

**House File 618 - Introduced**

HOUSE FILE 618  
BY COMMITTEE ON JUDICIARY

(SUCCESSOR TO HSB 195)

**A BILL FOR**

1 An Act relating to commercial transactions, including control  
2 and transmission of electronic records and digital assets.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I  
UNIFORM COMMERCIAL CODE  
PART A

CONTROLLABLE ELECTRONIC RECORDS

Section 1. Section 554.14101, Code 2023, is amended to read as follows:

**554.14101 Short title.**

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

Sec. 2. Section 554.14102, Code 2023, is amended to read as follows:

**554.14102 Definitions.**

1. ~~Article 14~~ definitions. Article 14 definitions. In this Article:

a. *“Controllable electronic record”* means a record stored in an electronic medium that can be subjected to control under section 554.14105. The term does not include a controllable account, a controllable payment intangible, a deposit account, electronic chattel paper, an electronic copy of a record evidencing chattel paper, an electronic document of title, electronic money, investment property, or a transferable record.

b. *“Qualifying purchaser”* means a purchaser of a controllable electronic record or an interest in ~~the a~~ controllable electronic record that obtains control of the controllable electronic record for value, in good faith, and without notice of a claim of a property right in the controllable electronic record.

c. *“Transferable record”* ~~means~~ has the meaning provided for that term in:

(1) ~~“Transferable record”, as defined in the federal Section 201(a)(1) of the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. §7021(a)(1), as amended;~~ or

(2) ~~“Transferable record” as defined in the uniform electronic transactions~~ Uniform Electronic Transactions Act,

1 section 554D.118, subsection 1.

2 *d.* "Value" has the meaning provided in section 554.3303,  
3 subsection 1, as if references in that subsection to an  
4 "instrument" were references to a controllable account,  
5 controllable electronic record, or controllable payment  
6 intangible.

7 2. ~~Definitions in Article 9.~~ Definitions in Article 9. The  
8 definitions in Article 9 of "account debtor", "authenticate",  
9 "controllable account", "controllable payment intangible",  
10 "chattel paper", "deposit account", ~~"electronic chattel paper",~~  
11 "electronic money", and "investment property" apply to this  
12 Article.

13 3. Article 1 definitions and principles. Article 1 contains  
14 general definitions and principles of construction and  
15 interpretation applicable throughout this Article.

16 Sec. 3. Section 554.14103, Code 2023, is amended to read as  
17 follows:

18 **554.14103 Scope Relation to Article 9 and consumer laws.**

19 1. *Article 9 governs in case of conflict.* If there is  
20 conflict between [this Article](#) and [Article 9](#), [Article 9](#) governs.

21 2. *Applicable consumer law and other laws.* A transaction  
22 subject to [this Article](#) is subject to:

23 *a.* any applicable rule of law that establishes a different  
24 rule for consumers, including as provided in [chapter 537](#) and  
25 any other consumer protection statute or regulation of this  
26 state; and

27 *b.* any other statute or regulation of this state that  
28 regulates the rates, charges, agreements, and practices for  
29 loans, credit sales, or other extensions of credit or credit  
30 transactions, including as provided in [chapter 535](#).

31 Sec. 4. Section 554.14104, Code 2023, is amended to read as  
32 follows:

33 **554.14104 Rights in controllable account, controllable**  
34 **electronic record, and controllable payment intangible.**

35 1. *Applicability of section to controllable account and*

1 *controllable payment intangible.* This section applies to the  
 2 acquisition and purchase of rights in a controllable account  
 3 or controllable payment intangible, including the rights and  
 4 benefits under subsections 3, 4, 5, 7, and 8 of a purchaser  
 5 and a qualifying purchaser, and under subsections 3, 4, and 6,  
 6 ~~and~~ in the same manner this section applies to a controllable  
 7 electronic record.

8 2. Control of controllable account and controllable payment  
 9 intangible. To determine whether a purchaser of a controllable  
 10 account or a controllable payment intangible is a qualifying  
 11 purchaser, the purchaser obtains control of the account or  
 12 payment intangible if it obtains control of the controllable  
 13 electronic record that evidences the account or payment  
 14 intangible.

15 ~~2.~~ 3. Applicability of other law to acquisition of  
 16 *rights.* Except as provided in this section, law other than  
 17 this Article determines whether a person acquires a right in  
 18 a controllable electronic record and the right the person  
 19 acquires.

20 ~~3.~~ 4. Shelter principle and purchase of limited interest. A  
 21 purchaser of a controllable electronic record acquires  
 22 all rights in the controllable electronic record that the  
 23 transferor had or had power to transfer, except that a  
 24 purchaser of a limited interest in a controllable electronic  
 25 record acquires rights only to the extent of the interest  
 26 purchased.

27 ~~4.~~ 5. Rights of qualifying purchaser. A qualifying  
 28 purchaser acquires its rights in the controllable electronic  
 29 record free of a claim of a property right in the controllable  
 30 electronic record.

31 ~~5.~~ 6. Limitation of rights of qualifying purchaser in  
 32 *other property.* Except as provided in subsections 1 and 4  
 33 5 for a controllable accounts account and a controllable  
 34 payment intangibles intangible or law other than this Article,  
 35 a qualifying purchaser takes a right to payment, right to

1 performance, or other interest in property evidenced by the  
2 controllable electronic record subject to a claim of a property  
3 right in the right to payment, right to performance, or other  
4 interest in property.

5 ~~6.~~ 7. *No-action protection for qualifying purchaser.* An  
6 action shall not be asserted against a qualifying purchaser  
7 based on both a purchase by the qualifying purchaser of a  
8 controllable electronic record and a claim of a property  
9 right in another controllable electronic record, whether the  
10 action is framed in conversion, replevin, constructive trust,  
11 equitable lien, or other theory.

12 ~~7.~~ 8. *Filing not notice.* Filing of a financing statement  
13 under [Article 9](#) is not notice of a claim of a property right in  
14 a controllable electronic record.

15 Sec. 5. Section 554.14105, Code 2023, is amended to read as  
16 follows:

17 **554.14105 Control of controllable electronic record.**

18 1. *General rule:* — *control of controllable electronic*  
19 *record.* A person has control of a controllable electronic  
20 record if the electronic record, a record attached to or  
21 logically associated with the electronic record, or a system in  
22 which the electronic record is recorded:

23 ~~a. the electronic record, a record attached to or logically~~  
24 ~~associated with the electronic record, or a system in which the~~  
25 ~~electronic record is recorded~~ gives the person:

26 (1) ~~the~~ power to avail itself of substantially all the  
27 benefit from the electronic record; and

28 (2) exclusive power, subject to [subsection 2](#), to:

29 (a) prevent others from availing themselves of

30 substantially all the benefit from the electronic record; and

31 (b) transfer control of the electronic record to another

32 person or cause another person to obtain control of another

33 controllable electronic record as a result of the transfer of

34 the electronic record; and

35 ~~b. the electronic record, a record attached to or logically~~

1 ~~associated with the electronic record, or a system in which~~  
2 ~~the electronic record is recorded~~ enables the person readily  
3 to identify itself in any way, including by name, identifying  
4 number, cryptographic key, office, or account number, as having  
5 the powers specified in paragraph "a".

6 ~~2. Control through another person. A person has control of~~  
7 ~~a controllable electronic record if another person, other than~~  
8 ~~the transferor of an interest in the electronic record:~~

9 ~~a. has control of the electronic record and acknowledges~~  
10 ~~that it has control on behalf of the person, or~~

11 ~~b. obtains control of the electronic record after having~~  
12 ~~acknowledged that it will obtain control of the electronic~~  
13 ~~record on behalf of the person.~~

14 ~~3. 2. Meaning of exclusive. A power specified in Subject~~  
15 ~~to subsection 3, paragraph "a", subparagraph (2), a power is~~  
16 ~~exclusive, under subsection 1, paragraph "a", subparagraph (2),~~  
17 ~~subparagraph divisions (a) and (b) even if:~~

18 ~~a. the controllable electronic record, a record attached~~  
19 ~~to or logically associated with the electronic record, or a~~  
20 ~~system in which the electronic record is recorded limits the~~  
21 ~~use of the electronic record or has a protocol programmed to~~  
22 ~~cause a change, including a transfer or loss of control or a~~  
23 ~~modification of benefits afforded by the electronic record; or~~

24 ~~b. the person has agreed to share the power is shared with~~  
25 ~~another person.~~

26 ~~3. When power not shared with another person. A power of a~~  
27 ~~person is not shared with another person under subsection 2,~~  
28 ~~paragraph "b" and the person's power is not exclusive if:~~

29 ~~a. the person can exercise the power only if the power also~~  
30 ~~is exercised by the other person; and~~

31 ~~b. the other person:~~

32 ~~(1) can exercise the power without exercise of the power by~~  
33 ~~the person; or~~

34 ~~(2) is the transferor to the person of an interest in the~~  
35 ~~controllable electronic record or a controllable account or~~

1 controllable payment intangible evidenced by the controllable  
2 electronic record.

3 4. *Presumption of exclusivity of certain powers.* If a  
4 person has the powers specified in subsection 1, paragraph "a",  
5 subparagraph (2), subparagraph divisions (a) and (b) the powers  
6 are presumed to be exclusive.

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

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

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

18 6. *No requirement to acknowledge.* A person that has control  
19 under this section is not required to acknowledge that it has  
20 control on behalf of another person.

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

27 Sec. 6. Section 554.14106, Code 2023, is amended to read as  
28 follows:

29 **554.14106 Discharge of account debtor on controllable account**  
30 **or controllable payment intangible.**

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

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

1 payment intangible; or

2 *b.* except as provided in [subsection 2](#), a person that  
3 formerly had control of the controllable electronic record.

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

9 *a.* is ~~authenticated~~ signed by a person that formerly had  
10 control or the person to which control was transferred;

11 *b.* reasonably identifies the controllable account or  
12 controllable payment intangible;

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

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

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

21 *3. Discharge following effective notification.* After  
22 receipt of a notification that complies with [subsection 2](#), the  
23 account debtor may discharge its obligation ~~only~~ by paying in  
24 accordance with the notification and shall not discharge the  
25 obligation by paying a person that formerly had control.

26 *4. When notification ineffective.* ~~Notification~~ Subject to  
27 subsection 8, notification is ineffective under [subsection 2](#):

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

35 *b.* to the extent an agreement between ~~an~~ the account debtor

1 and seller of a payment intangible limits the account debtor's  
2 duty to pay a person other than the seller and the limitation  
3 is effective under law other than [this Article](#); or

4 *c.* at the option of ~~an~~ the account debtor, if the  
5 notification notifies the account debtor to:

6 (1) divide a payment;

7 (2) make less than the full amount of ~~any~~ an installment or  
8 other periodic payment; or

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

11 5. *Proof of transfer of control.* ~~If~~ Subject to subsection  
12 8, if requested by the account debtor, the person giving the  
13 notification under subsection 2 seasonably shall furnish  
14 reasonable proof, using the ~~agreed~~ method in the agreement  
15 referred to in subsection 4, paragraph "a", that control of the  
16 controllable electronic record has been transferred. Unless  
17 the person complies with the request, the account debtor may  
18 discharge its obligation by paying a person that formerly had  
19 control, even if the account debtor has received a notification  
20 under [subsection 2](#).

21 6. *What constitutes reasonable proof.* A person furnishes  
22 reasonable proof under subsection 5 that control has been  
23 transferred if the person demonstrates, using the ~~agreed~~ method  
24 in the agreement referred to in subsection 4, paragraph "a",  
25 that the transferee has the power to:

26 *a.* avail itself of substantially all the benefit from the  
27 controllable electronic record;

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

30 *c.* transfer the powers ~~mentioned~~ specified in paragraphs "a"  
31 and "b" to another person.

32 7. *Rights not waivable.* ~~An~~ Subject to subsection 8,  
33 an account debtor shall not waive or vary its rights under  
34 subsection 4, paragraph "a", and [subsection 5](#) or its option  
35 under [subsection 4, paragraph "c"](#).

1     8. Rule for individual under other law. This section is  
2 subject to law other than this Article which establishes a  
3 different rule for an account debtor who is an individual and  
4 who incurred the obligation primarily for personal, family, or  
5 household purposes.

6     Sec. 7. Section 554.14107, Code 2023, is amended by striking  
7 the section and inserting in lieu thereof the following:

8     **554.14107 Governing law.**

9     1. *Governing law: general rule.* Except as provided in  
10 subsection 2, the local law of a controllable electronic  
11 record's jurisdiction governs a matter covered by this Article.

12     2. *Governing law: section 554.14106.* For a controllable  
13 electronic record that evidences a controllable account  
14 or controllable payment intangible, the local law of the  
15 controllable electronic record's jurisdiction governs a matter  
16 covered by section 554.14106 unless an effective agreement  
17 determines that the local law of another jurisdiction governs.

18     3. *Controllable electronic record's jurisdiction.* The  
19 following rules determine a controllable electronic record's  
20 jurisdiction under this section:

21     a. if the controllable electronic record, or a record  
22 attached to or logically associated with the controllable  
23 electronic record and readily available for review, expressly  
24 provides that a particular jurisdiction is the controllable  
25 electronic record's jurisdiction for purposes of this section,  
26 Article, or chapter, that jurisdiction is the controllable  
27 electronic record's jurisdiction.

28     b. if paragraph "a" does not apply and the rules of the  
29 system in which the controllable electronic record is recorded  
30 are readily available for review and expressly provide that a  
31 particular jurisdiction is the controllable electronic record's  
32 jurisdiction for purposes of this section, Article, or chapter,  
33 that jurisdiction is the controllable electronic record's  
34 jurisdiction.

35     c. if paragraphs "a" and "b" do not apply and the

1 controllable electronic record, or a record attached to or  
2 logically associated with the controllable electronic record  
3 and readily available for review, expressly provides that the  
4 controllable electronic record is governed by the law of a  
5 particular jurisdiction, that jurisdiction is the controllable  
6 electronic record's jurisdiction.

7 *d.* if paragraphs "a", "b", and "c" do not apply and the  
8 rules of the system in which the controllable electronic  
9 record is recorded are readily available for review and  
10 expressly provide that the controllable electronic record or  
11 the system is governed by the law of a particular jurisdiction,  
12 that jurisdiction is the controllable electronic record's  
13 jurisdiction.

14 *e.* if paragraphs "a" through "d" do not apply, the  
15 controllable electronic record's jurisdiction is the District  
16 of Columbia.

17 4. *Applicability of Article 12.* If subsection 3, paragraph  
18 "e", applies and Article 12 is not in effect in the District of  
19 Columbia without material modification, the governing law for  
20 a matter covered by this Article is the law of the District of  
21 Columbia as though Article 12 were in effect in the District of  
22 Columbia without material modification. In this subsection,  
23 "Article 12" means Article 12 of Uniform Commercial Code  
24 Amendments (2022) approved by the uniform law commission at its  
25 annual meeting in July 2022.

26 5. *Relation of matter or transaction to controllable*  
27 *electronic record's jurisdiction not necessary.* To the  
28 extent subsections 1 and 2 provide that the local law of the  
29 controllable electronic record's jurisdiction governs a matter  
30 covered by this Article, that law governs even if the matter  
31 or a transaction to which the matter relates does not bear any  
32 relation to the controllable electronic record's jurisdiction.

33 6. *Rights of purchasers determined at time of purchase.* The  
34 rights acquired under section 554.14104 by a purchaser or  
35 qualifying purchaser are governed by the law applicable under

1 this section at the time of purchase.

2 Sec. 8. Section 554.14108, Code 2023, is amended to read as  
3 follows:

4 **554.14108 Applicability.**

5 1. **This Article** applies to any transaction involving a  
6 controllable electronic record that arises on or after July 1,  
7 2022. **This Article** does not apply to any transaction involving  
8 a controllable electronic record that arises before July 1,  
9 2022, even if the transaction would be subject to **this Article**  
10 if the transaction had arisen on or after July 1, 2022. This  
11 Article does not apply to a right of action with regard to any  
12 transaction involving a controllable electronic record that has  
13 accrued before July 1, 2022.

14 2. This section is repealed on July 1, 2025.

15 Sec. 9. Section 554.14109, Code 2023, is amended to read as  
16 follows:

17 **554.14109 Savings clause.**

18 1. Any transaction involving a controllable electronic  
19 record that arose before July 1, 2022, and the rights,  
20 obligations, and interests flowing from that transaction are  
21 governed by any statute or other rule amended or repealed by  
22 this Article as if such amendment or repeal had not occurred  
23 and may be terminated, completed, consummated, or enforced  
24 under that statute or other rule.

25 2. This section is repealed on July 1, 2025.

26 PART B

27 RELATED ARTICLES

28 GENERAL

29 Sec. 10. Section 554.1201, subsection 2, paragraphs o, y,  
30 ak, and al, Code 2023, are amended to read as follows:

31 o. *“Delivery”*, with respect to an electronic document  
32 of title, means voluntary transfer of control and, with  
33 respect to an instrument, a tangible document of title, or an  
34 authoritative tangible copy of a record evidencing chattel  
35 paper, means voluntary transfer of possession.

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

10     ~~(1) is currently authorized or adopted by a domestic or~~  
11 ~~foreign government, by an intergovernmental organization, or~~  
12 ~~pursuant to an agreement between two or more governments; and~~

13     ~~(2) was initially issued, created, or distributed by~~  
14 ~~a domestic or foreign government, by an intergovernmental~~  
15 ~~organization, or pursuant to an agreement between two or more~~  
16 ~~governments.~~

17     ak. "Send" in connection with a ~~writing, record, or notice~~  
18 notification means:

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

25     (2) ~~in any other way to cause to be received any the record~~  
26 ~~or notice~~ notification to be received within the time it would  
27 ~~have arrived~~ been received if properly sent under subparagraph  
28 (1).

29     al. (1) ~~"Signed" includes using any symbol executed~~  
30 ~~or adopted~~ "Sign" means with present intention intent to  
31 authenticate or adopt or accept a writing, record that:

32     (a) executes or adopts a tangible symbol; or

33     (b) attaches to or logically associates with the record an  
34 electronic symbol, sound, or process.

35     (2) "Signed", "signing", and "signature" have corresponding

1 meanings.

2 Sec. 11. Section 554.1301, subsection 3, paragraph g, Code  
3 2023, is amended to read as follows:

4 *g.* Sections 554.13105 and 554.13106-;

5 Sec. 12. Section 554.1301, subsection 3, Code 2023, is  
6 amended by adding the following new paragraph:

7 NEW PARAGRAPH. *h.* Section 554.14107.

8 Sec. 13. Section 554.1306, Code 2023, is amended to read as  
9 follows:

10 **554.1306 Waiver or renunciation of claim or right after**  
11 **breach.**

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

16 PART C

17 RELATED ARTICLES

18 SECURED TRANSACTIONS

19 Sec. 14. Section 554.9102, subsection 1, paragraphs b, c,  
20 d, ab, ac, as, ax, bf, and br, Code 2023, are amended to read  
21 as follows:

22 *b.* "Account", except as used in "account for", "account  
23 statement", "account to", "commodity account" in paragraph "n",  
24 "customer's account", "deposit account" in paragraph "ae", "on  
25 account of", and paragraph "~~ae~~" "statement of account", means  
26 a right to payment of a monetary obligation, whether or not  
27 earned by performance, (i) for property that has been or is  
28 to be sold, leased, licensed, assigned, or otherwise disposed  
29 of; (ii) for services rendered or to be rendered; (iii) for  
30 a policy of insurance issued or to be issued; (iv) for a  
31 secondary obligation incurred or to be incurred; (v) for energy  
32 provided or to be provided; (vi) for the use or hire of a vessel  
33 under a charter or other contract; (vii) arising out of the use  
34 of a credit or charge card or information contained on or for  
35 use with the card; or (viii) as winnings in a lottery or other

1 game of chance operated or sponsored by a state, governmental  
2 unit of a state, or person licensed or authorized to operate  
3 the game by a state or governmental unit of a state. The  
4 term includes controllable accounts and health care insurance  
5 receivables. The term does not include (i) chattel paper, (ii)  
6 commercial tort claims, (iii) deposit accounts, (iv) investment  
7 property, (v) letter-of-credit rights or letters of credit,  
8 (vi) rights to payment for money or funds advanced or sold,  
9 other than rights arising out of the use of a credit or charge  
10 card or information contained on or for use with the card, or  
11 (vii) rights to payment evidenced by an instrument.

12 *c. "Account debtor"* means a person obligated on an account,  
13 chattel paper, or general intangible. The term does not  
14 include persons obligated to pay a negotiable instrument, even  
15 if the negotiable instrument ~~constitutes part of~~ evidences  
16 chattel paper.

17 *d. "Accounting"*, except as used in *"accounting for"*, means a  
18 record:

19 (1) ~~authenticated~~ signed by a secured party;

20 (2) indicating the aggregate unpaid secured obligations as  
21 of a date not more than thirty-five days earlier or thirty-five  
22 days later than the date of the record; and

23 (3) identifying the components of the obligations in  
24 reasonable detail.

25 *ab. "Controllable account"* means an account evidenced by a  
26 controllable electronic record that provides that the account  
27 debtor undertakes to pay the person that has control under  
28 section 554.14105 ~~has control~~ of the controllable electronic  
29 record.

30 *ac. "Controllable payment intangible"* means a payment  
31 intangible evidenced by a controllable electronic record that  
32 provides that the account debtor undertakes to pay the person  
33 that has control under [section 554.14105](#) ~~has control~~ of the  
34 controllable electronic record.

35 *as. "General intangible"* means any personal property,

1 including things in action, other than accounts, chattel paper,  
2 commercial tort claims, deposit accounts, documents, goods,  
3 instruments, investment property, letter-of-credit rights,  
4 letters of credit, money, and oil, gas, or other minerals  
5 before extraction. The term includes controllable electronic  
6 records, payment intangibles, and software.

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

17 *bf.* "Money" has the meaning provided in section 554.1201,  
18 subsection 2, paragraph "y", but does not include (i) a deposit  
19 account or (ii) money in an electronic form that cannot be  
20 subjected to control under section 554.9105A.

21 *br.* "Proposal" means a record ~~authenticated~~ signed by a  
22 secured party which includes the terms on which the secured  
23 party is willing to accept collateral in full or partial  
24 satisfaction of the obligation it secures pursuant to sections  
25 554.9620, 554.9621, and 554.9622.

26 Sec. 15. Section 554.9102, subsection 1, Code 2023, is  
27 amended by adding the following new paragraphs:

28 NEW PARAGRAPH. *og.* "Assignee", except as used in "assignee  
29 for benefit of creditors", means a person (i) in whose favor  
30 a security interest that secures an obligation is created or  
31 provided for under a security agreement, whether or not the  
32 obligation is outstanding or (ii) to which an account, chattel  
33 paper, payment intangible, or promissory note has been sold.  
34 The term includes a person to which a security interest has  
35 been transferred by a secured party.

1 NEW PARAGRAPH. *00g.* “Assignor” means a person that (i)  
2 under a security agreement creates or provides for a security  
3 interest that secures an obligation or (ii) sells an account,  
4 chattel paper, payment intangible, or promissory note. The  
5 term includes a secured party that has transferred a security  
6 interest to another person.

7 Sec. 16. Section 554.9102, subsection 1, paragraphs g, ag,  
8 ca, and ce, Code 2023, are amended by striking the paragraphs.

9 Sec. 17. Section 554.9102, subsection 1, paragraph k, Code  
10 2023, is amended by striking the paragraph and inserting in  
11 lieu thereof the following:

12 *k.* (1) “Chattel paper” means:

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

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

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

22 (ii) the predominant purpose of the transaction giving rise  
23 to the lease was to give the lessee the right to possession and  
24 use of the goods.

25 (2) “Chattel paper” does not include a right to payment  
26 arising out of a charter or other contract involving the use or  
27 hire of a vessel or a right to payment arising out of the use of  
28 a credit or charge card or information contained on or for use  
29 with the card.

30 Sec. 18. Section 554.9102, subsection 2, Code 2023, is  
31 amended by adding the following new paragraph:

32 NEW PARAGRAPH. *0ae.* “Protected purchaser” ... Section  
33 554.8303.

34 Sec. 19. Section 554.9104, subsection 1, Code 2023, is  
35 amended to read as follows:

- 1     1. *Requirements for control.* A secured party has control  
2 of a deposit account if:
- 3     a. the secured party is the bank with which the deposit  
4 account is maintained;
- 5     b. the debtor, secured party, and bank have agreed in  
6 ~~an authenticated~~ a signed record that the bank will comply  
7 with instructions originated by the secured party directing  
8 disposition of the funds in the deposit account without further  
9 consent by the debtor; ~~or~~
- 10    c. the secured party becomes the bank's customer with  
11 respect to the deposit account; or
- 12    d. another person, other than the debtor:
- 13       (1) has control of the deposit account and acknowledges that  
14 it has control on behalf of the secured party; or
- 15       (2) obtains control of the deposit account after having  
16 acknowledged that it will obtain control of the deposit account  
17 on behalf of the secured party.

18                                   DIVISION II  
19                                   UNIFORM COMMERCIAL CODE

20                                   PART A

21                                   SECURED TRANSACTIONS

22     Sec. 20. Section 554.9105, Code 2023, is amended by striking  
23 the section and inserting in lieu thereof the following:

24     **554.9105 Control of electronic copy of record evidencing**  
25 **chattel paper.**

26     1. *General rule: control of electronic copy of record*  
27 *evidencing chattel paper.* A purchaser has control of an  
28 authoritative electronic copy of a record evidencing chattel  
29 paper if a system employed for evidencing the assignment  
30 of interests in the chattel paper reliably establishes the  
31 purchaser as the person to which the authoritative electronic  
32 copy was assigned.

33     2. *Single authoritative copy.* A system satisfies subsection  
34 1 if the record or records evidencing the chattel paper are  
35 created, stored, and assigned in a manner that:

1     *a.* a single authoritative copy of the record or records  
2 exists which is unique, identifiable, and, except as otherwise  
3 provided in paragraphs "*d*", "*e*", and "*f*", unalterable;

4     *b.* the authoritative copy identifies the purchaser as the  
5 assignee of the record or records;

6     *c.* the authoritative copy is communicated to and maintained  
7 by the purchaser or its designated custodian;

8     *d.* copies or amendments that add or change an identified  
9 assignee of the authoritative copy can be made only with the  
10 consent of the purchaser;

11    *e.* each copy of the authoritative copy and any copy of  
12 a copy is readily identifiable as a copy that is not the  
13 authoritative copy; and

14    *f.* any amendment of the authoritative copy is readily  
15 identifiable as authorized or unauthorized.

16    3. *One or more authoritative copies.* A system satisfies  
17 subsection 1, and a purchaser has control of an authoritative  
18 electronic copy of a record evidencing chattel paper, if the  
19 electronic copy, a record attached to or logically associated  
20 with the electronic copy, or a system in which the electronic  
21 copy is recorded:

22    *a.* enables the purchaser readily to identify each electronic  
23 copy as either an authoritative copy or a nonauthoritative  
24 copy;

25    *b.* enables the purchaser readily to identify itself in any  
26 way, including by name, identifying number, cryptographic key,  
27 office, or account number, as the assignee of the authoritative  
28 electronic copy; and

29    *c.* gives the purchaser exclusive power, subject to  
30 subsection 4, to:

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

33    (2) transfer control of the authoritative electronic copy.

34    4. *Meaning of exclusive.* Subject to subsection 5, a power  
35 is exclusive under subsection 3, paragraph "*c*", subparagraphs

1 (1) and (2), even if:

2     *a.* the authoritative electronic copy, a record attached  
3 to or logically associated with the authoritative electronic  
4 copy, or a system in which the authoritative electronic copy is  
5 recorded limits the use of the authoritative electronic copy  
6 or has a protocol programmed to cause a change, including a  
7 transfer or loss of control; or

8     *b.* the power is shared with another person.

9     5. *When power not shared with another person.* A power of a  
10 purchaser is not shared with another person under subsection 4,  
11 paragraph "b", and the purchaser's power is not exclusive if:

12     *a.* the purchaser can exercise the power only if the power  
13 also is exercised by the other person; and

14     *b.* the other person:

15         (1) can exercise the power without exercise of the power by  
16 the purchaser; or

17         (2) is the transferor to the purchaser of an interest in the  
18 chattel paper.

19     6. *Presumption of exclusivity of certain powers.* If a  
20 purchaser has the powers specified in subsection 3, paragraph  
21 "c", subparagraphs (1) and (2), the powers are presumed to be  
22 exclusive.

23     7. *Obtaining control through another person.* A purchaser  
24 has control of an authoritative electronic copy of a record  
25 evidencing chattel paper if another person, other than the  
26 transferor to the purchaser of an interest in the chattel  
27 paper:

28     *a.* has control of the authoritative electronic copy and  
29 acknowledges that it has control on behalf of the purchaser; or

30     *b.* obtains control of the authoritative electronic copy  
31 after having acknowledged that it will obtain control of the  
32 electronic copy on behalf of the purchaser.

33     Sec. 21. Section 554.9105A, Code 2023, is amended to read  
34 as follows:

35     **554.9105A Control of electronic money.**

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

3 a. the electronic money, a record attached to or logically  
4 associated with the electronic money, or a system in which the  
5 electronic money is recorded gives the person:

6 (1) ~~the~~ power to avail itself of substantially all the  
7 benefit from the electronic money; and

8 (2) exclusive power, subject to [subsection 2](#), to:

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

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

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

21 2. *Meaning of exclusive.* Subject to subsection 3, a power  
22 is exclusive under subsection 1, paragraph "a", subparagraph  
23 (2), subparagraph divisions (a) and (b) even if:

24 a. the electronic money, a record attached to or logically  
25 associated with the electronic money, or a system in which the  
26 electronic money is recorded limits the use of the electronic  
27 money or has a protocol programmed to cause a change, including  
28 a transfer or loss of control; or

29 b. the power is shared with another person.

30 3. *When power not shared with another person.* A power of a  
31 person is not shared with another person under subsection 2,  
32 paragraph "b" and the person's power is not exclusive if:

33 a. the person can exercise the power only if the power also  
34 is exercised by the other person; and

35 b. the other person:

1 (1) can exercise the power without exercise of the power by  
2 the person; or

3 (2) is the transferor to the person of an interest in the  
4 electronic money.

5 4. *Presumption of exclusivity of certain powers.* If a  
6 person has the powers specified in subsection 1, paragraph "a",  
7 subparagraph (2), subparagraph divisions (a) and (b) the powers  
8 are presumed to be exclusive.

9 2. 5. *Control through another person.* A person has  
10 control of electronic money if another person, other than the  
11 transferor of an interest in the electronic money:

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

14 b. obtains control of the electronic money after having  
15 acknowledged that it will obtain control of the electronic  
16 money on behalf of the person.

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

19 ~~a. the electronic money or a system in which the electronic~~  
20 ~~money is recorded limits the use of the electronic money or has~~  
21 ~~a protocol programmed to transfer control; or~~

22 ~~b. the person has agreed to share the power with another~~  
23 ~~person.~~

24 **Sec. 22. NEW SECTION. 554.9107B No requirement to**  
25 **acknowledge or confirm; no duties.**

26 **1. *No requirement to acknowledge.* A person that has control**  
27 **under section 554.9104, 554.9105, or 554.9105A is not required**  
28 **to acknowledge that it has control on behalf of another person.**

29 **2. *No duties or confirmation.* If a person acknowledges**  
30 **that it has or will obtain control on behalf of another**  
31 **person, unless the person otherwise agrees or law other than**  
32 **this Article otherwise provides, the person does not owe any**  
33 **duty to the other person and is not required to confirm the**  
34 **acknowledgment to any other person.**

35 **Sec. 23. Section 554.9203, subsection 2, Code 2023, is**

1 amended to read as follows:

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

6 a. value has been given;

7 b. the debtor has rights in the collateral or the power to  
8 transfer rights in the collateral to a secured party; and

9 c. one of the following conditions is met:

10 (1) the debtor has ~~authenticated~~ signed a security  
11 agreement that provides a description of the collateral and, if  
12 the security interest covers timber to be cut, a description  
13 of the land concerned;

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

17 (3) the collateral is a certificated security in registered  
18 form and the security certificate has been delivered to the  
19 secured party under [section 554.8301](#) pursuant to the debtor's  
20 security agreement; ~~or~~

21 (4) the collateral is controllable accounts, controllable  
22 electronic records, controllable payment intangibles, deposit  
23 accounts, ~~electronic chattel paper,~~ electronic documents,  
24 electronic money, investment property, or letter-of-credit  
25 rights, and the secured party has control under section  
26 554.7106, [554.9104](#), ~~554.9105~~, [554.9105A](#), [554.9106](#), [554.9107](#), or  
27 554.9107A pursuant to the debtor's security agreement; ~~or~~

28 (5) the collateral is chattel paper and the secured party  
29 has possession and control under section 554.9314A pursuant to  
30 the debtor's security agreement.

31 Sec. 24. Section 554.9203, subsection 10, Code 2023, is  
32 amended by striking the subsection.

33 Sec. 25. Section 554.9208, subsection 2, Code 2023, is  
34 amended to read as follows:

35 2. *Duties of secured party after receiving demand from*

1 *debtor*. Within ten days after receiving an ~~authenticated~~ a  
2 signed demand by the debtor:

3     *a.* a secured party having control of a deposit account  
4 under [section 554.9104, subsection 1](#), paragraph "b", shall  
5 send to the bank with which the deposit account is maintained  
6 ~~an authenticated statement~~ a signed record that releases the  
7 bank from any further obligation to comply with instructions  
8 originated by the secured party;

9     *b.* a secured party having control of a deposit account under  
10 section 554.9104, subsection 1, paragraph "c", shall:

11         (1) pay the debtor the balance on deposit in the deposit  
12 account; or

13         (2) transfer the balance on deposit into a deposit account  
14 in the debtor's name;

15     *c.* a secured party, other than a buyer, having control of  
16 ~~electronic chattel paper~~ under [section 554.9105](#) shall: of an  
17 authoritative electronic copy of a record evidencing chattel  
18 paper shall transfer control of the electronic copy to the  
19 debtor or a person designated by the debtor;

20         ~~(1) communicate the authoritative copy of the electronic~~  
21 ~~chattel paper to the debtor or its designated custodian;~~

22         ~~(2) if the debtor designates a custodian that is the~~  
23 ~~designated custodian with which the authoritative copy of~~  
24 ~~the electronic chattel paper is maintained for the secured~~  
25 ~~party, communicate to the custodian an authenticated record~~  
26 ~~releasing the designated custodian from any further obligation~~  
27 ~~to comply with instructions originated by the secured party~~  
28 ~~and instructing the custodian to comply with instructions~~  
29 ~~originated by the debtor; and~~

30         ~~(3) take appropriate action to enable the debtor or its~~  
31 ~~designated custodian to make copies of or revisions to the~~  
32 ~~authoritative copy which add or change an identified assignee~~  
33 ~~of the authoritative copy without the consent of the secured~~  
34 ~~party;~~

35     *d.* a secured party having control of investment property

1 under [section 554.8106, subsection 4](#), paragraph "b", or  
2 [section 554.9106, subsection 2](#), shall send to the securities  
3 intermediary or commodity intermediary with which the  
4 security entitlement or commodity contract is maintained an  
5 ~~authenticated~~ a signed record that releases the securities  
6 intermediary or commodity intermediary from any further  
7 obligation to comply with entitlement orders or directions  
8 originated by the secured party;

9 e. a secured party having control of a letter-of-credit  
10 right under [section 554.9107](#) shall send to each person having  
11 an unfulfilled obligation to pay or deliver proceeds of the  
12 letter of credit to the secured party an ~~authenticated~~ a signed  
13 release from any further obligation to pay or deliver proceeds  
14 of the letter of credit to the secured party;

15 f. a secured party having control under section 554.7106  
16 of an authoritative electronic copy of an electronic document  
17 shall ~~transfer control of the electronic copy to the debtor or~~  
18 a person designated by the debtor;

19 ~~(1) give control of the electronic document to the debtor or~~  
20 ~~its designated custodian;~~

21 ~~(2) if the debtor designates a custodian that is the~~  
22 ~~designated custodian with which the authoritative copy of~~  
23 ~~the electronic document is maintained for the secured party,~~  
24 ~~communicate to the custodian an authenticated record releasing~~  
25 ~~the designated custodian from any further obligation to~~  
26 ~~comply with instructions originated by the secured party~~  
27 ~~and instructing the custodian to comply with instructions~~  
28 ~~originated by the debtor; and~~

29 ~~(3) take appropriate action to enable the debtor or its~~  
30 ~~designated custodian to make copies of or revisions to the~~  
31 ~~authoritative copy which add or change an identified assignee~~  
32 ~~of the authoritative copy without the consent of the secured~~  
33 ~~party; and~~

34 g. a secured party having control under [section 554.9105A](#) of  
35 electronic money shall transfer control of the electronic money

1 to the debtor or a person designated by the debtor; and

2 *h.* a secured party having control under [section 554.14105](#)  
3 of a controllable electronic record, other than a buyer of  
4 a controllable account or controllable payment intangible  
5 evidenced by the controllable electronic record, shall transfer  
6 control of the controllable electronic record to the debtor or  
7 a person designated by the debtor.

8 Sec. 26. Section 554.9209, subsection 2, Code 2023, is  
9 amended to read as follows:

10 2. *Duties of secured party after receiving demand from*  
11 *debtor.* Within ten days after receiving an ~~authenticated a~~  
12 signed demand by the debtor, a secured party shall send to  
13 an account debtor under section 554.9406, subsection 1 or  
14 554.14106, subsection 2, that has received notification of  
15 an assignment to the secured party as assignee ~~under section~~  
16 ~~554.9406, subsection 1~~, an ~~authenticated a~~ signed record that  
17 releases the account debtor from any further obligation to the  
18 secured party.

19 Sec. 27. Section 554.9210, subsections 1, 2, 3, 4, and 5,  
20 Code 2023, are amended to read as follows:

21 1. *Definitions.* In [this section](#):

22 *a.* "Request" means a record of a type described in paragraph  
23 "b", "c", or "d".

24 *b.* "Request for an accounting" means a record ~~authenticated~~  
25 signed by a debtor requesting that the recipient provide an  
26 accounting of the unpaid obligations secured by collateral and  
27 reasonably identifying the transaction or relationship that is  
28 the subject of the request.

29 *c.* "Request regarding a list of collateral" means a record  
30 ~~authenticated~~ signed by a debtor requesting that the recipient  
31 approve or correct a list of what the debtor believes to be the  
32 collateral securing an obligation and reasonably identifying  
33 the transaction or relationship that is the subject of the  
34 request.

35 *d.* "Request regarding a statement of account" means a record

1 ~~authenticated~~ signed by a debtor requesting that the recipient  
2 approve or correct a statement indicating what the debtor  
3 believes to be the aggregate amount of unpaid obligations  
4 secured by collateral as of a specified date and reasonably  
5 identifying the transaction or relationship that is the subject  
6 of the request.

7 2. *Duty to respond to requests.* Subject to subsections 3,  
8 4, 5, and 6, a secured party, other than a buyer of accounts,  
9 chattel paper, payment intangibles, or promissory notes or a  
10 consignor, shall comply with a request within fourteen days  
11 after receipt:

12 a. in the case of a request for an accounting, by  
13 ~~authenticating~~ signing and sending to the debtor an accounting;  
14 and

15 b. in the case of a request regarding a list of  
16 collateral or a request regarding a statement of account, by  
17 ~~authenticating~~ signing and sending to the debtor an approval  
18 or correction.

19 3. *Request regarding list of collateral — statement*  
20 *concerning type of collateral.* A secured party that claims a  
21 security interest in all of a particular type of collateral  
22 owned by the debtor may comply with a request regarding a  
23 list of collateral by sending to the debtor ~~an authenticated~~  
24 a signed record including a statement to that effect within  
25 fourteen days after receipt.

26 4. *Request regarding list of collateral — no interest*  
27 *claimed.* A person that receives a request regarding a list  
28 of collateral, claims no interest in the collateral when  
29 it receives the request, and claimed an interest in the  
30 collateral at an earlier time shall comply with the request  
31 within fourteen days after receipt by sending to the debtor ~~an~~  
32 authenticated a signed record:

33 a. disclaiming any interest in the collateral; and

34 b. if known to the recipient, providing the name and mailing  
35 address of any assignee of or successor to the recipient's

1 interest in the collateral.

2 5. *Request for accounting or regarding statement of account*  
3 *— no interest in obligation claimed.* A person that receives a  
4 request for an accounting or a request regarding a statement of  
5 account, claims no interest in the obligations when it receives  
6 the request, and claimed an interest in the obligations at an  
7 earlier time shall comply with the request within fourteen  
8 days after receipt by sending to the debtor ~~an authenticated~~ a  
9 signed record:

- 10 a. disclaiming any interest in the obligations; and  
11 b. if known to the recipient, providing the name and mailing  
12 address of any assignee of or successor to the recipient's  
13 interest in the obligations.

14 Sec. 28. Section 554.9301, unnumbered paragraph 1, Code  
15 2023, is amended to read as follows:

16 Except as otherwise provided in [sections 554.9303, 554.9304,](#)  
17 [554.9305,](#) and [554.9306](#) through 554.9306B, the following  
18 rules determine the law governing perfection, the effect of  
19 perfection or nonperfection, and the priority of a security  
20 interest in collateral:

21 Sec. 29. Section 554.9301, subsection 3, unnumbered  
22 paragraph 1, Code 2023, is amended to read as follows:

23 Except as otherwise provided in [subsection 4](#), while ~~tangible~~  
24 negotiable tangible documents, goods, instruments, or tangible  
25 money, ~~or tangible chattel paper~~ is located in a jurisdiction,  
26 the local law of that jurisdiction governs:

27 Sec. 30. Section 554.9305, subsection 1, Code 2023, is  
28 amended by adding the following new paragraph:

29 NEW PARAGRAPH. e. Paragraphs "b", "c", and "d" apply  
30 even if the transaction does not bear any relation to the  
31 jurisdiction.

32 Sec. 31. Section 554.9306A, Code 2023, is amended by  
33 striking the section and inserting in lieu thereof the  
34 following:

35 **554.9306A Law governing perfection and priority of security**

1 **interests in chattel paper.**

2 1. *Chattel paper evidenced by authoritative electronic*  
3 *copy.* Except as provided in subsection 4, if chattel paper  
4 is evidenced only by an authoritative electronic copy of the  
5 chattel paper or is evidenced by an authoritative electronic  
6 copy and an authoritative tangible copy, the local law of the  
7 chattel paper's jurisdiction governs perfection, the effect of  
8 perfection or nonperfection, and the priority of a security  
9 interest in the chattel paper, even if the transaction does not  
10 bear any relation to the chattel paper's jurisdiction.

11 2. *Chattel paper's jurisdiction.* The following rules  
12 determine the chattel paper's jurisdiction under this section:

13 a. If the authoritative electronic copy of the record  
14 evidencing chattel paper, or a record attached to or logically  
15 associated with the electronic copy and readily available for  
16 review, expressly provides that a particular jurisdiction is  
17 the chattel paper's jurisdiction for purposes of this section,  
18 this part, this Article, or this chapter, that jurisdiction is  
19 the chattel paper's jurisdiction.

20 b. If paragraph "a" does not apply and the rules of the  
21 system in which the authoritative electronic copy is recorded  
22 are readily available for review and expressly provide that a  
23 particular jurisdiction is the chattel paper's jurisdiction  
24 for purposes of this section, this part, this Article, or this  
25 chapter that jurisdiction is the chattel paper's jurisdiction.

26 c. If paragraphs "a" and "b" do not apply and the  
27 authoritative electronic copy, or a record attached to or  
28 logically associated with the electronic copy and readily  
29 available for review, expressly provides that the chattel paper  
30 is governed by the law of a particular jurisdiction, that  
31 jurisdiction is the chattel paper's jurisdiction.

32 d. If paragraphs "a", "b", and "c" do not apply and the  
33 rules of the system in which the authoritative electronic copy  
34 is recorded are readily available for review and expressly  
35 provide that the chattel paper or the system is governed by

1 the law of a particular jurisdiction, that jurisdiction is the  
2 chattel paper's jurisdiction.

3 e. If paragraphs "a" through "d" do not apply, the chattel  
4 paper's jurisdiction is the jurisdiction in which the debtor  
5 is located.

6 3. *Chattel paper evidenced by authoritative tangible*  
7 *copy.* If an authoritative tangible copy of a record evidences  
8 chattel paper and the chattel paper is not evidenced by an  
9 authoritative electronic copy, while the authoritative tangible  
10 copy of the record evidencing chattel paper is located in a  
11 jurisdiction, the local law of that jurisdiction governs:

12 a. perfection of a security interest in the chattel paper by  
13 possession under section 554.9314A; and

14 b. the effect of perfection or nonperfection and the  
15 priority of a security interest in the chattel paper.

16 4. *When perfection governed by law of jurisdiction where*  
17 *debtor located.* The local law of the jurisdiction in which the  
18 debtor is located governs perfection of a security interest in  
19 chattel paper by filing.

20 Sec. 32. NEW SECTION. 554.9306B **Law governing perfection**  
21 **and priority of security interests in controllable accounts,**  
22 **controllable electronic records, and controllable payment**  
23 **intangibles.**

24 1. *Governing law: general rules.* Except as provided in  
25 subsection 2, the local law of the controllable electronic  
26 record's jurisdiction specified in section 554.14107,  
27 subsections 3 and 4 governs perfection, the effect of  
28 perfection or nonperfection, and the priority of a security  
29 interest in a controllable electronic record and a security  
30 interest in a controllable account or controllable payment  
31 intangible evidenced by the controllable electronic record.

32 2. *When perfection governed by law of jurisdiction where*  
33 *debtor located.* The local law of the jurisdiction in which the  
34 debtor is located governs:

35 a. perfection of a security interest in a controllable

1 account, controllable electronic record, or controllable  
2 payment intangible by filing; and

3 *b.* automatic perfection of a security interest in a  
4 controllable payment intangible created by a sale of the  
5 controllable payment intangible.

6 Sec. 33. Section 554.9308, subsection 8, Code 2023, is  
7 amended by striking the subsection.

8 Sec. 34. Section 554.9310, subsection 2, paragraph h, Code  
9 2023, is amended to read as follows:

10 *h.* in controllable accounts, controllable electronic  
11 records, controllable payment intangibles, deposit accounts,  
12 ~~electronic chattel paper,~~ electronic documents, investment  
13 property, or letter-of-credit rights which ~~is~~ are perfected by  
14 control under [section 554.9314](#);

15 Sec. 35. Section 554.9310, subsection 2, Code 2023, is  
16 amended by adding the following new paragraph:

17 NEW PARAGRAPH. *Oi.* in chattel paper which is perfected by  
18 possession and control under section 554.9314A;

19 Sec. 36. Section 554.9312, Code 2023, is amended to read as  
20 follows:

21 **554.9312 Perfection of security interests in chattel**  
22 **paper, controllable accounts, controllable electronic records,**  
23 **controllable payment intangibles, ~~chattel paper,~~ deposit**  
24 **accounts, negotiable documents, goods covered by documents,**  
25 **instruments, investment property, letter-of-credit rights, and**  
26 **money — perfection by permissive filing — temporary perfection**  
27 **without filing or transfer of possession.**

28 1. *Perfection by filing permitted.* A security interest in  
29 chattel paper, controllable accounts, controllable electronic  
30 records, controllable payment intangibles, ~~chattel paper,~~  
31 ~~negotiable documents,~~ instruments, ~~or~~ investment property, or  
32 negotiable documents may be perfected by filing.

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

- 1     *a.* a security interest in a deposit account may be perfected  
2 only by control under [section 554.9314](#);
- 3     *b.* ~~and~~ except as otherwise provided in section 554.9308,  
4 subsection 4, a security interest in a letter-of-credit right  
5 may be perfected only by control under [section 554.9314](#);
- 6     *c.* a security interest in tangible money may be perfected  
7 only by the secured party's taking possession under section  
8 554.9313; and
- 9     *d.* a security interest in electronic money may be perfected  
10 only by control under [section 554.9314](#).
- 11     3. *Goods covered by negotiable document.* While goods are  
12 in the possession of a bailee that has issued a negotiable  
13 document covering the goods:
- 14     *a.* a security interest in the goods may be perfected by  
15 perfecting a security interest in the document; and
- 16     *b.* a security interest perfected in the document has  
17 priority over any security interest that becomes perfected in  
18 the goods by another method during that time.
- 19     4. *Goods covered by nonnegotiable document.* While goods are  
20 in the possession of a bailee that has issued a nonnegotiable  
21 document covering the goods, a security interest in the goods  
22 may be perfected by:
- 23     *a.* issuance of a document in the name of the secured party;
- 24     *b.* the bailee's receipt of notification of the secured  
25 party's interest; or
- 26     *c.* filing as to the goods.
- 27     5. *Temporary perfection — new value.* A security  
28 interest in certificated securities, negotiable documents,  
29 or instruments is perfected without filing or the taking of  
30 possession or control for a period of twenty days from the time  
31 it attaches to the extent that it arises for new value given  
32 under ~~an authenticated~~ a signed security agreement.
- 33     6. *Temporary perfection — goods or documents made available*  
34 *to debtor.* A perfected security interest in a negotiable  
35 document or goods in possession of a bailee, other than one

1 that has issued a negotiable document for the goods, remains  
2 perfected for twenty days without filing if the secured  
3 party makes available to the debtor the goods or documents  
4 representing the goods for the purpose of:

5     *a.* ultimate sale or exchange; or

6     *b.* loading, unloading, storing, shipping, transshipping,  
7 manufacturing, processing, or otherwise dealing with them in a  
8 manner preliminary to their sale or exchange.

9     7. *Temporary perfection — delivery of security certificate*  
10 *or instrument to debtor.* A perfected security interest in  
11 a certificated security or instrument remains perfected for  
12 twenty days without filing if the secured party delivers the  
13 security certificate or instrument to the debtor for the  
14 purpose of:

15     *a.* ultimate sale or exchange; or

16     *b.* presentation, collection, enforcement, renewal, or  
17 registration of transfer.

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

21     Sec. 37. Section 554.9313, subsections 1, 3, and 4, Code  
22 2023, are amended to read as follows:

23     1. *Perfection by possession or delivery.* Except as otherwise  
24 provided in [subsection 2](#), a secured party may perfect a  
25 security interest in ~~tangible negotiable documents~~, goods,  
26 instruments, negotiable tangible documents, or tangible  
27 money, ~~or tangible chattel paper~~ by taking possession of the  
28 collateral. A secured party may perfect a security interest in  
29 certificated securities by taking delivery of the certificated  
30 securities under [section 554.8301](#).

31     3. *Collateral in possession of person other than*  
32 *debtor.* With respect to collateral other than certificated  
33 securities and goods covered by a document, a secured party  
34 takes possession of collateral in the possession of a person  
35 other than the debtor, the secured party, or a lessee of

1 the collateral from the debtor in the ordinary course of the  
2 debtor's business, when:

3     *a.* the person in possession ~~authenticates~~ signs a record  
4 acknowledging that it holds possession of the collateral for  
5 the secured party's benefit; or

6     *b.* the person takes possession of the collateral after  
7 having ~~authenticated~~ signed a record acknowledging that it  
8 will hold possession of the collateral for the secured party's  
9 benefit.

10     4. *Time of perfection by possession — continuation of*  
11 *perfection.* If perfection of a security interest depends upon  
12 possession of the collateral by a secured party, perfection  
13 occurs ~~no~~ not earlier than the time the secured party takes  
14 possession and continues only while the secured party retains  
15 possession.

16     Sec. 38. Section 554.9314, subsections 1, 2, and 3, Code  
17 2023, are amended to read as follows:

18     1. *Perfection by control.* A security interest in  
19 controllable accounts, controllable electronic records,  
20 controllable payment intangibles, deposit accounts, ~~electronic~~  
21 ~~chattel paper~~, electronic documents, electronic money,  
22 investment property, or letter-of-credit rights may be  
23 perfected by control of the collateral under [section 554.7106](#),  
24 554.9104, ~~554.9105~~, [554.9105A](#), [554.9106](#), [554.9107](#), or  
25 554.9107A.

26     2. *Specified collateral — time of perfection by control —*  
27 *continuation of perfection.* A security interest in controllable  
28 accounts, controllable electronic records, controllable payment  
29 intangibles, deposit accounts, ~~electronic chattel paper~~,  
30 electronic documents, electronic money, or letter-of-credit  
31 rights is perfected by control under [section 554.7106](#),  
32 554.9104, ~~554.9105~~, [554.9105A](#), [554.9107](#), or [554.9107A](#) ~~when~~  
33 not earlier than the time the secured party obtains control  
34 and remains perfected by control only while the secured party  
35 retains control.

1     3. *Investment property — time of perfection by control —*  
2 *continuation of perfection.* A security interest in investment  
3 property is perfected by control under **section 554.9106** ~~from~~  
4 not earlier than the time the secured party obtains control and  
5 remains perfected by control until:

6     a. the secured party does not have control; and

7     b. one of the following occurs:

8       (1) if the collateral is a certificated security, the debtor  
9 has or acquires possession of the security certificate;

10      (2) if the collateral is an uncertificated security, the  
11 issuer has registered or registers the debtor as the registered  
12 owner; or

13      (3) if the collateral is a security entitlement, the debtor  
14 is or becomes the entitlement holder.

15     Sec. 39. **NEW SECTION. 554.9314A Perfection by possession**  
16 **and control of chattel paper.**

17     1. *Perfection by possession and control.* A secured party  
18 may perfect a security interest in chattel paper by taking  
19 possession of each authoritative tangible copy of the record  
20 evidencing the chattel paper and obtaining control of each  
21 authoritative electronic copy of the electronic record  
22 evidencing the chattel paper.

23     2. *Time of perfection; continuation of perfection.* A  
24 security interest is perfected under subsection 1 not earlier  
25 than the time the secured party takes possession and obtains  
26 control and remains perfected under subsection 1 only while the  
27 secured party retains possession and control.

28     3. *Application of section 554.9313 to perfection by*  
29 *possession of chattel paper.* Section 554.9313, subsections  
30 3 and 6 through 9, apply to perfection by possession of an  
31 authoritative tangible copy of a record evidencing chattel  
32 paper.

33     Sec. 40. Section 554.9316, subsections 1 and 6, Code 2023,  
34 are amended to read as follows:

35     1. *General rule — effect on perfection of change in*

1 *governing law.* A security interest perfected pursuant to  
2 the law of the jurisdiction designated in section 554.9301,  
3 subsection 1, ~~or section 554.9305, subsection 3, section~~  
4 554.9306A, subsection 4, or section 554.9306B, subsection 2,  
5 remains perfected until the earliest of:

6     *a.* the time perfection would have ceased under the law of  
7 that jurisdiction;

8     *b.* the expiration of four months after a change of the  
9 debtor's location to another jurisdiction; or

10     *c.* the expiration of one year after a transfer of collateral  
11 to a person that thereby becomes a debtor and is located in  
12 another jurisdiction.

13     6. *Change in jurisdiction of chattel paper, controllable*  
14 *electronic record, bank, issuer, nominated person, securities*  
15 *intermediary, or commodity intermediary.* A security interest in  
16 chattel paper, controllable accounts, controllable electronic  
17 records, controllable payment intangibles, deposit accounts,  
18 letter-of-credit rights, or investment property which is  
19 perfected under the law of the chattel paper's jurisdiction,  
20 the controllable electronic record's jurisdiction, the bank's  
21 jurisdiction, the issuer's jurisdiction, a nominated person's  
22 jurisdiction, the securities intermediary's jurisdiction, or  
23 the commodity intermediary's jurisdiction, as applicable,  
24 remains perfected until the earlier of:

25     *a.* the time the security interest would have become  
26 unperfected under the law of that jurisdiction; or

27     *b.* the expiration of four months after a change of the  
28 applicable jurisdiction to another jurisdiction.

29     Sec. 41. Section 554.9317, subsections 2 and 4, Code 2023,  
30 are amended to read as follows:

31     2. *Buyers that receive delivery.* Except as otherwise  
32 provided in subsection 5, a buyer, other than a secured  
33 party, of ~~tangible chattel paper, tangible documents,~~ goods,  
34 instruments, tangible documents, or a ~~certificated~~ security  
35 certificate takes free of a security interest or agricultural

1 lien if the buyer gives value and receives delivery of the  
2 collateral without knowledge of the security interest or  
3 agricultural lien and before it is perfected.

4 4. *Licensees and buyers of certain collateral.* A Subject to  
5 subsections 6 through 9, a licensee of a general intangible or  
6 a buyer, other than a secured party, of collateral other than  
7 ~~tangible chattel paper, tangible documents,~~ electronic money,  
8 goods, instruments, tangible documents, or a certificated  
9 security takes free of a security interest if the licensee or  
10 buyer gives value without knowledge of the security interest  
11 and before it is perfected.

12 Sec. 42. Section 554.9317, Code 2023, is amended by adding  
13 the following new subsections:

14 NEW SUBSECTION. 6. *Buyers of chattel paper.* A buyer, other  
15 than a secured party, of chattel paper takes free of a security  
16 interest if, without knowledge of the security interest and  
17 before it is perfected, the buyer gives value and:

18 a. receives delivery of each authoritative tangible copy of  
19 the record evidencing the chattel paper; and

20 b. if each authoritative electronic copy of the record  
21 evidencing the chattel paper can be subjected to control  
22 under section 554.9105, obtains control of each authoritative  
23 electronic copy.

24 NEW SUBSECTION. 7. *Buyers of electronic documents.* A buyer  
25 of an electronic document takes free of a security interest  
26 if, without knowledge of the security interest and before it  
27 is perfected, the buyer gives value and, if each authoritative  
28 electronic copy of the document can be subjected to control  
29 under section 554.7106, obtains control of each authoritative  
30 electronic copy.

31 NEW SUBSECTION. 8. *Buyers of controllable electronic*  
32 *records.* A buyer of a controllable electronic record takes free  
33 of a security interest if, without knowledge of the security  
34 interest and before it is perfected, the buyer gives value and  
35 obtains control of the controllable electronic record.

1     NEW SUBSECTION. 9. *Buyers of controllable accounts and*  
2 *controllable payment intangibles.* A buyer, other than a secured  
3 party, of a controllable account or a controllable payment  
4 intangible takes free of a security interest if, without  
5 knowledge of the security interest and before it is perfected,  
6 the buyer gives value and obtains control of the controllable  
7 account or controllable payment intangible.

8     Sec. 43. Section 554.9324, subsection 2, paragraph b, Code  
9 2023, is amended to read as follows:

10     *b.* the purchase-money secured party sends an authenticated  
11 signed notification to the holder of the conflicting security  
12 interest;

13     Sec. 44. Section 554.9324, subsection 4, paragraph b, Code  
14 2023, is amended to read as follows:

15     *b.* the purchase-money secured party sends ~~an authenticated~~  
16 a signed notification to the holder of the conflicting security  
17 interest;

18     Sec. 45. Section 554.9330, subsections 1, 2, and 6, Code  
19 2023, are amended to read as follows:

20     1. *Purchaser's priority — security interest claimed merely*  
21 *as proceeds.* A purchaser of chattel paper has priority over a  
22 security interest in the chattel paper which is claimed merely  
23 as proceeds of inventory subject to a security interest if:

24     *a.* in good faith and in the ordinary course of the  
25 purchaser's business, the purchaser gives new value, and takes  
26 possession of each authoritative tangible copy of the record  
27 evidencing the chattel paper or, and obtains control of under  
28 section 554.9105 of each authoritative electronic copy of the  
29 record evidencing the chattel paper under ~~section 554.9105~~; and

30     *b.* ~~the chattel paper does~~ authoritative copies of the  
31 record evidencing the chattel paper do not indicate that ~~it~~ the  
32 chattel paper has been assigned to an identified assignee other  
33 than the purchaser.

34     2. *Purchaser's priority — other security interests.* A  
35 purchaser of chattel paper has priority over a security

1 interest in the chattel paper which is claimed other than  
2 merely as proceeds of inventory subject to a security interest  
3 if the purchaser gives new value, and takes possession of  
4 each authoritative tangible copy of the record evidencing the  
5 chattel paper or, and obtains control of under section 554.9105  
6 of each authoritative electronic copy of the record evidencing  
7 the chattel paper under ~~section 554.9105~~ in good faith, in  
8 the ordinary course of the purchaser's business, and without  
9 knowledge that the purchase violates the rights of the secured  
10 party.

11 6. *Indication of assignment gives knowledge.* For purposes of  
12 subsections 2 and 4, if the authoritative copies of the record  
13 evidencing chattel paper or an instrument ~~indicates~~ indicate  
14 ~~that it~~ the chattel paper or instrument has been assigned to an  
15 identified secured party other than the purchaser, a purchaser  
16 of the chattel paper or instrument has knowledge that the  
17 purchase violates the rights of the secured party.

18 Sec. 46. Section 554.9331, Code 2023, is amended to read as  
19 follows:

20 **554.9331 Priority of rights of purchasers of controllable**  
21 **accounts, controllable electronic records, controllable payment**  
22 **intangibles, documents, instruments, and securities under**  
23 **other Articles — priority of interests in financial assets**  
24 **and security entitlements and ~~protections~~ protection against**  
25 **~~assertions~~ assertion of claims under Articles 8 and 14.**

26 1. *Rights under Articles 3, 7, 8, and 14 not limited.* This  
27 Article does not limit the rights of a holder in due course of a  
28 negotiable instrument, a holder to which a negotiable document  
29 of title has been duly negotiated, a protected purchaser of a  
30 security, or a qualifying purchaser of a controllable account,  
31 controllable electronic record, or controllable payment  
32 intangible. These holders or purchasers take priority over an  
33 earlier security interest, even if perfected, to the extent  
34 provided in **Articles 3, 7, 8, and 14.**

35 2. *Protection under Articles 8 and 14.* **This Article** does

1 not limit the rights of or impose liability on a person to the  
2 extent that the person is protected against the assertion of  
3 a claim under [Article 8](#) or [14](#).

4 3. *Filing not notice.* Filing under [this Article](#) does  
5 not constitute notice of a claim or defense to the holders,  
6 purchasers, or persons described in [subsections 1 and 2](#).

7 Sec. 47. Section 554.9332, Code 2023, is amended to read as  
8 follows:

9 554.9332 **Transfer of money — transfer of funds from deposit**  
10 **account.**

11 1. *Transferee of tangible money.* A transferee of tangible  
12 money takes the money free of a security interest ~~in the money~~  
13 if the transferee ~~when receiving delivery~~ receives possession  
14 of the money ~~does not act without acting~~ in collusion with the  
15 debtor in violating the rights of the secured party.

16 ~~2. *Transferee of electronic money.* A transferee of~~  
17 ~~electronic money takes the money free of a security interest~~  
18 ~~in the money if the transferee when obtaining control of the~~  
19 ~~money does not act in collusion with the debtor in violating~~  
20 ~~the rights of the secured party.~~

21 ~~3.~~ 2. *Transferee of funds from deposit account.* A  
22 transferee of funds from a deposit account takes the funds free  
23 of a security interest in the deposit account if the transferee  
24 ~~when receiving~~ receives the funds ~~does not act without acting~~  
25 in collusion with the debtor in violating the rights of the  
26 secured party.

27 3. *Transferee of electronic money.* A transferee of  
28 electronic money takes the money free of a security interest  
29 if the transferee obtains control of the money without acting  
30 in collusion with the debtor in violating the rights of the  
31 secured party.

32 Sec. 48. Section 554.9334, subsection 6, paragraph a, Code  
33 2023, is amended to read as follows:

34 a. the encumbrancer or owner has, in an ~~authenticated a~~  
35 signed record, consented to the security interest or disclaimed

1 an interest in the goods as fixtures; or

2 Sec. 49. Section 554.9341, unnumbered paragraph 1, Code  
3 2023, is amended to read as follows:

4 Except as otherwise provided in section 554.9340, subsection  
5 3, and unless the bank otherwise agrees in ~~an authenticated~~ a  
6 signed record, a bank's rights and duties with respect to a  
7 deposit account maintained with the bank are not terminated,  
8 suspended, or modified by:

9 Sec. 50. Section 554.9404, subsection 1, paragraph b, Code  
10 2023, is amended to read as follows:

11 *b.* any other defense or claim of the account debtor against  
12 the assignor which accrues before the account debtor receives  
13 a notification of the assignment ~~authenticated~~ signed by the  
14 assignor or the assignee.

15 Sec. 51. Section 554.9406, subsections 1, 4, 7, and 11, Code  
16 2023, are amended to read as follows:

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

28 4. *Term restricting assignment generally ineffective.* In  
29 this subsection, "promissory note" includes a negotiable  
30 instrument that evidences chattel paper. Except as otherwise  
31 provided in subsection subsections 5 and 11 and sections  
32 554.9407 and 554.13303, and subject to subsection 8, a term in  
33 an agreement between an account debtor and an assignor or in a  
34 promissory note is ineffective to the extent that it:

35 *a.* prohibits, restricts, or requires the consent of the

1 account debtor or person obligated on the promissory note to  
2 the assignment or transfer of, or the creation, attachment,  
3 perfection, or enforcement of a security interest in, the  
4 account, chattel paper, payment intangible, or promissory note;  
5 or

6 *b.* provides that the assignment or transfer or the creation,  
7 attachment, perfection, or enforcement of the security interest  
8 may give rise to a default, breach, right of recoupment, claim,  
9 defense, termination, right of termination, or remedy under the  
10 account, chattel paper, payment intangible, or promissory note.

11 *7. Subsection 2, paragraph "c", not waivable.* Subject to  
12 subsection subsections 8 and 11, an account debtor ~~may~~ shall  
13 not waive or vary its option under subsection 2, paragraph "c".

14 *11. Inapplicability of certain subsections.* Subsections 1  
15 through, 2, 3, and 7 do not apply to a controllable account or  
16 controllable payment intangible.

17 Sec. 52. Section 554.9509, subsections 1 and 2, Code 2023,  
18 are amended to read as follows:

19 *1. Person entitled to file record.* A person may file an  
20 initial financing statement, amendment that adds collateral  
21 covered by a financing statement, or amendment that adds a  
22 debtor to a financing statement only if:

23 *a.* the debtor authorizes the filing in an ~~authenticated~~ a  
24 signed record or pursuant to subsection 2 or 3; or

25 *b.* the person holds an agricultural lien that has  
26 become effective at the time of filing and the financing  
27 statement covers only collateral in which the person holds an  
28 agricultural lien.

29 *2. Security agreement as authorization.* By ~~authenticating~~  
30 signing or becoming bound as debtor by a security agreement,  
31 a debtor or new debtor authorizes the filing of an initial  
32 financing statement, and an amendment, covering:

33 *a.* the collateral described in the security agreement; and

34 *b.* property that becomes collateral under section 554.9315,  
35 subsection 1, paragraph "b", whether or not the security

1 agreement expressly covers proceeds.

2 Sec. 53. Section 554.9513, subsections 2 and 3, Code 2023,  
3 are amended to read as follows:

4 2. *Time for compliance with subsection 1.* To comply with  
5 subsection 1, a secured party shall cause the secured party of  
6 record to file the termination statement:

7 a. within one month after there is no obligation secured  
8 by the collateral covered by the financing statement and  
9 no commitment to make an advance, incur an obligation, or  
10 otherwise give value; or

11 b. if earlier, within twenty days after the secured party  
12 receives ~~an authenticated~~ a signed demand from a debtor.

13 3. *Other collateral.* In cases not governed by subsection  
14 1, within twenty days after a secured party receives ~~an~~  
15 authenticated a signed demand from a debtor, the secured  
16 party shall cause the secured party of record for a financing  
17 statement to send to the debtor a termination statement for the  
18 financing statement or file the termination statement in the  
19 filing office if:

20 a. except in the case of a financing statement covering  
21 accounts or chattel paper that has been sold or goods that  
22 are the subject of a consignment, there is no obligation  
23 secured by the collateral covered by the financing statement  
24 and no commitment to make an advance, incur an obligation, or  
25 otherwise give value;

26 b. the financing statement covers accounts or chattel paper  
27 that has been sold but as to which the account debtor or other  
28 person obligated has discharged its obligation;

29 c. the financing statement covers goods that were the  
30 subject of a consignment to the debtor but are not in the  
31 debtor's possession; or

32 d. the debtor did not authorize the filing of the initial  
33 financing statement.

34 Sec. 54. Section 554.9605, Code 2023, is amended to read as  
35 follows:

1     **554.9605 Unknown debtor or secondary obligor.**

2     1. ~~Duties to unknown persons — general rule~~ In general: no  
3 duty owed by a secured party. Except as provided in subsection  
4 2, a secured party does not owe a duty based on its status as  
5 secured party:

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

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

9         (2) the identity of the person; and

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

11     b. to a secured party or lienholder that has filed a  
12 financing statement against a person, unless the secured party  
13 knows:

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

15         (2) the identity of the person.

16     2. ~~When secured party owes duty to debtor notwithstanding~~  
17 ~~subsection 1~~ Exception: secured party owes a duty to debtor

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

24     a. the person is a debtor or obligor; and

25     b. the secured party has knowledge ~~knows~~ that the nature  
26 ~~of the collateral or a system in which the collateral is~~  
27 ~~recorded would prevent the secured party from acquiring the~~  
28 ~~knowledge specified information~~ in subsection 1, paragraph "a",  
29 subparagraph (1), (2), or (3) relating to the person is not  
30 provided by the collateral, a record attached to or logically  
31 associated with the collateral, or the system in which the  
32 collateral is recorded.

33     Sec. 55. Section 554.9608, subsection 1, paragraph a,  
34 subparagraph (3), Code 2023, is amended to read as follows:

35         (3) the satisfaction of obligations secured by any

1 subordinate security interest in or other lien on the  
2 collateral subject to the security interest or agricultural  
3 lien under which the collection or enforcement is made if the  
4 secured party receives ~~an authenticated~~ a signed demand for  
5 proceeds before distribution of the proceeds is completed.

6 Sec. 56. Section 554.9611, subsection 1, paragraph a, Code  
7 2023, is amended to read as follows:

8 a. a secured party sends to the debtor and any secondary  
9 obligor ~~an authenticated~~ a signed notification of disposition;  
10 or

11 Sec. 57. Section 554.9611, subsections 2 and 3, Code 2023,  
12 are amended to read as follows:

13 2. *Notification of disposition required.* Except as otherwise  
14 provided in [subsection 4](#), a secured party that disposes of  
15 collateral under [section 554.9610](#) shall send to the persons  
16 specified in [subsection 3](#) a reasonable ~~authenticated~~ signed  
17 notification of disposition.

18 3. *Persons to be notified.* To comply with [subsection 2](#), the  
19 secured party shall send ~~an authenticated~~ a signed notification  
20 of disposition to:

21 a. the debtor;

22 b. any secondary obligor; and

23 c. if the collateral is other than consumer goods:

24 (1) any other person from which the secured party has  
25 received, before the notification date, ~~an authenticated~~  
26 a signed notification of a claim of an interest in the  
27 collateral;

28 (2) any other secured party or lienholder that, ten days  
29 before the notification date, held a security interest in or  
30 other lien on the collateral perfected by the filing of a  
31 financing statement that:

32 (a) identified the collateral;

33 (b) was indexed under the debtor's name as of that date; and

34 (c) was filed in the office in which to file a financing

35 statement against the debtor covering the collateral as of that

1 date; and

2 (3) any other secured party that, ten days before the  
3 notification date, held a security interest in the collateral  
4 perfected by compliance with a statute, regulation, or treaty  
5 described in [section 554.9311, subsection 1](#).

6 Sec. 58. Section 554.9611, subsection 5, paragraph b,  
7 subparagraph (2), Code 2023, is amended to read as follows:

8 (2) received a response to the request for information and  
9 sent ~~an authenticated~~ a signed notification of disposition to  
10 each secured party or other lienholder named in that response  
11 whose financing statement covered the collateral.

12 Sec. 59. Section 554.9615, subsection 1, paragraph c,  
13 subparagraph (1), Code 2023, is amended to read as follows:

14 (1) the secured party receives from the holder of the  
15 subordinate security interest or other lien ~~an authenticated~~ a  
16 signed demand for proceeds before distribution of the proceeds  
17 is completed; and

18 Sec. 60. Section 554.9615, subsection 1, paragraph d, Code  
19 2023, is amended to read as follows:

20 *d.* a secured party that is a consignor of the collateral if  
21 the secured party receives from the consignor ~~an authenticated~~  
22 a signed demand for proceeds before distribution of the  
23 proceeds is completed.

24 Sec. 61. Section 554.9616, subsection 1, paragraph b,  
25 subparagraph (1), Code 2023, is amended to read as follows:

26 (1) ~~authenticated~~ signed by a debtor or consumer obligor;

27 Sec. 62. Section 554.9619, subsection 1, unnumbered  
28 paragraph 1, Code 2023, is amended to read as follows:

29 In [this section](#), "*transfer statement*" means a record  
30 ~~authenticated~~ signed by a secured party stating:

31 Sec. 63. Section 554.9620, subsection 1, paragraph b,  
32 unnumbered paragraph 1, Code 2023, is amended to read as  
33 follows:

34 the secured party does not receive, within the time set forth  
35 in [subsection 4](#), a notification of objection to the proposal

1 ~~authenticated~~ signed by:

2 Sec. 64. Section 554.9620, subsection 2, paragraph a, Code  
3 2023, is amended to read as follows:

4 a. the secured party consents to the acceptance in an  
5 ~~authenticated~~ a signed record or sends a proposal to the  
6 debtor; and

7 Sec. 65. Section 554.9620, subsection 3, Code 2023, is  
8 amended to read as follows:

9 3. *Debtor's consent.* For purposes of this section:

10 a. a debtor consents to an acceptance of collateral in  
11 partial satisfaction of the obligation it secures only if  
12 the debtor agrees to the terms of the acceptance in a record  
13 ~~authenticated~~ signed after default; and

14 b. a debtor consents to an acceptance of collateral in full  
15 satisfaction of the obligation it secures only if the debtor  
16 agrees to the terms of the acceptance in a record ~~authenticated~~  
17 signed after default or the secured party:

18 (1) sends to the debtor after default a proposal that is  
19 unconditional or subject only to a condition that collateral  
20 not in the possession of the secured party be preserved or  
21 maintained;

22 (2) in the proposal, proposes to accept collateral in full  
23 satisfaction of the obligation it secures; and

24 (3) does not receive a notification of objection  
25 ~~authenticated~~ signed by the debtor within twenty days after the  
26 proposal is sent.

27 Sec. 66. Section 554.9620, subsection 6, paragraph b, Code  
28 2023, is amended to read as follows:

29 b. within any longer period to which the debtor and all  
30 secondary obligors have agreed in an agreement to that effect  
31 entered into and ~~authenticated~~ signed after default.

32 Sec. 67. Section 554.9621, subsection 1, paragraph a, Code  
33 2023, is amended to read as follows:

34 a. any person from which the secured party has received,  
35 before the debtor consented to the acceptance, ~~an authenticated~~

1 a signed notification of a claim of an interest in the  
2 collateral;

3 Sec. 68. Section 554.9624, Code 2023, is amended to read as  
4 follows:

5 **554.9624 Waiver.**

6 1. *Waiver of disposition notification.* A debtor or secondary  
7 obligor may waive the right to notification of disposition of  
8 collateral under [section 554.9611](#) only by an agreement to that  
9 effect entered into and ~~authenticated~~ signed after default.

10 2. *Waiver of mandatory disposition.* A debtor may waive  
11 the right to require disposition of collateral under section  
12 554.9620, subsection 5, only by an agreement to that effect  
13 entered into and ~~authenticated~~ signed after default.

14 3. *Waiver of redemption right.* Except in a consumer-goods  
15 transaction, a debtor or secondary obligor may waive the  
16 right to redeem collateral under [section 554.9623](#) only by an  
17 agreement to that effect entered into and ~~authenticated~~ signed  
18 after default.

19 Sec. 69. Section 554.9628, subsection 1, unnumbered  
20 paragraph 1, Code 2023, is amended to read as follows:

21 ~~Unless~~ Subject to subsection 6, unless a secured party knows  
22 that a person is a debtor or obligor, knows the identity of the  
23 person, and knows how to communicate with the person:

24 Sec. 70. Section 554.9628, subsection 6, Code 2023, is  
25 amended by striking the subsection and inserting in lieu  
26 thereof the following:

27 6. *Exception: limitation of liability under subsections*  
28 *1 and 2 does not apply.* Subsections 1 and 2 do not apply to  
29 limit the liability of a secured party to a person if, at the  
30 time the secured party obtains control of collateral that is  
31 a controllable account, controllable electronic record, or  
32 controllable payment intangible or at the time the security  
33 interest attaches to the collateral, whichever is later:

34 a. the person is a debtor or obligor; and

35 b. the secured party knows that the information in

1 subsection 2, paragraph "a", subparagraph (1), (2), or (3),  
2 relating to the person is not provided by the collateral, a  
3 record attached to or logically associated with the collateral,  
4 or the system in which the collateral is recorded.

5 PART B

6 TRANSITIONAL PROVISIONS

7 Sec. 71. NEW SECTION. 554.15101 **Short title.**

8 This Article may be cited as the Transitional Provisions for  
9 Uniform Commercial Code Amendments (2022).

10 Sec. 72. NEW SECTION. 554.15102 **Definitions.**

11 1. *Article 15 definitions.* In this Article:

12 a. "Article 14" means Article 14 of this chapter.

13 b. "Article 14 property" means a controllable account,  
14 controllable electronic record, or controllable payment  
15 intangible.

16 2. *Definitions in other Articles.* The following definitions  
17 in other Articles of this chapter apply to this Article:

18 a. "Controllable account" ... Section 554.9102.

19 b. "Controllable electronic record" ... Section 554.14102.

20 c. "Controllable payment intangible" ... Section 554.9102.

21 d. "Electronic money" ... Section 554.9102.

22 e. "Financing statement" ... Section 554.9102.

23 3. *Article 1 definitions and principles.* Article 1 contains  
24 general definitions and principles of construction and  
25 interpretation applicable throughout this Article.

26 Sec. 73. NEW SECTION. 554.15201 **Saving clause.**

27 Except as provided in part 3, a transaction validly entered  
28 into before the effective date of this Act and the rights,  
29 duties, and interests flowing from the transaction remain valid  
30 thereafter and may be terminated, completed, consummated,  
31 or enforced as required or permitted by law other than this  
32 chapter or, if applicable, this chapter, as though this Act had  
33 not taken effect.

34 Sec. 74. NEW SECTION. 554.15301 **Saving clause.**

35 1. *Pre-effective-date transaction, lien, or interest.* Except

1 as provided in this part, Article 9, as amended by this Act,  
2 and Article 14, as amended by this Act, apply to a transaction,  
3 lien, or other interest in property, even if the transaction,  
4 lien, or interest was entered into, created, or acquired before  
5 the effective date of this Act.

6 2. *Continuing validity.* Except as provided in subsection 3  
7 and sections 554.15302 through 554.15306:

8 a. a transaction, lien, or interest in property that  
9 was validly entered into, created, or transferred before  
10 the effective date of this Act and was not governed by this  
11 chapter, but would be subject to Article 9 as amended by this  
12 Act or Article 14, as amended by this Act, if it had been  
13 entered into, created, or transferred on or after the effective  
14 date of this Act, including the rights, duties, and interests  
15 flowing from the transaction, lien, or interest, remains valid  
16 on and after the effective date of this Act; and

17 b. the transaction, lien, or interest may be terminated,  
18 completed, consummated, and enforced as required or permitted  
19 by this Act or by the law that would apply if this Act had not  
20 taken effect.

21 3. *Pre-effective-date proceeding.* This Act does not affect  
22 an action, case, or proceeding commenced before the effective  
23 date of this Act.

24 Sec. 75. NEW SECTION. 554.15302 **Security interest perfected**  
25 **before effective date.**

26 1. *Continuing perfection: perfection requirements*  
27 *satisfied.* A security interest that is enforceable and  
28 perfected immediately before the effective date of this Act  
29 is a perfected security interest under this Act if, on the  
30 effective date of this Act, the requirements for enforceability  
31 and perfection under this Act are satisfied without further  
32 action.

33 2. *Continuing perfection: enforceability or perfection*  
34 *requirements not satisfied.* If a security interest is  
35 enforceable and perfected immediately before the effective

1 date of this Act, but the requirements for enforceability or  
2 perfection under this Act are not satisfied on the effective  
3 date of this Act, the security interest:

4     *a.* is a perfected security interest until the earlier of  
5 the time perfection would have ceased under the law in effect  
6 immediately before the effective date of this Act or July 1,  
7 2025;

8     *b.* remains enforceable thereafter only if the security  
9 interest satisfies the requirements for enforceability under  
10 section 554.9203, as amended by this Act, before July 1, 2025;  
11 and

12     *c.* remains perfected thereafter only if the requirements  
13 for perfection under this Act are satisfied before the time  
14 specified in paragraph "*a*".

15     Sec. 76. NEW SECTION. 554.15303 **Security interest**  
16 **unperfected before effective date.**

17     A security interest that is enforceable immediately before  
18 the effective date of this Act but is unperfected at that time:

19     1. remains an enforceable security interest until July 1,  
20 2025;

21     2. remains enforceable thereafter if the security interest  
22 becomes enforceable under section 554.9203, as amended by this  
23 Act, on the effective date of this Act or before July 1, 2025;  
24 and

25     3. becomes perfected:

26     *a.* without further action, on the effective date of this Act  
27 if the requirements for perfection under this Act are satisfied  
28 before or at that time; or

29     *b.* when the requirements for perfection are satisfied if the  
30 requirements are satisfied after that time.

31     Sec. 77. NEW SECTION. 554.15304 **Effectiveness of actions**  
32 **taken before effective date.**

33     1. *Pre-effective-date action; attachment and perfection*  
34 *before July 1, 2025.* If action, other than the filing of a  
35 financing statement, is taken before the effective date of this

1 Act and this action would have resulted in perfection of the  
2 security interest had the security interest become enforceable  
3 before the effective date of this Act, this action is effective  
4 to perfect a security interest that attaches under this Act  
5 before July 1, 2025. An attached security interest becomes  
6 unperfected on July 1, 2025, unless the security interest  
7 becomes a perfected security interest under this Act before  
8 July 1, 2025.

9     2. *Pre-effective-date filing.* The filing of a financing  
10 statement before the effective date of this Act is effective  
11 to perfect a security interest on the effective date of this  
12 Act to the extent the filing would satisfy the requirements for  
13 perfection under this Act.

14     3. *Pre-effective-date enforceability action.* The taking of  
15 an action before the effective date of this Act is sufficient  
16 for the enforceability of a security interest on the effective  
17 date of this Act if this action would satisfy the requirements  
18 for enforceability under this Act.

19     Sec. 78. NEW SECTION. 554.15305 **Priority.**

20     1. *Determination of priority.* Subject to subsections 2 and  
21 3, this Act determines the priority of conflicting claims to  
22 collateral.

23     2. *Established priorities.* Subject to subsection 3, if the  
24 priorities of claims to collateral were established before the  
25 effective date of this Act, Article 9, as in effect before the  
26 effective date of this Act, determines priority.

27     3. *Determination of certain priorities on July 1, 2025.* On  
28 July 1, 2025, to the extent the priorities determined by  
29 Article 9, as amended by this Act, modify the priorities  
30 established before the effective date of this Act, the  
31 priorities of claims to Article 14 property and electronic  
32 money established before the effective date of this Act cease  
33 to apply.

34     Sec. 79. NEW SECTION. 554.15306 **Priority of claims when**  
35 **priority rules of Article 9 do not apply.**



1 as an electronic ledger or other record of transactions, or  
2 is used as a medium of exchange, unit of account, method of  
3 payment, or store of value.

4 3. "*Distributed ledger technology*" means an electronic  
5 record that is a ledger or other record of transactions or  
6 other data to which all of the following apply:

7 a. The electronic record is uniformly ordered.

8 b. The electronic record is redundantly maintained or  
9 processed by or distributed over more than one computer  
10 or machine to ensure the consistency, immutability,  
11 decentralization, or nonrepudiation of the ledger or other  
12 record of transactions or other data.

13 4. "*Electronic*" means the same as defined in section  
14 554D.103.

15 5. "*Electronic record*" means the same as defined in section  
16 554D.103.

17 6. "*Electronic services system*" means the county land record  
18 information system, or electronic services system, created  
19 under the agreement entered into under chapter 28E between the  
20 counties and the Iowa county recorders association as required  
21 by 2005 Iowa Acts, ch. 179, §101, as amended by 2021 Iowa Acts,  
22 ch. 126, §2.

23 7. "*Record*" means the same as defined in section 554D.103.

24 8. a. "*Smart contract*" means an electronic record that is  
25 an event-driven program or computerized transaction protocol  
26 that runs on a distributed, decentralized, shared, and  
27 replicated ledger that executes the terms of a contract.

28 b. For purposes of this subsection, "*executes the terms*  
29 *of a contract*" may include taking, obtaining, exercising, or  
30 transferring control or custody of assets or other property.

31 9. "*Transaction*" means a sale, trade, exchange, transfer,  
32 payment, or conversion of a digital asset or any other property  
33 or any other action or set of actions occurring between two or  
34 more persons relating to the conduct of business, commercial,  
35 or governmental affairs.



1 obtain a security interest attached to a debtor's personal  
 2 property as collateral and to obtain priority when enforcing  
 3 that security interest over other creditors having a security  
 4 interest in that same collateral. Under Code section 554.9102,  
 5 the term "account" means having a present and future right  
 6 to a payment based on the transfer of services or property  
 7 including by sale or lease, and includes accounts receivable,  
 8 but excludes an item represented by a negotiable instrument  
 9 or chattel paper. The term "payment intangible" (under the  
 10 catchall term "general intangible") means a debtor's principal  
 11 obligation is the payment of money and includes a controllable  
 12 payment intangible. An account debtor is a person who owes  
 13 an obligation on an account, chattel paper, or intangible  
 14 property. Chattel paper is a debt obligation supported with a  
 15 security interest in tangible property and includes electronic  
 16 chattel paper evidenced by an electronic record. An electronic  
 17 record cannot include electronic money operating as a medium of  
 18 exchange before being authorized or adopted by a governmental  
 19 entity. Like a controllable electronic record, electronic  
 20 money is perfected by rules of control rather than rules of  
 21 possession traditionally governing forms of tangible personal  
 22 property.

23 CONTROLLABLE ELECTRONIC RECORDS — BILL'S PROVISIONS. The  
 24 bill eliminates several terms, including "electronic chattel  
 25 paper" and substitutes the term used to complete a document  
 26 from "authenticate" to "sign". The bill provides for rights  
 27 in controllable accounts, controllable electronic records,  
 28 and controllable payment intangibles (amended Code section  
 29 554.14104), the control of controllable electronic records  
 30 (amended Code section 554.14105), and what state law controls  
 31 in cases of jurisdictional questions (amended Code section  
 32 554.14107). The bill defines a number of terms used throughout  
 33 the UCC, including "money". The bill amends a number of  
 34 Article 9 provisions, including the control of an electronic  
 35 copy of a record evidencing chattel paper (amended Code section

1 554.9105); the control of electronic money (amended Code  
2 section 554.9105A); that no duty exists to confirm control on  
3 behalf of another person (new Code section 554.9107B); the  
4 duty of a secured party to transfer control of electronic  
5 document of title to a debtor (amended Code section 554.9208);  
6 the law governing the perfection and priority of a security  
7 interest in chattel paper (amended Code section 554.9306A) and  
8 in controllable accounts, controllable electronic records,  
9 and controllable payment intangibles (new Code section  
10 554.9306B); the perfection of chattel paper, including an  
11 electronic copy of a record evidencing chattel paper (new Code  
12 section 554.9314A); the right of a buyer of chattel paper,  
13 electronic document, a controllable electronic record, and  
14 a controllable account or controllable payment intangible  
15 to take clear of a security interest prior to perfection  
16 (amended Code section 554.9317); and the liability of a secured  
17 party obtaining control of collateral that is a controllable  
18 account, controllable electronic record, or controllable  
19 payment intangible (amended Code section 554.9628). The bill  
20 also includes a number of transitional provisions, including  
21 a saving clause (new Code sections 554.15201 and 554.15301),  
22 the enforceability of a security interest that is perfected  
23 or unperfected before the bill's effective date (new Code  
24 sections 554.15302 and 554.15303), the effectiveness of actions  
25 taken before the bill's effective date (new Code section  
26 554.15304), and rules of priority (new Code sections 554.15305  
27 and 554.15306).

28 REGULATION OF DIGITAL ASSETS — BACKGROUND. The 2022 Act  
29 regulating transactions involving distributed ledger technology  
30 and smart contracts is connected to Article 14. In both  
31 cases, the medium of exchange is a digital asset. Distributed  
32 ledger technology allows different computers to validate  
33 transactions and update records and a smart contract is a type  
34 of electronic record that executes the term of a contract,  
35 including the transfer of assets. A digital asset is a form

1 of an electronic record that represents or is used as a medium  
2 of exchange, unit of account, method of payment, or store of  
3 value. However, the term expressly excludes certain personal  
4 property recognized under the UCC, including a deposit account,  
5 electronic record evidencing chattel paper, electronic chattel  
6 paper, controllable account, controllable payment intangible,  
7 money, electronic document of title, investment property, or a  
8 transferable record (Code section 554E.1). A contract cannot  
9 be denied legal effect or enforceability solely because it  
10 is effectuated by distributed ledger technology or a smart  
11 contract (Code section 554E.3). In addition, the 2022 Act  
12 provides that a real estate conveyance can be recorded by a  
13 county if the evidence of conveyance complies with the general  
14 requirements of Code chapter 558 and is in a format conforming  
15 with standards established by the electronic services system  
16 allowing counties and the Iowa county recorders association  
17 to enter into an agreement under Code chapter 28E for the  
18 implementation of the county land record information system  
19 (Code section 554E.4).

20 REGULATION OF DIGITAL ASSETS — BILL'S PROVISIONS. The  
21 bill amends the definition of "digital asset" by eliminating  
22 exceptions recognized by the UCC including electronic records  
23 evidencing chattel paper. The bill provides that a digital  
24 asset is classified simply as personal property rather than  
25 intangible personal property. Finally, the bill defines  
26 "electronic services system" by citing its source in the Iowa  
27 Acts.