

UCC and Emerging Technologies, Proposed Edits for July 10, 2022 Session

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

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Section 9-306A. Law Governing Perfection and Priority of Security Interests in Chattel Paper.

(a) [Chattel paper evidenced by authoritative electronic copy.] Except as provided in subsection (e), if chattel paper is evidenced only by an authoritative electronic copy of the chattel paper or is evidenced by an authoritative electronic copy and an authoritative tangible copy, the local law of the ~~electronic~~ chattel paper’s jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in the chattel paper, even if a transaction does not bear any relation to the ~~electronic~~-chattel paper’s jurisdiction.

(b) [~~Electronic chattel~~Chattel paper’s jurisdiction.] The following rules determine the ~~electronic~~-chattel paper’s jurisdiction under this section:

(1) If the authoritative electronic copy of the record evidencing chattel paper, or a record attached to or logically associated with the electronic copy and readily available for review, expressly provides that a particular jurisdiction is the ~~electronic~~ chattel paper’s

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

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

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

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

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

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

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

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

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

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Section 9-316. Continued Perfection of Security Interest Following Change in Governing Law.

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

- (1) the time perfection would have ceased under the law of that jurisdiction;
- (2) the expiration of four months after a change of the debtor's location to another jurisdiction; or
- (3) the expiration of one year after a transfer of collateral to a person that thereby becomes a debtor and is located in another jurisdiction.

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(c) **[Possessory security interest in collateral moved to new jurisdiction.]** A possessory security interest in collateral, other than goods covered by a certificate of title and as-extracted collateral consisting of goods, remains continuously perfected if:

- (1) the collateral is located in one jurisdiction and subject to a security interest perfected under the law of that jurisdiction;
- (2) thereafter the collateral is brought into another jurisdiction; and

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

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

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

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

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