

Florida’s New UCC Article 12 – Fla. Stat. 669 [ver 20231110]

Secured Transactions for Digital Assets and Associated UCC Amendments¹

The Uniform Law Commission (“ULC”) proposed new UCC Article 12 (“Art. 12”), new Fla. Stat. § 669, as an expansion of the Uniform Commercial Code (“UCC”), Fla. Stat. §§ 661 - 680, which establishes a baseline framework allowing creditors to secure liens on digital assets owned by debtors. This is a two-part White Paper; an eight (8) page summary and a 21 page Florida UCC Chart mapping all Art. 12 changes to Fla. Stat. §§ 661 - 680.

Art. 12 defines a “controllable electronic record” (CER), § 669.102(1), to be part of or logically attached to, a digital asset.² The foundation of Art. 12 is UCC Article 9, Secured Transactions, § 679.1011, and Art. 12 amendments effect § 679. Art. 12 updates and clarifies debtor-creditor relationships and emerging technology transactions involving cryptocurrencies, smart contracts, blockchains, non-fungible tokens (NFTs), and distributed ledger technologies (DTLs). Florida should adopt § 669, titled “Uniform Commercial Code—Controllable Electronic Records,” to reduce transaction costs while providing protections for market participants and traditional market players. As of November 2023, eight (8) states have adopted Art. 12 (CO, DE, IN, HI, ND, NM, NV, WA).³ If enacted, Florida would be the largest state to adopt this new law. Florida’s Office of Financial Regulation (OFR) has generally endorsed Art. 12.⁴

Florida law currently does not have provisions specifically addressing digital assets. A *traditional, common approach*, based on Art. 8, § 678, applies general intangible principles to the transaction, namely: (i) digital assets are transferred to a securities intermediary, (ii) the intermediary treats the assets as “financial assets” and credits them to debtor’s account, creating a security entitlement with respect to the financial asset, (iii) the secured party then obtains complete “control,” § 678.5011(2)(b), of the security entitlement, which perfects the secured party’s security interest in the securities account. Alternatively, the lender may perfect his or her interest with Art. 9, § 679, by filing a financing statement in the debtor’s state registry per § 679.3011. The traditional approach does not address technologic issues associated with easily transferrable digital assets. A *technologic approach* obtains technical control of assets with the debtor giving private key or password control to the lender or its designee. The resulting secured party’s interest is not perfected under the current UCC. This creates legal doubt in the transaction.

Art. 12, § 669, and the associated amendments to §§ 670 - 680, provide: (a) assurance to securities intermediaries and secured party creditors that they acquire their interests free of the

¹ This White Paper was prepared by a Joint Task Force between the Business Law Section’s Blockchain and Digital Assets Committee and the Section’s UCC/Bankruptcy Committee. Recently, the Task Force engaged the Real Property Probate and Trust Law Section (RPPTL) and the Florida Bankers Assn. for comments and input.

² The Act and F.S. 669 does not define an “electronic record” nor does it refer to “digital assets.” The Act amends Art. 1, § 671.201, and adds a definition for “electronic” as “means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.” § 671.201(18).

³ See ULC’s website at <https://www.uniformlaws.org/committees/community-home?communitykey=1457c422-ddb7-40b0-8c76-39a1991651ac>.

⁴ “Assessment of Commerce and Regulatory Issues Presented by Blockchain Technology and Virtual Currency,” OFR, Dec. 2022.

property claims of others (the take-free rule), and (b) the security interests created thereby confer upon the intermediary a super-priority secured party status.

UCC Article 12 and Related Amendments - Summary. New § 669.102(1)(a) defines a “controllable electronic record” (CER) and provides rules for transfers of CERs to buyers and secured parties. A transferee will take the CER free of any claim to the CER if the transferee is a “qualifying purchaser” (“QP”), §§ 669.102(1)(b) and 669.104(1) and (2). Additionally, a secured party that obtains control of a CER will have non-temporal priority, over another secured party that does not have control and has perfected its security interest only by filing a financing statement, § 669.104(8).

Examples and Exclusions. The following are generally *included*: (a) Electronic accounts (generally including accounts receivable) and electronic payment intangibles (including electronic promises to pay akin to notes and electronic loan agreements); (b) Cryptocurrencies; (c) NFTs that qualify as CERs and other tethered assets; and (d) Electronic (fiat) money other than central bank digital currencies, § 671.201(10) and (25). Controllable payment intangibles and controllable accounts may have an opt-out Art. 12 feature. The definition of CER *excludes* certain types of assets, even if they would otherwise meet the definition: (i) Money (fiat); (ii) Investment property; (iii) Electronic accounts and payment intangibles, if not evidenced by a CER or that lack certain other characteristics; (iv) Chattel paper in electronic form; (v) “Transferable records” under the Uniform Electronic Transactions Act (UETA), § 668.001, and the Electronic Signature in Global Commerce Act (E-SIGN), 15 U.S.C. § 7021(a)(1)(B), and (vi) Documents of Title, § 677.101.

The definition of CER specifically excludes “investment property,” § 669.102(1)(a), and the Art. 12 amendments do not change the definitions of investment property or financial asset, § 678.1011.⁵ However, parties may agree to treat digital assets as investment property and transact them to a financial intermediary under Art. 12.

Controllable Electronic Records (CERs). New § 669 applies to outright transfers of CERs and security interests in CERs, controllable accounts, and controllable payment intangibles. These controllable accounts⁶ and controllable payment intangibles⁷ must have the “controllable” attribute to be a CER. See §§ 678.1021, 1061; §§ 679.1021, 1041(1)(d), 1051, 1053, and 1054. A CER must be a “record,” § 671.201(34), and be retrievable in a perceivable form (e.g., an identifiable digital asset, debtor, lender data or account), § 669.105(1)(b). The record must be “electronic,” § 671.201(17). The electronic record must be “controllable,” § 669.105. A NFT can be a CER, if it meets the definition of a CER, and since NFTs are often tethered to other assets, the transfer of the NFT also transfers an interest in the other asset.

⁵ Art. 12 Comments for Article 8 state: “If the parties agree to treat a digital asset as a financial asset under Article 8 and the digital asset is in fact held in a securities account for an entitlement holder, the rules applicable to controllable electronic records under Article 12 would not apply to the entitlement holder’s security entitlement related to the financial asset. If the financial asset itself is a controllable electronic record, however, then the rules in Article 12 could apply to the securities intermediary’s rights with respect to the controllable electronic record if the intermediary holds the asset directly.” UCC section 8-102(9), Comment 18. Comments following the definition of “uncertified security,” section 8-102(9), provide examples in which CERs may play a role in Article 8 transactions.

⁶ In addition to being “controllable”, these controllable accounts and controllable payment intangibles must also have a provision that the “debtor undertakes to pay the person that has control.” §§ 679.1021(cc) and (dd). This feature is discussed later.

⁷ *Id.*

However, other law may apply to the substantial use of the NFT, § 669.104(3). See § 669.105(1)(a)(1) requiring that the person having control of a CER must have substantially all the benefit of the CER.

Controllable Accounts and Controllable Payment Intangibles:^{8,9} Certain CERs are subsets of payment intangibles and accounts, § 679.1021. A controllable payment intangible, or a controllable account, is an “account,” § 679.1021(1)(b), or a “payment intangible,” § 679.1021(1)(mmm), that is: (a) evidenced by a CER, §§ 679.1021(1)(dd) and (cc); and (b) requires that the debtor is obligated “to pay the person that has control” of the CER that evidences the controllable account or controllable payment intangible, §§ 679.1021(1)(dd) and (cc). If the payment intangible or account does not have this pay person in control feature (the so-called “opt-out” provision in Art. 12 and amended Art. 9, F.S. § 679), the payment/account intangible is not a controllable payment intangible or a controllable account. A security interest in a CER, a controllable account, or a controllable payment intangible can be perfected by either a filing, § 679.3121(1), or the secured party obtaining “control” of the CER, § 679.3141(1). However, a security interest in a CER, controllable account, or controllable payment intangible perfected by “control” has priority over a security interest in the CER, controllable account, or controllable payment intangible perfected only by filing (or by another method other than control), § 679.3251. This is the non-temporal, super priority security interest in the § 669.^{10, 11}

Control Defined. “Control” means that a person has each of the following powers:¹² (a) the power to avail itself of “substantially” all of the “benefits” of the electronic record, (b) the “exclusive” power (as further defined below), to prevent others from enjoying the benefits of the electronic record, and (c) the power readily to identify itself as having these powers by name,

⁸ Controllable accounts and controllable payment accounts are discussed in more detail in the later section, Perfection of Security Interests: CERs, Controllable Accounts, and Controllable Payment Intangibles.

⁹ **Florida’s new Judgment Lien Improvement Act** amended Fla. Stat. 55.061 to provide that a judgment lien attaches to the judgment debtor’s “payment intangibles and accounts.” § 55.202(2)(a). Judgment liens on personal property are recorded with Florida’s Division of Corporations. §§ 55.201 and 202. The Act “makes it clear that a judgment lien certificate does not prime the existing rights of prior perfected secured parties under art. 9.” M. Wolfson, “Florida’s New Judgment Lien Improvement Act,” Fla Bar J., 24, 27 (Nov. 2023) (citing §55.202(2)(a)(1.)). One solution to conform Art. 12 with the amended Judgment Liens Act is to exclude controllable payment intangibles and controllable accounts because CERs for such intangibles and accounts require the debtor to pay the person who has control. §§ 679.1021(1)(dd) and (cc). Such an amendment to the Act, excluding controllable payment intangibles and controllable accounts, evidenced by a CER, §§ 679.1021(1)(dd) and (cc), is similar to the Act’s exclusion of “money, negotiable instruments, and mortgages.” § 55.202(2). A security interest in a CER, a controllable payment intangible, or a controllable account can be perfected by the filing of a financing statement under the Art. 12 amendments, § 679.3121(1), or by control of the CER or an acknowledgement of control, § 679.3141(1).

¹⁰ Several examples describing perfecting a security interest on digital assets with CERs are provided in “Explaining the 2022 UCC Amendments through Illustrations,” The Transactional Lawyer, S. Sepinuck, vol. 12, Oct. 2022.

¹¹ An example of a post-transitional period, non-temporal event is: SP-1 lends to Debtor, (i) obtains a security interest in Debtor’s accounts, payment intangibles, and general intangibles, and (ii) perfects the security interest by the filing of a financing statement. SP-2 later lends to Debtor, obtains a security interest in a CER in which is functionally an electronic promissory note payable to the person in control of the CER, and files a financing statement to perfect its security interest. SP-1’s security interest has priority under the first to file or perfect priority rule of Article 9. If SP-2 obtains control of the CER, SP-2’s security interest in the electronic promissory note is senior to SP-1’s security interest in the electronic promissory note. In this example, the CER’s security interest is non-temporal.

¹² The use of the word “power” is distinguished from “right.” See UCC § 12-105, Comment 2.

office, account number, or otherwise, § 669.105(1)(a)(1). This identification may be on or in the CER, or digital asset or be “logically associated” via a program on the platform or the wallet permitting access to the CER or asset, § 669.105(1). “The goal is to embrace [CER] records and systems that are connected to a particular electronic record in such a manner that the information contained in or the functions performed by those ‘attached’ or ‘associated’ records are appropriately and reasonably attributable to and, identifiable as connected with, the electronic record itself.”¹³

Exclusive Defined. “Exclusive” may allow more than one person to have the relevant power, for example, when the asset is subject to multi-signature (multi-sig) controls, § 669.105(1) and (2). A power is still exclusive even if power is “shared” with others, except in stated circumstances. New § 669.105(3) establishes when the power is not “shared” and therefore is *not exclusive*. There is a statutory presumption of exclusivity, § 669.105(4), because of the difficulty of “proving the negative.” A person may have control through another person who acknowledges such control, § 669.105(5) and § 679.1053 (controllable accounts and controllable payment intangibles by reference to § 669.105(5)).

Take Free Rule and Qualified Purchasers (QP). Art. 12 applies to outright transfers of and security interests in CERs, controllable accounts, and controllable payment intangibles. Art. 12 provides many of the characteristics of negotiability for these types of assets.¹⁴ A QP, defined at § 669.102(1)(b), is similar to a bona fide purchaser, and acquires all rights in the CER that the transferor had or had power to transfer, § 669.104(3), and takes the asset free of any property claims, § 669.104(4) – (7). A QP is a person who: (a) acquires a CER in a transaction that constitutes a “purchase,” § 671.201(32); (b) has control of the CER; (c) gives value; (d) acts in good faith; and (e) does not have notice of a claim of a property right in the CER, § 669.102(1)(b) (QP defined). See also § 671.201(20) (good faith); and § 671.201(25) (notice).

Obtaining Control. A person obtains control of a controllable account or a controllable payment intangible by obtaining control of the CER that evidences the controllable account or controllable payment intangible. Correspondingly, a person will be a QP with respect to a controllable account or controllable payment intangible only if it is a QP with respect to the CER that represents the controllable account or controllable payment intangible.¹⁵

Choice of Law – Governing Law - Perfection. The choice-of-law rules for Art. 12, § 669.107, are relatively straightforward and are set forth in the statute. The same choice-of-law rule as for security interests in other property generally applies to the perfection and priority of a security interest in a CER.

Revisions to Secured Transactions, § 679

Attachment, § 679.2031. There are very few changes that affect attachment of a security interest in a CER, a controllable account, or a controllable payment intangible. The assets, subject to Art. 9 and affected by the Art. 12 amendments, fall within the following types of

¹³ UCC 12-105, comment 2.

¹⁴ See generally, UCC Article 12, Prefatory Note. Article 12 rules make CERs negotiable, in the sense that a QP acting in good faith for value could take a CER free of third-party claims of a property interest in the CER. To receive these benefits, a person must have control of the CER.

¹⁵ UCC § 12-104(a) and Comment 2. “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.”

collateral: (a) a CER is a “general intangible,” 679.1021(1)(ss); (b) a controllable account is an “account,” § 679.1021(1)(cc); and (c) a controllable payment intangible is a “payment intangible,” 679.1021(1)(mmm). Thus, a collateral description for a CER, a controllable account, or a controllable payment intangible will not need to be changed in documents.¹⁶

Perfection of Security Interests: CERs, Controllable Accounts, and Controllable Payment Intangibles. A security interest in a CER, a controllable payment intangible, or a controllable account can be perfected by the filing of a financing statement, § 679.3121(1), or by control of the CER or an acknowledgement of control, § 679.3141(1). The controllable payment intangible or controllable account as a CER must provide that the debtor is obligated “to pay the person that has control,” §§ 679.1021(1)(dd) and (cc). A sale of a controllable payment intangible, as with any payment intangible, is automatically perfected, § 679.3091(3). A sale of a CER (as a “general intangible”) is *not* automatically perfected. Amended § 679 incorporates the Art. 12 definition of “control” for CERs, controllable accounts, and controllable payment intangibles. See definitions §§ 679.1021(1)(cc) and (dd) referring to control in Art. 12, § 669.105. As discussed below, a security interest in “money” (amended and defined at § 679.1021(fff) as not being “subject[] to control”), other than electronic money (defined at § 679.1021(hh)), cannot be perfected by the filing of a financing statement, § 679.3121(2)(c). Security interests in CERs, controllable accounts, and controllable payment intangibles can be perfected by filing, § 679.3121(1), but super priority is established by control.

Priority of a Security Interests in CERs, Controllable Accounts, and Controllable Payment Intangibles. A security interest perfected by “control” of a CER, and any controllable account or controllable payment intangible evidenced by the CER, will have priority over a security interest not perfected by control, § 679.3251. This is the non-temporal, super-priority perfection function of the Art. 12 amendments.¹⁷ Unlike the QP provisions of § 669.102(1)(b), the amended Art. 9, § 679.331, priority does not require that the secured party not have notice of someone else’s property claim to the collateral.

Choice of Law for CERs. The choice-of-law rule, as applied to CERs, controllable accounts, and controllable payment intangibles for matters covered by Art. 12, also applies to the perfection and priority of a security interest in a CER, § 679.3063(1), except for the perfection of a security interest in a CER by the filing of a financing statement, which is governed by the existing rule applying the “location” of the debtor, § 679.3063(2). Even for a security interest in a CER perfected by the filing of a financing statement, the priority of the security interest is governed by the CER’s jurisdiction, rather than location of the debtor, § 679.3063(1).

¹⁶ It would be good practice for a buyer or secured party obtaining an interest in a controllable account or controllable payment intangible to also describe and obtain an interest in the CER that evidences the controllable account or controllable payment intangible. § 669.104(5) and (6), Rights in Controllable Account, Controllable Electronic Record, and Controllable Payment Intangible. Once the secured party obtains control of the CER, there is no need to change collateral descriptions in security agreements or financing statements because Art. 12 amendments are designed to preserve the availability of existing transaction patterns. See “Proposed 2022 Amendments to the Uniform Commercial Code: Digital Assets,” E. Smith, et al., ABA, Business Law Today, March 25, 2022, at <https://businesslawtoday.org/2022/03/proposed-2022-amendments-uniform-commercial-code-digital-assets/>.

¹⁷ See examples in “Explaining the 2022 UCC Amendments through Illustrations,” Transactional Lawyer, S. Sepinuck, vol. 12, Oct. 2022.

Revisions to § 679 - Money

General Meaning of “money.” The definition of “money” is amended, Art. 1, § 671.201(26), and money must be authorized by a government but does not include digital currencies issued by central banks.¹⁸ For the purposes of secured transactions under Art. 9, § 679, the definition of “money” is further limited as described in next section of this paper. The current UCC definition of money already accommodates money in intangible form. Under the new definition of money: (a) the item must be a “medium of exchange”; (b) the “medium of exchange” must have been adopted or authorized by a government; and (c) the term does not include an electronic record that “existed” before it was adopted or authorized by a government as a medium of exchange, § 671.201(26). As a result, *existing* types of digital assets (including bitcoin, which was adopted by El Salvador and the Central African Republic as legal tender) are not “money” for UCC purposes because they existed before any government adopted the cryptocurrency as legal tender or money. Regardless, bitcoin and other cryptocurrencies can still be a CER.¹⁹

“Money” under § 679. The new definition of money in Art. 12, § 679.1021(fff), places limits on the Art. 1, § 671.201(26), definition of money for purposes of § Art. 9, § 679. Money “has the meaning in § 671.201, but does not include a deposit account or money in an electronic form that cannot be subjected to control under § 679.1052,” § 679.1021(fff). Hence, (a) in connection with money in a deposit account for purposes of § 679, such money will be a “deposit account;” and (b) an electronic record that would be “money” under § 671.201(26) will not be “money” under Art. 9, § 679.1021(fff), if it is not “controllable,” per § 679.1052. “Electronic money,” defined in § 679.1021(hh), that is controllable under § 679.1052, is subject to the same control features as applied to CERs in § 669.105. As described below, money in electronic form that is not controllable will not be subject to the perfection procedures for tangible money (defined at § 679.1021(1)(cccc)) and “electronic money,” § 679.1021(hh). Instead, money in electronic form that is not controllable will be a “general intangible,” § 679.1031(ss), as amended.

Perfection of Security Interest in Money. A security interest in tangible money is perfected only by possession of the money, which continues the current rule, § 679.3121(2)(c). A security interest in “electronic money” can be perfected *only* by control, §§ 679.3121(2)(d) and 679.3141.²⁰ There is no special choice-of-law rule for the perfection and priority of a security interest in electronic money, so the default rule of the debtor’s “location” applies (unless preempted by federal law), § 679.3011(1).

Priority of Security Interest in Money. The “take free” rules for transferees of “money” who are not in collusion with debtor are revised to apply to “electronic money” in a manner similar to their application to tangible money, § 679.332(1)(tangible money) and § 679.332

¹⁸ The Central Bank Digital Currency Act (the “CBDC Act”), enacted July 2023, added a definition of central bank digital currency, § 671.201(10) and excluded, as money subject to the UCC, all central bank digital currencies issued by central banks are excluded from the definition of money under the UCC, § 671.201(25). TASK FORCE NOTE – these subsections to be incremented by 1 unit due to added CBDC definition at § 671.201(10).

¹⁹ An existing cryptocurrency can be a CER if it is configured as a CER under § 669. Cryptocurrency, without the Art. 12 control features, is “money” under § 671.201(26).

²⁰ Control is defined in a manner similar to the definition for control of a CER, including a presumption of exclusivity, the meaning of sharing, and holding control through another person.

(3)(electronic money). The effect of this is that a security interest in electronic money that is perfected by control has priority over a security interest that is not perfected by control because (i) the electronic money is subject to control, § 679.1052, and (ii) electronic record must readily identify the person or persons in control, § 669.105(1)(b), or be logically associated with a system having such identifying data.

Revisions to § 679 – Chattel Paper

Chattel Paper Defined. The term “chattel paper” itself has been modified, § 679.1021(1), to refer to the relevant “right to payment” and not to the record that evidences the right to payment. As result, the relevant record “evidences” the right to payment rather than being itself “chattel paper.” The terms “tangible chattel paper” and “electronic chattel paper” have been eliminated and have been replaced by references in other sections of the UCC to a “tangible copy of the record evidencing the chattel paper” and an “electronic copy of the record evidencing the chattel paper.” For tangible copy, see § 671.201(15) (delivery); § 671.3062 (governing law perfection and priority); § 679.3152 (possession and control); and § 679.3171 (take free); for electronic copy see § 679.1051 (control (similar to § 669.105)); § 679.2081 (duties of secured party); § 679.3051 (perfection and priority); § 679.3062 (law); § 679.3152 (possession); § 679.3171 (take free), *inter alia*.

Further Modifications. The definition of “chattel paper” has also been modified for hybrid transactions which are transaction that include both the sale or lease of goods and other aspects, such as the sale of services or the license of intellectual property, § 679.1021(1)(2.). In a hybrid transaction, the term “chattel paper” will apply to a lease of goods only if the “predominant” purpose of the lease transaction relates to the possession and use of the goods.

Perfection of Security Interest in Chattel Paper by Control. An additional method for perfection of a security interest in chattel paper in electronic form has been added, § 679.3101(2)(h)(filing of a financing statement is not necessary).²¹ The new method has a definition, sharing rules, a presumption of exclusivity, and provision for control through another person comparable to the meaning of control for a CER in § 669.105. If the relevant right to payment that constitutes chattel paper is evidenced by both a tangible copy and an electronic copy, the secured party can perfect by possession and control by having possession of each authoritative tangible copy and control of each authoritative electronic copy, § 679.3152. That section provides “A security interest in a controllable account, controllable electronic record, or controllable payment intangible held by a secured party having control of the 2482 account, electronic record, or payment intangible has priority over a conflicting security interest held by a secured party that does not have control.” *Id.*

Perfection of Security Interest by Third Party Control. Provisions have been added to confirm that a secured party can perfect a security interest in chattel paper by control through a third party in control if the third party “acknowledges that it has control of behalf of” the secured party, § 679.1051(7), similar to Art. 12, § 669.105(5). In providing examples of CERs perfecting

²¹ The Art. 12 UCC amendments preserve the existing method of perfecting a security interest in the electronic record evidencing chattel paper. UCC § 9-105(b), § 679.1051(2). Comment 4 to amended UCC § 9-105(b), § 679.1051(2), states “Subsection (b) would not be applicable when the relevant record is maintained on a blockchain or another distributed ledger” because of the “single authoritative copy” requirement in § 679.1051(2)(a).

security interests, commentators often refer to acknowledgement by the system or platform holding the CER.²²

Revisions to Definitions in § 671

“Conspicuous” Updated. The current definition of conspicuous has statutory examples of what satisfies the requirements of the definition (e.g., “ALL CAPS”). The revised UCC definition has dropped the statutory examples and instead has a “totality of the circumstances” factors test, § 671.201(11).²³ The word “signed”²⁴ has been revised to include electronic signatures, § 671.201(42).

Transition Rules

General. The general rule is that the UCC amendments will have a certain effective date, such as July 1, 2025. As a result, the choice-of-law rules (discussed above) may be important to determine which state’s transition rules apply.

Established Priorities. The key exception to the transition rule on the effective date is that any pre-effective date priority will stay in place for two (2) years following the statute’s effective date, § 669.502(1)(a) (the Art. 12 “adjustment date”). See §§ 669.702 through 669.706 for further details. After the adjustment date, the new priority rules will apply, even to transactions completed before the effective date. Thus, as shown in the examples below, a secured party with pre-effective date “control” can jump ahead of a secured party that before the effective date had perfected only by the filing of a financing statement (a super priority perfection). The goal is to have the adjustment date be the same in a critical mass of states.

Example 1: *Before* the effective date, SP 1 perfects a security interest in the debtor’s accounts and general intangibles by filing a financing statement, which indicates the collateral is “accounts” and “general intangibles”. The accounts and general intangibles are evidenced by what would be a CER if the UCC amendments were in effect. *Before* the effective date and *after* SP 1 files its financing statement, SP 2 perfects in the same collateral in the same manner. SP 2 *also* takes actions that would give it control of the CER that evidences the controllable accounts and controllable payment intangibles if the new law were in effect. The “control” acts do not (yet) perfect the security interest because the new law is not yet in effect.

Example 1 (modified): On the *effective* date, SP 2 has “control” of the collateral and is perfected by control (as well as by the filing of a financing statement). Although under the amendments SP 2’s perfection by control would have priority over SP 1’s security interest (perfected only by the filing of a financing statement), because *before* the effective date SP 1 perfected only by filing a financing statement (the only available method at that time), SP 2 is still junior to SP 1 because their relative priority was established before the effective date.

²² Several examples describing perfecting a security interest in digital assets with CERs is provided in “Explaining the 2022 UCC Amendments through Illustrations,” S. Sepinuck, 12 Transactional Lawyer 1, 2 (Oct. 2022).

²³ Statutory examples are mentioned in the comments for UCC § 1-201(b)(10).

²⁴ The word “authenticate” has been replaced by “signed.” See, e.g., UCC § 9-203(b)(3)(A); § 679.2031(2)(c). Also, “record” replaces “writing” in some instances in reference to electronic records. See, e.g., UCC § 1-201(b)(36), § 671.201(39) (definition of “send”). Some instances of “writing” remain. See, e.g., UCC § 9-102(a)(47), § 679.1021(1)(uu) (definition of “instrument”). A writing signed electronically will ordinarily be sufficiently signed (in a non-UCC sense) under UETA or E-SIGN to be effective as a contract, but will not be a “signed writing” where required by the amended UCC. See UCC § 1-201, Comment 37 (“The definition of ‘signed’ adopted in the 2022 Amendment is broad – it encompasses the authentication or adoption of all records, not just writings.”).

Example 1 (further modified): On the *adjustment* date, SP 2 will then obtain priority under the new rules because SP 2 has “control” under the new rules.

Example 2: *Before* the effective date, SP 1 perfects a security interest in a CER by filing a financing statement. *After* the effective date, SP 2 perfects a security interest in the same CER by obtaining control of the CER. SP 2 immediately has priority under the amendments because the priorities between the two secured parties were not established before the effective date.

Fla. Bar UCC Article 12 Joint Task Force
BLS’ Blockchain and Digital Assets Committee and
BLS’ UCC/Bankruptcy Committee
Robert Kain, Chair (rkain@conceptlaw.com)
White Paper Ver_20231230a

Acknowledgments: The Joint Task Force’s chairs, Robert Kain, Michael Dunn and Jaime Leggett, would like to recognize significant contributors to this white paper: Josh Lida, BLS fellow Adam Gilbert, and BLS scholars Zachary Hunt, Devin Gobin, Chris Cabrera, and Jen Shiner, Diane Wells (revisions to the Art 12 Florida Bill Draft May 2023), and notable invaluable contributions by Drew Hinkes, for his work as an Advisor for the Uniform Law Commission, Prof. Zachary Catanzaro, for his academic guidance, and the Honorable Judge Mindy Mora, US Bankr. Ct, SDFL.

**SUMMARY COMPARISON OF EXISTING UCC ARTICLES TO PROPOSED ADOPTION OF
UNIFORM COMMERCIAL CODE AMENDMENTS (2022) INCLUDING NEW ART. 12.**

Uniform Law §	Fla. Stat. §	Bill Page & Line	Per Fla. Bill Draft 2024-XXX <i>Ver Aug 2, 2023</i> (herein the “Bill”)
Art 12	Ch. 669 (Part I)		UCC Article 12: UNIFORM COMMERCIAL CODE: CONTROLLABLE ELECTRONIC RECORDS
§ 12-101	§ 669.101	p. 11, lines 315-318.	Creating § 669.101, Part I, Title: Controllable Electronic Records (herein “CERs”).
§ 12-102	§ 669.102	pp. 11- 13, lines 319-351.	<p>Creating § 669.102, Definitions.</p> <p>§ 669.102(1)(a): “controllable electronic record” (here, “CER”) [means a record in an electronic medium, subject to control as defined in § 669.105. The term does not include controllable accounts, controllable payment intangibles, deposit accounts, electronic chattel paper, electronic documents of title, electronic money, investment property, or transferable records. However, see § 669.102(2) below for these excluded assets.]</p> <p>§ 669.102(1)(b): “qualifying purchaser” (here, “QP”) [means a purchaser of a CER or an interest in a CER that obtains control of the CER for value, in good faith, and without notice of an adverse property right claim in the CER.]</p> <p>§ 669.102(1)(c): “transferable record” [has same meaning as in § 201(a)(1) of the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. § 7021(a)(1) or F.S. § 668.50(16)(a).]</p> <p>§ 669.102(1)(d): “value” [has the same meaning as § 673.3031 (Secured Transactions)]. The CER must be subject to control as defined and specified in § 669.105.]</p> <p>§ 669.102(2): provides that UCC Art. 9 definitions for the terms “account debtor” “controllable account,” “controllable payment intangible,” “chattel paper,” “deposit account,” “electronic money,” and “investment property” are the same as defined in § 679.1021. See § 679.1021 for new or amended definitions.</p> <p>NOTE: For electronic documents of title, see Control of Electronic Documents of Title, § 677.106(2), (3), and (7).</p>

§ 12-103	§ 669.103	p. 13, lines 352-361.	<p>creating § 669.103, Relation to Article 9 and Consumer Laws.</p> <p>§ 669.103(1): in the event of conflict between § 669.101 et al. (Art. 12) and F.S. § 679 (Secured Transactions) then § 679 governs.</p> <p>§ 669.103(2): any transaction subject to Art. 12 that is subject to “any applicable rule of law” for consumers, then Ch. 669 (CERs, Art. 12) “is subject to” those consumer laws.</p> <p>§ 669.103(2): a similar “subject to” rule is applied to (i) “any other law or regulation that regulates the rates, charges, agreements, and practices for loans, credit sales, or other extensions of credit” and to (ii) F.S. § 501 (consumer protection laws, including FDUPTA, § 501.201, et seq.)</p>
§ 12-104	§ 669.104	pp. 13-14, lines 362-406.	<p>creating § 669.104, Rights in Controllable Account, Controllable Electronic Record, Controllable Payment Intangible.</p> <p>§ 669.104(2): the QP must “obtain control” per § 669.105 of CER/controllable account/controllable payment intangible account.</p> <p>§ 669.104(3): except as provided in § 669.104 otherwise, “law other than § 669.101 (Art. 12)” determines whether a person acquires a right in a CER and the right the person acquires. [As an example of application of an “other law”, the rights of a purchaser of an NFT token is determined by trademark law or copyright law. <i>See Hermès Int'l v. Rothschild</i>, No. 1:22-cv-00384-JSR (S.D.N.Y Jan. 14, 2022) (MetaBirkin NFTs violate Hermès rights in its BIRKIN trademarks).]</p> <p>§ 669.104(4): a purchaser of a CER acquires all rights in the CER that transferor had or had power to transfer. A purchaser who purchases a “limited interest” in the CER is limited to the extent of “the interest purchased.”</p> <p>§ 669.104 (5), (6) and (7): a QP acquires all CER rights free of claims of others; takes rights to payment, performance or “other interest” in CER property; and bars actions against a QP for conversion, replevin, constructive trust, equitable lien, or “other theory.” This is the Art. 12 “take free” provision.</p> <p>§ 669.104(8): filing a financial statement under Ch. 679 (Art. 9) is not notice of claim of a property right in a CER.</p>
§ 12-105	§ 669.105	pp. 14-16, lines 407-469.	<p>creating § 669.105, Control of Controllable Electronic Record.</p> <p>[Specifies when a person has “control” of a CER, or a record “attached to or logically associated with” the CER, or “a system” where the CER “is recorded.” In general, control of the CER is established by several “exclusive” powers, including the power to enjoy substantially all the CER benefits and the power to transfer, however Art. 12 recognizes that exclusivity may be shared with others.]</p>

			<p>§ 669.105(1)(a)(1): control of a CER is evidenced when the person has the power to avail itself of “substantially all” benefits of CER. In addition to this beneficial requirement, § 669.105(1)(b) further requires that the person having control must also “readily identify[] itself in any way including by name, [] number, cryptographic key, office, or account number” as having the powers of control in § 669.105(1)(a)(1) and (1)(a)(2).</p> <p>§ 669.105(1)(a)(2.a) and (1)(a)(2.b): control must be exclusive, but exclusivity can be shared. Exclusive control is evidenced by the power to prevent others from enjoying substantially all the benefits of the CER, § 669.105(1)(a)(2)(a), AND the power to transfer the CER to another, § 669.105(1)(a)(2.b). Shared exclusivity is defined by § 669.105(2)(a) and (2)(b).</p> <p>§ 669.105(2)(a): provides that the power is exclusive if the CER, or the record attached to the CER, or the system where the CER is recorded, “limits the use” of the CER or “has [] protocol programmed” to cause a change, transfer, loss of control, or modification “of the benefits afforded by” the CER. F.S. § 669.105(2)(b) provides that control of the CER may be shared with others and such sharing is exclusive.</p> <p>§ 669.105(3) establishes when the power is not a shared power with another. See § 669.105(3)(a) and (3)(b)(1) describing permissible multi-signature requirements. Also, the power is not shared when a person is a “transferor ... evidenced by” the CER/controllable account/controllable payment account. § 669.105(3)(b)(2).</p> <p>§ 669.105(4): establishes a presumption of exclusivity if the person has the powers in (1)(a)(2.a). and 1)(a)(2.b).</p> <p>§ 669.105(5) establishes that a person has control if acknowledgement of control is provided by another</p> <p>§ 669.105(6) and (7) provides that a person, who has control, has no duty to acknowledge control unless the person otherwise agrees OR acknowledgement is required by F.S. § 679 (secured transactions) or other law.</p>
§ 12-106	§ 669.106	pp. 17-19, lines 470-548.	creating § 669.106, Discharge of Account Debtor on Controllable Account or Controllable Payment Intangible.

			<p>§ 669.106(1): A debtor may discharge its controllable account/payment intangible by paying person having control or, under certain circumstances, a person formerly in control (see discharge exceptions to former CER controllers below)</p> <p>§ 669.106(2) and (3): providing requirements for such discharge when payment made to person formerly in control. Conditions per § 669.106(2) include notice (a) is signed by person formerly in control OR the person to which control was transferred; (b) identifies the controllable account/payment intangible; (c) of the transfer; (d) Identifies the transferee “in any reasonable way:” AND (e) provides a commercially reasonable way to pay. After such notice to debtor, § 669.106(3) affirms that payment to the person formerly in control does not discharge the debt.</p> <p>§ 669.106(4): notice under § 669.106(2) is NOT effective unless the debtor agrees, in a signed record, to the method of notice and proof when the controllable account/ payment intangible CER is transferred. Also, notice is not effective if the debtor’s agreement is limited by its terms or by law other than Art. 12. Notice is also not effective when the debtor can divide a payment, make partial payment, or “pay any part of a payment by more than one method or to 508 more than one person.” § 669.106(4)(c).</p> <p>§ 669.106(5) and (6): describes requests by debtor for proof of transfer and required responses by person in control.</p> <p>§ 669.106(7): Subject to § 669.106(8), an account debtor may not waive or vary its rights under § 669.106(4)(a) and (5) or its option under §§ (4)(c).</p> <p>§ 669.106(8) provides for the application of law other than Art. 12 when the debtor is an individual who incurred the obligation primarily for personal, family, or household purposes.</p>
§ 12-107	§ 669.107	pp. 19- 21, lines 549-609.	<p>creating § 669.107, Governing Law.</p> <p>§ 669.107(1): specifies that for Art. 12 purposes, the CER’s jurisdictional law governs the CER.</p> <p>§ 669.107(2) specifies that, for a controllable account/payment intangible CER, the local law of the CER’s jurisdiction governs a matter covered by the debtor discharge provisions in § 669.106 “unless an effective agreement determines that the local law of another jurisdiction governs.”</p> <p>§ 669.107(3) determines the CER’s jurisdiction in a cascading manner. First, if the “CER’s jurisdiction” is listed in the CER or “a record attached to or logically associated” with the CER and is readily available for review, then that is the CER’s jurisdiction. See § 669.107(3)(a). Second, §§ 107(3)(b) looks to the jurisdiction of the system wherein the CER is recorded for its jurisdiction. Third, § 669.107(3)(c) looks to the “expressly provide[d]” jurisdiction of the CER. Fourth, § 669.107(3)(d) looks to rules of the system</p>

			where the CER is recorded to determine the jurisdiction of the CER. Lastly, if all other subsections do not apply, then Washington, D.C. is the jurisdiction of the CER.
			PART II OF CH. 669 – TRANSITIONAL PROVISIONS FOR UNIFORM COMMERCIAL CODE AMENDMENTS (2022) – UCC ARTICLES 9 AND 12.
Am. (2022) § A-101	Part II of Ch. 669	p. 21, lines 610-613.	creating Part II of Ch. 669, “ Transitional Provisions for Chapter 669 and 2024 Amendments to Chapter 679. ” [Title is non-uniform since transitional provisions are adopted as Part II of Ch. 669].
	§ 669.501	p. 21, lines 614-617.	§ 669.501: provides for effective date for Ch. 669 (both Part I and Part II) as July 1, 2014.
Am. (2022) § A-102	§ 669.502	p. 21, lines 618-635.	creating § 669.502, Definitions for Part II. § 669.502(1)(a): defines “adjustment date” as July 1, 2025. § 669.502(2): defines “ Article 12 ”; “ Article 12 property ” (means a CER or a controllable account/payment intangible); and adopts the definitions from § 679.1021 for the terms, “ Controllable account ”; “ Controllable electronic record ”; “ Controllable payment intangible ”; “ Electronic money ”; and “ Financing statement. ” § 669.502(3): applies general definitions and principles of construction and interpretation from Ch. 671 to Part II.
Am. (2022) § A-201			NOT PART OF CH. 669: each UCC Chapter amended by the Bill is amended to include a separate savings clause based on the general savings clause language in § A-201.
Am. (2022) § A-301	§ 669.601 1	pp. 22-23, lines 636- 645.	creating § 669.601, Savings Clause for Existing Transactions Covered under Articles 9 and 12. § 669.601: preserves existing transactions, stating that “Except as provided in this part [Part II (§§ 669.501-669.706)] a transaction validly entered into before July 1, 2024, ... remain[s] valid” as through the Bill had not taken effect.

Am. (2022) § A-301	§ 669.701	pp. 23-24, lines 646- 670.	<p>§ 669.701 in general creates a savings clause of transitional provisions of F.S. § 669 and F.S. § 679 (secured transactions).</p> <p>§ 669.701(1) makes amendments to F.S. § 679 effective for transactions, liens, or “other interest[s] in property” that were entered into, created, or acquired before July 1, 2024.</p> <p>§ 669.701(2)(a) provides that unless § 669.701(3) or § 669.702 – 706 applies, then, pursuant to § 669.701(2)(a), non-UCC transactions which would be subject to Art. 12, F.S. § 669.101, et seq., if entered into or created or transferred on or after July 1, 2024 will remain valid after July 1, 2024.</p> <p>F.S. § 669.701(2)(b) states “The transaction, lien, or interest may be terminated, completed, consummated, and enforced as required or permitted by [the Bill] or by the law that would apply if [this Bill] had not taken effect.”</p> <p>F.S. § 669.701(2)(c) states that “This section [F.S. § 669.701] does not affect an action, case, or proceeding commenced before July 1, 2024.”</p> <p>§ 669.701(3), the Bill does not effect existing causes of action;</p>
§ A-302	§ 669.702	p. 23, lines 671-693.	<p>creating § 669.702, Security Interest Perfected Before Effective Date (of July 1, 2024).</p> <p>§ 669.702(1): provides that a security interest that is enforceable and perfected before July 1, 2024, is a perfected security interest under Art. 12, if “on July 1, 2024, the requirements for enforceability and perfection under [this Bill] are satisfied without further action.”</p> <p>§ 669.702(2): covers the situation when a security interest is perfected before July 1, 2024, but the requirements for enforceability or perfection under [this Bill] are not satisfied on July 1, 2024, and provides guidelines for establishing compliance by the “adjustment date” of January 1, 2025.</p>
§ A-303	§ 669.703	pp. 24-25, lines 694- 710.	<p>creating § 669.703, Security Interest Unperfected Before Effective Date (of July 1, 2024). Concerns security interests that were enforceable but unperfected before July 1, 2024, and provides guidelines for establishing perfection by the “adjustment date” of January 1, 2025.</p>
§ A-304	§ 669.704	pp. 25-26, lines 711- 732.	<p>creating § 669.704, Effectiveness of Actions Taken Before Effective Date (of July 1, 2024). Specifies the effectiveness of certain actions relating to security interests taken before July 1, 2024.</p>
§ A-305	§ 669.705	p. 26, lines 733-746.	<p>creating § 669.705, Priority. Determines priority of conflicting claims to collateral on July 1, 2024, and on the adjustment date.</p>

§ A-306	§ 669.706	pp. 26-27, lines 747-765.	creating § 669.706, Priority of Claims When Priority rules of Article 9 Do Not Apply . Determines priority of conflicting claims to collateral when Art. 9 rules do not apply on July 1, 2024, and on the adjustment date.
Art 4A	670		UNIFORM COMMERCIAL CODE: FUNDS TRANSFERS ... 670.101 et seq.
§ 4A-103	§ 670.103	p. 27, lines 766-781.	amending § 670.103, Payment Order – Definitions . Revises the definition of the term “payment order”; adds the new Art. 9 term “record” to replace “writing”; and adds that the bank may require the use of symbols or sounds or biometrics. See § 671.201 for new definitions.
§ 4A-201	§ 670.201	pp. 27-28, lines 782-801.	amending § 670.201, Security Procedure . Imposes an obligation on a receiving bank and expands list of identifiers for security procedures.
§ 4A-202	§ 670.202	pp. 28-29, lines 802-834.	amending § 670.202, Authorized and Verified Payment Orders . Revises the circumstances under which payment orders received by banks are effective as the order of a customer; making technical changes; now referring to a “record.” See § 671.201 for new definitions.
§ 4A-203	§ 670.203	pp. 29-30, lines 835-845.	amending § 670.203, Unenforceability of Certain Verified Payment Orders . Conforming change to use term “record,” i.e., to “an agreement evidenced by a record” instead of referring to a “written” agreement. See § 671.201 for new definitions.
§ 4A-207 § 4A-208 § 4A-210 § 4A-211 § 4A-305	§ 670.207 § 670.208 § 670.21 § 670.211 § 670.305	pp. 29-32, lines 846-932.	Amendment to new term “record.” See § 671.201 for new definitions.
Am. (2022) § A-201	§ 670.601	p. 32, lines 933-945.	creating § 670.601, Savings clause for 2024 Amendments . General savings clause for existing Ch. 670 transactions.

Art 1	671		UCC Article 1: UNIFORM COMMERCIAL CODE: GENERAL PROVISIONS ... 671.101 et seq.
§ 1-101	§ 671.101	p.33, lines 946-950.	amending § 671.101(1), Short title; scope of chapter , to include Chapter 669 (Art. 12) within the Florida chapters that constitute the Uniform Commercial Code as adopted in Florida.
§ 1-301	§ 671.105	pp. 33-34, lines 951-960.	amending § 671.105(2), Territorial applicable of the code; parties’ power to choose applicable law , to include Chapter 669 (Art. 12) within the territorial application provisions.
§ 1-306	§ 671.107	p. 34, lines 961-967.	Amendment to new term “record.” See § 671.201 for new definitions.
§ 1-201	§ 671.201*	pp. 34-37, lines 968-1075.	<p>Amending 671.201, General Definitions. * revising definitions and defining: § 671.201(11)** conspicuous (to totality of circumstances); (16) *** delivery (adding “an authoritative copy of a record”); (18) *** adding definition of “electronic”; sign; (23) *** holder (edited); (26) *** money (to exclude “an electronic record that is a medium of exchange required 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 has notice of a fact; (28) *** notifies; (32) *** person (now including a “protected series” of an entity); (41) *** send (delete writing, and add notification; refer to transmit); (42) *** sign (now including adopt a tangible symbol, or attach or logically associate an electronic symbol, sound or process); now referring to a record.</p> <p>NOTE: § 671.201 was amended, effective July 1, 2023. See ch. 2023-80, Laws of Florida, An Act Relating to Central Bank Digital Currency (herein the “CBDC Act”). The CBDC Act added the defined term “central bank digital currency” as new § 671.201(10) (2023) and cabined this currency to digital currency issued or processed by a central bank in the U.S. (the Federal Reserve) or a foreign government. The CBDC Act excluded central bank digital currency from the definition of “money” in § 671.201. No change is made to this 2023 legislation.</p>
§ 1-204	§ 671.211	p. 37, lines 1076-94.	amending § 671.211, Value , to reference chapter 669 as an exclusion if otherwise value is determined in such chapter.
Am. (2022) § A-201	§ 671.401	pp. 38-39, lines 1092-1104.	creating Part IV of chapter 671, “Transitional Provisions”, and § 671.401, Savings clause for 2024 Amendments . General savings clause for existing Ch. 671 transactions.

Art 2	672		UCC Article 2: UNIFORM COMMERCIAL CODE: SALES ... 672.101 et seq.
§ 2-102	§ 672.102	pp. 38-39, lines 1105- 1133.	amending § 672.102, Scope; certain security and other transactions excluded from this chapter. The statute is restructured into three subsections; subsection (1) and (2) add within the scope “hybrid transactions” and the predominate aspects test determines a hybrid transaction. The Art. 12 amendments do not impair or replace statutes regulating sales to consumers, farmers or “other specified classes of buyers.” “Hybrid transaction” is defined in § 672.106.
§ 2-106	§ 672.106	pp. 39-40, lines 1134- 1164.	amending § 672.106, Definitions. Defining new term “ hybrid transaction ”; making technical changes; re add record and delete “writing.”
§ 2-201 § 2-202 § 2-203 § 2-205 § 2-209	§ 672.201 § 672.202 § 672.203 § 672.205 § 672.209	pp. 40-42, lines 1165- 1224.	Amendment to new term “record.” See § 671.201 for new definitions.
Am. (2022) § A-201	§ 672.801	p. 43, lines 1225-1237.	creating Part VIII of chapter 672, Transitional Provisions , and § 671.401, Savings clause for 2024 Amendments. General savings clause for existing Ch. 672 transactions.
Art 3	673		UCC Article 3: UNIFORM COMMERCIAL CODE: NEGOTIABLE INSTRUMENTS .. 673.1011 et seq.
§ 3-104	§ 673.1041	pp. 43-44, lines 1239- 1260.	amending § 673.1041, Negotiable instrument , and expanding terms that a promise or order may contain to include governing law or dispute resolution forum that do not affect negotiability.
§ 3-105	§ 673.1051	p. 44, lines 1261-1272.	amending § 673.1051, Issue of instrument , and expanding terms to include an electronic check under federal law.

§ 3-401	§ 673.4011	pp. 44-45, lines 1273-1285.	amending § 673.4011, Signature , to eliminate how a signature is made with the adoption of the new term signed. See § 671.201 for new definitions.
§ 3-604	§ 673.6041	pp. 45-46, lines 1286-1307.	amending § 673.6041, Discharge by cancellation or renunciation . Specifying that the obligation of a party to pay a check is not discharged solely by destruction of the check in connection with a specified process that extracts the information from the check.
Am. (2022) § A-201	§ 673.701	p. 46, lines 1308-1320.	creating Part VII of chapter 673, Transitional Provisions , and § 673.701, Savings clause for 2024 Amendments . General savings clause for existing Ch. 673 transactions.
Art 4	674	N/A	UCC Article 4: UNIFORM COMMERCIAL CODE: BANK DEPOSITS AND COLLECTIONS: No amendments.
Art 5	675		UCC Article 5: UNIFORM COMMERCIAL CODE: LETTERS OF CREDIT
§ 5-104	§ 675.104	p. 46, lines 1321-1328.	Amendment to new term “signed.” See § 671.201 for new definitions.
§ 5-116	§ 675.116	p. 46-48, lines 1329-1376.	amending § 675.116, Choice of law and forum . Conforming amendments to the new term “record” and specifying the location of a branch of a bank based on its undertaking or “the address from which the undertaking was issued.”
Am. (2022) § A-201	§ 675.119	p. 48, lines 1377-1386.	creating § 675.119, Savings clause for 2024 Amendments . General savings clause for existing Ch. 675 transactions.
Art 6	676	N/A	UCC Article 6: Bulk Sales REPEALED

Art 7	677		UCC Article 7: UNIFORM COMMERCIAL CODE: DOCUMENTS OF TITLE
§ 7-102	§ 677.102	p. 48-49, lines 1387-1403.	Amendment to new term “record” and “signed.” See § 671.201 for new definitions.
§ 7-106	§ 677.106	pp. 49-52, lines 1404-1486.	amending § 677.106, Control of electronic document of title . Specifying when a system satisfies certain requirements 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” has certain characteristics and gives the person exclusive powers. See § 669.105 for similar CER exclusivity requirements.
Am. (2022) § A-201	§ 677.701	p. 52, lines 1487-1499.	creating § 677.701, Savings clause for 2024 Amendments . General savings clause for existing Ch. 677 transactions.
Art 8	678		UCC Article 8: UNIFORM COMMERCIAL CODE: INVESTMENT SECURITIES
§ 8-102	§ 678.1021	pp. 52-53, lines 1500-1521.	Amending § 678.1021, Definitions . Adding references to the terms “controllable account” defined in § 679.1021, “controllable electronic record” defined in § 669.102 and “controllable payment intangible” defined in § 679.1021. NOTE under § 678.1021(1)(i)(3) that “[a]ny property that is held by a securities intermediary for another person in a securities account if the securities intermediary has expressly agreed with the other person that the property is to be treated as a financial asset under this chapter. As context requires, the term means either the interest itself or the means by which a person’s claim to it is evidenced, including a certificated or uncertificated security, a security certificate, or a security entitlement.”
§ 8-103	§ 678.1031	p. 53, lines 1522-1531.	amending § 678.1031, Rules for determining whether certain obligations and interest are securities or financial assets . Specifying that a “financial asset” does not include “a controllable account, controllable electronic record, or controllable payment intangible” unless such account, record or intangible qualifies as a financial asset under § 678.1021(1)(i)(3).

§ 8-106	§ 678.1061	pp. 53-54, lines 1532-1556.	amending § 678.1061, Control . Adding new subsections (8) and (9), and revising the circumstances under which purchasers have control of security entitlements § 678.1061(4)(c); specifying a person that has such control is not required to acknowledge such control on behalf of a purchaser; specifying that certain persons do not owe any duty to purchasers and are not required to confirm certain acknowledgment under certain circumstances. Note: “control” of a security entitlement in § 678.1061 is defined in a manner similar under § 669.105 in Art. 12.
§ 8-110	§ 678.1101	p. 54, lines 1557-1564.	amending § 678.1101, Applicability; choice of law . Adding a new subsection (7) to specify that the local law of the issuer’s jurisdiction governs in specific circumstances.
§ 8-303	§ 678.3031	pp. 54-55, lines 1565-1570.	amending § 678.3031, Protected Purchaser . Specifying that protected purchasers acquire interest in a security free of any adverse claim.
Am. (2022) § A-201	§ 678.601	p. 55, lines 1571-1583.	creating Part VI of chapter 678, Transitional Provisions , and § 678.601, Savings clause for 2024 Amendments . General savings clause for existing Ch. 678 transactions.
Art 9	679		UCC Article 9: UNIFORM COMMERCIAL CODE: SECURED TRANSACTIONS .. 679.1011 et seq.
§ 9-102	§ 679.1021	pp.55-62, lines 1584-1788.	amending § 679.1021, Definitions and index of definitions . amending § 679.1021(1)(b), to eliminate the terms, “ Authenticate ” and “ Send .” amending existing definitions in § 679.1021(1)(b): “ Account ,” “ Account debtor ,” “ Accounting ,” “ Chattel paper ” “ sign/signed/signature ,” “ General intangible ” [to include controllable electronic records § 679.1021(1)(ss)], “ Instrument ,” “ Payment intangible ” [to include a controllable payment intangible], “ Proposal .” amending § 679.1021(1)(b) to add new definitions: “ Assignee ,” “ Assignor ,” “ Controllable account ” [§ 679.1021(1)(w)], “ Controllable payment intangible ” [§ 679.1021(1)(x)], “ Electronic money ” [§ 679.1021(1)(hh)], “ Money ” [now excluding “deposit account or money in an electronic form that cannot be subjected to control under § 679.1052” § 679.1021(1)(fff)]; “ Tangible money ” [§ 679.1021(1)(ccc)];

			amending the index in § 679.1021(2) to reference “Controllable Electronic Record” in § 699.102, “Protected Purchaser” in § 678.3031, and “Qualifying Purchaser” in § 669.102.
§ 9-104	§ 679.1041	pp.62-63, lines 1789-1807.	amending § 679.1041, Control of deposit account . Adding new subsection (1)(d) to specify the circumstances under which a secured party has control of a deposit account and adding that in another person, other than the debtor, acknowledges control on behalf of the secured party.
§ 9-105	§ 679.1051	pp. 62-66, lines 1808-1903.	amending § 679.1051, Control of electronic chattel paper . Specifying rules in detail when a person has control of electronic chattel paper; specifying when power of such control is exclusive or is not exclusive (including multi-signature exclusive control); “control of an authoritative electronic copy of a record evidencing chattel paper.” Control may be evidenced by a system having an authoritative electronic copy of the electronic chattel paper; permitting the purchaser to readily to identify itself in any way, including by name, identifying number, cryptographic key, office, or account number, as the assignee of the authoritative electronic copy. For further explanation, see Art. 12, discussing “control” in § 669.105
§ 9-105A	§ 679.1052	pp.66-68, lines 1904-1953.	creating § 679.1052, Control of electronic money . Specifying when a person has control of electronic money; specifying when power of such control is exclusive or is not exclusive. “The electronic money, a record attached to or logically associated with the electronic money, or a system in which the electronic money is recorded enables the person readily to identify itself in any way, including by name, identifying number, cryptographic key, office, or account number, as having the powers under paragraph (a),” § 679.1052(1)(b) For further explanation, see similar terminology in Art. 12, discussing “control” in § 669.105
§ 9-107A	§ 679.1053	p. 68, lines 1954-1963.	creating § 679.1053, “Control of controllable electronic record, controllable account, or controllable payment intangible . Specifying when a person has control of controllable electronic records, controllable accounts, or controllable payment intangible; referring to § 679.1051, § 679.1052, or § 679.1053. For further explanation, see similar terminology in Art. 12, discussing “control” in § 669.105.
§ 9-107B	§ 679.1054	pp. 68-69, lines 1964-1975.	creating § 679.1054, “No requirement to acknowledge or confirm; no duties.” Generally addressing acknowledgement by a person who has control, and limit on duty by a person acknowledging it has control. For further explanation, see similar terminology in Art. 12, discussing “control” in § 669.105

§ 9-203	§ 679.2031	pp. 69-70, lines 1976-2024.	amending § 679.2031, Attachment and enforceability of security interest, proceeds, supporting obligations; formal requisites. Revisions to conform to new term “signed” and to address control by collateral types. Amendment adds new collateral categories of controllable accounts, controllable electronic records, controllable payment intangibles with deposit accounts, electronic documents, electronic money chattel paper, investment property, or letter-of-credit rights, or electronic documents, and the secured party has control under § 677.106, § 679.1041, § 679.105, § 679.1051, § 679.1061, or § 679.1071 pursuant to the debtor’s security agreement. Chattel paper is addressed in subparagraph 5, and references a secured party in possession and control under § 679.3152 pursuant to the debtor’s security agreement.”
§ 9-204	§ 679.2041	pp. 70-71, lines 2025-2044.	amending § 679.2041, After-acquired property; future advances. Revising the circumstances under which a security interest can attach to consumer goods or a commercial tort claim as proceeds under an after-acquired property clause;
§ 9-207	§ 679.2071	p. 71, lines 2045-2058.	Amendment to new term “signed” and to cross-reference new § 679.1052. See § 671.201 for new definitions.
§ 9-208	§ 679.2081	pp. 71-74, lines 2059-2137.	amending § 679.2081, Additional duties of secured party having control of collateral. Revisions to conform to new terms “record” and “signed” and to conform to control of chattel papers under amended § 679.1051. § 679.2081(2)(f) discusses transfer of control of document of title. § 679.2081(2)(g) discusses transfer of control of electronic money. § 679.2081(2)(h) discusses transfer of control of controllable account or controllable payment intangible evidenced by the controllable electronic record.
§ 9-209	§ 679.209	pp. 74-75, lines 2138-2148.	amending § 679.209, Duties of secured party if account debtor has been notified of assignment. Conforming cross-reference to notice to an account debtor under § 679.4091 or § 669.106(2)
§ 9-210	§ 679.210	pp. 75-77, lines 2149-2226.	Amendment to new terms “record” and “signed.” See § 671.201 for new definitions.

§ 9-301	§ 679.3011	pp. 77-79, lines 2227-2264.	amending § 679.3011, Law governing perfection and priority of security interests . Revision to exclude chattel paper now addressed in § 679.3062 and to refer to “tangible money,”
§ 9-304	§ 679.3041	p. 79, lines 2265-2273.	amending § 679.3041, Law governing perfection and priority of security interests in deposit accounts . Specifying that the local law of a bank’s jurisdiction governs even if a transaction does not bear any relation to the bank’s jurisdiction.
§ 9-305	§ 679.3051	p. 79, lines 2274-2281.	amending § 679.3051, Law governing perfection and priority of security interests in investment accounts . Specifying that paragraphs (b), (c) and (d) apply even if the transaction does not bear any relation to the jurisdiction.
§ 9-306A	§ 679.3062	pp. 79-81, lines 2282-2335.	creating § 679.3062, Law governing perfection and priority of security interests in chattel paper . Specifying governing law based on terms and relationship of authoritative electronic copy and authoritative tangible copies. For further explanation, see similar terminology in Art. 12, § 669.107
§ 9-306B	§ 679.3063	pp. 81-82, lines 2336-2355.	creating § 679.3063, Law governing perfection and priority of security interests in controllable accounts, controllable electronic records, and controllable payment intangibles . Specifying which local law applies between local law of controllable electronic record and in which debtor is located. Refers to Art. 12, § 669.107 for perfection and priority. For further explanation, see similar terminology in Art. 12, § 669.107.
§ 9-310	§ 679.3101	p.81, lines 2356-2367.	amending § 679.3101, When filing required to perfect security interest or agricultural lien; security interests and agricultural liens to which filing provisions do not apply . Revision to include “controllable accounts, controllable electronic records, controllable payment intangibles” as collateral category that does not require the filing of a financing statement.
§ 9-312	§ 679.3121	pp. 81-84, lines 2368-2431	amending § 679.3121, Perfection.... : Revisions to include controllable accounts, controllable electronic records, and controllable payment intangibles. § 679.3121(1) makes filing of a financing statement for chattel paper, controllable accounts, controllable electronic records, controllable payment intangibles negotiable documents, instruments, or investment property, or negotiable documents” permissive.

			<p>§ 679.3121(1)(c) specifies that a security interest in tangible money is only by taking possession under § 679.3131.</p> <p>§ 679.3121(1)(d) specifies that a security interest in electronic money is perfected only by control under § 679.3141.</p>
§ 9-313	§ 679.3131	pp. 84-85, lines 2432-2460.	Amendment to new terms “record” and “signed” and to conform to terminology of “negotiable tangible documents” and “tangible money.” See § 671.201 for new definitions.
§ 9-314	§ 679.3141	pp. 85-87, lines 2461-2495.	amending § 679.3141, Perfection by control. Conforming changes to include controllable accounts, controllable electronic records, controllable payment intangibles, electronic documents and electronic money along with deposit accounts, investment property, and letter-of-credit rights.
§ 9-314A	§ 679.3152	p. 87, lines 2496-2511.	creating § 679.3152, “ Perfection by possession and control of chattel paper. ” Provides for perfection of a security interest in chattel paper by possession and control.
§ 9-316	§ 679.3161	pp. 87-88, lines 2512-2540.	amending § 679.3161, Continued perfection of security interest following change in governing law. Conforming changes to include controllable accounts, controllable electronic records, controllable payment intangibles, electronic documents, electronic money and tangible documents, along with deposit accounts, investment property, and letter-of-credit rights.
§ 9-317	§ 679.3171	pp. 88-90, lines 2541-2585.	<p>amending 679.3171, Interests that take priority over or take free of security interest or agricultural lien. Addresses rights of buyers and a licensee to take free of a security interest.</p> <p>§ 679.3171(8) specifies when a buyer takes free of a security interest in chattel paper.</p> <p>§ 679.3171(9) specifies when a buyer takes free of a security interest in an electronic document.</p> <p>§ 679.3171(10) specifies when a buyer takes free of a security interest in a controllable electronic document.</p> <p>§ 679.3171(11) specifies when a buyer takes free of a security interest in a controllable account or a controllable payment intangible.</p>
§ 9-323	§ 679.323	p. 90, lines 2586-2604.	amending § 679.323, Future Advances. Eliminates references to a buyer or lessee in the ordinary course of business as an exception to a buyer or lessee who takes free of a security interest.

§ 9-324	§ 679.324	pp. 90-92, lines 2605-2647.	Amendment to new term “signed.” See § 671.201 for new definitions.
§ 9-326A	§ 679.3251	p. 92, lines 2648-2657.	creating § 679.3251, “ Priority of security interest in controllable account, controllable electronic record, and controllable payment intangible. ” Specifies that perfection by control trumps any other method of perfection by a person not having control.
§ 9-330	§ 679.330	pp. 92-93, lines 2658-2691.	amending § 679.330, Priority of purchaser of chattel paper or instrument. Specifies the requirements for a purchaser of chattel paper or an instrument to take free of a security interest based on taking possession of authoritative tangible or electronic records.
§ 9-331	§ 679.331	pp. 93-94, lines 2692-2715.	amending § 679.331, 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 chapters 669 and 678. Conforming amendments for new Art. 12, and to address rights of a QP.
§ 9-332	§ 679.332	pp. 94-95, lines 2716-2732.	amending § 679.332, Transfer of money; transfer of funds from deposit account; transfer of electronic money. Specifying when a transferee takes free from a security interest for tangible money, funds from a deposit account, and electronic money.
§ 9-341 § 9-404	§ 679.341 § 679. 4041	pp. 95-96, lines 2733-2760.	Amendment to confirm to new term “signed.” See § 671.201 for new definitions.
§ 9-406	§ 679.4061	pp. 96-98, lines 2761-28230	amending § 679.4061, Discharge of account debtor; notification of assignment; identification and proof of assignment; restrictions on assignment of accounts, chattel paper, payment intangibles, and promissory notes ineffective. Conforming amendment to new term “signed.” Excluding subsections (1), (2), (3) and (7) from applying to a controllable account or controllable payment intangibles. Specifying that a promissory note includes a negotiable instrument that evidences chattel paper for subsection (4).
§ 9-408	§ 679.4081	p. 98, lines 2824-2831.	amending § 679.4081, Restrictions on assignment of promissory notes, health-care-insurance receivables, and certain general intangibles ineffective. Conforming amendment that “For the purposes of this section, the term “promissory note” includes a negotiable instrument that evidences chattel paper.”

§ 9-509 § 9-513 § 9-601 § 9-604	§ 679.509 § 679.513 § 679.601 § 679.604	pp. 98-101, lines 2832- 2911.	Amendment to confirm to new defined terms “record” and “signed.” See § 671.201 for new definitions. Conforming amendment to reference new § 679.1052 and § 679.1053 in § 679.601(2).
§ 9-605	§ 679.605	pp. 101- 102, lines 2912-2938.	amending § 679.605, Unknown Debtor or secondary obligor . Conforming amendment to address a secured party’s duty when perfection is by control of a controllable account, controllable electronic record, or controllable payment intangible. See also Art. 12, § 669.105, and control of a CER.
§ 9-608 § 9-611	§ 679.608 § 679.611	pp. 102- 106, lines 2939-3069.	Amendment to confirm to new defined term “signed.” See § 671.201 for new definitions.
§ 9-613	§ 679.613	pp. 106- 108, lines 3070-3127.	amending § 679.613, Contents and form of notification before disposition of collateral; general . Revising sufficient form of notification under § 679.613 and updating cross-reference to § 679.614(3)(a).
§ 9-614	§ 679.614	pp. 108- 112, lines 3128-3228.	amending § 679.614, Contents and form of notification before disposition of collateral; consumer-goods transaction . Revising sufficient form of notification under § 679.64.
§ 9-615 § 9-616 § 9-619 § 9-620 § 9-621 § 9-624 § 9-625	§ 679.615 § 679.616 § 679.619 § 679.620 § 679.621 § 679.624 § 679.625	pp. 112- 120, lines 3229-3452.	Amendment to confirm to new defined terms “record” and “signed.” See § 671.201 for new definitions.

§ 9-628	§ 679.628	pp. 120-121, lines 3453-3489.	amending § 679.628, Nonliability and limitation on liability of secured party . Conforming amendment to address a secured party’s duty when perfection is by control of a controllable account, controllable electronic record, or controllable payment intangible.
Am. (2022) § A-201 § A-101 - 306	§ 679.901 § 679.902	pp. 121-122, lines 3490-3510.	creating Part IX of chapter 679, Transitional Provisions for 2024 Amendments , § 679.901, Savings clause for 2024 Amendments , and § 679.90, General savings clause for existing Ch. 679 transactions, and adopting by reference the transitional provisions in Part II of Chapter 669.
Art 2A	680		UCC Article 8 - UNIFORM COMMERCIAL CODE: LEASES ... 680.1011 et seq.
§ 2A-102	§ 680.1021	p. 122, lines 3511-3531.	amending § 680.1021, Scope . Revised to include hybrid lease and to address when certain provisions apply to a finance lease. Hybrid lease is defined in § 680.1031.
§ 2A-103	§ 680.1031	pp. 122-123, lines 3532-3554.	Amending § 680.1031, Definitions and Index of Definitions . amending § 680.1031(1) to add new definition: “Hybrid lease.” amending the index in § 680.1031(3) to conform reference to term in § 679.1021.
§ 2A-107 § 2A-201 § 2A-202 § 2A-203 § 2A-205 § 2A-208	§ 680.1071 § 680.201 § 680.202 § 680.203 § 680.205 § 680.208	pp. 123-125, lines 3555-3625.	Amendment to confirm to new defined terms “record” and “signed.” See § 671.201 for new definitions. Amending references to § 679.1021.
Am. (2022) § A-201	§ 680.601	p. 126, lines 3626-3638.	creating Part VI of chapter 680, Transitional Provisions , and § 680.601, Savings clause for 2024 Amendments . General savings clause for existing Ch. 680 transactions.

			Miscellaneous Conforming Cross-Reference Changes
	§ 319.27 § 328.0015 § 559.9232 § 563.022 § 668.50	pp. 126-129, lines 3639-3743.	Amendments are solely to cross cross-references to amendments in the Bill.
		pp. 129-146, lines 3744-4230.	REENACTED Provisions – per Senate procedure. These sections have no additions nor deletions
		p. 146, line 4231.	Effective date of law, July 1, 2024.