

Senate File 2333

S-5056

1 Amend Senate File 2333 as follows:

2 1. By striking everything after the enacting clause and
3 inserting:

4 <DIVISION I

5 CONTROLLABLE ELECTRONIC RECORDS

6 Section 1. NEW SECTION. 554.14101 Short title.

7 This Article may be cited as the Uniform Commercial Code —
8 Controllable Electronic Records.

9 Sec. 2. NEW SECTION. 554.14102 Definitions.

10 1. Article 14 definitions. In this Article:

11 a. "*Controllable electronic record*" means a record stored
12 in an electronic medium that can be subjected to control
13 under section 554.14105. The term does not include a deposit
14 account, electronic chattel paper, electronic copy of a
15 record evidencing chattel paper, electronic document of title,
16 electronic money, investment property, or a transferable
17 record.

18 b. "*Qualifying purchaser*" means a purchaser of a
19 controllable electronic record or an interest in the
20 controllable electronic record that obtains control of the
21 controllable electronic record for value, in good faith,
22 and without notice of a claim of a property right in the
23 controllable electronic record.

24 c. "*Transferable record*" means:

25 (1) "*Transferable record*", as defined in the federal
26 Electronic Signatures in Global and National Commerce Act, 15
27 U.S.C. §7021(a)(1), as amended.

28 (2) "*Transferable record*" as defined in the uniform
29 electronic transactions Act, section 554D.118, subsection 1.

30 d. "*Value*" has the meaning provided in section 554.3303,
31 subsection 1.

32 2. Definitions in Article 9. The definitions in Article
33 9 of "*account debtor*", "*authenticate*", "*controllable account*",
34 "*controllable payment intangible*", "*chattel paper*", "*deposit*
35 "*account*", "*electronic chattel paper*", "*electronic money*", and

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1 *“investment property”* apply to this Article.

2 Sec. 3. NEW SECTION. 554.14103 **Scope.**

3 1. *Article 9 governs in case of conflict.* If there is
4 conflict between this Article and Article 9, Article 9 governs.

5 2. *Applicable consumer law and other laws.* A transaction
6 subject to this Article is subject to:

7 a. any applicable rule of law that establishes a different
8 rule for consumers, including as provided in chapter 537 and
9 any other consumer protection statute or regulation of this
10 state; and

11 b. any other statute or regulation of this state that
12 regulates the rates, charges, agreements, and practices for
13 loans, credit sales, or other extensions of credit or credit
14 transactions, including as provided in chapter 535.

15 Sec. 4. NEW SECTION. 554.14104 **Rights in controllable**
16 **account, controllable electronic record, and controllable payment**
17 **intangible.**

18 1. *Applicability of section to controllable account and*
19 *controllable payment intangible.* This section applies to the
20 acquisition and purchase of rights in a controllable account
21 or controllable payment intangible, including the rights of
22 a purchaser and a qualifying purchaser and under subsections
23 3, 4, and 6, and in the same manner this section applies to a
24 controllable electronic record.

25 2. *Applicability of other law to acquisition of*
26 *rights.* Except as provided in this section, law other than
27 this Article determines whether a person acquires a right in
28 a controllable electronic record and the right the person
29 acquires.

30 3. *Shelter principle and purchase of limited interest.* A
31 purchaser of a controllable electronic record acquires
32 all rights in the controllable electronic record that the
33 transferor had or had power to transfer, except that a
34 purchaser of a limited interest in a controllable electronic
35 record acquires rights only to the extent of the interest

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1 purchased.

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

6 5. *Limitation of rights of qualifying purchaser in other*
7 *property.* Except as provided in subsections 1 and 4 for
8 controllable accounts and controllable payment intangibles or
9 law other than this Article, a qualifying purchaser takes a
10 right to payment, right to performance, or interest in property
11 evidenced by the controllable electronic record subject to a
12 claim of a property right in the right to payment, right to
13 performance, or other interest in property.

14 6. *No-action protection for qualifying purchaser.* An action
15 shall not be asserted against a qualifying purchaser based on
16 both a purchase by the qualifying purchaser of a controllable
17 electronic record and a claim of a property right in another
18 controllable electronic record, whether framed in conversion,
19 replevin, constructive trust, equitable lien, or other theory.

20 7. *Filing notice.* Filing of a financing statement under
21 Article 9 is not notice of a claim of a property right in a
22 controllable electronic record.

23 Sec. 5. NEW SECTION. 554.14105 **Control of controllable**
24 **electronic record.**

25 1. *General rule — control of controllable electronic*
26 *record.* A person has control of a controllable electronic
27 record if:

28 a. the electronic record, a record attached to or logically
29 associated with the electronic record, or a system in which the
30 electronic record is recorded gives the person:

31 (1) the power to avail itself of substantially all the
32 benefit from the electronic record; and

33 (2) exclusive power, subject to subsection 2, to:

34 (a) prevent others from availing themselves of

35 substantially all the benefit from the electronic record; and

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1 (b) transfer control of the electronic record to another
2 person or cause another person to obtain control of another
3 controllable electronic record as a result of the transfer of
4 the electronic record; and

5 b. the electronic record, a record attached to or logically
6 associated with the electronic record, or a system in which
7 the electronic record is recorded enables the person readily
8 to identify itself in any way, including by name, identifying
9 number, cryptographic key, office, or account number, as having
10 the powers specified in paragraph "a".

11 2. *Control through another person.* A person has control of
12 a controllable electronic record if another person, other than
13 the transferor of an interest in the electronic record:

14 a. has control of the electronic record and acknowledges
15 that it has control on behalf of the person, or

16 b. obtains control of the electronic record after having
17 acknowledged that it will obtain control of the electronic
18 record on behalf of the person.

19 3. *Meaning of exclusive.* A power specified in subsection 1,
20 paragraph "a", subparagraph (2), is exclusive, even if:

21 a. the controllable electronic record or a system in
22 which the electronic record is recorded limits the use of
23 the electronic record or has a protocol programmed to cause
24 a change, including a transfer or loss of control or a
25 modification of benefits afforded by the electronic record; or

26 b. the person has agreed to share the power with another
27 person.

28 Sec. 6. NEW SECTION. 554.14106 Discharge of account debtor
29 on controllable account or controllable payment intangible.

30 1. *Discharge of account debtor.* An account debtor on a
31 controllable account or controllable payment intangible may
32 discharge its obligation by paying:

33 a. the person having control of the controllable electronic
34 record that evidences the controllable account or controllable
35 payment intangible; or

1 *b.* except as provided in subsection 2, a person that
2 formerly had control of the controllable electronic record.

3 2. *Effect of notification.* Subject to subsection 4, an
4 account debtor shall not discharge its obligation by paying a
5 person that formerly had control of the controllable electronic
6 record if the account debtor receives a notification that:

7 *a.* is authenticated by a person that formerly had control or
8 the person to which control was transferred;

9 *b.* reasonably identifies the controllable account or
10 controllable payment intangible;

11 *c.* notifies the account debtor that control of the
12 controllable electronic record that evidences the controllable
13 account or controllable payment intangible was transferred;

14 *d.* identifies the transferee, in any reasonable way,
15 including by name, identifying number, cryptographic key,
16 office, or account number; and

17 *e.* provides a commercially reasonable method by which the
18 account debtor is to pay the transferee.

19 3. *Discharge following effective notification.* After
20 receipt of a notification that complies with subsection 2, the
21 account debtor may discharge its obligation only by paying in
22 accordance with the notification and shall not discharge the
23 obligation by paying a person that formerly had control.

24 4. *When notification ineffective.* Notification is
25 ineffective under subsection 2:

26 *a.* unless, before the notification is sent, an account
27 debtor and the person that, at that time, had control of the
28 controllable electronic record that evidences the controllable
29 account or controllable payment intangible agree in an
30 authenticated record to a commercially reasonable method by
31 which a person must furnish reasonable proof that control has
32 been transferred;

33 *b.* to the extent an agreement between an account debtor and
34 seller of a payment intangible limits the account debtor's duty
35 to pay a person other than the seller and the limitation is

1 effective under law other than this Article; or

2 *c.* at the option of an account debtor, if the notification
3 notifies the account debtor to:

4 (1) divide a payment;

5 (2) make less than the full amount of any installment or
6 other periodic payment; or

7 (3) pay any part of a payment by more than one method or to
8 more than one person.

9 5. *Proof of transfer of control.* If requested by the
10 account debtor, the person giving the notification seasonably
11 shall furnish reasonable proof, using the agreed method,
12 that control of the controllable electronic record has been
13 transferred. Unless the person complies with the request, the
14 account debtor may discharge its obligation by paying a person
15 that formerly had control, even if the account debtor has
16 received a notification under subsection 2.

17 6. *What constitutes reasonable proof.* A person furnishes
18 reasonable proof that control has been transferred if the
19 person demonstrates, using the agreed method, that the
20 transferee has the power to:

21 *a.* avail itself of substantially all the benefit from the
22 controllable electronic record;

23 *b.* prevent others from availing themselves of substantially
24 all the benefit from the controllable electronic record; and

25 *c.* transfer the powers mentioned in paragraphs "a" and "b"
26 to another person.

27 7. *Rights not waivable.* An account debtor shall not waive
28 or vary its rights under subsection 4, paragraph "a", and
29 subsection 5 or its option under subsection 4, paragraph "c".

30 **Sec. 7. NEW SECTION. 554.14107 Governing law.**

31 Unless otherwise agreed to by the parties, the laws of this
32 state shall govern any actions taken pursuant to this Article.
33 This Article and the local law of this state shall apply to
34 any transaction involving a controllable account, controllable
35 electronic record, or controllable payment intangible if

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1 under section 554.9306A, the local law of this state governs
2 perfection, the effect of perfection or nonperfection, and the
3 priority of a security interest in such controllable account,
4 controllable electronic record, or controllable payment
5 intangible.

6 Sec. 8. NEW SECTION. 554.14108 **Applicability.**

7 This Article applies to any transaction involving a
8 controllable electronic record that arises on or after the
9 effective date of this Article. This Article does not apply to
10 any transaction involving a controllable electronic record that
11 arises before the effective date of this Article even if the
12 transaction would be subject to this Article if the transaction
13 had arisen on or after the effective date of this Article.
14 This Article does not apply to a right of action with regard to
15 any transaction involving a controllable electronic record that
16 has accrued before the effective date of this Article.

17 Sec. 9. NEW SECTION. 554.14109 **Savings clause.**

18 Any transaction involving a controllable electronic record
19 that arose before the effective date of this Article and
20 the rights, obligations, and interests flowing from that
21 transaction are governed by any statute or other rule amended
22 or repealed by this Article as if such amendment or repeal had
23 not occurred and may be terminated, completed, consummated, or
24 enforced under that statute or other rule.

25 DIVISION II
26 CORRESPONDING CHANGES
27 PART A
28 GENERAL PROVISIONS

29 Sec. 10. Section 554.1201, subsection 2, Code 2022, is
30 amended by adding the following new paragraph:

31 NEW PARAGRAPH. *Og.* "Electronic" means relating to
32 technology having electrical, digital, magnetic, wireless,
33 optical, electromagnetic, or similar capabilities.

34 Sec. 11. Section 554.1201, subsection 2, paragraph x, Code
35 2022, is amended to read as follows:

1 *x.* "Money" means a medium of exchange that:

2 (1) is currently authorized or adopted by a domestic or
3 foreign government, by an intergovernmental organization, or
4 pursuant to an agreement between two or more governments; and

5 (2) was initially issued, created, or distributed by
6 a domestic or foreign government, by an intergovernmental
7 organization, or pursuant to an agreement between two or
8 more governments. ~~The term includes a monetary unit of~~
9 ~~account established by an intergovernmental organization or by~~
10 ~~agreement between two or more countries.~~

11 Sec. 12. Section 554.1204, unnumbered paragraph 1, Code
12 2022, is amended to read as follows:

13 Except as otherwise provided in Articles 3, 4, and 5, and 14,
14 a person gives value for rights if the person acquires them:

15 PART B

16 SECURED TRANSACTIONS

17 Sec. 13. Section 554.9102, subsection 1, paragraphs b and
18 bi, Code 2022, are amended to read as follows:

19 *b.* "Account", except as used in "account for", "on account
20 of", and paragraph "ac", means a right to payment of a monetary
21 obligation, whether or not earned by performance, (i) for
22 property that has been or is to be sold, leased, licensed,
23 assigned, or otherwise disposed of; (ii) for services rendered
24 or to be rendered; (iii) for a policy of insurance issued or to
25 be issued; (iv) for a secondary obligation incurred or to be
26 incurred; (v) for energy provided or to be provided; (vi) for
27 the use or hire of a vessel under a charter or other contract;
28 (vii) arising out of the use of a credit or charge card or
29 information contained on or for use with the card; or (viii)
30 as winnings in a lottery or other game of chance operated or
31 sponsored by a state, governmental unit of a state, or person
32 licensed or authorized to operate the game by a state or
33 governmental unit of a state. The term includes controllable
34 accounts and health care insurance receivables. The term
35 does not include ~~rights to payment evidenced by chattel paper~~

1 ~~or an instrument,~~ (i) chattel paper, (ii) commercial tort
2 claims, (iii) deposit accounts, (iv) investment property, (v)
3 letter-of-credit rights or letters of credit, ~~or~~ (vi) rights
4 to payment for money or funds advanced or sold, other than
5 rights arising out of the use of a credit or charge card or
6 information contained on or for use with the card, or (vii)
7 rights to payment evidenced by an instrument.

8 *bi.* "Payment intangible" means a general intangible
9 under which the account debtor's principal obligation is a
10 monetary obligation. The term includes a controllable payment
11 intangible.

12 Sec. 14. Section 554.9102, subsection 1, Code 2022, is
13 amended by adding the following new paragraphs:

14 NEW PARAGRAPH. *0ab.* "Controllable account" means an account
15 evidenced by a controllable electronic record that provides
16 that the account debtor undertakes to pay the person that under
17 section 554.14105 has control of the controllable electronic
18 record.

19 NEW PARAGRAPH. *00ab.* "Controllable payment intangible" means
20 a payment intangible evidenced by a controllable electronic
21 record that provides that the account debtor undertakes to pay
22 the person that under section 554.14105 has control of the
23 controllable electronic record.

24 NEW PARAGRAPH. *0af.* "Electronic money" means money that is
25 in an electronic form.

26 NEW PARAGRAPH. *0bc.* "Money" has the meaning provided in
27 section 554.1201, subsection 2, paragraph "x", but does not
28 include a deposit account.

29 NEW PARAGRAPH. *0cb.* "Tangible money" means money in a
30 tangible form.

31 Sec. 15. Section 554.9102, subsection 2, Code 2022, is
32 amended by adding the following new paragraphs:

33 NEW PARAGRAPH. *0i.* "Controllable electronic
34 record".....Section 554.14102.

35 NEW PARAGRAPH. *0ae.* "Qualifying

1 purchaser".....Section 554.14102.

2 Sec. 16. NEW SECTION. 554.9105A Control of electronic
3 money.

4 1. *General rule — control of electronic money.* A person has
5 control of electronic money if:

6 a. the electronic money or a system in which the electronic
7 money is recorded gives the person:

8 (1) the power to avail itself of substantially all the
9 benefit from the electronic money; and

10 (2) exclusive power, subject to subsection 2, to:

11 (a) prevent others from availing themselves of
12 substantially all the benefit from the electronic money; and

13 (b) transfer control of the electronic money to another
14 person or cause another person to obtain control of other
15 electronic money as a result of the transfer of the electronic
16 money; and

17 b. the electronic money, a record attached to or logically
18 associated with the electronic money, or a system in which
19 the electronic money is recorded enables the person readily
20 to identify itself in any way, including by name, identifying
21 number, cryptographic key, office, or account number, as having
22 the powers under paragraph "a".

23 2. *Control through another person.* A person has control of
24 electronic money if another person, other than the transferor
25 of an interest in the electronic money:

26 a. has control of the electronic money and acknowledges that
27 it has control on behalf of the person, or

28 b. obtains control of the electronic money after having
29 acknowledged that it will obtain control of the electronic
30 money on behalf of the person.

31 3. *Meaning of exclusive.* A power is exclusive under
32 subsection 1, paragraph "a", subparagraph (2), even if:

33 a. the electronic money or a system in which the electronic
34 money is recorded limits the use of the electronic money or has
35 a protocol programmed to transfer control; or

1 *b.* the person has agreed to share the power with another
2 person.

3 Sec. 17. NEW SECTION. 554.9107A Control of controllable
4 account, controllable electronic record, or controllable payment
5 intangible.

6 1. *Control under section 554.14105.* A secured party has
7 control of a controllable electronic record as provided in
8 section 554.14105.

9 2. *Control of controllable account and controllable payment*
10 *intangible.* A secured party has control of a controllable
11 account or controllable payment intangible if the secured
12 party has control of the controllable electronic record that
13 evidences the controllable account or controllable payment
14 intangible.

15 Sec. 18. Section 554.9203, subsection 2, Code 2022, is
16 amended to read as follows:

17 2. *Enforceability.* Except as otherwise provided in
18 subsections 3 through 9 10, a security interest is enforceable
19 against the debtor and third parties with respect to the
20 collateral only if:

21 *a.* value has been given;

22 *b.* the debtor has rights in the collateral or the power to
23 transfer rights in the collateral to a secured party; and

24 *c.* one of the following conditions is met:

25 (1) the debtor has authenticated a security agreement that
26 provides a description of the collateral and, if the security
27 interest covers timber to be cut, a description of the land
28 concerned;

29 (2) the collateral is not a certificated security and is
30 in the possession of the secured party under [section 554.9313](#)
31 pursuant to the debtor's security agreement;

32 (3) the collateral is a certificated security in registered
33 form and the security certificate has been delivered to the
34 secured party under [section 554.8301](#) pursuant to the debtor's
35 security agreement; or

1 (4) the collateral is controllable accounts, controllable
2 electronic records, controllable payment intangibles, deposit
3 accounts, electronic chattel paper, electronic documents,
4 electronic money, investment property, or letter-of-credit
5 rights, or electronic documents, and the secured party has
6 control under section 554.7106, 554.9104, 554.9105, 554.9105A,
7 554.9106, or 554.9107, or 554.9107A pursuant to the debtor's
8 security agreement.

9 Sec. 19. Section 554.9203, Code 2022, is amended by adding
10 the following new subsection:

11 NEW SUBSECTION. 10. *Controllable account or controllable*
12 *payment intangible.* The attachment of a security interest in a
13 controllable electronic record that evidences a controllable
14 account or controllable payment intangible is also attachment
15 of a security interest in the controllable account or
16 controllable payment intangible.

17 Sec. 20. Section 554.9207, subsection 3, Code 2022, is
18 amended to read as follows:

19 3. *Duties and rights when secured party in possession or*
20 *control.* Except as otherwise provided in subsection 4, a
21 secured party having possession of collateral or control
22 of collateral under section 554.7106, 554.9104, 554.9105,
23 554.9105A, 554.9106, or 554.9107, or 554.9107A:

24 a. may hold as additional security any proceeds, except
25 money or funds, received from the collateral;

26 b. shall apply money or funds received from the collateral
27 to reduce the secured obligation, unless remitted to the
28 debtor; and

29 c. may create a security interest in the collateral.

30 Sec. 21. Section 554.9208, subsection 2, paragraphs e and f,
31 Code 2022, are amended to read as follows:

32 e. a secured party having control of a letter-of-credit
33 right under section 554.9107 shall send to each person having
34 an unfulfilled obligation to pay or deliver proceeds of the
35 letter of credit to the secured party an authenticated release

1 from any further obligation to pay or deliver proceeds of the
2 letter of credit to the secured party; and

3 *f.* a secured party having control of an electronic document
4 shall:

5 (1) give control of the electronic document to the debtor or
6 its designated custodian;

7 (2) if the debtor designates a custodian that is the
8 designated custodian with which the authoritative copy of
9 the electronic document is maintained for the secured party,
10 communicate to the custodian an authenticated record releasing
11 the designated custodian from any further obligation to
12 comply with instructions originated by the secured party
13 and instructing the custodian to comply with instructions
14 originated by the debtor; and

15 (3) take appropriate action to enable the debtor or its
16 designated custodian to make copies of or revisions to the
17 authoritative copy which add or change an identified assignee
18 of the authoritative copy without the consent of the secured
19 party; and

20 Sec. 22. Section 554.9208, subsection 2, Code 2022, is
21 amended by adding the following new paragraphs:

22 NEW PARAGRAPH. *g.* a secured party having control under
23 section 554.9105A of electronic money shall transfer control
24 of the electronic money to the debtor or a person designated
25 by the debtor; and

26 NEW PARAGRAPH. *h.* a secured party having control under
27 section 554.14105 of a controllable electronic record shall
28 transfer control of the controllable electronic record to the
29 debtor or a person designated by the debtor.

30 Sec. 23. Section 554.9301, subsection 3, Code 2022, is
31 amended to read as follows:

32 3. Except as otherwise provided in [subsection 4](#), while
33 tangible negotiable documents, goods, instruments, tangible
34 money, or tangible chattel paper is located in a jurisdiction,
35 the local law of that jurisdiction governs:

- 1 *a.* perfection of a security interest in the goods by filing
2 a fixture filing;
3 *b.* perfection of a security interest in timber to be cut;
4 and
5 *c.* the effect of perfection or nonperfection and the
6 priority of a nonpossessory security interest in the
7 collateral.

8 Sec. 24. NEW SECTION. 554.9306A Law governing perfection
9 and priority of security interests in controllable accounts,
10 controllable electronic records, and controllable payment
11 intangibles.

12 The local law of this state governs perfection, the effect
13 of perfection or nonperfection, and the priority of a security
14 interest in a controllable account, controllable electronic
15 record, or controllable payment intangible granted by a debtor
16 located in this state at the time the security interest becomes
17 enforceable against the debtor with respect to the collateral
18 under section 554.9203.

19 Sec. 25. Section 554.9308, Code 2022, is amended by adding
20 the following new subsection:

21 NEW SUBSECTION. 8. *Controllable account or payment*
22 *intangible.* Perfection of a security interest in a controllable
23 electronic record that evidences a controllable account or
24 controllable payment intangible also perfects a security
25 interest in the controllable account or controllable payment
26 intangible.

27 Sec. 26. Section 554.9310, subsection 2, paragraph h, Code
28 2022, is amended to read as follows:

29 *h.* in controllable accounts, controllable electronic
30 records, controllable payment intangibles, deposit accounts,
31 electronic chattel paper, electronic documents, investment
32 property, or letter-of-credit rights which is perfected by
33 control under [section 554.9314](#);

34 Sec. 27. Section 554.9312, Code 2022, is amended to read as
35 follows:

1 554.9312 Perfection of security interests in controllable
2 accounts, controllable electronic records, controllable payment
3 intangibles, chattel paper, deposit accounts, documents,
4 goods covered by documents, instruments, investment property,
5 letter-of-credit rights, and money — perfection by permissive
6 filing — temporary perfection without filing or transfer of
7 possession.

8 1. *Perfection by filing permitted.* A security interest
9 in controllable accounts, controllable electronic records,
10 controllable payment intangibles, chattel paper, negotiable
11 documents, instruments, or investment property may be perfected
12 by filing.

13 2. *Control or possession of certain collateral.* Except as
14 otherwise provided in [section 554.9315, subsections 3 and 4,](#)
15 for proceeds:

16 a. a security interest in a deposit account may be perfected
17 only by control under [section 554.9314;](#)

18 b. and except as otherwise provided in section 554.9308,
19 subsection 4, a security interest in a letter-of-credit right
20 may be perfected only by control under [section 554.9314;](#) and

21 c. a security interest in tangible money may be perfected
22 only by the secured party's taking possession under section
23 554.9313; and

24 d. a security interest in electronic money may be perfected
25 only by control under section 554.9314.

26 3. *Goods covered by negotiable document.* While goods are
27 in the possession of a bailee that has issued a negotiable
28 document covering the goods:

29 a. a security interest in the goods may be perfected by
30 perfecting a security interest in the document; and

31 b. a security interest perfected in the document has
32 priority over any security interest that becomes perfected in
33 the goods by another method during that time.

34 4. *Goods covered by nonnegotiable document.* While goods are
35 in the possession of a bailee that has issued a nonnegotiable

1 document covering the goods, a security interest in the goods
2 may be perfected by:

- 3 *a.* issuance of a document in the name of the secured party;
- 4 *b.* the bailee's receipt of notification of the secured
5 party's interest; or
- 6 *c.* filing as to the goods.

7 5. *Temporary perfection — new value.* A security
8 interest in certificated securities, negotiable documents,
9 or instruments is perfected without filing or the taking of
10 possession or control for a period of twenty days from the time
11 it attaches to the extent that it arises for new value given
12 under an authenticated security agreement.

13 6. *Temporary perfection — goods or documents made available*
14 *to debtor.* A perfected security interest in a negotiable
15 document or goods in possession of a bailee, other than one
16 that has issued a negotiable document for the goods, remains
17 perfected for twenty days without filing if the secured
18 party makes available to the debtor the goods or documents
19 representing the goods for the purpose of:

- 20 *a.* ultimate sale or exchange; or
- 21 *b.* loading, unloading, storing, shipping, transshipping,
22 manufacturing, processing, or otherwise dealing with them in a
23 manner preliminary to their sale or exchange.

24 7. *Temporary perfection — delivery of security certificate*
25 *or instrument to debtor.* A perfected security interest in
26 a certificated security or instrument remains perfected for
27 twenty days without filing if the secured party delivers the
28 security certificate or instrument to the debtor for the
29 purpose of:

- 30 *a.* ultimate sale or exchange; or
- 31 *b.* presentation, collection, enforcement, renewal, or
32 registration of transfer.

33 8. *Expiration of temporary perfection.* After the twenty-day
34 period specified in [subsection 5, 6, or 7](#) expires, perfection
35 depends upon compliance with [this Article](#).

1 Sec. 28. Section 554.9313, subsection 1, Code 2022, is
2 amended to read as follows:

3 1. *Perfection by possession or delivery.* Except as otherwise
4 provided in [subsection 2](#), a secured party may perfect a
5 security interest in tangible negotiable documents, goods,
6 instruments, tangible money, or tangible chattel paper by
7 taking possession of the collateral. A secured party may
8 perfect a security interest in certificated securities by
9 taking delivery of the certificated securities under section
10 554.8301.

11 Sec. 29. Section 554.9314, subsections 1 and 2, Code 2022,
12 are amended to read as follows:

13 1. *Perfection by control.* A security interest in ~~investment~~
14 ~~property, deposit accounts, letter-of-credit rights, electronic~~
15 ~~chattel paper, or electronic documents~~ controllable accounts,
16 controllable electronic records, controllable payment
17 intangibles, deposit accounts, electronic chattel paper,
18 electronic documents, electronic money, investment property,
19 or letter-of-credit rights, may be perfected by control of
20 the collateral under [section 554.7106](#), [554.9104](#), [554.9105](#),
21 [554.9105A](#), [554.9106](#), ~~or~~ [554.9107](#), or [554.9107A](#).

22 2. *Specified collateral — time of perfection by control —*
23 *continuation of perfection.* A security interest in ~~deposit~~
24 ~~accounts, electronic chattel paper, letter-of-credit rights,~~
25 ~~or electronic documents~~ controllable accounts, controllable
26 electronic records, controllable payment intangibles, deposit
27 accounts, electronic chattel paper, electronic documents,
28 electronic money, or letter-of-credit rights, is perfected by
29 control under [section 554.7106](#), [554.9104](#), [554.9105](#), [554.9105A](#)
30 ~~or~~ [554.9107](#), or [554.9107A](#) when the secured party obtains
31 control and remains perfected by control only while the secured
32 party retains control.

33 Sec. 30. NEW SECTION. **554.9326A Priority of security**
34 **interests in controllable account, controllable electronic**
35 **record, and controllable payment intangible.**

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

6 Sec. 31. Section 554.9331, Code 2022, is amended to read as
7 follows:

8 **554.9331 Priority of rights of purchasers of ~~instruments,~~**
9 **controllable accounts, controllable records, controllable payment**
10 **intangibles, documents, instruments, and securities under other**
11 **articles Articles** — priority of interests in financial assets
12 **and security entitlements and protections against assertions of**
13 **claims under Article Articles 8 and 14.**

14 1. *Rights under Articles 3, 7, and 8, and 14 not*
15 *limited. This Article* does not limit the rights of a holder
16 in due course of a negotiable instrument, a holder to which a
17 negotiable document of title has been duly negotiated, ~~or~~ a
18 protected purchaser of a security, or a qualifying purchaser
19 of a controllable account, controllable electronic record, or
20 controllable payment intangible. These holders or purchasers
21 take priority over an earlier security interest, even if
22 perfected, to the extent provided in Articles 3, 7, and 8, and
23 14.

24 2. *Protection under Article Articles 8 and 14. This Article*
25 does not limit the rights of or impose liability on a person to
26 the extent that the person is protected against the assertion
27 of a claim under Article 8 or 14.

28 3. *Filing not notice.* Filing under this Article does not
29 constitute notice of a claim or defense to the holders, ~~or~~
30 purchasers, or persons described in subsections 1 and 2.

31 Sec. 32. Section 554.9332, Code 2022, is amended to read as
32 follows:

33 **554.9332 Transfer of money — transfer of funds from deposit**
34 **account.**

35 1. *Transferee of tangible money.* A transferee of tangible

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(amending this SF 2333 to CONFORM to HF 2445)

1 money takes the money free of a security interest ~~unless the~~
2 ~~transferee acts~~ in the money if the transferee when receiving
3 delivery of the money does not act in collusion with the debtor
4 in violating the rights of the secured party.

5 2. Transferee of electronic money. A transferee of
6 electronic money takes the money free of a security interest
7 in the money if the transferee when obtaining control of the
8 money does not act in collusion with the debtor in violating
9 the rights of the secured party.

10 ~~2.~~ 3. Transferee of funds from deposit account. A
11 transferee of funds from a deposit account takes the funds
12 free of a security interest in the deposit account ~~unless the~~
13 ~~transferee acts~~ if the transferee when receiving the funds does
14 not act in collusion with the debtor in violating the rights of
15 the secured party.

16 Sec. 33. Section 554.9406, subsections 1, 2, and 3, Code
17 2022, are amended to read as follows:

18 1. *Discharge of account debtor — effect of*
19 *notification.* Subject to subsections 2 through 9 and
20 11, an account debtor on an account, chattel paper, or a
21 payment intangible may discharge its obligation by paying the
22 assignor until, but not after, the account debtor receives a
23 notification, authenticated by the assignor or the assignee,
24 that the amount due or to become due has been assigned and that
25 payment is to be made to the assignee. After receipt of the
26 notification, the account debtor may discharge its obligation
27 by paying the assignee and may not discharge the obligation by
28 paying the assignor.

29 2. *When notification ineffective.* Subject to ~~subsection~~
30 subsections 8 and 11, notification is ineffective under
31 subsection 1:

- 32 a. if it does not reasonably identify the rights assigned;
33 b. to the extent that an agreement between an account
34 debtor and a seller of a payment intangible limits the account
35 debtor's duty to pay a person other than the seller and the

1 limitation is effective under law other than [this Article](#); or
2 *c.* at the option of an account debtor, if the notification
3 notifies the account debtor to make less than the full amount
4 of any installment or other periodic payment to the assignee,
5 even if:

6 (1) only a portion of the account, chattel paper, or payment
7 intangible has been assigned to that assignee;

8 (2) a portion has been assigned to another assignee; or

9 (3) the account debtor knows that the assignment to that
10 assignee is limited.

11 3. *Proof of assignment.* Subject to ~~subsection~~ subsections
12 8 and 11, if requested by the account debtor, an assignee shall
13 seasonably furnish reasonable proof that the assignment has
14 been made. Unless the assignee complies, the account debtor
15 may discharge its obligation by paying the assignor, even if
16 the account debtor has received a notification under subsection
17 1.

18 Sec. 34. Section 554.9406, Code 2022, is amended by adding
19 the following new subsection:

20 NEW SUBSECTION. 11. *Inapplicability of certain*
21 *subsections.* Subsections 1 through 3 and 7 do not apply to a
22 controllable account or controllable payment intangible.

23 Sec. 35. Section 554.9601, subsection 2, Code 2022, is
24 amended to read as follows:

25 2. *Rights and duties of secured party in possession or*
26 *control.* A secured party in possession of collateral or control
27 of collateral under [section 554.7106](#), [554.9104](#), [554.9105](#),
28 [554.9105A](#), [554.9106](#), ~~or~~ [554.9107](#), or [554.9107A](#) has the rights
29 and duties provided in [section 554.9207](#).

30 Sec. 36. Section 554.9605, Code 2022, is amended to read as
31 follows:

32 **554.9605 Unknown debtor or secondary obligor.**

33 1. Duties to unknown persons — general rule. A Except as
34 provided in subsection 2, a secured party does not owe a duty
35 based on its status as secured party:

1 ~~1.~~ a. to a person that is a debtor or obligor, unless the
2 secured party knows:

3 ~~a.~~ (1) that the person is a debtor or obligor;

4 ~~b.~~ (2) the identity of the person; and

5 ~~c.~~ (3) how to communicate with the person; or

6 ~~2.~~ b. to a secured party or lienholder that has filed a
7 financing statement against a person, unless the secured party
8 knows:

9 ~~a.~~ (1) that the person is a debtor; and

10 ~~b.~~ (2) the identity of the person.

11 2. When secured party owes duty to debtor notwithstanding

12 subsection 1. A secured party owes a duty based on its status
13 as a secured party to a person that is a debtor if, at the time
14 the secured party obtains control of a controllable account,
15 controllable electronic record, or controllable payment
16 intangible, the secured party has knowledge that the nature of
17 the collateral or a system in which the collateral is recorded
18 would prevent the secured party from acquiring the knowledge
19 specified in subsection 1, paragraph "a", subparagraph (1),
20 (2), or (3).

21 Sec. 37. Section 554.9628, subsection 2, Code 2022, is
22 amended to read as follows:

23 2. Limitation of liability based on status as secured

24 party. A Subject to subsection 6, a secured party is not liable
25 because of its status as secured party:

26 a. to a person that is a debtor or obligor, unless the
27 secured party knows:

28 (1) that the person is a debtor or obligor;

29 (2) the identity of the person; and

30 (3) how to communicate with the person; or

31 b. to a secured party or lienholder that has filed a
32 financing statement against a person, unless the secured party
33 knows:

34 (1) that the person is a debtor; and

35 (2) the identity of the person.

1 Sec. 38. Section 554.9628, Code 2022, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 6. *When secured party owes duty to debtor*
4 *notwithstanding subsection 2.* A secured party owes a duty
5 based on its status as a secured party to a person that is
6 a debtor if, at the time the secured party obtains control
7 of a controllable account, controllable electronic record,
8 or controllable payment intangible, the secured party has
9 knowledge that the nature of the collateral or a system in
10 which the collateral is recorded would prevent the secured
11 party from acquiring the knowledge specified in subsection 2,
12 paragraph "a", subparagraph (1), (2), or (3).>

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