



Substitute House Bill No. 6970

Public Act No. 25-145

***AN ACT CONCERNING ADOPTION OF AMENDMENTS TO THE
UNIFORM COMMERCIAL CODE.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subsection (b) of section 42a-1-201 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(b) Subject to definitions contained in other articles of this title that apply to particular articles or parts thereof, in this title:

(1) "Action", in the sense of a judicial proceeding, includes recoupment, counterclaim, set-off, suit in equity and any other proceeding in which rights are determined.

(2) "Aggrieved party" means a party entitled to pursue a remedy.

(3) "Agreement", as distinguished from "contract", means the bargain of the parties in fact, as found in their language or inferred from other circumstances, including course of performance, course of dealing or usage of trade as provided in section 42a-1-303.

(4) "Bank" means any person engaged in the business of banking and includes a savings bank, savings and loan association, credit union and

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trust company.

(5) "Bearer" means a person in control of a negotiable electronic document of title or a person in possession of an instrument, a negotiable tangible document of title, or a certificated security payable to bearer or endorsed in blank.

(6) "Bill of lading" means a document of title evidencing the receipt of goods for shipment issued by a person engaged in the business of directly or indirectly transporting or forwarding goods. The term does not include a warehouse receipt.

(7) "Branch" includes a separately incorporated foreign branch of a bank.

(8) "Burden of establishing" a fact means the burden of persuading the trier of fact that the existence of the fact is more probable than its nonexistence.

(9) "Buyer in ordinary course of business" means a person that buys goods in good faith, without knowledge that the sale violates the rights of another person in the goods, and in the ordinary course from a person, other than a pawnbroker, in the business of selling goods of that kind. A person buys goods in the ordinary course if the sale to the person comports with the usual or customary practices in the kind of business in which the seller is engaged or with the seller's own usual or customary practices. A person that sells oil, gas or other minerals at the wellhead or minehead is a person in the business of selling goods of that kind. A buyer in ordinary course of business may buy for cash, by exchange of other property or on secured or unsecured credit, and may acquire goods or documents of title under a preexisting contract for sale. Only a buyer that takes possession of the goods or has a right to recover the goods from the seller under article 2 may be a buyer in ordinary course of business. "Buyer in ordinary course of business" does not

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include a person that acquires goods in a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

(10) "Conspicuous", with reference to a term, means so written, displayed or presented 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.]

(11) "Consumer" means an individual who enters into a transaction primarily for personal, family or household purposes.

(12) "Contract", as distinguished from "agreement", means the total legal obligation that results from the parties' agreement as determined by this title as supplemented by any other applicable laws.

(13) "Creditor" includes a general creditor, a secured creditor, a lien creditor and any representative of creditors, including an assignee for the benefit of creditors, a trustee in bankruptcy, a receiver in equity and an executor or administrator of an insolvent debtor's or assignor's estate.

(14) "Defendant" includes a person in the position of defendant in a counterclaim, cross-claim or third-party claim.

(15) "Delivery" with respect to an electronic document of title means voluntary transfer of control and with respect to instruments, tangible

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documents of title, or an authoritative tangible copy of a record evidencing chattel paper, or certificated securities means voluntary transfer of possession.

(16) "Document of title" means a record (A) that in the regular course of business or financing is treated as adequately evidencing that the person in possession or control of the record is entitled to receive, control, hold and dispose of the record and the goods the record covers, and (B) that purports to be issued by or addressed to a bailee and to cover goods in the bailee's possession which are either identified or are fungible portions of an identified mass. The term includes a bill of lading, transport document, dock warrant, dock receipt, warehouse receipt and order for delivery of goods. An electronic document of title means a document of title evidenced by a record consisting of information stored in an electronic medium. A tangible document of title means a document of title evidenced by a record consisting of information that is inscribed on a tangible medium.

(17) "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic or similar capabilities.

[(17)] (18) "Fault" means a default, breach or wrongful act or omission.

[(18)] (19) "Fungible goods" means:

(A) Goods of which any unit, by nature or usage of trade, is the equivalent of any other like unit; or

(B) Goods that by agreement are treated as equivalent.

[(19)] (20) "Genuine" means free of forgery or counterfeiting.

[(20)] (21) "Good faith" means honesty in fact and the observance of

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reasonable commercial standards of fair dealing.

[(21)] (22) "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;

(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, other than pursuant to subsection (g) of section 42a-7-106, as amended by this act, of a negotiable electronic document of title.

[(22)] (23) "Insolvency proceeding" includes an assignment for the benefit of creditors or other proceeding intended to liquidate or rehabilitate the estate of the person involved.

[(23)] (24) "Insolvent" means:

(A) Having generally ceased to pay debts in the ordinary course of business other than as a result of bona fide dispute;

(B) Being unable to pay debts as they become due; or

(C) Being insolvent within the meaning of federal bankruptcy law.

[(24)] (25) "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 agreement between two or more countries. "Money" 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

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exchange was authorized or adopted by the government.

[(25)] (26) "Organization" means a person other than an individual.

[(26)] (27) "Party", as distinguished from "third party", means a person that has engaged in a transaction or made an agreement subject to this title.

[(27)] (28) "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, government, governmental subdivision, agency or instrumentality, [public corporation] or any other legal or commercial entity. "Person" includes a protected series, however denominated, of an entity if the protected series is established under law other than title 42a that limits, or limits if conditions specified under the law are satisfied, the ability of a creditor of the entity or of any other protected series of the entity to satisfy a claim from assets of the protected series.

[(28)] (29) "Present value" means the amount as of a date certain of one or more sums payable in the future, discounted to the date certain by use of either an interest rate specified by the parties if that rate is not manifestly unreasonable at the time the transaction is entered into or, if an interest rate is not so specified, a commercially reasonable rate that takes into account the facts and circumstances at the time the transaction is entered into.

[(29)] (30) "Purchase" means taking by sale, lease, discount, negotiation, mortgage, pledge, lien, security interest, issue or reissue, gift or any other voluntary transaction creating an interest in property.

[(30)] (31) "Purchaser" means a person that takes by purchase.

[(31)] (32) "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

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[(32)] (33) "Remedy" means any remedial right to which an aggrieved party is entitled with or without resort to a tribunal.

[(33)] (34) "Representative" means a person empowered to act for another, including an agent, an officer of a corporation or association, and a trustee, executor or administrator of an estate.

[(34)] (35) "Right" includes remedy.

[(35)] (36) "Security interest" means an interest in personal property or fixtures which secures payment or performance of an obligation. "Security interest" includes any interest of a consignor and a buyer of accounts, chattel paper, a payment intangible or a promissory note in a transaction that is subject to article 9, as amended by this act. "Security interest" does not include the special property interest of a buyer of goods on identification of such goods to a contract for sale under section 42a-2-401, but a buyer may also acquire a "security interest" by complying with article 9, as amended by this act. Except as otherwise provided in section 42a-2-505, the right of a seller or lessor of goods under article 2 or 2A to retain or acquire possession of the goods is not a "security interest", but a seller or lessor may also acquire a "security interest" by complying with article 9, as amended by this act. The retention or reservation of title by a seller of goods, notwithstanding shipment or delivery to the buyer under section 42a-2-401, is limited in effect to a reservation of a "security interest". Whether a transaction in the form of a lease creates a "security interest" is determined pursuant to section 42a-1-203.

[(36)] (37) "Send" in connection with a [writing, record or notice] record or notifications means:

(A) To deposit in the mail, [or] deliver for transmission or transmit by any other usual means of communication with postage or cost of transmission provided for, [and properly addressed and, in the case of

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an instrument, to an address specified thereon or otherwise agreed, or if there be none] 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) of this subdivision.

[(37) "Signed" includes using any symbol executed or adopted with present intention to adopt or accept a writing.]

(38) "Sign", "signed", "signing" or "signature" 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.

[(38)] (39) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands or any territory or insular possession subject to the jurisdiction of the United States.

[(39)] (40) "Surety" includes a guarantor or other secondary obligor.

[(40)] (41) "Term" means a portion of an agreement that relates to a particular matter.

[(41)] (42) "Unauthorized signature" means a signature made without actual, implied, or apparent authority. The term includes a forgery.

[(42)] (43) "Warehouse receipt" means a document of title issued by a person engaged in the business of storing goods for hire.

[(43)] (44) "Written" or "writing" includes printing, typewriting or any

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other intentional reduction to tangible form.

Sec. 2. Section 42a-1-204 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

Except as otherwise provided in articles 3, 4 and 5, and sections 86 to 92, inclusive, of this act, a person gives value for rights if the person acquires them:

(1) In return for a binding commitment to extend credit or for the extension of immediately available credit, whether or not drawn upon and whether or not a charge-back is provided for in the event of difficulties in collection;

(2) As security for, or in total or partial satisfaction of, a preexisting claim;

(3) By accepting delivery under a preexisting contract for purchase;
or

(4) In return for any consideration sufficient to support a simple contract.

Sec. 3. Subsection (b) of section 42a-1-301 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(b) Where one of the following provisions of this title specifies the applicable law, that provision governs and a contrary agreement is effective only to the extent permitted by the law, including the conflict of laws rules, so specified:

Rights of creditors sold goods. Section 42a-2-402, as amended by this act.

Applicability of the article on leases. Sections 42a-2A-105 and 42a-2A-106.

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Applicability of the article on bank deposits and collections.

Section 42a-4-102.

Governing law in the article on funds transfers. Section 42a-4A-507.

Letters of credit. Section 42a-5-116, as amended by this act.

Applicability of the article on investment securities. Section 42a-8-110, as amended by this act.

Law governing perfection, the effect of perfection or nonperfection and the priority of security interests and agricultural liens.

Sections 42a-9-301 to 42a-9-307, inclusive, as amended by this act.

Law specifying the governing law for controllable electronic records.

Section 92 of this act.

Sec. 4. Section 42a-1-306 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

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.

Sec. 5. Section 42a-2-102 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

[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.]

(a) Unless the context otherwise requires, and except as provided in subsection (c) of this section, this article applies to transactions in goods and, in the case of a hybrid transaction, it applies to the extent provided in subsection (b) of this section.

(b) In a hybrid transaction:

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(1) 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.

(2) 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.

(c) This article does not:

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

(2) Impair or repeal a statute regulating sales to consumers, farmers or other specified classes of buyers.

Sec. 6. Section 42a-2-106 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(1) In this article unless the context otherwise requires "contract" and "agreement" are limited to those relating to the present or future sale of goods. "Contract for sale" includes both a present sale of goods and a contract to sell goods at a future time. A "sale" consists in the passing of title from the seller to the buyer for a price as provided by section 42a-2-401. A "present sale" means a sale which is accomplished by the making of the contract.

(2) Goods or conduct including any part of a performance are "conforming" or conform to the contract when they are in accordance with the obligations under the contract.

(3) "Termination" occurs when either party pursuant to a power

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created by agreement or law puts an end to the contract otherwise than for its breach. On "termination" all obligations which are still executory on both sides are discharged but any right based on prior breach or performance survives.

(4) "Cancellation" occurs when either party puts an end to the contract for breach by the other and its effect is the same as that of "termination" except that the cancelling party also retains any remedy for breach of the whole contract or any unperformed balance.

(5) "Hybrid transaction" means a single transaction involving a sale of goods and:

(a) The provision of services;

(b) A lease of other goods; or

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

Sec. 7. Section 42a-2-201 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(1) Except as otherwise provided in this section, a contract for the sale of goods for the price of five hundred dollars or more is not enforceable by way of action or defense unless there is [some writing] a record sufficient to indicate that a contract for sale has been made between the parties and signed by the party against whom enforcement is sought or by his authorized agent or broker. A [writing] record is not insufficient because it omits or incorrectly states a term agreed upon but the contract is not enforceable under this [paragraph] subsection beyond the quantity of goods shown in [such writing] the record.

(2) Between merchants if within a reasonable time a [writing] record in confirmation of the contract and sufficient against the sender is received and the party receiving it has reason to know its contents, it

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satisfies the requirements of subsection (1) of this section against [such] the party unless written notice in a record of objection to its contents is given within ten days after it is received.

(3) A contract which does not satisfy the requirements of subsection (1) of this section but which is valid in other respects is enforceable (a) if the goods are to be specially manufactured for the buyer and are not suitable for sale to others in the ordinary course of the seller's business and the seller, before notice of repudiation is received and under circumstances which reasonably indicate that the goods are for the buyer, has made either a substantial beginning of their manufacture or commitments for their procurement; or (b) if the party against whom enforcement is sought admits in [his] the party's 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 as provided by section 42a-2-606.

Sec. 8. Section 42a-2-202 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

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 (a) by course of performance, course of dealing or usage of trade as provided by section 42a-1-303; and (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.

Sec. 9. Section 42a-2-203 of the general statutes is repealed and the

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following is substituted in lieu thereof (*Effective January 1, 2026*):

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.

Sec. 10. Section 42a-2-205 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

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.

Sec. 11. Subsection (2) of section 42a-2-209 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(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.

Sec. 12. Subsections (a) and (b) of section 42a-2A-102 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) In this article:

(1) "Authenticate" means:

(A) To sign; or

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(B) To execute or otherwise adopt a symbol, or encrypt or similarly process a record in whole or in part, with the present intent of the authenticating person to identify the person and adopt or accept a record.

(2) "Cancellation" means an act by either party which ends a lease contract because of a default by the other party.

(3) "Commercial unit" means a unit of goods which by commercial usage is a single whole for purposes of lease and whose division materially impairs its character or value in the relevant market or in use. A commercial unit may be a single article, such as a machine; a set of articles, such as a suite of furniture or a line of machinery; a quantity, such as a gross or carload; or any other unit treated in use or in the relevant market as a single whole.

(4) "Computer" means an electronic device that can perform substantial computations, including numerous arithmetic operations or logic operations, without human intervention during the computation or operation.

(5) "Conforming" goods or conduct under a lease contract means goods or performance that are in accordance with the obligations under the contract.

(6) "Conspicuous", with reference to a term, means so written, displayed or otherwise presented that a reasonable person against which it is to operate ought to have noticed it. A term in an electronic record intended to evoke a response by an electronic agent is conspicuous if it is presented in a form that would enable a reasonably configured electronic agent to take it into account or react without review of the record by an individual. Conspicuous terms include the following:

(A) With respect to a person:

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(i) A heading in capitals in a size equal to or greater than, or in contrasting type, font or color to, the surrounding text;

(ii) Language in the body of a record or display in larger or other contrasting type, font or color or set off from the surrounding text by symbols or other marks that call attention to the language; and

(iii) A term prominently referenced in an electronic record or display which is readily accessible and reviewable from the record or display; and

(B) With respect to a person or an electronic agent, a term or reference to a term that is so placed in a record or display that the person or electronic agent can not proceed without taking some action with respect to the term or reference.

(7) "Consumer" means an individual who leases or contracts to lease goods that, at the time of contracting, are intended by the individual to be used primarily for personal, family or household purposes. Personal, family or household use does not include professional or commercial purposes, including agriculture, business management and investment management, other than management of the individual's personal or family investments.

(8) "Consumer lease" means a lease between a merchant lessor and a consumer.

(9) "Delivery" means the voluntary transfer of physical possession or control of goods.

(10) "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical or electromagnetic capabilities or similar capabilities.

(11) "Electronic agent" means a computer program or electronic or

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other automated means used to initiate an action or to respond to electronic messages or performances without intervention by an individual at the time of the action or response.

(12) "Electronic message" means an electronic record or display stored, generated or transmitted by electronic means for purposes of communication to another person or electronic agent.

(13) "Electronic event" means an electronic authentication, message, record or performance.

(14) "Finance lease" means a lease with respect to which:

(A) The lessor does not select, manufacture or supply the goods;

(B) The lessor acquires the goods or the right to possession and use of the goods in connection with the lease or, in the case of goods that have been leased previously by the lessor and are not being leased to a consumer, in connection with another lease; and

(C) One of the following occurs:

(i) The lessee receives a copy of the agreement by which the lessor acquired, or proposes to acquire, the goods or the right to possession and use of the goods before authenticating the lease agreement;

(ii) The lessee's approval of the agreement or of the general contractual terms under which the lessor acquired or proposes to acquire the goods or the right to possession and use of the goods is a condition to the effectiveness of the lease contract;

(iii) The lessee, before authenticating the lease agreement, receives an accurate and complete statement designating the promises and warranties, and any disclaimers of warranties, limitations or modifications of remedies, or liquidated damages, including those of a third party, such as the manufacturer of the goods, provided to the

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lessor by the person supplying the goods in connection with or as part of the contract by which the lessor acquired the goods or the right to possession and use of the goods; or

(iv) If the lease is not a consumer lease, before the lessee authenticates the lease agreement, the lessor informs the lessee in writing:

(I) Of the identity of the person supplying the goods to the lessor, unless the lessee has selected such person and directed the lessor to acquire the goods or the right to possession and use of the goods from such person;

(II) That the lessee is entitled under this article to the promises and warranties, including those of any third party, provided to the lessor by the person supplying the goods in connection with or as part of the contract by which the lessor acquired the goods or the right to possession and use of the goods; and

(III) That the lessee may communicate with the person supplying the goods to the lessor and receive an accurate and complete statement of such promises and warranties, including any disclaimers and limitations of such promises and warranties, or a statement of remedies.

(15) "Goods" means all things that are movable at the time of identification to a lease contract or that are fixtures. The term includes the unborn young of animals. The term does not include money in which the rent is to be paid, the subject of foreign exchange transactions, documents, letters of credit, instruments, investment property, accounts, chattel paper or general intangibles, payment intangibles or minerals, or the like, including oil and gas, before extraction.

(16) "Hybrid lease" means a single transaction involving a lease of goods and:

(A) The provision of services;

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(B) A sale of other goods; or

(C) A sale, lease or license of property other than goods.

[(16)] (17) "Information processing system" means an electronic system for creating, generating, sending, receiving, storing, displaying or processing information.

[(17)] (18) "Lease" means the transfer of the right to possession and use of goods for a period in return for consideration. The term includes a sublease unless the context clearly indicates otherwise. The term does not include a sale, including a sale on approval or a sale or return, or retention or creation of a security interest.

[(18)] (19) "Lease agreement" means the bargain, with respect to the lease, of the lessor and the lessee in fact as found in their language or inferred from other circumstances, including course of performance, course of dealing, or usage of trade as provided in this article. The term includes a sublease agreement unless the context clearly indicates otherwise.

[(19)] (20) "Lease contract" means the total legal obligation resulting from the lease agreement as affected by this article and other applicable law. The term includes a sublease contract unless the context clearly indicates otherwise.

[(20)] (21) "Leasehold interest" means the interest of the lessor or the lessee under a lease contract.

[(21)] (22) "Lessee" means a person that acquires the right to possession and use of goods under a lease. The term includes a sublessee unless the context clearly indicates otherwise.

[(22)] (23) "Lessee in ordinary course of business" means a person that, in good faith and without knowledge that the person's lease is in

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violation of ownership rights, a security interest or a leasehold interest of a third party in the goods, leases in the ordinary course from a person in the business of selling or leasing goods of that kind for cash or by exchange of other property or on secured or unsecured credit, including acquiring goods or documents of title under a preexisting lease contract, but not including a transfer in bulk, or as security for or in total or partial satisfaction of a money debt. The term does not include a pawnbroker.

[(23)] (24) "Lessor" means a person that transfers the right to possession and use of goods under a lease. The term includes a sublessor unless the context clearly indicates otherwise.

[(24)] (25) "Lessor's residual interest" means the lessor's interest in goods after expiration, termination or cancellation of a lease contract.

[(25)] (26) "Lien" means a charge against or interest in goods to secure payment of a debt or performance of an obligation. The term does not include a security interest.

[(26)] (27) "Lot" means a parcel or single article that is the subject matter of a separate lease or delivery, whether or not it is sufficient to perform the lease contract.

[(27)] (28) "Merchant lessee" means a lessee that is a merchant with respect to goods of the kind subject to the lease.

[(28)] (29) "Present value" means the amount as of a date certain of one or more sums payable in the future, discounted to the date certain. In determining present value, the discount is determined by the interest rate specified by the parties if the rate was not manifestly unreasonable at the time the transaction was entered into. Otherwise, the discount is determined by a commercially reasonable rate that takes into account the facts and circumstances of each case at the time the transaction was entered into.

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~~[(29)]~~ (30) "Receive" means:

(A) With respect to goods, to take delivery; or

(B) With respect to a notice:

(i) To come to a person's attention; or

(ii) To be delivered to and available at a location designated by agreement for the purpose of notice, or, in the absence of an agreed location:

(I) To be delivered at the person's residence, or the person's place of business through which the contract was made, or at any other place held out by the person as a place for the receipt of such notices; or

(II) In the case of an electronic record, to come into existence in an information processing system in a form capable of being processed by or perceived from a system of that type, if the recipient uses, has designated or holds out that system as a place for the receipt of the notices.

~~[(30)]~~ (31) "Send" means, with any costs provided for and properly addressed or directed as reasonable under the circumstances or as otherwise agreed, to (A) deposit in the mail or with a commercially reasonable carrier, (B) deliver for transmission to or creation in another location or system, or (C) take the steps necessary to initiate transmission to or creation in another location or system. In addition, with respect to an electronic message, the term means to initiate operations that in the ordinary course will cause the record to come into existence in an information processing system in a form capable of being processed by or perceived from a system of that type by the recipient, if the recipient uses, has designated or holds out that system or address as a place for the receipt of communications of the kind. Receipt within the time in which it would have arrived if properly sent has the effect of a

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proper sending.

[(31)] (32) "Sublease" means a lease of goods whose right to possession and use is acquired by the lessor as a lessee under an existing lease.

[(32)] (33) "Supplier" means a person from which a lessor buys or leases goods to be leased under a finance lease.

[(33)] (34) "Supply contract" means a contract under which a lessor buys or leases goods to be leased.

[(34)] (35) "Termination" means the ending of a contract or a part thereof by an act by a party under a power created by agreement or law, or by operation of the terms of the agreement for a reason other than for a default by the other party.

(b) The following definitions in other articles apply to this article:

"Account". Section [42a-9-102(a)(2)] 42a-9-102, as amended by this act.

"Between merchants". Section [42a-2-104(3)] 42a-2-104.

"Buyer". Section [42a-2-103(1)(a)] 42a-2-103.

"Chattel paper". Section [42a-9-102(a)(11)] 42a-9-102, as amended by this act.

"Consumer goods". Section [42a-9-102(a)(23)] 42a-9-102, as amended by this act.

"Document". Section [42a-9-102(a)(30)] 42a-9-102, as amended by this act.

"Entrusting". Section [42a-2-403(3)] 42a-2-403.

"General intangible". Section [42a-9-102(a)(42)] 42a-9-102, as amended by this act.

"Instrument". Section [42a-9-102(a)(47)] 42a-9-102, as amended by this act.

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"Merchant". Section [42a-2-104(1)] 42a-2-104.

"Mortgage". Section [42a-9-102(a)(55)] 42a-9-102, as amended by this act.

"Pursuant to commitment". Section [42a-9-102(a)(69)] 42a-9-102, as amended by this act.

"Sale". Section [42a-2-106(1)] 42a-2-106, as amended by this act.

"Sale on approval". Section [42a-2-326(1)(a)] 42a-2-326.

"Sale or return". Section [42a-2-326(1)(b)] 42a-2-326.

"Seller". Section [42a-2-103(1)(c)] 42a-2-103.

Sec. 13. Section 42a-2A-103 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(1) This article applies to any transaction regardless of form which creates a lease and, in the case of a hybrid lease, it applies to the extent provided in subsection (2) of this section.

(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 42a-2A-209 applies if the lease is a finance lease; and

(iii) Section 42a-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

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the lease of goods.

Sec. 14. Subsection (a) of section 42a-3-104 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) Except as provided in subsections (c) and (d) of this section, "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:

(1) Is payable to bearer or to order at the time it is issued or first comes into possession of a holder;

(2) Is payable on demand or at a definite time; and

(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, (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.

Sec. 15. Subsection (a) of section 42a-3-105 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) "Issue" means:

[the] (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

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the instrument to any 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 depository bank to collect the item by transferring or presenting under federal law an electronic check.

Sec. 16. Section 42a-3-401 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

[(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 42a-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.]

Sec. 17. Subsection (a) of section 42a-3-604 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(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. 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

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transmitted for payment.

Sec. 18. Subdivision (1) of subsection (a) of section 42a-4A-103 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(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.

Sec. 19. Section 42a-4A-201 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

"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 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 electronic mail address, Internet protocol address or telephone number is not by itself a security procedure.

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Sec. 20. Subsections (b) and (c) of section 42a-4A-202 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(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, 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, 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

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with the bank's obligations under the security procedure chosen by the customer.

Sec. 21. Subdivision (1) of subsection (a) of section 42a-4A-203 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(1) By express [written] 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.

Sec. 22. Subsection (c) of section 42a-4A-207 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(c) If (i) a payment order described in subsection (b) of this section 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 subdivision (1) of subsection (b) of this section, the following rules apply:

(1) If the originator is a bank, the originator is obliged to pay its order.

(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] record stating the information to which the notice relates.

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Sec. 23. Subdivision (2) of subsection (b) of section 42a-4A-208 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(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)] subdivision (1) of this subsection, 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.

Sec. 24. Subsection (a) of section 42a-4A-210 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) A payment order is rejected by the receiving bank by a notice of rejection transmitted to the sender orally [, electronically,] 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.

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Sec. 25. Subsection (a) of section 42a-4A-211 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) A communication of the sender of a payment order cancelling or amending the order may be transmitted to the receiving bank orally [electronically,] 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.

Sec. 26. Subsections (c) and (d) of section 42a-4A-305 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(c) In addition to the amounts payable under subsections (a) and (b) of this section, damages, including consequential damages, are recoverable to the extent provided in an express [written] agreement of the receiving 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.

Sec. 27. Section 42a-5-104 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

A letter of credit, confirmation, advice, transfer, amendment or cancellation may be issued in any form that is a signed record, [and is authenticated (i) by a signature, or (ii) in accordance with the agreement

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of the parties or the standard practice referred to in subsection (e) of section 42a-5-108.]

Sec. 28. Section 42a-5-116 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(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 42a-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) of this section 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] as provided in subsection (d) of this section.

(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.

[(c)] (e) Except as otherwise provided in this subsection, the liability

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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) of this section, (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 nonvariable provisions specified in subsection (c) of section 42a-5-103.

~~[(d)]~~ (f) If there is conflict between this article and article 3, 4, 4a or 9, as amended by this act, 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) of this section.

Sec. 29. Subsection (a) of section 42a-7-102 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

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

(1) "Bailee" means a person that by a warehouse receipt, bill of lading or other document of title acknowledges possession of goods and contracts to deliver them.

(2) "Carrier" means a person that issues a bill of lading.

(3) "Consignee" means a person named in a bill of lading to which or to whose order the bill promises delivery.

(4) "Consignor" means a person named in a bill of lading as the person

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from which the goods have been received for shipment.

(5) "Delivery order" means a record that contains an order to deliver goods directed to a warehouse, carrier or other person that in the ordinary course of business issues warehouse receipts or bills of lading.

(6) "Good faith" means honesty in fact and the observance of reasonable commercial standards of fair dealing.

(7) "Goods" means all things that are treated as movable for the purposes of a contract for storage or transportation.

(8) "Issuer" means a bailee that issues a document of title or, in the case of an unaccepted delivery order, the person that orders the possessor of goods to deliver. The term includes a person for which an agent or employee purports to act in issuing a document if the agent or employee has real or apparent authority to issue documents, even if the issuer did not receive any goods, the goods were misdescribed, or in any other respect the agent or employee violated the issuer's instructions.

(9) "Person entitled under the document" means the holder, in the case of a negotiable document of title, or the person to which delivery of the goods is to be made by the terms of, or pursuant to instructions in a record under, a nonnegotiable document of title.

[(10) "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(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.]

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[(12)] (10) "Shipper" means a person that enters into a contract of transportation with a carrier.

[(13)] (11) "Warehouse" means a person engaged in the business of storing goods for hire.

Sec. 30. Section 42a-7-106 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) A person has control of an electronic document of title if a system employed for evidencing the transfer of interests in the electronic document reliably establishes that person as the person to which the electronic document was issued or transferred.

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

(1) A single authoritative copy of the document exists which is unique, identifiable and, except as otherwise provided in subdivisions (4), (5) and (6) of this subsection, unalterable;

(2) The authoritative copy identifies the person asserting control as:

(A) The person to which the document was issued; or

(B) If the authoritative copy indicates that the document has been transferred, the person to which the document was most recently transferred;

(3) The authoritative copy is communicated to and maintained by the person asserting control or its designated custodian;

(4) Copies or amendments that add or change an identified [assignee] transferee of the authoritative copy can be made only with the consent

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of the person asserting control;

(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) A system satisfies subsection (a) of this section, 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) of this section, 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) of this section, a power is exclusive under subparagraphs (A) and (B) of subdivision (3) of subsection (c) of this section 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

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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 subdivision (2) of subsection (d) of this section 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 subparagraphs (A) and (B) of subdivision (3) of subsection (c) of this section, 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, as amended by this act, otherwise provides, the

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person does not owe any duty to the other person and is not required to confirm the acknowledgment to any other person.

Sec. 31. Section 42a-8-102 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) In this article:

(1) "Adverse claim" means a claim that a claimant has a property interest in a financial asset and that it is a violation of the rights of the claimant for another person to hold, transfer or deal with the financial asset.

(2) "Bearer form", as applied to a certificated security, means a form in which the security is payable to the bearer of the security certificate according to its terms but not by reason of an endorsement.

(3) "Broker" means a person defined as a broker or dealer under the federal securities laws, but without excluding a bank acting in that capacity.

(4) "Certificated security" means a security that is represented by a certificate.

(5) "Clearing corporation" means:

(A) A person that is registered as a "clearing agency" under the federal securities laws;

(B) A federal reserve bank; or

(C) Any other person that provides clearance or settlement services with respect to financial assets that would require it to register as a clearing agency under the federal securities laws but for an exclusion or exemption from the registration requirement, if its activities as a clearing corporation, including promulgation of rules, are subject to

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regulation by a federal or state governmental authority.

(6) "Communicate" means to:

(A) Send a signed [writing] record; or

(B) Transmit information by any mechanism agreed upon by the persons transmitting and receiving the information.

(7) "Endorsement" means a signature that alone or accompanied by other words is made on a security certificate in registered form or on a separate document for the purpose of assigning, transferring or redeeming the security or granting a power to assign, transfer or redeem it.

(8) "Entitlement holder" means a person identified in the records of a securities intermediary as the person having a security entitlement against the securities intermediary. If a person acquires a security entitlement by virtue of subdivision (2) or (3) of subsection (b) of section 42a-8-501, that person is the entitlement holder.

(9) "Entitlement order" means a notification communicated to a securities intermediary directing transfer or redemption of a financial asset to which the entitlement holder has a security entitlement.

(10) "Financial asset", except as otherwise provided in section 42a-8-103, as amended by this act, means: (A) A security; (B) an obligation of a person or a share, participation or other interest in a person or in property or an enterprise of a person, which is, or is of a type, dealt in or traded on financial markets, or which is recognized in any area in which it is issued or dealt in as a medium for investment; or (C) any 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 article. As context requires, the term means either the

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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.

(11) "Instruction" means a notification communicated to the issuer of an uncertificated security which directs that the transfer of the security be registered or that the security be redeemed.

(12) "Registered form", as applied to a certificated security, means a form in which:

(A) The security certificate specifies a person entitled to the security; and

(B) A transfer of the security may be registered upon books maintained for that purpose by or on behalf of the issuer, or the security certificate so states.

(13) "Securities intermediary" means:

(A) A clearing corporation; or

(B) A person, including a bank or broker, that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity.

(14) "Security", except as otherwise provided in section 42a-8-103, as amended by this act, means an obligation of an issuer or a share, participation, or other interest in an issuer or in property or an enterprise of an issuer:

(A) Which is represented by a security certificate in bearer or registered form, or the transfer of which may be registered upon books maintained for that purpose by or on behalf of the issuer;

(B) Which is one of a class or series or by its terms is divisible into a

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class or series of shares, participations, interests or obligations; and

(C) Which:

(i) Is, or is of a type, dealt in or traded on securities exchanges or securities markets; or

(ii) Is a medium for investment and by its terms expressly provides that it is a security governed by this article.

(15) "Security certificate" means a certificate representing a security.

(16) "Security entitlement" means the rights and property interest of an entitlement holder with respect to a financial asset specified in part 5.

(17) "Uncertificated security" means a security that is not represented by a certificate.

(b) [Other] The following definitions [applying to] apply in this article and [the sections in which they appear are] other articles apply to this article:

"Appropriate person". Section 42a-8-107.

"Control". Section 42a-8-106, as amended by this act.

"Controllable account". Section 42a-9-102, as amended by this act.

"Controllable electronic record". Section 87 of this act.

"Controllable payment intangible". Section 42a-9-102, as amended by this act.

"Delivery". Section 42a-8-301.

"Investment company security". Section 42a-8-103, as amended by this act.

"Issuer". Section 42a-8-201.

"Overissue". Section 42a-8-210.

"Protected purchaser". Section 42a-8-303, as amended by this act.

"Securities account". Section 42a-8-501.

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(c) In addition, article 1 contains general definitions and principles of construction and interpretation applicable throughout this article.

(d) The characterization of a person, business or transaction for purposes of this article does not determine the characterization of the person, business or transaction for purposes of any other law, regulation or rule.

Sec. 32. Section 42a-8-103 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) A share or similar equity interest issued by a corporation, business trust, joint stock company or similar entity is a security.

(b) An "investment company security" is a security. "Investment company security" means a share or similar equity interest issued by an entity that is registered as an investment company under the federal investment company laws, in interest in a unit investment trust that is so registered, or face-amount certificate issued by a face-amount certificate company that is so registered. Investment company security does not include an insurance policy or endowment policy or annuity contract issued by an insurance company.

(c) An interest in a partnership or limited liability company is not a security unless it is dealt in or traded on securities exchanges or in securities markets, its terms expressly provide that it is a security governed by this article or it is an investment company security. However, an interest in a partnership or limited liability company is a financial asset if it is held in a securities account.

(d) A writing that is a security certificate is governed by this article and not by article 3, even though it also meets the requirements of that article. However, a negotiable instrument governed by article 3 is a financial asset if it is held in a securities account.

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(e) An option or similar obligation issued by a clearing corporation to its participants is not a security, but is a financial asset.

(f) A commodity contract, as defined in section [42a-9-102(a)(15)] 42a-9-102, as amended by this act, is not a security or a financial asset.

(g) A document of title is not a financial asset unless subdivision [(10)(iii)] (10)(C) of subsection (a) of section 42a-8-102, as amended by this act, applies.

(h) A controllable account, controllable electronic record or controllable payment intangible is not a financial asset unless subdivision (10)(C) of subsection (a) of section 42a-8-102, as amended by this act, applies.

Sec. 33. Section 42a-8-106 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) A purchaser has "control" of a certificated security in bearer form if the certificated security is delivered to the purchaser.

(b) A purchaser has "control" of a certificated security in registered form if the certificated security is delivered to the purchaser, and:

(1) The certificate is endorsed to the purchaser or in blank by an effective endorsement; or

(2) The certificate is registered in the name of the purchaser, upon original issue or registration of transfer by the issuer.

(c) A purchaser has "control" of an uncertificated security if:

(1) The uncertificated security is delivered to the purchaser; or

(2) The issuer has agreed that it will comply with instructions originated by the purchaser without further consent by the registered

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owner.

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

(1) The purchaser becomes the entitlement holder;

(2) The securities intermediary has agreed that it will comply with entitlement orders originated by the purchaser without further consent by the entitlement holder; or

(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.] Another 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.

(e) If an interest in a security entitlement is granted by the entitlement holder to the entitlement holder's own securities intermediary, the securities intermediary has control.

(f) A purchaser who has satisfied the requirements of subsection (c) or (d) of this section has control, even if the registered owner in the case of subsection (c) of this section or the entitlement holder in the case of subsection (d) of this section retains the right to make substitutions for the uncertificated security or security entitlement, to originate instructions or entitlement orders to the issuer or securities intermediary, or otherwise to deal with the uncertificated security or security entitlement.

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(g) An issuer or a securities intermediary may not enter into an agreement of the kind described in [subsection (c)(2) or (d)(2)] subdivision (2) of subsection (c) of this section or subdivision (2) of subsection (d) of this section without the consent of the registered owner or entitlement holder, but an issuer or a securities intermediary is not required to enter into such an agreement even though the registered owner or entitlement holder so directs. An issuer or securities intermediary that has entered into such an agreement is not required to confirm the existence of the agreement to another party unless requested to do so by the registered owner or entitlement holder.

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

(i) 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, as amended by this act, otherwise provides, the person does not owe any duty to the purchaser and is not required to confirm the acknowledgment to any other person.

Sec. 34. Section 42a-8-110 of the general statutes is amended by adding subsection (g) as follows (*Effective January 1, 2026*):

(NEW) (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) of this section even if the matter or transaction does not bear any relation to the jurisdiction.

Sec. 35. Section 42a-8-303 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) "Protected purchaser" means a purchaser of a certificated or uncertificated security, or of an interest therein, who:

(1) Gives value;

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(2) Does not have notice of any adverse claim to the security; and

(3) Obtains control of the certificated or uncertificated security.

(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.

Sec. 36. Section 42a-9-102 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) In this article:

(1) "Accession" means goods that are physically united with other goods in such a manner that the identity of the original goods is not lost.

(2) "Account", except as used in "account for", "account statement", "account to", "commodity account" as provided in subdivision (14) of this subsection, "customer's account", "deposit account" as provided in subdivision (29) of this subsection, "on account of" and "statement of account", means a right to payment of a monetary obligation, whether or not earned by performance, (i) for property that has been or is to be sold, leased, licensed, assigned or otherwise disposed of, (ii) for services rendered or to be rendered, (iii) for a policy of insurance issued or to be issued, (iv) for a secondary obligation incurred or to be incurred, (v) for energy provided or to be provided, (vi) for the use or hire of a vessel under a charter or other contract, (vii) arising out of the use of a credit or charge card or information contained on or for use with the card, or (viii) 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. 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-

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credit rights or letters of credit, [or] (vi) rights to payment for money or funds advanced or sold, other than rights arising out of the use of a credit or charge card or information contained on or for use with the card, 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 thirty-five days earlier or thirty-five days later than the date of the record; and

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

(5) "Agricultural lien" means an interest, other than a security interest, in farm products:

(A) Which secures payment or performance of an obligation for:

(i) Goods or services furnished in connection with a debtor's farming operation; or

(ii) Rent on real property leased by a debtor in connection with its farming operation;

(B) Which is created by statute in favor of a person that:

(i) In the ordinary course of its business furnished goods or services to a debtor in connection with a debtor's farming operation; or

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(ii) Leased real property to a debtor in connection with the debtor's farming operation; and

(C) Whose effectiveness does not depend on the person's possession of the personal property.

(6) "As-extracted collateral" means:

(A) Oil, gas or other minerals that are subject to a security interest that:

(i) Is created by a debtor having an interest in the minerals before extraction; and

(ii) Attaches to the minerals as extracted; or

(B) Accounts arising out of the sale at the wellhead or minehead of oil, gas or other minerals in which the debtor had an interest before extraction.

[(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.]

(7) "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.

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(8) "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.

[(8)] (9) "Bank" means an organization that is engaged in the business of banking. The term includes savings banks, savings and loan associations, credit unions and trust companies.

[(9)] (10) "Cash proceeds" means proceeds that are money, checks, deposit accounts or the like.

[(10)] (11) "Certificate of title" means a certificate of title with respect to which a statute provides for the security interest in question to be indicated on the certificate as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the collateral. The term includes another record maintained as an alternative to a certificate of title by the governmental unit that issues certificates of title if a statute permits the security interest in question to be indicated on the record as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the collateral.

[(11)] (12) "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 subdivision, "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

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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. If a transaction is evidenced by records that include an instrument or series of instruments, the group of records taken together constitutes chattel paper.]

(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.

[(12)] (13) "Collateral" means the property subject to a security interest or agricultural lien. The term includes:

(A) Proceeds to which a security interest attaches;

(B) Accounts, chattel paper, payment intangibles and promissory notes that have been sold; and

(C) Goods that are the subject of a consignment.

[(13)] (14) "Commercial tort claim" means a claim arising in tort with respect to which:

(A) The claimant is an organization; or

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(B) The claimant is an individual and the claim:

(i) Arose in the course of the claimant's business or profession; and

(ii) Does not include damages arising out of personal injury to or the death of an individual.

[(14)] (15) "Commodity account" means an account maintained by a commodity intermediary in which a commodity contract is carried for a commodity customer.

[(15)] (16) "Commodity contract" means a commodity futures contract, an option on a commodity futures contract, a commodity option or another contract if the contract or option is:

(A) Traded on or subject to the rules of a board of trade that has been designated as a contract market for such a contract pursuant to federal commodities laws; or

(B) Traded on a foreign commodity board of trade, exchange or market, and is carried on the books of a commodity intermediary for a commodity customer.

[(16)] (17) "Commodity customer" means a person for which a commodity intermediary carries a commodity contract on its books.

[(17)] (18) "Commodity intermediary" means a person that:

(A) Is registered as a futures commission merchant under federal commodities law; or

(B) In the ordinary course of its business provides clearance or settlement services for a board of trade that has been designated as a contract market pursuant to federal commodities law.

[(18)] (19) "Communicate" means:

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(A) To send a written or other tangible record;

(B) To transmit a record by any means agreed upon by the persons sending and receiving the record; or

(C) In the case of transmission of a record to or by a filing office, to transmit a record by any means prescribed by filing-office regulation.

[(19)] (20) "Consignee" means a merchant to which goods are delivered in a consignment.

[(20)] (21) "Consignment" means a transaction, regardless of its form, in which a person delivers goods to a merchant for the purpose of sale and:

(A) The merchant:

(i) Deals in goods of that kind under a name other than the name of the person making delivery;

(ii) Is not an auctioneer; and

(iii) Is not generally known by its creditors to be substantially engaged in selling the goods of others;

(B) With respect to each delivery, the aggregate value of the goods is one thousand dollars or more at the time of delivery;

(C) The goods are not consumer goods immediately before delivery; and

(D) The transaction does not create a security interest that secures an obligation.

[(21)] (22) "Consignor" means a person that delivers goods to a consignee in a consignment.

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[(22)] (23) "Consumer debtor" means a debtor in a consumer transaction.

[(23)] (24) "Consumer goods" means goods that are used or bought for use primarily for personal, family or household purposes.

[(24)] (25) "Consumer-goods transaction" means a consumer transaction in which:

(A) An individual incurs an obligation primarily for personal, family or household purposes; and

(B) A security interest in consumer goods secures the obligation.

[(25)] (26) "Consumer obligor" means an obligor who is an individual and who incurred the obligation as part of a transaction entered into primarily for personal, family or household purposes.

[(26)] (27) "Consumer transaction" means a transaction in which (i) an individual incurs an obligation primarily for personal, family or household purposes, (ii) a security interest secures the obligation, and (iii) the collateral is held or acquired primarily for personal, family or household purposes. The term includes consumer-goods transactions.

[(27)] (28) "Continuation statement" means an amendment of a financing statement which:

(A) Identifies, by its file number or, in the case of a recording with a filing office described in subdivision (1) of subsection (a) of section 42a-9-501, by book and page number, the initial financing statement to which it relates; and

(B) Indicates that it is a continuation statement for, or that it is filed to continue the effectiveness of, the identified financing statement.

(29) "Controllable account" means an account evidenced by a

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controllable electronic record that provides that the account debtor undertakes to pay the person that has control, under section 90 of this act, of the controllable electronic record.

(30) "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 90 of this act, of the controllable electronic record.

[(28)] (31) "Debtor" means:

(A) A person having an interest, other than a security interest or other lien, in the collateral, whether or not the person is an obligor;

(B) A seller of accounts, chattel paper, payment intangibles or promissory notes; or

(C) A consignee.

[(29)] (32) "Deposit account" means a demand, time, savings, passbook or similar account maintained with a bank. The term does not include investment property or accounts evidenced by an instrument.

[(30)] (33) "Document" means a document of title or a receipt of the type described in subsection (b) of section 42a-7-201.

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

(34) "Electronic money" means money in an electronic form.

[(32)] (35) "Encumbrance" includes real property mortgages and other liens on real property and all other rights in real property that are not ownership interests.

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[(33)] (36) "Equipment" means goods other than inventory, farm products or consumer goods.

[(34)] (37) "Farm products" means goods, other than standing timber, with respect to which the debtor is engaged in a farming operation and which are:

(A) Crops grown, growing or to be grown, including:

(i) Crops produced on trees, vines and bushes; and

(ii) Aquatic goods produced in aquacultural operations;

(B) Livestock, born or unborn, including aquatic goods produced in aquacultural operations;

(C) Supplies used or produced in a farming operation; or

(D) Products of crops or livestock in their unmanufactured states.

[(35)] (38) "Farming operation" means raising, cultivating, propagating, fattening, grazing or any other farming, livestock or aquacultural operation.

[(36)] (39) "File number" means the number assigned to an initial financing statement pursuant to subsection (a) of section 42a-9-519.

[(37)] (40) "Filing office" means an office designated in section 42a-9-501 as the place to file a financing statement.

[(38)] (41) "Filing-office regulation" means a regulation adopted pursuant to section 42a-9-526.

[(39)] (42) "Financing statement" means a record or records composed of an initial financing statement and any filed record relating to the initial financing statement.

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[(40)] (43) "Fixture filing" means the filing of a financing statement covering goods that are or are to become fixtures and satisfying subsections (a) and (b) of section 42a-9-502. The term includes the filing of a financing statement covering goods of a transmitting utility which are or are to become fixtures.

[(41)] (44) "Fixtures" means goods that have become so related to particular real property that an interest in them arises under real property law.

[(42)] (45) "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.

[(43)] (46) "Good faith" has the same meaning as provided in [subdivision (20) of subsection (b) of] section 42a-1-201, as amended by this act.

[(44)] (47) "Goods" means all things that are movable when a security interest attaches. The term includes (i) fixtures, (ii) standing timber that is to be cut and removed under a conveyance or contract for sale, (iii) the unborn young of animals, (iv) crops grown, growing or to be grown, even if the crops are produced on trees, vines or bushes, and (v) manufactured homes. The term also includes a computer program embedded in goods and any supporting information provided in connection with a transaction relating to the program if (i) the program is associated with the goods in such a manner that it customarily is considered part of the goods, or (ii) by becoming the owner of the goods, a person acquires a right to use the program in connection with the goods. The term does not include a computer program embedded in

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goods that consist solely of the medium in which the program is embedded. The term also does not include accounts, chattel paper, commercial tort claims, deposit accounts, documents, general intangibles, instruments, investment property, letter-of-credit rights, letters of credit, money or oil, gas or other minerals before extraction.

[(45)] (48) "Governmental unit" means a subdivision, agency, department, county, parish, municipality, or other unit of the government of the United States, a state or a foreign country. The term includes an organization having a separate corporate existence if the organization is eligible to issue debt on which interest is exempt from income taxation under the laws of the United States.

[(46)] (49) "Health-care-insurance receivable" means an interest in or claim under a policy of insurance which is a right to payment of a monetary obligation for health-care goods or services provided.

[(47)] (50) "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 endorsement 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.

[(48)] (51) "Inventory" means goods, other than farm products, which:

(A) Are leased by a person as lessor;

(B) Are held by a person for sale or lease or to be furnished under a contract of service;

(C) Are furnished by a person under a contract of service; or

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(D) Consist of raw materials, work in process or materials used or consumed in a business.

[(49)] (52) "Investment property" means a security, whether certificated or uncertificated, security entitlement, securities account, commodity contract or commodity account.

[(50)] (53) "Jurisdiction of organization", with respect to a registered organization, means the jurisdiction under whose law the organization is formed or organized.

[(51)] (54) "Letter-of-credit right" means a right to payment or performance under a letter of credit, whether or not the beneficiary has demanded or is at the time entitled to demand payment or performance. The term does not include the right of a beneficiary to demand payment or performance under a letter of credit.

[(52)] (55) "Lien creditor" means:

(A) A creditor that has acquired a lien on the property involved by attachment, levy or the like;

(B) An assignee for benefit of creditors from the time of assignment;

(C) A trustee in bankruptcy from the date of the filing of the petition;
or

(D) A receiver in equity from the time of appointment.

[(53)] (56) "Manufactured home" means a "mobile manufactured home" as defined in section 21-64.

[(54)] (57) "Manufactured-home transaction" means a secured transaction:

(A) That creates a purchase-money security interest in a

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manufactured home, other than a manufactured home held as inventory; or

(B) In which a manufactured home, other than a manufactured home held as inventory, is the primary collateral.

(58) "Money" has the same meaning as provided in subdivision (25) of subsection (b) of section 42a-1-201, as amended by this act, but does not include (i) a deposit account, or (ii) money in an electronic form that cannot be subjected to control under section 39 of this act.

~~[(55)]~~ (59) "Mortgage" means a consensual interest in real property, including fixtures, which secures payment or performance of an obligation.

~~[(56)]~~ (60) "New debtor" means a person that becomes bound as debtor under subsection (d) of section 42a-9-203 by a security agreement previously entered into by another person.

~~[(57)]~~ (61) "New value" means (i) money, (ii) money's worth in property, services or new credit, or (iii) release by a transferee of an interest in property previously transferred to the transferee. The term does not include an obligation substituted for another obligation.

~~[(58)]~~ (62) "Noncash proceeds" means proceeds other than cash proceeds.

~~[(59)]~~ (63) "Obligor" means a person that, with respect to an obligation secured by a security interest in or an agricultural lien on the collateral, (i) owes payment or other performance of the obligation, (ii) has provided property other than the collateral to secure payment or other performance of the obligation, or (iii) is otherwise accountable in whole or in part for payment or other performance of the obligation. The term does not include issuers or nominated persons under a letter of credit.

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[(60)] (64) "Original debtor", except as used in subsection (c) of section 42a-9-310, means a person that, as debtor, entered into a security agreement to which a new debtor has become bound under subsection (d) of section 42a-9-203.

[(61)] (65) "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.

[(62)] (66) "Person related to", with respect to an individual, means:

- (A) The spouse of the individual;
- (B) A brother, brother-in-law, sister or sister-in-law of the individual;
- (C) An ancestor or lineal descendant of the individual or the individual's spouse; or
- (D) Any other relative, by blood or marriage, of the individual or the individual's spouse who shares the same home with the individual.

[(63)] (67) "Person related to", with respect to an organization, means:

- (A) A person directly or indirectly controlling, controlled by or under common control with the organization;
- (B) An officer or director of, or a person performing similar functions with respect to, the organization;
- (C) An officer or director of, or a person performing similar functions with respect to, a person described in subparagraph (A);
- (D) The spouse of an individual described in subparagraph (A), (B) or (C); or
- (E) An individual who is related by blood or marriage to an individual described in subparagraph (A), (B), (C) or (D) and shares the

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same home with the individual.

[(64)] (68) "Proceeds", except as used in subsection (b) of section 42a-9-609, means the following property:

(A) Whatever is acquired upon the sale, lease, license, exchange or other disposition of collateral;

(B) Whatever is collected on, or distributed on account of, collateral;

(C) Rights arising out of collateral;

(D) To the extent of the value of collateral, claims arising out of the loss, nonconformity or interference with the use of, defects or infringement of rights in, or damage to, the collateral; or

(E) To the extent of the value of collateral and to the extent payable to the debtor or the secured party, insurance payable by reason of the loss or nonconformity of, defects or infringement of rights in, or damage to, the collateral.

[(65)] (69) "Promissory note" means an instrument that evidences a promise to pay a monetary obligation, does not evidence an order to pay and does not contain an acknowledgment by a bank that the bank has received for deposit a sum of money or funds.

[(66)] (70) "Proposal" means a record authenticated 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 42a-9-620, as amended by this act, 42a-9-621, as amended by this act, and 42a-9-622.

[(67)] (71) "Public-finance transaction" means a secured transaction in connection with which:

(A) Debt securities are issued;

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(B) All or a portion of the securities issued have an initial stated maturity of at least twenty years; and

(C) The debtor, obligor, secured party, account debtor or other person obligated on collateral, assignor or assignee of a secured obligation or assignor or assignee of a security interest is a state or a governmental unit of a state.

[(68)] (72) "Public organic record" means a record that is available to the public for inspection and is:

(A) A record consisting of the record initially filed with or issued by a state or the United States to form or organize an organization and any record filed with or issued by the state or the United States which amends or restates the initial record;

(B) An organic record of a business trust consisting of the record initially filed with a state and any record filed with the state which amends or restates the initial record, if a statute of the state governing business trusts requires that the record be filed with the state; or

(C) A record consisting of legislation enacted by the legislature of a state or the Congress of the United States which forms or organizes an organization, any record amending the legislation and any record filed with or issued by the state or the United States which amends or restates the name of the organization.

[(69)] (73) "Pursuant to commitment", with respect to an advance made or other value given by a secured party, means pursuant to the secured party's obligation, whether or not a subsequent event of default or other event not within the secured party's control has relieved or may relieve the secured party from its obligation.

[(70)] (74) "Record", except as used in "for record", "of record", "record or legal title" and "record owner", means information that is inscribed

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on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

[(71)] (75) "Registered organization" means an organization formed or organized solely under the law of a single state or the United States by the filing of a public organic record with, the issuance of a public organic record by or the enactment of legislation by the state or the United States. The term includes a business trust that is formed or organized under the law of a single state if a statute of the state governing business trusts requires that the business trust's organic record be filed with the state.

[(72)] (76) "Secondary obligor" means an obligor to the extent that:

(A) The obligor's obligation is secondary; or

(B) The obligor has a right of recourse with respect to an obligation secured by collateral against the debtor, another obligor or property of either.

[(73)] (77) "Secured party" means:

(A) A person in whose favor a security interest is created or provided for under a security agreement, whether or not any obligation to be secured is outstanding;

(B) A person that holds an agricultural lien;

(C) A consignor;

(D) A person to which accounts, chattel paper, payment intangibles or promissory notes have been sold;

(E) A trustee, indenture trustee, agent, collateral agent or other representative in whose favor a security interest or agricultural lien is created or provided for; or

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(F) A person that holds a security interest arising under section 42a-2-401, section 42a-2-505, subsection (3) of section 42a-2-711, subsection (d) of section 42a-2A-724, section 42a-4-210 or section 42a-5-118.

[(74)] (78) "Security agreement" means an agreement that creates or provides for a security interest.

[(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).]

[(76)] (79) "Software" means a computer program and any supporting information provided in connection with a transaction relating to the program. The term does not include a computer program that is included in the definition of goods.

[(77)] (80) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands or any territory or insular possession subject to the jurisdiction of the United States.

[(78)] (81) "Supporting obligation" means a letter-of-credit right or secondary obligation that supports the payment or performance of an account, chattel paper, a document, a general intangible, an instrument or investment property.

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

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(82) "Tangible money" means money in a tangible form.

[(80)] (83) "Termination statement" means an amendment of a financing statement which:

(A) Identifies, by its file number or, in the case of a recording with a filing office described in subdivision (1) of subsection (a) of section 42a-9-501, by book and page number, the initial financing statement to which it relates; and

(B) Indicates either that it is a termination statement or that the identified financing statement is no longer effective.

[(81)] (84) "Transmitting utility" means a person primarily engaged in the business of:

(A) Operating a railroad, subway, street railway or trolley bus;

(B) Transmitting communications electrically, electromagnetically or by light;

(C) Transmitting goods by pipeline or sewer; or

(D) Transmitting or producing and transmitting electricity, steam, gas or water.

(b) "Control" as provided in section 42a-7-106, as amended by this act, and the following definitions in other articles apply to this article:

"Applicant". Section 42a-5-102.

"Beneficiary". Section 42a-5-102.

"Broker". Section 42a-8-102, as amended by this act.

"Certificated security". Section 42a-8-102, as amended by this act.

"Check". Section 42a-3-104, as amended by this act.

"Clearing corporation". Section 42a-8-102, as amended by this act.

"Contract for sale". Section 42a-2-106, as amended by this act.

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"Controllable electronic record". Section 87 of this act.
"Customer". Section 42a-4-104.
"Entitlement holder". Section 42a-8-102, as amended by this act.
"Financial asset". Section 42a-8-102, as amended by this act.
"Holder in due course". Section 42a-3-302.
"Issuer" (with respect to a letter of credit or letter-of-credit right). Section 42a-5-102.
"Issuer" (with respect to a security). Section 42a-8-201.
"Issuer" (with respect to documents of title). Section 42a-7-102, as amended by this act.
"Lease". Section 42a-2A-102, as amended by this act.
"Lease agreement". Section 42a-2A-102, as amended by this act.
"Lease contract". Section 42a-2A-102, as amended by this act.
"Leasehold interest". Section 42a-2A-102, as amended by this act.
"Lessee". Section 42a-2A-102, as amended by this act.
"Lessee in ordinary course of business". Section 42a-2A-102, as amended by this act.
"Lessor". Section 42a-2A-102, as amended by this act.
"Lessor's residual interest". Section 42a-2A-102, as amended by this act.
"Letter of credit". Section 42a-5-102.
"Merchant". Section 42a-2-104.
"Negotiable instrument". Section 42a-3-104, as amended by this act.
"Nominated person". Section 42a-5-102.
"Note". Section 42a-3-104, as amended by this act.
"Proceeds of a letter of credit". Section 42a-5-114.
"Protected purchaser". Section 42a-8-303, as amended by this act.
"Prove". Section 42a-3-103.
"Qualifying purchaser". Section 87 of this act.
"Sale". Section 42a-2-106, as amended by this act.
"Securities account". Section 42a-8-501.
"Securities intermediary". Section 42a-8-102, as amended by this act.
"Security". Section 42a-8-102, as amended by this act.

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"Security certificate". Section 42a-8-102, as amended by this act.

"Security entitlement". Section 42a-8-102, as amended by this act.

"Uncertificated security". Section 42a-8-102, as amended by this act.

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

Sec. 37. Section 42a-9-104 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) A secured party has control of a deposit account if:

(1) The secured party is the bank with which the deposit account is maintained;

(2) The debtor, secured party and bank have agreed in [an authenticated] a signed record that the bank will comply with instructions originated by the secured party directing disposition of the funds in the deposit account without further consent by the debtor; [or]

(3) The secured party becomes the bank's customer with respect to the deposit account; or

(4) Another person, other than the debtor:

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

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

(b) A secured party that has satisfied subsection (a) of this section has control, even if the debtor retains the right to direct the disposition of funds from the deposit account.

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Sec. 38. Section 42a-9-105 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

[(a) A secured party has control of electronic chattel paper if a system employed for evidencing the transfer of interests in the chattel paper reliably establishes the secured party as the person to which the chattel paper was assigned.

(b) A system satisfies subsection (a) of this section if the record or records comprising the 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 subdivisions (4), (5) and (6) of this subsection, 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.]

(a) 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

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assigned.

(b) A system satisfies subsection (a) of this section 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 subdivisions (4), (5) and (6) of this subsection, 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) A system satisfies subsection (a) of this section, 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;

(2) Enables the purchaser readily to identify itself in any way,

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including by name, identifying number, cryptographic key, office or account number, as the assignee of the authoritative electronic copy; and

(3) Gives the purchaser exclusive power, subject to subsection (d) of this section, to:

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

(B) Transfer control of the authoritative electronic copy.

(d) Subject to subsection (e) of this section, a power is exclusive under subparagraphs (A) and (B) of subdivision (3) of subsection (c) of this section 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 authoritative electronic copy or has a protocol 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 purchaser is not shared with another person under subdivision (2) of subsection (d) of this section and the purchaser's power is not exclusive if:

(1) The purchaser 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 purchaser; or

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

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(f) If a purchaser has the powers specified in subparagraphs (A) and (B) of subdivision (3) of subsection (c) of this section, the powers are presumed to be exclusive.

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

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

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

Sec. 39. (NEW) (*Effective January 1, 2026*) (a) A person has control of electronic money if: (1) The electronic money, a record attached to or logically associated with the electronic money or a system in which the electronic money is recorded gives the person:

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

(B) Exclusive power, subject to subsection (b) of this section, to:

(i) Prevent others from availing themselves of substantially all the benefit from the electronic money; and

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

(2) 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

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account number, as having the powers under subdivision (1) of this subsection.

(b) Subject to subsection (c) of this section, a power is exclusive under subparagraph (B) of subdivision (1) of subsection (a) of this section even if:

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

(2) The power is shared with another person.

(c) A power of a person is not shared with another person under subdivision (2) of subsection (b) of this section 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 electronic money.

(d) If a person has the powers specified in subparagraph (B) of subdivision (1) of subsection (a) of this section, the powers are presumed to be exclusive.

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

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

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

Sec. 40. (NEW) (*Effective January 1, 2026*) (a) A secured party has control of a controllable electronic record as provided in section 90 of this act.

(b) 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.

Sec. 41. (NEW) (*Effective January 1, 2026*) (a) A person that has control under section 42a-9-104, as amended by this act, 42a-9-105, as amended by this act, or section 39 of this act is not required to acknowledge that it has control on behalf of another person.

(b) 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.

Sec. 42. Subsection (b) of section 42a-9-203 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(b) Except as otherwise provided in subsections (c) to (i), inclusive, of this section, a security interest is enforceable against the debtor and third parties with respect to the collateral only if:

(1) Value has been given;

(2) The debtor has rights in the collateral or the power to transfer

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rights in the collateral to a secured party; and

(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;

(B) The collateral is not a certificated security and is in the possession of the secured party under section 42a-9-313, as amended by this act, pursuant to the debtor's security agreement;

(C) The collateral is a certificated security in registered form and the security certificate has been delivered to the secured party under section 42a-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 42a-7-106, as amended by this act, 42a-9-104, as amended by this act, 42a-9-105, as amended by this act, 42a-9-106, [or] 42a-9-107 or section 40 of this act, pursuant to the debtor's security agreement; or

(E) The collateral is chattel paper and the secured party has possession and control under section 57 of this act, pursuant to the debtor's security agreement.

Sec. 43. Section 42a-9-204 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) Except as otherwise provided in subsection (b), a security agreement may create or provide for a security interest in after-acquired collateral.

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(b) [A] Subject to the provisions of subsection (c) of this section, 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 ten days after the secured party gives value; or

(2) A commercial tort claim.

(c) Subsection (b) of this section does not prevent a security interest from attaching:

(1) To consumer goods as proceeds under subsection (a) of section 42a-9-315 or commingled goods under subsection (c) of section 42a-9-336;

(2) To a commercial tort claim as proceeds under subsection (a) of section 42a-9-315; or

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

~~[(c)]~~ (d) A security agreement may provide that collateral secures, or that accounts, chattel paper, payment intangibles or promissory notes are sold in connection with, future advances or other value, whether or not the advances or value are given pursuant to commitment.

Sec. 44. Subsection (c) of section 42a-9-207 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(c) Except as otherwise agreed by a debtor other than a consumer debtor or as otherwise provided in subsection (d) of this section, a secured party having possession of collateral or control of collateral under section 42a-7-106, as amended by this act, 42a-9-104, as amended

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by this act, 42a-9-105, as amended by this act, section 39 of this act, 42a-9-106, [or] 42a-9-107 or section 40 of this act:

(1) May hold as additional security any proceeds, except money or funds, received from the collateral;

(2) Shall apply money or funds received from the collateral to reduce the secured obligation, unless remitted to the debtor; and

(3) May create a security interest in the collateral.

Sec. 45. Subsection (b) of section 42a-9-208 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(b) Within ten days after receiving [an authenticated] a signed demand by the debtor:

(1) A secured party having control of a deposit account under subdivision (2) of subsection (a) of section 42a-9-104, as amended by this act, 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;

(2) A secured party having control of a deposit account under subdivision (3) of subsection (a) of section 42a-9-104, as amended by this act, shall:

(A) Pay the debtor the balance on deposit in the deposit account; or

(B) Transfer the balance on deposit into a deposit account in the debtor's name;

[(3) A secured party, other than a buyer, having control of electronic chattel paper under section 42a-9-105 shall:

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(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 42a-9-105, as amended by this act, 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 subdivision (2) of subsection (d) of section 42a-8-106, as amended by this act, or subsection (b) of section 42a-9-106 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 42a-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

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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 42a-9-105, as amended by this act, 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 39 of this act 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 90 of this act 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.

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Sec. 46. Subsection (b) of section 42a-9-209 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(b) Within ten 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 subsection (a) of section 42a-9-406 or subsection (b) of section 91 of this act of an assignment to the secured party as assignee [under subsection (a) of section 42a-9-406 an authenticated] a signed record that releases the account debtor from any further obligation to the secured party.

Sec. 47. Section 42a-9-210 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) In this section:

(1) "Request" means a record of a type described in subdivision (2), (3) or (4) of this subsection.

(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

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specified date and reasonably identifying the transaction or relationship that is the subject of the request.

(b) Subject to subsections (c), (d), (e) and (f) of this section, 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 fourteen 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) 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 fourteen days after receipt.

(d) 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 fourteen days after receipt by sending to the debtor [an authenticated] a signed record:

(1) Disclaiming any interest in the collateral; and

(2) If known to the recipient, providing the name and mailing address of any assignee of or successor to the recipient's interest in the collateral.

(e) 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

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an earlier time shall comply with the request within fourteen days after receipt by sending to the debtor an authenticated record:

(1) Disclaiming any interest in the obligations; and

(2) If known to the recipient, providing the name and mailing address of any assignee of or successor to the recipient's interest in the obligations.

(f) A debtor is entitled without charge to one response to a request under this section during any six-month period. The secured party may require payment of a charge not exceeding twenty-five dollars for each additional response.

Sec. 48. Section 42a-9-301 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

Except as otherwise provided in sections 42a-9-303 to [42a-9-306, inclusive] section 52, inclusive, of this act, the following rules determine the law governing perfection, the effect of perfection or nonperfection and the priority of a security interest in collateral:

(1) Except as otherwise provided in this section, while a debtor is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection and the priority of a security interest in collateral.

(2) While collateral is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection and the priority of a possessory security interest in that collateral.

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

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

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

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

(4) The local law of the jurisdiction in which the wellhead or minehead is located governs perfection, the effect of perfection or nonperfection and the priority of a security interest in as-extracted collateral.

Sec. 49. Subsection (a) of section 42a-9-304 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

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

Sec. 50. Subsection (a) of section 42a-9-305 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) Except as otherwise provided in subsection (c) of this section, the following rules apply:

(1) While a security certificate is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection and the priority of a security interest in the certificated security represented thereby.

(2) The local law of the issuer's jurisdiction as specified in subsection (d) of section 42a-8-110 governs perfection, the effect of perfection or

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nonperfection and the priority of a security interest in an uncertificated security.

(3) The local law of the securities intermediary's jurisdiction as specified in subsection (e) of section 42a-8-110 governs perfection, the effect of perfection or nonperfection and the priority of a security interest in a security entitlement or securities account.

(4) The local law of the commodity intermediary's jurisdiction governs perfection, the effect of perfection or nonperfection and the priority of a security interest in a commodity contract or commodity account.

(5) Subdivisions (2), (3) and (4) of this subsection apply even if the transaction does not bear any relation to the jurisdiction.

Sec. 51. (NEW) (*Effective January 1, 2026*) (a) Except as provided in subsection (d) of this section, if chattel paper is evidenced only by an authoritative electronic copy of the chattel paper or is evidenced by an authoritative electronic copy and an authoritative tangible copy, the local law of the chattel paper's jurisdiction governs perfection, the effect of perfection or nonperfection and the priority of a security interest in the chattel paper even if the transaction does not bear any relation to the chattel paper's jurisdiction.

(b) The following rules determine the chattel paper's jurisdiction under this section:

(1) If the authoritative electronic copy of the record evidencing chattel paper, or a record attached to or logically associated with the electronic copy and readily available for review, expressly provides that a particular jurisdiction is the chattel paper's jurisdiction for purposes of this part, this article or title 42a of the general statutes, that jurisdiction is the chattel paper's jurisdiction.

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(2) If subdivision (1) of this subsection does 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 a particular jurisdiction is the chattel paper's jurisdiction for purposes of this part, this article or title 42a of the general statutes, that jurisdiction is the chattel paper's jurisdiction.

(3) If subdivisions (1) and (2) of this subsection 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 subdivisions (1), (2) and (3) of this subsection 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 subdivisions (1) to (4), inclusive, of this subsection do not apply, the chattel paper's jurisdiction is the jurisdiction in which the debtor is located.

(c) 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 57 of this act; and

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

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

Sec. 52. (NEW) (*Effective January 1, 2026*) (a) Except as provided in subsection (b) of this section, the local law of the controllable electronic record's jurisdiction specified in subsections (c) and (d) of section 92 of this act 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) 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.

Sec. 53. Subsection (b) of section 42a-9-310 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

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

(1) That is perfected under subsection (d), (e), (f) or (g) of section 42a-9-308;

(2) That is perfected under section 42a-9-309 when it attaches;

(3) In property subject to a statute, regulation or treaty described in subsection (a) of section 42a-9-311;

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(4) In goods in possession of a bailee which is perfected under subdivision (1) or (2) of subsection (d) of section 42a-9-312, as amended by this act;

(5) In certificated securities, documents, goods or instruments which is perfected without filing, control or possession under subsection (e), (f) or (g) of section 42a-9-312, as amended by this act;

(6) In collateral in the secured party's possession under section 42a-9-313, as amended by this act;

(7) In a certificated security which is perfected by delivery of the security certificate to the secured party under section 42a-9-313, as amended by this act;

(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 42a-9-314, as amended by this act;

(9) In chattel paper which is perfected by possession and control under section 57 of this act;

[(9)] (10) In proceeds which is perfected under section 42a-9-315; or

[(10)] (11) That is perfected under section 42a-9-316, as amended by this act.

Sec. 54. Section 42a-9-312 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) 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.

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(b) Except as otherwise provided in subsections (c) and (d) of section 42a-9-315 for proceeds:

(1) A security interest in a deposit account may be perfected only by control under section 42a-9-314, as amended by this act;

(2) And except as otherwise provided in subsection (d) of section 42a-9-308, a security interest in a letter-of-credit right may be perfected only by control under section 42a-9-314, as amended by this act; [and]

(3) A security interest in tangible money may be perfected only by the secured party's taking possession under section 42a-9-313, as amended by this act; and

(4) A security interest in electronic money may be perfected only by control under section 42a-9-314, as amended by this act.

(c) While goods are in the possession of a bailee that has issued a negotiable document covering the goods:

(1) A security interest in the goods may be perfected by perfecting a security interest in the document; and

(2) A security interest perfected in the document has priority over any security interest that becomes perfected in the goods by another method during that time.

(d) While goods are in the possession of a bailee that has issued a nonnegotiable document covering the goods, a security interest in the goods may be perfected by:

(1) Issuance of a document in the name of the secured party;

(2) The bailee's receipt of notification of the secured party's interest;
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(3) Filing as to the goods.

(e) 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 twenty days from the time it attaches to the extent that it arises for new value given under [an authenticated] a signed security agreement.

(f) A perfected security interest in a negotiable document or goods in possession of a bailee, other than one that has issued a negotiable document for the goods, remains perfected for twenty days without filing if the secured party makes available to the debtor the goods or documents representing the goods for the purpose of:

(1) Ultimate sale or exchange; or

(2) Loading, unloading, storing, shipping, transshipping, manufacturing, processing or otherwise dealing with them in a manner preliminary to their sale or exchange.

(g) A perfected security interest in a certificated security or instrument remains perfected for twenty days without filing if the secured party delivers the security certificate or instrument to the debtor for the purpose of:

(1) Ultimate sale or exchange; or

(2) Presentation, collection, enforcement, renewal or registration of transfer.

(h) After the twenty-day period specified in subsection (e), (f) or (g) of this section expires, perfection depends upon compliance with this article.

Sec. 55. Section 42a-9-313 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

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(a) Except as otherwise provided in subsection (b) of this section, a secured party may perfect a security interest in [tangible negotiable documents,] goods, instruments, negotiable tangible documents or tangible money [or tangible chattel paper] by taking possession of the collateral. A secured party may perfect a security interest in certificated securities by taking delivery of the certificated securities under section 42a-8-301.

(b) With respect to goods covered by a certificate of title issued by this state, a secured party may perfect a security interest in the goods by taking possession of the goods only in the circumstances described in subsection (d) of section 42a-9-316, as amended by this act.

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

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

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

(d) If perfection of a security interest depends upon possession of the collateral by a secured party, perfection occurs [no] not earlier than the time the secured party takes possession and continues only while the secured party retains possession.

(e) A security interest in a certificated security in registered form is perfected by delivery when delivery of the certificated security occurs under section 42a-8-301 and remains perfected by delivery until the

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debtor obtains possession of the security certificate.

(f) A person in possession of collateral is not required to acknowledge that it holds possession for a secured party's benefit.

(g) If a person acknowledges that it holds possession for the secured party's benefit:

(1) The acknowledgment is effective under subsection (c) of this section or subsection (a) of section 42a-8-301, even if the acknowledgment violates the rights of a debtor; and

(2) Unless the person otherwise agrees or law other than this article otherwise provides, the person does not owe any duty to the secured party and is not required to confirm the acknowledgment to another person.

(h) A secured party having possession of collateral does not relinquish possession by delivering the collateral to a person other than the debtor or a lessee of the collateral from the debtor in the ordinary course of the debtor's business if the person was instructed before the delivery or is instructed contemporaneously with the delivery:

(1) To hold possession of the collateral for the secured party's benefit; or

(2) To redeliver the collateral to the secured party.

(i) A secured party does not relinquish possession, even if a delivery under subsection (h) of this section violates the rights of a debtor. A person to which collateral is delivered under subsection (h) of this section does not owe any duty to the secured party and is not required to confirm the delivery to another person unless the person otherwise agrees or law other than this article otherwise provides.

Sec. 56. Section 42a-9-314 of the general statutes is repealed and the

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following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) A security interest in [investment property, deposit accounts, letter-of-credit rights, electronic chattel paper or electronic documents] controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts, electronic documents, electronic money, investment property or letter-of-credit rights may be perfected by control of the collateral under section 42a-7-106, as amended by this act, 42a-9-104, as amended by this act, [42a-9-105] section 39 of this act, 42a-9-106, [or] 42a-9-107, or section 40 of this act.

(b) A security interest in [deposit accounts, electronic chattel paper, letter-of-credit rights or electronic documents] controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts, electronic documents, electronic money or letter-of-credit rights is perfected by control under section 42a-7-106, as amended by this act, 42a-9-104, as amended by this act, [42a-9-105 or] section 39 of this act, 42a-9-107 [when] or section 40 of this act not earlier than the time the secured party obtains control and remains perfected by control only while the secured party retains control.

(c) A security interest in investment property is perfected by control under section 42a-9-106 [from] not earlier than the time the secured party obtains control and remains perfected by control until:

(1) The secured party does not have control; and

(2) One of the following occurs:

(A) If the collateral is a certificated security, the debtor has or acquires possession of the security certificate;

(B) If the collateral is an uncertificated security, the issuer has registered or registers the debtor as the registered owner; or

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(C) If the collateral is a security entitlement, the debtor is or becomes the entitlement holder.

Sec. 57. (NEW) (*Effective January 1, 2026*) (a) A secured party may perfect a security interest in chattel paper by taking possession of each authoritative tangible copy of the record evidencing the chattel paper and obtaining control of each authoritative electronic copy of the electronic record evidencing the chattel paper.

(b) A security interest is perfected under subsection (a) of this section not earlier than the time the secured party takes possession and obtains control and remains perfected under subsection (a) of this section only while the secured party retains possession and control.

(c) Subsection (c) of section 42a-9-313 of the general statutes, as amended by this act, and subsections (f) to (i), inclusive, of section 42a-9-313 of the general statutes, as amended by this act, apply to perfection by possession of an authoritative tangible copy of a record evidencing chattel paper.

Sec. 58. Section 42a-9-316 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) A security interest perfected pursuant to the law of the jurisdiction designated in subdivision (1) of section 42a-9-301, as amended by this act, [or] subsection (c) of section 42a-9-305, subsection (d) of section 51 of this act or subsection (b) of section 52 of this act remains perfected until the earliest of:

(1) The time perfection would have ceased under the law of that jurisdiction;

(2) The expiration of four months after a change of the debtor's location to another jurisdiction; or

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(3) The expiration of one year after a transfer of collateral to a person that thereby becomes a debtor and is located in another jurisdiction.

(b) If a security interest described in subsection (a) of this section becomes perfected under the law of the other jurisdiction before the earliest time or event described in [that] said subsection, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the earliest time or event, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

(c) A possessory security interest in collateral, other than goods covered by a certificate of title and as-extracted collateral consisting of goods, remains continuously perfected if:

(1) The collateral is located in one jurisdiction and subject to a security interest perfected under the law of that jurisdiction;

(2) Thereafter the collateral is brought into another jurisdiction; and

(3) Upon entry into the other jurisdiction, the security interest is perfected under the law of the other jurisdiction.

(d) Except as otherwise provided in subsection (e) of this section, a security interest in goods covered by a certificate of title which is perfected by any method under the law of another jurisdiction when the goods become covered by a certificate of title from this state remains perfected until the security interest would have become unperfected under the law of the other jurisdiction had the goods not become so covered.

(e) A security interest described in subsection (d) of this section becomes unperfected as against a purchaser of the goods for value and is deemed never to have been perfected as against a purchaser of the goods for value if the applicable requirements for perfection under

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subsection (b) of section 42a-9-311 or section 42a-9-313, as amended by this act, are not satisfied before the earlier of:

(1) The time the security interest would have become unperfected under the law of the other jurisdiction had the goods not become covered by a certificate of title from this state; or

(2) The expiration of four months after the goods had become so covered.

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

(1) The time the security interest would have become unperfected under the law of that jurisdiction; or

(2) The expiration of four months after a change of the applicable jurisdiction to another jurisdiction.

(g) If a security interest described in subsection (f) of this section becomes perfected under the law of the other jurisdiction before the earlier of the time or the end of the period described in [that] said subsection, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the earlier of that time or the end of that period, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

(h) The following rules apply to collateral to which a security interest

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attaches within four months after the debtor changes its location to another jurisdiction:

(1) A financing statement filed before the change pursuant to the law of the jurisdiction designated in subdivision (1) of section 42a-9-301, as amended by this act, or subsection (c) of section 42a-9-305 is effective to perfect a security interest in the collateral if the financing statement would have been effective to perfect a security interest in the collateral had the debtor not changed its location.

(2) If a security interest perfected by a financing statement that is effective under subdivision (1) of this subsection becomes perfected under the law of the other jurisdiction before the earlier of the time the financing statement would have become ineffective under the law of the jurisdiction designated in subdivision (1) of section 42a-9-301, as amended by this act, or subsection (c) of section 42a-9-305 or the expiration of the four-month period, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the earlier time or event, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

(i) If a financing statement naming an original debtor is filed pursuant to the law of the jurisdiction designated in subdivision (1) of section 42a-9-301, as amended by this act, or subsection (c) of section 42a-9-305 and the new debtor is located in another jurisdiction, the following rules apply:

(1) The financing statement is effective to perfect a security interest in collateral acquired by the new debtor before, and within four months after, the new debtor becomes bound under subsection (d) of section 42a-9-203, if the financing statement would have been effective to perfect a security interest in the collateral had the collateral been acquired by the original debtor.

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(2) A security interest perfected by the financing statement and which becomes perfected under the law of the other jurisdiction before the earlier of the time the financing statement would have become ineffective under the law of the jurisdiction designated in subdivision (1) of section 42a-9-301, as amended by this act, or subsection (c) of section 42a-9-305 or the expiration of the four-month period remains perfected thereafter. A security interest that is perfected by the financing statement but which does not become perfected under the law of the other jurisdiction before the earlier time or event becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

Sec. 59. Section 42a-9-317 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) A security interest or agricultural lien is subordinate to the rights of:

(1) A person entitled to priority under section 42a-9-322; and

(2) Except as otherwise provided in subsection (e) of this section, a person that becomes a lien creditor before the earlier of the time:

(A) The security interest or agricultural lien is perfected; or

(B) One of the conditions specified in subdivision (3) of subsection (b) of section 42a-9-203, as amended by this act, is met and a financing statement covering the collateral is filed.

(b) Except as otherwise provided in subsection (e) of this section, a buyer, other than a secured party, of [tangible chattel paper, tangible documents,] 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.

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(c) Except as otherwise provided in subsection (e) of this section, a lessee of goods takes free of a security interest or agricultural lien if the lessee gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.

(d) [A] Subject to the provisions of subsections (f) to (i), inclusive, of this section, a licensee of a general intangible or a buyer, other than a secured party, of collateral other than [tangible chattel paper, tangible documents] electronic money, 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.

(e) Except as otherwise provided in sections 42a-9-320 and 42a-9-321, if a person files a financing statement with respect to a purchase-money security interest before or within twenty days after the debtor receives delivery of the collateral, the security interest takes priority over the rights of a buyer, lessee or lien creditor which arise between the time the security interest attaches and the time of filing.

(f) 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 42a-9-105, as amended by this act, obtains control of each authoritative electronic copy.

(g) A buyer of an electronic document takes free of a security interest if, without knowledge of the security interest and before it is perfected,

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the buyer gives value and, if each authoritative electronic copy of the document can be subjected to control under section 42a-7-106, as amended by this act, obtains control of each authoritative electronic copy.

(h) 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) 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.

Sec. 60. Section 42a-9-323 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) Except as otherwise provided in subsection (c) of this section, for purposes of determining the priority of a perfected security interest under subdivision (1) of subsection (a) of section 42a-9-322, perfection of the security interest dates from the time an advance is made to the extent that the security interest secures an advance that:

(1) Is made while the security interest is perfected only:

(A) Under section 42a-9-309 when it attaches; or

(B) Temporarily under subsection (e), (f) or (g) of section 42a-9-312, as amended by this act; and

(2) Is not made pursuant to a commitment entered into before or while the security interest is perfected by a method other than under section 42a-9-309 or subsection (e), (f) or (g) of section 42a-9-312, as

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amended by this act.

(b) Except as otherwise provided in subsection (c) of this section, a security interest is subordinate to the rights of a person that becomes a lien creditor to the extent that the security interest secures an advance made more than forty-five days after the person becomes a lien creditor unless the advance is made:

(1) Without knowledge of the lien; or

(2) Pursuant to a commitment entered into without knowledge of the lien.

(c) Subsections (a) and (b) of this section do not apply to a security interest held by a secured party that is a buyer of accounts, chattel paper, payment intangibles or promissory notes or a consignor.

(d) Except as otherwise provided in subsection (e) of this section, 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:

(1) The time the secured party acquires knowledge of the buyer's purchase; or

(2) Forty-five days after the purchase.

(e) Subsection (d) of this section does not apply if the advance is made pursuant to a commitment entered into without knowledge of the buyer's purchase and before the expiration of the forty-five-day period.

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

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(1) The time the secured party acquires knowledge of the lease; or

(2) Forty-five days after the lease contract becomes enforceable.

(g) Subsection (f) of this section does not apply if the advance is made pursuant to a commitment entered into without knowledge of the lease and before the expiration of the forty-five-day period.

Sec. 61. Section 42a-9-324 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) Except as otherwise provided in subsection (g) of this section, a perfected purchase-money security interest in goods other than inventory or livestock has priority over a conflicting security interest in the same goods, and, except as otherwise provided in section 42a-9-327, a perfected security interest in its identifiable proceeds also has priority, if the purchase-money security interest is perfected when the debtor receives possession of the collateral or within twenty days thereafter.

(b) Subject to subsection (c) of this section and except as otherwise provided in subsection (g) of this section, 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 42a-9-330, as amended by this act, and, except as otherwise provided in section 42a-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:

(1) The purchase-money security interest is perfected when the debtor receives possession of the inventory;

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

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(3) The holder of the conflicting security interest receives the notification within five years before the debtor receives possession of the inventory; and

(4) The notification states that the person sending the notification has or expects to acquire a purchase-money security interest in inventory of the debtor and describes the inventory.

(c) Subdivisions (2) to (4), inclusive, of subsection (b) of this section apply only if the holder of the conflicting security interest had filed a financing statement covering the same types of inventory:

(1) If the purchase-money security interest is perfected by filing, before the date of the filing; or

(2) If the purchase-money security interest is temporarily perfected without filing or possession under subsection (f) of section 42a-9-312, as amended by this act, before the beginning of the twenty-day period thereunder.

(d) Subject to subsection (e) of this section and except as otherwise provided in subsection (g) of this section, 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 42a-9-327, a perfected security interest in their identifiable proceeds and identifiable products in their unmanufactured states also has priority, if:

(1) The purchase-money security interest is perfected when the debtor receives possession of the livestock;

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

(3) The holder of the conflicting security interest receives the

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notification within six months before the debtor receives possession of the livestock; and

(4) The notification states that the person sending the notification has or expects to acquire a purchase-money security interest in livestock of the debtor and describes the livestock.

(e) Subdivisions (2) to (4), inclusive, of subsection (d) of this section apply only if the holder of the conflicting security interest had filed a financing statement covering the same types of livestock:

(1) If the purchase-money security interest is perfected by filing, before the date of the filing; or

(2) If the purchase-money security interest is temporarily perfected without filing or possession under subsection (f) of section 42a-9-312, as amended by this act, before the beginning of the twenty-day period thereunder.

(f) Except as otherwise provided in subsection (g) of this section, a perfected purchase-money security interest in software has priority over a conflicting security interest in the same collateral, and, except as otherwise provided in section 42a-9-327, a perfected security interest in its identifiable proceeds also has priority, to the extent that the purchase-money security interest in the goods in which the software was acquired for use has priority in the goods and proceeds of the goods under this section.

(g) If more than one security interest qualifies for priority in the same collateral under subsection (a), (b), (d) or (f) of this section:

(1) A security interest securing an obligation incurred as all or part of the price of the collateral has priority over a security interest securing an obligation incurred for value given to enable the debtor to acquire rights in or the use of collateral; and

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(2) In all other cases, subsection (a) of section 42a-9-322 applies to the qualifying security interests.

Sec. 62. (NEW) (*Effective January 1, 2026*) 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.

Sec. 63. Section 42a-9-330 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) 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, [and] takes possession of each authoritative tangible copy of the record evidencing the chattel paper, [or] and obtains control [of the chattel paper] under section 42a-9-105, as amended by this act, of each authoritative electronic copy of the record evidencing the chattel 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) 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] takes possession of each authoritative tangible copy of the record evidencing the chattel paper, [or] and obtains control [of] under section 42a-9-105, as amended by this act, of each authoritative electronic copy of the record evidencing the chattel paper [under section 42a-9-105] in

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good faith, in the ordinary course of the purchaser's business, and without knowledge that the purchase violates the rights of the secured party.

(c) Except as otherwise provided in section 42a-9-327, a purchaser having priority in chattel paper under subsection (a) or (b) of this section also has priority in proceeds of the chattel paper to the extent that:

(1) Section 42a-9-322 provides for priority in the proceeds; or

(2) The proceeds consist of the specific goods covered by the chattel paper or cash proceeds of the specific goods, even if the purchaser's security interest in the proceeds is unperfected.

(d) Except as otherwise provided in subsection (a) of section 42a-9-331, as amended by this act, a purchaser of an instrument has priority over a security interest in the instrument perfected by a method other than possession if the purchaser gives value and takes possession of the instrument in good faith and without knowledge that the purchase violates the rights of the secured party.

(e) For purposes of subsections (a) and (b) of this section, the holder of a purchase-money security interest in inventory gives new value for chattel paper constituting proceeds of the inventory.

(f) For purposes of subsections (b) and (d) of this section, if authoritative copies of the record evidencing chattel paper or an instrument [indicates] 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.

Sec. 64. Section 42a-9-331 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

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(a) 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 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 and sections 86 to 92, inclusive, of this act.

(b) 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 a claim under article 8 or sections 86 to 92, inclusive, of this act.

(c) Filing under this article does not constitute notice of a claim or defense to the holders, or purchasers, or persons described in subsections (a) and (b) of this section.

Sec. 65. Section 42a-9-332 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) 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) 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) 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.

Sec. 66. Subsection (f) of section 42a-9-334 of the general statutes is

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repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(f) 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

(2) The debtor has a right to remove the goods as against the encumbrancer or owner.

Sec. 67. Section 42a-9-341 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

Except as otherwise provided in subsection (c) of section 42a-9-340, 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:

(1) The creation, attachment or perfection of a security interest in the deposit account;

(2) The bank's knowledge of the security interest; or

(3) The bank's receipt of instructions from the secured party.

Sec. 68. Subsection (a) of section 42a-9-404 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) Unless an account debtor has made an enforceable agreement not to assert defenses or claims, and subject to subsections (b) to (e),

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inclusive, of this section the rights of an assignee are subject to:

(1) All terms of the agreement between the account debtor and assignor and any defense or claim in recoupment arising from the transaction that gave rise to the contract; and

(2) Any other defense or claim of the account debtor against the assignor which accrues before the account debtor receives a notification of the assignment [authenticated] signed by the assignor or the assignee.

Sec. 69. Section 42a-9-406 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) Subject to subsections (b) to (j), inclusive, of this section and subsection (k) of this section, an account debtor on an account, chattel paper or a payment intangible may discharge its obligation by paying the assignor until, but not after, the account debtor receives a notification, [authenticated] signed by the assignor or the assignee, that the amount due or to become due has been assigned and that payment is to be made to the assignee. After receipt of the notification, the account debtor may discharge its obligation by paying the assignee and may not discharge the obligation by paying the assignor. An assignor who receives payment after notification is given must return the payment to the account debtor or forward the payment to the assignee.

(b) Subject to [subsection (h)] subsections (h) and (k) of this section, notification is ineffective under subsection (a) of this section:

(1) If it does not reasonably identify the rights assigned;

(2) To the extent that an agreement between an account debtor and a 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

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(3) At the option of an account debtor, if the notification notifies the account debtor to make less than the full amount of any installment or other periodic payment to the assignee, even if:

(A) Only a portion of the account, chattel paper or payment intangible has been assigned to that assignee;

(B) A portion has been assigned to another assignee; or

(C) The account debtor knows that the assignment to that assignee is limited.

(c) Subject to [subsection (h)] subsections (h) and (k) of this section, if requested by the account debtor, an assignee shall seasonably furnish reasonable proof that the assignment has been made. Unless the assignee complies, the account debtor may discharge its obligation by paying the assignor, even if the account debtor has received a notification under subsection (a) of this section.

(d) Except as otherwise provided in subsection (e) of this section and in sections 42a-2A-403 and 42a-9-407, and subject to subsection (h) of this section, a term in an agreement between an account debtor and an assignor or in a promissory note is ineffective to the extent that it:

(1) Prohibits, restricts or requires the consent of the account debtor or person obligated on the promissory note to the assignment or transfer of, or the creation, attachment, perfection or enforcement of a security interest in, the account, chattel paper, payment intangible or promissory note; [or]

(2) Provides that the assignment or transfer or the creation, attachment, perfection or enforcement of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination or remedy under the account, chattel paper, payment intangible or promissory note; or

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(3) As used in this subsection, "promissory note" includes a negotiable instrument that evidences chattel paper.

(e) Subsection (d) of this section does not apply to the sale of a payment intangible or promissory note, other than a sale pursuant to a disposition under section 42a-9-610 or an acceptance of collateral under section 42a-9-620, as amended by this act.

(f) Except as otherwise provided in sections 42a-2A-403 and 42a-9-407, and subject to subsections (h) and (i) of this section, a rule of law, statute or regulation that prohibits, restricts or requires the consent of a government, governmental body or official or account debtor to the assignment or transfer of, or creation of a security interest in, an account or chattel paper is ineffective to the extent that the rule of law, statute or regulation:

(1) Prohibits, restricts or requires the consent of the government, governmental body or official or account debtor to the assignment or transfer of, or the creation, attachment, perfection or enforcement of a security interest in the account or chattel paper; or

(2) Provides that the assignment or transfer or the creation, attachment, perfection or enforcement of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination or remedy under the account or chattel paper.

(g) Subject to [subsection (h)] subsections (h) and (k) of this section, an account debtor may not waive or vary its option under subdivision (3) of subsection (b) of this section.

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

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(i) Except as provided in subsection (j) of this section, this section prevails over any inconsistent provision of any statute or regulation of this state unless the provision is contained in a statute of this state, refers expressly to this section and states that the provision prevails over this section.

(j) (1) This section does not apply to:

(A) An assignment of a health-care-insurance receivable;

(B) An assignment or transfer of or creation of a security interest in:

(i) A claim or right to receive compensation for injuries or sickness as described in 26 USC 104(a)(1) or (2), as amended from time to time, or

(ii) A claim or right to receive benefits under a special needs trust as described in 42 USC 1396p(d)(4), as amended from time to time.

(2) Subsection (f) of this section does not apply to an assignment or transfer of, or the creation, attachment, perfection or enforcement of a security interest in, a right the transfer of which is prohibited or restricted by any of the following statutes to the extent that the statute is inconsistent with said subsection: Section 12-831, 31-320 or 52-225f.

(k) Subsections (a), (b), (c) and (g) of this section do not apply to a controllable account or controllable payment intangible.

Sec. 70. Section 42a-9-408 of the general statutes is amended by adding subsection (g) as follows (*Effective January 1, 2026*):

(NEW) (g) As used in this section, "promissory note" includes a negotiable instrument that evidences chattel paper.

Sec. 71. Section 42a-9-509 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

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(a) 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) of this section; or

(2) The person holds an agricultural lien that has become effective at the time of filing and the financing statement covers only collateral in which the person holds an agricultural lien.

(b) 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:

(1) The collateral described in the security agreement; and

(2) Property that becomes collateral under subdivision (2) of subsection (a) of section 42a-9-315, whether or not the security agreement expressly covers proceeds.

(c) By acquiring collateral in which a security interest or agricultural lien continues under subdivision (1) of subsection (a) of section 42a-9-315, a debtor authorizes the filing of an initial financing statement, and an amendment, covering the collateral and property that becomes collateral under subdivision (2) of subsection (a) of section 42a-9-315.

(d) A person may file an amendment other than an amendment that adds collateral covered by a financing statement or an amendment that adds a debtor to a financing statement only if:

(1) The secured party of record authorizes the filing; or

(2) The amendment is a termination statement for a financing statement as to which the secured party of record has failed to file or send a termination statement as required by subsection (a) or (c) of

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section 42a-9-513, as amended by this act, the debtor authorizes the filing, and the termination statement indicates that the debtor authorized it to be filed.

(e) If there is more than one secured party of record for a financing statement, each secured party of record may authorize the filing of an amendment under subsection (d) of this section.

Sec. 72. Section 42a-9-513 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) A secured party shall cause the secured party of record for a financing statement to file a termination statement for the financing statement if the financing statement covers consumer goods and:

(1) There is no obligation secured by the collateral covered by the financing statement and no commitment to make an advance, incur an obligation or otherwise give value; or

(2) The debtor did not authorize the filing of the initial financing statement.

(b) To comply with subsection (a) of this section, a secured party shall cause the secured party of record to file the termination statement:

(1) Within one month after there is no obligation secured by the collateral covered by the financing statement and no commitment to make an advance, incur an obligation or otherwise give value; or

(2) If earlier, within twenty days after the secured party receives [an authenticated] a signed demand from a debtor.

(c) In cases not governed by subsection (a) of this section, within twenty 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

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statement for the financing statement or file the termination statement in the filing office if:

(1) Except in the case of a financing statement covering accounts or chattel paper that has been sold or goods that are the subject of a consignment, there is no obligation secured by the collateral covered by the financing statement and no commitment to make an advance, incur an obligation or otherwise give value;

(2) The financing statement covers accounts or chattel paper that has been sold but as to which the account debtor or other person obligated has discharged its obligation;

(3) The financing statement covers goods that were the subject of a consignment to the debtor but are not in the debtor's possession; or

(4) The debtor did not authorize the filing of the initial financing statement.

(d) Except as otherwise provided in section 42a-9-510, upon the filing of a termination statement with the filing office, the financing statement to which the termination statement relates ceases to be effective. Except as otherwise provided in section 42a-9-510, for purposes of subsection (f) of section 42a-9-519, subsection (a) of section 42a-9-522 and subsection (c) of section 42a-9-523, the filing with the filing office of a termination statement relating to a financing statement that indicates that the debtor is a transmitting utility also causes the effectiveness of the financing statement to lapse.

Sec. 73. Subsection (b) of section 42a-9-601 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(b) A secured party in possession of collateral or control of collateral under section 42a-7-106, as amended by this act, 42a-9-104, as amended

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by this act, 42a-9-105, as amended by this act, section 39 of this act, 42a-9-106, [or] 42a-9-107 or section 40 of this act has the rights and duties provided in section 42a-9-207, as amended by this act.

Sec. 74. Section 42a-9-605 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) [A] Except as provided in subsection (b) of this section, a secured party does not owe a duty based on its status as secured party:

(1) To a person that is a debtor or obligor, unless the secured party knows:

(A) That the person is a debtor or obligor;

(B) The identity of the person; and

(C) How to communicate with the person; or

(2) To a secured party or lienholder that has filed a financing statement against a person, unless the secured party knows:

(A) That the person is a debtor; and

(B) The identity of the person.

(b) A secured party owes a duty based on its status as 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 subparagraph (A), (B) or (C) of subdivision (1) of subsection (a) of this section relating to the person is not provided by the collateral, a record attached to or

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logically associated with the collateral or the system in which the collateral is recorded.

[(b)] (c) What the secured party knows is to be determined in the light of the good faith obligations of the secured party.

Sec. 75. Section 42a-9-608 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) If a security interest or agricultural lien secures payment or performance of an obligation, the following rules apply:

(1) A secured party shall apply or pay over for application the cash proceeds of collection or enforcement under section 42a-9-607 in the following order to:

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

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

(C) The satisfaction of obligations secured by any subordinate security interest in or other lien on the 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.

(2) If requested by a secured party, a holder of a subordinate security interest or other lien shall furnish reasonable proof of the interest or lien within a reasonable time. Unless the holder complies, the secured party need not comply with the holder's demand under subparagraph (C) of subdivision (1) of this subsection.

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(3) A secured party need not apply or pay over for application noncash proceeds of collection and enforcement under section 42a-9-607 unless the failure to do so would be commercially unreasonable. A secured party that applies or pays over for application noncash proceeds shall do so in a commercially reasonable manner.

(4) A secured party shall account to and pay a debtor for any surplus, and the obligor is liable for any deficiency.

(b) If the underlying transaction is a sale of accounts, chattel paper, payment intangibles or promissory notes, the debtor is not entitled to any surplus, and the obligor is not liable for any deficiency.

Sec. 76. Section 42a-9-611 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) 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

(2) The debtor and any secondary obligor waive the right to notification.

(b) Except as otherwise provided in subsection (d) of this section, a secured party that disposes of collateral under section 42a-9-610 shall send to the persons specified in subsection (c) of this section a reasonable [authenticated] signed notification of disposition.

(c) To comply with subsection (b) of this section, the secured party shall send [an authenticated] a signed notification of disposition to:

(1) The debtor;

(2) Any secondary obligor; and

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(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, ten 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, ten days before the notification date, held a security interest in the collateral perfected by compliance with a statute, regulation or treaty described in subsection (a) of section 42a-9-311.

(d) Subsection (b) of this section does not apply if the collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market.

(e) A secured party complies with the requirement for notification prescribed by subparagraph (B) of subdivision (3) of subsection (c) of this section if:

(1) Not later than twenty days or earlier than thirty days before the notification date, the secured party requests, in a commercially reasonable manner, information concerning financing statements indexed under the debtor's name in the office indicated in subparagraph (B) of subdivision (3) of subsection (c) of this section; and

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(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.

Sec. 77. Section 42a-9-613 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) 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 subdivision (1) of this subsection are nevertheless sufficient is a question of fact.

(3) The contents of a notification providing substantially the information specified in subdivision (1) of this subsection are sufficient,

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even if the notification includes:

(A) Information not specified by [that] subdivision (1) of this subsection; 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 subdivision (3) of subsection (a) of section 42a-9-614, as amended by this act, when completed in accordance with the instructions in subsection (b) of this section and subsection (b) of section 42a-9-614, as amended by this act, 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)

Name of Debtor(s): (Include only if debtor(s) are not an addressee)

(For a public disposition:)

We will sell (or lease or license, as applicable) the (describe collateral) (to the highest qualified bidder) in public as follows:

Day and Date:

Time:

Place:

(For a private disposition:)

We will sell (or lease or license, as applicable) the (describe

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collateral) privately sometime after (day and date).

You are entitled to an accounting of the unpaid indebtedness secured by the property that we intend to sell (or lease or license, as applicable) (for a charge of \$). You may request an accounting by calling us at (telephone number)]

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)

(A) Name of any debtor that is not an addressee: (Name of each debtor)

(B) We will sell (describe collateral) (to the highest qualified bidder) at public sale. A sale could include a lease or license. The sale will be held as follows:

(Date)

(Time)

(Place)

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

(D) You are entitled to an accounting of the unpaid indebtedness secured by the property that we intend to sell or, as applicable, lease or license.

(E) If you request an accounting you must pay a charge of \$ (amount).

(F) You may request an accounting by calling us at (telephone

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number).

(b) The following instructions apply to the form of notification in subdivision (5) of subsection (a) of this section:

(1) The instructions in this subsection refer to the numbers in parentheses before items in the form of notification in subdivision (5) of subsection (a) of this section. Do not include the numbers or parentheses in the notification. The numbers and parentheses are used only for the purpose of these instructions.

(2) Include and complete subparagraph (A) of subdivision (5) of subsection (a) of this section only if there is a debtor that is not an addressee of the notification and list the name or names.

(3) Include and complete either subparagraph (B) of subdivision (5) of subsection (a) of this section, if the notification relates to a public disposition of the collateral, or subparagraph (C) of subdivision (5) of subsection (a) of this section, if the notification relates to a private disposition of the collateral. If subparagraph (B) of subdivision (5) of subsection (a) of this section is included, include the words "to the highest qualified bidder" only if applicable.

(4) Include and complete subparagraphs (D) and (F) of subdivision (5) of subsection (a) of this section.

(5) Include and complete subparagraph (E) of subdivision (5) of subsection (a) of this section only if the sender will charge the recipient for an accounting.

Sec. 78. Section 42a-9-614 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) In a consumer-goods transaction, the following rules apply:

(1) A notification of disposition must provide the following

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information:

(A) The information specified in subdivision (1) of subsection (a) of section 42a-9-613, as amended by this act;

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

(C) A telephone number from which the amount that must be paid to the secured party to redeem the collateral under section 42a-9-623 is available; and

(D) A telephone number or mailing address from which additional information concerning the disposition and the obligation secured is available.

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

(3) The following form of notification, when completed in accordance with the instructions in subsection (b) of this section, provides sufficient information:

[(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: (Identification of transaction)

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

(For a public disposition:)

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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.

(For a private disposition:)

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

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.

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).

If you want us to explain to you in writing how we have figured the amount that you owe us, you may call us at (telephone number) or write us at (secured party's address) and request a written explanation. (We will charge you \$.... for the explanation if we sent you another written explanation of the amount you owe us within the last six months.)

If you need more information about the sale call us at (telephone number) or write us at (secured party's address).

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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.)]

(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.

(A) 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.

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

(C) 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

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it to someone else.

(D) 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).

(E) If you want us to explain to you in (i) writing, (ii) writing or electronic record, or (iii) an electronic record (description of electronic record) how we have figured the amount that you owe us;

(F) Call us at (telephone number) or write us at (secured party's address) or contact us by (description of electronic communication method);

(G) And request a written explanation or an explanation in (description of electronic record).

(H) 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.

(I) 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).

(J) 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.)

(4) A notification in the form of subdivision (3) of this subsection is sufficient, even if additional information appears at the end of the form.

(5) A notification in the form of subdivision (3) of this subsection is

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sufficient, even if it includes errors in information not required by subdivision (1) of this subsection, unless the error is misleading with respect to rights arising under this article.

(6) If a notification under this section is not in the form of subdivision (3) of this subsection, law other than this article determines the effect of including information not required by subdivision (1) of this subsection.

(b) The following instructions apply to the form of notification in subdivision (3) of subsection (a) of this section:

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

(2) Include and complete either subparagraph (A) of subdivision (3) of subsection (a) of this section, if the notification relates to a public disposition of the collateral, or subparagraph (B) of subdivision (3) of subsection (a) of this section, if the notification relates to a private disposition of the collateral.

(3) Include and complete subparagraphs (C) to (G), inclusive, of subdivision (3) of subsection (a) of this section.

(4) In subparagraph (E) of subdivision (3) of subsection (a) of this section, include and complete any one of the three alternative methods for the explanation, (i) writing, (ii) writing or electronic record, or (iii) electronic record.

(5) In subparagraph (F) of subdivision (3) of subsection (a) of this section, include the telephone number. In addition, the sender may include and complete either or both of the two additional alternative methods of communication, (i) writing, or (ii) electronic

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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 subparagraph (G) of subdivision (3) of subsection (a) of this section, include and complete the method or methods for the explanation, (i) writing, (ii) writing or electronic record, or (iii) electronic record, included in subparagraph (E) of subdivision (3) of subsection (a) of this section.

(7) Include and complete subparagraph (H) of subdivision (3) of subsection (a) of this section only if a written explanation is included in subparagraph (E) of subdivision (3) of subsection (a) of this section as a method for communicating the explanation and the sender will charge the recipient for another written explanation.

(8) In subparagraph (I) of subdivision (3) of subsection (a) of this section, 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 subparagraph (J) of subdivision (3) of subsection (a) of this section does not apply, insert "None" after "agreement:".

Sec. 79. Subsection (a) of section 42a-9-615 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) A secured party shall apply or pay over for application the cash proceeds of disposition under section 42a-9-610 in the following order to:

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(1) The reasonable expenses of retaking, holding, preparing for disposition, processing and disposing, and, to the extent provided for by agreement and not prohibited by law, reasonable attorney's fees and legal expenses incurred by the secured party;

(2) The satisfaction of obligations secured by the security interest or agricultural lien under which the disposition is made;

(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.

Sec. 80. Section 42a-9-616 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) 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 this section of how the secured party calculated the surplus or deficiency;

(C) States, if applicable, that future debits, credits, charges, including

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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 42a-9-610.

(b) 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 42a-9-615, as amended by this act, 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 fourteen days after receipt of a request; or

(2) In the case of a consumer obligor who is liable for a deficiency, within fourteen days after receipt of a request, send to the consumer obligor a record waiving the secured party's right to a deficiency.

(c) To comply with subparagraph (B) of subdivision (1) of subsection (a) of this section, [a writing] an explanation must provide the following information in the following order:

(1) The aggregate amount of obligations secured by the security interest under which the disposition was made, and, if the amount

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reflects a rebate of unearned interest or credit service charge, an indication of that fact, calculated as of a specified date:

(A) If the secured party takes or receives possession of the collateral after default, not more than thirty-five days before the secured party takes or receives possession; or

(B) If the secured party takes or receives possession of the collateral before default or does not take possession of the collateral, not more than thirty-five days before the disposition;

(2) The amount of proceeds of the disposition;

(3) The aggregate amount of the obligations after deducting the amount of proceeds;

(4) The amount, in the aggregate or by type, and types of expenses, including expenses of retaking, holding, preparing for disposition, processing and disposing of the collateral, and attorney's fees secured by the collateral which are known to the secured party and relate to the current disposition;

(5) The amount, in the aggregate or by type, and types of credits, including rebates of interest or credit service charges, to which the obligor is known to be entitled and which are not reflected in the amount in subdivision (1) of this subsection; and

(6) The amount of the surplus or deficiency.

(d) A particular phrasing of the explanation is not required. An explanation complying substantially with the requirements of subsection (a) of this section is sufficient, even if it includes minor errors that are not seriously misleading.

(e) A debtor or consumer obligor is entitled without charge to one response to a request under this section during any six-month period in

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which the secured party did not send to the debtor or consumer obligor an explanation pursuant to subdivision (1) of subsection (b) of this section. The secured party may require payment of a charge not exceeding twenty-five dollars for each additional response.

Sec. 81. Subsection (a) of section 42a-9-619 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

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

(1) That the debtor has defaulted in connection with an obligation secured by specified collateral;

(2) That the secured party has exercised its post-default remedies with respect to the collateral;

(3) That, by reason of the exercise, a transferee has acquired the rights of the debtor in the collateral; and

(4) The name and mailing address of the secured party, debtor and transferee.

Sec. 82. Section 42a-9-620 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) Except as otherwise provided in subsection (g) of this section, a secured party may accept collateral in full or partial satisfaction of the obligation it secures only if:

(1) The debtor consents to the acceptance under subsection (c) of this section;

(2) The secured party does not receive, within the time set forth in subsection (d) of this section, a notification of objection to the proposal

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[authenticated] signed by:

(A) A person to which the secured party was required to send a proposal under section 42a-9-621, as amended by this act; 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;

(3) If the collateral is consumer goods, the collateral is not in the possession of the debtor when the debtor consents to the acceptance; and

(4) Subsection (e) of this section does not require the secured party to dispose of the collateral or the debtor waives the requirement pursuant to section 42a-9-624, as amended by this act.

(b) 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

(2) The conditions of subsection (a) of this section are met.

(c) 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:

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(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 twenty days after the proposal is sent.

(d) To be effective under subdivision (2) of subsection (a) of this section, a notification of objection must be received by the secured party:

(1) In the case of a person to which the proposal was sent pursuant to section 42a-9-621, as amended by this act, within twenty days after notification was sent to that person; and

(2) In other cases:

(A) Within twenty days after the last notification was sent pursuant to section 42a-9-621, as amended by this act; or

(B) If a notification was not sent, before the debtor consents to the acceptance under subsection (c) of this section.

(e) A secured party that has taken possession of collateral shall dispose of the collateral pursuant to section 42a-9-610 within the time specified in subsection (f) of this section if:

(1) Sixty per cent of the cash price has been paid in the case of a purchase-money security interest in consumer goods; or

(2) Sixty per cent of the principal amount of the obligation secured has been paid in the case of a non-purchase-money security interest in consumer goods.

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(f) To comply with subsection (e) of this section, the secured party shall dispose of the collateral:

(1) Within ninety days after taking possession; or

(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.

(g) In a consumer transaction, a secured party may not accept collateral in partial satisfaction of the obligation it secures.

(h) Nothing in subsection (b) of this section shall prohibit a consumer in a consumer goods transaction from proving that the secured party has agreed to accept the collateral in full satisfaction of the obligation by means other than [an authenticated] a signed record.

Sec. 83. Section 42A-9-621 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) 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;

(2) Any other secured party or lienholder that, ten days before the debtor consented to the acceptance, held a security interest in or other lien on the collateral perfected by the filing of a financing statement that:

(A) Identified the collateral;

(B) Was indexed under the debtor's name as of that date; and

(C) Was filed in the office or offices in which to file a financing

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statement against the debtor covering the collateral as of that date; and

(3) Any other secured party that, ten days before the debtor consented to the acceptance, held a security interest in the collateral perfected by compliance with a statute, regulation or treaty described in subsection (a) of section 42a-9-311.

(b) A secured party that desires to accept collateral in partial satisfaction of the obligation it secures shall send its proposal to any secondary obligor in addition to the persons described in subsection (a) of this section.

Sec. 84. Section 42a-9-624 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) A debtor or secondary obligor may waive the right to notification of disposition of collateral under section 42a-9-611, as amended by this act, only by an agreement to that effect entered into and [authenticated] signed after default.

(b) A debtor may waive the right to require disposition of collateral under subsection (e) of section 42a-9-620, as amended by this act, only by an agreement to that effect entered into and [authenticated] signed after default.

(c) Except in a consumer-goods transaction, a debtor or secondary obligor may waive the right to redeem collateral under section 42a-9-623 only by an agreement to that effect entered into and [authenticated] signed after default.

Sec. 85. Section 42a-9-628 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) [Unless] Subject to subsection (f) of this section, unless a secured party knows that a person is a debtor or obligor, knows the identity of

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the person and knows how to communicate with the person:

(1) The secured party is not liable to the person, or to a secured party or lienholder that has filed a financing statement against the person, for failure to comply with this article; and

(2) The secured party's failure to comply with this article does not affect the liability of the person for a deficiency.

(b) [A] Subject to subsection (f) of this section, a secured party is not liable because of its status as secured party:

(1) To a person that is a debtor or obligor, unless the secured party knows:

(A) That the person is a debtor or obligor;

(B) The identity of the person; and

(C) How to communicate with the person; or

(2) To a secured party or lienholder that has filed a financing statement against a person, unless the secured party knows:

(A) That the person is a debtor; and

(B) The identity of the person.

(c) A secured party is not liable to any person, and a person's liability for a deficiency is not affected, because of any act or omission arising out of the secured party's reasonable belief that a transaction is not a consumer-goods transaction or a consumer transaction or that goods are not consumer goods, if the secured party's belief is based on its reasonable reliance on:

(1) A debtor's representation concerning the purpose for which collateral was to be used, acquired or held; or

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(2) An obligor's representation concerning the purpose for which a secured obligation was incurred.

(d) A secured party is not liable to any person under subdivision (2) of subsection (c) of section 42a-9-625 for its failure to comply with section 42a-9-616, as amended by this act.

(e) A secured party is not liable under subdivision (2) of subsection (c) of section 42a-9-625 more than once with respect to any one secured obligation.

(f) Subsections (a) and (b) of this section 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 subparagraph (A), (B) or (C) of subdivision (1) of subsection (b) of this section 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.

Sec. 86. (NEW) (*Effective January 1, 2026*) Sections 86 to 92, inclusive, of this act may be cited as Uniform Commercial Code—Controllable Electronic Records.

Sec. 87. (NEW) (*Effective January 1, 2026*) (a) In sections 86 to 92, inclusive, of this act:

(1) "Controllable electronic record" means a record stored in an electronic medium that can be subjected to control under section 90 of this act. The term does not include a controllable account, a controllable

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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 USC 7021(a)(1), as amended from time to time; or

(B) Subsection (a) of section 1-281 of the general statutes.

(4) "Value" has the meaning provided in subsection (a) of section 42a-3-303 of the general statutes, as if references in said subsection to an "instrument" were references to a controllable account, controllable electronic record or controllable payment intangible.

(b) The definitions in article 9, as amended by this act, of "account debtor", "controllable account", "controllable payment intangible", "chattel paper", "deposit account", "electronic money" and "investment property" apply to sections 86 to 92, inclusive, of this act.

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

Sec. 88. (NEW) (*Effective January 1, 2026*) (a) If there is conflict between sections 86 to 92, inclusive, of this act and article 9, as amended by this act, article 9, as amended by this act, governs.

(b) A transaction subject to sections 86 to 92, inclusive, of this act, is

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subject to any applicable rule of law that establishes a different rule for consumers and (1) any other statute or regulation that regulates the rates, charges, agreements and practices for loans, credit sales or other extensions of credit, and (2) any consumer protection statute or regulation.

Sec. 89. (NEW) (*Effective January 1, 2026*) (a) 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 this section of a purchaser and qualifying purchaser, in the same manner this section applies to a controllable electronic record.

(b) 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.

(c) Except as provided in this section, law other than sections 86 to 92, inclusive, of this act determines whether a person acquires a right in a controllable electronic record and the right the person acquires.

(d) A purchaser of a controllable electronic record acquires all rights in the controllable electronic record that the transferor had or had power to transfer, except that a purchaser of a limited interest in a controllable electronic record acquires rights only to the extent of the interest purchased.

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

(f) Except as provided in subsections (a) and (e) of this section for a controllable account and a controllable payment intangible or law other

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than sections 86 to 92, inclusive, of this act, a qualifying purchaser takes a right to payment, right to performance or other interest in property evidenced by the controllable electronic record subject to a claim of a property right in the right to payment, right to performance or other interest in property.

(g) An action may not be asserted against a qualifying purchaser based on both a purchase by the qualifying purchaser of a controllable electronic record and a claim of a property right in another controllable electronic record, whether the action is framed in conversion, replevin, constructive trust, equitable lien or other theory.

(h) Filing of a financing statement under article 9, as amended by this act, is not notice of a claim of a property right in a controllable electronic record.

Sec. 90. (NEW) (*Effective January 1, 2026*) (a) A person has control of a controllable electronic record if the electronic record, a record attached to or logically associated with the electronic record or a system in which the electronic record is recorded:

(1) Gives the person:

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

(B) Exclusive power, subject to subsection (b) of this section, to:

(i) Prevent others from availing themselves of substantially all the benefit from the electronic record; and

(ii) Transfer control of the electronic record to another person or cause another person to obtain control of another controllable electronic record as a result of the transfer of the electronic record; and

(2) Enables the person readily to identify itself in any way, including

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by name, identifying number, cryptographic key, office or account number, as having the powers specified in subdivision (1) of this subsection.

(b) Subject to subsection (c) of this section, a power is exclusive under subparagraphs (B)(i) and (B)(ii) of subdivision (1) of subsection (a) of this section even if:

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

(2) The power is shared with another person.

(c) A power of a person is not shared with another person under subdivision (2) of subsection (b) of this section 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 controllable electronic record or a controllable account or controllable payment intangible evidenced by the controllable electronic record.

(d) If a person has the powers specified in subparagraphs (B)(i) and (B)(ii) of subdivision (1) of subsection (a) of this section, the powers are presumed to be exclusive.

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

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

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

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

(g) 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 sections 86 to 92, inclusive, of this act or article 9, as amended by this act, 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.

Sec. 91. (NEW) (*Effective January 1, 2026*) (a) An account debtor on a controllable account or controllable payment intangible 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) of this section, a person that formerly had control of the controllable electronic record.

(b) Subject to subsection (d) of this section, the account debtor may not discharge its obligation by paying a person that formerly had control

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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) After receipt of a notification that complies with subsection (b) of this section, 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) Subject to subsection (h) of this section, notification is ineffective under subsection (b) of this section:

(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

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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 sections 86 to 92, inclusive, of this act; 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.

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

(f) A person furnishes reasonable proof under subsection (e) of this section that control has been transferred if the person demonstrates, using the method in the agreement referred to in subdivision (1) of subsection (d) of this section, that the transferee has the power to:

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

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

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(3) Transfer the powers specified in subdivisions (1) and (2) of this subsection to another person.

(g) Subject to subsection (h) of this section, an account debtor may not waive or vary its rights under subdivision (1) of subsection (d) of this section and subsection (e) of this section, or its option under subdivision (3) of subsection (d) of this section.

(h) This section is subject to law other than sections 86 to 92, inclusive, of this act, which establishes a different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family or household purposes.

Sec. 92. (NEW) (*Effective January 1, 2026*) (a) Except as provided in subsection (b) of this section, the local law of a controllable electronic record's jurisdiction governs a matter covered by sections 86 to 92, inclusive, of this act.

(b) For a controllable electronic record that evidences a controllable account or controllable payment intangible, the local law of the controllable electronic record's jurisdiction governs a matter covered by section 91 of this act, unless an effective agreement determines that the local law of another jurisdiction governs.

(c) The following rules determine a controllable electronic record's jurisdiction under this section:

(1) If 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 a particular jurisdiction is the controllable electronic record's jurisdiction for purposes of sections 86 to 92, inclusive, of this act or the Uniform Commercial Code, as adopted in this title, that jurisdiction is the controllable electronic record's jurisdiction.

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(2) If subdivision (1) of this subsection 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 sections 86 to 92, inclusive, of this act or the Uniform Commercial Code, as adopted in this title, that jurisdiction is the controllable electronic record's jurisdiction.

(3) If subdivisions (1) and (2) of this subsection 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 subdivisions (1), (2) and (3) of this subsection 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 subdivisions (1) to (4), inclusive, of this subsection do not apply, the controllable electronic record's jurisdiction is the District of Columbia.

(d) If subdivision (5) of subsection (c) of this section applies and sections 86 to 92, inclusive, of this act are not in effect in the District of Columbia without material modification, the governing law for a matter covered by sections 86 to 92, inclusive, of this act is the law of the District of Columbia as though sections 86 to 92, inclusive, of this act were in effect in the District of Columbia without material modification. In this subsection, "sections 86 to 92, inclusive, of this act" means Article 12 of Uniform Commercial Code Amendments (2022).

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(e) To the extent subsections (a) and (b) of this section 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) The rights acquired under section 89 of this act by a purchaser or qualifying purchaser are governed by the law applicable under this section at the time of purchase.

Sec. 93. (NEW) (*Effective January 1, 2026*) Sections 93 to 101, inclusive, of this act may be cited as Transitional Provisions for Uniform Commercial Code Amendments (2022).

Sec. 94. (NEW) (*Effective January 1, 2026*) (a) In sections 93 to 101, inclusive, of this act:

(1) "Adjustment date" means January 1, 2027.

(2) "Sections 86 to 92, inclusive, of this act" means Article 12 of the Uniform Commercial Code, as adopted in this title.

(3) "Article 12 property" means a controllable account, controllable electronic record or controllable payment intangible.

(b) The following definitions in other articles of the Uniform Commercial Code, as adopted in this title, apply to sections 93 to 101, inclusive, of this act:

"Controllable account". Section 42a-9-102 of the general statutes, as amended by this act.

"Controllable electronic record". Section 87 of this act.

"Controllable payment intangible". Section 42a-9-102 of the general statutes, as amended by this act.

"Electronic money". Section 42a-9-102 of the general statutes, as

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amended by this act.

"Financing statement". Section 42a-9-102 of the general statutes, as amended by this act.

(c) Article 1 contains general definitions and principles of construction and interpretation applicable throughout sections 93 to 101, inclusive, of this act.

Sec. 95. (NEW) (*Effective January 1, 2026*) Except as provided in sections 96 to 101, inclusive, of this act, a transaction validly entered into before January 1, 2026, 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, as adopted in this title, or, if applicable, this title, as though this act had not taken effect.

Sec. 96. (NEW) (*Effective January 1, 2026*) (a) Except as provided in sections 93 and 94 of this act, article 9, as amended by this act, and sections 86 to 92, inclusive, of this act apply to a transaction, lien or other interest in property, even if the transaction, lien or interest was entered into, created or acquired before January 1, 2026.

(b) Except as provided in subsection (c) of this section and sections 97 to 101, inclusive, of this act:

(1) A transaction, lien or interest in property that was validly entered into, created or transferred before January 1, 2026, and was not governed by the Uniform Commercial Code, as enacted in this title, but would be subject to article 9, as amended by this act, or sections 86 to 92, inclusive, of this act if it had been entered into, created or transferred on or after January 1, 2026, including the rights, duties and interests flowing from the transaction, lien or interest, remains valid on and after January 1, 2026; and

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

(c) This act does not affect an action, case or proceeding commenced before January 1, 2026.

Sec. 97. (NEW) (*Effective January 1, 2026*) (a) A security interest that is enforceable and perfected immediately before January 1, 2026, is a perfected security interest under this act if, on January 1, 2026, the requirements for enforceability and perfection under this act are satisfied without further action.

(b) If a security interest is enforceable and perfected immediately before January 1, 2026, but the requirements for enforceability or perfection under this act are not satisfied on January 1, 2026, 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 January 1, 2026, or the adjustment date;

(2) Remains enforceable thereafter only if the security interest satisfies the requirements for enforceability under section 42a-9-203 of the general statutes, as amended by this act, before the adjustment date; and

(3) Remains perfected thereafter only if the requirements for perfection under this act are satisfied before the time specified in subdivision (1) of this subsection.

Sec. 98. (NEW) (*Effective January 1, 2026*) A security interest that is enforceable immediately before January 1, 2026, but is unperfected at that time:

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

(2) Remains enforceable thereafter if the security interest becomes enforceable under section 42a-9-203 of the general statutes, as amended by this act, on January 1, 2026, or before the adjustment date; and

(3) Becomes perfected:

(A) Without further action, on January 1, 2026, if the requirements for perfection under this act are satisfied before or at that time; or

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

Sec. 99. (NEW) (*Effective January 1, 2026*) (a) If action, other than the filing of a financing statement, is taken before January 1, 2026, and the action would have resulted in perfection of the security interest had the security interest become enforceable before January 1, 2026, the action is effective to perfect a security interest that attaches under this act before the adjustment date. An attached security interest becomes unperfected on the adjustment date unless the security interest becomes a perfected security interest under this act before the adjustment date.

(b) The filing of a financing statement before January 1, 2026, is effective to perfect a security interest on January 1, 2026, to the extent the filing would satisfy the requirements for perfection under this act.

(c) The taking of an action before January 1, 2026, is sufficient for the enforceability of a security interest on January 1, 2026, if the action would satisfy the requirements for enforceability under this act.

Sec. 100. (NEW) (*Effective January 1, 2026*) (a) Subject to subsections (b) and (c) of this section, this act determines the priority of conflicting claims to collateral.

(b) Subject to subsection (c) of this section, if the priorities of claims

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to collateral were established before January 1, 2026, article 9, as in effect before January 1, 2026, determines priority.

(c) On the adjustment date, to the extent the priorities determined by article 9, as amended by this act, modify the priorities established before January 1, 2026, the priorities of claims to article 12 property and electronic money established before January 1, 2026, cease to apply.

Sec. 101. (NEW) (*Effective January 1, 2026*) (a) Subject to subsections (b) and (c) of this section, sections 86 to 92, inclusive, of this act determine the priority of conflicting claims to article 12 property when the priority rules of article 9, as amended by this act, do not apply.

(b) Subject to subsection (c) of this section, when the priority rules of article 9, as amended by this act, do not apply and the priorities of claims to article 12 property were established before January 1, 2026, law other than sections 86 to 92, inclusive, of this act determines priority.

(c) When the priority rules of article 9, as amended by this act, do not apply, to the extent the priorities determined by this act modify the priorities established before January 1, 2026, the priorities of claims to article 12 property established before January 1, 2026, cease to apply on the adjustment date.

Sec. 102. Section 1-1a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

Unless the context of any statute requires a different interpretation, all words and terms appearing in any statute and relating to security in personal property shall be construed to mean their counterparts in [subdivision (35) of subsection (b) of] section 42a-1-201, as amended by this act, and chapter 748. In particular "chattel mortgage", "conditional sale contract" or "lien" on personal property, except a lien of the type to which chapter 748 does not apply under subdivision (2) of subsection (d) of section 42a-9-109, shall be construed to mean "security interest";

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"mortgagor" and "conditional vendee" shall be construed to mean "debtor"; "mortgagee" and "conditional vendor" shall be construed to mean "secured party".

Sec. 103. Subsection (d) of section 1-281 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(d) Except as otherwise agreed, a person having control of a transferable record is the holder, as defined in [subdivision (21) of subsection (b) of] section 42a-1-201, as amended by this act, or other similar law, of the transferable record and has the same rights and defenses as a holder of an equivalent record or writing under the Uniform Commercial Code, or other similar law, including, if the applicable statutory requirements under subsection (a) of section 42a-3-302 or section 42a-7-501 or 42a-9-308, or other similar law, are satisfied, the rights and defenses of a holder in due course, a holder to which a negotiable document of title has been duly negotiated or a purchaser, respectively. Delivery, possession and endorsement are not required to obtain or exercise any of the rights under this subsection.

Sec. 104. Subsection (a) of section 12-35a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) Whenever used in this section, unless the context otherwise requires: (1) "Goods" means goods, as defined in [subdivision (44) of subsection (a) of] section 42a-9-102, as amended by this act; (2) "proceeds" means proceeds, as defined in [subdivision (64) of subsection (a) of] section 42a-9-102, as amended by this act; (3) "debtor" means the taxpayer; (4) "secured party" means the state of Connecticut; (5) "collateral" means property which is the subject of the tax lien; (6) "obligations" means amount of tax and accrued penalties and interest claimed to be due the state in relation to the tax lien; (7) "person" means

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any individual, trust, partnership, association, company, limited liability company or corporation; (8) "purchase money security interest" means purchase money security interest, as defined in section 42a-9-103a; (9) "commercial transactions financing agreement" means an agreement entered into by a person in the course of his trade or business to make loans to the taxpayer, part or all of the security for repayment of any such loan being inventory acquired by the taxpayer in the ordinary course of trade or business; (10) "qualified property" when used with respect to a commercial transactions financing agreement, means inventory; (11) "obligatory disbursement agreement" means an agreement, entered into by a person in the course of trade or business, to make disbursements but such an agreement shall be considered within this term only to the extent of disbursements which are required to be made by reason of the intervention of the rights of a person other than the taxpayer; (12) "qualified property" when used with respect to obligatory disbursement agreement, means property subject to the lien imposed in accordance with this section, at the time of tax lien filing and, to the extent that the acquisition is directly traceable to the disbursements under an obligatory disbursement agreement, property acquired by the taxpayer after the time of tax lien filing; (13) "inventory" means inventory, as defined in [subdivision (48) of subsection (a) of] section 42a-9-102, as amended by this act; (14) "lien creditor" means lien creditor, as defined in [subdivision (52) of subsection (a) of] section 42a-9-102, as amended by this act; (15) "account" means account, as defined in [subdivision (2) of subsection (a) of] section 42a-9-102, as amended by this act; (16) "chattel paper" means chattel paper, as defined in [subdivision (11) of subsection (a) of] section 42a-9-102, as amended by this act; (17) "commercial tort claim" means commercial tort claim, as defined in [subdivision (13) of subsection (a) of] section 42a-9-102, as amended by this act; (18) "deposit account" means deposit account, as defined in [subdivision (29) of subsection (a) of] section 42a-9-102, as amended by this act; (19) "document" means document, as defined in [subdivision (30) of subsection (a) of] section 42a-9-102, as amended by

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this act; (20) "general intangible" means general intangible, as defined in [subdivision (42) of subsection (a) of] section 42a-9-102, as amended by this act; (21) "instrument" means instrument, as defined in [subdivision (47) of subsection (a) of] section 42a-9-102, as amended by this act; (22) "investment property" means investment property, as defined in [subdivision (49) of subsection (a) of] section 42a-9-102, as amended by this act; (23) "filing office" means filing office, as defined in [subdivision (37) of subsection (a) of] section 42a-9-102, as amended by this act; and (24) "state" means state, as defined in [subdivision (77) of subsection (a) of] section 42a-9-102, as amended by this act, except that "the state" or "this state" means the state of Connecticut.

Sec. 105. Subparagraph (C) of subdivision (70) of section 12-81 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(C) The state and the municipality and district shall hold a security interest, as defined in [subdivision (35) of subsection (b) of] section 42a-1-201, as amended by this act, in any machinery or equipment which is exempt from taxation pursuant to this subdivision, in an amount equal to the tax revenue reimbursed or lost, as the case may be, which shall be subordinate to any purchase money security interest, as defined in section 42a-9-103a. Such security interest shall be enforceable against the taxpayer for a period of five years after the last assessment year in which such exemption was received in any case in which the business organization ceases all business operations or moves its business operations entirely out of this state. Any assessor who has granted an exemption under this subdivision shall provide written notification to the secretary of the cessation of such operations or the move of such operations entirely out of this state. Such notification may be made at any time after the October first of the last assessment year in which such exemption is granted and before the September thirtieth that is five years after the conclusion of said assessment year. Upon receiving such

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notification and complying with the provisions of section 12-35a, as amended by this act, the state shall have a lien upon the machinery or equipment situated in this state and owned by the person that ceased all business operations or moved such operations entirely out of this state. Notwithstanding the provisions of section 12-35a, as amended by this act, the total amount of the reimbursement made by the state for the property tax exemptions granted to the person under the provisions of this subdivision, shall be deemed to be the amount of the tax which such person failed to pay. Notwithstanding said section 12-35a, the information required to be included in the notice of lien for said tax shall be as follows: (i) The owner of the property upon which the lien is claimed, (ii) the business address or residence address of such owner, (iii) the specific property claimed to be subject to such lien, (iv) the location of such property at the time it was last made tax-exempt pursuant to this subdivision, (v) the total amount of the reimbursement made by the state for the property tax exemptions granted to such owner under the provisions of this subdivision, and (vi) the tax period or periods for which such lien is claimed. If more than one agency of the state perfects such a notice of lien on the same day, the priority of such liens shall be determined by the time of day such liens were perfected, and if perfected at the same time, the lien for the highest amount shall have priority. In addition to the other remedies provided in this subdivision, the Attorney General, upon request of the secretary, may bring a civil action in a court of competent jurisdiction to recover the amount of tax revenue reimbursed by the state from any person who received an exemption under this subdivision;

Sec. 106. Subsections (a) and (b) of section 12-195a of the general statutes are repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) "Goods" means goods as defined in [subdivision (44) of subsection (a) of] section 42a-9-102, as amended by this act;

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(b) "Proceeds" means proceeds as defined in [subdivision (64) of subsection (a) of] section 42a-9-102, as amended by this act;

Sec. 107. Subdivision (1) of section 12-195f of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(1) With respect to a security interest which came into existence after tax lien filing but which (A) is in qualified property covered by the terms of a written agreement entered into before tax lien filing and constituting (i) a commercial transactions financing agreement, or (ii) an obligatory disbursement agreement, and (B) is protected under the laws of the state of Connecticut against a judgment lien arising, as of the time of tax lien filing, out of an unsecured obligation. (C) For purposes of this section, (i) the term "commercial transactions financing agreement" means an agreement, entered into by a person in the course of such person's trade or business, to make loans to the taxpayer, part or all of the security for repayment of said loans being inventory acquired by the taxpayer in the ordinary course of such taxpayer's trade or business, but such an agreement shall be treated as coming within the term only to the extent that such loan is made before the forty-sixth day after the date of tax lien filing or before the lender had actual notice or knowledge of such tax lien filing, whichever is earlier. (ii) The term "qualified property", when used with respect to a commercial transactions financing agreement, means inventory acquired by the taxpayer before the forty-sixth day after the date of tax lien filing. (iii) The term "obligatory disbursement agreement" means an agreement, entered into by a person in the course of such person's trade or business, to make disbursements, but such an agreement shall be treated as coming within the term only to the extent of disbursements which are required to be made by reason of the intervention of the rights of a person other than the taxpayer. (iv) The term "qualified property", when used with respect to an obligatory disbursement agreement, means property subject to the

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lien imposed by sections 12-195a to 12-195g, inclusive, as amended by this act, at the time of tax lien filing and, to the extent that the acquisition is directly traceable to the disbursements referred to in subparagraph (iii), property acquired by the taxpayer after tax lien filing. (v) The term "inventory" when used in this section means inventory as defined in [subdivision (48) of subsection (a) of] section 42a-9-102, as amended by this act;

Sec. 108. Subparagraph (A) of subdivision (15) of section 12-407 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(15) (A) "Engaged in business in the state" means and, to the extent not prohibited by the Constitution of the United States, includes, but shall not be limited to, the following acts or methods of transacting business:

(i) Selling in this state, or any activity in this state in connection with selling in this state, tangible personal property for use, storage or consumption within the state;

(ii) Engaging in the transfer for a consideration of the occupancy of any room or rooms in a hotel, lodging house or bed and breakfast establishment for a period of thirty consecutive calendar days or less;

(iii) Rendering in this state any service described in any of the subparagraphs of subdivision (2) of this subsection;

(iv) Maintaining, occupying or using, permanently or temporarily, directly or indirectly, through a subsidiary or agent, by whatever name called, any office, place of distribution, sales or sample room or place, warehouse or storage point or other place of business or having any representative, agent, salesman, canvasser or solicitor operating in this state for the purpose of selling, delivering or taking orders;

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(v) Selling tangible personal property or services from outside this state to a destination within this state, provided at least one hundred thousand dollars of gross receipts are received and two hundred or more retail sales from outside this state to destinations within this state are made during the twelve-month period ended on the September thirtieth immediately preceding the monthly or quarterly period with respect to which liability for tax under this chapter is determined;

(vi) Being owned or controlled, either directly or indirectly, by a retailer engaged in business in this state which is the same as or similar to the line of business in which the retailer so owned or controlled is engaged;

(vii) Being owned or controlled, either directly or indirectly, by the same interests that own or control, either directly or indirectly, a retailer engaged in business in this state which is the same as or similar to the line of business in which the retailer so owned or controlled is engaged;

(viii) Being the assignee of a person engaged in the business of leasing tangible personal property to others, where leased property of such person is situated within this state and such assignee has a security interest, as defined in [subdivision (35) of subsection (b) of] section 42a-1-201, as amended by this act, in such property;

(ix) Notwithstanding the fact that retail sales of items of tangible personal property are made from outside this state to a destination within this state, repairing or servicing such items, under a warranty, in this state, either directly or indirectly through an agent, independent contractor or subsidiary; and

(x) Selling tangible personal property or services through an agreement with a person located in this state, under which such person located in this state, for a commission or other consideration that is based upon the sale of tangible personal property or services by the

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retailer, directly or indirectly refers potential customers, whether by a link on an Internet web site or otherwise, to the retailer, provided the cumulative gross receipts from sales by the retailer to customers in the state who are referred to the retailer by all such persons with this type of agreement with the retailer is in excess of one hundred thousand dollars during the four preceding four quarterly periods ending on the last day of March, June, September and December.

Sec. 109. Subdivisions (7) and (8) of section 14-165 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(7) "Security agreement" means a "security agreement" as defined in [subdivision (74) of subsection (a) of] section 42a-9-102, as amended by this act;

(8) "Security interest" means a "security interest" as defined in [subdivision (35) of subsection (b) of] section 42a-1-201, as amended by this act;

Sec. 110. Subdivisions (36) and (37) of section 15-202 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(36) "Consumer goods" has the same meaning as provided in [subdivision (23) of subsection (a) of] section 42a-9-102, as amended by this act;

(37) "Debtor" has the same meaning as provided in [subdivision (28) of subsection (a) of] section 42a-9-102, as amended by this act;

Sec. 111. Subdivision (43) of section 15-202 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

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(43) "Security agreement" has the same meaning as provided in [subdivision (74) of subsection (a) of] section 42a-9-102, as amended by this act;

Sec. 112. Subdivision (45) of section 15-202 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(45) "Send" has the same meaning as provided in [subdivision (36) of subsection (b) of] section 42a-1-201, as amended by this act; and

Sec. 113. Subsection (c) of section 36a-770 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(c) Definitions. As used in this section and sections 36a-771 to 36a-788, inclusive, 42-100b and 42-100c, unless the context otherwise requires:

(1) "Boat" means any watercraft, as defined in section 22a-248, other than a seaplane, used or capable of being used as a means of transportation on water, by any power including muscular.

(2) "Cash price" means the total amount in dollars at which the seller and buyer agreed the seller would transfer unqualified title to the goods, if the transaction were a cash sale instead of a sale under a retail installment contract.

(3) "Commercial vehicle" means any domestic or foreign truck or truck tractor of ten thousand or more pounds gross vehicular weight or any trailer or semitrailer designed for use in connection with any truck or truck tractor of ten thousand or more pounds gross vehicular weight and which is not used primarily for personal, family or household use.

(4) "Filing fee" means the fee prescribed by law for filing, recording

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or otherwise perfecting and releasing or satisfying a security interest, as defined in [subdivision (35) of subsection (b) of] section 42a-1-201, as amended by this act, retained or created by a retail installment contract or installment loan contract.

(5) "Finance charge" means the amount in excess of the cash price of the goods agreed upon by the retail seller and the retail buyer, to be paid by the retail buyer for the privilege of purchasing the goods under the retail installment contract or installment loan contract.

(6) "Goods" means (A) "consumer goods", as defined in [subdivision (23) of subsection (a) of] section 42a-9-102, as amended by this act, and motor vehicles included under such definition, having an aggregate cash price of seventy-five thousand dollars or less, and (B) "equipment", as defined in [subdivision (33) of subsection (a) of] section 42a-9-102, as amended by this act, having an aggregate cash price of twenty-five thousand dollars or less, provided such consumer goods or such equipment is included in one retail installment contract or installment loan contract.

(7) "Installment loan contract" means any agreement made in this state to repay in installments the amount loaned or advanced to a retail buyer for the purpose of paying the retail purchase price of goods and by virtue of which a security interest, as defined in [subdivision (35) of subsection (b) of] section 42a-1-201, as amended by this act, is taken in the goods for the payment of the amount loaned or advanced. For purposes of this subdivision, "installment loan contract" does not include agreements to repay in installments loans made by the United States or any department, agency or instrumentality thereof.

(8) "Lender" means a person who extends or offers to extend credit to a retail buyer under an installment loan contract.

(9) A retail installment contract or installment loan contract is "made

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in this state" if: (A) An offer or agreement is made in Connecticut by a retail seller or a lender to sell or extend credit to a resident retail buyer, including, but not limited to, any verbal or written solicitation or communication to sell or extend credit originating outside the state of Connecticut but forwarded to and received in Connecticut by a resident retail buyer; or (B) an offer to buy or an application for extension of credit, or an acceptance of an offer to buy or to extend credit, is made in Connecticut by a resident retail buyer, regardless of the situs of the contract which may be specified therein, including, but not limited to, any verbal or written solicitation or communication to buy or to have credit extended, originating within the state of Connecticut but forwarded to and received by a retail seller or a lender outside the state of Connecticut. For purposes of this subdivision, a "resident retail buyer" means a retail buyer who is a resident of the state of Connecticut.

(10) "Motor vehicle" means any device in, upon or by which any person or property is or may be transported or drawn upon a highway by any power other than muscular. For purposes of this subdivision, "motor vehicle" does not include self-propelled wheelchairs and invalid tricycles, tractors, power shovels, road machinery, implements of husbandry and other agricultural machinery, or other machinery not designed primarily for highway transportation but which may incidentally transport persons or property on a highway, or devices which move upon or are guided by a track or travel through the air.

(11) "Retail buyer" means a person who buys or agrees to buy one or more articles of goods from a retail seller not for the purpose of resale or lease to others in the course of business and who executes a retail installment contract or an installment loan contract in connection therewith.

(12) "Retail installment contract" means any security agreement, as defined in [subdivision (74) of subsection (a) of] section 42a-9-102, as amended by this act, made in this state, including one in the form of a

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mortgage, conditional sale contract or other instrument evidencing an agreement to pay the retail purchase price of goods, or any part thereof, in installments over a period of time and pursuant to which a security interest, as defined in [subdivision (35) of subsection (b) of] section 42a-1-201, as amended by this act, is retained or taken by the retail seller for the payment of the amount of such retail installment contract. For purposes of this subdivision, "retail installment contract" does not include a rent-to-own agreement, as defined in section 42-240, as amended by this act.

(13) "Retail installment sale" means any sale evidenced by a retail installment contract or installment loan contract wherein a retail buyer buys goods from a retail seller at a time sale price payable in two or more installments. The cash price of the goods, the amount, if any, included for other itemized charges which are included in the amount of the credit extended but which are not part of the finance charge under sections 36a-675 to 36a-686, inclusive, and the finance charge shall together constitute the time sale price. For purposes of this subdivision, "retail installment sale" does not include a rent-to-own agreement, as defined in section 42-240, as amended by this act.

(14) "Retail seller" means a person who sells or agrees to sell one or more articles of goods under a retail installment contract or an installment loan contract to a retail buyer.

(15) "Sales finance company" means any person engaging in this state in the business, in whole or in part, of (A) acquiring retail installment contracts or installment loan contracts from holders thereof, by purchase, discount or pledge, or by loan or advance to the holder of either on the security thereof, or otherwise, or (B) receiving payments of principal and interest from a retail buyer under a retail installment contract or installment loan contract.

Sec. 114. Section 36a-779 of the general statutes is repealed and the

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following is substituted in lieu thereof (*Effective January 1, 2026*):

Any sales finance company may purchase or acquire from the original holder thereof or from any other sales finance company any retail installment contract or any installment loan contract on such terms and conditions as may be mutually agreed upon not inconsistent with the provisions of sections 36a-770 to 36a-788, inclusive, as amended by this act, 42-100b and 42-100c. Such contracts constitute chattel paper, as defined in [subdivision (11) of subsection (a) of] section 42a-9-102, as amended by this act, and are governed by article 9 of title 42a, as amended by this act, except as otherwise provided in said sections.

Sec. 115. Subsection (d) of section 42-221 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(d) The consumer may waive a warranty required pursuant to this section only as to a particular defect in the vehicle which the dealer has disclosed to the consumer as being defective. No such waiver shall be effective unless such waiver: (1) Is in writing; (2) is conspicuous, as defined in [subdivision (10) of subsection (b) of] section 42a-1-201, as amended by this act, and is in plain language; (3) identifies the particular disclosed defect in the vehicle for which such warranty is to be waived; (4) states what warranty, if any, shall apply to such disclosed defect; and (5) is signed by both the customer and the dealer prior to sale.

Sec. 116. Subdivision (4) of section 42-240 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(4) "Rent-to-own agreement" means an agreement for the use of personal property by an individual primarily for personal, family or household purposes, for an initial period of four months or less, whether

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or not there is any obligation beyond the initial period, that is automatically renewable with each payment and that permits the consumer to become the owner of the property. Any rent-to-own agreement which complies with sections 42-240 to 42-253, inclusive, as amended by this act, shall not be construed to be, or be governed by the laws of this state regulating, any of the following:

(A) A retail installment contract, as defined in section 36a-770, as amended by this act;

(B) A security interest, as defined in [subdivision (35) of subsection (b) of] section 42a-1-201, as amended by this act.

Sec. 117. Subdivision (3) of section 42a-2-402 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(3) When a seller remains in possession of goods which have been sold or identified to a contract for sale or of goods which, after sale, have been leased back to him, the buyer or lessor of such goods may protect his interest by complying with the filing provisions of article 9, as amended by this act. On compliance the buyer or lessor has, against creditors of and purchasers from the seller, the rights of a secured party with a perfected security interest. Such filing does not, of itself, make the interest of the buyer or lessor a security interest, as defined in [by subdivision (35) of subsection (b) of] section 42a-1-201, as amended by this act.

Sec. 118. Subsection (c) of section 47a-21 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(c) Any security deposit paid by a tenant shall remain the property of such tenant in which the landlord shall have a security interest, as defined in [subdivision (35) of subsection (b) of] section 42a-1-201, as

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amended by this act, to secure such tenant's obligations. A security deposit shall be exempt from attachment and execution by the creditors of the landlord and shall not be considered part of the estate of the landlord in any legal proceeding. Any voluntary or involuntary transfer of a landlord's interest in residential real property to a successor shall constitute an assignment to such successor of such landlord's security interest in all security deposits paid by tenants of such transferred residential real property.

Sec. 119. Subsection (c) of section 52-625 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(c) A person is not disqualified from appointment as receiver solely because the person:

(1) Was appointed receiver or is owed compensation in an unrelated matter involving a party or was engaged by a party in a matter unrelated to the receivership;

(2) Is an individual obligated to a party on a debt that is not in default and was incurred primarily for personal, family or household purposes; or

(3) Maintains with a party a deposit account, as defined in [subdivision (29) of subsection (a) of] section 42a-9-102, as amended by this act.

Sec. 120. Subsection (a) of section 53-129a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) As used in this section:

(1) "Collateral" has the same meaning as [specified in subdivision (12)

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of subsection (a) of] provided in section 42a-9-102, as amended by this act;

(2) "Debtor" has the same meaning as [specified in subdivision (28) of subsection (a) of] provided in section 42a-9-102, as amended by this act;

(3) "Proceeds" has the same meaning as [specified in subdivision (64) of subsection (a) of] provided in section 42a-9-102, as amended by this act;

(4) "Security agreement" has the same meaning as [specified in subdivision (74) of subsection (a) of] provided in section 42a-9-102, as amended by this act;

(5) "Security interest" has the same meaning as [specified in subdivision (35) of subsection (b) of] provided in section 42a-1-201, as amended by this act; and

(6) "Secured party" has the same meaning as [specified in subdivision (73) of subsection (a) of] provided in section 42a-9-102, as amended by this act.

Governor's Action:
Approved July 8, 2025