting the word “signed” in its place.

1197 (45) Section 28:9-620 is amended as follows:

1198 (A) Subsection (a)(2) is amended by striking the word “authenticated”
1199 and inserting the word “signed” in its place.

1200 (B) Subsection (b)(1) is amended by striking the phrase “an
1201 authenticated” and inserting the phrase “a signed” in its place.

1202 (C) Subsection (c) is amended by striking the word “authenticated”
1203 wherever it appears and inserting the word “signed” in its place.

1204 (D) Subsection (f)(2) is amended by striking the word “authenticated”
1205 and inserting the word “signed” in its place.

1206 (46) Section 28:9-621(a)(1) is amended by striking the phrase “an
1207 authenticated” and inserting the phrase “a signed” in its place.

1208 (47) Section 28:9-624 is amended by striking the word “authenticated”
1209 wherever it appears and inserting the word “signed” in its place.

1210 (48) Section 28:9-628 is amended as follows:

1211 (A) Subsection (a) is amended by striking the phrase “Unless a” and
1212 inserting the phrase “Subject to subsection (f), unless a” in its place.

1213 (B) A new subsection (f) is added to read as follows:

1214 “(f) Subsections (a) and (b) of this section do not apply to limit the liability of a
1215 secured party to a person if, at the time the secured party obtains control of collateral that is a
1216 controllable account, controllable electronic record, or controllable payment intangible or at
1217 the time the security interest attaches to the collateral, whichever is later:

1218 “(1) The person is a debtor or obligor; and

1219 “(2) The secured party knows that the information in subsection (b)(1)(A), (B),
1220 or (C) of this section relating to the person is not provided by the collateral, a record attached
1221 to or logically associated with the collateral, or the system in which the collateral is
1222 recorded.”

1223 (k) A new article 12 is added to read as follows:

1224 “ARTICLE 12. CONTROLLABLE ELECTRONIC RECORDS.

1225 “Part 1. General Provisions.

1226 “§ 28:12-101. Short title.

1227 “This article may be cited as “Uniform Commercial Code—Controllable Electronic
1228 Records”.

1229 “§ 28:12-102. Definitions.

1230 “(a) For the purposes of this article, the term:

1231 “(1) “Controllable electronic record” means a record stored in an electronic
1232 medium that can be subjected to control under § 28:12-105. The term does not include a
1233 controllable account, a controllable payment intangible, a deposit account, an electronic copy
1234 of a record evidencing chattel paper, an electronic document of title, electronic money,
1235 investment property, or a transferable record.

1236 “(2) “Qualifying purchaser” means a purchaser of a controllable electronic
1237 record or an interest in a controllable electronic record that obtains control of the controllable
1238 electronic record for value, in good faith, and without notice of a claim of a property right in
1239 the controllable electronic record.

1240 “(3) “Transferable record” has the meaning provided for that term in:

1241 “(A) Section 201(a)(1) of the Electronic Signatures in Global and
1242 National Commerce Act, 15 U.S.C. § 7021(a)(1); or

1243 “(B) § 28-4915(a).

1244 “(4) “Value” has the meaning provided in § 28:3-303(a), as if references in
1245 that section to an “instrument” were references to a controllable account, controllable
1246 electronic record, or controllable payment intangible.

1247 “(b) The definitions in § 28:9-102 of “account debtor”, “controllable account”,
1248 “controllable payment intangible”, “chattel paper”, “deposit account”, “electronic money”,
1249 and “investment property” apply to this article.

1250 “(c) Article 1 contains general definitions and principles of construction and

1251 interpretation applicable throughout this article.

1252 “§ 28:12-103. Relation to Article 9 and consumer laws.

1253 “(a) If there is conflict between this article and article 9, article 9 governs.

1254 “(b) A transaction subject to this article is subject to any applicable rule of law that
1255 establishes a different rule for consumers and §§ 28-3301 to 28-3315.

1256 “§ 28:12-104. Rights in controllable account, controllable electronic record, and
1257 controllable payment intangible.

1258 “(a) This section applies to the acquisition and purchase of rights in a controllable
1259 account or controllable payment intangible, including the rights and benefits under
1260 subsections (c), (d), (e), (g), and (h) of this section, of a purchaser and qualifying purchaser,
1261 in the same manner this section applies to a controllable electronic record.

1262 “(b) To determine whether a purchaser of a controllable account or a controllable
1263 payment intangible is a qualifying purchaser, the purchaser obtains control of the account or
1264 payment intangible if it obtains control of the controllable electronic record that evidences
1265 the account or payment intangible.

1266 “(c) Except as provided in this section, law other than this article determines whether
1267 a person acquires a right in a controllable electronic record and the right the person acquires.

1268 “(d) A purchaser of a controllable electronic record acquires all rights in the
1269 controllable electronic record that the transferor had or had power to transfer, except that a
1270 purchaser of a limited interest in a controllable electronic record acquires rights only to the

1271 extent of the interest purchased.

1272 “(e) A qualifying purchaser acquires its rights in the controllable electronic record
1273 free of a claim of a property right in the controllable electronic record.

1274 “(f) Except as provided in subsections (a) and (e) of this section for a controllable
1275 account and a controllable payment intangible or law other than this article, a qualifying
1276 purchaser takes a right to payment, right to performance, or other interest in property
1277 evidenced by the controllable electronic record subject to a claim of a property right in the
1278 right to payment, right to performance, or other interest in property.

1279 “(g) An action may not be asserted against a qualifying purchaser based on both a
1280 purchase by the qualifying purchaser of a controllable electronic record and a claim of a
1281 property right in another controllable electronic record, whether the action is framed in
1282 conversion, replevin, constructive trust, equitable lien, or other theory.

1283 “(h) Filing of a financing statement under article 9 is not notice of a claim of a
1284 property right in a controllable electronic record.

1285 “§ 28:12-105. Control of controllable electronic record.

1286 “(a) A person has control of a controllable electronic record if the electronic record, a
1287 record attached to or logically associated with the electronic record, or a system in which the
1288 electronic record is recorded:

1289 “(1) Gives the person:

1290 “(A) Power to avail itself of substantially all the benefit from the

1291 electronic record; and

1292 “(B) Exclusive power, subject to subsection (b) of this section, to:

1293 “(i) Prevent others from availing themselves of substantially all
1294 the benefit from the electronic record; and

1295 “(ii) Transfer control of the electronic record to another person
1296 or cause another person to obtain control of another controllable electronic record as a result
1297 of the transfer of the electronic record; and

1298 “(2) Enables the person readily to identify itself in any way, including by
1299 name, identifying number, cryptographic key, office, or account number, as having the
1300 powers specified in paragraph (1) of this subsection.

1301 “(b) Subject to subsection (c) of this section, a power is exclusive under subsections
1302 (a)(1)(B)(i) and (ii) of this section even if:

1303 “(1) The controllable electronic record, a record attached to or logically
1304 associated with the electronic record, or a system in which the electronic record is recorded
1305 limits the use of the electronic record or has a protocol programmed to cause a change,
1306 including a transfer or loss of control or a modification of benefits afforded by the electronic
1307 record; or

1308 “(2) The power is shared with another person.

1309 “(c) A power of a person is not shared with another person under subsection (b)(2) of
1310 this section and the person’s power is not exclusive if:

1311 “(1) The person can exercise the power only if the power also is exercised by
1312 the other person; and

1313 “(2) The other person:

1314 “(A) Can exercise the power without exercise of the power by the
1315 person; or

1316 “(B) Is the transferor to the person of an interest in the controllable
1317 electronic record or a controllable account or controllable payment intangible evidenced by
1318 the controllable electronic record.

1319 “(d) If a person has the powers specified in subsection (a)(1)(B)(i) and (ii) of this
1320 section, the powers are presumed to be exclusive.

1321 “(e) A person has control of a controllable electronic record if another person, other
1322 than the transferor to the person of an interest in the controllable electronic record or a
1323 controllable account or controllable payment intangible evidenced by the controllable
1324 electronic record:

1325 “(1) Has control of the electronic record and acknowledges that it has control
1326 on behalf of the person; or

1327 “(2) Obtains control of the electronic record after having acknowledged that it
1328 will obtain control of the electronic record on behalf of the person.

1329 “(f) A person that has control under this section is not required to acknowledge that it
1330 has control on behalf of another person.

1331 “(g) If a person acknowledges that it has or will obtain control on behalf of another
1332 person, unless the person otherwise agrees or law other than this article or article 9 otherwise
1333 provides, the person does not owe any duty to the other person and is not required to confirm
1334 the acknowledgment to any other person.

1335 “§ 28:12-106. Discharge of account debtor on controllable account or controllable
1336 payment intangible.

1337 “(a) An account debtor on a controllable account or controllable payment intangible
1338 may discharge its obligation by paying:

1339 “(1) The person having control of the controllable electronic record that
1340 evidences the controllable account or controllable payment intangible; or

1341 “(2) Except as provided in subsection (b) of this section, a person that
1342 formerly had control of the controllable electronic record.

1343 “(b) Subject to subsection (d) of this section, the account debtor may not discharge its
1344 obligation by paying a person that formerly had control of the controllable electronic record
1345 if the account debtor receives a notification that:

1346 “(1) Is signed by a person that formerly had control or the person to which
1347 control was transferred;

1348 “(2) Reasonably identifies the controllable account or controllable payment
1349 intangible;

1350 “(3) Notifies the account debtor that control of the controllable electronic

1351 record that evidences the controllable account or controllable payment intangible was
1352 transferred;

1353 “(4) Identifies the transferee, in any reasonable way, including by name,
1354 identifying number, cryptographic key, office, or account number; and

1355 “(5) Provides a commercially reasonable method by which the account debtor
1356 is to pay the transferee.

1357 “(c) After receipt of a notification that complies with subsection (b) of this section,
1358 the account debtor may discharge its obligation by paying in accordance with the notification
1359 and may not discharge the obligation by paying a person that formerly had control.

1360 “(d) Subject to subsection (h) of this section, notification is ineffective under
1361 subsection (b) of this section:

1362 “(1) Unless, before the notification is sent, the account debtor and the person
1363 that, at that time, had control of the controllable electronic record that evidences the
1364 controllable account or controllable payment intangible agree in a signed record to a
1365 commercially reasonable method by which a person may furnish reasonable proof that
1366 control has been transferred;

1367 “(2) To the extent an agreement between the account debtor and seller of a
1368 payment intangible limits the account debtor’s duty to pay a person other than the seller and
1369 the limitation is effective under law other than this article; or

1370 “(3) At the option of the account debtor, if the notification notifies the account

1371 debtor to:

1372 “(A) Divide a payment;

1373 “(B) Make less than the full amount of an installment or other periodic
1374 payment; or

1375 “(C) Pay any part of a payment by more than one method or to more
1376 than one person.

1377 “(e) Subject to subsection (h) of this section, if requested by the account debtor, the
1378 person giving the notification under subsection (b) of this section seasonably shall furnish
1379 reasonable proof, using the method in the agreement referred to in subsection (d)(1) of this
1380 section, that control of the controllable electronic record has been transferred. Unless the
1381 person complies with the request, the account debtor may discharge its obligation by paying
1382 a person that formerly had control, even if the account debtor has received a notification
1383 under subsection (b) of this section.

1384 “(f) A person furnishes reasonable proof under subsection (e) of this section that
1385 control has been transferred if the person demonstrates, using the method in the agreement
1386 referred to in subsection (d)(1) of this section, that the transferee has the power to:

1387 “(1) Avail itself of substantially all the benefit from the controllable electronic
1388 record;

1389 “(2) Prevent others from availing themselves of substantially all the benefit
1390 from the controllable electronic record; and

1391 “(3) Transfer the powers specified in paragraphs (1) and (2) of this subsection
1392 to another person.

1393 “(g) Subject to subsection (h) of this section, an account debtor may not waive or vary
1394 its rights under subsections (d)(1) and (e) of this section or its option under subsection (d)(3)
1395 of this section.

1396 “(h) This section is subject to law other than this article which establishes a different
1397 rule for an account debtor who is an individual and who incurred the obligation primarily for
1398 personal, family, or household purposes.

1399 “§ 28:12-107. Governing law.

1400 “(a) Except as provided in subsection (b) of this section, the local law of a
1401 controllable electronic record’s jurisdiction governs a matter covered by this article.

1402 “(b) For a controllable electronic record that evidences a controllable account or
1403 controllable payment intangible, the local law of the controllable electronic record’s
1404 jurisdiction governs a matter covered by § 28:12-106 unless an effective agreement
1405 determines that the local law of another jurisdiction governs.

1406 “(c) The following rules determine a controllable electronic record’s jurisdiction
1407 under this section:

1408 “(1) If the controllable electronic record, or a record attached to or logically
1409 associated with the controllable electronic record and readily available for review, expressly
1410 provides that a particular jurisdiction is the controllable electronic record’s jurisdiction for

1411 purposes of this article or this subtitle, that jurisdiction is the controllable electronic record's
1412 jurisdiction.

1413 “(2) If paragraph (1) of this subsection does not apply and the rules of the
1414 system in which the controllable electronic record is recorded are readily available for review
1415 and expressly provide that a particular jurisdiction is the controllable electronic record's
1416 jurisdiction for purposes of this article or this subtitle, that jurisdiction is the controllable
1417 electronic record's jurisdiction.

1418 “(3) If paragraphs (1) and (2) of this subsection do not apply and the
1419 controllable electronic record, or a record attached to or logically associated with the
1420 controllable electronic record and readily available for review, expressly provides that the
1421 controllable electronic record is governed by the law of a particular jurisdiction, that
1422 jurisdiction is the controllable electronic record's jurisdiction.

1423 “(4) If paragraphs (1), (2), and (3) of this subsection do not apply and the rules
1424 of the system in which the controllable electronic record is recorded are readily available for
1425 review and expressly provide that the controllable electronic record or the system is
1426 governed by the law of a particular jurisdiction, that jurisdiction is the controllable electronic
1427 record's jurisdiction.

1428 “(5) If paragraphs (1) through (4) of this subsection do not apply, the
1429 controllable electronic record's jurisdiction is the District of Columbia.

1430 “(d) To the extent subsections (a) and (b) of this section provide that the local law of

1431 the controllable electronic record’s jurisdiction governs a matter covered by this article, that
1432 law governs even if the matter or a transaction to which the matter relates does not bear any
1433 relation to the controllable electronic record’s jurisdiction.

1434 “(e) The rights acquired under § 28:12-104 by a purchaser or qualifying purchaser are
1435 governed by the law applicable under this section at the time of purchase.

1436 “Part 2. Transitional Provisions for Articles 9 and 12.

1437 “§ 28:12-201. Definitions.

1438 “(a) In this part, the term:

1439 “(1) “Adjustment date” means July 1, 2025, or the date that is one year after
1440 the effective date of this act, whichever is later.

1441 “(2) “Article 12 property” means a controllable account, controllable
1442 electronic record, or controllable payment intangible.

1443 “(3) “2023 Act” means the Uniform Commercial Code Amendment Act of
1444 2023.

1445 “(b) The following definitions in other articles of this subtitle apply to this part.

1446 “(1) “Controllable account” § 28:9-102.

1447 “(2) “Controllable electronic record” § 28:12-102.

1448 “(3) “Controllable payment intangible” § 28:9-102.

1449 “(4) “Electronic money” § 28:9-102.

1450 “(5) “Financing statement” § 28:9-102.

1451 “§ 28:12-202. Saving clause.

1452 “(a) Except as provided in this part, a transaction validly entered into before the
1453 effective date of the 2023 Act and the rights, duties, and interests flowing from the
1454 transaction remain valid thereafter and may be terminated, completed, consummated, or
1455 enforced as required or permitted by law other than this subtitle or, if applicable, this
1456 subtitle, as though the 2023 Act had not taken effect.

1457 “(b) Except as provided in this part, article 9, as amended by the 2023 Act, and article
1458 12 apply to a transaction, lien, or other interest in property, even if the transaction, lien, or
1459 interest was entered into, created, or acquired before the effective date of this act.

1460 “(c) Except as provided in subsection (d) of this section and §§ 28:12-203 to 12-208:

1461 “(1) A transaction, lien, or interest in property that was validly entered into,
1462 created, or transferred before the effective date of the 2023 Act and was not governed by this
1463 subtitle, but would be subject to article 9 as amended by the 2023 Act or article 12 if it had
1464 been entered into, created, or transferred on or after the effective date of the 2023 Act,
1465 including the rights, duties, and interests flowing from the transaction, lien, or interest,
1466 remains valid on and after the effective date of the 2023 Act; and

1467 “(2) the transaction, lien, or interest may be terminated, completed,
1468 consummated, and enforced as required or permitted by the 2023 Act or by the law that
1469 would apply if the 2023 Act had not taken effect.

1470 “(d) The 2023 Act does not affect an action, case, or proceeding commenced before

1471 the effective date of the 2023 Act.

1472 “§ 28:12-203. Security interest perfected before effective date of 2023 Act.

1473 “(a) A security interest that is enforceable and perfected immediately before the
1474 effective date of the 2023 Act is a perfected security interest under the 2023 Act if, on the
1475 effective date of the 2023 Act, the requirements for enforceability and perfection under the
1476 2023 Act are satisfied without further action.

1477 “(b) If a security interest is enforceable and perfected immediately before the
1478 effective date of the 2023 Act, but the requirements for enforceability or perfection under the
1479 2023 Act are not satisfied on the effective date of the 2023 Act, the security interest:

1480 “(1) Is a perfected security interest until the earlier of the time perfection
1481 would have ceased under the law in effect immediately before the effective date of the 2023
1482 Act or the adjustment date;

1483 “(2) Remains enforceable thereafter only if the security interest satisfies the
1484 requirements for enforceability under § 28:9-203, as amended by the 2023 Act, before the
1485 adjustment date; and

1486 “(3) Remains perfected thereafter only if the requirements for perfection under
1487 the 2023 Act are satisfied before the time specified in paragraph (1) of this subsection.

1488 “§ 28:12-204. Security interest unperfected before effective date of 2023 Act.

1489 “A security interest that is enforceable immediately before the effective date of the
1490 2023 Act but is unperfected at that time:

1491 “(1) Remains an enforceable security interest until the adjustment date;

1492 “(2) Remains enforceable thereafter if the security interest becomes

1493 enforceable under § 28:9-203, as amended by the 2023 Act, on the effective date of the 2023

1494 Act or before the adjustment date; and

1495 “(3) Becomes perfected:

1496 “(A) Without further action, on the effective date of the 2023 Act if the

1497 requirements for perfection under the 2023 Act are satisfied before or at that time; or

1498 “(B) When the requirements for perfection are satisfied if the

1499 requirements are satisfied after that time.

1500 “§ 28:12-205. Effectiveness of actions taken before effective date of 2023 Act.

1501 “(a) If action, other than the filing of a financing statement, is taken before the

1502 effective date of the 2023 Act and the action would have resulted in perfection of the security

1503 interest had the security interest become enforceable before the effective date of the 2023

1504 Act, the action is effective to perfect a security interest that attaches under the 2023 Act

1505 before the adjustment date. An attached security interest becomes unperfected on the

1506 adjustment date unless the security interest becomes a perfected security interest under the

1507 2023 Act before the adjustment date.

1508 “(b) The filing of a financing statement before the effective date of the 2023 Act is

1509 effective to perfect a security interest on the effective date of the 2023 Act to the extent the

1510 filing would satisfy the requirements for perfection under the 2023 Act.

1511 “(c) The taking of an action before the effective date of the 2023 Act is sufficient for
1512 the enforceability of a security interest on the effective date of the 2023 Act if the action
1513 would satisfy the requirements for enforceability under the 2023 Act.

1514 “§ 28:12-206. Priority.

1515 “(a) Subject to subsections (b) and (c) of this section, the 2023 Act determines the
1516 priority of conflicting claims to collateral.

1517 “(b) Subject to subsection (c) of this section, if the priorities of claims to collateral
1518 were established before the effective date of the 2023 Act, article 9 as in effect before the
1519 effective date of the 2023 Act determines priority.

1520 “(c) On the adjustment date, to the extent the priorities determined by article 9 as
1521 amended by the 2023 Act modify the priorities established before the effective date of the
1522 2023 Act, the priorities of claims to Article 12 property and electronic money established
1523 before the effective date of the 2023 Act cease to apply.

1524 “§ 28:12-207. Priority of claims when priority rules of article 9 do not apply.

1525 “(a) Subject to subsections (b) and (c) of this section, article 12 determines the
1526 priority of conflicting claims to Article 12 property when the priority rules of article 9 as
1527 amended by the 2023 Act do not apply.

1528 “(b) Subject to subsection (c) of this section, when the priority rules of article 9 as
1529 amended by the 2023 Act do not apply and the priorities of claims to Article 12 property
1530 were established before the effective date of the 2023 Act, law other than article 12

1531 determines priority.

1532 “(c) When the priority rules of article 9 as amended by the 2023 Act do not apply, to
1533 the extent the priorities determined by the 2023 Act modify the priorities established before
1534 the effective date of the 2023 Act, the priorities of claims to article 12 property established
1535 before the effective date of the 2023 Act cease to apply on the adjustment date.”

1536 Sec. 3. Fiscal impact statement.

1537 The Council adopts the fiscal impact statement in the committee report as the fiscal
1538 impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act,
1539 approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

1540 Sec. 4. Effective date.

1541 This act shall take effect following approval by the Mayor (or in the event of veto by
1542 the Mayor, action by the Council to override the veto), a 30-day period of Congressional
1543 review as provided in section 602(c)(1) of the District of Columbia Home Rule Act,
1544 approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and
1545 publication in the District of Columbia Register.