



# House of Representatives

General Assembly

**File No. 809**

January Session, 2025

Substitute House Bill No. 6970

*House of Representatives, April 29, 2025*

The Committee on Judiciary reported through REP. STAFSTROM of the 129th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **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:

1 Section 1. Subsection (b) of section 42a-1-201 of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective January*  
3 *1, 2026*):

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

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

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

10 (3) "Agreement", as distinguished from "contract", means the bargain  
11 of the parties in fact, as found in their language or inferred from other  
12 circumstances, including course of performance, course of dealing or

13 usage of trade as provided in section 42a-1-303.

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

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

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

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

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

30 (9) "Buyer in ordinary course of business" means a person that buys  
31 goods in good faith, without knowledge that the sale violates the rights  
32 of another person in the goods, and in the ordinary course from a  
33 person, other than a pawnbroker, in the business of selling goods of that  
34 kind. A person buys goods in the ordinary course if the sale to the  
35 person comports with the usual or customary practices in the kind of  
36 business in which the seller is engaged or with the seller's own usual or  
37 customary practices. A person that sells oil, gas or other minerals at the  
38 wellhead or minehead is a person in the business of selling goods of that  
39 kind. A buyer in ordinary course of business may buy for cash, by  
40 exchange of other property or on secured or unsecured credit, and may  
41 acquire goods or documents of title under a preexisting contract for sale.  
42 Only a buyer that takes possession of the goods or has a right to recover  
43 the goods from the seller under article 2 may be a buyer in ordinary

44 course of business. "Buyer in ordinary course of business" does not  
45 include a person that acquires goods in a transfer in bulk or as security  
46 for or in total or partial satisfaction of a money debt.

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

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

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

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

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

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

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

70 (15) "Delivery" with respect to an electronic document of title means  
71 voluntary transfer of control and with respect to instruments, tangible  
72 documents of title, or an authoritative tangible copy of a record  
73 evidencing chattel paper, or certificated securities means voluntary

74 transfer of possession.

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

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

91 [(17)] (18) "Fault" means a default, breach or wrongful act or  
92 omission.

93 [(18)] (19) "Fungible goods" means:

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

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

97 [(19)] (20) "Genuine" means free of forgery or counterfeiting.

98 [(20)] (21) "Good faith" means honesty in fact and the observance of  
99 reasonable commercial standards of fair dealing.

100 [(21)] (22) "Holder" means:

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

103 possession;

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

107 (C) The person in control, other than pursuant to subsection (g) of  
108 section 42a-7-106, as amended by this act, of a negotiable electronic  
109 document of title.

110 [(22)] (23) "Insolvency proceeding" includes an assignment for the  
111 benefit of creditors or other proceeding intended to liquidate or  
112 rehabilitate the estate of the person involved.

113 [(23)] (24) "Insolvent" means:

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

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

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

118 [(24)] (25) "Money" means a medium of exchange that is currently  
119 authorized or adopted by a domestic or foreign government. The term  
120 includes a monetary unit of account established by an  
121 intergovernmental organization or by agreement between two or more  
122 countries. "Money" does not include an electronic record that is a  
123 medium of exchange recorded and transferable in a system that existed  
124 and operated for the medium of exchange before the medium of  
125 exchange was authorized or adopted by the government.

126 [(25)] (26) "Organization" means a person other than an individual.

127 [(26)] (27) "Party", as distinguished from "third party", means a  
128 person that has engaged in a transaction or made an agreement subject  
129 to this title.

130 [(27)] (28) "Person" means an individual, corporation, business trust,

131 estate, trust, partnership, limited liability company, association, joint  
132 venture, government, governmental subdivision, agency or  
133 instrumentality, [public corporation] or any other legal or commercial  
134 entity. "Person" includes a protected series, however denominated, of  
135 an entity if the protected series is established under law other than title  
136 42a that limits, or limits if conditions specified under the law are  
137 satisfied, the ability of a creditor of the entity or of any other protected  
138 series of the entity to satisfy a claim from assets of the protected series.

139 [(28)] (29) "Present value" means the amount as of a date certain of  
140 one or more sums payable in the future, discounted to the date certain  
141 by use of either an interest rate specified by the parties if that rate is not  
142 manifestly unreasonable at the time the transaction is entered into or, if  
143 an interest rate is not so specified, a commercially reasonable rate that  
144 takes into account the facts and circumstances at the time the transaction  
145 is entered into.

146 [(29)] (30) "Purchase" means taking by sale, lease, discount,  
147 negotiation, mortgage, pledge, lien, security interest, issue or reissue,  
148 gift or any other voluntary transaction creating an interest in property.

149 [(30)] (31) "Purchaser" means a person that takes by purchase.

150 [(31)] (32) "Record" means information that is inscribed on a tangible  
151 medium or that is stored in an electronic or other medium and is  
152 retrievable in perceivable form.

153 [(32)] (33) "Remedy" means any remedial right to which an aggrieved  
154 party is entitled with or without resort to a tribunal.

155 [(33)] (34) "Representative" means a person empowered to act for  
156 another, including an agent, an officer of a corporation or association,  
157 and a trustee, executor or administrator of an estate.

158 [(34)] (35) "Right" includes remedy.

159 [(35)] (36) "Security interest" means an interest in personal property  
160 or fixtures which secures payment or performance of an obligation.

161 "Security interest" includes any interest of a consignor and a buyer of  
162 accounts, chattel paper, a payment intangible or a promissory note in a  
163 transaction that is subject to article 9, as amended by this act. "Security  
164 interest" does not include the special property interest of a buyer of  
165 goods on identification of such goods to a contract for sale under section  
166 42a-2-401, but a buyer may also acquire a "security interest" by  
167 complying with article 9, as amended by this act. Except as otherwise  
168 provided in section 42a-2-505, the right of a seller or lessor of goods  
169 under article 2 or 2A to retain or acquire possession of the goods is not  
170 a "security interest", but a seller or lessor may also acquire a "security  
171 interest" by complying with article 9, as amended by this act. The  
172 retention or reservation of title by a seller of goods, notwithstanding  
173 shipment or delivery to the buyer under section 42a-2-401, is limited in  
174 effect to a reservation of a "security interest". Whether a transaction in  
175 the form of a lease creates a "security interest" is determined pursuant  
176 to section 42a-1-203.

177 [(36)] (37) "Send" in connection with a [writing, record or notice]  
178 record or notifications means:

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

185 (B) [In any other way to cause to be received any record or notice  
186 within the time it would have arrived if properly sent] To cause the  
187 record or notification to be received within the time it would have been  
188 received if properly sent under subparagraph (A) of this subdivision.

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

191 (38) "Sign", "signed", "signing" or "signature" means, with present  
192 intent to authenticate or adopt a record:

193     (A) Execute or adopt a tangible symbol; or

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

196     [(38)] (39) "State" means a state of the United States, the District of  
197     Columbia, Puerto Rico, the United States Virgin Islands or any territory  
198     or insular possession subject to the jurisdiction of the United States.

199     [(39)] (40) "Surety" includes a guarantor or other secondary obligor.

200     [(40)] (41) "Term" means a portion of an agreement that relates to a  
201     particular matter.

202     [(41)] (42) "Unauthorized signature" means a signature made without  
203     actual, implied, or apparent authority. The term includes a forgery.

204     [(42)] (43) "Warehouse receipt" means a document of title issued by a  
205     person engaged in the business of storing goods for hire.

206     [(43)] (44) "Written" or "writing" includes printing, typewriting or any  
207     other intentional reduction to tangible form.

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

210     Except as otherwise provided in articles 3, 4 and 5, and sections 86 to  
211     92, inclusive, of this act, a person gives value for rights if the person  
212     acquires them:

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

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

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



220 or

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

223 Sec. 3. Subsection (b) of section 42a-1-301 of the general statutes is  
224 repealed and the following is substituted in lieu thereof (*Effective January*  
225 *1, 2026*):

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

T1 Rights of creditors sold goods. Section 42a-2-402, as amended by this  
T2 act.  
T3 Applicability of the article on leases. Sections 42a-2A-105 and  
T4 42a-2A-106.  
T5 Applicability of the article on bank deposits and collections.  
T6 Section 42a-4-102.  
T7 Governing law in the article on funds transfers. Section 42a-4A-507.  
T8 Letters of credit. Section 42a-5-116, as amended by this act.  
T9 Applicability of the article on investment securities. Section 42a-8-110,  
T10 as amended by this act.  
T11 Law governing perfection, the effect of perfection or nonperfection  
T12 and the priority of security interests and agricultural liens.  
T13 Sections 42a-9-301 to 42a-9-307, inclusive, as amended by this act.  
T14 Law specifying the governing law for controllable electronic records.  
T15 Section 92 of this act.

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

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

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

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

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

247 (b) In a hybrid transaction:

248 (1) If the sale of goods aspects do not predominate, only the  
249 provisions of this article which relate primarily to the sale of goods  
250 aspects of the transaction apply, and the provisions that relate primarily  
251 to the transaction as a whole do not apply.

252 (2) If the sale of goods aspects predominate, this article applies to the  
253 transaction but does not preclude application in appropriate  
254 circumstances of other law to aspects of the transaction which do not  
255 relate to the sale of goods.

256 (c) This article does not:

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

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

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

264 (1) In this article unless the context otherwise requires "contract" and  
265 "agreement" are limited to those relating to the present or future sale of

266 goods. "Contract for sale" includes both a present sale of goods and a  
267 contract to sell goods at a future time. A "sale" consists in the passing of  
268 title from the seller to the buyer for a price as provided by section 42a-  
269 2-401. A "present sale" means a sale which is accomplished by the  
270 making of the contract.

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

274 (3) "Termination" occurs when either party pursuant to a power  
275 created by agreement or law puts an end to the contract otherwise than  
276 for its breach. On "termination" all obligations which are still executory  
277 on both sides are discharged but any right based on prior breach or  
278 performance survives.

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

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

285 (a) The provision of services;

286 (b) A lease of other goods; or

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

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

290 (1) Except as otherwise provided in this section, a contract for the sale  
291 of goods for the price of five hundred dollars or more is not enforceable  
292 by way of action or defense unless there is [some writing] a record  
293 sufficient to indicate that a contract for sale has been made between the  
294 parties and signed by the party against whom enforcement is sought or

295 by his authorized agent or broker. A [writing] record is not insufficient  
296 because it omits or incorrectly states a term agreed upon but the contract  
297 is not enforceable under this [paragraph] subsection beyond the  
298 quantity of goods shown in [such writing] the record.

299 (2) Between merchants if within a reasonable time a [writing] record  
300 in confirmation of the contract and sufficient against the sender is  
301 received and the party receiving it has reason to know its contents, it  
302 satisfies the requirements of subsection (1) of this section against [such]  
303 the party unless written notice in a record of objection to its contents is  
304 given within ten days after it is received.

305 (3) A contract which does not satisfy the requirements of subsection  
306 (1) of this section but which is valid in other respects is enforceable (a)  
307 if the goods are to be specially manufactured for the buyer and are not  
308 suitable for sale to others in the ordinary course of the seller's business  
309 and the seller, before notice of repudiation is received and under  
310 circumstances which reasonably indicate that the goods are for the  
311 buyer, has made either a substantial beginning of their manufacture or  
312 commitments for their procurement; or (b) if the party against whom  
313 enforcement is sought admits in [his] the party's pleading, testimony or  
314 otherwise in court that a contract for sale was made, but the contract is  
315 not enforceable under this provision beyond the quantity of goods  
316 admitted; or (c) with respect to goods for which payment has been made  
317 and accepted or which have been received and accepted as provided by  
318 section 42a-2-606.

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

321 Terms with respect to which the confirmatory memoranda of the  
322 parties agree or which are otherwise set forth in a [writing] record  
323 intended by the parties as a final expression of their agreement with  
324 respect to such terms as are included therein may not be contradicted  
325 by evidence of any prior agreement or of a contemporaneous oral  
326 agreement but may be explained or supplemented (a) by course of  
327 performance, course of dealing or usage of trade as provided by section

328 42a-1-303; and (b) by evidence of consistent additional terms unless the  
329 court finds the [writing] record to have been intended also as a complete  
330 and exclusive statement of the terms of the agreement.

331 Sec. 9. Section 42a-2-203 of the general statutes is repealed and the  
332 following is substituted in lieu thereof (*Effective January 1, 2026*):

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

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

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

345 Sec. 11. Subsection (2) of section 42a-2-209 of the general statutes is  
346 repealed and the following is substituted in lieu thereof (*Effective January*  
347 *1, 2026*):

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

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

356 (a) In this article:

357 (1) "Authenticate" means:

358 (A) To sign; or

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

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

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

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

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

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

387 (A) With respect to a person:

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

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

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

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

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

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

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

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

414 (11) "Electronic agent" means a computer program or electronic or  
415 other automated means used to initiate an action or to respond to

416 electronic messages or performances without intervention by an  
417 individual at the time of the action or response.

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

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

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

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

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

429 (C) One of the following occurs:

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

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

437 (iii) The lessee, before authenticating the lease agreement, receives an  
438 accurate and complete statement designating the promises and  
439 warranties, and any disclaimers of warranties, limitations or  
440 modifications of remedies, or liquidated damages, including those of a  
441 third party, such as the manufacturer of the goods, provided to the  
442 lessor by the person supplying the goods in connection with or as part  
443 of the contract by which the lessor acquired the goods or the right to  
444 possession and use of the goods; or



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

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

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

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

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

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

469 (A) The provision of services;

470 (B) A sale of other goods; or

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

472 [(16)] (17) "Information processing system" means an electronic  
473 system for creating, generating, sending, receiving, storing, displaying

474 or processing information.

475 [(17)] (18) "Lease" means the transfer of the right to possession and  
476 use of goods for a period in return for consideration. The term includes  
477 a sublease unless the context clearly indicates otherwise. The term does  
478 not include a sale, including a sale on approval or a sale or return, or  
479 retention or creation of a security interest.

480 [(18)] (19) "Lease agreement" means the bargain, with respect to the  
481 lease, of the lessor and the lessee in fact as found in their language or  
482 inferred from other circumstances, including course of performance,  
483 course of dealing, or usage of trade as provided in this article. The term  
484 includes a sublease agreement unless the context clearly indicates  
485 otherwise.

486 [(19)] (20) "Lease contract" means the total legal obligation resulting  
487 from the lease agreement as affected by this article and other applicable  
488 law. The term includes a sublease contract unless the context clearly  
489 indicates otherwise.

490 [(20)] (21) "Leasehold interest" means the interest of the lessor or the  
491 lessee under a lease contract.

492 [(21)] (22) "Lessee" means a person that acquires the right to  
493 possession and use of goods under a lease. The term includes a sublessee  
494 unless the context clearly indicates otherwise.

495 [(22)] (23) "Lessee in ordinary course of business" means a person  
496 that, in good faith and without knowledge that the person's lease is in  
497 violation of ownership rights, a security interest or a leasehold interest  
498 of a third party in the goods, leases in the ordinary course from a person  
499 in the business of selling or leasing goods of that kind for cash or by  
500 exchange of other property or on secured or unsecured credit, including  
501 acquiring goods or documents of title under a preexisting lease contract,  
502 but not including a transfer in bulk, or as security for or in total or partial  
503 satisfaction of a money debt. The term does not include a pawnbroker.

504 [(23)] (24) "Lessor" means a person that transfers the right to

505 possession and use of goods under a lease. The term includes a sublessor  
506 unless the context clearly indicates otherwise.

507 [(24)] (25) "Lessor's residual interest" means the lessor's interest in  
508 goods after expiration, termination or cancellation of a lease contract.

509 [(25)] (26) "Lien" means a charge against or interest in goods to secure  
510 payment of a debt or performance of an obligation. The term does not  
511 include a security interest.

512 [(26)] (27) "Lot" means a parcel or single article that is the subject  
513 matter of a separate lease or delivery, whether or not it is sufficient to  
514 perform the lease contract.

515 [(27)] (28) "Merchant lessee" means a lessee that is a merchant with  
516 respect to goods of the kind subject to the lease.

517 [(28)] (29) "Present value" means the amount as of a date certain of  
518 one or more sums payable in the future, discounted to the date certain.  
519 In determining present value, the discount is determined by the interest  
520 rate specified by the parties if the rate was not manifestly unreasonable  
521 at the time the transaction was entered into. Otherwise, the discount is  
522 determined by a commercially reasonable rate that takes into account  
523 the facts and circumstances of each case at the time the transaction was  
524 entered into.

525 [(29)] (30) "Receive" means:

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

527 (B) With respect to a notice:

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

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

532 (I) To be delivered at the person's residence, or the person's place of

533 business through which the contract was made, or at any other place  
534 held out by the person as a place for the receipt of such notices; or

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

540 [(30)] (31) "Send" means, with any costs provided for and properly  
541 addressed or directed as reasonable under the circumstances or as  
542 otherwise agreed, to (A) deposit in the mail or with a commercially  
543 reasonable carrier, (B) deliver for transmission to or creation in another  
544 location or system, or (C) take the steps necessary to initiate  
545 transmission to or creation in another location or system. In addition,  
546 with respect to an electronic message, the term means to initiate  
547 operations that in the ordinary course will cause the record to come into  
548 existence in an information processing system in a form capable of being  
549 processed by or perceived from a system of that type by the recipient, if  
550 the recipient uses, has designated or holds out that system or address as  
551 a place for the receipt of communications of the kind. Receipt within the  
552 time in which it would have arrived if properly sent has the effect of a  
553 proper sending.

554 [(31)] (32) "Sublease" means a lease of goods whose right to  
555 possession and use is acquired by the lessor as a lessee under an existing  
556 lease.

557 [(32)] (33) "Supplier" means a person from which a lessor buys or  
558 leases goods to be leased under a finance lease.

559 [(33)] (34) "Supply contract" means a contract under which a lessor  
560 buys or leases goods to be leased.

561 [(34)] (35) "Termination" means the ending of a contract or a part  
562 thereof by an act by a party under a power created by agreement or law,  
563 or by operation of the terms of the agreement for a reason other than for

564 a default by the other party.

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

T16 "Account". Section [42a-9-102(a)(2)] 42a-9-102, as amended by this act.

T17 "Between merchants". Section [42a-2-104(3)] 42a-2-104.

T18 "Buyer". Section [42a-2-103(1)(a)] 42a-2-103.

T19 "Chattel paper". Section [42a-9-102(a)(11)] 42a-9-102, as amended by this act.

T20 "Consumer goods". Section [42a-9-102(a)(23)] 42a-9-102, as amended by this act.

T21 "Document". Section [42a-9-102(a)(30)] 42a-9-102, as amended by this act.

T22 "Entrusting". Section [42a-2-403(3)] 42a-2-403.

T23 "General intangible". Section [42a-9-102(a)(42)] 42a-9-102, as amended by this act.

T24 "Instrument". Section [42a-9-102(a)(47)] 42a-9-102, as amended by this act.

T25 "Merchant". Section [42a-2-104(1)] 42a-2-104.

T26 "Mortgage". Section [42a-9-102(a)(55)] 42a-9-102, as amended by this act.

T27 "Pursuant to commitment". Section [42a-9-102(a)(69)] 42a-9-102, as amended by this act.

T28 "Sale". Section [42a-2-106(1)] 42a-2-106, as amended by this act.

T29 "Sale on approval". Section [42a-2-326(1)(a)] 42a-2-326.

T30 "Sale or return". Section [42a-2-326(1)(b)] 42a-2-326.

T31 "Seller". Section [42a-2-103(1)(c)] 42a-2-103.

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

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

- 571     (2) In a hybrid lease:
- 572     (a) If the lease of goods aspects do not predominate:
- 573         (i) Only the provisions of this article which relate primarily to the  
574 lease of goods aspects of the transaction apply, and the provisions that  
575 relate primarily to the transaction as a whole do not apply;
- 576         (ii) Section 42a-2A-209 applies if the lease is a finance lease; and
- 577         (iii) Section 42a-2A-407 applies to the promises of the lessee in a  
578 finance lease to the extent the promises are consideration for the right to  
579 possession and use of the leased goods; and
- 580     (b) If the lease of goods aspects predominate, this article applies to  
581 the transaction, but does not preclude application in appropriate  
582 circumstances of other law to aspects of the lease which do not relate to  
583 the lease of goods.

584     Sec. 14. Subsection (a) of section 42a-3-104 of the general statutes is  
585 repealed and the following is substituted in lieu thereof (*Effective January*  
586 *1, 2026*):

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

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

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

594         (3) Does not state any other undertaking or instruction by the person  
595 promising or ordering payment to do any act in addition to the payment  
596 of money, but the promise or order may contain (i) an undertaking or  
597 power to give, maintain, or protect collateral to secure payment, (ii) an  
598 authorization or power to the holder to confess judgment or realize on  
599 or dispose of collateral, [or] (iii) a waiver of the benefit of any law

600 intended for the advantage or protection of an obligor, (iv) a term that  
601 specifies the law that governs the promise or order, or (v) an  
602 undertaking to resolve in a specified forum a dispute concerning the  
603 promise or order.

604 Sec. 15. Subsection (a) of section 42a-3-105 of the general statutes is  
605 repealed and the following is substituted in lieu thereof (*Effective January*  
606 *1, 2026*):

607 (a) "Issue" means:

608 [the] (1) The first delivery of an instrument by the maker or drawer,  
609 whether to a holder or nonholder, for the purpose of giving rights on  
610 the instrument to any person; or

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

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

617 [(a)] A person is not liable on an instrument unless (i) the person  
618 signed the instrument, or (ii) the person is represented by an agent or  
619 representative who signed the instrument and the signature is binding  
620 on the represented person under section 42a-3-402.

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

625 Sec. 17. Subsection (a) of section 42a-3-604 of the general statutes is  
626 repealed and the following is substituted in lieu thereof (*Effective January*  
627 *1, 2026*):

628 (a) A person entitled to enforce an instrument, with or without

629 consideration, may discharge the obligation of a party to pay the  
630 instrument (i) by an intentional voluntary act, such as surrender of the  
631 instrument to the party, destruction, mutilation, or cancellation of the  
632 instrument, cancellation or striking out of the party's signature, or the  
633 addition of words to the instrument indicating discharge, or (ii) by  
634 agreeing not to sue or otherwise renouncing rights against the party by  
635 a signed writing. The obligation of a party to pay a check is not  
636 discharged solely by destruction of the check in connection with a  
637 process in which information is extracted from the check and an image  
638 of the check is made and, subsequently, the information and image are  
639 transmitted for payment.

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

643 (1) "Payment order" means an instruction of a sender to a receiving  
644 bank, transmitted orally [, electronically, or in writing,] or in a record to  
645 pay, or to cause another bank to pay, a fixed or determinable amount of  
646 money to a beneficiary if: (i) The instruction does not state a condition  
647 to payment to the beneficiary other than time of payment, (ii) the  
648 receiving bank is to be reimbursed by debiting an account of, or  
649 otherwise receiving payment from, the sender, and (iii) the instruction  
650 is transmitted by the sender directly to the receiving bank or to an agent,  
651 funds-transfer system, or communication system for transmittal to the  
652 receiving bank.

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

655 "Security procedure" means a procedure established by agreement of  
656 a customer and a receiving bank for the purpose of (i) verifying that a  
657 payment order or communication amending or cancelling a payment  
658 order is that of the customer, or (ii) detecting error in the transmission  
659 or the content of the payment order or communication. A security  
660 procedure may impose an obligation on the receiving bank or the  
661 customer and may require the use of algorithms or other codes,



662 identifying words or numbers, symbols, sounds, biometrics, encryption,  
663 callback procedures, or similar security devices. Comparison of a  
664 signature on a payment order or communication with an authorized  
665 specimen signature of the customer or requiring a payment order to be  
666 sent from a known electronic mail address, Internet protocol address or  
667 telephone number is not by itself a security procedure.

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

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

686 (c) Commercial reasonableness of a security procedure is a question  
687 of law to be determined by considering the wishes of the customer  
688 expressed to the bank, the circumstances of the customer known to the  
689 bank, including the size, type, and frequency of payment orders  
690 normally issued by the customer to the bank, alternative security  
691 procedures offered to the customer, and security procedures in general  
692 use by customers and receiving banks similarly situated. A security  
693 procedure is deemed to be commercially reasonable if (i) the security  
694 procedure was chosen by the customer after the bank offered, and the

695 customer refused, a security procedure that was commercially  
696 reasonable for that customer, and (ii) the customer expressly agreed in  
697 [writing] a record to be bound by any payment order, whether or not  
698 authorized, issued in its name and accepted by the bank in compliance  
699 with the bank's obligations under the security procedure chosen by the  
700 customer.

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

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

707 Sec. 22. Subsection (c) of section 42a-4A-207 of the general statutes is  
708 repealed and the following is substituted in lieu thereof (*Effective January*  
709 *1, 2026*):

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

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

716 (2) If the originator is not a bank and proves that the person identified  
717 by number was not entitled to receive payment from the originator, the  
718 originator is not obliged to pay its order unless the originator's bank  
719 proves that the originator, before acceptance of the originator's order,  
720 had notice that payment of a payment order issued by the originator  
721 might be made by the beneficiary's bank on the basis of an identifying  
722 or bank account number even if it identifies a person different from the  
723 named beneficiary. Proof of notice may be made by any admissible  
724 evidence. The originator's bank satisfies the burden of proof if it proves  
725 that the originator, before the payment order was accepted, signed a

726 [writing] record stating the information to which the notice relates.

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

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

741 Sec. 24. Subsection (a) of section 42a-4a-210 of the general statutes is  
742 repealed and the following is substituted in lieu thereof (*Effective January*  
743 *1, 2026*):

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

757 Sec. 25. Subsection (a) of section 42a-4a-211 of the general statutes is

758 repealed and the following is substituted in lieu thereof (*Effective January*  
759 *1, 2026*):

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

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

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

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

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

783 A letter of credit, confirmation, advice, transfer, amendment or  
784 cancellation may be issued in any form that is a signed record. [and is  
785 authenticated (i) by a signature, or (ii) in accordance with the agreement  
786 of the parties or the standard practice referred to in subsection (e) of  
787 section 42a-5-108.]

788 Sec. 28. Section 42a-5-116 of the general statutes is repealed and the

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

790 (a) The liability of an issuer, nominated person or adviser for action  
791 or omission is governed by the law of the jurisdiction chosen by an  
792 agreement in the form of a record signed [or otherwise authenticated]  
793 by the affected parties [in the manner provided in section 42a-5-104] or  
794 by a provision in the person's letter of credit, confirmation or other  
795 undertaking. The jurisdiction whose law is chosen need not bear any  
796 relation to the transaction.

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

804 (c) For the purpose of jurisdiction, choice of law and recognition of  
805 interbranch letters of credit, but not enforcement of a judgment, all  
806 branches of a bank are considered separate juridical entities and a bank  
807 is considered to be located at the place where its relevant branch is  
808 considered to be located [under this subsection] as provided in  
809 subsection (d) of this section.

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

814 [(c)] (e) Except as otherwise provided in this subsection, the liability  
815 of an issuer, nominated person or adviser is governed by any rules of  
816 custom or practice, such as the Uniform Customs and Practice for  
817 Documentary Credits, to which the letter of credit, confirmation or other  
818 undertaking is expressly made subject. If (i) this article would govern  
819 the liability of an issuer, nominated person or adviser under subsection  
820 (a) or (b) of this section, (ii) the relevant undertaking incorporates rules

821 of custom or practice, and (iii) there is conflict between this article and  
822 those rules as applied to that undertaking, those rules govern except to  
823 the extent of any conflict with the nonvariable provisions specified in  
824 subsection (c) of section 42a-5-103.

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

827     ~~[(e)]~~ ~~(g)~~ The forum for settling disputes arising out of an undertaking  
828 within this article may be chosen in the manner and with the binding  
829 effect that governing law may be chosen in accordance with subsection  
830 (a) of this section.

831     Sec. 29. Subsection (a) of section 42a-7-102 of the general statutes is  
832 repealed and the following is substituted in lieu thereof (*Effective January*  
833 *1, 2026*):

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

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

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

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

841     (4) "Consignor" means a person named in a bill of lading as the person  
842 from which the goods have been received for shipment.

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

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

848     (7) "Goods" means all things that are treated as movable for the

849 purposes of a contract for storage or transportation.

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

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

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

864 (11) "Sign" means, with present intent to authenticate or adopt a  
865 record:

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

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

869 [(12)] (10) "Shipper" means a person that enters into a contract of  
870 transportation with a carrier.

871 [(13)] (11) "Warehouse" means a person engaged in the business of  
872 storing goods for hire.

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

875 (a) A person has control of an electronic document of title if a system  
876 employed for evidencing the transfer of interests in the electronic  
877 document reliably establishes that person as the person to which the

878 electronic document was issued or transferred.

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

883 (1) A single authoritative copy of the document exists which is  
884 unique, identifiable and, except as otherwise provided in subdivisions  
885 (4), (5) and (6) of this subsection, unalterable;

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

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

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

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

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

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

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

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

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



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

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

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

914         (B) Transfer control of each authoritative electronic copy.

915     (d) Subject to subsection (e) of this section, a power is exclusive under  
916     subparagraphs (A) and (B) of subdivision (3) of subsection (c) of this  
917     section even if:

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

923         (2) The power is shared with another person.

924     (e) A power of a person is not shared with another person under  
925     subdivision (2) of subsection (d) of this section and the person's power  
926     is not exclusive if: (1) The person can exercise the power only if the  
927     power also is exercised by the other person; and (2) the other person:

928         (A) Can exercise the power without exercise of the power by the  
929         person; or

930         (B) Is the transferor to the person of an interest in the document of  
931         title.

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

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

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

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

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

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

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

951     (a) In this article:

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

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

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

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

964 (5) "Clearing corporation" means:

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

967 (B) A federal reserve bank; or

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

974 (6) "Communicate" means to:

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

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

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

983 (8) "Entitlement holder" means a person identified in the records of a  
984 securities intermediary as the person having a security entitlement  
985 against the securities intermediary. If a person acquires a security  
986 entitlement by virtue of subdivision (2) or (3) of subsection (b) of section  
987 42a-8-501, that person is the entitlement holder.

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

991 (10) "Financial asset", except as otherwise provided in section 42a-8-  
992 103, as amended by this act, means: (A) A security; (B) an obligation of

993 a person or a share, participation or other interest in a person or in  
994 property or an enterprise of a person, which is, or is of a type, dealt in  
995 or traded on financial markets, or which is recognized in any area in  
996 which it is issued or dealt in as a medium for investment; or (C) any  
997 property that is held by a securities intermediary for another person in  
998 a securities account if the securities intermediary has expressly agreed  
999 with the other person that the property is to be treated as a financial  
1000 asset under this article. As context requires, the term means either the  
1001 interest itself or the means by which a person's claim to it is evidenced,  
1002 including a certificated or uncertificated security, a security certificate,  
1003 or a security entitlement.

1004 (11) "Instruction" means a notification communicated to the issuer of  
1005 an uncertificated security which directs that the transfer of the security  
1006 be registered or that the security be redeemed.

1007 (12) "Registered form", as applied to a certificated security, means a  
1008 form in which:

1009 (A) The security certificate specifies a person entitled to the security;  
1010 and

1011 (B) A transfer of the security may be registered upon books  
1012 maintained for that purpose by or on behalf of the issuer, or the security  
1013 certificate so states.

1014 (13) "Securities intermediary" means:

1015 (A) A clearing corporation; or

1016 (B) A person, including a bank or broker, that in the ordinary course  
1017 of its business maintains securities accounts for others and is acting in  
1018 that capacity.

1019 (14) "Security", except as otherwise provided in section 42a-8-103, as  
1020 amended by this act, means an obligation of an issuer or a share,  
1021 participation, or other interest in an issuer or in property or an  
1022 enterprise of an issuer:

1023 (A) Which is represented by a security certificate in bearer or  
1024 registered form, or the transfer of which may be registered upon books  
1025 maintained for that purpose by or on behalf of the issuer;

1026 (B) Which is one of a class or series or by its terms is divisible into a  
1027 class or series of shares, participations, interests or obligations; and

1028 (C) Which:

1029 (i) Is, or is of a type, dealt in or traded on securities exchanges or  
1030 securities markets; or

1031 (ii) Is a medium for investment and by its terms expressly provides  
1032 that it is a security governed by this article.

1033 (15) "Security certificate" means a certificate representing a security.

1034 (16) "Security entitlement" means the rights and property interest of  
1035 an entitlement holder with respect to a financial asset specified in part  
1036 5.

1037 (17) "Uncertificated security" means a security that is not represented  
1038 by a certificate.

1039 (b) [Other] The following definitions [applying to] apply in this  
1040 article and [the sections in which they appear are] other articles apply to  
1041 this article:

T32 "Appropriate person". Section 42a-8-107.

T33 "Control". Section 42a-8-106, as amended by this act.

T34 "Controllable account". Section 42a-9-102, as amended by this act.

T35 "Controllable electronic record". Section 87 of this act.

T36 "Controllable payment intangible". Section 42a-9-102, as amended by  
this act.

T37 "Delivery". Section 42a-8-301.

T38 "Investment company security". Section 42a-8-103, as amended by  
this act.

T39 "Issuer". Section 42a-8-201.

T40 "Overissue". Section 42a-8-210.

T41 "Protected purchaser". Section 42a-8-303, as amended by this act.

T42 "Securities account". Section 42a-8-501.

1042 (c) In addition, article 1 contains general definitions and principles of  
1043 construction and interpretation applicable throughout this article.

1044 (d) The characterization of a person, business or transaction for  
1045 purposes of this article does not determine the characterization of the  
1046 person, business or transaction for purposes of any other law, regulation  
1047 or rule.

1048 Sec. 32. Section 42a-8-103 of the general statutes is repealed and the  
1049 following is substituted in lieu thereof (*Effective January 1, 2026*):

1050 (a) A share or similar equity interest issued by a corporation, business  
1051 trust, joint stock company or similar entity is a security.

1052 (b) An "investment company security" is a security. "Investment  
1053 company security" means a share or similar equity interest issued by an  
1054 entity that is registered as an investment company under the federal  
1055 investment company laws, in interest in a unit investment trust that is  
1056 so registered, or face-amount certificate issued by a face-amount  
1057 certificate company that is so registered. Investment company security  
1058 does not include an insurance policy or endowment policy or annuity  
1059 contract issued by an insurance company.

1060 (c) An interest in a partnership or limited liability company is not a  
1061 security unless it is dealt in or traded on securities exchanges or in  
1062 securities markets, its terms expressly provide that it is a security  
1063 governed by this article or it is an investment company security.  
1064 However, an interest in a partnership or limited liability company is a  
1065 financial asset if it is held in a securities account.

1066 (d) A writing that is a security certificate is governed by this article  
1067 and not by article 3, even though it also meets the requirements of that  
1068 article. However, a negotiable instrument governed by article 3 is a  
1069 financial asset if it is held in a securities account.

1070 (e) An option or similar obligation issued by a clearing corporation to

1071 its participants is not a security, but is a financial asset.

1072 (f) A commodity contract, as defined in section [42a-9-102(a)(15)] 42a-  
1073 9-102, as amended by this act, is not a security or a financial asset.

1074 (g) A document of title is not a financial asset unless subdivision  
1075 [(10)(iii)] (10)(C) of subsection (a) of section 42a-8-102, as amended by  
1076 this act, applies.

1077 (h) A controllable account, controllable electronic record or  
1078 controllable payment intangible is not a financial asset unless  
1079 subdivision (10)(C) of subsection (a) of section 42a-8-102, as amended  
1080 by this act, applies.

1081 Sec. 33. Section 42a-8-106 of the general statutes is repealed and the  
1082 following is substituted in lieu thereof (*Effective January 1, 2026*):

1083 (a) A purchaser has "control" of a certificated security in bearer form  
1084 if the certificated security is delivered to the purchaser.

1085 (b) A purchaser has "control" of a certificated security in registered  
1086 form if the certificated security is delivered to the purchaser, and:

1087 (1) The certificate is endorsed to the purchaser or in blank by an  
1088 effective endorsement; or

1089 (2) The certificate is registered in the name of the purchaser, upon  
1090 original issue or registration of transfer by the issuer.

1091 (c) A purchaser has "control" of an uncertificated security if:

1092 (1) The uncertificated security is delivered to the purchaser; or

1093 (2) The issuer has agreed that it will comply with instructions  
1094 originated by the purchaser without further consent by the registered  
1095 owner.

1096 (d) A purchaser has "control" of a security entitlement if:

1097 (1) The purchaser becomes the entitlement holder;

1098 (2) The securities intermediary has agreed that it will comply with  
1099 entitlement orders originated by the purchaser without further consent  
1100 by the entitlement holder; or

1101 (3) [Another person has control of the security entitlement on behalf  
1102 of the purchaser or, having previously acquired control of the security  
1103 entitlement, acknowledges that it has control on behalf of the  
1104 purchaser.] Another person, other than the transferor to the purchaser  
1105 of an interest in the security entitlement:

1106 (A) Has control of the security entitlement and acknowledges that it  
1107 has control on behalf of the purchaser; or

1108 (B) Obtains control of the security entitlement after having  
1109 acknowledged that it will obtain control of the security entitlement on  
1110 behalf of the purchaser.

1111 (e) If an interest in a security entitlement is granted by the entitlement  
1112 holder to the entitlement holder's own securities intermediary, the  
1113 securities intermediary has control.

1114 (f) A purchaser who has satisfied the requirements of subsection (c)  
1115 or (d) of this section has control, even if the registered owner in the case  
1116 of subsection (c) of this section or the entitlement holder in the case of  
1117 subsection (d) of this section retains the right to make substitutions for  
1118 the uncertificated security or security entitlement, to originate  
1119 instructions or entitlement orders to the issuer or securities  
1120 intermediary, or otherwise to deal with the uncertificated security or  
1121 security entitlement.

1122 (g) An issuer or a securities intermediary may not enter into an  
1123 agreement of the kind described in [subsection (c)(2) or (d)(2)]  
1124 subdivision (2) of subsection (c) of this section or subdivision (2) of  
1125 subsection (d) of this section without the consent of the registered owner  
1126 or entitlement holder, but an issuer or a securities intermediary is not  
1127 required to enter into such an agreement even though the registered  
1128 owner or entitlement holder so directs. An issuer or securities



1129 intermediary that has entered into such an agreement is not required to  
1130 confirm the existence of the agreement to another party unless  
1131 requested to do so by the registered owner or entitlement holder.

1132 (h) A person that has control under this section is not required to  
1133 acknowledge that it has control on behalf of a purchaser.

1134 (i) If a person acknowledges that it has or will obtain control on behalf  
1135 of a purchaser, unless the person otherwise agrees or law other than this  
1136 article or article 9, as amended by this act, otherwise provides, the  
1137 person does not owe any duty to the purchaser and is not required to  
1138 confirm the acknowledgment to any other person.

1139 Sec. 34. Section 42a-8-110 of the general statutes is amended by  
1140 adding subsection (g) as follows (*Effective January 1, 2026*):

1141 (NEW) (g) The local law of the issuer's jurisdiction or the securities  
1142 intermediary's jurisdiction governs a matter or transaction specified in  
1143 subsection (a) or (b) of this section even if the matter or transaction does  
1144 not bear any relation to the jurisdiction.

1145 Sec. 35. Section 42a-8-303 of the general statutes is repealed and the  
1146 following is substituted in lieu thereof (*Effective January 1, 2026*):

1147 (a) "Protected purchaser" means a purchaser of a certificated or  
1148 uncertificated security, or of an interest therein, who:

1149 (1) Gives value;

1150 (2) Does not have notice of any adverse claim to the security; and

1151 (3) Obtains control of the certificated or uncertificated security.

1152 (b) [In addition to acquiring the rights of a purchaser, a] A protected  
1153 purchaser [also] acquires its interest in the security free of any adverse  
1154 claim.

1155 Sec. 36. Section 42a-9-102 of the general statutes is repealed and the  
1156 following is substituted in lieu thereof (*Effective January 1, 2026*):

1157 (a) In this article:

1158 (1) "Accession" means goods that are physically united with other  
1159 goods in such a manner that the identity of the original goods is not lost.

1160 (2) "Account", except as used in "account for", "account statement",  
1161 "account to", "commodity account" as provided in subdivision (14) of  
1162 this subsection, "customer's account", "deposit account" as provided in  
1163 subdivision (29) of this subsection, "on account of" and "statement of  
1164 account", means a right to payment of a monetary obligation, whether  
1165 or not earned by performance, (i) for property that has been or is to be  
1166 sold, leased, licensed, assigned or otherwise disposed of, (ii) for services  
1167 rendered or to be rendered, (iii) for a policy of insurance issued or to be  
1168 issued, (iv) for a secondary obligation incurred or to be incurred, (v) for  
1169 energy provided or to be provided, (vi) for the use or hire of a vessel  
1170 under a charter or other contract, (vii) arising out of the use of a credit  
1171 or charge card or information contained on or for use with the card, or  
1172 (viii) as winnings in a lottery or other game of chance operated or  
1173 sponsored by a state, governmental unit of a state or person licensed or  
1174 authorized to operate the game by a state or governmental unit of a  
1175 state. The term includes controllable accounts and health-care-insurance  
1176 receivables. The term does not include (i) [rights to payment evidenced  
1177 by chattel paper or an instrument] chattel paper, (ii) commercial tort  
1178 claims, (iii) deposit accounts, (iv) investment property, (v) letter-of-  
1179 credit rights or letters of credit, [or] (vi) rights to payment for money or  
1180 funds advanced or sold, other than rights arising out of the use of a  
1181 credit or charge card or information contained on or for use with the  
1182 card, or (vii) rights to payment evidenced by an instrument.

1183 (3) "Account debtor" means a person obligated on an account, chattel  
1184 paper or general intangible. The term does not include persons  
1185 obligated to pay a negotiable instrument, even if the negotiable  
1186 instrument [constitutes part of] evidences chattel paper.

1187 (4) "Accounting", except as used in "accounting for", means a record:

1188 (A) [Authenticated] Signed by a secured party;

1189 (B) Indicating the aggregate unpaid secured obligations as of a date  
1190 not more than thirty-five days earlier or thirty-five days later than the  
1191 date of the record; and

1192 (C) Identifying the components of the obligations in reasonable  
1193 detail.

1194 (5) "Agricultural lien" means an interest, other than a security interest,  
1195 in farm products:

1196 (A) Which secures payment or performance of an obligation for:

1197 (i) Goods or services furnished in connection with a debtor's farming  
1198 operation; or

1199 (ii) Rent on real property leased by a debtor in connection with its  
1200 farming operation;

1201 (B) Which is created by statute in favor of a person that:

1202 (i) In the ordinary course of its business furnished goods or services  
1203 to a debtor in connection with a debtor's farming operation; or

1204 (ii) Leased real property to a debtor in connection with the debtor's  
1205 farming operation; and

1206 (C) Whose effectiveness does not depend on the person's possession  
1207 of the personal property.

1208 (6) "As-extracted collateral" means:

1209 (A) Oil, gas or other minerals that are subject to a security interest  
1210 that:

1211 (i) Is created by a debtor having an interest in the minerals before  
1212 extraction; and

1213 (ii) Attaches to the minerals as extracted; or

1214 (B) Accounts arising out of the sale at the wellhead or minehead of

1215 oil, gas or other minerals in which the debtor had an interest before  
1216 extraction.

1217 [(7) "Authenticate" means:

1218 (A) To sign; or

1219 (B) With present intent to adopt or accept a record, to attach to or  
1220 logically associate with the record an electronic sound, symbol or  
1221 process.]

1222 (7) "Assignee, except as used in "assignee for benefit of creditors",  
1223 means a person (i) in whose favor a security interest that secures an  
1224 obligation is created or provided for under a security agreement,  
1225 whether or not the obligation is outstanding, or (ii) to which an account,  
1226 chattel paper, payment intangible or promissory note has been sold. The  
1227 term includes a person to which a security interest has been transferred  
1228 by a secured party.

1229 (8) "Assignor" means a person that (i) under a security agreement  
1230 creates or provides for a security interest that secures an obligation, or  
1231 (ii) sells an account, chattel paper, payment intangible or promissory  
1232 note. The term includes a secured party that has transferred a security  
1233 interest to another person.

1234 [(8)] (9) "Bank" means an organization that is engaged in the business  
1235 of banking. The term includes savings banks, savings and loan  
1236 associations, credit unions and trust companies.

1237 [(9)] (10) "Cash proceeds" means proceeds that are money, checks,  
1238 deposit accounts or the like.

1239 [(10)] (11) "Certificate of title" means a certificate of title with respect  
1240 to which a statute provides for the security interest in question to be  
1241 indicated on the certificate as a condition or result of the security  
1242 interest's obtaining priority over the rights of a lien creditor with respect  
1243 to the collateral. The term includes another record maintained as an  
1244 alternative to a certificate of title by the governmental unit that issues

1245 certificates of title if a statute permits the security interest in question to  
1246 be indicated on the record as a condition or result of the security  
1247 interest's obtaining priority over the rights of a lien creditor with respect  
1248 to the collateral.

1249 [(11)] (12) "Chattel paper" means: [a record or records that evidence  
1250 both a monetary obligation and a security interest in specific goods, a  
1251 security interest in specific goods and software used in the goods, a  
1252 security interest in specific goods and license of software used in the  
1253 goods, a lease of specific goods, or a lease of specific goods and license  
1254 of software used in the goods. In this subdivision, "monetary obligation"  
1255 means a monetary obligation secured by the goods or owed under a  
1256 lease of the goods and includes a monetary obligation with respect to  
1257 software used in the goods. The term does not include (i) charters or  
1258 other contracts involving the use or hire of a vessel, or (ii) records that  
1259 evidence a right to payment arising out of the use of a credit or charge  
1260 card or information contained on or for use with the card. If a  
1261 transaction is evidenced by records that include an instrument or series  
1262 of instruments, the group of records taken together constitutes chattel  
1263 paper.]

1264 (A) A right to payment of a monetary obligation secured by specific  
1265 goods, if the right to payment and security agreement are evidenced by  
1266 a record; or

1267 (B) A right to payment of a monetary obligation owed by a lessee  
1268 under a lease agreement with respect to specific goods and a monetary  
1269 obligation owed by the lessee in connection with the transaction giving  
1270 rise to the lease, if: (i) The right to payment and lease agreement are  
1271 evidenced by a record; and (ii) the predominant purpose of the  
1272 transaction giving rise to the lease was to give the lessee the right to  
1273 possession and use of the goods. The term does not include a right to  
1274 payment arising out of a charter or other contract involving the use or  
1275 hire of a vessel or a right to payment arising out of the use of a credit or  
1276 charge card or information contained on or for use with the card.

1277 [(12)] (13) "Collateral" means the property subject to a security

1278 interest or agricultural lien. The term includes:

1279 (A) Proceeds to which a security interest attaches;

1280 (B) Accounts, chattel paper, payment intangibles and promissory  
1281 notes that have been sold; and

1282 (C) Goods that are the subject of a consignment.

1283 [(13)] (14) "Commercial tort claim" means a claim arising in tort with  
1284 respect to which:

1285 (A) The claimant is an organization; or

1286 (B) The claimant is an individual and the claim:

1287 (i) Arose in the course of the claimant's business or profession; and

1288 (ii) Does not include damages arising out of personal injury to or the  
1289 death of an individual.

1290 [(14)] (15) "Commodity account" means an account maintained by a  
1291 commodity intermediary in which a commodity contract is carried for a  
1292 commodity customer.

1293 [(15)] (16) "Commodity contract" means a commodity futures  
1294 contract, an option on a commodity futures contract, a commodity  
1295 option or another contract if the contract or option is:

1296 (A) Traded on or subject to the rules of a board of trade that has been  
1297 designated as a contract market for such a contract pursuant to federal  
1298 commodities laws; or

1299 (B) Traded on a foreign commodity board of trade, exchange or  
1300 market, and is carried on the books of a commodity intermediary for a  
1301 commodity customer.

1302 [(16)] (17) "Commodity customer" means a person for which a  
1303 commodity intermediary carries a commodity contract on its books.

1304        [(17)] (18) "Commodity intermediary" means a person that:

1305        (A) Is registered as a futures commission merchant under federal  
1306 commodities law; or

1307        (B) In the ordinary course of its business provides clearance or  
1308 settlement services for a board of trade that has been designated as a  
1309 contract market pursuant to federal commodities law.

1310        [(18)] (19) "Communicate" means:

1311        (A) To send a written or other tangible record;

1312        (B) To transmit a record by any means agreed upon by the persons  
1313 sending and receiving the record; or

1314        (C) In the case of transmission of a record to or by a filing office, to  
1315 transmit a record by any means prescribed by filing-office regulation.

1316        [(19)] (20) "Consignee" means a merchant to which goods are  
1317 delivered in a consignment.

1318        [(20)] (21) "Consignment" means a transaction, regardless of its form,  
1319 in which a person delivers goods to a merchant for the purpose of sale  
1320 and:

1321        (A) The merchant:

1322        (i) Deals in goods of that kind under a name other than the name of  
1323 the person making delivery;

1324        (ii) Is not an auctioneer; and

1325        (iii) Is not generally known by its creditors to be substantially  
1326 engaged in selling the goods of others;

1327        (B) With respect to each delivery, the aggregate value of the goods is  
1328 one thousand dollars or more at the time of delivery;

1329        (C) The goods are not consumer goods immediately before delivery;

1330 and

1331 (D) The transaction does not create a security interest that secures an  
1332 obligation.

1333 [(21)] (22) "Consignor" means a person that delivers goods to a  
1334 consignee in a consignment.

1335 [(22)] (23) "Consumer debtor" means a debtor in a consumer  
1336 transaction.

1337 [(23)] (24) "Consumer goods" means goods that are used or bought  
1338 for use primarily for personal, family or household purposes.

1339 [(24)] (25) "Consumer-goods transaction" means a consumer  
1340 transaction in which:

1341 (A) An individual incurs an obligation primarily for personal, family  
1342 or household purposes; and

1343 (B) A security interest in consumer goods secures the obligation.

1344 [(25)] (26) "Consumer obligor" means an obligor who is an individual  
1345 and who incurred the obligation as part of a transaction entered into  
1346 primarily for personal, family or household purposes.

1347 [(26)] (27) "Consumer transaction" means a transaction in which (i) an  
1348 individual incurs an obligation primarily for personal, family or  
1349 household purposes, (ii) a security interest secures the obligation, and  
1350 (iii) the collateral is held or acquired primarily for personal, family or  
1351 household purposes. The term includes consumer-goods transactions.

1352 [(27)] (28) "Continuation statement" means an amendment of a  
1353 financing statement which:

1354 (A) Identifies, by its file number or, in the case of a recording with a  
1355 filing office described in subdivision (1) of subsection (a) of section 42a-  
1356 9-501, by book and page number, the initial financing statement to  
1357 which it relates; and



1358 (B) Indicates that it is a continuation statement for, or that it is filed to  
1359 continue the effectiveness of, the identified financing statement.

1360 (29) "Controllable account" means an account evidenced by a  
1361 controllable electronic record that provides that the account debtor  
1362 undertakes to pay the person that has control, under section 90 of this  
1363 act, of the controllable electronic record.

1364 (30) "Controllable payment intangible" means a payment intangible  
1365 evidenced by a controllable electronic record that provides that the  
1366 account debtor undertakes to pay the person that has control, under  
1367 section 90 of this act, of the controllable electronic record.

1368 [(28)] (31) "Debtor" means:

1369 (A) A person having an interest, other than a security interest or other  
1370 lien, in the collateral, whether or not the person is an obligor;

1371 (B) A seller of accounts, chattel paper, payment intangibles or  
1372 promissory notes; or

1373 (C) A consignee.

1374 [(29)] (32) "Deposit account" means a demand, time, savings,  
1375 passbook or similar account maintained with a bank. The term does not  
1376 include investment property or accounts evidenced by an instrument.

1377 [(30)] (33) "Document" means a document of title or a receipt of the  
1378 type described in subsection (b) of section 42a-7-201.

1379 [(31) "Electronic chattel paper" means chattel paper evidenced by a  
1380 record or records consisting of information stored in an electronic  
1381 medium.]

1382 (34) "Electronic money" means money in an electronic form.

1383 [(32)] (35) "Encumbrance" includes real property mortgages and other  
1384 liens on real property and all other rights in real property that are not  
1385 ownership interests.

1386 [(33)] (36) "Equipment" means goods other than inventory, farm  
1387 products or consumer goods.

1388 [(34)] (37) "Farm products" means goods, other than standing timber,  
1389 with respect to which the debtor is engaged in a farming operation and  
1390 which are:

1391 (A) Crops grown, growing or to be grown, including:

1392 (i) Crops produced on trees, vines and bushes; and

1393 (ii) Aquatic goods produced in aquacultural operations;

1394 (B) Livestock, born or unborn, including aquatic goods produced in  
1395 aquacultural operations;

1396 (C) Supplies used or produced in a farming operation; or

1397 (D) Products of crops or livestock in their unmanufactured states.

1398 [(35)] (38) "Farming operation" means raising, cultivating,  
1399 propagating, fattening, grazing or any other farming, livestock or  
1400 aquacultural operation.

1401 [(36)] (39) "File number" means the number assigned to an initial  
1402 financing statement pursuant to subsection (a) of section 42a-9-519.

1403 [(37)] (40) "Filing office" means an office designated in section 42a-9-  
1404 501 as the place to file a financing statement.

1405 [(38)] (41) "Filing-office regulation" means a regulation adopted  
1406 pursuant to section 42a-9-526.

1407 [(39)] (42) "Financing statement" means a record or records composed  
1408 of an initial financing statement and any filed record relating to the  
1409 initial financing statement.

1410 [(40)] (43) "Fixture filing" means the filing of a financing statement  
1411 covering goods that are or are to become fixtures and satisfying  
1412 subsections (a) and (b) of section 42a-9-502. The term includes the filing

1413 of a financing statement covering goods of a transmitting utility which  
1414 are or are to become fixtures.

1415 [(41)] (44) "Fixtures" means goods that have become so related to  
1416 particular real property that an interest in them arises under real  
1417 property law.

1418 [(42)] (45) "General intangible" means any personal property,  
1419 including things in action, other than accounts, chattel paper,  
1420 commercial tort claims, deposit accounts, documents, goods,  
1421 instruments, investment property, letter-of-credit rights, letters of  
1422 credit, money and oil, gas or other minerals before extraction. The term  
1423 includes controllable electronic records, payment intangibles and  
1424 software.

1425 [(43)] (46) "Good faith" has the same meaning as provided in  
1426 [subdivision (20) of subsection (b) of] section 42a-1-201, as amended by  
1427 this act.

1428 [(44)] (47) "Goods" means all things that are movable when a security  
1429 interest attaches. The term includes (i) fixtures, (ii) standing timber that  
1430 is to be cut and removed under a conveyance or contract for sale, (iii)  
1431 the unborn young of animals, (iv) crops grown, growing or to be grown,  
1432 even if the crops are produced on trees, vines or bushes, and (v)  
1433 manufactured homes. The term also includes a computer program  
1434 embedded in goods and any supporting information provided in  
1435 connection with a transaction relating to the program if (i) the program  
1436 is associated with the goods in such a manner that it customarily is  
1437 considered part of the goods, or (ii) by becoming the owner of the goods,  
1438 a person acquires a right to use the program in connection with the  
1439 goods. The term does not include a computer program embedded in  
1440 goods that consist solely of the medium in which the program is  
1441 embedded. The term also does not include accounts, chattel paper,  
1442 commercial tort claims, deposit accounts, documents, general  
1443 intangibles, instruments, investment property, letter-of-credit rights,  
1444 letters of credit, money or oil, gas or other minerals before extraction.

1445     [(45)] (48) "Governmental unit" means a subdivision, agency,  
1446     department, county, parish, municipality, or other unit of the  
1447     government of the United States, a state or a foreign country. The term  
1448     includes an organization having a separate corporate existence if the  
1449     organization is eligible to issue debt on which interest is exempt from  
1450     income taxation under the laws of the United States.

1451     [(46)] (49) "Health-care-insurance receivable" means an interest in or  
1452     claim under a policy of insurance which is a right to payment of a  
1453     monetary obligation for health-care goods or services provided.

1454     [(47)] (50) "Instrument" means a negotiable instrument or any other  
1455     writing that evidences a right to the payment of a monetary obligation,  
1456     is not itself a security agreement or lease and is of a type that in ordinary  
1457     course of business is transferred by delivery with any necessary  
1458     endorsement or assignment. The term does not include (i) investment  
1459     property, (ii) letters of credit, [or] (iii) writings that evidence a right to  
1460     payment arising out of the use of a credit or charge card or information  
1461     contained on or for use with the card, or (iv) writings that evidence  
1462     chattel paper.

1463     [(48)] (51) "Inventory" means goods, other than farm products, which:

1464         (A) Are leased by a person as lessor;

1465         (B) Are held by a person for sale or lease or to be furnished under a  
1466     contract of service;

1467         (C) Are furnished by a person under a contract of service; or

1468         (D) Consist of raw materials, work in process or materials used or  
1469     consumed in a business.

1470     [(49)] (52) "Investment property" means a security, whether  
1471     certificated or uncertificated, security entitlement, securities account,  
1472     commodity contract or commodity account.

1473     [(50)] (53) "Jurisdiction of organization", with respect to a registered

1474 organization, means the jurisdiction under whose law the organization  
1475 is formed or organized.

1476 [(51)] (54) "Letter-of-credit right" means a right to payment or  
1477 performance under a letter of credit, whether or not the beneficiary has  
1478 demanded or is at the time entitled to demand payment or performance.  
1479 The term does not include the right of a beneficiary to demand payment  
1480 or performance under a letter of credit.

1481 [(52)] (55) "Lien creditor" means:

1482 (A) A creditor that has acquired a lien on the property involved by  
1483 attachment, levy or the like;

1484 (B) An assignee for benefit of creditors from the time of assignment;

1485 (C) A trustee in bankruptcy from the date of the filing of the petition;  
1486 or

1487 (D) A receiver in equity from the time of appointment.

1488 [(53)] (56) "Manufactured home" means a "mobile manufactured  
1489 home" as defined in section 21-64.

1490 [(54)] (57) "Manufactured-home transaction" means a secured  
1491 transaction:

1492 (A) That creates a purchase-money security interest in a  
1493 manufactured home, other than a manufactured home held as  
1494 inventory; or

1495 (B) In which a manufactured home, other than a manufactured home  
1496 held as inventory, is the primary collateral.

1497 (58) "Money" has the same meaning as provided in subdivision (25)  
1498 of subsection (b) of section 42a-1-201, as amended by this act, but does  
1499 not include (i) a deposit account, or (ii) money in an electronic form that  
1500 cannot be subjected to control under section 39 of this act.

1501       [(55)] (59) "Mortgage" means a consensual interest in real property,  
1502 including fixtures, which secures payment or performance of an  
1503 obligation.

1504       [(56)] (60) "New debtor" means a person that becomes bound as  
1505 debtor under subsection (d) of section 42a-9-203 by a security agreement  
1506 previously entered into by another person.

1507       [(57)] (61) "New value" means (i) money, (ii) money's worth in  
1508 property, services or new credit, or (iii) release by a transferee of an  
1509 interest in property previously transferred to the transferee. The term  
1510 does not include an obligation substituted for another obligation.

1511       [(58)] (62) "Noncash proceeds" means proceeds other than cash  
1512 proceeds.

1513       [(59)] (63) "Obligor" means a person that, with respect to an obligation  
1514 secured by a security interest in or an agricultural lien on the collateral,  
1515 (i) owes payment or other performance of the obligation, (ii) has  
1516 provided property other than the collateral to secure payment or other  
1517 performance of the obligation, or (iii) is otherwise accountable in whole  
1518 or in part for payment or other performance of the obligation. The term  
1519 does not include issuers or nominated persons under a letter of credit.

1520       [(60)] (64) "Original debtor", except as used in subsection (c) of section  
1521 42a-9-310, means a person that, as debtor, entered into a security  
1522 agreement to which a new debtor has become bound under subsection  
1523 (d) of section 42a-9-203.

1524       [(61)] (65) "Payment intangible" means a general intangible under  
1525 which the account debtor's principal obligation is a monetary obligation.  
1526 The term includes a controllable payment intangible.

1527       [(62)] (66) "Person related to", with respect to an individual, means:

1528       (A) The spouse of the individual;

1529       (B) A brother, brother-in-law, sister or sister-in-law of the individual;

1530 (C) An ancestor or lineal descendant of the individual or the  
1531 individual's spouse; or

1532 (D) Any other relative, by blood or marriage, of the individual or the  
1533 individual's spouse who shares the same home with the individual.

1534 ~~[(63)]~~ (67) "Person related to", with respect to an organization, means:

1535 (A) A person directly or indirectly controlling, controlled by or under  
1536 common control with the organization;

1537 (B) An officer or director of, or a person performing similar functions  
1538 with respect to, the organization;

1539 (C) An officer or director of, or a person performing similar functions  
1540 with respect to, a person described in subparagraph (A);

1541 (D) The spouse of an individual described in subparagraph (A), (B)  
1542 or (C); or

1543 (E) An individual who is related by blood or marriage to an  
1544 individual described in subparagraph (A), (B), (C) or (D) and shares the  
1545 same home with the individual.

1546 ~~[(64)]~~ (68) "Proceeds", except as used in subsection (b) of section 42a-  
1547 9-609, means the following property:

1548 (A) Whatever is acquired upon the sale, lease, license, exchange or  
1549 other disposition of collateral;

1550 (B) Whatever is collected on, or distributed on account of, collateral;

1551 (C) Rights arising out of collateral;

1552 (D) To the extent of the value of collateral, claims arising out of the  
1553 loss, nonconformity or interference with the use of, defects or  
1554 infringement of rights in, or damage to, the collateral; or

1555 (E) To the extent of the value of collateral and to the extent payable to  
1556 the debtor or the secured party, insurance payable by reason of the loss

1557 or nonconformity of, defects or infringement of rights in, or damage to,  
1558 the collateral.

1559 [(65)] (69) "Promissory note" means an instrument that evidences a  
1560 promise to pay a monetary obligation, does not evidence an order to pay  
1561 and does not contain an acknowledgment by a bank that the bank has  
1562 received for deposit a sum of money or funds.

1563 [(66)] (70) "Proposal" means a record authenticated by a secured party  
1564 which includes the terms on which the secured party is willing to accept  
1565 collateral in full or partial satisfaction of the obligation it secures  
1566 pursuant to sections 42a-9-620, as amended by this act, 42a-9-621, as  
1567 amended by this act, and 42a-9-622.

1568 [(67)] (71) "Public-finance transaction" means a secured transaction in  
1569 connection with which:

1570 (A) Debt securities are issued;

1571 (B) All or a portion of the securities issued have an initial stated  
1572 maturity of at least twenty years; and

1573 (C) The debtor, obligor, secured party, account debtor or other person  
1574 obligated on collateral, assignor or assignee of a secured obligation or  
1575 assignor or assignee of a security interest is a state or a governmental  
1576 unit of a state.

1577 [(68)] (72) "Public organic record" means a record that is available to  
1578 the public for inspection and is:

1579 (A) A record consisting of the record initially filed with or issued by  
1580 a state or the United States to form or organize an organization and any  
1581 record filed with or issued by the state or the United States which  
1582 amends or restates the initial record;

1583 (B) An organic record of a business trust consisting of the record  
1584 initially filed with a state and any record filed with the state which  
1585 amends or restates the initial record, if a statute of the state governing



1586 business trusts requires that the record be filed with the state; or

1587 (C) A record consisting of legislation enacted by the legislature of a  
1588 state or the Congress of the United States which forms or organizes an  
1589 organization, any record amending the legislation and any record filed  
1590 with or issued by the state or the United States which amends or restates  
1591 the name of the organization.

1592 [(69)] (73) "Pursuant to commitment", with respect to an advance  
1593 made or other value given by a secured party, means pursuant to the  
1594 secured party's obligation, whether or not a subsequent event of default  
1595 or other event not within the secured party's control has relieved or may  
1596 relieve the secured party from its obligation.

1597 [(70)] (74) "Record", except as used in "for record", "of record", "record  
1598 or legal title" and "record owner", means information that is inscribed  
1599 on a tangible medium or which is stored in an electronic or other  
1600 medium and is retrievable in perceivable form.

1601 [(71)] (75) "Registered organization" means an organization formed  
1602 or organized solely under the law of a single state or the United States  
1603 by the filing of a public organic record with, the issuance of a public  
1604 organic record by or the enactment of legislation by the state or the  
1605 United States. The term includes a business trust that is formed or  
1606 organized under the law of a single state if a statute of the state  
1607 governing business trusts requires that the business trust's organic  
1608 record be filed with the state.

1609 [(72)] (76) "Secondary obligor" means an obligor to the extent that:

1610 (A) The obligor's obligation is secondary; or

1611 (B) The obligor has a right of recourse with respect to an obligation  
1612 secured by collateral against the debtor, another obligor or property of  
1613 either.

1614 [(73)] (77) "Secured party" means:

1615 (A) A person in whose favor a security interest is created or provided  
1616 for under a security agreement, whether or not any obligation to be  
1617 secured is outstanding;

1618 (B) A person that holds an agricultural lien;

1619 (C) A consignor;

1620 (D) A person to which accounts, chattel paper, payment intangibles  
1621 or promissory notes have been sold;

1622 (E) A trustee, indenture trustee, agent, collateral agent or other  
1623 representative in whose favor a security interest or agricultural lien is  
1624 created or provided for; or

1625 (F) A person that holds a security interest arising under section 42a-  
1626 2-401, section 42a-2-505, subsection (3) of section 42a-2-711, subsection  
1627 (d) of section 42a-2A-724, section 42a-4-210 or section 42a-5-118.

1628 [(74)] (78) "Security agreement" means an agreement that creates or  
1629 provides for a security interest.

1630 [(75) "Send", in connection with a record or notification, means:

1631 (A) To deposit in the mail, deliver for transmission or transmit by any  
1632 other usual means of communication, with postage or cost of  
1633 transmission provided for, addressed to any address reasonable under  
1634 the circumstances; or

1635 (B) To cause the record or notification to be received within the time  
1636 that it would have been received if properly sent under subparagraph  
1637 (A).]

1638 [(76)] (79) "Software" means a computer program and any supporting  
1639 information provided in connection with a transaction relating to the  
1640 program. The term does not include a computer program that is  
1641 included in the definition of goods.

1642 [(77)] (80) "State" means a state of the United States, the District of

1643 Columbia, Puerto Rico, the United States Virgin Islands or any territory  
1644 or insular possession subject to the jurisdiction of the United States.

1645 [(78)] (81) "Supporting obligation" means a letter-of-credit right or  
1646 secondary obligation that supports the payment or performance of an  
1647 account, chattel paper, a document, a general intangible, an instrument  
1648 or investment property.

1649 [(79) "Tangible chattel paper" means chattel paper evidenced by a  
1650 record or records consisting of information that is inscribed on a  
1651 tangible medium.]

1652 (82) "Tangible money" means money in a tangible form.

1653 [(80)] (83) "Termination statement" means an amendment of a  
1654 financing statement which:

1655 (A) Identifies, by its file number or, in the case of a recording with a  
1656 filing office described in subdivision (1) of subsection (a) of section 42a-  
1657 9-501, by book and page number, the initial financing statement to  
1658 which it relates; and

1659 (B) Indicates either that it is a termination statement or that the  
1660 identified financing statement is no longer effective.

1661 [(81)] (84) "Transmitting utility" means a person primarily engaged in  
1662 the business of:

1663 (A) Operating a railroad, subway, street railway or trolley bus;

1664 (B) Transmitting communications electrically, electromagnetically or  
1665 by light;

1666 (C) Transmitting goods by pipeline or sewer; or

1667 (D) Transmitting or producing and transmitting electricity, steam,  
1668 gas or water.

1669 (b) "Control" as provided in section 42a-7-106, as amended by this act,

1670 and the following definitions in other articles apply to this article:

- T43 "Applicant". Section 42a-5-102.
- T44 "Beneficiary". Section 42a-5-102.
- T45 "Broker". Section 42a-8-102, as amended by this act.
- T46 "Certificated security". Section 42a-8-102, as amended by this act.
- T47 "Check". Section 42a-3-104, as amended by this act.
- T48 "Clearing corporation". Section 42a-8-102, as amended by this act.
- T49 "Contract for sale". Section 42a-2-106, as amended by this act.
- T50 "Controllable electronic record". Section 87 of this act.
- T51 "Customer". Section 42a-4-104.
- T52 "Entitlement holder". Section 42a-8-102, as amended by this act.
- T53 "Financial asset". Section 42a-8-102, as amended by this act.
- T54 "Holder in due course". Section 42a-3-302.
- T55 "Issuer" (with respect to a letter of credit or letter-of-credit right). Section 42a-5-102.
- T56 "Issuer" (with respect to a security). Section 42a-8-201.
- T57 "Issuer" (with respect to documents of title). Section 42a-7-102, as amended by this act.
- T58 "Lease". Section 42a-2A-102, as amended by this act.
- T59 "Lease agreement". Section 42a-2A-102, as amended by this act.
- T60 "Lease contract". Section 42a-2A-102, as amended by this act.
- T61 "Leasehold interest". Section 42a-2A-102, as amended by this act.
- T62 "Lessee". Section 42a-2A-102, as amended by this act.
- T63 "Lessee in ordinary course of business". Section 42a-2A-102, as amended by this act.
- T64 "Lessor". Section 42a-2A-102, as amended by this act.
- T65 "Lessor's residual interest". Section 42a-2A-102, as amended by this act.
- T66 "Letter of credit". Section 42a-5-102.
- T67 "Merchant". Section 42a-2-104.
- T68 "Negotiable instrument". Section 42a-3-104, as amended by this act.
- T69 "Nominated person". Section 42a-5-102.
- T70 "Note". Section 42a-3-104, as amended by this act.
- T71 "Proceeds of a letter of credit". Section 42a-5-114.
- T72 "Protected purchaser". Section 42a-8-303, as amended by this act.

T73 "Prove". Section 42a-3-103.  
T74 "Qualifying purchaser". Section 87 of this act.  
T75 "Sale". Section 42a-2-106, as amended by this act.  
T76 "Securities account". Section 42a-8-501.  
T77 "Securities intermediary". Section 42a-8-102, as amended by this act.  
T78 "Security". Section 42a-8-102, as amended by this act.  
T79 "Security certificate". Section 42a-8-102, as amended by this act.  
T80 "Security entitlement". Section 42a-8-102, as amended by this act.  
T81 "Uncertificated security". Section 42a-8-102, as amended by this act.

1671 (c) Article 1 contains general definitions and principles of  
1672 construction and interpretation applicable throughout this article.

1673 Sec. 37. Section 42a-9-104 of the general statutes is repealed and the  
1674 following is substituted in lieu thereof (*Effective January 1, 2026*):

1675 (a) A secured party has control of a deposit account if:

1676 (1) The secured party is the bank with which the deposit account is  
1677 maintained;

1678 (2) The debtor, secured party and bank have agreed in [an  
1679 authenticated] a signed record that the bank will comply with  
1680 instructions originated by the secured party directing disposition of the  
1681 funds in the deposit account without further consent by the debtor; [or]

1682 (3) The secured party becomes the bank's customer with respect to  
1683 the deposit account; or

1684 (4) Another person, other than the debtor:

1685 (A) Has control of the deposit account and acknowledges that it has  
1686 control on behalf of the secured party; or

1687 (B) Obtains control of the deposit account after having acknowledged  
1688 that it will obtain control of the deposit account on behalf of the secured  
1689 party.

1690 (b) A secured party that has satisfied subsection (a) of this section has  
1691 control, even if the debtor retains the right to direct the disposition of  
1692 funds from the deposit account.

1693 Sec. 38. Section 42a-9-105 of the general statutes is repealed and the  
1694 following is substituted in lieu thereof (*Effective January 1, 2026*):

1695 [(a) A secured party has control of electronic chattel paper if a system  
1696 employed for evidencing the transfer of interests in the chattel paper  
1697 reliably establishes the secured party as the person to which the chattel  
1698 paper was assigned.

1699 (b) A system satisfies subsection (a) of this section if the record or  
1700 records comprising the chattel paper are created, stored and assigned in  
1701 such a manner that:

1702 (1) A single authoritative copy of the record or records exists which  
1703 is unique, identifiable and, except as otherwise provided in subdivisions  
1704 (4), (5) and (6) of this subsection, unalterable;

1705 (2) The authoritative copy identifies the secured party as the assignee  
1706 of the record or records;

1707 (3) The authoritative copy is communicated to and maintained by the  
1708 secured party or its designated custodian;

1709 (4) Copies or amendments that add or change an identified assignee  
1710 of the authoritative copy can be made only with the consent of the  
1711 secured party;

1712 (5) Each copy of the authoritative copy and any copy of a copy is  
1713 readily identifiable as a copy that is not the authoritative copy; and

1714 (6) Any amendment of the authoritative copy is readily identifiable  
1715 as authorized or unauthorized.]

1716 (a) A purchaser has control of an authoritative electronic copy of a  
1717 record evidencing chattel paper if a system employed for evidencing the  
1718 assignment of interests in the chattel paper reliably establishes the

1719 purchaser as the person to which the authoritative electronic copy was  
1720 assigned.

1721 (b) A system satisfies subsection (a) of this section if the record or  
1722 records evidencing the chattel paper are created, stored and assigned in  
1723 a manner that:

1724 (1) A single authoritative copy of the record or records exists which  
1725 is unique, identifiable and, except as otherwise provided in subdivisions  
1726 (4), (5) and (6) of this subsection, unalterable;

1727 (2) The authoritative copy identifies the purchaser as the assignee of  
1728 the record or records;

1729 (3) The authoritative copy is communicated to and maintained by the  
1730 purchaser or its designated custodian;

1731 (4) Copies or amendments that add or change an identified assignee  
1732 of the authoritative copy can be made only with the consent of the  
1733 purchaser;

1734 (5) Each copy of the authoritative copy and any copy of a copy is  
1735 readily identifiable as a copy that is not the authoritative copy; and

1736 (6) Any amendment of the authoritative copy is readily identifiable  
1737 as authorized or unauthorized.

1738 (c) A system satisfies subsection (a) of this section, and a purchaser  
1739 has control of an authoritative electronic copy of a record evidencing  
1740 chattel paper, if the electronic copy, a record attached to or logically  
1741 associated with the electronic copy or a system in which the electronic  
1742 copy is recorded:

1743 (1) Enables the purchaser readily to identify each electronic copy as  
1744 either an authoritative copy or a nonauthoritative copy;

1745 (2) Enables the purchaser readily to identify itself in any way,  
1746 including by name, identifying number, cryptographic key, office or  
1747 account number, as the assignee of the authoritative electronic copy; and

1748       (3) Gives the purchaser exclusive power, subject to subsection (d) of  
1749       this section, to:

1750       (A) Prevent others from adding or changing an identified assignee of  
1751       the authoritative electronic copy; and

1752       (B) Transfer control of the authoritative electronic copy.

1753       (d) Subject to subsection (e) of this section, a power is exclusive under  
1754       subparagraphs (A) and (B) of subdivision (3) of subsection (c) of this  
1755       section even if:

1756       (1) The authoritative electronic copy, a record attached to or logically  
1757       associated with the authoritative electronic copy or a system in which  
1758       the authoritative electronic copy is recorded limits the use of the  
1759       authoritative electronic copy or has a protocol programmed to cause a  
1760       change, including a transfer or loss of control; or

1761       (2) The power is shared with another person.

1762       (e) A power of a purchaser is not shared with another person under  
1763       subdivision (2) of subsection (d) of this section and the purchaser's  
1764       power is not exclusive if:

1765       (1) The purchaser can exercise the power only if the power also is  
1766       exercised by the other person; and

1767       (2) The other person:

1768       (A) Can exercise the power without exercise of the power by the  
1769       purchaser; or

1770       (B) Is the transferor to the purchaser of an interest in the chattel paper.

1771       (f) If a purchaser has the powers specified in subparagraphs (A) and  
1772       (B) of subdivision (3) of subsection (c) of this section, the powers are  
1773       presumed to be exclusive.

1774       (g) A purchaser has control of an authoritative electronic copy of a



1775 record evidencing chattel paper if another person, other than the  
1776 transferor to the purchaser of an interest in the chattel paper:

1777 (1) Has control of the authoritative electronic copy and acknowledges  
1778 that it has control on behalf of the purchaser; or

1779 (2) Obtains control of the authoritative electronic copy after having  
1780 acknowledged that it will obtain control of the electronic copy on behalf  
1781 of the purchaser.

1782 Sec. 39. (NEW) (*Effective January 1, 2026*) (a) A person has control of  
1783 electronic money if: (1) The electronic money, a record attached to or  
1784 logically associated with the electronic money or a system in which the  
1785 electronic money is recorded gives the person:

1786 (A) Power to avail itself of substantially all the benefit from the  
1787 electronic money; and

1788 (B) Exclusive power, subject to subsection (b) of this section, to:

1789 (i) Prevent others from availing themselves of substantially all the  
1790 benefit from the electronic money; and

1791 (ii) Transfer control of the electronic money to another person or  
1792 cause another person to obtain control of other electronic money as a  
1793 result of the transfer of the electronic money; and

1794 (2) The electronic money, a record attached to or logically associated  
1795 with the electronic money or a system in which the electronic money is  
1796 recorded enables the person readily to identify itself in any way,  
1797 including by name, identifying number, cryptographic key, office or  
1798 account number, as having the powers under subdivision (1) of this  
1799 subsection.

1800 (b) Subject to subsection (c) of this section, a power is exclusive under  
1801 subparagraph (B) of subdivision (1) of subsection (a) of this section even  
1802 if:

1803 (1) The electronic money, a record attached to or logically associated

1804 with the electronic money or a system in which the electronic money is  
1805 recorded limits the use of the electronic money or has a protocol  
1806 programmed to cause a change, including a transfer or loss of control;  
1807 or

1808 (2) The power is shared with another person.

1809 (c) A power of a person is not shared with another person under  
1810 subdivision (2) of subsection (b) of this section and the person's power  
1811 is not exclusive if:

1812 (1) The person can exercise the power only if the power also is  
1813 exercised by the other person; and

1814 (2) The other person: (A) Can exercise the power without exercise of  
1815 the power by the person; or (B) is the transferor to the person of an  
1816 interest in the electronic money.

1817 (d) If a person has the powers specified in subparagraph (B) of  
1818 subdivision (1) of subsection (a) of this section, the powers are presumed  
1819 to be exclusive.

1820 (e) A person has control of electronic money if another person, other  
1821 than the transferor to the person of an interest in the electronic money:

1822 (1) Has control of the electronic money and acknowledges that it has  
1823 control on behalf of the person; or

1824 (2) Obtains control of the electronic money after having  
1825 acknowledged that it will obtain control of the electronic money on  
1826 behalf of the person.

1827 Sec. 40. (NEW) (*Effective January 1, 2026*) (a) A secured party has  
1828 control of a controllable electronic record as provided in section 90 of  
1829 this act.

1830 (b) A secured party has control of a controllable account or  
1831 controllable payment intangible if the secured party has control of the  
1832 controllable electronic record that evidences the controllable account or

1833 controllable payment intangible.

1834 Sec. 41. (NEW) (*Effective January 1, 2026*) (a) A person that has control  
1835 under section 42a-9-104, as amended by this act, 42a-9-105, as amended  
1836 by this act, or section 39 of this act is not required to acknowledge that  
1837 it has control on behalf of another person.

1838 (b) If a person acknowledges that it has or will obtain control on  
1839 behalf of another person, unless the person otherwise agrees or law  
1840 other than this article otherwise provides, the person does not owe any  
1841 duty to the other person and is not required to confirm the  
1842 acknowledgment to any other person.

1843 Sec. 42. Subsection (b) of section 42a-9-203 of the general statutes is  
1844 repealed and the following is substituted in lieu thereof (*Effective January*  
1845 *1, 2026*):

1846 (b) Except as otherwise provided in subsections (c) to (i), inclusive, of  
1847 this section, a security interest is enforceable against the debtor and  
1848 third parties with respect to the collateral only if:

1849 (1) Value has been given;

1850 (2) The debtor has rights in the collateral or the power to transfer  
1851 rights in the collateral to a secured party; and

1852 (3) One of the following conditions is met:

1853 (A) The debtor has [authenticated] signed a security agreement that  
1854 provides a description of the collateral and, if the security interest covers  
1855 timber to be cut, a description of the land concerned;

1856 (B) The collateral is not a certificated security and is in the possession  
1857 of the secured party under section 42a-9-313, as amended by this act,  
1858 pursuant to the debtor's security agreement;

1859 (C) The collateral is a certificated security in registered form and the  
1860 security certificate has been delivered to the secured party under section  
1861 42a-8-301 pursuant to the debtor's security agreement; or

1862 (D) The collateral is controllable accounts, controllable electronic  
1863 records, controllable payment intangibles, deposit accounts, [electronic  
1864 chattel paper] electronic documents, electronic money, investment  
1865 property [,] or letter-of-credit rights, [or electronic documents,] and the  
1866 secured party has control under section 42a-7-106, as amended by this  
1867 act, 42a-9-104, as amended by this act, 42a-9-105, as amended by this act,  
1868 42a-9-106, [or] 42a-9-107 or section 40 of this act, pursuant to the debtor's  
1869 security agreement; or

1870 (E) The collateral is chattel paper and the secured party has  
1871 possession and control under section 57 of this act, pursuant to the  
1872 debtor's security agreement.

1873 Sec. 43. Section 42a-9-204 of the general statutes is repealed and the  
1874 following is substituted in lieu thereof (*Effective January 1, 2026*):

1875 (a) Except as otherwise provided in subsection (b), a security  
1876 agreement may create or provide for a security interest in after-acquired  
1877 collateral.

1878 (b) [A] Subject to the provisions of subsection (c) of this section, a  
1879 security interest does not attach under a term constituting an  
1880 after-acquired property clause to:

1881 (1) Consumer goods, other than an accession when given as  
1882 additional security, unless the debtor acquires rights in them within ten  
1883 days after the secured party gives value; or

1884 (2) A commercial tort claim.

1885 (c) Subsection (b) of this section does not prevent a security interest  
1886 from attaching:

1887 (1) To consumer goods as proceeds under subsection (a) of section  
1888 42a-9-315 or commingled goods under subsection (c) of section 42a-9  
1889 336;

1890 (2) To a commercial tort claim as proceeds under subsection (a) of

1891 section 42a-9-315; or

1892 (3) Under an after-acquired property clause to property that is  
1893 proceeds of consumer goods or a commercial tort claim.

1894 ~~[(c)]~~ (d) A security agreement may provide that collateral secures, or  
1895 that accounts, chattel paper, payment intangibles or promissory notes  
1896 are sold in connection with, future advances or other value, whether or  
1897 not the advances or value are given pursuant to commitment.

1898 Sec. 44. Subsection (c) of section 42a-9-207 of the general statutes is  
1899 repealed and the following is substituted in lieu thereof (*Effective January*  
1900 *1, 2026*):

1901 (c) Except as otherwise agreed by a debtor other than a consumer  
1902 debtor or as otherwise provided in subsection (d) of this section, a  
1903 secured party having possession of collateral or control of collateral  
1904 under section 42a-7-106, as amended by this act, 42a-9-104, as amended  
1905 by this act, 42a-9-105, as amended by this act, section 39 of this act, 42a-  
1906 9-106, [or] 42a-9-107 or section 40 of this act:

1907 (1) May hold as additional security any proceeds, except money or  
1908 funds, received from the collateral;

1909 (2) Shall apply money or funds received from the collateral to reduce  
1910 the secured obligation, unless remitted to the debtor; and

1911 (3) May create a security interest in the collateral.

1912 Sec. 45. Subsection (b) of section 42a-9-208 of the general statutes is  
1913 repealed and the following is substituted in lieu thereof (*Effective January*  
1914 *1, 2026*):

1915 (b) Within ten days after receiving [an authenticated] a signed  
1916 demand by the debtor:

1917 (1) A secured party having control of a deposit account under  
1918 subdivision (2) of subsection (a) of section 42a-9-104, as amended by this  
1919 act, shall send to the bank with which the deposit account is maintained

1920 [an authenticated statement] a signed record that releases the bank from  
1921 any further obligation to comply with instructions originated by the  
1922 secured party;

1923 (2) A secured party having control of a deposit account under  
1924 subdivision (3) of subsection (a) of section 42a-9-104, as amended by this  
1925 act, shall:

1926 (A) Pay the debtor the balance on deposit in the deposit account; or

1927 (B) Transfer the balance on deposit into a deposit account in the  
1928 debtor's name;

1929 [(3) A secured party, other than a buyer, having control of electronic  
1930 chattel paper under section 42a-9-105 shall:

1931 (A) Communicate the authoritative copy of the electronic chattel  
1932 paper to the debtor or its designated custodian;

1933 (B) If the debtor designates a custodian that is the designated  
1934 custodian with which the authoritative copy of the electronic chattel  
1935 paper is maintained for the secured party, communicate to the  
1936 custodian an authenticated record releasing the designated custodian  
1937 from any further obligation to comply with instructions originated by  
1938 the secured party and instructing the custodian to comply with  
1939 instructions originated by the debtor; and

1940 (C) Take appropriate action to enable the debtor or its designated  
1941 custodian to make copies of or revisions to the authoritative copy which  
1942 add or change an identified assignee of the authoritative copy without  
1943 the consent of the secured party;]

1944 (3) A secured party, other than a buyer, having control under section  
1945 42a-9-105, as amended by this act, of an authoritative electronic copy of  
1946 a record evidencing chattel paper shall transfer control of the electronic  
1947 copy to the debtor or a person designated by the debtor;

1948 (4) A secured party having control of investment property under

1949 subdivision (2) of subsection (d) of section 42a-8-106, as amended by this  
1950 act, or subsection (b) of section 42a-9-106 shall send to the securities  
1951 intermediary or commodity intermediary with which the security  
1952 entitlement or commodity contract is maintained [an authenticated] a  
1953 signed record that releases the securities intermediary or commodity  
1954 intermediary from any further obligation to comply with entitlement  
1955 orders or directions originated by the secured party;

1956 (5) A secured party having control of a letter-of-credit right under  
1957 section 42a-9-107 shall send to each person having an unfulfilled  
1958 obligation to pay or deliver proceeds of the letter of credit to the secured  
1959 party [an authenticated] a signed release from any further obligation to  
1960 pay or deliver proceeds of the letter of credit to the secured party; [and]

1961 [(6) A secured party having control of an electronic document shall:

1962 (A) Give control of the electronic document to the debtor or its  
1963 designated custodian;

1964 (B) If the debtor designates a custodian that is the designated  
1965 custodian with which the authoritative copy of the electronic document  
1966 is maintained for the secured party, communicate to the custodian an  
1967 authenticated record releasing the designated custodian from any  
1968 further obligation to comply with instructions originated by the secured  
1969 party and instructing the custodian to comply with instructions  
1970 originated by the debtor; and

1971 (C) Take appropriate action to enable the debtor or its designated  
1972 custodian to make copies of or revisions to the authoritative copy which  
1973 add or change an identified assignee of the authoritative copy without  
1974 the consent of the secured party.]

1975 (6) A secured party having control under section 42a-9-105, as  
1976 amended by this act, of an authoritative electronic copy of an electronic  
1977 document shall transfer control of the electronic copy to the debtor or a  
1978 person designated by the debtor;

1979 (7) A secured party having control under section 39 of this act of

1980 electronic money shall transfer control of the electronic money to the  
1981 debtor or a person designated by the debtor; and

1982 (8) A secured party having control under section 90 of this act of a  
1983 controllable electronic record, other than a buyer of a controllable  
1984 account or controllable payment intangible evidenced by the  
1985 controllable electronic record, shall transfer control of the controllable  
1986 electronic record to the debtor or a person designated by the debtor.

1987 Sec. 46. Subsection (b) of section 42a-9-209 of the general statutes is  
1988 repealed and the following is substituted in lieu thereof (*Effective January*  
1989 *1, 2026*):

1990 (b) Within ten days after receiving [an authenticated] a signed  
1991 demand by the debtor, a secured party shall send to an account debtor  
1992 that has received notification under subsection (a) of section 42a-9-406  
1993 or subsection (b) of section 91 of this act of an assignment to the secured  
1994 party as assignee [under subsection (a) of section 42a-9-406 an  
1995 authenticated] a signed record that releases the account debtor from any  
1996 further obligation to the secured party.

1997 Sec. 47. Section 42a-9-210 of the general statutes is repealed and the  
1998 following is substituted in lieu thereof (*Effective January 1, 2026*):

1999 (a) In this section:

2000 (1) "Request" means a record of a type described in subdivision (2),  
2001 (3) or (4) of this subsection.

2002 (2) "Request for an accounting" means a record [authenticated] signed  
2003 by a debtor requesting that the recipient provide an accounting of the  
2004 unpaid obligations secured by collateral and reasonably identifying the  
2005 transaction or relationship that is the subject of the request.

2006 (3) "Request regarding a list of collateral" means a record  
2007 [authenticated] signed by a debtor requesting that the recipient approve  
2008 or correct a list of what the debtor believes to be the collateral securing  
2009 an obligation and reasonably identifying the transaction or relationship



2010 that is the subject of the request.

2011 (4) "Request regarding a statement of account" means a record  
2012 [authenticated] signed by a debtor requesting that the recipient approve  
2013 or correct a statement indicating what the debtor believes to be the  
2014 aggregate amount of unpaid obligations secured by collateral as of a  
2015 specified date and reasonably identifying the transaction or relationship  
2016 that is the subject of the request.

2017 (b) Subject to subsections (c), (d), (e) and (f) of this section, a secured  
2018 party, other than a buyer of accounts, chattel paper, payment intangibles  
2019 or promissory notes or a consignor, shall comply with a request within  
2020 fourteen days after receipt:

2021 (1) In the case of a request for an accounting, by [authenticating]  
2022 signing and sending to the debtor an accounting; and

2023 (2) In the case of a request regarding a list of collateral or a request  
2024 regarding a statement of account, by [authenticating] signing and  
2025 sending to the debtor an approval or correction.

2026 (c) A secured party that claims a security interest in all of a particular  
2027 type of collateral owned by the debtor may comply with a request  
2028 regarding a list of collateral by sending to the debtor [an authenticated]  
2029 a signed record including a statement to that effect within fourteen days  
2030 after receipt.

2031 (d) A person that receives a request regarding a list of collateral,  
2032 claims no interest in the collateral when it receives the request, and  
2033 claimed an interest in the collateral at an earlier time shall comply with  
2034 the request within fourteen days after receipt by sending to the debtor  
2035 [an authenticated] a signed record:

2036 (1) Disclaiming any interest in the collateral; and

2037 (2) If known to the recipient, providing the name and mailing address  
2038 of any assignee of or successor to the recipient's interest in the collateral.

2039 (e) A person that receives a request for an accounting or a request  
2040 regarding a statement of account, claims no interest in the obligations  
2041 when it receives the request and claimed an interest in the obligations at  
2042 an earlier time shall comply with the request within fourteen days after  
2043 receipt by sending to the debtor an authenticated record:

2044 (1) Disclaiming any interest in the obligations; and

2045 (2) If known to the recipient, providing the name and mailing address  
2046 of any assignee of or successor to the recipient's interest in the  
2047 obligations.

2048 (f) A debtor is entitled without charge to one response to a request  
2049 under this section during any six-month period. The secured party may  
2050 require payment of a charge not exceeding twenty-five dollars for each  
2051 additional response.

2052 Sec. 48. Section 42a-9-301 of the general statutes is repealed and the  
2053 following is substituted in lieu thereof (*Effective January 1, 2026*):

2054 Except as otherwise provided in sections 42a-9-303 to [42a-9-306,  
2055 inclusive] section 52, inclusive, of this act, the following rules determine  
2056 the law governing perfection, the effect of perfection or nonperfection  
2057 and the priority of a security interest in collateral:

2058 (1) Except as otherwise provided in this section, while a debtor is  
2059 located in a jurisdiction, the local law of that jurisdiction governs  
2060 perfection, the effect of perfection or nonperfection and the priority of a  
2061 security interest in collateral.

2062 (2) While collateral is located in a jurisdiction, the local law of that  
2063 jurisdiction governs perfection, the effect of perfection or nonperfection  
2064 and the priority of a possessory security interest in that collateral.

2065 (3) Except as otherwise provided in subdivision (4) of this section,  
2066 while [tangible] negotiable tangible documents, goods, instruments [,  
2067 money or tangible chattel paper] or tangible money is located in a  
2068 jurisdiction, the local law of that jurisdiction governs:

2069 (A) Perfection of a security interest in the goods by filing a fixture  
2070 filing;

2071 (B) Perfection of a security interest in timber to be cut; and

2072 (C) The effect of perfection or nonperfection and the priority of a  
2073 nonpossessory security interest in the collateral.

2074 (4) The local law of the jurisdiction in which the wellhead or  
2075 minehead is located governs perfection, the effect of perfection or  
2076 nonperfection and the priority of a security interest in as-extracted  
2077 collateral.

2078 Sec. 49. Subsection (a) of section 42a-9-304 of the general statutes is  
2079 repealed and the following is substituted in lieu thereof (*Effective January*  
2080 *1, 2026*):

2081 (a) The local law of a bank's jurisdiction governs perfection, the effect  
2082 of perfection or nonperfection and the priority of a security interest in a  
2083 deposit account maintained with that bank even if the transaction does  
2084 not bear any relation to the bank's jurisdiction.

2085 Sec. 50. Subsection (a) of section 42a-9-305 of the general statutes is  
2086 repealed and the following is substituted in lieu thereof (*Effective January*  
2087 *1, 2026*):

2088 (a) Except as otherwise provided in subsection (c) of this section, the  
2089 following rules apply:

2090 (1) While a security certificate is located in a jurisdiction, the local law  
2091 of that jurisdiction governs perfection, the effect of perfection or  
2092 nonperfection and the priority of a security interest in the certificated  
2093 security represented thereby.

2094 (2) The local law of the issuer's jurisdiction as specified in subsection  
2095 (d) of section 42a-8-110 governs perfection, the effect of perfection or  
2096 nonperfection and the priority of a security interest in an uncertificated  
2097 security.

2098 (3) The local law of the securities intermediary's jurisdiction as  
2099 specified in subsection (e) of section 42a-8-110 governs perfection, the  
2100 effect of perfection or nonperfection and the priority of a security  
2101 interest in a security entitlement or securities account.

2102 (4) The local law of the commodity intermediary's jurisdiction  
2103 governs perfection, the effect of perfection or nonperfection and the  
2104 priority of a security interest in a commodity contract or commodity  
2105 account.

2106 (5) Subdivisions (2), (3) and (4) of this subsection apply even if the  
2107 transaction does not bear any relation to the jurisdiction.

2108 Sec. 51. (NEW) (*Effective January 1, 2026*) (a) Except as provided in  
2109 subsection (d) of this section, if chattel paper is evidenced only by an  
2110 authoritative electronic copy of the chattel paper or is evidenced by an  
2111 authoritative electronic copy and an authoritative tangible copy, the  
2112 local law of the chattel paper's jurisdiction governs perfection, the effect  
2113 of perfection or nonperfection and the priority of a security interest in  
2114 the chattel paper even if the transaction does not bear any relation to the  
2115 chattel paper's jurisdiction.

2116 (b) The following rules determine the chattel paper's jurisdiction  
2117 under this section:

2118 (1) If the authoritative electronic copy of the record evidencing chattel  
2119 paper, or a record attached to or logically associated with the electronic  
2120 copy and readily available for review, expressly provides that a  
2121 particular jurisdiction is the chattel paper's jurisdiction for purposes of  
2122 this part, this article or title 42a of the general statutes, that jurisdiction  
2123 is the chattel paper's jurisdiction.

2124 (2) If subdivision (1) of this subsection does not apply and the rules  
2125 of the system in which the authoritative electronic copy is recorded are  
2126 readily available for review and expressly provide that a particular  
2127 jurisdiction is the chattel paper's jurisdiction for purposes of this part,  
2128 this article or title 42a of the general statutes, that jurisdiction is the

2129 chattel paper's jurisdiction.

2130 (3) If subdivisions (1) and (2) of this subsection do not apply and the  
2131 authoritative electronic copy, or a record attached to or logically  
2132 associated with the electronic copy and readily available for review,  
2133 expressly provides that the chattel paper is governed by the law of a  
2134 particular jurisdiction, that jurisdiction is the chattel paper's jurisdiction.

2135 (4) If subdivisions (1), (2) and (3) of this subsection do not apply and  
2136 the rules of the system in which the authoritative electronic copy is  
2137 recorded are readily available for review and expressly provide that the  
2138 chattel paper or the system is governed by the law of a particular  
2139 jurisdiction, that jurisdiction is the chattel paper's jurisdiction.

2140 (5) If subdivisions (1) to (4), inclusive, of this subsection do not apply,  
2141 the chattel paper's jurisdiction is the jurisdiction in which the debtor is  
2142 located.

2143 (c) If an authoritative tangible copy of a record evidences chattel  
2144 paper and the chattel paper is not evidenced by an authoritative  
2145 electronic copy, while the authoritative tangible copy of the record  
2146 evidencing chattel paper is located in a jurisdiction, the local law of that  
2147 jurisdiction governs:

2148 (1) Perfection of a security interest in the chattel paper by possession  
2149 under section 57 of this act; and

2150 (2) The effect of perfection or nonperfection and the priority of a  
2151 security interest in the chattel paper.

2152 (d) The local law of the jurisdiction in which the debtor is located  
2153 governs perfection of a security interest in chattel paper by filing.

2154 Sec. 52. (NEW) (*Effective January 1, 2026*) (a) Except as provided in  
2155 subsection (b) of this section, the local law of the controllable electronic  
2156 record's jurisdiction specified in subsections (c) and (d) of section 92 of  
2157 this act governs perfection, the effect of perfection or nonperfection and  
2158 the priority of a security interest in a controllable electronic record and

2159 a security interest in a controllable account or controllable payment  
2160 intangible evidenced by the controllable electronic record.

2161 (b) The local law of the jurisdiction in which the debtor is located  
2162 governs:

2163 (1) Perfection of a security interest in a controllable account,  
2164 controllable electronic record or controllable payment intangible by  
2165 filing; and

2166 (2) Automatic perfection of a security interest in a controllable  
2167 payment intangible created by a sale of the controllable payment  
2168 intangible.

2169 Sec. 53. Subsection (b) of section 42a-9-310 of the general statutes is  
2170 repealed and the following is substituted in lieu thereof (*Effective January*  
2171 *1, 2026*):

2172 (b) The filing of a financing statement is not necessary to perfect a  
2173 security interest:

2174 (1) That is perfected under subsection (d), (e), (f) or (g) of section 42a-  
2175 9-308;

2176 (2) That is perfected under section 42a-9-309 when it attaches;

2177 (3) In property subject to a statute, regulation or treaty described in  
2178 subsection (a) of section 42a-9-311;

2179 (4) In goods in possession of a bailee which is perfected under  
2180 subdivision (1) or (2) of subsection (d) of section 42a-9-312, as amended  
2181 by this act;

2182 (5) In certificated securities, documents, goods or instruments which  
2183 is perfected without filing, control or possession under subsection (e),  
2184 (f) or (g) of section 42a-9-312, as amended by this act;

2185 (6) In collateral in the secured party's possession under section 42a-9-  
2186 313, as amended by this act;

2187 (7) In a certificated security which is perfected by delivery of the  
2188 security certificate to the secured party under section 42a-9-313, as  
2189 amended by this act;

2190 (8) In controllable accounts, controllable electronic records,  
2191 controllable payment intangibles, deposit accounts, [electronic chattel  
2192 paper,] electronic documents, investment property or letter-of-credit  
2193 rights which is perfected by control under section 42a-9-314, as  
2194 amended by this act;

2195 (9) In chattel paper which is perfected by possession and control  
2196 under section 57 of this act;

2197 [(9)] (10) In proceeds which is perfected under section 42a-9-315; or

2198 [(10)] (11) That is perfected under section 42a-9-316, as amended by  
2199 this act.

2200 Sec. 54. Section 42a-9-312 of the general statutes is repealed and the  
2201 following is substituted in lieu thereof (*Effective January 1, 2026*):

2202 (a) A security interest in chattel paper, [negotiable documents]  
2203 controllable accounts, controllable electronic records, controllable  
2204 payment intangibles, instruments, [or] investment property or  
2205 negotiable documents may be perfected by filing.

2206 (b) Except as otherwise provided in subsections (c) and (d) of section  
2207 42a-9-315 for proceeds:

2208 (1) A security interest in a deposit account may be perfected only by  
2209 control under section 42a-9-314, as amended by this act;

2210 (2) And except as otherwise provided in subsection (d) of section 42a-  
2211 9-308, a security interest in a letter-of-credit right may be perfected only  
2212 by control under section 42a-9-314, as amended by this act; [and]

2213 (3) A security interest in tangible money may be perfected only by the  
2214 secured party's taking possession under section 42a-9-313, as amended  
2215 by this act; and

2216       (4) A security interest in electronic money may be perfected only by  
2217       control under section 42a-9-314, as amended by this act.

2218       (c) While goods are in the possession of a bailee that has issued a  
2219       negotiable document covering the goods:

2220       (1) A security interest in the goods may be perfected by perfecting a  
2221       security interest in the document; and

2222       (2) A security interest perfected in the document has priority over any  
2223       security interest that becomes perfected in the goods by another method  
2224       during that time.

2225       (d) While goods are in the possession of a bailee that has issued a  
2226       nonnegotiable document covering the goods, a security interest in the  
2227       goods may be perfected by:

2228       (1) Issuance of a document in the name of the secured party;

2229       (2) The bailee's receipt of notification of the secured party's interest;  
2230       or

2231       (3) Filing as to the goods.

2232       (e) A security interest in certificated securities, negotiable documents  
2233       or instruments is perfected without filing or the taking of possession or  
2234       control for a period of twenty days from the time it attaches to the extent  
2235       that it arises for new value given under [an authenticated] a signed  
2236       security agreement.

2237       (f) A perfected security interest in a negotiable document or goods in  
2238       possession of a bailee, other than one that has issued a negotiable  
2239       document for the goods, remains perfected for twenty days without  
2240       filing if the secured party makes available to the debtor the goods or  
2241       documents representing the goods for the purpose of:

2242       (1) Ultimate sale or exchange; or

2243       (2) Loading, unloading, storing, shipping, transshipping,



2244 manufacturing, processing or otherwise dealing with them in a manner  
2245 preliminary to their sale or exchange.

2246 (g) A perfected security interest in a certificated security or  
2247 instrument remains perfected for twenty days without filing if the  
2248 secured party delivers the security certificate or instrument to the debtor  
2249 for the purpose of:

2250 (1) Ultimate sale or exchange; or

2251 (2) Presentation, collection, enforcement, renewal or registration of  
2252 transfer.

2253 (h) After the twenty-day period specified in subsection (e), (f) or (g)  
2254 of this section expires, perfection depends upon compliance with this  
2255 article.

2256 Sec. 55. Section 42a-9-313 of the general statutes is repealed and the  
2257 following is substituted in lieu thereof (*Effective January 1, 2026*):

2258 (a) Except as otherwise provided in subsection (b) of this section, a  
2259 secured party may perfect a security interest in [tangible negotiable  
2260 documents,] goods, instruments, negotiable tangible documents or  
2261 tangible money [or tangible chattel paper] by taking possession of the  
2262 collateral. A secured party may perfect a security interest in certificated  
2263 securities by taking delivery of the certificated securities under section  
2264 42a-8-301.

2265 (b) With respect to goods covered by a certificate of title issued by  
2266 this state, a secured party may perfect a security interest in the goods by  
2267 taking possession of the goods only in the circumstances described in  
2268 subsection (d) of section 42a-9-316, as amended by this act.

2269 (c) With respect to collateral other than certificated securities and  
2270 goods covered by a document, a secured party takes possession of  
2271 collateral in the possession of a person other than the debtor, the secured  
2272 party or a lessee of the collateral from the debtor in the ordinary course  
2273 of the debtor's business, when:

2274 (1) The person in possession [authenticates] signs a record  
2275 acknowledging that it holds possession of the collateral for the secured  
2276 party's benefit; or

2277 (2) The person takes possession of the collateral after having  
2278 [authenticates] signed a record acknowledging that it will hold  
2279 possession of the collateral for the secured party's benefit.

2280 (d) If perfection of a security interest depends upon possession of the  
2281 collateral by a secured party, perfection occurs [no] not earlier than the  
2282 time the secured party takes possession and continues only while the  
2283 secured party retains possession.

2284 (e) A security interest in a certificated security in registered form is  
2285 perfected by delivery when delivery of the certificated security occurs  
2286 under section 42a-8-301 and remains perfected by delivery until the  
2287 debtor obtains possession of the security certificate.

2288 (f) A person in possession of collateral is not required to acknowledge  
2289 that it holds possession for a secured party's benefit.

2290 (g) If a person acknowledges that it holds possession for the secured  
2291 party's benefit:

2292 (1) The acknowledgment is effective under subsection (c) of this  
2293 section or subsection (a) of section 42a-8-301, even if the  
2294 acknowledgment violates the rights of a debtor; and

2295 (2) Unless the person otherwise agrees or law other than this article  
2296 otherwise provides, the person does not owe any duty to the secured  
2297 party and is not required to confirm the acknowledgment to another  
2298 person.

2299 (h) A secured party having possession of collateral does not  
2300 relinquish possession by delivering the collateral to a person other than  
2301 the debtor or a lessee of the collateral from the debtor in the ordinary  
2302 course of the debtor's business if the person was instructed before the  
2303 delivery or is instructed contemporaneously with the delivery:

2304 (1) To hold possession of the collateral for the secured party's benefit;  
2305 or

2306 (2) To redeliver the collateral to the secured party.

2307 (i) A secured party does not relinquish possession, even if a delivery  
2308 under subsection (h) of this section violates the rights of a debtor. A  
2309 person to which collateral is delivered under subsection (h) of this  
2310 section does not owe any duty to the secured party and is not required  
2311 to confirm the delivery to another person unless the person otherwise  
2312 agrees or law other than this article otherwise provides.

2313 Sec. 56. Section 42a-9-314 of the general statutes is repealed and the  
2314 following is substituted in lieu thereof (*Effective January 1, 2026*):

2315 (a) A security interest in [investment property, deposit accounts,  
2316 letter-of-credit rights, electronic chattel paper or electronic documents]  
2317 controllable accounts, controllable electronic records, controllable  
2318 payment intangibles, deposit accounts, electronic documents, electronic  
2319 money, investment property or letter-of-credit rights may be perfected  
2320 by control of the collateral under section 42a-7-106, as amended by this  
2321 act, 42a-9-104, as amended by this act, [42a-9-105] section 39 of this act,  
2322 42a-9-106, [or] 42a-9-107, or section 40 of this act.

2323 (b) A security interest in [deposit accounts, electronic chattel paper,  
2324 letter-of-credit rights or electronic documents] controllable accounts,  
2325 controllable electronic records, controllable payment intangibles,  
2326 deposit accounts, electronic documents, electronic money or letter-of-  
2327 credit rights is perfected by control under section 42a-7-106, as amended  
2328 by this act, 42a-9-104, as amended by this act, [42a-9-105 or] section 39  
2329 of this act, 42a-9-107 [when] or section 40 of this act not earlier than the  
2330 time the secured party obtains control and remains perfected by control  
2331 only while the secured party retains control.

2332 (c) A security interest in investment property is perfected by control  
2333 under section 42a-9-106 [from] not earlier than the time the secured  
2334 party obtains control and remains perfected by control until:

2335 (1) The secured party does not have control; and

2336 (2) One of the following occurs:

2337 (A) If the collateral is a certificated security, the debtor has or acquires  
2338 possession of the security certificate;

2339 (B) If the collateral is an uncertificated security, the issuer has  
2340 registered or registers the debtor as the registered owner; or

2341 (C) If the collateral is a security entitlement, the debtor is or becomes  
2342 the entitlement holder.

2343 Sec. 57. (NEW) (*Effective January 1, 2026*) (a) A secured party may  
2344 perfect a security interest in chattel paper by taking possession of each  
2345 authoritative tangible copy of the record evidencing the chattel paper  
2346 and obtaining control of each authoritative electronic copy of the  
2347 electronic record evidencing the chattel paper.

2348 (b) A security interest is perfected under subsection (a) of this section  
2349 not earlier than the time the secured party takes possession and obtains  
2350 control and remains perfected under subsection (a) of this section only  
2351 while the secured party retains possession and control.

2352 (c) Subsection (c) of section 42a-9-313 of the general statutes, as  
2353 amended by this act, and subsections (f) to (i), inclusive, of section 42a-  
2354 9-313 of the general statutes, as amended by this act, apply to perfection  
2355 by possession of an authoritative tangible copy of a record evidencing  
2356 chattel paper.

2357 Sec. 58. Section 42a-9-316 of the general statutes is repealed and the  
2358 following is substituted in lieu thereof (*Effective January 1, 2026*):

2359 (a) A security interest perfected pursuant to the law of the jurisdiction  
2360 designated in subdivision (1) of section 42a-9-301, as amended by this  
2361 act, [or] subsection (c) of section 42a-9-305, subsection (d) of section 51  
2362 of this act or subsection (b) of section 52 of this act remains perfected  
2363 until the earliest of:

2364 (1) The time perfection would have ceased under the law of that  
2365 jurisdiction;

2366 (2) The expiration of four months after a change of the debtor's  
2367 location to another jurisdiction; or

2368 (3) The expiration of one year after a transfer of collateral to a person  
2369 that thereby becomes a debtor and is located in another jurisdiction.

2370 (b) If a security interest described in subsection (a) of this section  
2371 becomes perfected under the law of the other jurisdiction before the  
2372 earliest time or event described in [that] said subsection, it remains  
2373 perfected thereafter. If the security interest does not become perfected  
2374 under the law of the other jurisdiction before the earliest time or event,  
2375 it becomes unperfected and is deemed never to have been perfected as  
2376 against a purchaser of the collateral for value.

2377 (c) A possessory security interest in collateral, other than goods  
2378 covered by a certificate of title and as-extracted collateral consisting of  
2379 goods, remains continuously perfected if:

2380 (1) The collateral is located in one jurisdiction and subject to a security  
2381 interest perfected under the law of that jurisdiction;

2382 (2) Thereafter the collateral is brought into another jurisdiction; and

2383 (3) Upon entry into the other jurisdiction, the security interest is  
2384 perfected under the law of the other jurisdiction.

2385 (d) Except as otherwise provided in subsection (e) of this section, a  
2386 security interest in goods covered by a certificate of title which is  
2387 perfected by any method under the law of another jurisdiction when the  
2388 goods become covered by a certificate of title from this state remains  
2389 perfected until the security interest would have become unperfected  
2390 under the law of the other jurisdiction had the goods not become so  
2391 covered.

2392 (e) A security interest described in subsection (d) of this section

2393 becomes unperfected as against a purchaser of the goods for value and  
2394 is deemed never to have been perfected as against a purchaser of the  
2395 goods for value if the applicable requirements for perfection under  
2396 subsection (b) of section 42a-9-311 or section 42a-9-313, as amended by  
2397 this act, are not satisfied before the earlier of:

2398 (1) The time the security interest would have become unperfected  
2399 under the law of the other jurisdiction had the goods not become  
2400 covered by a certificate of title from this state; or

2401 (2) The expiration of four months after the goods had become so  
2402 covered.

2403 (f) A security interest in chattel paper, controllable accounts,  
2404 controllable electronic records, controllable payment intangibles,  
2405 deposit accounts, letter-of-credit rights or investment property which is  
2406 perfected under the law of the chattel paper's jurisdiction, the  
2407 controllable electronic record's jurisdiction, the bank's jurisdiction, the  
2408 issuer's jurisdiction, a nominated person's jurisdiction, the securities  
2409 intermediary's jurisdiction or the commodity intermediary's  
2410 jurisdiction, as applicable, remains perfected until the earlier of:

2411 (1) The time the security interest would have become unperfected  
2412 under the law of that jurisdiction; or

2413 (2) The expiration of four months after a change of the applicable  
2414 jurisdiction to another jurisdiction.

2415 (g) If a security interest described in subsection (f) of this section  
2416 becomes perfected under the law of the other jurisdiction before the  
2417 earlier of the time or the end of the period described in [that] said  
2418 subsection, it remains perfected thereafter. If the security interest does  
2419 not become perfected under the law of the other jurisdiction before the  
2420 earlier of that time or the end of that period, it becomes unperfected and  
2421 is deemed never to have been perfected as against a purchaser of the  
2422 collateral for value.

2423 (h) The following rules apply to collateral to which a security interest

2424 attaches within four months after the debtor changes its location to  
2425 another jurisdiction:

2426 (1) A financing statement filed before the change pursuant to the law  
2427 of the jurisdiction designated in subdivision (1) of section 42a-9-301, as  
2428 amended by this act, or subsection (c) of section 42a-9-305 is effective to  
2429 perfect a security interest in the collateral if the financing statement  
2430 would have been effective to perfect a security interest in the collateral  
2431 had the debtor not changed its location.

2432 (2) If a security interest perfected by a financing statement that is  
2433 effective under subdivision (1) of this subsection becomes perfected  
2434 under the law of the other jurisdiction before the earlier of the time the  
2435 financing statement would have become ineffective under the law of the  
2436 jurisdiction designated in subdivision (1) of section 42a-9-301, as  
2437 amended by this act, or subsection (c) of section 42a-9-305 or the  
2438 expiration of the four-month period, it remains perfected thereafter. If  
2439 the security interest does not become perfected under the law of the  
2440 other jurisdiction before the earlier time or event, it becomes  
2441 unperfected and is deemed never to have been perfected as against a  
2442 purchaser of the collateral for value.

2443 (i) If a financing statement naming an original debtor is filed pursuant  
2444 to the law of the jurisdiction designated in subdivision (1) of section 42a-  
2445 9-301, as amended by this act, or subsection (c) of section 42a-9-305 and  
2446 the new debtor is located in another jurisdiction, the following rules  
2447 apply:

2448 (1) The financing statement is effective to perfect a security interest in  
2449 collateral acquired by the new debtor before, and within four months  
2450 after, the new debtor becomes bound under subsection (d) of section  
2451 42a-9-203, if the financing statement would have been effective to  
2452 perfect a security interest in the collateral had the collateral been  
2453 acquired by the original debtor.

2454 (2) A security interest perfected by the financing statement and which  
2455 becomes perfected under the law of the other jurisdiction before the

2456 earlier of the time the financing statement would have become  
2457 ineffective under the law of the jurisdiction designated in subdivision  
2458 (1) of section 42a-9-301, as amended by this act, or subsection (c) of  
2459 section 42a-9-305 or the expiration of the four-month period remains  
2460 perfected thereafter. A security interest that is perfected by the financing  
2461 statement but which does not become perfected under the law of the  
2462 other jurisdiction before the earlier time or event becomes unperfected  
2463 and is deemed never to have been perfected as against a purchaser of  
2464 the collateral for value.

2465 Sec. 59. Section 42a-9-317 of the general statutes is repealed and the  
2466 following is substituted in lieu thereof (*Effective January 1, 2026*):

2467 (a) A security interest or agricultural lien is subordinate to the rights  
2468 of:

2469 (1) A person entitled to priority under section 42a-9-322; and

2470 (2) Except as otherwise provided in subsection (e) of this section, a  
2471 person that becomes a lien creditor before the earlier of the time:

2472 (A) The security interest or agricultural lien is perfected; or

2473 (B) One of the conditions specified in subdivision (3) of subsection (b)  
2474 of section 42a-9-203, as amended by this act, is met and a financing  
2475 statement covering the collateral is filed.

2476 (b) Except as otherwise provided in subsection (e) of this section, a  
2477 buyer, other than a secured party, of [tangible chattel paper, tangible  
2478 documents,] goods, instruments, tangible documents or a certificated  
2479 security takes free of a security interest or agricultural lien if the buyer  
2480 gives value and receives delivery of the collateral without knowledge of  
2481 the security interest or agricultural lien and before it is perfected.

2482 (c) Except as otherwise provided in subsection (e) of this section, a  
2483 lessee of goods takes free of a security interest or agricultural lien if the  
2484 lessee gives value and receives delivery of the collateral without  
2485 knowledge of the security interest or agricultural lien and before it is



2486 perfected.

2487 (d) [A] Subject to the provisions of subsections (f) to (i), inclusive, of  
2488 this section, a licensee of a general intangible or a buyer, other than a  
2489 secured party, of collateral other than [tangible chattel paper, tangible  
2490 documents] electronic money, goods, instruments, tangible documents  
2491 or a certificated security takes free of a security interest if the licensee or  
2492 buyer gives value without knowledge of the security interest and before  
2493 it is perfected.

2494 (e) Except as otherwise provided in sections 42a-9-320 and 42a-9-321,  
2495 if a person files a financing statement with respect to a purchase-money  
2496 security interest before or within twenty days after the debtor receives  
2497 delivery of the collateral, the security interest takes priority over the  
2498 rights of a buyer, lessee or lien creditor which arise between the time the  
2499 security interest attaches and the time of filing.

2500 (f) A buyer, other than a secured party, of chattel paper takes free of  
2501 a security interest if, without knowledge of the security interest and  
2502 before it is perfected, the buyer gives value and:

2503 (1) Receives delivery of each authoritative tangible copy of the record  
2504 evidencing the chattel paper; and

2505 (2) If each authoritative electronic copy of the record evidencing the  
2506 chattel paper can be subjected to control under section 42a-9-105, as  
2507 amended by this act, obtains control of each authoritative electronic  
2508 copy.

2509 (g) A buyer of an electronic document takes free of a security interest  
2510 if, without knowledge of the security interest and before it is perfected,  
2511 the buyer gives value and, if each authoritative electronic copy of the  
2512 document can be subjected to control under section 42a-7-106, as  
2513 amended by this act, obtains control of each authoritative electronic  
2514 copy.

2515 (h) A buyer of a controllable electronic record takes free of a security  
2516 interest if, without knowledge of the security interest and before it is

2517 perfected, the buyer gives value and obtains control of the controllable  
2518 electronic record.

2519 (i) A buyer, other than a secured party, of a controllable account or a  
2520 controllable payment intangible takes free of a security interest if,  
2521 without knowledge of the security interest and before it is perfected, the  
2522 buyer gives value and obtains control of the controllable account or  
2523 controllable payment intangible.

2524 Sec. 60. Section 42a-9-323 of the general statutes is repealed and the  
2525 following is substituted in lieu thereof (*Effective January 1, 2026*):

2526 (a) Except as otherwise provided in subsection (c) of this section, for  
2527 purposes of determining the priority of a perfected security interest  
2528 under subdivision (1) of subsection (a) of section 42a-9-322, perfection  
2529 of the security interest dates from the time an advance is made to the  
2530 extent that the security interest secures an advance that:

2531 (1) Is made while the security interest is perfected only:

2532 (A) Under section 42a-9-309 when it attaches; or

2533 (B) Temporarily under subsection (e), (f) or (g) of section 42a-9-312,  
2534 as amended by this act; and

2535 (2) Is not made pursuant to a commitment entered into before or  
2536 while the security interest is perfected by a method other than under  
2537 section 42a-9-309 or subsection (e), (f) or (g) of section 42a-9-312, as  
2538 amended by this act.

2539 (b) Except as otherwise provided in subsection (c) of this section, a  
2540 security interest is subordinate to the rights of a person that becomes a  
2541 lien creditor to the extent that the security interest secures an advance  
2542 made more than forty-five days after the person becomes a lien creditor  
2543 unless the advance is made:

2544 (1) Without knowledge of the lien; or

2545 (2) Pursuant to a commitment entered into without knowledge of the

2546 lien.

2547 (c) Subsections (a) and (b) of this section do not apply to a security  
2548 interest held by a secured party that is a buyer of accounts, chattel paper,  
2549 payment intangibles or promissory notes or a consignor.

2550 (d) Except as otherwise provided in subsection (e) of this section, a  
2551 buyer of goods [other than a buyer in ordinary course of business] takes  
2552 free of a security interest to the extent that it secures advances made  
2553 after the earlier of:

2554 (1) The time the secured party acquires knowledge of the buyer's  
2555 purchase; or

2556 (2) Forty-five days after the purchase.

2557 (e) Subsection (d) of this section does not apply if the advance is made  
2558 pursuant to a commitment entered into without knowledge of the  
2559 buyer's purchase and before the expiration of the forty-five-day period.

2560 (f) Except as otherwise provided in subsection (g) of this section, a  
2561 lessee of goods [, other than a lessee in ordinary course of business,]  
2562 takes the leasehold interest free of a security interest to the extent that it  
2563 secures advances made after the earlier of:

2564 (1) The time the secured party acquires knowledge of the lease; or

2565 (2) Forty-five days after the lease contract becomes enforceable.

2566 (g) Subsection (f) of this section does not apply if the advance is made  
2567 pursuant to a commitment entered into without knowledge of the lease  
2568 and before the expiration of the forty-five-day period.

2569 Sec. 61. Section 42a-9-324 of the general statutes is repealed and the  
2570 following is substituted in lieu thereof (*Effective January 1, 2026*):

2571 (a) Except as otherwise provided in subsection (g) of this section, a  
2572 perfected purchase-money security interest in goods other than  
2573 inventory or livestock has priority over a conflicting security interest in

2574 the same goods, and, except as otherwise provided in section 42a-9-327,  
2575 a perfected security interest in its identifiable proceeds also has priority,  
2576 if the purchase-money security interest is perfected when the debtor  
2577 receives possession of the collateral or within twenty days thereafter.

2578 (b) Subject to subsection (c) of this section and except as otherwise  
2579 provided in subsection (g) of this section, a perfected purchase-money  
2580 security interest in inventory has priority over a conflicting security  
2581 interest in the same inventory, has priority over a conflicting security  
2582 interest in chattel paper or an instrument constituting proceeds of the  
2583 inventory and in proceeds of the chattel paper, if so provided in section  
2584 42a-9-330, as amended by this act, and, except as otherwise provided in  
2585 section 42a-9-327, also has priority in identifiable cash proceeds of the  
2586 inventory to the extent the identifiable cash proceeds are received on or  
2587 before the delivery of the inventory to a buyer, if:

2588 (1) The purchase-money security interest is perfected when the  
2589 debtor receives possession of the inventory;

2590 (2) The purchase-money secured party sends [an authenticated] a  
2591 signed notification to the holder of the conflicting security interest;

2592 (3) The holder of the conflicting security interest receives the  
2593 notification within five years before the debtor receives possession of  
2594 the inventory; and

2595 (4) The notification states that the person sending the notification has  
2596 or expects to acquire a purchase-money security interest in inventory of  
2597 the debtor and describes the inventory.

2598 (c) Subdivisions (2) to (4), inclusive, of subsection (b) of this section  
2599 apply only if the holder of the conflicting security interest had filed a  
2600 financing statement covering the same types of inventory:

2601 (1) If the purchase-money security interest is perfected by filing,  
2602 before the date of the filing; or

2603 (2) If the purchase-money security interest is temporarily perfected

2604 without filing or possession under subsection (f) of section 42a-9-312, as  
2605 amended by this act, before the beginning of the twenty-day period  
2606 thereunder.

2607 (d) Subject to subsection (e) of this section and except as otherwise  
2608 provided in subsection (g) of this section, a perfected purchase-money  
2609 security interest in livestock that are farm products has priority over a  
2610 conflicting security interest in the same livestock, and, except as  
2611 otherwise provided in section 42a-9-327, a perfected security interest in  
2612 their identifiable proceeds and identifiable products in their  
2613 unmanufactured states also has priority, if:

2614 (1) The purchase-money security interest is perfected when the  
2615 debtor receives possession of the livestock;

2616 (2) The purchase-money secured party sends [an authenticated] a  
2617 signed notification to the holder of the conflicting security interest;

2618 (3) The holder of the conflicting security interest receives the  
2619 notification within six months before the debtor receives possession of  
2620 the livestock; and

2621 (4) The notification states that the person sending the notification has  
2622 or expects to acquire a purchase-money security interest in livestock of  
2623 the debtor and describes the livestock.

2624 (e) Subdivisions (2) to (4), inclusive, of subsection (d) of this section  
2625 apply only if the holder of the conflicting security interest had filed a  
2626 financing statement covering the same types of livestock:

2627 (1) If the purchase-money security interest is perfected by filing,  
2628 before the date of the filing; or

2629 (2) If the purchase-money security interest is temporarily perfected  
2630 without filing or possession under subsection (f) of section 42a-9-312, as  
2631 amended by this act, before the beginning of the twenty-day period  
2632 thereunder.

2633 (f) Except as otherwise provided in subsection (g) of this section, a  
2634 perfected purchase-money security interest in software has priority over  
2635 a conflicting security interest in the same collateral, and, except as  
2636 otherwise provided in section 42a-9-327, a perfected security interest in  
2637 its identifiable proceeds also has priority, to the extent that the purchase-  
2638 money security interest in the goods in which the software was acquired  
2639 for use has priority in the goods and proceeds of the goods under this  
2640 section.

2641 (g) If more than one security interest qualifies for priority in the same  
2642 collateral under subsection (a), (b), (d) or (f) of this section:

2643 (1) A security interest securing an obligation incurred as all or part of  
2644 the price of the collateral has priority over a security interest securing  
2645 an obligation incurred for value given to enable the debtor to acquire  
2646 rights in or the use of collateral; and

2647 (2) In all other cases, subsection (a) of section 42a-9-322 applies to the  
2648 qualifying security interests.

2649 Sec. 62. (NEW) (*Effective January 1, 2026*) A security interest in a  
2650 controllable account, controllable electronic record or controllable  
2651 payment intangible held by a secured party having control of the  
2652 account, electronic record or payment intangible has priority over a  
2653 conflicting security interest held by a secured party that does not have  
2654 control.

2655 Sec. 63. Section 42a-9-330 of the general statutes is repealed and the  
2656 following is substituted in lieu thereof (*Effective January 1, 2026*):

2657 (a) A purchaser of chattel paper has priority over a security interest  
2658 in the chattel paper which is claimed merely as proceeds of inventory  
2659 subject to a security interest if:

2660 (1) In good faith and in the ordinary course of the purchaser's  
2661 business, the purchaser gives new value, [and] takes possession of each  
2662 authoritative tangible copy of the record evidencing the chattel paper,  
2663 [or] and obtains control [of the chattel paper] under section 42a-9-105,

2664 as amended by this act, of each authoritative electronic copy of the  
2665 record evidencing the chattel paper; and

2666 (2) [The chattel paper does] Authoritative copies of the record  
2667 evidencing the chattel paper do not indicate that [it] the chattel paper  
2668 has been assigned to an identified assignee other than the purchaser.

2669 (b) A purchaser of chattel paper has priority over a security interest  
2670 in the chattel paper which is claimed other than merely as proceeds of  
2671 inventory subject to a security interest if the purchaser gives new value,  
2672 [and] takes possession of each authoritative tangible copy of the record  
2673 evidencing the chattel paper, [or] and obtains control [of] under section  
2674 42a-9-105, as amended by this act, of each authoritative electronic copy  
2675 of the record evidencing the chattel paper [under section 42a-9-105] in  
2676 good faith, in the ordinary course of the purchaser's business, and  
2677 without knowledge that the purchase violates the rights of the secured  
2678 party.

2679 (c) Except as otherwise provided in section 42a-9-327, a purchaser  
2680 having priority in chattel paper under subsection (a) or (b) of this section  
2681 also has priority in proceeds of the chattel paper to the extent that:

2682 (1) Section 42a-9-322 provides for priority in the proceeds; or

2683 (2) The proceeds consist of the specific goods covered by the chattel  
2684 paper or cash proceeds of the specific goods, even if the purchaser's  
2685 security interest in the proceeds is unperfected.

2686 (d) Except as otherwise provided in subsection (a) of section 42a-9-  
2687 331, as amended by this act, a purchaser of an instrument has priority  
2688 over a security interest in the instrument perfected by a method other  
2689 than possession if the purchaser gives value and takes possession of the  
2690 instrument in good faith and without knowledge that the purchase  
2691 violates the rights of the secured party.

2692 (e) For purposes of subsections (a) and (b) of this section, the holder  
2693 of a purchase-money security interest in inventory gives new value for  
2694 chattel paper constituting proceeds of the inventory.

2695 (f) For purposes of subsections (b) and (d) of this section, if  
2696 authoritative copies of the record evidencing chattel paper or an  
2697 instrument [indicates] indicate that [it] the chattel paper or instrument  
2698 has been assigned to an identified secured party other than the  
2699 purchaser, a purchaser of the chattel paper or instrument has  
2700 knowledge that the purchase violates the rights of the secured party.

2701 Sec. 64. Section 42a-9-331 of the general statutes is repealed and the  
2702 following is substituted in lieu thereof (*Effective January 1, 2026*):

2703 (a) This article does not limit the rights of a holder in due course of a  
2704 negotiable instrument, a holder to which a negotiable document of title  
2705 has been duly negotiated, or a protected purchaser of a security or a  
2706 qualifying purchaser of a controllable account, controllable electronic  
2707 record or controllable payment intangible. These holders or purchasers  
2708 take priority over an earlier security interest, even if perfected, to the  
2709 extent provided in articles 3, 7, and 8 and sections 86 to 92, inclusive,  
2710 of this act.

2711 (b) This article does not limit the rights of or impose liability on a  
2712 person to the extent that the person is protected against the assertion of  
2713 a claim under article 8 or sections 86 to 92, inclusive, of this act.

2714 (c) Filing under this article does not constitute notice of a claim or  
2715 defense to the holders, or purchasers, or persons described in  
2716 subsections (a) and (b) of this section.

2717 Sec. 65. Section 42a-9-332 of the general statutes is repealed and the  
2718 following is substituted in lieu thereof (*Effective January 1, 2026*):

2719 (a) A transferee of tangible money takes the money free of a security  
2720 interest [unless the transferee acts] if the transferee receives possession  
2721 of the money without acting in collusion with the debtor in violating the  
2722 rights of the secured party.

2723 (b) A transferee of funds from a deposit account takes the funds free  
2724 of a security interest in the deposit account [unless the transferee acts] if  
2725 the transferee receives the funds without acting in collusion with the



2726 debtor in violating the rights of the secured party.

2727       (c) A transferee of electronic money takes the money free of a security  
2728 interest if the transferee obtains control of the money without acting in  
2729 collusion with the debtor in violating the rights of the secured party.

2730       Sec. 66. Subsection (f) of section 42a-9-334 of the general statutes is  
2731 repealed and the following is substituted in lieu thereof (*Effective January*  
2732 *1, 2026*):

2733       (f) A security interest in fixtures, whether or not perfected, has  
2734 priority over a conflicting interest of an encumbrancer or owner of the  
2735 real property if:

2736       (1) The encumbrancer or owner has, in [an authenticated] a signed  
2737 record, consented to the security interest or disclaimed an interest in the  
2738 goods as fixtures; or

2739       (2) The debtor has a right to remove the goods as against the  
2740 encumbrancer or owner.

2741       Sec. 67. Section 42a-9-341 of the general statutes is repealed and the  
2742 following is substituted in lieu thereof (*Effective January 1, 2026*):

2743       Except as otherwise provided in subsection (c) of section 42a-9-340,  
2744 and unless the bank otherwise agrees in [an authenticated] a signed  
2745 record, a bank's rights and duties with respect to a deposit account  
2746 maintained with the bank are not terminated, suspended, or modified  
2747 by:

2748       (1) The creation, attachment or perfection of a security interest in the  
2749 deposit account;

2750       (2) The bank's knowledge of the security interest; or

2751       (3) The bank's receipt of instructions from the secured party.

2752       Sec. 68. Subsection (a) of section 42a-9-404 of the general statutes is  
2753 repealed and the following is substituted in lieu thereof (*Effective January*

2754 1, 2026):

2755 (a) Unless an account debtor has made an enforceable agreement not  
2756 to assert defenses or claims, and subject to subsections (b) to (e),  
2757 inclusive, of this section the rights of an assignee are subject to:

2758 (1) All terms of the agreement between the account debtor and  
2759 assignor and any defense or claim in recoupment arising from the  
2760 transaction that gave rise to the contract; and

2761 (2) Any other defense or claim of the account debtor against the  
2762 assignor which accrues before the account debtor receives a notification  
2763 of the assignment [authenticated] signed by the assignor or the assignee.

2764 Sec. 69. Section 42a-9-406 of the general statutes is repealed and the  
2765 following is substituted in lieu thereof (*Effective January 1, 2026*):

2766 (a) Subject to subsections (b) to (j), inclusive, of this section and  
2767 subsection (k) of this section, an account debtor on an account, chattel  
2768 paper or a payment intangible may discharge its obligation by paying  
2769 the assignor until, but not after, the account debtor receives a  
2770 notification, [authenticated] signed by the assignor or the assignee, that  
2771 the amount due or to become due has been assigned and that payment  
2772 is to be made to the assignee. After receipt of the notification, the  
2773 account debtor may discharge its obligation by paying the assignee and  
2774 may not discharge the obligation by paying the assignor. An assignor  
2775 who receives payment after notification is given must return the  
2776 payment to the account debtor or forward the payment to the assignee.

2777 (b) Subject to [subsection (h)] subsections (h) and (k) of this section,  
2778 notification is ineffective under subsection (a) of this section:

2779 (1) If it does not reasonably identify the rights assigned;

2780 (2) To the extent that an agreement between an account debtor and a  
2781 seller of a payment intangible limits the account debtor's duty to pay a  
2782 person other than the seller and the limitation is effective under law  
2783 other than this article; or

2784 (3) At the option of an account debtor, if the notification notifies the  
2785 account debtor to make less than the full amount of any installment or  
2786 other periodic payment to the assignee, even if:

2787 (A) Only a portion of the account, chattel paper or payment  
2788 intangible has been assigned to that assignee;

2789 (B) A portion has been assigned to another assignee; or

2790 (C) The account debtor knows that the assignment to that assignee is  
2791 limited.

2792 (c) Subject to [subsection (h)] subsections (h) and (k) of this section, if  
2793 requested by the account debtor, an assignee shall seasonably furnish  
2794 reasonable proof that the assignment has been made. Unless the  
2795 assignee complies, the account debtor may discharge its obligation by  
2796 paying the assignor, even if the account debtor has received a  
2797 notification under subsection (a) of this section.

2798 (d) Except as otherwise provided in subsection (e) of this section and  
2799 in sections 42a-2A-403 and 42a-9-407, and subject to subsection (h) of  
2800 this section, a term in an agreement between an account debtor and an  
2801 assignor or in a promissory note is ineffective to the extent that it:

2802 (1) Prohibits, restricts or requires the consent of the account debtor or  
2803 person obligated on the promissory note to the assignment or transfer  
2804 of, or the creation, attachment, perfection or enforcement of a security  
2805 interest in, the account, chattel paper, payment intangible or promissory  
2806 note; [or]

2807 (2) Provides that the assignment or transfer or the creation,  
2808 attachment, perfection or enforcement of the security interest may give  
2809 rise to a default, breach, right of recoupment, claim, defense,  
2810 termination, right of termination or remedy under the account, chattel  
2811 paper, payment intangible or promissory note; or

2812 (3) As used in this subsection, "promissory note" includes a  
2813 negotiable instrument that evidences chattel paper.

2814 (e) Subsection (d) of this section does not apply to the sale of a  
2815 payment intangible or promissory note, other than a sale pursuant to a  
2816 disposition under section 42a-9-610 or an acceptance of collateral under  
2817 section 42a-9-620, as amended by this act.

2818 (f) Except as otherwise provided in sections 42a-2A-403 and 42a-9-  
2819 407, and subject to subsections (h) and (i) of this section, a rule of law,  
2820 statute or regulation that prohibits, restricts or requires the consent of a  
2821 government, governmental body or official or account debtor to the  
2822 assignment or transfer of, or creation of a security interest in, an account  
2823 or chattel paper is ineffective to the extent that the rule of law, statute or  
2824 regulation:

2825 (1) Prohibits, restricts or requires the consent of the government,  
2826 governmental body or official or account debtor to the assignment or  
2827 transfer of, or the creation, attachment, perfection or enforcement of a  
2828 security interest in the account or chattel paper; or

2829 (2) Provides that the assignment or transfer or the creation,  
2830 attachment, perfection or enforcement of the security interest may give  
2831 rise to a default, breach, right of recoupment, claim, defense,  
2832 termination, right of termination or remedy under the account or chattel  
2833 paper.

2834 (g) Subject to [subsection (h)] subsections (h) and (k) of this section,  
2835 an account debtor may not waive or vary its option under subdivision  
2836 (3) of subsection (b) of this section.

2837 (h) This section is subject to law other than this article which  
2838 establishes a different rule for an account debtor who is an individual  
2839 and who incurred the obligation primarily for personal, family or  
2840 household purposes.

2841 (i) Except as provided in subsection (j) of this section, this section  
2842 prevails over any inconsistent provision of any statute or regulation of  
2843 this state unless the provision is contained in a statute of this state, refers  
2844 expressly to this section and states that the provision prevails over this

2845 section.

2846 (j) (1) This section does not apply to:

2847 (A) An assignment of a health-care-insurance receivable;

2848 (B) An assignment or transfer of or creation of a security interest in:

2849 (i) A claim or right to receive compensation for injuries or sickness as  
2850 described in 26 USC 104(a)(1) or (2), as amended from time to time, or

2851 (ii) A claim or right to receive benefits under a special needs trust as  
2852 described in 42 USC 1396p(d)(4), as amended from time to time.

2853 (2) Subsection (f) of this section does not apply to an assignment or  
2854 transfer of, or the creation, attachment, perfection or enforcement of a  
2855 security interest in, a right the transfer of which is prohibited or  
2856 restricted by any of the following statutes to the extent that the statute  
2857 is inconsistent with said subsection: Section 12-831, 31-320 or 52-225f.

2858 (k) Subsections (a), (b), (c) and (g) of this section do not apply to a  
2859 controllable account or controllable payment intangible.

2860 Sec. 70. Section 42a-9-408 of the general statutes is amended by  
2861 adding subsection (g) as follows (*Effective January 1, 2026*):

2862 (NEW) (g) As used in this section, "promissory note" includes a  
2863 negotiable instrument that evidences chattel paper.

2864 Sec. 71. Section 42a-9-509 of the general statutes is repealed and the  
2865 following is substituted in lieu thereof (*Effective January 1, 2026*):

2866 (a) A person may file an initial financing statement, amendment that  
2867 adds collateral covered by a financing statement or amendment that  
2868 adds a debtor to a financing statement only if:

2869 (1) The debtor authorizes the filing in [an authenticated] a signed  
2870 record or pursuant to subsection (b) or (c) of this section; or

2871 (2) The person holds an agricultural lien that has become effective at

2872 the time of filing and the financing statement covers only collateral in  
2873 which the person holds an agricultural lien.

2874 (b) By [authenticating] signing or becoming bound as debtor by a  
2875 security agreement, a debtor or new debtor authorizes the filing of an  
2876 initial financing statement, and an amendment, covering:

2877 (1) The collateral described in the security agreement; and

2878 (2) Property that becomes collateral under subdivision (2) of  
2879 subsection (a) of section 42a-9-315, whether or not the security  
2880 agreement expressly covers proceeds.

2881 (c) By acquiring collateral in which a security interest or agricultural  
2882 lien continues under subdivision (1) of subsection (a) of section 42a-9-  
2883 315, a debtor authorizes the filing of an initial financing statement, and  
2884 an amendment, covering the collateral and property that becomes  
2885 collateral under subdivision (2) of subsection (a) of section 42a-9-315.

2886 (d) A person may file an amendment other than an amendment that  
2887 adds collateral covered by a financing statement or an amendment that  
2888 adds a debtor to a financing statement only if:

2889 (1) The secured party of record authorizes the filing; or

2890 (2) The amendment is a termination statement for a financing  
2891 statement as to which the secured party of record has failed to file or  
2892 send a termination statement as required by subsection (a) or (c) of  
2893 section 42a-9-513, as amended by this act, the debtor authorizes the  
2894 filing, and the termination statement indicates that the debtor  
2895 authorized it to be filed.

2896 (e) If there is more than one secured party of record for a financing  
2897 statement, each secured party of record may authorize the filing of an  
2898 amendment under subsection (d) of this section.

2899 Sec. 72. Section 42a-9-513 of the general statutes is repealed and the  
2900 following is substituted in lieu thereof (*Effective January 1, 2026*):

2901 (a) A secured party shall cause the secured party of record for a  
2902 financing statement to file a termination statement for the financing  
2903 statement if the financing statement covers consumer goods and:

2904 (1) There is no obligation secured by the collateral covered by the  
2905 financing statement and no commitment to make an advance, incur an  
2906 obligation or otherwise give value; or

2907 (2) The debtor did not authorize the filing of the initial financing  
2908 statement.

2909 (b) To comply with subsection (a) of this section, a secured party shall  
2910 cause the secured party of record to file the termination statement:

2911 (1) Within one month after there is no obligation secured by the  
2912 collateral covered by the financing statement and no commitment to  
2913 make an advance, incur an obligation or otherwise give value; or

2914 (2) If earlier, within twenty days after the secured party receives [an  
2915 authenticated] a signed demand from a debtor.

2916 (c) In cases not governed by subsection (a) of this section, within  
2917 twenty days after a secured party receives [an authenticated] a signed  
2918 demand from a debtor, the secured party shall cause the secured party  
2919 of record for a financing statement to send to the debtor a termination  
2920 statement for the financing statement or file the termination statement  
2921 in the filing office if:

2922 (1) Except in the case of a financing statement covering accounts or  
2923 chattel paper that has been sold or goods that are the subject of a  
2924 consignment, there is no obligation secured by the collateral covered by  
2925 the financing statement and no commitment to make an advance, incur  
2926 an obligation or otherwise give value;

2927 (2) The financing statement covers accounts or chattel paper that has  
2928 been sold but as to which the account debtor or other person obligated  
2929 has discharged its obligation;

2930 (3) The financing statement covers goods that were the subject of a  
2931 consignment to the debtor but are not in the debtor's possession; or

2932 (4) The debtor did not authorize the filing of the initial financing  
2933 statement.

2934 (d) Except as otherwise provided in section 42a-9-510, upon the filing  
2935 of a termination statement with the filing office, the financing statement  
2936 to which the termination statement relates ceases to be effective. Except  
2937 as otherwise provided in section 42a-9-510, for purposes of subsection  
2938 (f) of section 42a-9-519, subsection (a) of section 42a-9-522 and  
2939 subsection (c) of section 42a-9-523, the filing with the filing office of a  
2940 termination statement relating to a financing statement that indicates  
2941 that the debtor is a transmitting utility also causes the effectiveness of  
2942 the financing statement to lapse.

2943 Sec. 73. Subsection (b) of section 42a-9-601 of the general statutes is  
2944 repealed and the following is substituted in lieu thereof (*Effective January*  
2945 *1, 2026*):

2946 (b) A secured party in possession of collateral or control of collateral  
2947 under section 42a-7-106, as amended by this act, 42a-9-104, as amended  
2948 by this act, 42a-9-105, as amended by this act, section 39 of this act, 42a-  
2949 9-106, [or] 42a-9-107 or section 40 of this act has the rights and duties  
2950 provided in section 42a-9-207, as amended by this act.

2951 Sec. 74. Section 42a-9-605 of the general statutes is repealed and the  
2952 following is substituted in lieu thereof (*Effective January 1, 2026*):

2953 (a) [A] Except as provided in subsection (b) of this section, a secured  
2954 party does not owe a duty based on its status as secured party:

2955 (1) To a person that is a debtor or obligor, unless the secured party  
2956 knows:

2957 (A) That the person is a debtor or obligor;

2958 (B) The identity of the person; and



- 2959 (C) How to communicate with the person; or
- 2960 (2) To a secured party or lienholder that has filed a financing  
2961 statement against a person, unless the secured party knows:
- 2962 (A) That the person is a debtor; and
- 2963 (B) The identity of the person.
- 2964 (b) A secured party owes a duty based on its status as a secured party  
2965 to a person if, at the time the secured party obtains control of collateral  
2966 that is a controllable account, controllable electronic record or  
2967 controllable payment intangible, or at the time the security interest  
2968 attaches to the collateral, whichever is later:
- 2969 (1) The person is a debtor or obligor; and
- 2970 (2) The secured party knows that the information in subparagraph  
2971 (A), (B) or (C) of subdivision (1) of subsection (a) of this section relating  
2972 to the person is not provided by the collateral, a record attached to or  
2973 logically associated with the collateral or the system in which the  
2974 collateral is recorded.
- 2975 ~~[(b)]~~ (c) What the secured party knows is to be determined in the light  
2976 of the good faith obligations of the secured party.
- 2977 Sec. 75. Section 42a-9-608 of the general statutes is repealed and the  
2978 following is substituted in lieu thereof (*Effective January 1, 2026*):
- 2979 (a) If a security interest or agricultural lien secures payment or  
2980 performance of an obligation, the following rules apply:
- 2981 (1) A secured party shall apply or pay over for application the cash  
2982 proceeds of collection or enforcement under section 42a-9-607 in the  
2983 following order to:
- 2984 (A) The reasonable expenses of collection and enforcement and, to  
2985 the extent provided for by agreement and not prohibited by law,  
2986 reasonable attorney's fees and legal expenses incurred by the secured

2987 party;

2988 (B) The satisfaction of obligations secured by the security interest or  
2989 agricultural lien under which the collection or enforcement is made; and

2990 (C) The satisfaction of obligations secured by any subordinate  
2991 security interest in or other lien on the collateral subject to the security  
2992 interest or agricultural lien under which the collection or enforcement is  
2993 made if the secured party receives [an authenticated] a signed demand  
2994 for proceeds before distribution of the proceeds is completed.

2995 (2) If requested by a secured party, a holder of a subordinate security  
2996 interest or other lien shall furnish reasonable proof of the interest or lien  
2997 within a reasonable time. Unless the holder complies, the secured party  
2998 need not comply with the holder's demand under subparagraph (C) of  
2999 subdivision (1) of this subsection.

3000 (3) A secured party need not apply or pay over for application  
3001 noncash proceeds of collection and enforcement under section 42a-9-607  
3002 unless the failure to do so would be commercially unreasonable. A  
3003 secured party that applies or pays over for application noncash  
3004 proceeds shall do so in a commercially reasonable manner.

3005 (4) A secured party shall account to and pay a debtor for any surplus,  
3006 and the obligor is liable for any deficiency.

3007 (b) If the underlying transaction is a sale of accounts, chattel paper,  
3008 payment intangibles or promissory notes, the debtor is not entitled to  
3009 any surplus, and the obligor is not liable for any deficiency.

3010 Sec. 76. Section 42a-9-611 of the general statutes is repealed and the  
3011 following is substituted in lieu thereof (*Effective January 1, 2026*):

3012 (a) In this section, "notification date" means the earlier of the date on  
3013 which:

3014 (1) A secured party sends to the debtor and any secondary obligor  
3015 [an authenticated] a signed notification of disposition; or

3016 (2) The debtor and any secondary obligor waive the right to  
3017 notification.

3018 (b) Except as otherwise provided in subsection (d) of this section, a  
3019 secured party that disposes of collateral under section 42a-9-610 shall  
3020 send to the persons specified in subsection (c) of this section a  
3021 reasonable [authenticated] signed notification of disposition.

3022 (c) To comply with subsection (b) of this section, the secured party  
3023 shall send [an authenticated] a signed notification of disposition to:

3024 (1) The debtor;

3025 (2) Any secondary obligor; and

3026 (3) If the collateral is other than consumer goods:

3027 (A) Any other person from which the secured party has received,  
3028 before the notification date, [an authenticated] a signed notification of a  
3029 claim of an interest in the collateral;

3030 (B) Any other secured party or lienholder that, ten days before the  
3031 notification date, held a security interest in or other lien on the collateral  
3032 perfected by the filing of a financing statement that:

3033 (i) Identified the collateral;

3034 (ii) Was indexed under the debtor's name as of that date; and

3035 (iii) Was filed in the office in which to file a financing statement  
3036 against the debtor covering the collateral as of that date; and

3037 (C) Any other secured party that, ten days before the notification  
3038 date, held a security interest in the collateral perfected by compliance  
3039 with a statute, regulation or treaty described in subsection (a) of section  
3040 42a-9-311.

3041 (d) Subsection (b) of this section does not apply if the collateral is  
3042 perishable or threatens to decline speedily in value or is of a type

3043 customarily sold on a recognized market.

3044 (e) A secured party complies with the requirement for notification  
3045 prescribed by subparagraph (B) of subdivision (3) of subsection (c) of  
3046 this section if:

3047 (1) Not later than twenty days or earlier than thirty days before the  
3048 notification date, the secured party requests, in a commercially  
3049 reasonable manner, information concerning financing statements  
3050 indexed under the debtor's name in the office indicated in subparagraph  
3051 (B) of subdivision (3) of subsection (c) of this section; and

3052 (2) Before the notification date, the secured party:

3053 (A) Did not receive a response to the request for information; or

3054 (B) Received a response to the request for information and sent [an  
3055 authenticated] a signed notification of disposition to each secured party  
3056 or other lienholder named in that response whose financing statement  
3057 covered the collateral.

3058 Sec. 77. Section 42a-9-613 of the general statutes is repealed and the  
3059 following is substituted in lieu thereof (*Effective January 1, 2026*):

3060 (a) Except in a consumer-goods transaction, the following rules  
3061 apply:

3062 (1) The contents of a notification of disposition are sufficient if the  
3063 notification:

3064 (A) Describes the debtor and the secured party;

3065 (B) Describes the collateral that is the subject of the intended  
3066 disposition;

3067 (C) States the method of intended disposition;

3068 (D) States that the debtor is entitled to an accounting of the unpaid  
3069 indebtedness and states the charge, if any, for an accounting; and

3070 (E) States the time and place of a public disposition or the time after  
3071 which any other disposition is to be made.

3072 (2) Whether the contents of a notification that lacks any of the  
3073 information specified in subdivision (1) of this subsection are  
3074 nevertheless sufficient is a question of fact.

3075 (3) The contents of a notification providing substantially the  
3076 information specified in subdivision (1) of this subsection are sufficient,  
3077 even if the notification includes:

3078 (A) Information not specified by [that] subdivision (1) of this  
3079 subsection; or

3080 (B) Minor errors that are not seriously misleading.

3081 (4) A particular phrasing of the notification is not required.

3082 (5) The following form of notification and the form appearing in  
3083 subdivision (3) of subsection (a) of section 42a-9-614, as amended by this  
3084 act, when completed in accordance with the instructions in subsection  
3085 (b) of this section and subsection (b) of section 42a-9-614, as amended by  
3086 this act, each provides sufficient information:

3087 [NOTIFICATION OF DISPOSITION OF COLLATERAL

3088 To: .... (Name of debtor, obligor or other person to which the  
3089 notification is sent)

3090 From: .... (Name, address and telephone number of secured party)

3091 Name of Debtor(s): .... (Include only if debtor(s) are not an addressee)

3092 (For a public disposition:)

3093 We will sell (or lease or license, as applicable) the .... (describe  
3094 collateral) (to the highest qualified bidder) in public as follows:

3095 Day and Date: ....

3096 Time: ....

3097 Place: ....

3098 (For a private disposition:)

3099 We will sell (or lease or license, as applicable) the .... (describe  
3100 collateral) privately sometime after .... (day and date).

3101 You are entitled to an accounting of the unpaid indebtedness secured  
3102 by the property that we intend to sell (or lease or license, as applicable)  
3103 (for a charge of \$ ....). You may request an accounting by calling us at ....  
3104 (telephone number)]

3105 NOTIFICATION OF DISPOSITION OF COLLATERAL

3106 To: (Name of debtor, obligor or other person to which the notification  
3107 is sent)

3108 From: (Name, address and telephone number of secured party)

3109 (A) Name of any debtor that is not an addressee: (Name of each  
3110 debtor)

3111 (B) We will sell (describe collateral) (to the highest qualified bidder)  
3112 at public sale. A sale could include a lease or license. The sale will be  
3113 held as follows:

3114 (Date)

3115 (Time)

3116 (Place)

3117 (C) We will sell (describe collateral) at private sale sometime after  
3118 (date). A sale could include a lease or license.

3119 (D) You are entitled to an accounting of the unpaid indebtedness  
3120 secured by the property that we intend to sell or, as applicable, lease or  
3121 license.

3122 (E) If you request an accounting you must pay a charge of \$ (amount).

3123 (F) You may request an accounting by calling us at (telephone  
3124 number).

3125 (b) The following instructions apply to the form of notification in  
3126 subdivision (5) of subsection (a) of this section:

3127 (1) The instructions in this subsection refer to the numbers in  
3128 parentheses before items in the form of notification in subdivision (5) of  
3129 subsection (a) of this section. Do not include the numbers or parentheses  
3130 in the notification. The numbers and parentheses are used only for the  
3131 purpose of these instructions.

3132 (2) Include and complete subparagraph (A) of subdivision (5) of  
3133 subsection (a) of this section only if there is a debtor that is not an  
3134 addressee of the notification and list the name or names.

3135 (3) Include and complete either subparagraph (B) of subdivision (5)  
3136 of subsection (a) of this section, if the notification relates to a public  
3137 disposition of the collateral, or subparagraph (C) of subdivision (5) of  
3138 subsection (a) of this section, if the notification relates to a private  
3139 disposition of the collateral. If subparagraph (B) of subdivision (5) of  
3140 subsection (a) of this section is included, include the words "to the  
3141 highest qualified bidder" only if applicable.

3142 (4) Include and complete subparagraphs (D) and (F) of subdivision  
3143 (5) of subsection (a) of this section.

3144 (5) Include and complete subparagraph (E) of subdivision (5) of  
3145 subsection (a) of this section only if the sender will charge the recipient  
3146 for an accounting.

3147 Sec. 78. Section 42a-9-614 of the general statutes is repealed and the  
3148 following is substituted in lieu thereof (*Effective January 1, 2026*):

3149 (a) In a consumer-goods transaction, the following rules apply:

3150 (1) A notification of disposition must provide the following

3151 information:

3152 (A) The information specified in subdivision (1) of subsection (a) of  
3153 section 42a-9-613, as amended by this act;

3154 (B) A description of any liability for a deficiency of the person to  
3155 which the notification is sent;

3156 (C) A telephone number from which the amount that must be paid to  
3157 the secured party to redeem the collateral under section 42a-9-623 is  
3158 available; and

3159 (D) A telephone number or mailing address from which additional  
3160 information concerning the disposition and the obligation secured is  
3161 available.

3162 (2) A particular phrasing of the notification is not required.

3163 (3) The following form of notification, when completed in accordance  
3164 with the instructions in subsection (b) of this section, provides sufficient  
3165 information:

3166 [(Name and address of secured party.)

3167 (Date)

3168 NOTICE OF OUR PLAN TO SELL PROPERTY

3169 .... (Name and address of any obligor who is also a debtor.)

3170 Subject: .... (Identification of transaction)

3171 We have your .... (describe collateral), because you broke promises in  
3172 our agreement.

3173 (For a public disposition:)

3174 We will sell .... (describe collateral) at public sale. A sale could include  
3175 a lease or license. The sale will be held as follows:



3176 Date: ....

3177 Time: ....

3178 Place: ....

3179 You may attend the sale and bring bidders if you want.

3180 (For a private disposition:)

3181 We will sell .... (describe collateral) at private sale sometime after ....  
3182 (date). A sale could include a lease or license.

3183 The money that we get from the sale (after paying our costs) will  
3184 reduce the amount you owe. If we get less money than you owe, you  
3185 (will or will not, as applicable) still owe us the difference. If we get more  
3186 money than you owe, you will get the extra money, unless we must pay  
3187 it to someone else.

3188 You can get the property back at any time before we sell it by paying  
3189 us the full amount you owe (not just the past due payments), including  
3190 our expenses. To learn the exact amount you must pay, call us at ....  
3191 (telephone number).

3192 If you want us to explain to you in writing how we have figured the  
3193 amount that you owe us, you may call us at .... (telephone number) or  
3194 write us at .... (secured party's address) and request a written  
3195 explanation. (We will charge you \$.... for the explanation if we sent you  
3196 another written explanation of the amount you owe us within the last  
3197 six months.)

3198 If you need more information about the sale call us at .... (telephone  
3199 number) or write us at .... (secured party's address).

3200 We are sending this notice to the following other people who have an  
3201 interest in .... (describe collateral) or who owe money under your  
3202 agreement:

3203 .... (Names of all other debtors and obligors, if any.)]

3204 (Name and address of secured party.)

3205 (Date)

3206 NOTICE OF OUR PLAN TO SELL PROPERTY

3207 (Name and address of any obligor who is also a debtor.)

3208 Subject: (Identify transaction)

3209 We have your (describe collateral), because you broke promises in  
3210 our agreement.

3211 (A) We will sell (describe collateral) at public sale. A sale could  
3212 include a lease or license. The sale will be held as follows:

3213 Date:

3214 Time:

3215 Place:

3216 You may attend the sale and bring bidders if you want.

3217 (B) We will sell (describe collateral) at private sale sometime after  
3218 (date). A sale could include a lease or license.

3219 (C) The money that we get from the sale after paying our costs will  
3220 reduce the amount you owe. If we get less money than you owe, you  
3221 (will or will not, as applicable) still owe us the difference. If we get more  
3222 money than you owe, you will get the extra money, unless we must pay  
3223 it to someone else.

3224 (D) You can get the property back at any time before we sell it by  
3225 paying us the full amount you owe, not just the past due payments,  
3226 including our expenses. To learn the exact amount you must pay, call us  
3227 at (telephone number).

3228 (E) If you want us to explain to you in (i) writing, (ii) writing or  
3229 electronic record, or (iii) an electronic record (description of electronic

3230 record) how we have figured the amount that you owe us;

3231 (F) Call us at (telephone number) or write us at (secured party's  
3232 address) or contact us by (description of electronic communication  
3233 method);

3234 (G) And request a written explanation or an explanation in  
3235 (description of electronic record).

3236 (H) We will charge you \$ (amount) for the explanation if we sent you  
3237 another written explanation of the amount you owe us within the last  
3238 six months.

3239 (I) If you need more information about the sale call us at (telephone  
3240 number) or write us at (secured party's address) or contact us by  
3241 (description of electronic communication method).

3242 (J) We are sending this notice to the following other people who have  
3243 an interest in (describe collateral) or who owe money under your  
3244 agreement:

3245 (Names of all other debtors and obligors, if any.)

3246 (4) A notification in the form of subdivision (3) of this subsection is  
3247 sufficient, even if additional information appears at the end of the form.

3248 (5) A notification in the form of subdivision (3) of this subsection is  
3249 sufficient, even if it includes errors in information not required by  
3250 subdivision (1) of this subsection, unless the error is misleading with  
3251 respect to rights arising under this article.

3252 (6) If a notification under this section is not in the form of subdivision  
3253 (3) of this subsection, law other than this article determines the effect of  
3254 including information not required by subdivision (1) of this subsection.

3255 (b) The following instructions apply to the form of notification in  
3256 subdivision (3) of subsection (a) of this section:

3257 (1) The instructions in this subsection refer to the numbers in

3258 parentheses before items in the form of notification in subdivision (3) of  
3259 subsection (a) of this section. Do not include the numbers or parentheses  
3260 in the notification. The numbers and parentheses are used only for the  
3261 purpose of these instructions.

3262 (2) Include and complete either subparagraph (A) of subdivision (3)  
3263 of subsection (a) of this section, if the notification relates to a public  
3264 disposition of the collateral, or subparagraph (B) of subdivision (3) of  
3265 subsection (a) of this section, if the notification relates to a private  
3266 disposition of the collateral.

3267 (3) Include and complete subparagraphs (C) to (G), inclusive, of  
3268 subdivision (3) of subsection (a) of this section.

3269 (4) In subparagraph (E) of subdivision (3) of subsection (a) of this  
3270 section, include and complete any one of the three alternative methods  
3271 for the explanation, (i) writing, (ii) writing or electronic record, or (iii)  
3272 electronic record.

3273 (5) In subparagraph (F) of subdivision (3) of subsection (a) of this  
3274 section, include the telephone number. In addition, the sender may  
3275 include and complete either or both of the two additional alternative  
3276 methods of communication, (i) writing, or (ii) electronic  
3277 communication, for the recipient of the notification to communicate  
3278 with the sender. Neither of the two additional methods of  
3279 communication is required to be included.

3280 (6) In subparagraph (G) of subdivision (3) of subsection (a) of this  
3281 section, include and complete the method or methods for the  
3282 explanation, (i) writing, (ii) writing or electronic record, or (iii) electronic  
3283 record, included in subparagraph (E) of subdivision (3) of subsection (a)  
3284 of this section.

3285 (7) Include and complete subparagraph (H) of subdivision (3) of  
3286 subsection (a) of this section only if a written explanation is included in  
3287 subparagraph (E) of subdivision (3) of subsection (a) of this section as a  
3288 method for communicating the explanation and the sender will charge

3289 the recipient for another written explanation.

3290 (8) In subparagraph (I) of subdivision (3) of subsection (a) of this  
3291 section, include either the telephone number or the address or both the  
3292 telephone number and the address. In addition, the sender may include  
3293 and complete the additional method of communication, electronic  
3294 communication, for the recipient of the notification to communicate  
3295 with the sender. The additional method of electronic communication is  
3296 not required to be included.

3297 (9) If subparagraph (I) of subdivision (3) of subsection (a) of this  
3298 section does not apply, insert "None" after "agreement:".

3299 Sec. 79. Subsection (a) of section 42a-9-615 of the general statutes is  
3300 repealed and the following is substituted in lieu thereof (*Effective January*  
3301 *1, 2026*):

3302 (a) A secured party shall apply or pay over for application the cash  
3303 proceeds of disposition under section 42a-9-610 in the following order  
3304 to:

3305 (1) The reasonable expenses of retaking, holding, preparing for  
3306 disposition, processing and disposing, and, to the extent provided for  
3307 by agreement and not prohibited by law, reasonable attorney's fees and  
3308 legal expenses incurred by the secured party;

3309 (2) The satisfaction of obligations secured by the security interest or  
3310 agricultural lien under which the disposition is made;

3311 (3) The satisfaction of obligations secured by any subordinate  
3312 security interest in or other subordinate lien on the collateral if:

3313 (A) The secured party receives from the holder of the subordinate  
3314 security interest or other lien [an authenticated] a signed demand for  
3315 proceeds before distribution of the proceeds is completed; and

3316 (B) In a case in which a consignor has an interest in the collateral, the  
3317 subordinate security interest or other lien is senior to the interest of the

3318 consignor; and

3319 (4) A secured party that is a consignor of the collateral if the secured  
3320 party receives from the consignor [an authenticated] a signed demand  
3321 for proceeds before distribution of the proceeds is completed.

3322 Sec. 80. Section 42a-9-616 of the general statutes is repealed and the  
3323 following is substituted in lieu thereof (*Effective January 1, 2026*):

3324 (a) In this section:

3325 (1) "Explanation" means a [writing] record that:

3326 (A) States the amount of the surplus or deficiency;

3327 (B) Provides an explanation in accordance with subsection (c) of this  
3328 section of how the secured party calculated the surplus or deficiency;

3329 (C) States, if applicable, that future debits, credits, charges, including  
3330 additional credit service charges or interest, rebates and expenses may  
3331 affect the amount of the surplus or deficiency; and

3332 (D) Provides a telephone number or mailing address from which  
3333 additional information concerning the transaction is available.

3334 (2) "Request" means a record:

3335 (A) [Authenticated] Signed by a debtor or consumer obligor;

3336 (B) Requesting that the recipient provide an explanation; and

3337 (C) Sent after disposition of the collateral under section 42a-9-610.

3338 (b) In a consumer-goods transaction in which the debtor is entitled to  
3339 a surplus or a consumer obligor is liable for a deficiency under section  
3340 42a-9-615, as amended by this act, the secured party shall:

3341 (1) Send an explanation to the debtor or consumer obligor, as  
3342 applicable, after the disposition and:

3343 (A) Before or when the secured party accounts to the debtor and pays  
3344 any surplus or first makes [written] demand in a record on the consumer  
3345 obligor after the disposition for payment of the deficiency; and

3346 (B) Within fourteen days after receipt of a request; or

3347 (2) In the case of a consumer obligor who is liable for a deficiency,  
3348 within fourteen days after receipt of a request, send to the consumer  
3349 obligor a record waiving the secured party's right to a deficiency.

3350 (c) To comply with subparagraph (B) of subdivision (1) of subsection  
3351 (a) of this section, [a writing] an explanation must provide the following  
3352 information in the following order:

3353 (1) The aggregate amount of obligations secured by the security  
3354 interest under which the disposition was made, and, if the amount  
3355 reflects a rebate of unearned interest or credit service charge, an  
3356 indication of that fact, calculated as of a specified date:

3357 (A) If the secured party takes or receives possession of the collateral  
3358 after default, not more than thirty-five days before the secured party  
3359 takes or receives possession; or

3360 (B) If the secured party takes or receives possession of the collateral  
3361 before default or does not take possession of the collateral, not more  
3362 than thirty-five days before the disposition;

3363 (2) The amount of proceeds of the disposition;

3364 (3) The aggregate amount of the obligations after deducting the  
3365 amount of proceeds;

3366 (4) The amount, in the aggregate or by type, and types of expenses,  
3367 including expenses of retaking, holding, preparing for disposition,  
3368 processing and disposing of the collateral, and attorney's fees secured  
3369 by the collateral which are known to the secured party and relate to the  
3370 current disposition;

3371 (5) The amount, in the aggregate or by type, and types of credits,

3372 including rebates of interest or credit service charges, to which the  
3373 obligor is known to be entitled and which are not reflected in the  
3374 amount in subdivision (1) of this subsection; and

3375 (6) The amount of the surplus or deficiency.

3376 (d) A particular phrasing of the explanation is not required. An  
3377 explanation complying substantially with the requirements of  
3378 subsection (a) of this section is sufficient, even if it includes minor errors  
3379 that are not seriously misleading.

3380 (e) A debtor or consumer obligor is entitled without charge to one  
3381 response to a request under this section during any six-month period in  
3382 which the secured party did not send to the debtor or consumer obligor  
3383 an explanation pursuant to subdivision (1) of subsection (b) of this  
3384 section. The secured party may require payment of a charge not  
3385 exceeding twenty-five dollars for each additional response.

3386 Sec. 81. Subsection (a) of section 42a-9-619 of the general statutes is  
3387 repealed and the following is substituted in lieu thereof (*Effective January*  
3388 *1, 2026*):

3389 (a) In this section, "transfer statement" means a record [authenticated]  
3390 signed by a secured party stating:

3391 (1) That the debtor has defaulted in connection with an obligation  
3392 secured by specified collateral;

3393 (2) That the secured party has exercised its post-default remedies  
3394 with respect to the collateral;

3395 (3) That, by reason of the exercise, a transferee has acquired the rights  
3396 of the debtor in the collateral; and

3397 (4) The name and mailing address of the secured party, debtor and  
3398 transferee.

3399 Sec. 82. Section 42a-9-620 of the general statutes is repealed and the  
3400 following is substituted in lieu thereof (*Effective January 1, 2026*):



3401 (a) Except as otherwise provided in subsection (g) of this section, a  
3402 secured party may accept collateral in full or partial satisfaction of the  
3403 obligation it secures only if:

3404 (1) The debtor consents to the acceptance under subsection (c) of this  
3405 section;

3406 (2) The secured party does not receive, within the time set forth in  
3407 subsection (d) of this section, a notification of objection to the proposal  
3408 [authenticated] signed by:

3409 (A) A person to which the secured party was required to send a  
3410 proposal under section 42a-9-621, as amended by this act; or

3411 (B) Any other person, other than the debtor, holding an interest in the  
3412 collateral subordinate to the security interest that is the subject of the  
3413 proposal;

3414 (3) If the collateral is consumer goods, the collateral is not in the  
3415 possession of the debtor when the debtor consents to the acceptance;  
3416 and

3417 (4) Subsection (e) of this section does not require the secured party to  
3418 dispose of the collateral or the debtor waives the requirement pursuant  
3419 to section 42a-9-624, as amended by this act.

3420 (b) A purported or apparent acceptance of collateral under this  
3421 section is ineffective unless:

3422 (1) The secured party consents to the acceptance in [an authenticated]  
3423 a signed record or sends a proposal to the debtor; and

3424 (2) The conditions of subsection (a) of this section are met.

3425 (c) For purposes of this section:

3426 (1) A debtor consents to an acceptance of collateral in partial  
3427 satisfaction of the obligation it secures only if the debtor agrees to the  
3428 terms of the acceptance in a record [authenticated] signed after default;

3429 and

3430 (2) A debtor consents to an acceptance of collateral in full satisfaction  
3431 of the obligation it secures only if the debtor agrees to the terms of the  
3432 acceptance in a record [authenticated] signed after default or the  
3433 secured party:

3434 (A) Sends to the debtor after default a proposal that is unconditional  
3435 or subject only to a condition that collateral not in the possession of the  
3436 secured party be preserved or maintained;

3437 (B) In the proposal, proposes to accept collateral in full satisfaction of  
3438 the obligation it secures; and

3439 (C) Does not receive a notification of objection [authenticated] signed  
3440 by the debtor within twenty days after the proposal is sent.

3441 (d) To be effective under subdivision (2) of subsection (a) of this  
3442 section, a notification of objection must be received by the secured party:

3443 (1) In the case of a person to which the proposal was sent pursuant to  
3444 section 42a-9-621, as amended by this act, within twenty days after  
3445 notification was sent to that person; and

3446 (2) In other cases:

3447 (A) Within twenty days after the last notification was sent pursuant  
3448 to section 42a-9-621, as amended by this act; or

3449 (B) If a notification was not sent, before the debtor consents to the  
3450 acceptance under subsection (c) of this section.

3451 (e) A secured party that has taken possession of collateral shall  
3452 dispose of the collateral pursuant to section 42a-9-610 within the time  
3453 specified in subsection (f) of this section if:

3454 (1) Sixty per cent of the cash price has been paid in the case of a  
3455 purchase-money security interest in consumer goods; or

3456 (2) Sixty per cent of the principal amount of the obligation secured  
3457 has been paid in the case of a non-purchase-money security interest in  
3458 consumer goods.

3459 (f) To comply with subsection (e) of this section, the secured party  
3460 shall dispose of the collateral:

3461 (1) Within ninety days after taking possession; or

3462 (2) Within any longer period to which the debtor and all secondary  
3463 obligors have agreed in an agreement to that effect entered into and  
3464 [authenticated] signed after default.

3465 (g) In a consumer transaction, a secured party may not accept  
3466 collateral in partial satisfaction of the obligation it secures.

3467 (h) Nothing in subsection (b) of this section shall prohibit a consumer  
3468 in a consumer goods transaction from proving that the secured party  
3469 has agreed to accept the collateral in full satisfaction of the obligation by  
3470 means other than [an authenticated] a signed record.

3471 Sec. 83. Section 42A-9-621 of the general statutes is repealed and the  
3472 following is substituted in lieu thereof (*Effective January 1, 2026*):

3473 (a) A secured party that desires to accept collateral in full or partial  
3474 satisfaction of the obligation it secures shall send its proposal to:

3475 (1) Any person from which the secured party has received, before the  
3476 debtor consented to the acceptance, [an authenticated] a signed  
3477 notification of a claim of an interest in the collateral;

3478 (2) Any other secured party or lienholder that, ten days before the  
3479 debtor consented to the acceptance, held a security interest in or other  
3480 lien on the collateral perfected by the filing of a financing statement that:

3481 (A) Identified the collateral;

3482 (B) Was indexed under the debtor's name as of that date; and

3483 (C) Was filed in the office or offices in which to file a financing  
3484 statement against the debtor covering the collateral as of that date; and

3485 (3) Any other secured party that, ten days before the debtor  
3486 consented to the acceptance, held a security interest in the collateral  
3487 perfected by compliance with a statute, regulation or treaty described in  
3488 subsection (a) of section 42a-9-311.

3489 (b) A secured party that desires to accept collateral in partial  
3490 satisfaction of the obligation it secures shall send its proposal to any  
3491 secondary obligor in addition to the persons described in subsection (a)  
3492 of this section.

3493 Sec. 84. Section 42a-9-624 of the general statutes is repealed and the  
3494 following is substituted in lieu thereof (*Effective January 1, 2026*):

3495 (a) A debtor or secondary obligor may waive the right to notification  
3496 of disposition of collateral under section 42a-9-611, as amended by this  
3497 act, only by an agreement to that effect entered into and [authenticated]  
3498 signed after default.

3499 (b) A debtor may waive the right to require disposition of collateral  
3500 under subsection (e) of section 42a-9-620, as amended by this act, only  
3501 by an agreement to that effect entered into and [authenticated] signed  
3502 after default.

3503 (c) Except in a consumer-goods transaction, a debtor or secondary  
3504 obligor may waive the right to redeem collateral under section 42a-9-  
3505 623 only by an agreement to that effect entered into and [authenticated]  
3506 signed after default.

3507 Sec. 85. Section 42a-9-628 of the general statutes is repealed and the  
3508 following is substituted in lieu thereof (*Effective January 1, 2026*):

3509 (a) [Unless] Subject to subsection (f) of this section, unless a secured  
3510 party knows that a person is a debtor or obligor, knows the identity of  
3511 the person and knows how to communicate with the person:

3512 (1) The secured party is not liable to the person, or to a secured party  
3513 or lienholder that has filed a financing statement against the person, for  
3514 failure to comply with this article; and

3515 (2) The secured party's failure to comply with this article does not  
3516 affect the liability of the person for a deficiency.

3517 (b) [A] Subject to subsection (f) of this section, a secured party is not  
3518 liable because of its status as secured party:

3519 (1) To a person that is a debtor or obligor, unless the secured party  
3520 knows:

3521 (A) That the person is a debtor or obligor;

3522 (B) The identity of the person; and

3523 (C) How to communicate with the person; or

3524 (2) To a secured party or lienholder that has filed a financing  
3525 statement against a person, unless the secured party knows:

3526 (A) That the person is a debtor; and

3527 (B) The identity of the person.

3528 (c) A secured party is not liable to any person, and a person's liability  
3529 for a deficiency is not affected, because of any act or omission arising  
3530 out of the secured party's reasonable belief that a transaction is not a  
3531 consumer-goods transaction or a consumer transaction or that goods are  
3532 not consumer goods, if the secured party's belief is based on its  
3533 reasonable reliance on:

3534 (1) A debtor's representation concerning the purpose for which  
3535 collateral was to be used, acquired or held; or

3536 (2) An obligor's representation concerning the purpose for which a  
3537 secured obligation was incurred.

3538 (d) A secured party is not liable to any person under subdivision (2)

3539 of subsection (c) of section 42a-9-625 for its failure to comply with  
3540 section 42a-9-616, as amended by this act.

3541 (e) A secured party is not liable under subdivision (2) of subsection  
3542 (c) of section 42a-9-625 more than once with respect to any one secured  
3543 obligation.

3544 (f) Subsections (a) and (b) of this section do not apply to limit the  
3545 liability of a secured party to a person if, at the time the secured party  
3546 obtains control of collateral that is a controllable account, controllable  
3547 electronic record or controllable payment intangible, or at the time the  
3548 security interest attaches to the collateral, whichever is later:

3549 (1) The person is a debtor or obligor; and

3550 (2) The secured party knows that the information in subparagraph  
3551 (A), (B) or (C) of subdivision (1) of subsection (b) of this section relating  
3552 to the person is not provided by the collateral, a record attached to or  
3553 logically associated with the collateral or the system in which the  
3554 collateral is recorded.

3555 Sec. 86. (NEW) (*Effective January 1, 2026*) Sections 86 to 92, inclusive,  
3556 of this act may be cited as Uniform Commercial Code—Controllable  
3557 Electronic Records.

3558 Sec. 87. (NEW) (*Effective January 1, 2026*) (a) In sections 86 to 92,  
3559 inclusive, of this act:

3560 (1) "Controllable electronic record" means a record stored in an  
3561 electronic medium that can be subjected to control under section 90 of  
3562 this act. The term does not include a controllable account, a controllable  
3563 payment intangible, a deposit account, an electronic copy of a record  
3564 evidencing chattel paper, an electronic document of title, electronic  
3565 money, investment property or a transferable record.

3566 (2) "Qualifying purchaser" means a purchaser of a controllable  
3567 electronic record or an interest in a controllable electronic record that  
3568 obtains control of the controllable electronic record for value, in good

3569 faith, and without notice of a claim of a property right in the controllable  
3570 electronic record.

3571 (3) "Transferable record" has the meaning provided for that term in:

3572 (A) Section 201(a)(1) of the Electronic Signatures in Global and  
3573 National Commerce Act, 15 USC 7021(a)(1), as amended from time to  
3574 time; or

3575 (B) Subsection (a) of section 1-281 of the general statutes.

3576 (4) "Value" has the meaning provided in subsection (a) of section 42a-  
3577 3-303 of the general statutes, as if references in said subsection to an  
3578 "instrument" were references to a controllable account, controllable  
3579 electronic record or controllable payment intangible.

3580 (b) The definitions in article 9, as amended by this act, of "account  
3581 debtor", "controllable account", "controllable payment intangible",  
3582 "chattel paper", "deposit account", "electronic money" and "investment  
3583 property" apply to sections 86 to 92, inclusive, of this act.

3584 (c) Article 1 contains general definitions and principles of  
3585 construction and interpretation applicable throughout this article.

3586 Sec. 88. (NEW) (*Effective January 1, 2026*) (a) If there is conflict between  
3587 sections 86 to 92, inclusive, of this act and article 9, as amended by this  
3588 act, article 9, as amended by this act, governs.

3589 (b) A transaction subject to sections 86 to 92, inclusive, of this act, is  
3590 subject to any applicable rule of law that establishes a different rule for  
3591 consumers and (1) any other statute or regulation that regulates the  
3592 rates, charges, agreements and practices for loans, credit sales or other  
3593 extensions of credit, and (2) any consumer protection statute or  
3594 regulation.

3595 Sec. 89. (NEW) (*Effective January 1, 2026*) (a) This section applies to the  
3596 acquisition and purchase of rights in a controllable account or  
3597 controllable payment intangible, including the rights and benefits under

3598 subsections (c), (d), (e), (g) and (h) of this section of a purchaser and  
3599 qualifying purchaser, in the same manner this section applies to a  
3600 controllable electronic record.

3601 (b) To determine whether a purchaser of a controllable account or a  
3602 controllable payment intangible is a qualifying purchaser, the purchaser  
3603 obtains control of the account or payment intangible if it obtains control  
3604 of the controllable electronic record that evidences the account or  
3605 payment intangible.

3606 (c) Except as provided in this section, law other than sections 86 to 92,  
3607 inclusive, of this act determines whether a person acquires a right in a  
3608 controllable electronic record and the right the person acquires.

3609 (d) A purchaser of a controllable electronic record acquires all rights  
3610 in the controllable electronic record that the transferor had or had power  
3611 to transfer, except that a purchaser of a limited interest in a controllable  
3612 electronic record acquires rights only to the extent of the interest  
3613 purchased.

3614 (e) A qualifying purchaser acquires its rights in the controllable  
3615 electronic record free of a claim of a property right in the controllable  
3616 electronic record.

3617 (f) Except as provided in subsections (a) and (e) of this section for a  
3618 controllable account and a controllable payment intangible or law other  
3619 than sections 86 to 92, inclusive, of this act, a qualifying purchaser takes  
3620 a right to payment, right to performance or other interest in property  
3621 evidenced by the controllable electronic record subject to a claim of a  
3622 property right in the right to payment, right to performance or other  
3623 interest in property.

3624 (g) An action may not be asserted against a qualifying purchaser  
3625 based on both a purchase by the qualifying purchaser of a controllable  
3626 electronic record and a claim of a property right in another controllable  
3627 electronic record, whether the action is framed in conversion, replevin,  
3628 constructive trust, equitable lien or other theory.



3629 (h) Filing of a financing statement under article 9, as amended by this  
3630 act, is not notice of a claim of a property right in a controllable electronic  
3631 record.

3632 Sec. 90. (NEW) (*Effective January 1, 2026*) (a) A person has control of a  
3633 controllable electronic record if the electronic record, a record attached  
3634 to or logically associated with the electronic record or a system in which  
3635 the electronic record is recorded:

3636 (1) Gives the person:

3637 (A) Power to avail itself of substantially all the benefit from the  
3638 electronic record; and

3639 (B) Exclusive power, subject to subsection (b) of this section, to:

3640 (i) Prevent others from availing themselves of substantially all the  
3641 benefit from the electronic record; and

3642 (ii) Transfer control of the electronic record to another person or cause  
3643 another person to obtain control of another controllable electronic  
3644 record as a result of the transfer of the electronic record; and

3645 (2) Enables the person readily to identify itself in any way, including  
3646 by name, identifying number, cryptographic key, office or account  
3647 number, as having the powers specified in subdivision (1) of this  
3648 subsection.

3649 (b) Subject to subsection (c) of this section, a power is exclusive under  
3650 subparagraphs (B)(i) and (B)(ii) of subdivision (1) of subsection (a) of  
3651 this section even if:

3652 (1) The controllable electronic record, a record attached to or logically  
3653 associated with the electronic record or a system in which the electronic  
3654 record is recorded limits the use of the electronic record or has a protocol  
3655 programmed to cause a change, including a transfer or loss of control or  
3656 a modification of benefits afforded by the electronic record; or

3657 (2) The power is shared with another person.

3658 (c) A power of a person is not shared with another person under  
3659 subdivision (2) of subsection (b) of this section and the person's power  
3660 is not exclusive if:

3661 (1) The person can exercise the power only if the power also is  
3662 exercised by the other person; and

3663 (2) The other person:

3664 (A) Can exercise the power without exercise of the power by the  
3665 person; or

3666 (B) Is the transferor to the person of an interest in the controllable  
3667 electronic record or a controllable account or controllable payment  
3668 intangible evidenced by the controllable electronic record.

3669 (d) If a person has the powers specified in subparagraphs (B)(i) and  
3670 (B)(ii) of subdivision (1) of subsection (a) of this section, the powers are  
3671 presumed to be exclusive.

3672 (e) A person has control of a controllable electronic record if another  
3673 person, other than the transferor to the person of an interest in the  
3674 controllable electronic record or a controllable account or controllable  
3675 payment intangible evidenced by the controllable electronic record:

3676 (1) Has control of the electronic record and acknowledges that it has  
3677 control on behalf of the person; or

3678 (2) Obtains control of the electronic record after having  
3679 acknowledged that it will obtain control of the electronic record on  
3680 behalf of the person.

3681 (f) A person that has control under this section is not required to  
3682 acknowledge that it has control on behalf of another person.

3683 (g) If a person acknowledges that it has or will obtain control on  
3684 behalf of another person, unless the person otherwise agrees or law  
3685 other than sections 86 to 92, inclusive, of this act or article 9, as amended  
3686 by this act, otherwise provides, the person does not owe any duty to the

3687 other person and is not required to confirm the acknowledgment to any  
3688 other person.

3689 Sec. 91. (NEW) (*Effective January 1, 2026*) (a) An account debtor on a  
3690 controllable account or controllable payment intangible may discharge  
3691 its obligation by paying:

3692 (1) The person having control of the controllable electronic record  
3693 that evidences the controllable account or controllable payment  
3694 intangible; or

3695 (2) Except as provided in subsection (b) of this section, a person that  
3696 formerly had control of the controllable electronic record.

3697 (b) Subject to subsection (d) of this section, the account debtor may  
3698 not discharge its obligation by paying a person that formerly had control  
3699 of the controllable electronic record if the account debtor receives a  
3700 notification that:

3701 (1) Is signed by a person that formerly had control or the person to  
3702 which control was transferred;

3703 (2) Reasonably identifies the controllable account or controllable  
3704 payment intangible;

3705 (3) Notifies the account debtor that control of the controllable  
3706 electronic record that evidences the controllable account or controllable  
3707 payment intangible was transferred;

3708 (4) Identifies the transferee, in any reasonable way, including by  
3709 name, identifying number, cryptographic key, office or account number;  
3710 and

3711 (5) Provides a commercially reasonable method by which the account  
3712 debtor is to pay the transferee.

3713 (c) After receipt of a notification that complies with subsection (b) of  
3714 this section, the account debtor may discharge its obligation by paying  
3715 in accordance with the notification and may not discharge the obligation

3716 by paying a person that formerly had control.

3717 (d) Subject to subsection (h) of this section, notification is ineffective  
3718 under subsection (b) of this section:

3719 (1) Unless, before the notification is sent, the account debtor and the  
3720 person that, at that time, had control of the controllable electronic record  
3721 that evidences the controllable account or controllable payment  
3722 intangible agree in a signed record to a commercially reasonable method  
3723 by which a person may furnish reasonable proof that control has been  
3724 transferred;

3725 (2) To the extent an agreement between the account debtor and seller  
3726 of a payment intangible limits the account debtor's duty to pay a person  
3727 other than the seller and the limitation is effective under law other than  
3728 sections 86 to 92, inclusive, of this act; or

3729 (3) At the option of the account debtor, if the notification notifies the  
3730 account debtor to:

3731 (A) Divide a payment;

3732 (B) Make less than the full amount of an installment or other periodic  
3733 payment; or

3734 (C) Pay any part of a payment by more than one method or to more  
3735 than one person.

3736 (e) Subject to subsection (h) of this section, if requested by the account  
3737 debtor, the person giving the notification under subsection (b) of this  
3738 section shall seasonably furnish reasonable proof, using the method in  
3739 the agreement referred to in subdivision (1) of subsection (d) of this  
3740 section, that control of the controllable electronic record has been  
3741 transferred. Unless the person complies with the request, the account  
3742 debtor may discharge its obligation by paying a person that formerly  
3743 had control, even if the account debtor has received a notification under  
3744 subsection (b) of this section.

3745 (f) A person furnishes reasonable proof under subsection (e) of this  
3746 section that control has been transferred if the person demonstrates,  
3747 using the method in the agreement referred to in subdivision (1) of  
3748 subsection (d) of this section, that the transferee has the power to:

3749 (1) Avail itself of substantially all the benefit from the controllable  
3750 electronic record;

3751 (2) Prevent others from availing themselves of substantially all the  
3752 benefit from the controllable electronic record; and

3753 (3) Transfer the powers specified in subdivisions (1) and (2) of this  
3754 subsection to another person.

3755 (g) Subject to subsection (h) of this section, an account debtor may not  
3756 waive or vary its rights under subdivision (1) of subsection (d) of this  
3757 section and subsection (e) of this section, or its option under subdivision  
3758 (3) of subsection (d) of this section.

3759 (h) This section is subject to law other than sections 86 to 92, inclusive,  
3760 of this act, which establishes a different rule for an account debtor who  
3761 is an individual and who incurred the obligation primarily for personal,  
3762 family or household purposes.

3763 Sec. 92. (NEW) (*Effective January 1, 2026*) (a) Except as provided in  
3764 subsection (b) of this section, the local law of a controllable electronic  
3765 record's jurisdiction governs a matter covered by sections 86 to 92,  
3766 inclusive, of this act.

3767 (b) For a controllable electronic record that evidences a controllable  
3768 account or controllable payment intangible, the local law of the  
3769 controllable electronic record's jurisdiction governs a matter covered by  
3770 section 91 of this act, unless an effective agreement determines that the  
3771 local law of another jurisdiction governs.

3772 (c) The following rules determine a controllable electronic record's  
3773 jurisdiction under this section:

3774 (1) If the controllable electronic record, or a record attached to or  
3775 logically associated with the controllable electronic record and readily  
3776 available for review, expressly provides that a particular jurisdiction is  
3777 the controllable electronic record's jurisdiction for purposes of sections  
3778 86 to 92, inclusive, of this act or the Uniform Commercial Code, as  
3779 adopted in this title, that jurisdiction is the controllable electronic  
3780 record's jurisdiction.

3781 (2) If subdivision (1) of this subsection does not apply and the rules  
3782 of the system in which the controllable electronic record is recorded are  
3783 readily available for review and expressly provide that a particular  
3784 jurisdiction is the controllable electronic record's jurisdiction for  
3785 purposes of sections 86 to 92, inclusive, of this act or the Uniform  
3786 Commercial Code, as adopted in this title, that jurisdiction is the  
3787 controllable electronic record's jurisdiction.

3788 (3) If subdivisions (1) and (2) of this subsection do not apply and the  
3789 controllable electronic record, or a record attached to or logically  
3790 associated with the controllable electronic record and readily available  
3791 for review, expressly provides that the controllable electronic record is  
3792 governed by the law of a particular jurisdiction, that jurisdiction is the  
3793 controllable electronic record's jurisdiction.

3794 (4) If subdivisions (1), (2) and (3) of this subsection do not apply and  
3795 the rules of the system in which the controllable electronic record is  
3796 recorded are readily available for review and expressly provide that the  
3797 controllable electronic record or the system is governed by the law of a  
3798 particular jurisdiction, that jurisdiction is the controllable electronic  
3799 record's jurisdiction.

3800 (5) If subdivisions (1) to (4), inclusive, of this subsection do not apply,  
3801 the controllable electronic record's jurisdiction is the District of  
3802 Columbia.

3803 (d) If subdivision (5) of subsection (c) of this section applies and  
3804 sections 86 to 92, inclusive, of this act are not in effect in the District of  
3805 Columbia without material modification, the governing law for a matter

3806 covered by sections 86 to 92, inclusive, of this act is the law of the District  
3807 of Columbia as though sections 86 to 92, inclusive, of this act were in  
3808 effect in the District of Columbia without material modification. In this  
3809 subsection, "sections 86 to 92, inclusive, of this act" means Article 12 of  
3810 Uniform Commercial Code Amendments (2022).

3811 (e) To the extent subsections (a) and (b) of this section provide that  
3812 the local law of the controllable electronic record's jurisdiction governs  
3813 a matter covered by this article, that law governs even if the matter or a  
3814 transaction to which the matter relates does not bear any relation to the  
3815 controllable electronic record's jurisdiction.

3816 (f) The rights acquired under section 89 of this act by a purchaser or  
3817 qualifying purchaser are governed by the law applicable under this  
3818 section at the time of purchase.

3819 Sec. 93. (NEW) (*Effective January 1, 2026*) Sections 93 to 101, inclusive,  
3820 of this act may be cited as Transitional Provisions for Uniform  
3821 Commercial Code Amendments (2022).

3822 Sec. 94. (NEW) (*Effective January 1, 2026*) (a) In sections 93 to 101,  
3823 inclusive, of this act:

3824 (1) "Adjustment date" means January 1, 2027.

3825 (2) "Sections 86 to 92, inclusive, of this act" means Article 12 of the  
3826 Uniform Commercial Code, as adopted in this title.

3827 (3) "Article 12 property" means a controllable account, controllable  
3828 electronic record or controllable payment intangible.

3829 (b) The following definitions in other articles of the Uniform  
3830 Commercial Code, as adopted in this title, apply to sections 93 to 101,  
3831 inclusive, of this act:

T82 "Controllable account". Section 42a-9-102 of the general statutes, as  
amended by this act.

T83 "Controllable electronic record". Section 87 of this act.

- T84 "Controllable payment intangible". Section 42a-9-102 of the general statutes, as amended by this act.
- T85 "Electronic money". Section 42a-9-102 of the general statutes, as amended by this act.
- T86 "Financing statement". Section 42a-9-102 of the general statutes, as amended by this act.

3832 (c) Article 1 contains general definitions and principles of  
3833 construction and interpretation applicable throughout sections 93 to  
3834 101, inclusive, of this act.

3835 Sec. 95. (NEW) (*Effective January 1, 2026*) Except as provided in  
3836 sections 96 to 101, inclusive, of this act, a transaction validly entered into  
3837 before January 1, 2026, and the rights, duties and interests flowing from  
3838 the transaction remain valid thereafter and may be terminated,  
3839 completed, consummated or enforced as required or permitted by law  
3840 other than the Uniform Commercial Code, as adopted in this title, or, if  
3841 applicable, this title, as though this act had not taken effect.

3842 Sec. 96. (NEW) (*Effective January 1, 2026*) (a) Except as provided in  
3843 sections 93 and 94 of this act, article 9, as amended by this act, and  
3844 sections 86 to 92, inclusive, of this act apply to a transaction, lien or other  
3845 interest in property, even if the transaction, lien or interest was entered  
3846 into, created or acquired before January 1, 2026.

3847 (b) Except as provided in subsection (c) of this section and sections 97  
3848 to 101, inclusive, of this act:

3849 (1) A transaction, lien or interest in property that was validly entered  
3850 into, created or transferred before January 1, 2026, and was not  
3851 governed by the Uniform Commercial Code, as enacted in this title, but  
3852 would be subject to article 9, as amended by this act, or sections 86 to 92,  
3853 inclusive, of this act if it had been entered into, created or transferred on  
3854 or after January 1, 2026, including the rights, duties and interests  
3855 flowing from the transaction, lien or interest, remains valid on and after  
3856 January 1, 2026; and



3857 (2) The transaction, lien or interest may be terminated, completed,  
3858 consummated and enforced as required or permitted by this act or by  
3859 the law that would apply if this act had not taken effect.

3860 (c) This act does not affect an action, case or proceeding commenced  
3861 before January 1, 2026.

3862 Sec. 97. (NEW) (*Effective January 1, 2026*) (a) A security interest that is  
3863 enforceable and perfected immediately before January 1, 2026, is a  
3864 perfected security interest under this act if, on January 1, 2026, the  
3865 requirements for enforceability and perfection under this act are  
3866 satisfied without further action.

3867 (b) If a security interest is enforceable and perfected immediately  
3868 before January 1, 2026, but the requirements for enforceability or  
3869 perfection under this act are not satisfied on January 1, 2026, the security  
3870 interest:

3871 (1) Is a perfected security interest until the earlier of the time  
3872 perfection would have ceased under the law in effect immediately  
3873 before January 1, 2026, or the adjustment date;

3874 (2) Remains enforceable thereafter only if the security interest  
3875 satisfies the requirements for enforceability under section 42a-9-203 of  
3876 the general statutes, as amended by this act, before the adjustment date;  
3877 and

3878 (3) Remains perfected thereafter only if the requirements for  
3879 perfection under this act are satisfied before the time specified in  
3880 subdivision (1) of this subsection.

3881 Sec. 98. (NEW) (*Effective January 1, 2026*) A security interest that is  
3882 enforceable immediately before January 1, 2026, but is unperfected at  
3883 that time:

3884 (1) Remains an enforceable security interest until the adjustment date;

3885 (2) Remains enforceable thereafter if the security interest becomes

3886 enforceable under section 42a-9-203 of the general statutes, as amended  
3887 by this act, on January 1, 2026, or before the adjustment date; and

3888 (3) Becomes perfected:

3889 (A) Without further action, on January 1, 2026, if the requirements for  
3890 perfection under this act are satisfied before or at that time; or

3891 (B) When the requirements for perfection are satisfied if the  
3892 requirements are satisfied after that time.

3893 Sec. 99. (NEW) (*Effective January 1, 2026*) (a) If action, other than the  
3894 filing of a financing statement, is taken before January 1, 2026, and the  
3895 action would have resulted in perfection of the security interest had the  
3896 security interest become enforceable before January 1, 2026, the action is  
3897 effective to perfect a security interest that attaches under this act before  
3898 the adjustment date. An attached security interest becomes unperfected  
3899 on the adjustment date unless the security interest becomes a perfected  
3900 security interest under this act before the adjustment date.

3901 (b) The filing of a financing statement before January 1, 2026, is  
3902 effective to perfect a security interest on January 1, 2026, to the extent  
3903 the filing would satisfy the requirements for perfection under this act.

3904 (c) The taking of an action before January 1, 2026, is sufficient for the  
3905 enforceability of a security interest on January 1, 2026, if the action  
3906 would satisfy the requirements for enforceability under this act.

3907 Sec. 100. (NEW) (*Effective January 1, 2026*) (a) Subject to subsections  
3908 (b) and (c) of this section, this act determines the priority of conflicting  
3909 claims to collateral.

3910 (b) Subject to subsection (c) of this section, if the priorities of claims  
3911 to collateral were established before January 1, 2026, article 9, as in effect  
3912 before January 1, 2026, determines priority.

3913 (c) On the adjustment date, to the extent the priorities determined by  
3914 article 9, as amended by this act, modify the priorities established before

3915 January 1, 2026, the priorities of claims to article 12 property and  
3916 electronic money established before January 1, 2026, cease to apply.

3917 Sec. 101. (NEW) (*Effective January 1, 2026*) (a) Subject to subsections  
3918 (b) and (c) of this section, sections 86 to 92, inclusive, of this act  
3919 determine the priority of conflicting claims to article 12 property when  
3920 the priority rules of article 9, as amended by this act, do not apply.

3921 (b) Subject to subsection (c) of this section, when the priority rules of  
3922 article 9, as amended by this act, do not apply and the priorities of claims  
3923 to article 12 property were established before January 1, 2026, law other  
3924 than sections 86 to 92, inclusive, of this act determines priority.

3925 (c) When the priority rules of article 9, as amended by this act, do not  
3926 apply, to the extent the priorities determined by this act modify the  
3927 priorities established before January 1, 2026, the priorities of claims to  
3928 article 12 property established before January 1, 2026, cease to apply on  
3929 the adjustment date.

3930 Sec. 102. Section 1-1a of the general statutes is repealed and the  
3931 following is substituted in lieu thereof (*Effective January 1, 2026*):

3932 Unless the context of any statute requires a different interpretation,  
3933 all words and terms appearing in any statute and relating to security in  
3934 personal property shall be construed to mean their counterparts in  
3935 [subdivision (35) of subsection (b) of] section 42a-1-201, as amended by  
3936 this act, and chapter 748. In particular "chattel mortgage", "conditional  
3937 sale contract" or "lien" on personal property, except a lien of the type to  
3938 which chapter 748 does not apply under subdivision (2) of subsection  
3939 (d) of section 42a-9-109, shall be construed to mean "security interest";  
3940 "mortgagor" and "conditional vendee" shall be construed to mean  
3941 "debtor"; "mortgagee" and "conditional vendor" shall be construed to  
3942 mean "secured party".

3943 Sec. 103. Subsection (d) of section 1-281 of the general statutes is  
3944 repealed and the following is substituted in lieu thereof (*Effective January*  
3945 *1, 2026*):

3946 (d) Except as otherwise agreed, a person having control of a  
3947 transferable record is the holder, as defined in [subdivision (21) of  
3948 subsection (b) of] section 42a-1-201, as amended by this act, or other  
3949 similar law, of the transferable record and has the same rights and  
3950 defenses as a holder of an equivalent record or writing under the  
3951 Uniform Commercial Code, or other similar law, including, if the  
3952 applicable statutory requirements under subsection (a) of section 42a-3-  
3953 302 or section 42a-7-501 or 42a-9-308, or other similar law, are satisfied,  
3954 the rights and defenses of a holder in due course, a holder to which a  
3955 negotiable document of title has been duly negotiated or a purchaser,  
3956 respectively. Delivery, possession and endorsement are not required to  
3957 obtain or exercise any of the rights under this subsection.

3958 Sec. 104. Subsection (a) of section 12-35a of the general statutes is  
3959 repealed and the following is substituted in lieu thereof (*Effective January*  
3960 *1, 2026*):

3961 (a) Whenever used in this section, unless the context otherwise  
3962 requires: (1) "Goods" means goods, as defined in [subdivision (44) of  
3963 subsection (a) of] section 42a-9-102, as amended by this act; (2)  
3964 "proceeds" means proceeds, as defined in [subdivision (64) of subsection  
3965 (a) of] section 42a-9-102, as amended by this act; (3) "debtor" means the  
3966 taxpayer; (4) "secured party" means the state of Connecticut; (5)  
3967 "collateral" means property which is the subject of the tax lien; (6)  
3968 "obligations" means amount of tax and accrued penalties and interest  
3969 claimed to be due the state in relation to the tax lien; (7) "person" means  
3970 any individual, trust, partnership, association, company, limited  
3971 liability company or corporation; (8) "purchase money security interest"  
3972 means purchase money security interest, as defined in section 42a-9-  
3973 103a; (9) "commercial transactions financing agreement" means an  
3974 agreement entered into by a person in the course of his trade or business  
3975 to make loans to the taxpayer, part or all of the security for repayment  
3976 of any such loan being inventory acquired by the taxpayer in the  
3977 ordinary course of trade or business; (10) "qualified property" when  
3978 used with respect to a commercial transactions financing agreement,  
3979 means inventory; (11) "obligatory disbursement agreement" means an

3980 agreement, entered into by a person in the course of trade or business,  
3981 to make disbursements but such an agreement shall be considered  
3982 within this term only to the extent of disbursements which are required  
3983 to be made by reason of the intervention of the rights of a person other  
3984 than the taxpayer; (12) "qualified property" when used with respect to  
3985 obligatory disbursement agreement, means property subject to the lien  
3986 imposed in accordance with this section, at the time of tax lien filing and,  
3987 to the extent that the acquisition is directly traceable to the  
3988 disbursements under an obligatory disbursement agreement, property  
3989 acquired by the taxpayer after the time of tax lien filing; (13) "inventory"  
3990 means inventory, as defined in [subdivision (48) of subsection (a) of]  
3991 section 42a-9-102, as amended by this act; (14) "lien creditor" means lien  
3992 creditor, as defined in [subdivision (52) of subsection (a) of] section 42a-  
3993 9-102, as amended by this act; (15) "account" means account, as defined  
3994 in [subdivision (2) of subsection (a) of] section 42a-9-102, as amended by  
3995 this act; (16) "chattel paper" means chattel paper, as defined in  
3996 [subdivision (11) of subsection (a) of] section 42a-9-102, as amended by  
3997 this act; (17) "commercial tort claim" means commercial tort claim, as  
3998 defined in [subdivision (13) of subsection (a) of] section 42a-9-102, as  
3999 amended by this act; (18) "deposit account" means deposit account, as  
4000 defined in [subdivision (29) of subsection (a) of] section 42a-9-102, as  
4001 amended by this act; (19) "document" means document, as defined in  
4002 [subdivision (30) of subsection (a) of] section 42a-9-102, as amended by  
4003 this act; (20) "general intangible" means general intangible, as defined in  
4004 [subdivision (42) of subsection (a) of] section 42a-9-102, as amended by  
4005 this act; (21) "instrument" means instrument, as defined in [subdivision  
4006 (47) of subsection (a) of] section 42a-9-102, as amended by this act; (22)  
4007 "investment property" means investment property, as defined in  
4008 [subdivision (49) of subsection (a) of] section 42a-9-102, as amended by  
4009 this act; (23) "filing office" means filing office, as defined in [subdivision  
4010 (37) of subsection (a) of] section 42a-9-102, as amended by this act; and  
4011 (24) "state" means state, as defined in [subdivision (77) of subsection (a)  
4012 of] section 42a-9-102, as amended by this act, except that "the state" or  
4013 "this state" means the state of Connecticut.

4014 Sec. 105. Subparagraph (C) of subdivision (70) of section 12-81 of the

4015 general statutes is repealed and the following is substituted in lieu  
4016 thereof (*Effective January 1, 2026*):

4017 (C) The state and the municipality and district shall hold a security  
4018 interest, as defined in [subdivision (35) of subsection (b) of] section 42a-  
4019 1-201, as amended by this act, in any machinery or equipment which is  
4020 exempt from taxation pursuant to this subdivision, in an amount equal  
4021 to the tax revenue reimbursed or lost, as the case may be, which shall be  
4022 subordinate to any purchase money security interest, as defined in  
4023 section 42a-9-103a. Such security interest shall be enforceable against the  
4024 taxpayer for a period of five years after the last assessment year in which  
4025 such exemption was received in any case in which the business  
4026 organization ceases all business operations or moves its business  
4027 operations entirely out of this state. Any assessor who has granted an  
4028 exemption under this subdivision shall provide written notification to  
4029 the secretary of the cessation of such operations or the move of such  
4030 operations entirely out of this state. Such notification may be made at  
4031 any time after the October first of the last assessment year in which such  
4032 exemption is granted and before the September thirtieth that is five  
4033 years after the conclusion of said assessment year. Upon receiving such  
4034 notification and complying with the provisions of section 12-35a, as  
4035 amended by this act, the state shall have a lien upon the machinery or  
4036 equipment situated in this state and owned by the person that ceased all  
4037 business operations or moved such operations entirely out of this state.  
4038 Notwithstanding the provisions of section 12-35a, as amended by this  
4039 act, the total amount of the reimbursement made by the state for the  
4040 property tax exemptions granted to the person under the provisions of  
4041 this subdivision, shall be deemed to be the amount of the tax which such  
4042 person failed to pay. Notwithstanding said section 12-35a, the  
4043 information required to be included in the notice of lien for said tax shall  
4044 be as follows: (i) The owner of the property upon which the lien is  
4045 claimed, (ii) the business address or residence address of such owner,  
4046 (iii) the specific property claimed to be subject to such lien, (iv) the  
4047 location of such property at the time it was last made tax-exempt  
4048 pursuant to this subdivision, (v) the total amount of the reimbursement  
4049 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;

(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

4082 such an agreement shall be treated as coming within the term only to  
4083 the extent that such loan is made before the forty-sixth day after the date  
4084 of tax lien filing or before the lender had actual notice or knowledge of  
4085 such tax lien filing, whichever is earlier. (ii) The term "qualified  
4086 property", when used with respect to a commercial transactions  
4087 financing agreement, means inventory acquired by the taxpayer before  
4088 the forty-sixth day after the date of tax lien filing. (iii) The term  
4089 "obligatory disbursement agreement" means an agreement, entered into  
4090 by a person in the course of such person's trade or business, to make  
4091 disbursements, but such an agreement shall be treated as coming within  
4092 the term only to the extent of disbursements which are required to be  
4093 made by reason of the intervention of the rights of a person other than  
4094 the taxpayer. (iv) The term "qualified property", when used with respect  
4095 to an obligatory disbursement agreement, means property subject to the  
4096 lien imposed by sections 12-195a to 12-195g, inclusive, as amended by  
4097 this act, at the time of tax lien filing and, to the extent that the acquisition  
4098 is directly traceable to the disbursements referred to in subparagraph  
4099 (iii), property acquired by the taxpayer after tax lien filing. (v) The term  
4100 "inventory" when used in this section means inventory as defined in  
4101 [subdivision (48) of subsection (a) of] section 42a-9-102, as amended by  
4102 this act;

4103 Sec. 108. Subparagraph (A) of subdivision (15) of section 12-407 of the  
4104 general statutes is repealed and the following is substituted in lieu  
4105 thereof (*Effective January 1, 2026*):

4106 (15) (A) "Engaged in business in the state" means and, to the extent  
4107 not prohibited by the Constitution of the United States, includes, but  
4108 shall not be limited to, the following acts or methods of transacting  
4109 business:

4110 (i) Selling in this state, or any activity in this state in connection with  
4111 selling in this state, tangible personal property for use, storage or  
4112 consumption within the state;

4113 (ii) Engaging in the transfer for a consideration of the occupancy of  
4114 any room or rooms in a hotel, lodging house or bed and breakfast



- 4115 establishment for a period of thirty consecutive calendar days or less;
- 4116 (iii) Rendering in this state any service described in any of the  
4117 subparagraphs of subdivision (2) of this subsection;
- 4118 (iv) Maintaining, occupying or using, permanently or temporarily,  
4119 directly or indirectly, through a subsidiary or agent, by whatever name  
4120 called, any office, place of distribution, sales or sample room or place,  
4121 warehouse or storage point or other place of business or having any  
4122 representative, agent, salesman, canvasser or solicitor operating in this  
4123 state for the purpose of selling, delivering or taking orders;
- 4124 (v) Selling tangible personal property or services from outside this  
4125 state to a destination within this state, provided at least one hundred  
4126 thousand dollars of gross receipts are received and two hundred or  
4127 more retail sales from outside this state to destinations within this state  
4128 are made during the twelve-month period ended on the September  
4129 thirtieth immediately preceding the monthly or quarterly period with  
4130 respect to which liability for tax under this chapter is determined;
- 4131 (vi) Being owned or controlled, either directly or indirectly, by a  
4132 retailer engaged in business in this state which is the same as or similar  
4133 to the line of business in which the retailer so owned or controlled is  
4134 engaged;
- 4135 (vii) Being owned or controlled, either directly or indirectly, by the  
4136 same interests that own or control, either directly or indirectly, a retailer  
4137 engaged in business in this state which is the same as or similar to the  
4138 line of business in which the retailer so owned or controlled is engaged;
- 4139 (viii) Being the assignee of a person engaged in the business of leasing  
4140 tangible personal property to others, where leased property of such  
4141 person is situated within this state and such assignee has a security  
4142 interest, as defined in [subdivision (35) of subsection (b) of] section 42a-  
4143 1-201, as amended by this act, in such property;
- 4144 (ix) Notwithstanding the fact that retail sales of items of tangible  
4145 personal property are made from outside this state to a destination

4146 within this state, repairing or servicing such items, under a warranty, in  
4147 this state, either directly or indirectly through an agent, independent  
4148 contractor or subsidiary; and

4149 (x) Selling tangible personal property or services through an  
4150 agreement with a person located in this state, under which such person  
4151 located in this state, for a commission or other consideration that is  
4152 based upon the sale of tangible personal property or services by the  
4153 retailer, directly or indirectly refers potential customers, whether by a  
4154 link on an Internet web site or otherwise, to the retailer, provided the  
4155 cumulative gross receipts from sales by the retailer to customers in the  
4156 state who are referred to the retailer by all such persons with this type  
4157 of agreement with the retailer is in excess of one hundred thousand  
4158 dollars during the four preceding four quarterly periods ending on the  
4159 last day of March, June, September and December.

4160 Sec. 109. Subdivisions (7) and (8) of section 14-165 of the general  
4161 statutes are repealed and the following is substituted in lieu thereof  
4162 (*Effective January 1, 2026*):

4163 (7) "Security agreement" means a "security agreement" as defined in  
4164 [subdivision (74) of subsection (a) of] section 42a-9-102, as amended by  
4165 this act;

4166 (8) "Security interest" means a "security interest" as defined in  
4167 [subdivision (35) of subsection (b) of] section 42a-1-201, as amended by  
4168 this act;

4169 Sec. 110. Subdivisions (36) and (37) of section 15-202 of the general  
4170 statutes are repealed and the following is substituted in lieu thereof  
4171 (*Effective January 1, 2026*):

4172 (36) "Consumer goods" has the same meaning as provided in  
4173 [subdivision (23) of subsection (a) of] section 42a-9-102, as amended by  
4174 this act;

4175 (37) "Debtor" has the same meaning as provided in [subdivision (28)  
4176 of subsection (a) of] section 42a-9-102, as amended by this act;

4177 Sec. 111. Subdivision (43) of section 15-202 of the general statutes is  
4178 repealed and the following is substituted in lieu thereof (*Effective January*  
4179 *1, 2026*):

4180 (43) "Security agreement" has the same meaning as provided in  
4181 [subdivision (74) of subsection (a) of] section 42a-9-102, as amended by  
4182 this act;

4183 Sec. 112. Subdivision (45) of section 15-202 of the general statutes is  
4184 repealed and the following is substituted in lieu thereof (*Effective January*  
4185 *1, 2026*):

4186 (45) "Send" has the same meaning as provided in [subdivision (36) of  
4187 subsection (b) of] section 42a-1-201, as amended by this act; and

4188 Sec. 113. Subsection (c) of section 36a-770 of the general statutes is  
4189 repealed and the following is substituted in lieu thereof (*Effective January*  
4190 *1, 2026*):

4191 (c) Definitions. As used in this section and sections 36a-771 to 36a-  
4192 788, inclusive, 42-100b and 42-100c, unless the context otherwise  
4193 requires:

4194 (1) "Boat" means any watercraft, as defined in section 22a-248, other  
4195 than a seaplane, used or capable of being used as a means of  
4196 transportation on water, by any power including muscular.

4197 (2) "Cash price" means the total amount in dollars at which the seller  
4198 and buyer agreed the seller would transfer unqualified title to the goods,  
4199 if the transaction were a cash sale instead of a sale under a retail  
4200 installment contract.

4201 (3) "Commercial vehicle" means any domestic or foreign truck or  
4202 truck tractor of ten thousand or more pounds gross vehicular weight or  
4203 any trailer or semitrailer designed for use in connection with any truck  
4204 or truck tractor of ten thousand or more pounds gross vehicular weight  
4205 and which is not used primarily for personal, family or household use.

4206 (4) "Filing fee" means the fee prescribed by law for filing, recording  
4207 or otherwise perfecting and releasing or satisfying a security interest, as  
4208 defined in [subdivision (35) of subsection (b) of] section 42a-1-201, as  
4209 amended by this act, retained or created by a retail installment contract  
4210 or installment loan contract.

4211 (5) "Finance charge" means the amount in excess of the cash price of  
4212 the goods agreed upon by the retail seller and the retail buyer, to be paid  
4213 by the retail buyer for the privilege of purchasing the goods under the  
4214 retail installment contract or installment loan contract.

4215 (6) "Goods" means (A) "consumer goods", as defined in [subdivision  
4216 (23) of subsection (a) of] section 42a-9-102, as amended by this act, and  
4217 motor vehicles included under such definition, having an aggregate  
4218 cash price of seventy-five thousand dollars or less, and (B) "equipment",  
4219 as defined in [subdivision (33) of subsection (a) of] section 42a-9-102, as  
4220 amended by this act, having an aggregate cash price of twenty-five  
4221 thousand dollars or less, provided such consumer goods or such  
4222 equipment is included in one retail installment contract or installment  
4223 loan contract.

4224 (7) "Installment loan contract" means any agreement made in this  
4225 state to repay in installments the amount loaned or advanced to a retail  
4226 buyer for the purpose of paying the retail purchase price of goods and  
4227 by virtue of which a security interest, as defined in [subdivision (35) of  
4228 subsection (b) of] section 42a-1-201, as amended by this act, is taken in  
4229 the goods for the payment of the amount loaned or advanced. For  
4230 purposes of this subdivision, "installment loan contract" does not  
4231 include agreements to repay in installments loans made by the United  
4232 States or any department, agency or instrumentality thereof.

4233 (8) "Lender" means a person who extends or offers to extend credit to  
4234 a retail buyer under an installment loan contract.

4235 (9) A retail installment contract or installment loan contract is "made  
4236 in this state" if: (A) An offer or agreement is made in Connecticut by a  
4237 retail seller or a lender to sell or extend credit to a resident retail buyer,

4238 including, but not limited to, any verbal or written solicitation or  
4239 communication to sell or extend credit originating outside the state of  
4240 Connecticut but forwarded to and received in Connecticut by a resident  
4241 retail buyer; or (B) an offer to buy or an application for extension of  
4242 credit, or an acceptance of an offer to buy or to extend credit, is made in  
4243 Connecticut by a resident retail buyer, regardless of the situs of the  
4244 contract which may be specified therein, including, but not limited to,  
4245 any verbal or written solicitation or communication to buy or to have  
4246 credit extended, originating within the state of Connecticut but  
4247 forwarded to and received by a retail seller or a lender outside the state  
4248 of Connecticut. For purposes of this subdivision, a "resident retail  
4249 buyer" means a retail buyer who is a resident of the state of Connecticut.

4250 (10) "Motor vehicle" means any device in, upon or by which any  
4251 person or property is or may be transported or drawn upon a highway  
4252 by any power other than muscular. For purposes of this subdivision,  
4253 "motor vehicle" does not include self-propelled wheelchairs and invalid  
4254 tricycles, tractors, power shovels, road machinery, implements of  
4255 husbandry and other agricultural machinery, or other machinery not  
4256 designed primarily for highway transportation but which may  
4257 incidentally transport persons or property on a highway, or devices  
4258 which move upon or are guided by a track or travel through the air.

4259 (11) "Retail buyer" means a person who buys or agrees to buy one or  
4260 more articles of goods from a retail seller not for the purpose of resale  
4261 or lease to others in the course of business and who executes a retail  
4262 installment contract or an installment loan contract in connection  
4263 therewith.

4264 (12) "Retail installment contract" means any security agreement, as  
4265 defined in [subdivision (74) of subsection (a) of] section 42a-9-102, as  
4266 amended by this act, made in this state, including one in the form of a  
4267 mortgage, conditional sale contract or other instrument evidencing an  
4268 agreement to pay the retail purchase price of goods, or any part thereof,  
4269 in installments over a period of time and pursuant to which a security  
4270 interest, as defined in [subdivision (35) of subsection (b) of] section 42a-

4271 1-201, as amended by this act, is retained or taken by the retail seller for  
4272 the payment of the amount of such retail installment contract. For  
4273 purposes of this subdivision, "retail installment contract" does not  
4274 include a rent-to-own agreement, as defined in section 42-240, as  
4275 amended by this act.

4276 (13) "Retail installment sale" means any sale evidenced by a retail  
4277 installment contract or installment loan contract wherein a retail buyer  
4278 buys goods from a retail seller at a time sale price payable in two or more  
4279 installments. The cash price of the goods, the amount, if any, included  
4280 for other itemized charges which are included in the amount of the  
4281 credit extended but which are not part of the finance charge under  
4282 sections 36a-675 to 36a-686, inclusive, and the finance charge shall  
4283 together constitute the time sale price. For purposes of this subdivision,  
4284 "retail installment sale" does not include a rent-to-own agreement, as  
4285 defined in section 42-240, as amended by this act.

4286 (14) "Retail seller" means a person who sells or agrees to sell one or  
4287 more articles of goods under a retail installment contract or an  
4288 installment loan contract to a retail buyer.

4289 (15) "Sales finance company" means any person engaging in this state  
4290 in the business, in whole or in part, of (A) acquiring retail installment  
4291 contracts or installment loan contracts from holders thereof, by  
4292 purchase, discount or pledge, or by loan or advance to the holder of  
4293 either on the security thereof, or otherwise, or (B) receiving payments of  
4294 principal and interest from a retail buyer under a retail installment  
4295 contract or installment loan contract.

4296 Sec. 114. Section 36a-779 of the general statutes is repealed and the  
4297 following is substituted in lieu thereof (*Effective January 1, 2026*):

4298 Any sales finance company may purchase or acquire from the  
4299 original holder thereof or from any other sales finance company any  
4300 retail installment contract or any installment loan contract on such terms  
4301 and conditions as may be mutually agreed upon not inconsistent with  
4302 the provisions of sections 36a-770 to 36a-788, inclusive, as amended by

4303 this act, 42-100b and 42-100c. Such contracts constitute chattel paper, as  
4304 defined in [subdivision (11) of subsection (a) of] section 42a-9-102, as  
4305 amended by this act, and are governed by article 9 of title 42a, as  
4306 amended by this act, except as otherwise provided in said sections.

4307 Sec. 115. Subsection (d) of section 42-221 of the general statutes is  
4308 repealed and the following is substituted in lieu thereof (*Effective January*  
4309 *1, 2026*):

4310 (d) The consumer may waive a warranty required pursuant to this  
4311 section only as to a particular defect in the vehicle which the dealer has  
4312 disclosed to the consumer as being defective. No such waiver shall be  
4313 effective unless such waiver: (1) Is in writing; (2) is conspicuous, as  
4314 defined in [subdivision (10) of subsection (b) of] section 42a-1-201, as  
4315 amended by this act, and is in plain language; (3) identifies the  
4316 particular disclosed defect in the vehicle for which such warranty is to  
4317 be waived; (4) states what warranty, if any, shall apply to such disclosed  
4318 defect; and (5) is signed by both the customer and the dealer prior to  
4319 sale.

4320 Sec. 116. Subdivision (4) of section 42-240 of the general statutes is  
4321 repealed and the following is substituted in lieu thereof (*Effective January*  
4322 *1, 2026*):

4323 (4) "Rent-to-own agreement" means an agreement for the use of  
4324 personal property by an individual primarily for personal, family or  
4325 household purposes, for an initial period of four months or less, whether  
4326 or not there is any obligation beyond the initial period, that is  
4327 automatically renewable with each payment and that permits the  
4328 consumer to become the owner of the property. Any rent-to-own  
4329 agreement which complies with sections 42-240 to 42-253, inclusive, as  
4330 amended by this act, shall not be construed to be, or be governed by the  
4331 laws of this state regulating, any of the following:

4332 (A) A retail installment contract, as defined in section 36a-770, as  
4333 amended by this act;

4334 (B) A security interest, as defined in [subdivision (35) of subsection  
4335 (b) of] section 42a-1-201, as amended by this act.

4336 Sec. 117. Subdivision (3) of section 42a-2-402 of the general statutes is  
4337 repealed and the following is substituted in lieu thereof (*Effective January*  
4338 *1, 2026*):

4339 (3) When a seller remains in possession of goods which have been  
4340 sold or identified to a contract for sale or of goods which, after sale, have  
4341 been leased back to him, the buyer or lessor of such goods may protect  
4342 his interest by complying with the filing provisions of article 9, as  
4343 amended by this act. On compliance the buyer or lessor has, against  
4344 creditors of and purchasers from the seller, the rights of a secured party  
4345 with a perfected security interest. Such filing does not, of itself, make  
4346 the interest of the buyer or lessor a security interest, as defined in [by  
4347 subdivision (35) of subsection (b) of] section 42a-1-201, as amended by  
4348 this act.

4349 Sec. 118. Subsection (c) of section 47a-21 of the general statutes is  
4350 repealed and the following is substituted in lieu thereof (*Effective January*  
4351 *1, 2026*):

4352 (c) Any security deposit paid by a tenant shall remain the property of  
4353 such tenant in which the landlord shall have a security interest, as  
4354 defined in [subdivision (35) of subsection (b) of] section 42a-1-201, as  
4355 amended by this act, to secure such tenant's obligations. A security  
4356 deposit shall be exempt from attachment and execution by the creditors  
4357 of the landlord and shall not be considered part of the estate of the  
4358 landlord in any legal proceeding. Any voluntary or involuntary transfer  
4359 of a landlord's interest in residential real property to a successor shall  
4360 constitute an assignment to such successor of such landlord's security  
4361 interest in all security deposits paid by tenants of such transferred  
4362 residential real property.

4363 Sec. 119. Subsection (c) of section 52-625 of the general statutes is  
4364 repealed and the following is substituted in lieu thereof (*Effective January*  
4365 *1, 2026*):



4366 (c) A person is not disqualified from appointment as receiver solely  
4367 because the person:

4368 (1) Was appointed receiver or is owed compensation in an unrelated  
4369 matter involving a party or was engaged by a party in a matter unrelated  
4370 to the receivership;

4371 (2) Is an individual obligated to a party on a debt that is not in default  
4372 and was incurred primarily for personal, family or household purposes;  
4373 or

4374 (3) Maintains with a party a deposit account, as defined in  
4375 [subdivision (29) of subsection (a) of] section 42a-9-102, as amended by  
4376 this act.

4377 Sec. 120. Subsection (a) of section 53-129a of the general statutes is  
4378 repealed and the following is substituted in lieu thereof (*Effective January*  
4379 *1, 2026*):

4380 (a) As used in this section:

4381 (1) "Collateral" has the same meaning as [specified in subdivision (12)  
4382 of subsection (a) of] provided in section 42a-9-102, as amended by this  
4383 act;

4384 (2) "Debtor" has the same meaning as [specified in subdivision (28) of  
4385 subsection (a) of] provided in section 42a-9-102, as amended by this act;

4386 (3) "Proceeds" has the same meaning as [specified in subdivision (64)  
4387 of subsection (a) of] provided in section 42a-9-102, as amended by this  
4388 act;

4389 (4) "Security agreement" has the same meaning as [specified in  
4390 subdivision (74) of subsection (a) of] provided in section 42a-9-102, as  
4391 amended by this act;

4392 (5) "Security interest" has the same meaning as [specified in  
4393 subdivision (35) of subsection (b) of] provided in section 42a-1-201, as  
4394 amended by this act; and

4395 (6) "Secured party" has the same meaning as [specified in subdivision  
 4396 (73) of subsection (a) of] provided in section 42a-9-102, as amended by  
 4397 this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	January 1, 2026	42a-1-201(b)
Sec. 2	January 1, 2026	42a-1-204
Sec. 3	January 1, 2026	42a-1-301(b)
Sec. 4	January 1, 2026	42a-1-306
Sec. 5	January 1, 2026	42a-2-102
Sec. 6	January 1, 2026	42a-2-106
Sec. 7	January 1, 2026	42a-2-201
Sec. 8	January 1, 2026	42a-2-202
Sec. 9	January 1, 2026	42a-2-203
Sec. 10	January 1, 2026	42a-2-205
Sec. 11	January 1, 2026	42a-2-209(2)
Sec. 12	January 1, 2026	42a-2A-102(a) and (b)
Sec. 13	January 1, 2026	42a-2A-103
Sec. 14	January 1, 2026	42a-3-104(a)
Sec. 15	January 1, 2026	42a-3-105(a)
Sec. 16	January 1, 2026	42a-3-401
Sec. 17	January 1, 2026	42a-3-604(a)
Sec. 18	January 1, 2026	42a-4a-103(a)(1)
Sec. 19	January 1, 2026	42a-4A-201
Sec. 20	January 1, 2026	42a-4a-202(b) and (c)
Sec. 21	January 1, 2026	42a-4a-203(a)(1)
Sec. 22	January 1, 2026	42a-4A-207(c)
Sec. 23	January 1, 2026	42A-4A-208(b)(2)
Sec. 24	January 1, 2026	42a-4a-210(a)
Sec. 25	January 1, 2026	42a-4a-211(a)
Sec. 26	January 1, 2026	42a-4a-305(c) and (d)
Sec. 27	January 1, 2026	42a-5-104
Sec. 28	January 1, 2026	42a-5-116
Sec. 29	January 1, 2026	42a-7-102(a)
Sec. 30	January 1, 2026	42a-7-106
Sec. 31	January 1, 2026	42a-8-102
Sec. 32	January 1, 2026	42a-8-103
Sec. 33	January 1, 2026	42a-8-106
Sec. 34	January 1, 2026	42a-8-110(g)

Sec. 35	January 1, 2026	42a-8-303
Sec. 36	January 1, 2026	42a-9-102
Sec. 37	January 1, 2026	42a-9-104
Sec. 38	January 1, 2026	42a-9-105
Sec. 39	January 1, 2026	New section
Sec. 40	January 1, 2026	New section
Sec. 41	January 1, 2026	New section
Sec. 42	January 1, 2026	42a-9-203(b)
Sec. 43	January 1, 2026	42a-9-204
Sec. 44	January 1, 2026	42a-9-207(c)
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**JUD**      *Joint Favorable Subst.*

*The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*

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### **OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

### **Explanation**

The bill, which makes various changes to the Uniform Commercial Code (UCC), is not anticipated to result in a fiscal impact to the state or municipalities as these rule changes largely concern private parties.

### **The Out Years**

**State Impact:** None

**Municipal Impact:** None

**OLR Bill Analysis****sHB 6970****AN ACT CONCERNING ADOPTION OF AMENDMENTS TO THE  
UNIFORM COMMERCIAL CODE.**

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**ARTICLE 3: NEGOTIABLE INSTRUMENTS (§§ 14-17)**

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**ARTICLE 4A: FUNDS TRANSFERS (§§ 18-26)**

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**ARTICLE 1: GENERALLY APPLICABLE TERMINOLOGY (§ 1)**

Changes several definitions that apply throughout the UCC to, among other things, incorporate new or emerging technologies and resolve ambiguities

**TRANSITIONAL RULES (§§ 93-101)**

Establishes rules for transactions entered into before the bill's effective date; includes a rule that generally makes its provisions prospective in application and preserves the validity of existing transactions and the rights, duties, and interests flowing from them; generally applies Articles 9 and 12 to existing transactions

**SUMMARY**

This bill makes numerous changes to the Uniform Commercial Code (UCC), a set of rules governing commercial transactions (e.g., the sale of goods, leases, bank deposits and collections, and secured transactions). Many of the bill's provisions reflect emerging technologies.

The bill adds a new article on digital assets, which it terms "controllable electronic records" (CERs; Article 12). Examples of CERs include cryptocurrency, nonfungible tokens (NFTs), and other digital assets with embedded payment rights. The new Article 12, and corresponding changes to other articles, set rules for transactions involving these assets related to negotiability, transfer and payment rights, and secured lending.

The bill's other changes include such things as:

1. establishing rules for hybrid transactions under the UCC's provisions for the sale or lease of goods;



2. specifying that negotiable instruments may have (a) law or forum selection clauses or (b) their image and information transmitted to a bank for deposit as an electronic check;
3. specifically allowing for symbols, sounds, and biometrics to constitute a security procedure for funds transfers;
4. specifying that generally, for purposes of jurisdiction, choice of law, and recognition of interbranch letters of credit under UCC Article 5, a bank branch is located at the address shown in its document, and if there are multiple addresses, its location is the address from which the document was issued (by law for letters of credit, all bank branches are separate judicial entities and a bank's location is the location of relevant branch);
5. redefining terms that apply to transactions on paper with definitions that also cover electronic documents, such as by broadening what is considered "signed" to ensure that electronic records have the same legal effect as tangible ones, and substituting "record" for "writing" where applicable in the UCC, to include both information inscribed on a tangible medium and that which is electronic or in another format; and
6. making numerous minor, technical, and conforming changes throughout the UCC and to other statutory provisions that refer to it.

Except as described below, the bill applies its expanded provisions (e.g., to Articles 9 and 12) to transactions and liens, even if created or entered into before January 1, 2026. But it does not affect an action, case, or proceeding that began before that date. It sets transition rules to allow secured parties to continue the enforceability of their interests when the bill's changes take effect and establish the priority of conflicting claims.

Additionally, in general, UCC rules are default rules, meaning that parties to a transaction can contractually agree to different terms, but absent an agreement, the UCC's rules apply.

EFFECTIVE DATE: January 1, 2026

**NEW ARTICLE 12: CONTROLLABLE ELECTRONIC RECORDS (§§ 86-101)**

*Establishes rules for transactions involving a class of digital assets called “controllable electronic records,” including purchaser rights, how to get control of the asset, and discharge requirements*

***Controllable Electronic Records (CERs)***

The bill’s new Article 12 governs CERs, which are records stored in an electronic medium that are subject to methods of control specified by the bill (see below). They do not include controllable accounts, controllable payment intangibles, deposit accounts, electronic copies of a record evidencing chattel paper, electronic documents of title, electronic money, investment property, or transferable records as defined under certain federal or Connecticut law.

***Acquisition and Purchase Rights***

The bill gives a purchaser of a CER, controllable account, or controllable payment intangible all of the rights the transferor had or had power to transfer. A purchaser of a limited interest only obtains the extent of that interest. The bill specifies that unless stated, law other than the new Article 12 determines if a person acquires a right, and the right’s extent, in a CER, account, or payment intangible.

However, it gives a purchaser that gets control of a CER, controllable account, or controllable payment intangible for value, in good faith, and without notice of a property right claim (a “qualifying purchaser”), its rights free of a claim of a property right. Under the bill, a financing statement filing under Article 9 is not notice of a property right claim.

The bill requires a qualifying purchaser to take a right to payment or performance, or other property interest evidenced by the CER (but not the controllable account or payment intangible) subject to a claim of that right or interest, unless a law outside of Article 12 provides otherwise.

It prohibits an action against a qualifying purchaser that is based on both its purchase of the CER, account, or payment intangible and a claim

of a property right in another CER, account, or payment intangible, regardless of the theory involved (e.g., conversion, replevin, equitable lien).

Under the bill, to determine if a controllable account or controllable payment intangible purchaser is a qualifying purchaser, the purchaser gets control if it gets control of the CER that evidences the account or payment intangible.

### **Control of a CER**

Under the bill, control of a CER exists if the electronic record, a record attached to or logically associated with it, or a system that records it, gives it (1) the power to receive substantially all of the CER's benefit and (2) exclusive power to prevent others from doing so and transfer control of the electronic record to another person or cause another person to get control of another CER because of the record's transfer. The record or system also must allow for the person to readily identify itself as having those powers (e.g., by name, identifying number, cryptographic key, office, or account number).

The bill makes the power to receive or prevent others from receiving benefits exclusive even if it is shared with another person or the CER, record attached to or logically associated with the electronic record, or system where the electronic record is recorded, limits the electronic record's use or has a programmed protocol to make a change (e.g., transfer, loss of control, benefit modification).

Under the bill, a person does not share power with another person and it is not exclusive if the (1) person can exercise it only if the other person also does and (2) other person can exercise it alone or is the transferor to the person of an interest in the CER, or a controllable account or controllable payment intangible the CER shows.

The bill also sets rules for a person's control of a CER when another person has control on the person's behalf. Specifically, a person controls a CER if another person (but not the transferor of the interest) (1) controls the electronic record on the person's behalf and acknowledges

that fact or (2) gets control on the person's behalf after acknowledging that it will do so.

The bill does not require a person to acknowledge that it has control on behalf of another. It also generally does not give the person that acknowledges that it has or will obtain control on behalf of another person a duty to the other person or a requirement to confirm the acknowledgement to any other person. The person can, however, agree to do so or other law may require it.

### ***Obligation Discharge***

The bill allows for an account debtor on a controllable account or controllable payment intangible to discharge its obligation by paying either (1) the person with control of the CER that evidences the account or payment intangible or (2) a person that used to have control of the CER under certain circumstances. It prevents discharging an obligation by paying a person who formerly had control if the account debtor receives a notice that:

1. informs the account debtor that the CER's control was transferred and identifies the transferee in a reasonable way (e.g., name, identifying number, cryptographic key, office, or account number);
2. reasonably identifies the controllable account or controllable payment intangible;
3. is signed by either the person formerly in control or the person who is a transferee of control; and
4. includes a commercially reasonable method for the account debtor to pay the transferee.

Instead, the account debtor must pay as required in the notice to discharge its obligation.

Under the bill, the above notice is not effective:

1. unless the account debtor and the person with control of the CER before the notice was sent agreed in a signed record to a commercially reasonable way for the person to present reasonable proof of a transfer in control;
2. if there is an agreement between the account debtor and payment intangible seller that limits the debtor's duty to pay a person other than the seller that is governed by law that is not the bill's new Article 12; or
3. if the notice allows the account debtor to divide a payment, make less than the full amount of an installment or other periodic payment, or pay a portion of a payment by more than one method or to more than one person.

The bill requires the person giving the notice about the CER transfer to timely present reasonable proof of the transfer if the account debtor requests it. The person must do this using the method in their agreement. Failing to do so allows the account debtor to discharge the obligation by paying a person that formerly had control of the CER.

Under the bill, reasonable proof of a transfer in CER control shows that the transferee has the power to (1) receive substantially all of the CER's benefit and prevent others from doing so and (2) transfer the receipt and prevention powers to another person.

The bill generally prohibits an account debtor from waiving or changing its rights under the bill's requirements for there to be an agreement between it and the person in control and no option for alternative payments, or for it to receive proof of a transfer. However, these provisions are subject to law outside of the new Article 12 that have a different rule for account debtors who are individuals and have an obligation that is mainly for personal, family, or household purposes.

### ***Applicable Rules and Conflicts***

Under the bill, if a conflict exists between Article 9's requirements for secured transactions, and those of the new Article 12, Article 9 controls.

Additionally, a transaction subject to the new article is also subject to any other law that sets a different rule for consumers; a law or regulation regulating rates, charges, agreements, and practices for loans, credit sales, or other extensions of credit; and a consumer protection law or regulation.

***Choice of Law***

The bill generally applies the local law of a CER's jurisdiction to matters covered by the new Article 12. It allows for another jurisdiction's law to apply if there is an effective agreement for it to do so for a CER that evidences a controllable account or controllable payment intangible in a matter involving an account debtor's discharge of an obligation (see above). The bill specifies that the local law of a CER's jurisdiction applies to matters covered by the new Article 12 even if they, or the transactions relating to them, do not relate to the jurisdiction.

The bill sets the following hierarchy for determining a CER's jurisdiction, but in each case the CER (or record attached to or logically associated with it) or system rules must be readily available for review:

1. the CER or record may expressly state the CER's jurisdiction for Article 12 purposes, making it the CER's general jurisdiction;
2. the system that has the recorded CER may have rules that expressly state a particular jurisdiction for the CER for Article 12 purposes, making it also the CER's general jurisdiction;
3. the CER or record expressly states the jurisdiction whose governing law applies; or
4. the system that has the recorded CER may have rules that expressly state the CER's jurisdiction.

It designates the District of Columbia as a CER's jurisdiction if the above provisions do not apply. If the bill's new Article 12 provisions are not in effect in the District of Columbia, without material changes, the

jurisdiction remains the District of Columbia and as if they were in effect. (The Council for the District of Columbia adopted new Article 12 provisions in 2024.)

Under the bill, the rights of purchasers are governed by the applicable law at the time of purchase.

## **ARTICLE 9: SECURED TRANSACTIONS (§§ 36-85)**

*Makes changes to conform the UCC's rules for security interests with the new Article 12, including how to use digital assets as collateral for loans (e.g., obtain control, perfect the interest, determine priority); specifies that chattel paper is the underlying right to payment and not the records evidencing it; differentiates between electronic and tangible money; adds a new way to get control of a deposit account*

### **Definitions**

The bill adds and adjusts several definitions in the UCC's article on secured transactions largely to conform with the bill's other reforms, such as including rules for CERs.

First, the bill modifies its definition of "chattel paper" to refer to a right to a payment of a monetary obligation secured by goods evidenced by a record, as opposed to the record or records that evidence it. It also includes a right to payment from a "hybrid" lease transaction (see Article 2A, below), where a lessee owes under a lease agreement for the use of specific goods, also evidenced by a record.

Related to CERs, a "controllable account" is an account and a "controllable payment intangible" is a payment intangible, both of which evidenced by a CER that provides that the account debtor agrees to pay the person with control of the CER. Conforming, it includes CERs in the existing definition of "general intangible," which is generally any personal property that is not included in other defined collateral.

The bill incorporates a definition of "money" into Article 9 that is based on its new general UCC definition for the term (see Article 1, *Money*, below) and differentiates between money in an electronic versus a tangible form. It excludes deposit accounts and money in electronic form that cannot be controlled in the way the article specifies.

Lastly, it designates an “assignee” as generally a person (1) in whose favor a security interest that secures an obligation is created or provided for in a security agreement or (2) to which an account, chattel paper, payment intangible, or promissory note was sold. Conversely, an “assignor” is a person that (1) under a security agreement, creates or provides for a security interest that secures an obligation or (2) sells an account, chattel paper, payment intangible, or promissory note. These terms include, as applicable, the transferee of a security interest from a secured party or the secured party that transfers a security interest.

### ***Attachment and Enforceability***

Under existing law, a security interest generally attaches to collateral when it is enforceable against the debtor with respect to the collateral. And this interest is enforceable if (1) value was given; (2) the debtor has rights in the collateral or can transfer rights in it to a secured party; and (3) a security agreement, certificated security, or possession gives the secured party control. The bill includes controllable accounts, CERs, controllable payment intangibles, and electronic money in the types of collateral that can be shown to be enforceable by a debtor’s security agreement that gives the secured party control. Under the bill, for chattel paper, the secured party must have possession and control under the security agreement.

The UCC also generally allows a security agreement to create or give a security interest in after-acquired collateral, except for consumer goods or a commercial tort claim. The bill specifies that an interest can attach to consumer goods as proceeds or comingled goods, commercial tort claims as proceeds, or under an after-acquired property clause for property that is proceeds of either.

### ***Secured Party’s Duties and Rights***

The UCC establishes certain requirements and rights for secured parties in possession or control of collateral, such as using reasonable care to preserve it. Current law allows, absent an agreement with the debtor otherwise, a secured party in possession or control of electronic documents of title, investment property, deposit accounts, electronic



chattel paper, or letter of credit rights, to hold certain proceeds as additional security and create a security interest in the collateral. It requires the secured party to apply money or funds from the collateral to reduce the debtor's obligation, unless it is given to the debtor. The bill also applies these rights and responsibilities to secured parties in possession or control of CERs or electronic money.

If there is no remaining secured obligation, current law requires the secured party, other than a buyer, to take certain actions within 10 days after receiving a request from the debtor. For electronic chattel paper and electronic documents, this generally involves (1) communicating or giving the authoritative copy of the chattel paper or documents to the debtor or a person the debtor designates and (2) making it feasible for the debtor or designee to make copies or changes to identified assignees. The bill, in these cases, instead requires the secured party to transfer control of the electronic copy or document to the debtor or designee. It applies the same requirements to secured parties with control of electronic money or a CER (but not a buyer of a controllable account or controllable payment intangible).

### **Control**

Under the UCC, control is an important way to perfect a security interest for certain types of collateral. The bill generally (1) establishes rules for obtaining control over a CER (see also new Article 12, above), chattel paper, and electronic money and (2) adds a method of control for deposit accounts.

**CER.** Under the bill, a secured party has control of a CER if the electronic record, a record attached to or logically associated with it, or a system that records it gives the party (1) the power to receive substantially all of the CER's benefit and (2) exclusive power to prevent others from doing so and transfer control to another person or cause another person to get control of another CER because of the record's transfer (see New Article 12, *Control of a CER*, above). A secured party has control of a controllable account or controllable payment intangible if the secured party controls the CER that evidences it.

**Chattel Paper.** The bill revises the current rule for control of chattel paper generally to align it with its revised definition of the term. It does this by specifying that the control is (1) by a purchaser rather than a secured party; (2) of an authoritative electronic copy of a record evidencing chattel paper (instead of the chattel paper itself); and (3) shown through a system used for the assignment, rather than transfer, of interests.

Under existing law, a system shows control if, among other things, the record is created, stored, and assigned in a way that a single unique, identifiable, and unalterable authoritative copy of the record identifies the purchaser as the assignee. Under the bill, a system also shows that a purchaser controls an authoritative electronic copy of a record evidencing chattel paper if the copy, or a record attached to or logically associated with it, or a system that records it:

1. allows the purchaser to readily identify (a) each electronic copy as either authoritative or nonauthoritative and (b) itself as the assignee (e.g., by name, identifying number, cryptographic key, office, or account number) and
2. gives the purchaser exclusive power to (a) prevent others from adding or changing an identified assignee and (b) transfer control of the copy (if a person has these powers, the bill presumes they are exclusive).

This exclusive power exists regardless of whether the (1) power is shared with another person or (2) authoritative electronic copy, related record, or recording system limits the copy's use or has a programmed protocol to cause a change (e.g., transfer or loss of control). A person's power is not exclusive and not shared with another if the (1) power can only be exercised if it is also exercised by the other person and (2) other person can exercise it on its own or is the transferor to the purchaser of an interest in the chattel paper.

Lastly, a purchaser can control an authoritative electronic copy of a record evidencing chattel paper if another person, but not the transferor

to the purchaser of the chattel paper interest, (1) has control of the copy on the purchaser's behalf and acknowledges that fact or (2) gets control of the copy after acknowledging that it will do so on the purchaser's behalf.

**Electronic Money.** The bill specifies two ways in which a person has control of electronic money. First, it deems a person to have control if the money, a record attached to or logically associated with it, or a system in which the money is recorded gives the person (1) power to receive substantially all of the money's benefit and (2) exclusive power to prevent others from doing so and to transfer control of it to another person or have another person get control of other electronic money from transferring it. If a person has these powers, they are presumed to be exclusive. The money, record, or system must enable the person to readily identify itself as having those powers (e.g., by name, identifying number, cryptographic key, office, or account number).

Under the bill, power is exclusive even if the (1) money, record, or system limits the money's use or has a programmed protocol to or (2) power is shared with another person. Power is not shared, and thus the power not exclusive, if the person can only exercise it with another person that can exercise it on its own or is the transferor of the money.

Second, a person has control of electronic money if another person, but not the transferor to the person with the money interest, (1) has control of the money on behalf of the person and acknowledges this fact or (2) gets control of the money after acknowledging that it will get it on the person's behalf.

**Deposit Accounts.** The bill establishes a fourth way for a secured party to have control of a deposit account. Currently, the party has control if (1) it is the bank maintaining the account; (2) the debtor, secured party, and bank agree that the bank will comply with the secured party's instruction about disposition of funds; or (3) the secured party becomes the bank's customer for the account. Under the bill, a secured party also has control if a person other than the debtor (1) controls the deposit account and acknowledges that is has control on the

secured party's behalf or (2) gets control of the account after acknowledging that it will do so for the secured party.

**Control for Another.** The bill specifies that a person with control of a deposit account, chattel paper, or electronic money on behalf of another is not required to acknowledge this fact. And if a person acknowledges that it has or will get control on behalf of another person, the person has no duty to the other person and is not required to confirm the acknowledgement to any other person, except as otherwise agreed or required by other law.

### **Perfection and Priority**

Perfection is the process of publicly establishing a security interest in collateral to gain priority, which is the order of preference given to different interests or rights. Essentially, it puts parties on notice about the security interest. The method of perfection for a security interest depends on the type of collateral involved. Once "perfected," a creditor is in a position to claim or repossess collateral if the debtor defaults.

**Perfection.** The bill allows for a security interest in controllable accounts, CERs, and controllable payment intangibles to be perfected by control, as is the case under existing law for things like investment property, deposit accounts, and electronic documents. A security interest in electronic money is perfected only by control. For these new asset types, perfection occurs when the secured party gets control and the interest stays perfected only while the secured party keeps control.

Under existing law, a security interest in chattel paper may be perfected by filing or through having and keeping control. Instead of control in the chattel paper, the bill allows a secured party to perfect this interest by (1) taking possession of each authoritative tangible copy of the record evidencing the chattel paper and (2) getting control of each authoritative electronic copy of the electronic record that evidences it. Perfection occurs when the secured party takes possession and obtains control and it remains perfected only if the party keeps possession and control. For an authoritative tangible copy held by a person other than

the debtor, there must be a signed record from the person acknowledging that it has the copy for the secured party's benefit.

The bill allows a security interest in controllable accounts, CERs, and controllable payment intangibles to be perfected by filing (i.e. submitting a financing statement to the filing office), but it does not require it if perfection occurs through control.

The UCC sets rules for when a perfected security interest ends. The bill applies these rules to chattel paper, controllable accounts, CERs, and controllable payment intangibles, as defined under the bill. Specifically, if the interest is perfected under the law of the debtor's location, perfection ends (1) when it would have ended under that law, (2) four months after the debtor's location changes to another jurisdiction, or (3) one year after the collateral is transferred to a person that becomes the debtor and is located in another jurisdiction. For interests perfected under another jurisdiction's law (e.g., that of the collateral, bank, issuer, or intermediary), the interest ends (1) when it would have ended under that law or (2) four months after changing to another jurisdiction.

**Priority.** Under the bill, a security interest in a controllable account, CER, or controllable payment intangible held by a secured party with control of the account, record, or payment intangible has priority over a conflicting interest held by a secured party without control. The bill does not limit the rights of a qualifying purchaser of a controllable account, CER, or controllable payment intangible; the holder takes priority over earlier, even perfected, security interests, to the extent that new Article 12 allows. It similarly does not limit the rights of or impose a liability on a person if Article 12 protects against asserting a claim.

For chattel paper, a purchaser has priority over a security interest in chattel paper if it (1) takes possession of each authoritative tangible copy of the record evidencing it and (2) gets control of each authoritative electronic copy of the same. Current law requires either taking possession or obtaining control of the chattel paper. The bill retains the associated requirements for taking possession and getting control in good faith, in the ordinary course of business, for new value, and

without knowledge of another party.

The bill specifies that an electronic money transferee takes the money free of a security interest if it gets control of the money without colluding with the debtor to violate the secured party's rights.

The bill expands on existing law's rules for when a buyer acquires an asset free from a claim by another party ("take-free" rules), meaning that it would have a priority interest over that other party, generally to apply to the bill's new covered assets which includes its revised definition of chattel paper. In each case, the buyer must provide value and have no knowledge of the existing security interest before its perfection.

Under the bill, a buyer of chattel paper takes-free if it gets (1) each authoritative tangible copy of the record evidencing it and (2) control of each authoritative electronic copy of the record evidencing it, if it can be controlled as required by law. Buyers of electronic documents, CERs, controllable accounts, or controllable payment intangibles take-free if they get control. For chattel paper, controllable accounts, and controllable payment intangibles, the buyer cannot be a secured party for the rule to apply.

**Choice of Law.** For CERs, the bill generally makes the local law of a CER's jurisdiction (see New Article 12, *Choice of Law*, above) also the governing jurisdiction for perfection, the effect of the CER being perfected or unperfected, and priority of a security interest in a CER and in a controllable account or controllable payment intangible that the CER evidences. But it is the law of where a debtor is located that applies when perfection occurs by filing or the sale of a controllable payment intangible automatically perfects it.

The bill establishes specific rules for determining the law that applies for perfection and priority of a security interest in chattel paper, including the effect of being perfected or unperfected. First, it sets the local law of the chattel paper's jurisdiction as the governing law when the chattel paper is evidenced (1) only by an authoritative electronic copy of it or (2) an authoritative electronic and tangible copy of it. This

applies regardless of whether the transaction relates to the chattel paper's jurisdiction. The following rule hierarchy also applies for determining jurisdiction, but each method must be expressly stated and readily available for review:

1. the authoritative electronic copy of the record evidencing chattel paper (or a record attached to or logically associated with it) may set the jurisdiction that governs perfection and priority or other UCC provisions;
2. if the record has no stated jurisdiction, then the rules of the system in which the authoritative electronic record is recorded set the chattel paper's jurisdiction for perfection and priority or other UCC purposes;
3. if the record or system does not designate the jurisdiction for perfection and priority or UCC purposes, then the chattel paper's jurisdiction is that which is stated in the authoritative electronic copy (or a record attached to or logically associated with it); and
4. if none of the above apply, then it is the jurisdiction set in the rules of the system in which the authoritative electronic record is recorded that governs.

For chattel paper without a designated jurisdiction in the relevant authoritative electronic copy (or other record) or system, the jurisdiction of the debtor's location applies. And like security interests in other assets, the local law of the debtor's jurisdiction governs perfection of chattel security interests by filing. For chattel paper not evidenced by an authoritative electronic copy but with an authoritative tangible copy instead, the jurisdiction that governs is the local law of the tangible copy's location.

The bill also specifies that, regardless of whether the transaction has a connection to the jurisdiction involved, the local law of the following governs security interest perfection and priority:

1. bank's jurisdiction for a deposit account and

2. issuer's, securities intermediary's, or commodity intermediary's jurisdiction for certain investment property that is not subject to automatic perfection or a filing.

### ***Third-Party Rights***

Existing law generally allows an account debtor to discharge its obligations by paying the assignor until it receives a notice of further assignment. It requires a secured party, as the assignee, to give the account debtor that received this notice a release of further payment obligation to it within 10 days after receiving a request for one from the account debtor. The bill applies this 10-day response requirement to CER transfers (see New Article 12, *Obligation Discharge*, above).

The bill also specifies that the law's (1) general rule of an account debtor being able to discharge its obligation by paying the assignor until it receives a further assignment notice does not apply to controllable accounts or controllable payment intangibles and (2) restrictions on assigning promissory notes or including certain limiting terms in them apply to negotiable instruments that evidence chattel paper.

### ***Default***

***Preserving Collateral.*** The bill applies rights and duties for keeping and preserving collateral after a default for secured parties in possession of electronic money, controllable accounts, CERs, or controllable payment intangibles as the law already does for these parties in possession of electronic documents of title, deposit accounts, investment property, records evidencing chattel paper, and letter of credit rights.

***Notices of Collateral Disposition.*** Existing law sets out rules for a secured party to follow to dispose of collateral securing an obligation, including specifying the contents of the notice that must be sent beforehand to the debtor or obligor involved, either generally or involving a consumer-goods transaction. (The consumer-goods notice can be instead of the general one, but not vice versa.)

The bill includes in the consumer-goods notice the ability for the secured party to also use an electronic record to explain to the debtor



the amount owed, instead of only in writing. It allows the secured party to use electronic communication as a method for the debtor to communicate with it, instead of only by telephone or in writing, for the debt explanation or information about the sale.

The bill further includes specific instructions for secured parties to follow when preparing the general or consumer-goods notices.

### ***Duties and Liability***

Existing law sets out when a secured party owes no duty or has no liability to a debtor, obligor, or a secured party or lienholder with a filed financing statement based on its secured party status (e.g., the party does not know the debtor or obligor status and the person's identity). The bill makes a secured party owe a duty or liable under certain circumstances for collateral that is a controllable account, CER, or controllable payment intangible. Specifically, the duty is owed or liability imposed when the:

1. person is a debtor or obligor and
2. secured party knows that the collateral, a record attached to or logically associated with it, or the system in which it is recorded, does not provide certain specified information (i.e. the person's debtor or obligor status, the person's identity, and how to communicate with the person).

It applies at the later of the time the (1) secured party gets control of the collateral or (2) security interest attaches to it.

## **ARTICLE 7: DOCUMENTS OF TITLE (§§ 29 & 30)**

*Broadens and clarifies what qualifies as "control" for electronic documents of title to, among other things, account for distributed ledger technology, which uses multiple authoritative copies of an electronic record*

### ***Control of Electronic Documents of Title***

Under existing law, a person controls an electronic document of title (e.g., a bill of lading, warehouse receipt, or order to deliver goods) if a system used to evidence the transfer of interests in the document reliably establishes that person as that which was issued or transferred

it. The bill adds (1) a second way for a system to meet this requirement and (2) control by another person, other than the transferor, that has control on the person's behalf.

**System Establishes Control.** Currently, a system shows a person has control of an electronic document of title if, among other things, the document is created, stored, and assigned in a way that a single unique, identifiable, and unalterable authoritative copy identifies the person in control.

Under the bill, a system can also show that a person controls an electronic document of title if an authoritative electronic copy of the document, a record attached to or logically associated with it, or a system that records it:

1. allows the person to readily identify (a) each electronic copy as either authoritative or nonauthoritative and (b) itself as the person which was issued or transferred each authoritative copy (e.g., by name, identifying number, cryptographic key, office, or account number) and
2. gives the person exclusive power to (a) prevent others from adding or changing the person to which was issued or transferred each authoritative copy and (b) transfer control of each authoritative copy (if a person has these powers, the bill presumes they are exclusive).

This exclusive power is deemed to exist regardless of whether the (1) authoritative electronic copy, related record, or recording system limits the document of title's use or has a programmed protocol to cause a change (e.g., transfer or loss of control) or (2) power is shared with another person. But this exclusivity for situations in which power is shared with another does not apply if the (1) power can only be exercised if it is also exercised by the other person and (2) other person can exercise it on its own or is the transferor to the person of an interest in the document of title (but see *Control for Another*, below).

**Control for Another.** The bill also deems a person to have control of an electronic document of title when another person, other than the transferor to the person with an interest in the document, (1) controls it and acknowledges the control on behalf of the person or (2) gets control of it after acknowledging that it will do so on the person's behalf.

The bill specifically does not require a person with control to acknowledge its control on behalf of another person. And if a person acknowledges that it has or will get that control, the person has no duty to the other person and does not need to confirm the acknowledgement to any other person, unless it agrees to do so or a law other than the bill's updated Articles 7 or 9 requires it.

## **ARTICLE 8: INVESTMENT SECURITIES (§§ 31-35)**

*Subjects controllable accounts, controllable electronic records, and controllable payment intangibles to Article 8 under specified circumstances; clarifies provisions in existing law on control and determining the applicable law*

### **Financial Assets**

The bill allows a controllable account, CER or controllable payment intangible to be a financial asset and subject to certain provisions of Article 8 on investment securities to the extent that the securities intermediary that holds it agrees with the person entitled under the account, record, or payment intangible that it will be treated as a "financial asset" governed by Article 8.

### **Control**

Existing law sets out the three ways in which a purchaser can have control of a security entitlement (i.e. the rights and property interest of a financial asset), one of which is when another person has control and acknowledges that it has control on the purchaser's behalf (or acknowledges that it will obtain control and then does so). The bill specifies that the other person excludes the transferor to the purchaser.

Under the bill, if a person acknowledges that it has or will get control, the person has no duty to the purchaser and does not need to confirm the acknowledgement to any other person, unless it agrees to do so or a law other than the bill's updated Articles 8 or 9 require it. It also does

not require a person with control on behalf of another to acknowledge that fact.

### **Choice of Law**

State law sets the extent to which local law of an issuer's or securities intermediary's jurisdiction applies. For example, it sets the governance for things like security validity, security entitlement acquisition, and certain issuer or security intermediary rights and duties. The bill specifies that the local law of an issuer's or securities intermediary's jurisdiction applies to these matters or transactions even if they do not relate to the jurisdiction.

### **ARTICLES 2 & 2A: SALE OR LEASE HYBRID TRANSACTIONS (§§ 5-13)**

*Clarifies the scope of Articles 2 and 2A when transactions combine the sale or lease of goods with things like services (i.e. "bundled" or "hybrid" transactions)*

The bill applies UCC Articles 2 and 2A, which govern the sale of or lease of goods, to single transactions involving (1) a sale or lease of goods and (2) the provision of services; a lease or sale (as applicable) of other goods; or a sale, lease, or license of other property ("hybrid sales" or "hybrid leases").

Specifically, under the bill, for hybrid sales transactions, Article 2 applies if the components of the transaction that involve goods predominates, but it allows application of other law to the parts that do not relate to the sale of goods in appropriate circumstances. If the transaction's sale of goods components do not predominate, then only Article 2's provisions that relate primarily to the sale of goods parts apply.

The bill applies the same rules for hybrid lease transactions, with two exceptions involving finance leases. All finance lease transactions are subject to Article 2A's provision on electronic records in electronic contracts and its provision on lien priority involving attachment or levy applies to a lessee's promises that are consideration for the right to possess and use the leased goods.

**ARTICLE 3: NEGOTIABLE INSTRUMENTS (§§ 14-17)**

*Specifies that a negotiable instrument may (1) include a law or forum selection clause and (2) be transmitted to a bank for deposit as an electronic check; specifies that destroying a check after remotely depositing it does not discharge the obligation*

Under the UCC, when a negotiable instrument (e.g., a check) is issued it is binding on the maker or drawer. The bill expands what constitutes an “issue” (the first delivery of an instrument by the maker or drawer) by including, if agreed by the payee, a first transmission to the payee of an image of an item and information about that item that enables the depository bank to collect the item by transferring or presenting under federal law an electronic check. This includes the practice of sending an image of a check to the payee.

The law generally prohibits a negotiable instrument from stating another required undertaking or instruction by the person promising payment. Exceptions to this include things like having power to protect collateral securing payment or realize on or dispose of collateral. The bill also allows the instruments to include, without affecting their negotiability, a (1) term specifying the law that applies to the instrument or (2) promise to resolve a dispute about it in a specific forum.

The UCC provides several ways for a person entitled to enforce an instrument to relieve the person required to pay it from that obligation, including by intentionally and voluntarily destroying the instrument. The bill specifies that the obligation of someone to pay is not relieved when a check is destroyed in the process of its information being extracted and an image of it being made, if the information and image are transmitted for payment (e.g., through remote deposit).

**ARTICLE 4A: FUNDS TRANSFERS (§§ 18-26)**

*Specifies what is considered a security procedure when verifying a payment order (e.g., to detect error in the content of messages or to detect payment orders that are mistakenly transmitted)*

The bill specifies what may be used as a “security procedure” to verify information or detect errors about a payment order as part of a funds transfer.

Under current law, the agreement between the customer and a

receiving bank may require using algorithms or other codes, identifying words or numbers, encryption, callback procedures, or similar security devices. The bill adds symbols, sounds, and biometrics as possible security measures. It specifies that requiring a payment order to be sent from a known email or IP address or telephone number is not a security procedure alone, as is the case under existing law for comparing a signature with a customer's authorized specimen signature.

## **ARTICLE 1: GENERALLY APPLICABLE TERMINOLOGY (§ 1)**

*Changes several definitions that apply throughout the UCC to, among other things, incorporate new or emerging technologies and resolve ambiguities*

The bill changes several definitions that apply throughout the UCC. These definitions and rules, as those in current law, do not apply if contrary or more specific ones are found in other parts of the UCC.

### ***Conspicuous***

The bill broadens what constitutes "conspicuous" written, displayed, or presented terms by basing it on the totality of the circumstances, rather than specifying specific text formats that meet the standard.

### ***Money***

Currently under the UCC, money is a medium of exchange that a domestic or foreign government has adopted or authorized. The bill excludes from this electronic records that are mediums of exchange (e.g., cryptocurrency) recorded or transferable in a system that existed and operated for the medium before a government authorized or adopted it.

The bill defines "electronic" as relating to technology having electrical, digital, magnetic, optical, electromagnetic, or similar capabilities.

### ***Person***

The bill expands what is considered a "person" under the UCC to include a "protected series" of an entity (e.g., of a limited liability company) if it is created under law other than the UCC that limits, or limits under certain conditions, a creditor of the entity or of another protected series of the entity from satisfying a claim from the protected

series' assets. Thus, it treats a protected series as being among other things, a seller or buyer, lessor or lessee, or a debtor.

### **Sign**

The bill expands the definition of “sign” and related terms to apply to both signatures in writing, as under current law, but also to electronic signatures. Under the bill, something that is “signed” must have present intent to authenticate or adopt a record either by executing or adopting a tangible symbol or by attaching to or logically associating with the record an electronic symbol, sound, or process. Throughout the UCC, the bill replaces references to “authenticated” with “signed” to incorporate the expanded definition which encompasses the later term.

### **TRANSITIONAL RULES (§§ 93-101)**

*Establishes rules for transactions entered into before the bill's effective date; includes a rule that generally makes its provisions prospective in application and preserves the validity of existing transactions and the rights, duties, and interests flowing from them; generally applies Articles 9 and 12 to existing transactions*

#### **Transactions**

The bill deems transactions validly entered into before January 1, 2026, and their associated rights, duties, and interests, still valid after that date. They can be terminated, completed, consummated, or enforced as required or allowed by law as would occur if the bill did not pass.

However, beginning on that January date, Articles 9 and 12, as changed by the bill, apply to transactions, liens, or other property interests, regardless of when they were entered into, created, or acquired. The bill specifically keeps valid transactions, liens, and property interests entered into, created, or transferred before January 1, 2026, that were not subject to the UCC at the time but are subject to the bill's Article 9 or 12 provisions. Under the bill, these existing transactions, liens, or interests can be terminated, completed, consummated, or enforced or required as allowed by the bill or the law that would apply if the bill did not pass.

#### **Security Interests**

Under the bill, an enforceable security interest perfected immediately before January 1, 2026, remains a perfected interest if, on that date, the bill's enforceability and perfection requirements are met without needing to take additional action. If this is not the case, then the security interest:

1. is perfected only until the earlier of January 1, 2027, or when the interest would have ended under the law in effect when it was created;
2. remains perfected only if the bill's perfection requirements are met before those same dates; and
3. remains enforceable only if it meets Article 9's enforceability requirements before 2027.

An unperfected security interest that is enforceable immediately before January 1, 2026, stays enforceable until January 1, 2027, and remains enforceable after that date if it meets Article 9's enforceability requirements before 2027. It becomes perfected on January 1, 2026, if the bill's perfection requirements are met by that date, or otherwise when perfection requirements are met.

Under the bill, filing a financing statement before January 1, 2026, perfects a security interest on that date if the filing also meets the bill's perfection requirements. Similarly, taking an action before that 2026 date makes a security interest enforceable on that date if the action meets the bill's enforceability requirements.

The bill deems an action (other than filing a financing statement) that occurs before January 1, 2026, and would have perfected the security interest had the interest become enforceable before that date, effective to perfect a security interest that attaches under the bill before January 1, 2027. An attached security interest is then unperfected on that 2027 date unless it becomes perfected before.

### ***Conflicting Claims***



The bill sets rules for determining the priority of conflicting claims to collateral and Article 12 property during the transitional period.

For collateral, if the priority of claims is set before January 1, 2026, then the provisions of Article 9, as they existed at that time, apply. On January 1, 2027, if priorities set by the bill's revised Article 9 change those that existed before January 1, 2026, priorities to claims of Article 12 property and electronic money established before that 2026 date end.

For Article 12 property, when revised Article 9's priority rules do not apply, the bill sets the following rules:

1. for claims priorities set before January 1, 2026, law other than Article 12 determines priority and
2. if the bill's priority rules change priorities set before January 1, 2026, the claims priorities set before that date no longer apply on January 1, 2027.

## **COMMITTEE ACTION**

Judiciary Committee

Joint Favorable Substitute

Yea 39      Nay 0      (04/10/2025)