

Senate Study Bill 1177 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON JUDICIARY BILL BY
CHAIRPERSON ZAUN)

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~~
25 ~~with 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~~ 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 1. *Determination of priority.* Subject to subsections 2 and
2 3, Article 14 determines the priority of conflicting claims to
3 Article 14 property when the priority rules of Article 9, as
4 amended by this Act, do not apply.

5 2. *Established priorities.* Subject to subsection 3, when
6 the priority rules of Article 9, as amended by this Act, do not
7 apply and the priorities of claims to Article 14 property were
8 established before the effective date of this Act, law other
9 than Article 14 determines priority.

10 3. *Determination of certain priorities on July 1, 2025.* When
11 the priority rules of Article 9, as amended by this Act, do
12 not apply, to the extent the priorities determined by this Act
13 modify the priorities established before the effective date
14 of this Act, the priorities of claims to Article 14 property
15 established before the effective date of this Act cease to
16 apply on July 1, 2025.

17 Sec. 80. DIRECTIONS TO THE CODE EDITOR — ARTICLE 15
18 PARTS. The Code editor is directed to divide the provisions of
19 chapter 554, Article 15, as enacted in this division of this
20 Act, into parts as follows:

21 1. Part 1, including sections 554.15101 and 554.15102.

22 2. Part 2, including section 554.15201.

23 3. Part 3, including sections 554.15301, 554.15302,
24 554.15303, 554.15304, 554.15305, and 554.15306.

25 DIVISION III

26 DIGITAL ASSETS

27 Sec. 81. Section 554E.1, Code 2023, is amended by striking
28 the section and inserting in lieu thereof the following:

29 **554E.1 Definitions.**

30 As used in this chapter, unless the context otherwise
31 requires:

32 1. “*Contract*” means the same as defined in section 554D.103.

33 2. “*Digital asset*” means any electronic record that
34 represents, evidences, or comprises economic value or economic,
35 proprietary, or access rights, is maintained or stored in or

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 ledger or other record of transactions or other data to which
6 all of the following apply:

7 a. The electronic ledger is uniformly ordered.

8 b. The electronic ledger is redundantly maintained or
9 processed by more than one computer or machine to guarantee the
10 consistency or nonrepudiation of the recorded transactions or
11 other data.

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

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

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

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

23 8. "*Smart contract*" means an electronic record that is an
24 event-driven program or computerized transaction protocol that
25 runs on a distributed, decentralized, shared, and replicated
26 ledger that executes the term of a contract, including taking
27 custody over and instructing the transfer of assets.

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

33 Sec. 82. Section 554E.2, Code 2023, is amended to read as
34 follows:

35 **554E.2 Classification of digital assets.**

1 Digital assets are ~~intangible~~ personal property.

2 EXPLANATION

3 The inclusion of this explanation does not constitute agreement with
4 the explanation's substance by the members of the general assembly.

5 GENERAL. This bill amends Code chapter 554, Iowa's version
6 of the uniform commercial code (UCC), governing certain
7 commercial transactions involving forms of personal electronic
8 property that do not derive value from physical attributes
9 (sometimes referred to as form of intangible personal
10 property). In 2022, the general assembly enacted two bills
11 dealing with these types of transactions: (1) new Article 14
12 of the UCC (Code chapter 554) and referred to as the "Uniform
13 Commercial Code — Controllable Electronic Records" (2022 Iowa
14 Acts, chapter 1117) and (2) new Code chapter 554E referring to
15 smart contracts, distributed ledger technology, and digital
16 assets (2022 Iowa Acts, chapter 1116).

17 CONTROLLABLE ELECTRONIC RECORDS — BACKGROUND. The 2022 Act
18 creating new Article 14 of the UCC, in part included amendments
19 to Article 1 providing general provisions applicable throughout
20 the UCC, and amendments to Article 9 governing secured
21 transactions, as prepared by a committee appointed jointly by
22 the uniform law commission and the American law institute.
23 The Act provided for forms of electronic property sometimes
24 referred to as digital assets including non-fiat currency
25 and blockchain based non-fungible tokens, commonly referred
26 to as NFTs, and transactions involving sale to a purchaser
27 (qualified purchaser) and associated payment obligations
28 (a controllable payment intangible) by an account debtor.
29 Note, the UCC does not use the term "intangible property"
30 but "personal property" which includes general intangibles,
31 including controllable electronic records. Iowa's new Article
32 14 is connected to Article 9, which allows a creditor to
33 obtain a security interest attached to a debtor's personal
34 property as collateral and to obtain priority when enforcing
35 that security interest over other creditors having a security

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

20 CONTROLLABLE ELECTRONIC RECORDS — BILL'S PROVISIONS. The
21 bill eliminates several terms, including "electronic chattel
22 paper" and substitutes the term used to complete a document
23 from "authenticate" to "sign". The bill provides for rights
24 in controllable accounts, controllable electronic records,
25 and controllable payment intangibles (amended Code section
26 554.14104), the control of controllable electronic records
27 (amended Code section 554.14105), and what state law controls
28 in cases of jurisdictional questions (amended Code section
29 554.14107). The bill defines a number of terms used throughout
30 the UCC, including "money". The bill amends a number of
31 Article 9 provisions, including the control of an electronic
32 copy of a record evidencing chattel paper (amended Code section
33 554.9105); the control of electronic money (amended Code
34 section 554.9105A); that no duty exists to confirm control on
35 behalf of another person (new Code section 554.9107B); the

1 duty of a secured party to transfer control of electronic
2 document of title to a debtor (amended Code section 554.9208);
3 the law governing the perfection and priority of a security
4 interest in chattel paper (amended Code section 554.9306A) and
5 in controllable accounts, controllable electronic records,
6 and controllable payment intangibles (new Code section
7 554.9306B); the perfection of chattel paper, including an
8 electronic copy of a record evidencing chattel paper (new Code
9 section 554.9314A); the right of a buyer of chattel paper,
10 electronic document, a controllable electronic record, and
11 a controllable account or controllable payment intangible
12 to take clear of a security interest prior to perfection
13 (amended Code section 554.9317); and the liability of a secured
14 party obtaining control of collateral that is a controllable
15 account, controllable electronic record, or controllable
16 payment intangible (amended Code section 554.9628). The bill
17 also includes a number of transitional provisions, including
18 a saving clause (new Code sections 554.15201 and 554.15301),
19 the enforceability of a security interest that is perfected
20 or unperfected before the bill's effective date (new Code
21 sections 554.15302 and 554.15303), the effectiveness of actions
22 taken before the bill's effective date (new Code section
23 554.15304), and rules of priority (new Code sections 554.15305
24 and 554.15306).

25 REGULATION OF DIGITAL ASSETS — BACKGROUND. The 2022 Act
26 regulating transactions involving distributed ledger technology
27 and smart contracts is connected to Article 14. In both
28 cases, the medium of exchange is a digital asset. Distributed
29 ledger technology allows different computers to validate
30 transactions and update records and a smart contract is a type
31 of electronic record that executes the term of a contract,
32 including the transfer of assets. A digital asset is a form
33 of an electronic record that represents or is used as a medium
34 of exchange, unit of account, method of payment, or store of
35 value. However, the term expressly excludes certain personal

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

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