



SPONSOR: Sen. Gay & Sen. Mantzavinos & Rep. Bush  
Sen. Pettyjohn

DELAWARE STATE SENATE  
152nd GENERAL ASSEMBLY

SENATE BILL NO. 157

AN ACT TO AMEND TITLE 6 OF THE DELAWARE CODE RELATING TO UNIFORM COMMERCIAL CODE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. Amend § 1-201, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 1-201. General definitions.

(b) Subject to definitions contained in other articles of the Uniform Commercial Code that apply to particular articles or parts thereof:

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

(A) ~~A heading in capitals equal to or greater in size than the surrounding text, or in contrasting type, font, or color to the surrounding text of the same or lesser size; and~~

(B) ~~Language in the body of a record or display in larger type than the surrounding text, or in contrasting type, font, or color to the surrounding text of the same size, or set off from surrounding text of the same size by symbols or other marks that call attention to the language.~~

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

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

(21) “Holder” means:

(A) The person in possession of a negotiable instrument that is payable either to bearer or to an identified  
person that is the person in possession; ~~or~~

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

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

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

(27) "Person" means an individual, corporation, business trust, statutory trust, estate, trust, partnership, limited liability company, association, joint venture, government, governmental subdivision, agency, or instrumentality, ~~public corporation,~~ any other legal or commercial entity, or any series of any of the foregoing.

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

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

(B) ~~In any other way to cause to be received any record or notice within the time it would have arrived if properly sent. To cause the record or notification to be received within the time it would have been received if properly sent under subparagraph (A).~~

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

(A) Execute or adopt a tangible symbol; or

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

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

Section 2. Amend § 1-204, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 1-204. Value.

Except as otherwise provided in Articles 3, 4, ~~and 5,~~ and 12, a person gives value for rights if the person acquires them:

Section 3. Amend § 1-301, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 1-301. Territorial applicability; parties' power to choose applicable law.

(c) If one of the following provisions of the Uniform Commercial Code specifies the applicable law, that provision governs and a contrary agreement is effective only to the extent permitted by the law so specified:

(7) Sections 9-301 through ~~9-307~~; 9-307;

(8) Section 12-107.

Section 4. Amend § 1-306, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 1-306. Waiver or renunciation of claim or right after breach.

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

Section 5. Amend § 2-102, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

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

~~Unless the context otherwise requires, this Article applies to transactions in goods; it does not apply to any transaction which although in the form of an unconditional contract to sell or present sale is intended to operate only as a security transaction nor does this Article impair or repeal any statute regulating sales to consumers, farmers or other specified classes of buyers.~~

(1) Unless the context otherwise requires, and except as provided in subsection (3), this Article applies to transactions in goods and, in the case of a hybrid transaction, it applies to the extent provided in subsection (2).

(2) In a hybrid transaction:

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

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

(3) This Article does not:

81 (a) apply to a transaction that, even though in the form of an unconditional contract to sell or present sale,  
82 operates only to create a security interest; or

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

84 Section 6. Amend § 2-106, Title 6 of the Delaware Code by making deletions as shown by strike through and  
85 insertions as shown by underline as follows:

86 § 2-106. Definitions: “contract”; “agreement”; “contract for sale”; “sale”; “present sale”; “conforming” to  
87 contract; “termination”; ~~“cancellation.”~~ “Cancellation”; “Hybrid Transaction”.

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

89 (a) the provision of services;

90 (b) a lease of other goods; or

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

92 Section 7. Amend § 2-201, Title 6 of the Delaware Code by making deletions as shown by strike through and  
93 insertions as shown by underline as follows:

94 § 2-201. Formal requirements; statute of frauds.

95 (1) Except as otherwise provided in this section a contract for the sale of goods for the price of \$500 or more is not  
96 enforceable by way of action or defense unless there is ~~some writing~~ a record sufficient to indicate that a contract for sale  
97 has been made between the parties and signed by the party against whom enforcement is sought or by ~~his or her~~ the party’s  
98 authorized agent or broker. ~~A writing record~~ is not insufficient because it omits or incorrectly states a term agreed upon but  
99 the contract is not enforceable under this ~~paragraph subsection~~ beyond the quantity of goods shown in ~~such writing the~~  
100 record.

101 (2) Between merchants if within a reasonable time a ~~writing record~~ in confirmation of the contract and sufficient  
102 against the sender is received and the party receiving it has reason to know its contents, it satisfies the requirements of  
103 subsection (1) against ~~such~~ the party unless ~~written~~ notice in a record of objection to its contents is given within ~~ten~~ 10 days  
104 after it is received.

105 (3) A contract which does not satisfy the requirements of subsection (1) but which is valid in other respects is  
106 ~~enforceable.~~ enforceable:

107 (a) if the goods are to be specially manufactured for the buyer and are not suitable for sale to others in the  
108 ordinary course of the seller’s business and the seller, before notice of repudiation is received and under circumstances  
109 which reasonably indicate that the goods are for the buyer, has made either a substantial beginning of their manufacture  
110 or commitments for their procurement; or

(b) if the party against whom enforcement is sought admits in his or her pleading, testimony or otherwise in court that a contract for sale was made, but the contract is not enforceable under this provision beyond the quantity of goods admitted; or

(c) with respect to goods for which payment has been made and accepted or which have been received and accepted (Section 2-606).

Section 8. Amend § 2-202, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 2-202. Final ~~written~~ expression: parol or extrinsic evidence.

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

(b) By evidence of consistent additional terms unless the court finds the ~~writing record~~ to have been intended also as a complete and exclusive statement of the terms of the agreement.

Section 9. Amend § 2-203, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 2-203. Seals inoperative.

The affixing of a seal to a ~~writing record~~ evidencing a contract for sale or an offer to buy or sell goods does not constitute the ~~writing record~~ a sealed instrument and the law with respect to sealed instruments does not apply to such a contract or offer.

Section 10. Amend § 2-205, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 2-205. Firm offers.

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

Section 11. Amend § 2-209, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 2-209. Modification, ~~reseission~~ rescission, and waiver.

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

Section 12. Amend § 2A-102, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 2A-102. Scope.

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

(2) In a hybrid lease:

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

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

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

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

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

Section 13. Amend § 2A-103, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 2A-103. Definitions and index of definitions.

(1) In this Article unless the context otherwise requires:

(h.1) “Hybrid lease” means a single transaction involving a lease of goods and:

(i) the provision of services;

(ii) a sale of other goods; or

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

Section 14. Amend § 2A-107, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 2A-107. Waiver or renunciation of claim or right after default.

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

Section 15. Amend § 2A-201, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 2A-201. Statute of frauds.

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

(b) There is a ~~writing~~, record, signed by the party against whom enforcement is sought or by that party's authorized agent, sufficient to indicate that a lease contract has been made between the parties and to describe the goods leased and the lease term.

(3) A ~~writing~~ record is not insufficient because it omits or incorrectly states a term agreed upon, but the lease contract is not enforceable under subsection (1)(b) beyond the lease term and the quantity of goods shown in the ~~writing~~, record.

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

(a) If there is a ~~writing~~ record signed by the party against whom enforcement is sought or by that party's authorized agent specifying the lease term, the term so specified;

Section 16. Amend § 2A-202, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 2A-202. Final ~~written~~ expression: Parol or extrinsic evidence.

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

(b) By evidence of consistent additional terms unless the court finds the ~~writing~~ record to have been intended also as a complete and exclusive statement of the terms of the agreement.

Section 17. Amend § 2A-203, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 2A-203. Seals inoperative.

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

Section 18. Amend § 2A-205, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 2A-205. Firm offers.

An offer by a merchant to lease goods to or from another person in a signed ~~writing~~ record that by its terms gives assurance it will be held open is not revocable, for lack of consideration, during the time stated or, if no time is stated, for a reasonable time, but in no event may the period of irrevocability exceed 3 months. Any such term of assurance on a form supplied by the offeree must be separately signed by the offeror.

Section 19. Amend § 2A-208, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 2A-208. Modification, ~~reseission~~ rescission, and waiver.

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

Section 20. Amend § 3-104, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 3-104. Negotiable instrument.

(a) Except as provided in subsections (c) and (d), “negotiable instrument” means an unconditional promise or order to pay a fixed amount of money, with or without interest or other charges described in the promise or order, if it:

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

Section 21. Amend § 3-105, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 3-105. Issue of instrument.

(a) “Issue” ~~means~~ means:

(1) the first delivery of an instrument by the maker or drawer, whether to a holder or nonholder, for the purpose of giving rights on the instrument to any ~~person~~ person; or



(2) if agreed by the payee, the first transmission by the drawer to the payee of an image of an item and information derived from the item that enables the depositary bank to collect the item by transferring or presenting under federal law an electronic check.

Section 22. Amend § 3-401, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 3-401. Signature necessary for liability on instrument.

(a) A person is not liable on an instrument unless (i) the person signed the instrument, or (ii) the person is represented by an agent or representative who signed the instrument and the signature is binding on the represented person under Section 3-402.

~~(b) A signature may be made (i) manually or by means of a device or machine, and (ii) by the use of any name, including a trade or assumed name, or by a word, mark, or symbol executed or adopted by a person with present intention to authenticate a writing.~~

Section 23. Amend § 3-604, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 3-604. Discharge by cancellation or renunciation.

(a) A person entitled to enforce an instrument, with or without consideration, may discharge the obligation of a party to pay the instrument (i) by an intentional voluntary act, such as surrender of the instrument to the party, destruction, mutilation, or cancellation of the instrument, cancellation or striking out of the party's signature, or the addition of words to the instrument indicating discharge, or (ii) by agreeing not to sue or otherwise renouncing rights against the party by a signed ~~writing~~ record. The obligation of a party to pay a check is not discharged solely by destruction of the check in connection with a process in which information is extracted from the check and an image of the check is made and, subsequently, the information and image are transmitted for payment.

Section 24. Amend § 4A-103, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 4A-103. Payment order — Definitions.

(a) In this Article:

(1) "Payment order" means an instruction of a sender to a receiving bank, transmitted orally, ~~electronically, or in writing, or in a record~~, to pay, or to cause another bank to pay, a fixed or determinable amount of money to a beneficiary if:

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

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

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

Section 25. Amend § 4A-201, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 4A-201. Security procedure.

“Security procedure” means a procedure established by agreement of a customer and a receiving bank for the purpose of (i) verifying that a payment order or communication amending or cancelling a payment order is that of the customer, or (ii) detecting error in the transmission or the content of the payment order or communication. A security procedure may impose an obligation on the receiving bank or the customer and may require the use of algorithms or other codes, identifying ~~words or words~~, numbers, symbols, sounds, biometrics, encryption, callback procedures, or similar security devices. Comparison of a signature on a payment order or communication with an authorized specimen signature of the customer or requiring a payment order to be sent from a known email address, IP address, or telephone number is not by itself a security procedure.

Section 26. Amend § 4A-202, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 4A-202. Authorized and verified payment orders.

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

(c) Commercial reasonableness of a security procedure is a question of law to be determined by considering the wishes of the customer expressed to the bank, the circumstances of the customer known to the bank, including the size, type, and frequency of payment orders normally issued by the customer to the bank, alternative security procedures offered

to the customer, and security procedures in general use by customers and receiving banks similarly situated. A security procedure is deemed to be commercially reasonable if (i) the security procedure was chosen by the customer after the bank offered, and the customer refused, a security procedure that was commercially reasonable for that customer, and (ii) the customer expressly agreed ~~in writing~~ a record to be bound by any payment order, whether or not authorized, issued in its name and accepted by the bank in compliance with the bank's obligations under the security procedure chosen by the customer.

Section 27. Amend § 4A-203, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 4A-203. Unenforceability of certain verified payment orders.

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

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

Section 28. Amend § 4A-207, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 4A-207. Misdescription of beneficiary.

(c) If (i) a payment order described in subsection (b) is accepted, (ii) the originator's payment order described the beneficiary inconsistently by name and number, and (iii) the beneficiary's bank pays the person identified by number as permitted by subsection (b)(1), the following rules apply:

(2) If the originator is not a bank and proves that the person identified by number was not entitled to receive payment from the originator, the originator is not obliged to pay its order unless the originator's bank proves that the originator, before acceptance of the originator's order, had notice that payment of a payment order issued by the originator might be made by the beneficiary's bank on the basis of an identifying or bank account number even if it identifies a person different from the named beneficiary. Proof of notice may be made by any admissible evidence. The originator's bank satisfies the burden of proof if it proves that the originator, before the payment order was accepted, signed ~~a writing~~ a record stating the information to which the notice relates.

Section 29. Amend § 4A-208, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 4A-208. Misdescription of intermediary bank or beneficiary's bank.

(b) This subsection applies to a payment order identifying an intermediary bank or the beneficiary's bank both by name and an identifying number if the name and number identify different persons.

(2) If the sender is not a bank and the receiving bank proves that the sender, before the payment order was accepted, had notice that the receiving bank might rely on the number as the proper identification of the intermediary or beneficiary's bank even if it identifies a person different from the bank identified by name, the rights and obligations of the sender and the receiving bank are governed by subsection (b)(1), as though the sender were a bank. Proof of notice may be made by any admissible evidence. The receiving bank satisfies the burden of proof if it proves that the sender, before the payment order was accepted, signed a writing record stating the information to which the notice relates.

Section 30. Amend § 4A-210, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 4A-210. Rejection of payment order.

(a) A payment order is rejected by the receiving bank by a notice of rejection transmitted to the sender ~~orally,~~ electronically, orally or in writing, a record. A notice of rejection need not use any particular words and is sufficient if it indicates that the receiving bank is rejecting the order or will not execute or pay the order. Rejection is effective when the notice is given if transmission is by a means that is reasonable in the circumstances. If notice of rejection is given by a means that is not reasonable, rejection is effective when the notice is received. If an agreement of the sender and receiving bank establishes the means to be used to reject a payment order, (i) any means complying with the agreement is reasonable and (ii) any means not complying is not reasonable unless no significant delay in receipt of the notice resulted from the use of the noncomplying means.

Section 31. Amend § 4A-211, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 4A-211. Cancellation and amendment of payment order.

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

Section 32. Amend § 4A-305, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 4A-305. Liability for late or improper execution or failure to execute payment order.

(c) In addition to the amounts payable under subsections (a) and (b), damages, including consequential damages, are recoverable to the extent provided in an express-written agreement of the receiving bank, bank, evidenced by a record.

(d) If a receiving bank fails to execute a payment order it was obliged by express agreement to execute, the receiving bank is liable to the sender for its expenses in the transaction and for incidental expenses and interest losses resulting from the failure to execute. Additional damages, including consequential damages, are recoverable to the extent provided in an express-written agreement of the receiving bank, evidenced by a record, but are not otherwise recoverable.

Section 33. Amend § 5-104, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 5-104. Formal requirements.

A letter of credit, confirmation, advice, transfer, amendment, or cancellation may be issued in any form that is a record and is authenticated (i) by a signature or (ii) in accordance with the agreement of the parties or the standard practice referred to in Section 5-108(e): signed record.

Section 34. Amend § 5-116, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 5-116. Choice of law and forum.

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

(b) Unless subsection (a) applies, the liability of an issuer, nominated person, or adviser for action or omission is governed by the law of the jurisdiction in which the person is located. The person is considered to be located at the address indicated in the person's undertaking. If more than one address is indicated, the person is considered to be located at the address from which the person's undertaking was issued.

(c) For the purpose of jurisdiction, choice of law, and recognition of interbranch letters of credit, but not enforcement of a judgment, all branches of a bank are considered separate juridical entities and a bank is considered to be located at the place where its relevant branch is considered to be located under ~~this subsection:~~ subsection (d).

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

~~(e)~~(e) Except as otherwise provided in this subsection, the liability of an issuer, nominated person, or adviser is governed by any rules of custom or practice, such as the Uniform Customs and Practice for Documentary Credits, to which

the letter of credit, confirmation, or other undertaking is expressly made subject. If (i) this Article would govern the liability of an issuer, nominated person, or adviser under subsection (a) or (b), (ii) the relevant undertaking incorporates rules of custom or practice, and (iii) there is conflict between this Article and those rules as applied to that undertaking, those rules govern except to the extent of any conflict with the non-variable provisions specified in Section 5-103(c).

~~(d)~~(f) If there is conflict between this Article and Article 3, 4, 4A, or 9, this Article governs.

~~(e)~~(g) The forum for settling disputes arising out of an undertaking within this Article may be chosen in the manner and with the binding effect that governing law may be chosen in accordance with subsection (a).

Section 35. Amend § 7-102, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 7-102. Definitions and index of definitions.

(a) In this article, unless the context otherwise requires:

(10) [Reserved.]

(11) ~~“Sign” means, with present intent to authenticate or adopt a record:~~

~~(A) To execute or adopt a tangible symbol; or~~

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

Section 36. Amend § 7-106, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 7-106. Control of electronic document of title.

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

(4) Copies or amendments that add or change an identified ~~assignee~~ transferee of the authoritative copy can be made only with the consent of the person asserting control;

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

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

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

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

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

(B) transfer control of each authoritative electronic copy.

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

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

(2) the power is shared with another person.

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

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

(2) the other person:

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

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

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

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

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

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

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

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

Section 37. Amend § 8-102, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 8-102. ~~Definitions.~~ Definitions and index of definitions.

(a) In this Article:

438 (6) "Communicate" means to:

439 (i) send a signed ~~writing~~; record; or

440 (ii) transmit information by any mechanism agreed upon by the persons transmitting and receiving the

441 information.

442 ~~(b) Other~~ The following definitions applying to in this Article and ~~the sections in which they appear are:~~ other

443 Articles apply to this Article:

444 Appropriate person \_\_\_\_\_ Section 8-107

445 Control \_\_\_\_\_ Section 8-106

446 Delivery \_\_\_\_\_ Section 8-301

447 Investment company security \_\_\_\_\_ Section 8-103

448 Issuer \_\_\_\_\_ Section 8-201

449 Overissue \_\_\_\_\_ Section 8-210

450 Protected purchaser \_\_\_\_\_ Section 8-303

451 Securities account \_\_\_\_\_ Section 8-501

452 "Appropriate person". Section 8-107.

453 "Control". Section 8-106.

454 "Controllable account". Section 9-102.

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

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

457 "Delivery". Section 8-301.

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

459 "Issuer". Section 8-201.

460 "Overissue". Section 8-210.

461 "Protected purchaser". Section 8-303.

462 "Securities account". Section 8-501.

463 Section 38. Amend § 8-103, Title 6 of the Delaware Code by making deletions as shown by strike through and

464 insertions as shown by underline as follows:

465 § 8-103. Rules for determining whether certain obligations and interests are securities or financial assets.

466 (h) A controllable account, controllable electronic record, or controllable payment intangible is not a financial

467 asset unless Section 8-102(a)(9)(iii) applies.



Section 39. Amend § 8-106, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 8-106. Control.

(d) A purchaser has “control” of a security entitlement if:

(3) ~~another person has control of the security entitlement on behalf of the purchaser or, having previously acquired control of the security entitlement, acknowledges that it has control on behalf of the purchaser; or person, other than the transferor to the purchaser of an interest in the security entitlement:~~

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

(B) obtains control of the security entitlement after having acknowledged that it will obtain control of the security entitlement on behalf of the purchaser.

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

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

Section 40. Amend § 8-110, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 8-110. Applicability; choice of law.

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

Section 41. Amend § 8-303, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 8-303. Protected purchaser.

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

Section 42. Amend § 9-102, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-102. Definitions and index of definitions.

(a) *Article 9 definitions.* — In this Article:

(2) “Account”, except as used in “account for”, “account statement”, “account to”, “commodity account” in paragraph (14), “customer’s account”, “deposit account” in paragraph (29), “on account of”, and “statement of account”, means (i) a right to payment of a monetary obligation, whether or not earned by performance, (A) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (B) for services rendered or to be rendered, (C) for a policy of insurance issued or to be issued, (D) for a secondary obligation incurred or to be incurred, (E) for energy provided or to be provided, (F) for the use or hire of a vessel under a charter or other contract, (G) arising out of the use of a credit or charge card or information contained on or for use with the card, or (H) as winnings in a lottery or other game of chance operated or sponsored by a State, governmental unit of a State, or person licensed or authorized to operate the game by a State or governmental unit of a State or (ii) any credit device account. The term includes controllable accounts and health-care-insurance receivables. The term does not include (i) ~~rights to payment evidenced by chattel paper or an instrument, chattel paper,~~ (ii) commercial tort claims, (iii) deposit accounts, (iv) investment property, (v) letter-of-credit rights or letters of credit, ~~or~~ (vi) rights to payment for money or funds advanced or sold, other than rights arising out of (A) the use of a credit or charge card or information contained on or for use with the card or (B) a credit device ~~account~~, account, or (vii) rights to payment evidenced by an instrument.

(3) “Account debtor” means a person obligated on an account, chattel paper, or general intangible. The term does not include persons obligated to pay a negotiable instrument, even if the negotiable instrument constitutes part of evidences chattel paper.

(4) “Accounting”, except as used in “accounting for”, means a record:

(A) ~~authenticated~~ signed by a secured party;

(B) indicating the aggregate unpaid secured obligations as of a date not more than 35 days earlier or 35 days later than the date of the record; and

(C) identifying the components of the obligations in reasonable detail.

(7) ~~“Authenticate” means:~~

(A) ~~to sign; or~~

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

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

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

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

(11) “Chattel paper” means:

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

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

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

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

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

(27B) “Controllable account” means an account evidenced by a controllable electronic record that provides that the account debtor undertakes to pay the person that has control under Section 12-105 of the controllable electronic record.

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

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

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

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

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

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

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

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

(75) ~~“Send”, in connection with a record or notification, means:~~

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

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

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

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

(b) [Definitions in other articles.] “Control” as provided in Section 7-106 and the following definitions in other articles apply to this article:

588 “Controllable electronic record”. Section 12-102

589 “Protected purchaser”. Section 8-303.

590 “Qualifying purchaser”. Section 12-102.

591 Section 43. Amend § 9-104, Title 6 of the Delaware Code by making deletions as shown by strike through and  
592 insertions as shown by underline as follows:

593 § 9-104. Control of deposit account.

594 (a) *Requirements for control.* — A secured party has control of a deposit account if:

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

598 (3) the secured party becomes the bank’s customer with respect to the deposit account;

599 (4) the debtor, secured party, and bank have ~~authenticated~~ signed a record that (i) is conspicuously  
600 denominated a control agreement, (ii) identifies the specific deposit account in which the secured party claims a  
601 security interest, and (iii) contains one or more provisions addressing the disposition of funds in the deposit account or  
602 the right to direct the disposition of funds in the deposit account; ~~or~~

603 (5) the name on the deposit account is the name of the secured party or indicates that the secured party has a  
604 security interest in the deposit ~~account~~; account; ~~or~~

605 (6) another person, other than the debtor:

606 (A) has control of the deposit account and acknowledges that it has control on behalf of the secured party;

607 or

608 (B) obtains control of the deposit account after having acknowledged that it will obtain control of the  
609 deposit account on behalf of the secured party.

610 Section 44. Amend § 9-105, Title 6 of the Delaware Code by making deletions as shown by strike through and  
611 insertions as shown by underline as follows:

612 ~~§ 9-105. Control of electronic chattel paper.~~

613 (a) ~~General rule: control of electronic chattel paper.~~ — A secured party has control of electronic chattel paper if a  
614 system employed for evidencing the transfer of interests in the chattel paper reliably establishes the secured party as the  
615 person to which the chattel paper was assigned.

616 (b) ~~Specific facts giving control.~~ — A system satisfies subsection (a) if the record or records comprising the  
617 chattel paper are created, stored, and assigned in such a manner that:

(1) ~~a single authoritative copy of the record or records exists which is unique, identifiable, and, except as otherwise provided in paragraphs (4), (5), and (6), unalterable;~~

~~(2) the authoritative copy identifies the secured party as the assignee of the record or records;~~

~~(3) the authoritative copy is communicated to and maintained by the secured party or its designated custodian;~~

~~(4) copies or amendments that add or change an identified assignee of the authoritative copy can be made only with the consent of the secured party;~~

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

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

§ 9-105. Control of electronic copy of record evidencing chattel paper.

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

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

(1) a single authoritative copy of the record or records exists which is unique, identifiable, and, except as otherwise provided in paragraphs (4), (5), and (6), unalterable;

(2) the authoritative copy identifies the purchaser as the assignee of the record or records;

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

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

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

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

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

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

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

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

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

652 and

653 (B) transfer control of the authoritative electronic copy.

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

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

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

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

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

663 (2) the other person:

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

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

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

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

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

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

675 Section 45. Amend Part 1, Article 9, Title 6 of the Delaware Code by making deletions as shown by strike through  
676 and insertions as shown by underline as follows:

677 § 9-105A. Control of Electronic Money.

678 (a) General rule: control of electronic money.- A person has control of electronic money if:

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

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

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

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

684 and

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

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

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

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

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

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

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

699 (2) the other person:

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

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

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

704 (e) Control through another person.- A person has control of electronic money if another person, other than the  
705 transferor to the person of an interest in the electronic money:

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



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

Section 46. Amend Part 1, Article 9, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-107A. Control of controllable electronic record, controllable account, or controllable payment intangible.

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

(b) Control of controllable account and controllable payment intangible.- A secured party has control of a controllable account or controllable payment intangible if the secured party has control of the controllable electronic record that evidences the controllable account or controllable payment intangible.

§ 9-107B. No requirement to acknowledge or confirm; no duties.

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

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

Section 47. Amend § 9-203, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-203. Attachment and enforceability of security interest; proceeds; supporting obligations; formal requisites.

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

(3) one of the following conditions is met:

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

(C) the collateral is a certificated security in registered form and the security certificate has been delivered to the secured party under Section 8-301 pursuant to the debtor's security agreement; ~~or~~

(D) the collateral is controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts, electronic chattel paper, electronic documents, electronic money, investment property, or letter-of-credit rights, ~~or electronic documents,~~ and the secured party has control under Section 7-106,

9-104, ~~9-105, 9-105A, 9-106, or 9-107~~ 9-107, or 9-107A pursuant to the debtor's security ~~agreement.~~ agreement;  
or

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

Section 48. Amend § 9-204, Title 6 of the Delaware Code by making deletions as shown by strike through and  
insertions as shown by underline as follows:

§ 9-204. After-acquired property; future advances.

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

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

(2) a commercial tort claim.

(b.1) Limitations on subsection (b).— Subsection (b) does not prevent a security interest from attaching:

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

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

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

Section 49. Amend § 9-207, Title 6 of the Delaware Code by making deletions as shown by strike through and  
insertions as shown by underline as follows:

§ 9-207. Rights and duties of secured party having possession or control of collateral.

(c) *Duties and rights when secured party in possession or control.* — Except as otherwise provided in subsection  
(d), a secured party having possession of collateral or control of collateral under Section 7-106, 9-104, 9-105, 9-105A, 9-  
~~106, or 9-107;~~ 9-107, or 9-107A;

Section 50. Amend § 9-208, Title 6 of the Delaware Code by making deletions as shown by strike through and  
insertions as shown by underline as follows:

§ 9-208. Additional duties of secured party having control of collateral.

(b) *Duties of secured party after receiving demand from debtor.* — Within 10 days after receiving ~~an~~  
~~authenticated~~ a signed demand by the debtor:

(1) a secured party having control of a deposit account under Section 9-104(a)(2) shall send to the bank with which the deposit account is maintained ~~an authenticated statement~~ a signed record that releases the bank from any further obligation to comply with instructions originated by the secured party;

~~(3) a secured party, other than a buyer, having control of electronic chattel paper under Section 9-105 shall:~~

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

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

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

(3) a secured party, other than a buyer, having control under Section 9-105 of an authoritative electronic copy of a record evidencing chattel paper shall transfer control of the electronic copy to the debtor or a person designated by the debtor;

(4) a secured party having control of investment property under Section 8-106(d)(2) or 9-106(b) shall send to the securities intermediary or commodity intermediary with which the security entitlement or commodity contract is maintained ~~an authenticated~~ a signed record that releases the securities intermediary or commodity intermediary from any further obligation to comply with entitlement orders or directions originated by the secured party;

(5) a secured party having control of a letter-of-credit right under Section 9-107 shall send to each person having an unfulfilled obligation to pay or deliver proceeds of the letter of credit to the secured party ~~an authenticated a signed~~ release from any further obligation to pay or deliver proceeds of the letter of credit to the secured party; ~~and~~

~~(6) a secured party having control of an electronic document shall:~~

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

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

(C) ~~take appropriate action to enable the debtor or its designated custodian to make copies of or revisions to the authoritative copy which add or change an identified assignee of the authoritative copy without the consent of the secured party.~~

(6) a secured party having control under Section 7-106 of an authoritative electronic copy of an electronic document shall transfer control of the electronic copy to the debtor or a person designated by the debtor;

(7) a secured party having control under Section 9-105A of electronic money shall transfer control of the electronic money to the debtor or a person designated by the debtor; and

(8) a secured party having control under Section 12-105 of a controllable electronic record, other than a buyer of a controllable account or controllable payment intangible evidenced by the controllable electronic record, shall transfer control of the controllable electronic record to the debtor or a person designated by the debtor.

Section 51. Amend § 9-209, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-209. Duties of secured party if account debtor has been notified of assignment.

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

Section 52. Amend § 9-210, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-210. Request for accounting; request regarding list of collateral or statement of account.

(a) *Definitions.* — In this section:

(2) “Request for an accounting” means a record ~~authenticated~~ signed by a debtor requesting that the recipient provide an accounting of the unpaid obligations secured by collateral and reasonably identifying the transaction or relationship that is the subject of the request.

(3) “Request regarding a list of collateral” means a record ~~authenticated~~ signed by a debtor requesting that the recipient approve or correct a list of what the debtor believes to be the collateral securing an obligation and reasonably identifying the transaction or relationship that is the subject of the request.

(4) “Request regarding a statement of account” means a record ~~authenticated~~ signed by a debtor requesting that the recipient approve or correct a statement indicating what the debtor believes to be the aggregate amount of

unpaid obligations secured by collateral as of a specified date and reasonably identifying the transaction or relationship that is the subject of the request.

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

(1) in the case of a request for an accounting, by ~~authenticating~~ signing and sending to the debtor an accounting; and

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

(c) *Request regarding list of collateral; statement concerning type of collateral.* — A secured party that claims a security interest in all of a particular type of collateral owned by the debtor may comply with a request regarding a list of collateral by sending to the debtor ~~an authenticated~~ a signed record including a statement to that effect within 14 days after receipt.

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

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

Section 53. Amend § 9-301, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-301. Law governing perfection and priority of security interests.

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

(3) Except as otherwise provided in paragraph (4), while ~~tangible~~ negotiable tangible documents, goods, instruments, or tangible money ~~money, or tangible chattel paper~~ is located in a jurisdiction, the local law of that jurisdiction governs:

(A) perfection of a security interest in the goods by filing a fixture filing;

852 (B) perfection of a security interest in timber to be cut; and

853 (C) the effect of perfection or nonperfection and the priority of a nonpossessory security interest in the  
854 collateral.

855 Section 54. Amend § 9-304, Title 6 of the Delaware Code by making deletions as shown by strike through and  
856 insertions as shown by underline as follows:

857 § 9-304. Law governing perfection and priority of security interests in deposit accounts.

858 (a) *Law of bank's jurisdiction governs.* — The local law of a bank's jurisdiction governs perfection, the effect of  
859 perfection or nonperfection, and the priority of a security interest in a deposit account maintained with that ~~bank~~ bank even  
860 if the transaction does not bear any relation to the bank's jurisdiction.

861 Section 55. Amend § 9-305, Title 6 of the Delaware Code by making deletions as shown by strike through and  
862 insertions as shown by underline as follows:

863 § 9-305. Law governing perfection and priority of security interests in investment property.

864 (a) *Governing law: general rules.*— Except as otherwise provided in subsection (c), the following rules apply:

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

866 Section 56. Amend Part 3, Article 9, Title 6 of the Delaware Code by making deletions as shown by strike through  
867 and insertions as shown by underline as follows:

868 § 9-306A. Law governing perfection and priority of security interests in chattel paper.

869 (a) *Chattel paper evidenced by authoritative electronic copy.*— Except as provided in subsection (d), if chattel paper  
870 is evidenced only by an authoritative electronic copy of the chattel paper or is evidenced by an authoritative electronic copy  
871 and an authoritative tangible copy, the local law of the chattel paper's jurisdiction governs perfection, the effect of  
872 perfection or nonperfection, and the priority of a security interest in the chattel paper, even if the transaction does not bear  
873 any relation to the chattel paper's jurisdiction.

874 (b) *Chattel paper's jurisdiction.*— The following rules determine the chattel paper's jurisdiction under this section:

875 (1) If the authoritative electronic copy of the record evidencing chattel paper, or a record attached to or  
876 logically associated with the electronic copy and readily available for review, expressly provides that a particular  
877 jurisdiction is the chattel paper's jurisdiction for purposes of this part, this article, or the Uniform Commercial Code,  
878 that jurisdiction is the chattel paper's jurisdiction.

879 (2) If paragraph (1) does not apply and the rules of the system in which the authoritative electronic copy is  
880 recorded are readily available for review and expressly provide that a particular jurisdiction is the chattel paper's

jurisdiction for purposes of this part, this article, or the Uniform Commercial Code, that jurisdiction is the chattel paper's jurisdiction.

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

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

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

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

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

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

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

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

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

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

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

(2) automatic perfection of a security interest in a controllable payment intangible created by a sale of the controllable payment intangible.

Section 57. Amend § 9-310, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-310. When filing required to perfect security interest or agricultural lien; security interests and agricultural liens to which filing provisions do not apply.

(b) *Exceptions: filing not necessary.* — The filing of a financing statement is not necessary to perfect a security interest:

(8) in controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts, ~~electronic chattel paper~~, electronic documents, investment property, or letter-of-credit rights which is perfected by control under Section 9-314;

(8.1) in chattel paper which is perfected by possession and control under Section 9-314A;

Section 58. Amend § 9-312, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-312. Perfection of security interests in chattel paper, controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts, negotiable documents, goods covered by documents, instruments, investment property, letter-of-credit rights, and money; perfection by permissive filing; temporary perfection without filing or transfer of possession.

(a) *Perfection by filing permitted.* — A security interest in chattel paper, ~~negotiable documents~~, controllable accounts, controllable electronic records, controllable payment intangibles, instruments, or investment property, or negotiable documents may be perfected by filing.

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

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

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

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

(e) *Temporary perfection: new value.* — A security interest in certificated securities, negotiable documents, or instruments is perfected without filing or the taking of possession or control for a period of 20 days from the time it attaches to the extent that it arises for new value given under ~~an authenticated~~ a signed security agreement.



939 Section 59. Amend § 9-313, Title 6 of the Delaware Code by making deletions as shown by strike through and  
940 insertions as shown by underline as follows:

941 § 9-313. When possession by or delivery to secured party perfects security interest without filing.

942 (a) *Perfection by possession or delivery.* — Except as otherwise provided in subsection (b), a secured party may  
943 perfect a security interest in ~~tangible negotiable documents~~, goods, instruments, negotiable tangible documents, or tangible  
944 money ~~money~~, or ~~tangible chattel paper~~ by taking possession of the collateral. A secured party may perfect a security  
945 interest in certificated securities by taking delivery of the certificated securities under Section 8-301.

946 (c) *Collateral in possession of person other than debtor.* — With respect to collateral other than certificated  
947 securities and goods covered by a document, a secured party takes possession of collateral in the possession of a person  
948 other than the debtor, the secured party, or a lessee of the collateral from the debtor in the ordinary course of the debtor's  
949 business, when:

950 (1) the person in possession ~~authenticates~~ signs a record acknowledging that it holds possession of the  
951 collateral for the secured party's benefit; or

952 (2) the person takes possession of the collateral after having ~~authenticated~~ signed a record acknowledging that  
953 it will hold possession of the collateral for the secured party's benefit.

954 (d) *Time of perfection by possession; continuation of perfection.* — If perfection of a security interest depends  
955 upon possession of the collateral by a secured party, perfection occurs ~~no~~ not earlier than the time the secured party takes  
956 possession and continues only while the secured party retains possession.

957 Section 60. Amend § 9-314, Title 6 of the Delaware Code by making deletions as shown by strike through and  
958 insertions as shown by underline as follows:

959 § 9-314. Perfection by control.

960 (a) *Perfection by control.* — A security interest in ~~investment property, deposit accounts, letter-of-credit rights,~~  
961 ~~electronic chattel paper, or electronic documents~~ controllable accounts, controllable electronic records, controllable  
962 payment intangibles, deposit accounts, electronic documents, electronic money, investment property, or letter-of-credit  
963 rights may be perfected by control of the collateral under Section 7-106, 9-104, ~~9-105~~, 9-105A, 9-106, ~~or 9-107~~, 9-107, or  
964 9-107A.

965 (b) *Specified collateral: time of perfection by control; continuation of perfection.* — A security interest in ~~deposit~~  
966 ~~accounts, electronic chattel paper, letter-of-credit rights, or electronic documents~~ controllable accounts, controllable  
967 electronic records, controllable payment intangibles, deposit accounts, electronic documents, electronic money, or letter-of-  
968 credit rights is perfected by control under Section 7-106, 9-104, ~~9-105~~, 9-105A, ~~or 9-107~~ 9-107, or 9-107A ~~when not earlier~~

969 than the time the secured party obtains control and remains perfected by control only while the secured party retains  
970 ~~control.~~ control.

971 (c) *Investment property: time of perfection by control; continuation of perfection.* — A security interest in  
972 investment property is perfected by control under Section 9-106 ~~from~~ not earlier than the time the secured party obtains  
973 control and remains perfected by control until:

974 Section 61. Amend Part 3, Article 9, Title 6 of the Delaware Code by making deletions as shown by strike through  
975 and insertions as shown by underline as follows:

976 § 9-314A. Perfection by possession and control of chattel paper.

977 (a) *Perfection by possession and control.*— A secured party may perfect a security interest in chattel paper by taking  
978 possession of each authoritative tangible copy of the record evidencing the chattel paper and obtaining control of each  
979 authoritative electronic copy of the electronic record evidencing the chattel paper.

980 (b) *Time of perfection; continuation of perfection.*— A security interest is perfected under subsection (a) not earlier  
981 than the time the secured party takes possession and obtains control and remains perfected under subsection (a) only while  
982 the secured party retains possession and control.

983 (c) *Application of Section 9-313 to perfection by possession of chattel paper.*— Section 9-313(c) and (f) through (i)  
984 applies to perfection by possession of an authoritative tangible copy of a record evidencing chattel paper.

985 Section 62. Amend § 9-316, Title 6 of the Delaware Code by making deletions as shown by strike through and  
986 insertions as shown by underline as follows:

987 § 9-316. Effect of change in governing law.

988 (a) *General rule: effect on perfection of change in governing law.* — A security interest perfected pursuant to the  
989 law of the jurisdiction designated in Section ~~9-301(1) or 9-305(e)~~ 9-301(1), 9-305(c), 9-306A(d), or 9-306B(b) remains  
990 perfected until the earliest of:

991 (f) *Change in jurisdiction of chattel paper, controllable electronic record, bank, issuer, nominated person,*  
992 *securities intermediary, or commodity intermediary.* — A security interest in chattel paper, controllable accounts,  
993 controllable electronic records, controllable payment intangibles, deposit accounts, letter-of-credit rights, or investment  
994 property which is perfected under the law of the chattel paper's jurisdiction, the controllable electronic record's jurisdiction,  
995 the bank's jurisdiction, the issuer's jurisdiction, a nominated person's jurisdiction, the securities intermediary's jurisdiction,  
996 or the commodity intermediary's jurisdiction, as applicable, remains perfected until the earlier of:

997 Section 63. Amend § 9-317, Title 6 of the Delaware Code by making deletions as shown by strike through and  
998 insertions as shown by underline as follows:

§ 9-317. Interests that take priority over or take free of security interest or agricultural lien.

(b) *Buyers that receive delivery.* — Except as otherwise provided in subsection (e), a buyer, other than a secured party, ~~of tangible chattel paper, tangible documents, of~~ goods, instruments, tangible documents, or a certificated security takes free of a security interest or agricultural lien if the buyer gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.

(d) *Licensees and buyers of certain collateral.* — ~~A~~ Subject to subsections (f) through (i), a licensee of a general intangible or a buyer, other than a secured party, of collateral other than ~~tangible chattel paper, electronic money, tangible documents,~~ goods, instruments, tangible documents, or a certificated security takes free of a security interest if the licensee or buyer gives value without knowledge of the security interest and before it is perfected.

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

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

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

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

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

(i) *Buyers of controllable accounts and controllable payment intangibles.-* A buyer, other than a secured party, of a controllable account or a controllable payment intangible takes free of a security interest if, without knowledge of the security interest and before it is perfected, the buyer gives value and obtains control of the controllable account or controllable payment intangible.

Section 64. Amend § 9-323, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-323. Future advances.

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

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

Section 65. Amend § 9-324, Title 6 of the Delaware Code by making deletions as shown by strike through and  
insertions as shown by underline as follows:

§ 9-324. Priority of purchase-money security interests.

(b) *Inventory purchase-money priority.* — Subject to subsection (c) and except as otherwise provided in  
subsection (g), a perfected purchase-money security interest in inventory has priority over a conflicting security interest in  
the same inventory, has priority over a conflicting security interest in chattel paper or an instrument constituting proceeds of  
the inventory and in proceeds of the chattel paper, if so provided in Section 9-330, and, except as otherwise provided in  
Section 9-327, also has priority in identifiable cash proceeds of the inventory to the extent the identifiable cash proceeds are  
received on or before the delivery of the inventory to a buyer, if:

(2) the purchase-money secured party sends ~~an authenticated~~ a signed notification to the holder of the  
conflicting security interest;

(d) *Livestock purchase-money priority.* — Subject to subsection (e) and except as otherwise provided in  
subsection (g), a perfected purchase-money security interest in livestock that are farm products has priority over a  
conflicting security interest in the same livestock, and, except as otherwise provided in Section 9-327, a perfected security  
interest in their identifiable proceeds and identifiable products in their unmanufactured states also has priority, if:

(2) the purchase-money secured party sends ~~an authenticated~~ a signed notification to the holder of the  
conflicting security interest;

Section 66. Amend Part 3, Article 9, Title 6 of the Delaware Code by making deletions as shown by strike through  
and insertions as shown by underline as follows:

§ 9-326A. Priority of security interest in controllable account, controllable electronic record, and controllable  
payment intangible.

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

Section 67. Amend § 9-330, Title 6 of the Delaware Code by making deletions as shown by strike through and  
insertions as shown by underline as follows:

§ 9-330. Priority of purchaser of chattel paper or instrument.

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

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

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

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

(f) *Indication of assignment gives knowledge.* — For purposes of subsections (b) and (d), if the authoritative copies of the record evidencing chattel paper or an instrument indicate that it the chattel paper or instrument has been assigned to an identified secured party other than the purchaser, a purchaser of the chattel paper or instrument has knowledge that the purchase violates the rights of the secured party.

Section 68. Amend § 9-331, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

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

(a) *Rights under Articles 3, 7, ~~and 8~~ 8, and 12 not limited.* — This Article does not limit the rights of a holder in due course of a negotiable instrument, a holder to which a negotiable document of title has been duly negotiated, ~~or a~~ protected purchaser of a ~~security~~ security, or a qualifying purchaser of a controllable account, controllable electronic record, or controllable payment intangible. These holders or purchasers take priority over an earlier security interest, even if perfected, to the extent provided in Articles 3, 7, ~~and 8~~ 8, and 12.

(b) *Protection under ~~Article 8~~ Articles 8 and 12.* — This Article does not limit the rights of or impose liability on a person to the extent that the person is protected against the assertion of an adverse claim under Article ~~8~~ 8 or 12.

Section 69. Amend § 9-332, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-332. Transfer of money; transfer of funds from deposit account.

(a) *Transferee of tangible money.* — A transferee of tangible money takes the money free of a security interest ~~unless the transferee acts~~ if the transferee receives possession of the money without acting in collusion with the debtor in violating the rights of the secured party.

(b) *Transferee of funds from deposit account.* — A transferee of funds from a deposit account takes the funds free of a security interest in the deposit account ~~unless the transferee acts~~ if the transferee receives the funds without acting in collusion with the debtor in violating the rights of the secured party.

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

Section 70. Amend § 9-334, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-334. Priority of security interests in fixtures and crops.

(f) *Priority based on consent, disclaimer, or right to remove.* — A security interest in fixtures, whether or not perfected, has priority over a conflicting interest of an encumbrancer or owner of the real property if:

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

Section 71. Amend § 9-341, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-341. Bank's rights and duties with respect to deposit account.

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

Section 72. Amend § 9-404, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-404. Rights acquired by assignee; claims and defenses against assignee.

1116 (a) *Assignee's rights subject to terms, claims, and defenses; exceptions.* — Unless an account debtor has made an  
1117 enforceable agreement not to assert defenses or claims, and subject to subsections (b) through (e), the rights of an assignee  
1118 are subject to:

1119 (2) any other defense or claim of the account debtor against the assignor which accrues before the account  
1120 debtor receives a notification of the assignment ~~authenticated~~ signed by the assignor or the assignee.

1121 Section 73. Amend § 9-406, Title 6 of the Delaware Code by making deletions as shown by strike through and  
1122 insertions as shown by underline as follows:

1123 § 9-406. Discharge of account debtor; notification of assignment; identification and proof of assignment;  
1124 restrictions on assignment of accounts, chattel paper, payment intangibles, and promissory notes ineffective.

1125 (a) *Discharge of account debtor; effect of notification.* — Subject to subsections (b) through ~~(i)~~, (i) and (k), an  
1126 account debtor on an account, chattel paper, or a payment intangible may discharge its obligation by paying the assignor  
1127 until, but not after, the account debtor receives a notification, ~~authenticated~~ signed by the assignor or the assignee, that the  
1128 amount due or to become due has been assigned and that payment is to be made to the assignee. After receipt of the  
1129 notification, the account debtor may discharge its obligation by paying the assignee and may not discharge the obligation  
1130 by paying the assignor.

1131 (b) *When notification ineffective.* — Subject to ~~subsection (h)~~, subsections (h) and (k), notification is ineffective  
1132 under subsection (a):

1133 (c) *Proof of assignment.* — Subject to ~~subsection (h)~~, subsections (h) and (k), if requested by the account debtor,  
1134 an assignee shall seasonably furnish reasonable proof that the assignment has been made. Unless the assignee complies, the  
1135 account debtor may discharge its obligation by paying the assignor, even if the account debtor has received a notification  
1136 under subsection (a).

1137 (d) *Term restricting assignment generally ineffective.* — In this subsection, "promissory note" includes a  
1138 negotiable instrument that evidences chattel paper. Except as otherwise provided in subsection (e) and Sections 2A-303 and  
1139 9-407, and subject to subsection (h), a term in an agreement between an account debtor and an assignor or in a promissory  
1140 note is ineffective to the extent that it:

1141 (g) *Subsection (b)(3) not waivable.* — Subject to ~~subsection (h)~~, subsections (h) and (k), an account debtor may  
1142 not waive or vary its option under subsection (b)(3).

1143 (k) *Inapplicability of certain subsections.*- Subsections (a), (b), (c), and (g) do not apply to a controllable account  
1144 or controllable payment intangible.

Section 74. Amend § 9-408, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-408. Restrictions on assignment of promissory notes, health-care-insurance receivables, and certain general intangibles ineffective.

(g) "Promissory note." - In this section, "promissory note" includes a negotiable instrument that evidences chattel paper.

Section 75. Amend § 9-509, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-509. Persons entitled to file a record.

(a) *Person entitled to file record.* — A person may file an initial financing statement, amendment that adds collateral covered by a financing statement, or amendment that adds a debtor to a financing statement only if:

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

(b) *Security agreement as authorization.* — By ~~authenticating~~ signing or becoming bound as debtor by a security agreement, a debtor or new debtor authorizes the filing of an initial financing statement, and an amendment, covering:

Section 76. Amend § 9-513, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-513. Termination statement.

(b) *Time for compliance with subsection (a).* — To comply with subsection (a), a secured party shall cause the secured party of record to file the termination statement:

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

(c) *Other collateral.* — In cases not governed by subsection (a), within 20 days after a secured party receives ~~an authenticated~~ a signed demand from a debtor, the secured party shall cause the secured party of record for a financing statement to send to the debtor a termination statement for the financing statement or file the termination statement in the filing office if:

Section 77. Amend § 9-601, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-601. Rights after default; judicial enforcement; consignor or buyer of accounts, chattel paper, payment intangibles, or promissory notes.



1173 (b) *Rights and duties of secured party in possession or control.* — A secured party in possession of collateral or  
1174 control of collateral under Section 7-106, 9-104, 9-105, 9-105A, 9-106, ~~or 9-107~~ 9-107, or 9-107A has the rights and duties  
1175 provided in Section 9-207.

1176 Section 78. Amend § 9-605, Title 6 of the Delaware Code by making deletions as shown by strike through and  
1177 insertions as shown by underline as follows:

1178 § 9-605. Unknown debtor or secondary obligor.

1179 A(a) In general: no duty owed by secured party.- Except as provided in subsection (b), a secured party does not  
1180 owe a duty based on its status as secured party:

1181 (b) Exception: Secured party owes duty to debtor or obligor.- A secured party owes a duty based on its status as a  
1182 secured party to a person if, at the time the secured party obtains control of collateral that is a controllable account,  
1183 controllable electronic record, or controllable payment intangible or at the time the security interest attaches to the  
1184 collateral, whichever is later:

1185 (1) the person is a debtor or obligor; and

1186 (2) the secured party knows that the information in subsection (a)(1)(A), (B), or (C) relating to the person is  
1187 not provided by the collateral, a record attached to or logically associated with the collateral, or the system in which the  
1188 collateral is recorded.

1189 Section 79. Amend § 9-608, Title 6 of the Delaware Code by making deletions as shown by strike through and  
1190 insertions as shown by underline as follows:

1191 § 9-608. Application of proceeds of collection or enforcement; liability for deficiency and right to surplus.

1192 (a) *Application of proceeds, surplus, and deficiency if obligation secured.* — If a security interest or agricultural  
1193 lien secures payment or performance of an obligation, the following rules apply:

1194 (1) A secured party shall apply or pay over for application the cash proceeds of collection or enforcement  
1195 under Section 9-607, reduced by the amounts deducted pursuant to Section 9-607(d), in the following order to:

1196 (A) the reasonable expenses of collection and enforcement and, to the extent provided for by agreement  
1197 and not prohibited by law, reasonable attorney's fees and legal expenses incurred by the secured party;

1198 (B) the satisfaction of obligations secured by the security interest or agricultural lien under which the  
1199 collection or enforcement is made; and

1200 (C) the satisfaction of obligations secured by any subordinate security interest in or other lien on the  
1201 collateral subject to the security interest or agricultural lien under which the collection or enforcement is made if

the secured party receives ~~an authenticated~~ a signed demand for proceeds before distribution of the proceeds is completed.

Section 80. Amend § 9-611, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-611. Notification before disposition of collateral.

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

(1) a secured party sends to the debtor and any secondary obligor ~~an authenticated~~ a signed notification of disposition; or

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

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

(3) if the collateral is other than consumer goods:

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

(B) any other secured party or lienholder that, 10 days before the notification date, held a security interest in or other lien on the collateral perfected by the filing of a financing statement that:

(i) identified the collateral;

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

(iii) was filed in the office in which to file a financing statement against the debtor covering the collateral as of that date; and

(C) any other secured party that, 10 days before the notification date, held a security interest in the collateral perfected by compliance with a statute, regulation, or treaty described in Section 9-311(a).

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

(2) before the notification date, the secured party:

(A) did not receive a response to the request for information; or

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

Section 81. Amend § 9-613, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-613. Contents and form of notification before disposition of collateral: general.

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

(1) The contents of a notification of disposition are sufficient if the notification:

(A) describes the debtor and the secured party;

(B) describes the collateral that is the subject of the intended disposition;

(C) states the method of intended disposition;

(D) states that the debtor is entitled to an accounting of the unpaid indebtedness and states the charge, if any, for an accounting; and

(E) states the time and place of a public disposition or the time after which any other disposition is to be made.

(2) Whether the contents of a notification that lacks any of the information specified in paragraph (1) are nevertheless sufficient is a question of fact.

(3) The contents of a notification providing substantially the information specified in paragraph (1) are sufficient, even if the notification includes:

(A) information not specified by that paragraph; or

(B) minor errors that are not seriously misleading.

(4) A particular phrasing of the notification is not required.

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

**NOTIFICATION OF DISPOSITION OF COLLATERAL**

\_\_\_\_\_  
\_\_\_\_\_  
To: ~~[Name of debtor, obligor, or other person to which the notification is sent]~~

\_\_\_\_\_  
\_\_\_\_\_  
From: ~~[Name, address, and telephone number of secured party]~~

1260 \_\_\_\_\_  
1261 Name of Debtor(s): \_\_\_\_\_ [Include only if debtor(s) are not an addressee]  
1262 \_\_\_\_\_  
1263 [For a public disposition:]  
1264 \_\_\_\_\_  
1265 We will sell [or lease or license, *as applicable*] the [describe collateral] [to the highest qualified bidder]  
1266 in public as follows:  
1267 \_\_\_\_\_  
1268 Day and Date: \_\_\_\_\_  
1269 \_\_\_\_\_  
1270 Time: \_\_\_\_\_  
1271 \_\_\_\_\_  
1272 Place: \_\_\_\_\_  
1273 [For a private disposition:]  
1274 \_\_\_\_\_  
1275 We will sell [or lease or license, *as applicable*] the [describe collateral] privately sometime after [day  
1276 and date].  
1277 You are entitled to an accounting of the unpaid indebtedness secured by the property that we intend to  
1278 sell [or lease or license, *as applicable*] [for a charge of \$ \_\_\_\_\_]. You may request an accounting by calling us  
1279 at [telephone number].  
1280 \_\_\_\_\_  
1281 [End of Form]  
1282 NOTIFICATION OF DISPOSITION OF COLLATERAL  
1283 To: (Name of debtor, obligor, or other person to which the notification is sent)  
1284 From: (Name, address, and telephone number of secured party)  
1285 {1} Name of any debtor that is not an addressee: (Name of each debtor)  
1286 {2} We will sell (describe collateral) (to the highest qualified bidder) at public sale. A sale could include a lease or  
1287 license. The sale will be held as follows:  
1288 (Date)  
1289 (Time)

1290 (Place)

1291 {3} We will sell (describe collateral) at private sale sometime after (date). A sale could include a lease or license.

1292 {4} You are entitled to an accounting of the unpaid indebtedness secured by the property that we intend to sell or,

1293 as applicable, lease or license.

1294 {5} If you request an accounting you must pay a charge of \$ (amount).

1295 {6} You may request an accounting by calling us at (telephone number).

1296 [End of Form]

1297 (b) *Instructions for form of notification.* - The following instructions apply to the form of notification in subsection

1298 (a)(5):

1299 (1) The instructions in this subsection refer to the numbers in braces before items in the form of notification in

1300 subsection (a)(5). Do not include the numbers or braces in the notification. The numbers and braces are used only for the

1301 purpose of these instructions.

1302 (2) Include and complete item {1} only if there is a debtor that is not an addressee of the notification and list

1303 the name or names.

1304 (3) Include and complete either item {2}, if the notification relates to a public disposition of the collateral, or

1305 item {3}, if the notification relates to a private disposition of the collateral. If item {2} is included, include the words "to

1306 the highest qualified bidder" only if applicable.

1307 (4) Include and complete items {4} and {6}.

1308 (5) Include and complete item {5} only if the sender will charge the recipient for an accounting.

1309 Section 82. Amend § 9-614, Title 6 of the Delaware Code by making deletions as shown by strike through and

1310 insertions as shown by underline as follows:

1311 § 9-614. Contents and form of notification before disposition of collateral: consumer-goods transaction.

1312 (a) *Contents and form of notification.* - In a consumer-goods transaction, the following rules apply:

1313 (1) A notification of disposition must provide the following information:

1314 (A) the information specified in Section ~~9-613(1)~~; 9-613(a)(1);

1315 (B) a description of any liability for a deficiency of the person to which the notification is sent;

1316 (C) a telephone number from which the amount that must be paid to the secured party to redeem the

1317 collateral under Section 9-623 is available; and

1318 (D) a telephone number or mailing address from which additional information concerning the disposition

1319 and the obligation secured is available.

1320 (2) A particular phrasing of the notification is not required.

1321 (3) The following form of notification, when ~~completed~~, completed in accordance with the instructions in

1322 subsection (b), provides sufficient information:

1323 *[Name and address of secured party]*

1324 *[Date]*

1325 NOTICE OF OUR PLAN TO SELL PROPERTY

1326 *[Name and address of any obligor who is also a debtor]*

1327 Subject: ~~\_\_\_\_\_~~ *[Identification of Transaction]*

1328 We have your *[describe collateral]*, because you broke promises in our agreement.

1329 *[For a public disposition:]*

1330 We will sell *[describe collateral]* at public sale. A sale could include a lease or license. The sale will be held

1331 as follows:

1332 Date: \_\_\_\_\_

1333 Time: \_\_\_\_\_

1334 Place: \_\_\_\_\_

1335 You may attend the sale and bring bidders if you want.

1336 *[For a private disposition:]*

1337 We will sell *[describe collateral]* at private sale sometime after *[date]*. A sale could include a lease or license.

1338 The money that we get from the sale (after paying our costs) will reduce the amount you owe. If we get less

1339 money than you owe, you *[will or will not, as applicable]* still owe us the difference. If we get more money than you

1340 owe, you will get the extra money, unless we must pay it to someone else.

1341 You can get the property back at any time before we sell it by paying us the full amount you owe (not just the

1342 past due payments), including our expenses. To learn the exact amount you must pay, call us at *[telephone number]*.

1343 If you want us to explain to you in writing how we have figured the amount that you owe us, you may call us

1344 at *[telephone number]* [or write us at *[secured party's address]*] and request a written explanation. [We will charge you

1345 \$ \_\_\_\_\_ for the explanation if we sent you another written explanation of the amount you owe us within

1346 the last six months.]

1347 If you need more information about the sale call us at *[telephone number]* [or write us at *[secured party's*

1348 *address]*].

We are sending this notice to the following other people who have an interest in *[describe collateral]* or who owe money under your agreement:

*[Names of all other debtors and obligors, if any]*

\_\_\_\_\_

*[End of Form]*

(Name and address of secured party)

(Date)

#### NOTICE OF OUR PLAN TO SELL PROPERTY

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

Subject: (Identify transaction)

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

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

(Date)

(Time)

(Place)

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

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

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

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

{5} If you want us to explain to you in (writing) (writing or in (description of electronic record)) (description of electronic record) how we have figured the amount that you owe us, {6} call us at (telephone number) (or) (write us at secured party's address)) (or contact us by (description of electronic communication method)) {7} and request (a written explanation) (a written explanation or an explanation in (description of electronic record)) (an explanation in (description of electronic record)).

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

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

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

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

End of Form

(b) Instructions for form of notification.- The following instructions apply to the form of notification in subsection

(a)(3):

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

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

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

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

(5) In item {6}, include the telephone number. In addition, the sender may include and complete either or both of the two additional alternative methods of communication—writing or electronic communication—for the recipient of the notification to communicate with the sender. Neither of the two additional methods of communication is required to be included.

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

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

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

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



Section 83. Amend § 9-615, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-615. Application of proceeds of disposition; liability for deficiency and right to surplus.

(a) *Application of proceeds.* — A secured party shall apply or pay over for application the cash proceeds of disposition under Section 9-610 in the following order to:

(3) the satisfaction of obligations secured by any subordinate security interest in or other subordinate lien on the collateral if:

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

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

(4) a secured party that is a consignor of the collateral if the secured party receives from the consignor—~~an authenticated~~ a signed demand for proceeds before distribution of the proceeds is completed.

Section 84. Amend § 9-616, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-616. Explanation of calculation of surplus or deficiency.

(a) *Definitions.* — In this section:

(1) “Explanation” means a ~~writing~~ record that:

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

(B) provides an explanation in accordance with subsection (c) of how the secured party calculated the surplus or deficiency;

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

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

(2) “Request” means a record:

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

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

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

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

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

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

(B) within 14 days after receipt of a request; or

(c) *Required information.* — To comply with subsection (a)(1)(B), ~~a writing~~ an explanation must provide the following information in the following order:

Section 85. Amend § 9-619, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-619. Transfer of record or legal title.

(a) *“Transfer statement.”* — In this section, “transfer statement” means a record ~~authenticated~~ signed by a secured party stating:

Section 86. Amend § 9-620, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-620. Acceptance of collateral in full or partial satisfaction of obligation; compulsory disposition of collateral.

(a) *Conditions to acceptance in satisfaction.* — Except as otherwise provided in subsection (g), a secured party may accept collateral in full or partial satisfaction of the obligation it secures only if:

(2) the secured party does not receive, within the time set forth in subsection (d), a notification of objection to the proposal ~~authenticated~~ signed by:

(A) a person to which the secured party was required to send a proposal under Section 9-621; or

(B) any other person, other than the debtor, holding an interest in the collateral subordinate to the security interest that is the subject of the proposal;

(b) *Purported acceptance ineffective.* — A purported or apparent acceptance of collateral under this section is ineffective unless:

(1) the secured party consents to the acceptance in ~~an authenticated~~ a signed record or sends a proposal to the debtor; and

(c) *Debtor’s consent.* — For purposes of this section:

(1) a debtor consents to an acceptance of collateral in partial satisfaction of the obligation it secures only if the debtor agrees to the terms of the acceptance in a record ~~authenticated~~ signed after default; and

(2) a debtor consents to an acceptance of collateral in full satisfaction of the obligation it secures only if the debtor agrees to the terms of the acceptance in a record ~~authenticated~~ signed after default or the secured party:

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

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

(C) does not receive a notification of objection ~~authenticated~~ signed by the debtor within 20 days after the proposal is sent.

(f) *Compliance with mandatory disposition requirement.* — To comply with subsection (e), the secured party shall dispose of the collateral:

(2) within any longer period to which the debtor and all secondary obligors have agreed in an agreement to that effect entered into and ~~authenticated~~ signed after default.

Section 87. Amend § 9-621, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-621. Notification of proposal to accept collateral.

(a) *Persons to which proposal to be sent.* — A secured party that desires to accept collateral in full or partial satisfaction of the obligation it secures shall send its proposal to:

(1) any person from which the secured party has received, before the debtor consented to the acceptance, ~~an authenticated~~ a signed notification of a claim of an interest in the collateral;

Section 88. Amend § 9-624, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-624. Waiver.

(a) *Waiver of disposition notification.* — A debtor or secondary obligor may waive the right to notification of disposition of collateral under Section 9-611 only by an agreement to that effect entered into and ~~authenticated~~ signed after default.

(b) *Waiver of mandatory disposition.* — A debtor may waive the right to require disposition of collateral under Section 9-620(e) only by an agreement to that effect entered into and ~~authenticated~~ signed after default.

(c) *Waiver of redemption right.* — Except in a consumer-goods transaction, a debtor or secondary obligor may waive the right to redeem collateral under Section 9-623 only by an agreement to that effect entered into and ~~authenticated~~ signed after default.

Section 89. Amend § 9-628, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 9-628. Nonliability and limitation on liability of secured party; liability of secondary obligor.

(a) *Limitation of liability of secured party for noncompliance with Article.* — ~~Unless~~Subject to subsection (f),  
unless a secured party knows that a person is a debtor or obligor, knows the identity of the person, and knows how to communicate with the person:

(b) *Limitation of liability based on status as a secured party.* — ~~A~~Subject to subsection (f), a secured party is not liable because of its status as secured party:

(f) *Exception: Limitation of liability under subsections (a) and (b) does not apply.*— Subsections (a) and (b) do not apply to limit the liability of a secured party to a person if, at the time the secured party obtains control of collateral that is a controllable account, controllable electronic record, or controllable payment intangible or at the time the security interest attaches to the collateral, whichever is later:

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

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

Section 90. Amend Subtitle I, Title 6 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

Article 12. Controllable Electronic Records.

§ 12-101. Title.

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

§ 12-102. Definitions.

(a) Article 12 definitions.-

In this article:

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

(2) “Qualifying purchaser” means a purchaser of a controllable electronic record or an interest in 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.

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

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

(B) § 12A-116 of this title.

(4) “Value” has the meaning provided in Section 3-303(a), as if references in that subsection to an “instrument” were references to a controllable account, controllable electronic record, or controllable payment intangible.

(b) Definitions in Article 9.- The definitions in Article 9 of “account debtor”, “controllable account”, “controllable payment intangible”, “chattel paper”, “deposit account”, “electronic money”, and “investment property” apply to this article.

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

§ 12-103. Relation to Article 9 and consumer laws.

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

(b) Applicable consumer law and other laws.- A transaction subject to this article is subject to any applicable rule of law that establishes a different rule for consumers, to any other statute or regulation of this State that regulates the rates, charges, agreements, and practices for loans, credit sales, or other extensions of credit, and to any consumer-protection statute or regulation of this State.

§ 12-104. Rights in controllable account, controllable electronic record, and controllable payment intangible.

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

(b) Control of controllable account and controllable payment intangible.- To determine whether a purchaser of a controllable account or a controllable payment intangible is a qualifying purchaser, the purchaser obtains control of the account or payment intangible if it obtains control of the controllable electronic record that evidences the account or payment intangible.

1554 (c) Applicability of other law to acquisition of rights.- Except as provided in this section, law other than this article  
1555 determines whether a person acquires a right in a controllable electronic record and the right the person acquires.

1556 (d) Shelter principle and purchase of limited interest.- A purchaser of a controllable electronic record acquires all  
1557 rights in the controllable electronic record that the transferor had or had power to transfer, except that a purchaser of a  
1558 limited interest in a controllable electronic record acquires rights only to the extent of the interest purchased.

1559 (e) Rights of qualifying purchaser.- A qualifying purchaser acquires its rights in the controllable electronic record  
1560 free of a claim of a property right in the controllable electronic record.

1561 (f) Limitation of rights of qualifying purchaser in other property.- Except as provided in subsections (a) and (e) for  
1562 a controllable account and a controllable payment intangible or law other than this article, a qualifying purchaser takes a  
1563 right to payment, right to performance, or other interest in property evidenced by the controllable electronic record subject  
1564 to a claim of a property right in the right to payment, right to performance, or other interest in property.

1565 (g) No-action protection for qualifying purchaser.- An action may not be asserted against a qualifying purchaser  
1566 based on both a purchase by the qualifying purchaser of a controllable electronic record and a claim of a property right in  
1567 another controllable electronic record, whether the action is framed in conversion, replevin, constructive trust, equitable  
1568 lien, or other theory.

1569 (h) Filing not notice.- Filing of a financing statement under Article 9 is not notice of a claim of a property right in  
1570 a controllable electronic record.

1571 § 12-105. Control of controllable electronic record.

1572 (a) General rule: control of controllable electronic record. A person has control of a controllable electronic record  
1573 if the electronic record, a record attached to or logically associated with the electronic record, or a system in which the  
1574 electronic record is recorded:

1575 (1) gives the person:

1576 (A) power to avail itself of substantially all the benefit from the electronic record; and

1577 (B) exclusive power, subject to subsection (b), to:

1578 (i) prevent others from availing themselves of substantially all the benefit from the electronic record;

1579 and

1580 (ii) transfer control of the electronic record to another person or cause another person to obtain

1581 control of another controllable electronic record as a result of the transfer of the electronic record; and

1582 (2) enables the person readily to identify itself in any way, including by name, identifying number,

1583 cryptographic key, office, or account number, as having the powers specified in paragraph (1).

1584 (b) Meaning of exclusive.- Subject to subsection (c), a power is exclusive under subsection (a)(1)(B)(i) and (ii)  
1585 even if:

1586 (1) the controllable electronic record, a record attached to or logically associated with the electronic record, or  
1587 a system in which the electronic record is recorded limits the use of the electronic record or has a protocol programmed  
1588 to cause a change, including a transfer or loss of control or a modification of benefits afforded by the electronic record;  
1589 or

1590 (2) the power is shared with another person.

1591 (c) When power not shared with another person.- A power of a person is not shared with another person under  
1592 subsection (b)(2) and the person's power is not exclusive if:

1593 (1) the person can exercise the power only if the power also is exercised by the other person; and

1594 (2) the other person:

1595 (A) can exercise the power without exercise of the power by the person; or

1596 (B) is the transferor to the person of an interest in the controllable electronic record or a controllable  
1597 account or controllable payment intangible evidenced by the controllable electronic record.

1598 (d) Presumption of exclusivity of certain powers.- If a person has the powers specified in subsection (a)(1)(B)(i)  
1599 and (ii), the powers are presumed to be exclusive.

1600 (e) Control through another person.- A person has control of a controllable electronic record if another person,  
1601 other than the transferor to the person of an interest in the controllable electronic record or a controllable account or  
1602 controllable payment intangible evidenced by the controllable electronic record:

1603 (1) has control of the electronic record and acknowledges that it has control on behalf of the person; or

1604 (2) obtains control of the electronic record after having acknowledged that it will obtain control of the  
1605 electronic record on behalf of the person.

1606 (f) No requirement to acknowledge. – A person that has control under this section is not required to acknowledge  
1607 that it has control on behalf of another person.

1608 (g) No duties or confirmation.- If a person acknowledges that it has or will obtain control on behalf of another  
1609 person, unless the person otherwise agrees or law other than this article or Article 9 otherwise provides, the person does not  
1610 owe any duty to the other person and is not required to confirm the acknowledgment to any other person.

1611 Section 12-106. Discharge of account debtor on controllable account or controllable payment intangible.

1612 (a) Discharge of account debtor. An account debtor on a controllable account or controllable payment intangible  
1613 may discharge its obligation by paying:

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

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

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

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

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

(3) notifies the account debtor that control of the controllable electronic record that evidences the controllable account or controllable payment intangible was transferred;

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

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

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

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

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

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

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

(A) divide a payment;

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

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



1643 (e) Proof of transfer of control.- Subject to subsection (h), if requested by the account debtor, the person giving the  
1644 notification under subsection (b) seasonably shall furnish reasonable proof, using the method in the agreement referred to in  
1645 subsection (d)(1), that control of the controllable electronic record has been transferred. Unless the person complies with  
1646 the request, the account debtor may discharge its obligation by paying a person that formerly had control, even if the  
1647 account debtor has received a notification under subsection (b).

1648 (f) What constitutes reasonable proof.- A person furnishes reasonable proof under subsection (e) that control has  
1649 been transferred if the person demonstrates, using the method in the agreement referred to in subsection (d)(1), that the  
1650 transferee has the power to:

1651 (1) avail itself of substantially all the benefit from the controllable electronic record;

1652 (2) prevent others from availing themselves of substantially all the benefit from the controllable electronic  
1653 record; and

1654 (3) transfer the powers specified in paragraphs (1) and (2) to another person.

1655 (g) Rights not waivable.- Subject to subsection (h), an account debtor may not waive or vary its rights under  
1656 subsections (d)(1) and (e) or its option under subsection (d)(3).

1657 (h) Rule for individual under other law.- This section is subject to law other than this article which establishes a  
1658 different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family, or  
1659 household purposes.

1660 §12-107. Governing law.

1661 (a) Governing law: general rule.- Except as provided in subsection (b), the local law of a controllable electronic  
1662 record's jurisdiction governs a matter covered by this article.

1663 (b) Governing law: Section 12-106.- For a controllable electronic record that evidences a controllable account or  
1664 controllable payment intangible, the local law of the controllable electronic record's jurisdiction governs a matter covered  
1665 by Section 12-106 unless an effective agreement determines that the local law of another jurisdiction governs.

1666 (c) Controllable electronic record's jurisdiction.- The following rules determine a controllable electronic record's  
1667 jurisdiction under this section:

1668 (1) If the controllable electronic record, or a record attached to or logically associated with the controllable  
1669 electronic record and readily available for review, expressly provides that a particular jurisdiction is the controllable  
1670 electronic record's jurisdiction for purposes of this article or the Uniform Commercial Code, that jurisdiction is the  
1671 controllable electronic record's jurisdiction.

(2) If paragraph (1) does not apply and the rules of the system in which the controllable electronic record is recorded are readily available for review and expressly provide that a particular jurisdiction is the controllable electronic record's jurisdiction for purposes of this article or the Uniform Commercial Code, that jurisdiction is the controllable electronic record's jurisdiction.

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

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

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

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

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

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

Article A. Transitional Provisions for Uniform Commercial Code Amendments 2022.

Part 1. General provisions and definitions.

§ A-101. Title.

This article may be cited as Transitional Provisions for Uniform Commercial Code Amendments (2022).

§ A-102. Definitions.

*(a) Article A Definitions.*- In this article:

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

(2) “Amending Act” means [the Act of the 152<sup>nd</sup> General Assembly that enacted this Act and is chaptered in  
Volume 84 of the Laws of Delaware].

(3) “Article 12” means Article 12 of the Uniform Commercial Code.

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

(b) Definitions in other articles.- The following definitions in other articles of the Uniform Commercial Code  
apply to this article.

“Controllable account”. § 9-102.

“Controllable electronic record”. § 12-102.

“Controllable payment intangible”. § 9-102.

“Electronic money”. § 9-102

“Financing statement”. § 9-102.

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

Part 2. General transitional provision.

Section A-201. Saving clause.

Except as provided in Part 3, a transaction validly entered into before [the effective date of this Act] and the rights,  
duties, and interests flowing from the transaction remain valid thereafter and may be terminated, completed, consummated,  
or enforced as required or permitted by law other than the Uniform Commercial Code or, if applicable, the Uniform  
Commercial Code, as though the amending Act had not taken effect.

Part 3. Transitional provisions for Articles 9 and 12.

§ A-301. Saving clause.

(a) Pre-effective-date transaction, lien, or interest.- Except as provided in this part, Article 9, as amended by the  
amending Act, and Article 12 apply to a transaction, lien, or other interest in property, even if the transaction, lien, or  
interest was entered into, created, or acquired before [the effective date of this Act].

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

(1) a transaction, lien, or interest in property that was validly entered into, created, or transferred before [the  
effective date of this Act] and was not governed by the Uniform Commercial Code, but would be subject to Article 9,

as amended by the amending Act, or Article 12 if it had been entered into, created, or transferred on or after [the effective date of this Act], including the rights, duties, and interests flowing from the transaction, lien, or interest, remains valid on and after [the effective date of this Act]; and

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

(c) *Pre-effective-date proceeding.*- The amending Act does not affect an action, case, or proceeding commenced before [the effective date of this Act].

§ A-302. Security interest perfected before effective date.

(a) *Continuing perfection: perfection requirements satisfied.*- A security interest that is enforceable and perfected immediately before [the effective date of this Act] is a perfected security interest under the amending Act if, on [the effective date of this Act], the requirements for enforceability and perfection under the amending Act are satisfied without further action.

(b) *Continuing perfection; enforceability or perfection requirements not satisfied.*- If a security interest is enforceable and perfected immediately before [the effective date of this Act], but the requirements for enforceability or perfection under this [act] are not satisfied on [the effective date of this Act], the security interest:

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

(2) remains enforceable thereafter only if the security interest satisfies the requirements for enforceability under Section 9-203, as amended by the amending Act, before the adjustment date; and

(3) remains perfected thereafter only if the requirements for perfection under the amending Act are satisfied before the time specified in paragraph (1).

§ A-303. Security interest unperfected before effective date.

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

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

(2) remains enforceable thereafter if the security interest becomes enforceable under Section 9-203, as amended by the amending Act, on [the effective date of this Act] or before the adjustment date; and

(3) becomes perfected:

(A) without further action, on [the effective date of this Act] if the requirements for perfection under the amending Act are satisfied before or at that time; or

1762 (B) when the requirements for perfection are satisfied if the requirements are satisfied after that time.

1763 § A-304. Effectiveness of actions taken before effective date.

1764 (a) Pre-effective-date action; attachment and perfection before adjustment date.- If action, other than the filing of  
1765 a financing statement, is taken before [the effective date of this Act] and the action would have resulted in perfection of the  
1766 security interest had the security interest become enforceable before [the effective date of this Act], the action is effective to  
1767 perfect a security interest that attaches under the amending Act before the adjustment date. An attached security interest  
1768 becomes unperfected on the adjustment date unless the security interest becomes a perfected security interest under the  
1769 amending Act before the adjustment date.

1770 (b) Pre-effective-date filing.- The filing of a financing statement before [the effective date of this Act] is effective  
1771 to perfect a security interest on [the effective date of this Act] to the extent the filing would satisfy the requirements for  
1772 perfection under the amending Act.

1773 (c) Pre-effective-date enforceability action.- The taking of an action before [the effective date of this Act] is  
1774 sufficient for the enforceability of a security interest on [the effective date of this Act] if the action would satisfy the  
1775 requirements for enforceability under the amending Act.

1776 § A-305. Priority.

1777 (a) Determination of priority.- Subject to subsections (b) and (c), the amending Act determines the priority of  
1778 conflicting claims to collateral.

1779 (b) Established priorities.- Subject to subsection (c), if the priorities of claims to collateral were established before  
1780 [the effective date of this Act], Article 9, as in effect before [the effective date of this Act], determines priority.

1781 (c) Determination of certain priorities on adjustment date.- On the adjustment date, to the extent the priorities  
1782 determined by Article 9, as amended by the amending Act, modify the priorities established before [the effective date of  
1783 this Act], the priorities of claims to Article 12 property and electronic money established before [the effective date of this  
1784 Act] cease to apply.

1785 § A-306. Priority of claims when priority rules of Article 9 do not apply.

1786 (a) Determination of priority.- Subject to subsections (b) and (c), Article 12 determines the priority of conflicting  
1787 claims to Article 12 property when the priority rules of Article 9, as amended by the amending Act, do not apply.

1788 (b) Established priorities.- Subject to subsection (c), when the priority rules of Article 9, as amended by the  
1789 amending Act, do not apply and the priorities of claims to Article 12 property were established before [the effective date of  
1790 this Act], law other than Article 12 determines priority.

1791 (c) Determination of certain priorities on adjustment date.- When the priority rules of Article 9, as amended by the  
1792 amending Act, do not apply, to the extent the priorities determined by the amending Act modify the priorities established  
1793 before [the effective date of this Act], the priorities of claims to Article 12 property established before [the effective date of  
1794 this Act] cease to apply on the adjustment date.

### SYNOPSIS

This Act, the 2022 Amendments to the Uniform Commercial Code, was drafted by the Uniform Law Commission in partnership with the American Law Institute. The Uniform Law Commission "provides states with non-partisan, well-conceived and well-drafted legislation that brings clarity and stability to critical areas of state statutory law."

The Uniform Commercial Code ("UCC") provides commercial law rules for broad categories of transactions: the sale or lease of goods, negotiable instruments, bank deposits and collections, funds transfers, letters of credit, documents of title, investment property, and secured transactions in personal property. Every state has adopted the UCC and, as a result, strong interstate markets have developed because the UCC provides the legal structure necessary to have confidence when transacting business with others.

The UCC has been revised over time as the United States' economy shifted from a goods-based economy toward one based on services, software, and information-based transactions. The 2022 Amendments to the UCC ("2022 Amendments") are yet another revision to address the changing economy. Specifically, the 2022 Amendments do all of the following:

(1) Provide updated rules for commercial transactions involving emerging technologies such as virtual currencies, non-fungible tokens (also known as NFTs), and distributed ledger technologies (also known as "blockchain").

(2) Create a new Article 12 addressing new types of property, or digital assets, defined as "controllable electronic records" ("CERs"). Examples of CERs include virtual currencies, non-fungible tokens, and electronic promises to pay.

(3) Provide new default rules to govern transactions involving these emerging technologies and clarify the UCC's applicability to mixed transactions involving both goods and services.

(4) Update the UCC to recognize that parties often do not use paper documents and, therefore, the UCC applies equally to electronic transactions.

(5) Make additional revisions to the UCC unrelated to technological developments but necessary to provide needed clarification of the UCC.

(6) Create a new Article A to provide transition rules designed to protect the expectations of parties to pre-effective-date transactions. For example, a secured lender who has a priority security interest in collateral under the current law will retain its priority through a transition period, giving parties to preexisting transactions plenty of time to revise their agreements to comply with this Act.

This Act amends the UCC and, as such, deals only with consensual commercial transactions. It does not regulate the use of these emerging technologies, including CERs, address taxation of CERs, alter the law governing money transmitters, or revise anti-money laundering laws.

As of the introduction of this Act, the 2022 Amendments have been introduced in 21 states and the District of Columbia and enacted in 5 states (Indiana, North Dakota, Colorado, New Mexico, and Washington).

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