

1 paragraph) and (2), 9-330(a), (b), and (f), 9-331(a) and (b), 9-332, 9-334(f)(1), 9-
 2 341(introductory paragraph), 9-404(a)(introductory paragraph) and (2), 9-406(a),
 3 (b)(introductory paragraph), (c), (d)(introductory paragraph), and (g), 9-408(g), 9-
 4 412(a), 9-509(a)(1) and (b)(introductory paragraph), 9-513(b)(introductory
 5 paragraph) and (2) and (c)(introductory paragraph), 9-601(b), 9-605, 9-608(a)(1)(C),
 6 9-611(a)(1), (b), (c)(introductory paragraph) and (3)(A), and (e)(introductory
 7 paragraph) and (2)(B), 9-613, 9-614, 9-615(a)(3)(A) and (4), 9-
 8 616(a)(1)(introductory paragraph) and (B) and (2)(A), (b)(1)(A), and (c)(introductory
 9 paragraph), 9-619(a)(introductory paragraph), 9-620(a)(2)(introductory paragraph),
 10 (b)(1), (c)(1) and (2)(introductory paragraph) and (C), and (f)(introductory
 11 paragraph) and (2), 9-621(a)(1), 9-624, 9-628(a)(introductory paragraph) and
 12 (b)(introductory paragraph), and 9-629(a)(1) and (2), and to enact R.S. 10:1-
 13 201(b)(16.1), 1-301(g)(9), 5-116(c), (d), (e), (f), and (g), 7-106(c) through (i), 8-
 14 103(h), 8-106(h) and (i), 8-110(g), 9-102(a)(7.1), (7.2), (27.1), (27.2), and (54.1), 9-
 15 104(a)(4), 9-107.3, 9-107.4, 9-203(b)(3)(E), 9-204(b.1), 9-208(b)(8), 9-305(a)(5), 9-
 16 306.1, 9-306.2, 9-310(b)(8.1), 9-314.1, 9-317(f) through (i), 9-326.1, 9-406(l), 9-
 17 408(h), 9-628(f), Chapter 12 of Title 10 of the Louisiana Revised Statutes of 1950,
 18 to be comprised of R.S. 10:12-101 through 12-107, and Chapter 13 of Title 10 of the
 19 Louisiana Revised Statutes of 1950, to be comprised of R.S. 10:13-101 through 13-
 20 306, relative to transactions involving existing and new classes of assets; to provide
 21 for new types of digital assets; to provide for security interests in digital assets; to
 22 provide for tethered digital assets; to provide take-free rules for digital assets; to
 23 provide relative to governing law for digital assets; to provide relative to chattel
 24 paper; to provide relative to hybrid transactions; to provide for the negotiability of
 25 certain instruments; to provide for updates in terminology; to provide for transition
 26 rules; to provide for technical corrections; and to provide for related matters.

27 Be it enacted by the Legislature of Louisiana:

28 Section 1. R.S. 10:1-201(b)(10), (15), (21)(C), (24), (27), (36), and (37), 1-
 29 204(introductory paragraph), 1-301(g)(8), 3-104 (a)(introductory paragraph) and (3), 3-

1 105(a), 3-401, 3-604(a), 4A-103(a)(1)(introductory paragraph), 4A-201, 4A-202(b) and (c),
2 4A-203(a)(1), 4A-207(b)(2) and (c)(introductory paragraph) and (2), 4A-208(b)(2), 4A-
3 210(a), 4A-211(a) and (d), 4A-305(b) through (d), 5-104, 5-116(a) and (b), 7-102(a)(11), 7-
4 106(b)(introductory paragraph) and (4), 8-102(a)(6)(i) and (b), 8-106(d)(3), 8-303(b), 9-
5 102(a)(2),(3), (4)(A), (7), (11), (31), (42), (47), (61), (66), (75), and (79) and (b), 9-104(a)(2)
6 and (3), 9-105, 9-107.1, 9-107.2, 9-203(b)(3)(A), (C), and (D), 9-204(b)(introductory
7 paragraph), 9-207(c)(introductory paragraph), 9-208(b)(introductory paragraph), (1), and (3)
8 through (7), 9-209(b), 9-210(a)(2) through (4), (b), (c), (d)(introductory paragraph), and
9 (e)(introductory paragraph), 9-301(introductory paragraph) and (3)(introductory paragraph),
10 9-304(a), 9-305(a)(introductory paragraph), 9-310(b)(8), 9-312(a) and (e), 9-313(a), (c), and
11 (d), 9-314(a) through (c), 9-316(a)(introductory paragraph) and (f)(introductory paragraph),
12 9-317(b) and (d), 9-323(d)(introductory paragraph) and (f)(introductory paragraph), 9-
13 324(b)(introductory paragraph) and (2) and (d)(introductory paragraph) and (2), 9-330(a),
14 (b), and (f), 9-331(a) and (b), 9-332, 9-334(f)(1), 9-341(introductory paragraph), 9-
15 404(a)(introductory paragraph) and (2), 9-406(a), (b)(introductory paragraph), (c),
16 (d)(introductory paragraph), and (g), 9-408(g), 9-412(a), 9-509(a)(1) and (b)(introductory
17 paragraph), 9-513(b)(introductory paragraph) and (2) and (c)(introductory paragraph), 9-
18 601(b), 9-605, 9-608(a)(1)(C), 9-611(a)(1), (b), (c)(introductory paragraph) and (3)(A), and
19 (e)(introductory paragraph) and (2)(B), 9-613, 9-614, 9-615(a)(3)(A) and (4), 9-
20 616(a)(1)(introductory paragraph) and (B) and (2)(A), (b)(1)(A), and (c)(introductory
21 paragraph), 9-619(a)(introductory paragraph), 9-620(a)(2)(introductory paragraph), (b)(1),
22 (c)(1) and (2)(introductory paragraph) and (C), and (f)(introductory paragraph) and (2), 9-
23 621(a)(1), 9-624, 9-628(a)(introductory paragraph) and (b)(introductory paragraph), and 9-
24 629(a)(1) and (2), are hereby amended and reenacted, and R.S. 10:1-201(b)(16.1), 1-
25 301(g)(9), 5-116(c), (d), (e), (f), and (g), 7-106(c) through (i), 8-103(h), 8-106(h) and (i), 8-
26 110(g), 9-102(a)(7.1), (7.2), (27.1), (27.2), and (54.1), 9-104(a)(4), 9-107.3, 9-107.4, 9-
27 203(b)(3)(E), 9-204(b.1), 9-208(b)(8), 9-305(a)(5), 9-306.1, 9-306.2, 9-310(b)(8.1), 9-314.1,
28 9-317(f) through (i), 9-326.1, 9-406(l), 9-408(h), 9-628(f), Chapter 12 of Title 10 of the
29 Louisiana Revised Statutes of 1950, to be comprised of R.S. 10:12-101 through 12-107, and

1 Chapter 13 of Title 10 of the Louisiana Revised Statutes of 1950, to be comprised of R.S.
2 10:13-101 through 13-306 are hereby enacted to read as follows:

3 §1-201. General definitions

4 * * *

5 (b) Subject to definitions contained in other Chapters of this Title that apply
6 to particular Chapters or parts thereof:

7 * * *

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

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

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

20 * * *

21 (15) "Delivery", with respect to an electronic document of title means
22 voluntary transfer of control and with respect to an instrument, a tangible document
23 of title, or **an authoritative tangible copy of a record evidencing** chattel paper,
24 means voluntary transfer of possession.

25 * * *

26 **(16.1) "Electronic" means relating to technology having electrical,**
27 **digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.**

28 * * *

29 (21) "Holder" means:

* * *

(C) the person in control, **other than pursuant to R.S. 10:7-106(g)**, of a negotiable electronic document of title.

* * *

(24) "Money" means a medium of exchange **that is** currently authorized or adopted by a domestic or foreign government **and is not in an electronic form**. The term includes a monetary unit of account established by an intergovernmental organization or by agreement between two or more countries.

* * *

(27) "Person" means an individual, or any legal or commercial entity, including a corporation, business trust, partnership, limited liability company, association, joint venture, government, governmental subdivision, agency, or instrumentality, or public corporation. **The term includes a protected series, however denominated, of an entity if the protected series is established under law other than this Title 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.**

* * *

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

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

(B) ~~in any other way to cause to be received any record or notice within the time it would have arrived if properly sent~~ **to cause the record or notification to be received within the time it would have been received if properly sent** under Subparagraph A **of this Paragraph**.

(37) "Signed" ~~includes using any symbol executed or adopted with present~~

1 ~~intention to adopt or accept a writing.~~ **"Sign" means with present intent to**
2 **authenticate or adopt a record:**

3 **(A) execute or adopt a tangible symbol; or**

4 **(B) attach to or logically associate with the record an electronic symbol,**
5 **sound, or process.**

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

7 * * *

8 Louisiana Official Revision Comments - 2024

9 The 2024 revision to Paragraph (b)(24) of this Section adopts a definition of "money"
10 that is non-uniform in two respects. First, the definition excludes any medium of exchange
11 in an electronic form. As result, a central bank digital currency of any type issued by any
12 government will not be governed by the U.C.C. rules applicable to money. This change is
13 consistent with Louisiana non-uniform changes in revised Chapter 9. See Louisiana Official
14 Revision Comments - 2024 to R.S. 10:9-102. Second, the uniform definition "money" in
15 revised national U.C.C. Article 1 contains language pertaining to electronic records that is
16 omitted from revised Chapter 1 and is instead reproduced in substance in R.S. 10:12-102.

17 * * *

18 §1-204. Value

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

21 * * *

22 §1-301. Territorial applicability; parties' power to choose applicable law

23 * * *

24 (g) To the extent that this Title governs a transaction, if one of the following
25 provisions of this Title specifies the applicable law, that provision governs and a
26 contrary agreement is effective only to the extent permitted by the law so specified:

27 * * *

28 (8) R.S. 10:9-301 through 9-307;~~2~~

29 **(9) R.S. 10:12-107.**

30 * * *

31 §3-104. Negotiable instrument

32 (a) Except as provided in Subsections (c) and (d) **of this Section**, "negotiable
33 instrument" means an unconditional promise or order to pay a fixed amount of

1 money, with or without interest or other charges described in the promise or order,
2 if it:

3 * * *

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

12 * * *

13 §3-105. Issue of instrument

14 (a) "Issue" means:

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

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

22 * * *

23 §3-401. Signature **necessary for liability on instrument**

24 ~~(a)~~ A person is not liable on an instrument unless (i) the person signed the
25 instrument, or (ii) the person is represented by an agent or representative who signed
26 the instrument and the signature is binding on the represented person under R.S.
27 10:3-402.

28 ~~(b) A signature may be made (i) manually or by means of a device or~~
29 ~~machine, and (ii) by the use of any name, including a trade or assumed name, or by~~

1 a word, mark, or symbol executed or adopted by a person with present intention to
2 authenticate a writing.

3 * * *

4 §3-604. Discharge by cancellation or renunciation

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

15 * * *

16 §4A-103. Payment Order - Definitions

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

21 * * *

22 §4A-201. Security procedure

23 "Security procedure" means a procedure established by agreement of a
24 customer and a receiving bank for the purpose of (i) verifying that a payment order
25 or communication amending or cancelling a payment order is that of the customer,
26 or (ii) detecting error in the transmission or the content of the payment order or
27 communication. A security procedure **may impose an obligation on the receiving**
28 **bank or the customer and** may require the use of algorithms or other codes,
29 identifying words, ~~or~~ numbers, **symbols, sounds, biometrics,** encryption, callback

1 procedures, or similar security devices. Comparison of a signature on a payment
2 order or communication with an authorized specimen signature of the customer or
3 **requiring a payment order to be sent from a known email address, IP address,**
4 **or telephone number** is not by itself a security procedure.

5 §4A-202. Authorized and verified payment orders

6 * * *

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

20 (c) Commercial reasonableness of a security procedure is a question of law
21 to be determined by considering the wishes of the customer expressed to the bank,
22 the circumstances of the customer known to the bank, including the size, type, and
23 frequency of payment orders normally issued by the customer to the bank, alternative
24 security procedures offered to the customer, and security procedures in general use
25 by customers and receiving ~~bank~~ **banks** similarly situated. A security procedure is
26 deemed to be commercially reasonable if (i) the security procedure was chosen by
27 the customer after the bank offered, and the customer refused, a security procedure
28 that was commercially reasonable for that customer, and (ii) the customer expressly
29 agreed in ~~writing~~ **a record** to be bound by any payment order, whether or not

1 authorized, issued in its name and accepted by the bank in compliance with **the**
2 **bank's obligations under** the security procedure chosen by the customer.

3 * * *

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

5 (a) If an accepted payment order is not, under R.S. 10:4A-202(a), an
6 authorized order of a customer identified as sender, but is effective as an order of the
7 customer pursuant to R.S. 10:4A-202(b), the following rules apply:

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

11 * * *

12 §4A-207. Misdescription of beneficiary

13 * * *

14 (b) If a payment order received by the beneficiary's bank identifies the
15 beneficiary both by name and by an identifying or bank account number and the
16 name and number identify different persons, the following rules apply:

17 * * *

18 (2) If the beneficiary's bank pays the person identified by ~~the~~ name or knows
19 that the name and number identify different persons, no person has rights as
20 beneficiary except the person paid by the beneficiary's bank if that person was
21 entitled to receive payment from the originator of the funds transfer. If no person has
22 rights as beneficiary, acceptance of the order cannot occur.

23 (c) If (i) a payment order described in Subsection (b) **of this Section** is
24 accepted, (ii) the originator's payment order described the beneficiary inconsistently
25 by name and number, and (iii) the beneficiary's bank pays the person identified by
26 number as permitted by Subsection (b)(1) **of this Section**, the following rules apply:

27 * * *

28 (2) If the originator is not a bank and proves that the person identified by
29 number was not entitled to receive payment from the originator, the originator is not

1 obliged to pay its order unless the originator's bank proves that the originator, before
 2 acceptance of the originator's order, had notice that payment of a payment order
 3 issued by the originator might be made by the beneficiary's bank on the basis of an
 4 identifying or bank account number even if it identifies a person different from the
 5 named beneficiary. Proof of notice may be made by any admissible evidence. The
 6 originator's bank satisfies the burden of proof if it proves that the originator, before
 7 the payment order was accepted, signed a ~~writing~~ **record** stating the information to
 8 which the notice relates.

9 * * *

10 §4A-208. Misdescription of intermediary bank or beneficiary's bank

11 * * *

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

15 * * *

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

25 * * *

26 §4A-210. Rejection of payment order

27 (a) A payment order is rejected by the receiving bank by a notice of rejection
 28 transmitted to the sender orally, ~~electronically, or in writing~~ **or in a record**. A notice
 29 of rejection need not use any particular words and is sufficient if it indicates that the

1 receiving bank is rejecting the order or will not execute or pay the order. Rejection
 2 is effective when the notice is given if transmission is by a means that is reasonable
 3 in the circumstances. If notice of rejection is given by a means that is not reasonable,
 4 rejection is effective when the notice is received. If an agreement of the sender and
 5 receiving bank establishes the means to be used to reject a payment order, (i) any
 6 means complying with the agreement is reasonable and (ii) any means not complying
 7 is not reasonable unless no significant delay in receipt of the notice resulted from the
 8 use of the noncomplying means.

9 * * *

10 §4A-211. Cancellation and amendment of payment order

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

17 * * *

18 (d) An unaccepted payment order is cancelled by operation of law at the close
 19 of the fifth funds-transfer business day of the receiving bank after the execution date
 20 ~~of~~ **or** payment date of the order.

21 * * *

22 §4A-305. Liability for late or improper execution or failure to execute payment
 23 order

24 * * *

25 (b) If execution of a payment order by a receiving bank in breach of ~~R.S.~~
 26 ~~10:4A-303~~ **R.S. 10:4A-302** results in (i) noncompletion of the funds transfer, (ii)
 27 failure to use an intermediary bank designated by the originator, or (iii) issuance of
 28 a payment order that does not comply with the terms of the payment order of the
 29 originator, the bank is liable to the originator for its expenses in the funds transfer

1 and for incidental expenses and interest losses, to the extent not covered by
2 Subsection (a) **of this Section**, resulting from the improper execution. Except as
3 provided in Subsection (c) **of this Section**, additional damages are not recoverable.

4 (c) In addition to the amounts payable under Subsections (a) and (b) **of this**
5 **Section**, damages, including consequential damages, are recoverable to the extent
6 provided in an express ~~written~~ agreement of the receiving bank, **evidenced by a**
7 **record**.

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

14 * * *

15 §5-104. Formal requirements

16 A letter of credit, confirmation, advice, transfer, amendment, or cancellation
17 may be issued in any form that is a **signed** record ~~and is authenticated (i) by a~~
18 ~~signature or (ii) in accordance with the agreement of the parties or the standard~~
19 ~~practice referred to in R.S. 10:5-108(c).~~

20 * * *

21 §5-116. Choice of law and forum

22 (a) The liability of an issuer, nominated person, or adviser for action or
23 omission is governed by the law of the jurisdiction chosen by an agreement in the
24 form of a record signed ~~or otherwise authenticated~~ by the affected parties ~~in the~~
25 ~~manner provided in R.S. 10:5-104~~ or by a provision in the person's letter of credit,
26 confirmation, or other undertaking. The jurisdiction whose law is chosen need not
27 bear any relation to the transaction.

28 (b) Unless Subsection (a) **of this Section** applies, the liability of an issuer,
29 nominated person, or adviser for action or omission is governed by the law of the

1 jurisdiction in which the person is located. The person is considered to be located at
2 the address indicated in the person's undertaking. If more than one address is
3 indicated, the person is considered to be located at the address from which the
4 person's undertaking was issued.

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

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

14 ~~(e)~~**(e)** Except as otherwise provided in this Subsection, the liability of an
15 issuer, nominated person, or adviser is governed by any rules of custom or practice,
16 such as the Uniform Customs and Practice for Documentary Credits, to which the
17 letter of credit, confirmation, or other undertaking is expressly made subject. If (i)
18 this Chapter would govern the liability of an issuer, nominated person, or adviser
19 under Subsection (a) or (b) **of this Section**; (ii) the relevant undertaking incorporates
20 rules of custom or practice; and (iii) there is conflict between this Chapter and those
21 rules as applied to that undertaking, those rules govern except to the extent of any
22 conflict with the nonvariable provisions specified in R.S. 10:5-103(c).

23 ~~(d)~~**(f)** If there is conflict between this Chapter and Chapter 3, 4, 4A, or 9 of
24 this Title, this Chapter governs.

25 ~~(e)~~**(g)** The forum for settling disputes arising out of an undertaking within this
26 Chapter may be chosen in the manner and with the binding effect that governing law
27 may be chosen in accordance with Subsection (a) **of this Section.**

28 * * *

29 §7-102. Definitions and index of definitions

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

2 * * *

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

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

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

7 * * *

8 §7-106. Control of electronic document of title

9 * * *

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

13 * * *

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

17 * * *

18 **(c) A system satisfies Subsection (a) of this Section, and a person has**
19 **control of an electronic document of title, if an authoritative electronic copy of**
20 **the document, a record attached to or logically associated with the electronic**
21 **copy, or a system in which the electronic copy is recorded:**

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

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

28 **(3) gives the person exclusive power, subject to Subsection (d) of this**
29 **Section, to:**

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

3 (B) transfer control of each authoritative electronic copy.

4 (d) Subject to Subsection (e) of this Section, a power is exclusive under
5 Subsection (c)(3)(A) and (B) of this Section even if:

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

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

12 (e) A power of a person is not shared with another person under
13 Subsection (d)(2) of this Section and the person's power is not exclusive if:

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

16 (2) the other person:

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

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

20 (f) If a person has the powers specified in Subsection (c)(3)(A) and (B)
21 of this Section, the powers are presumed to be exclusive.

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

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

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

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

1 shut-in payments payable to a landowner or mineral servitude owner under a mineral
 2 lease, nor does the term include other payments to them that are classified as rent
 3 under the Mineral Code. The term does not include (i) ~~rights to payment evidenced~~
 4 ~~by chattel paper or an instrument~~ **chattel paper**, (ii) tort claims, (iii) deposit
 5 accounts, (iv) investment property, (v) letter-of-credit rights or letters of credit, (vi)
 6 rights to payment for money or funds advanced or sold, other than rights arising out
 7 of the use of a credit or charge card or information contained on or for use with the
 8 card, (vii) life insurance policies or rights to payment or claims thereunder, ~~or~~ (viii)
 9 judgments or rights to payment represented thereby, **or (ix) rights to payment**
 10 **evidenced by an instrument.**

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

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

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

17 * * *

18 (7) "Authenticate" means:

19 (A) to sign; or

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

22 **(7.1) "Assignee", except as used in "assignee for benefit of creditors",**
 23 **means a person (i) in whose favor a security interest that secures an obligation**
 24 **is created or provided for under a security agreement, whether or not the**
 25 **obligation is outstanding or (ii) to which an account, chattel paper, payment**
 26 **intangible, or promissory note has been sold. The term includes a person to**
 27 **which a security interest has been transferred by a secured party.**

28 **(7.2) "Assignor" means a person that (i) under a security agreement**
 29 **creates or provides for a security interest that secures an obligation or (ii) sells**

1 an account, chattel paper, payment intangible, or promissory note. The term
 2 includes a secured party that has transferred a security interest to another
 3 person.

4 * * *

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

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

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

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

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

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

1 **with the card.**

2 * * *

3 **(27.1) "Controllable account" means an account evidenced by a**
4 **controllable electronic record that provides that the account debtor undertakes**
5 **to pay the person that has control under R.S. 10:12-105 of the controllable**
6 **electronic record.**

7 **(27.2) "Controllable payment intangible" means a payment intangible**
8 **evidenced by a controllable electronic record that provides that the account**
9 **debtor undertakes to pay the person that has control under R.S. 10:12-105 of**
10 **the controllable electronic record.**

11 * * *

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

14 * * *

15 (42) "General intangible" means any personal property, including things in
16 action, other than accounts, chattel paper, tort claims, deposit accounts, documents,
17 goods, instruments, investment property, letter-of-credit rights, letters of credit, life
18 insurance policies, and money. The term includes **controllable electronic records,**
19 **payment intangibles,** and software.

20 * * *

21 (47) "Instrument" means a negotiable instrument or any other writing that
22 evidences a right to the payment of a monetary obligation, is not itself a security
23 agreement or lease, and is of a type that in ordinary course of business is transferred
24 by delivery with any necessary indorsement or assignment. The term includes a
25 collateral mortgage note and a negotiable certificate of deposit. The term does not
26 include (i) investment property, (ii) letters of credit, ~~or~~ (iii) writings that evidence a
27 right to payment arising out of the use of a credit or charge card or information
28 contained on or for use with the card, **or (iv) writings that evidence chattel paper.**

29 * * *

1	"Clearing corporation"	R.S. 10:8-102.
2	<u>"Controllable electronic record"</u>	<u>R.S. 10:12-102.</u>
3	"Customer"	R.S. 10:4-104.
4	"Entitlement holder"	R.S. 10:8-102.
5	"Financial asset"	R.S. 10:8-102.
6	"Holder in due course"	R.S. 10:3-302.
7	"Issuer" (with respect to a letter of credit or letter-of-credit right)	R.S. 10:5-102.
8	"Issuer" (with respect to a security)	R.S. 10:8-201.
9	"Issuer" (with respect to documents of title)	R.S. 10:7-102.
10	"Letter of credit"	R.S. 10:5-102.
11	"Negotiable instrument"	R.S. 10:3-104.
12	"Nominated person"	R.S. 10:5-102.
13	"Note"	R.S. 10:3-104.
14	"Proceeds of a letter of credit"	R.S. 10:5-114.
15	<u>"Protected purchaser"</u>	<u>R.S. 10:8-303.</u>
16	"Prove"	R.S. 10:3-103.
17	<u>"Qualifying purchaser"</u>	<u>R.S. 10:12-102.</u>
18	"Securities account"	R.S. 10:8-501.
19	"Securities intermediary"	R.S. 10:8-102.
20	"Security"	R.S. 10:8-102.
21	"Security certificate"	R.S. 10:8-102.
22	"Security entitlement"	R.S. 10:8-102.
23	"Uncertificated security"	R.S. 10:8-102.

* * *

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26 (a) The definition of "money" in Paragraph (a)(54.1) is non-uniform. The reference
27 to money in electronic form contained in revised national U.C.C. Article 9 is omitted.

28 (b) Revised Chapter 9 omits as unnecessary the revised national U.C.C. Article 9
29 definitions of "electronic money" (31A) and "tangible money" (79A). These definitions are
30 unnecessary because Chapter 9 eschews the distinction between electronic and tangible
31 money and thus omits all provisions pertaining to electronic money. References to electronic
32 money in revised national U.C.C. Article 9 Sections 9-203(b)(3)(D), 9-314(a) and (b), 9-
33 317(d) are omitted, as are references to control of electronic money in revised national

1 U.C.C. Article 9 Sections 9-105A, 9-107B(a), 9-203(b)(3)(D), 9-207(c), 9-208(7), 9-
2 312(b)(4), 9-314(a) and (b), and 9-601. Similarly, references to tangible money in revised
3 national U.C.C. Article 9 Sections 9-301(3), 9-312(b)(3), 9-313(a), and 9-332 are omitted
4 as unnecessary.

5 * * *

6 §9-104. Control of deposit account

7 (a) Requirements for control. A secured party has control of a deposit
8 account if:

9 * * *

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

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

16 **(4) another person, other than the debtor:**

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

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

21 * * *

22 §9-105. Control of electronic **copy of record evidencing** chattel paper

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

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

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

1 unalterable;

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

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

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

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

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

12 **(a) General rule: control of electronic copy of record evidencing chattel**
13 **paper. A purchaser has control of an authoritative electronic copy of a record**
14 **evidencing chattel paper if a system employed for evidencing the assignment of**
15 **interests in the chattel paper reliability establishes the purchaser as the person**
16 **to which the authoritative electronic copy was assigned.**

17 **(b) Single authoritative copy. A system satisfies Subsection (a) of this**
18 **Section if the record or records evidencing the chattel paper are created, stored,**
19 **and assigned in a manner that:**

20 **(1) a single authoritative copy of the record or records exists which is**
21 **unique, identifiable, and, except as otherwise provided in Paragraphs (4), (5),**
22 **and (6) of this Subsection, unalterable;**

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

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

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

29 **(5) each copy of the authoritative copy and any copy of a copy is readily**

1 identifiable as a copy that is not the authoritative copy; and

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

4 (c) One or more authoritative copies. A system satisfies Subsection (a) of
5 this Section, and a purchaser has control of an authoritative electronic copy of
6 a record evidencing chattel paper, if the electronic copy, a record attached to
7 or logically associated with the electronic copy, or a system in which the
8 electronic copy is recorded:

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

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

14 (3) gives the purchaser exclusive power, subject to Subsection (d) of this
15 Section, to:

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

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

19 (d) Meaning of exclusive. Subject to Subsection (e) of this Section, a
20 power is exclusive under Subsection (c)(3)(A) and (B) of this Section even if:

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

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

27 (e) When power not shared with another person. A power of a purchaser
28 is not shared with another person under Subsection (d)(2) of this Section and
29 the purchaser's power is not exclusive if:

1 (b) Additional requirement: consent of beneficiary. If the beneficiary of a life
2 insurance policy taken as collateral is not the insured or his estate, a security interest
3 does not attach with respect to rights under the policy until the policy beneficiary
4 ~~authenticates~~ **signs** a record evidencing the beneficiary's consent to the security
5 interest. This requirement does not apply when the beneficiary may be changed upon
6 the sole request of the insured or when the policy itself provides that it may be
7 pledged or assigned without the beneficiary's consent.

8 **§9-107.2. Control conditioned on default**

9 A secured party that has satisfied R.S. 10:9-104, 9-105, 9-106, 9-107, or 9-
10 107.1, **or 9-107.3** has control with respect to such collateral even if the secured party
11 has agreed not to exercise such control until a default by the debtor or obligor or
12 other unfulfilled condition is met.

13 **§9-107.3. Control of controllable electronic record, controllable account, or**
14 **controllable payment intangible**

15 **(a) Control under R.S. 10:12-105. A secured party has control of a**
16 **controllable electronic record as provided in R.S. 10:12-105.**

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

21 **§9-107.4. No requirement to acknowledge or confirm; no duties**

22 **(a) No requirement to acknowledge. A person that has control under R.S.**
23 **10:9-104, 9-105, or 9-107.1 is not required to acknowledge that it has control on**
24 **behalf of another person.**

25 **(b) No duties or conformation. If a person acknowledges that it has or**
26 **will obtain control on behalf of another person, unless the person otherwise**
27 **agrees or law other than this Chapter otherwise provides, the person does not**
28 **owe any duty to the other person and is not required to confirm the**
29 **acknowledgment to any other person.**

* * *

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

* * *

(b) Enforceability. Except as otherwise provided in Subsections (c) through (i) of this Section, a security interest is enforceable against the debtor and third parties with respect to the collateral only if:

* * *

(3) one of the following conditions is met:

(A) the debtor has ~~authenticated~~ **signed** a security agreement that provides a description of the collateral and, if the security interest covers a life insurance policy, the condition specified in R.S. 10:9-107.1(b) is met, and, if the security interest covers timber to be cut, a description of the land concerned;

* * *

(C) the collateral is a certificated security in registered form and the security certificate has been delivered to the secured party under R.S. 10:8-301 pursuant to the debtor's security agreement; ~~or~~

(D) the collateral is **controllable accounts, controllable electronic records, controllable payment intangibles,** deposit accounts, ~~electronic chattel paper, electronic documents,~~ investment property, letter-of-credit rights, ~~electronic documents,~~ or a life insurance policy, and the secured party has control under R.S. 10:7-106, 9-104, ~~9-105,~~ 9-106, 9-107, ~~or 9-107.1,~~ **or 9-107.3** pursuant to the debtor's security agreement; ~~or~~

(E) the collateral is chattel paper and the secured party has possession and control under R.S. 10:9-314.1 pursuant to the debtor's security agreement.

* * *

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

* * *

(b) When after-acquired property clause not effective. ~~A~~ **Subject to**

1 **of this Section**, a secured party having possession of collateral or control of
2 collateral under R.S. 10:7-106, 9-104, 9-105, 9-106, 9-107, ~~or 9-107.1~~, **or 9-107.3**:

3 * * *

4 §9-208. Additional duties of secured party having control of collateral

5 * * *

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

8 (1) a secured party having control of a deposit account under R.S.
9 10:9-104(a)(2) shall send to the bank with which the deposit account is maintained
10 ~~an authenticated statement~~ **a signed record** that releases the bank from any further
11 obligation to comply with instructions originated by the secured party;

12 * * *

13 (3) ~~a secured party, other than a buyer, having control of electronic chattel~~
14 ~~paper under R.S. 10:9-105 shall:~~

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

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

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

26 **a secured party, other than a buyer, having control under R.S. 10:9-105**
27 **of an authoritative electronic copy of a record evidencing chattel paper shall**
28 **transfer control of the electronic copy to the debtor or a person designated by**
29 **the debtor;**

1 (4) a secured party having control of investment property under R.S.
2 10:8-106(d)(2) or 9-106(b) shall send to the securities intermediary or commodity
3 intermediary with which the security entitlement or commodity contract is
4 maintained ~~an authenticated~~ **a signed** record that releases the securities intermediary
5 or commodity intermediary from any further obligation to comply with entitlement
6 orders or directions originated by the secured party;

7 (5) a secured party having control of a letter-of-credit right under R.S. 10:9-
8 107 shall send to each person having an unfulfilled obligation to pay or deliver
9 proceeds of the letter of credit to the secured party ~~an authenticated~~ **a signed** release
10 from any further obligation to pay or deliver proceeds of the letter of credit to the
11 secured party;

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

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

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

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

25 **a secured party having control under R.S. 10:7-106 of an authoritative**
26 **electronic copy of an electronic document of title shall transfer control of the**
27 **electronic copy to the debtor or a person designated by the debtor;**

28 **(7) a secured party having control under R.S. 10:12-105 of a controllable**
29 **electronic record, other than a buyer of a controllable account or controllable**

1 payment intangible evidenced by the controllable electronic record, shall
2 transfer control of the controllable electronic record to the debtor or a person
3 designated by the debtor; and

4 (8) a secured party having control of a life insurance policy under R.S. 9-
5 107.1(a)(2) shall send to the insurer that issued the policy ~~an authenticated~~ a signed
6 record that releases both the security interest and the insurer's acknowledgment.

7 * * *

8 §9-209. Duties of secured party if account debtor has been notified of assignment

9 * * *

10 (b) Duties of secured party after receiving demand from debtor. Within ten
11 days after receiving ~~an authenticated~~ a signed demand by the debtor, a secured party
12 shall send to an account debtor that has received notification under R.S. 10:9-406(a)
13 or 12-106(b) of an assignment to the secured party as assignee ~~under R.S.~~
14 ~~10:9-406(a)~~ a signed record that releases the account debtor from
15 any further obligation to the secured party.

16 * * *

17 §9-210. Request for accounting; request regarding list of collateral or statement of
18 account

19 (a) Definitions. In this Section:

20 * * *

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

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

29 (4) "Request regarding a statement of account" means a record ~~authenticated~~

1 (a) Chattel paper evidenced by authoritative electronic copy. Except as
2 provided in Subsection (d) of this Section, if chattel paper is evidenced only by
3 an authoritative electronic copy of the chattel paper or is evidenced by an
4 authoritative electronic copy and an authoritative tangible copy, the local law
5 of the chattel paper's jurisdiction governs perfection, the effect of perfection or
6 nonperfection, and the priority of a security interest in the chattel paper, even
7 if the transaction does not bear any relation to the chattel paper's jurisdiction.

8 (b) Chattel paper's jurisdiction. The following rules determine the
9 chattel paper's jurisdiction under this Section:

10 (1) If the authoritative electronic copy of the record evidencing chattel
11 paper, or a record attached to or logically associated with the electronic copy
12 and readily available for review, expressly provides that a particular
13 jurisdiction is the chattel paper's jurisdiction for purposes of this Part, this
14 Chapter, or this Title, that jurisdiction is the chattel paper's jurisdiction.

15 (2) If Paragraph (1) of this Subsection does not apply and the rules of the
16 system in which the authoritative electronic copy is recorded are readily
17 available for review and expressly provide that a particular jurisdiction is the
18 chattel paper's jurisdiction for purposes of this Part, this Chapter, or this Title,
19 that jurisdiction is the chattel paper's jurisdiction.

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

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

1 **(5) If Paragraphs (1) through (4) of this Subsection do not apply, the**
2 **chattel paper's jurisdiction is the jurisdiction in which the debtor is located.**

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

8 **(1) perfection of a security interest in the chattel paper by possession**
9 **under R.S. 10:9-314.1; and**

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

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

15 **§9-306.2. Law governing perfection and priority of security interests in**
16 **controllable accounts, controllable electronic records, and**
17 **controllable payment intangibles**

18 **(a) Governing law: general rules. Except as provided in Subsection (b)**
19 **of this Section, the local law of the controllable electronic record's jurisdiction**
20 **specified in R.S. 10:12-107(c) and (d) governs perfection, the effect of perfection**
21 **or nonperfection, and the priority of a security interest in a controllable**
22 **electronic record and a security interest in a controllable account or**
23 **controllable payment intangible evidenced by the controllable electronic record.**

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

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

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

* * *

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

* * *

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

* * *

(8) in **controllable accounts, controllable electronic records, controllable payment intangibles,** deposit accounts, ~~electronic chattel paper~~, electronic documents, investment property, letter-of-credit rights, or life insurance policies when the security interest is perfected by control under R.S. 10:9-314;

(8.1) in chattel paper which is perfected by possession and control under R.S. 10:9-314.1;

* * *

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

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

* * *

(e) Temporary perfection: new value. A security interest in certificated securities, negotiable documents, or instruments other than collateral mortgage notes is perfected without filing or the taking of possession or control for a period of

1 twenty days from the time it attaches to the extent that it arises for new value given
2 under ~~an authenticated~~ **a signed** security agreement.

3 * * *

4 §9-313. When possession by or delivery to secured party perfects security interest
5 without filing

6 (a) Perfection by possession or delivery. Except as otherwise provided in
7 Subsection (b) of this Section, a secured party may perfect a security interest in
8 ~~tangible negotiable documents~~, goods, instruments including collateral mortgage
9 notes, **negotiable tangible documents**, or money, ~~or tangible chattel paper~~ by taking
10 possession of the collateral. A secured party may perfect a security interest in
11 certificated securities by taking delivery of the certificated securities under R.S.
12 10:8-301.

13 * * *

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

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

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

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

28 * * *

29 §9-314. Perfection by control

1 (a) Perfection by control. A security interest in ~~investment property, deposit~~
 2 ~~accounts, letter-of-credit rights, electronic chattel paper, electronic documents~~
 3 **controllable accounts, controllable electronic records, controllable payment**
 4 **intangibles, deposit accounts, electronic documents, investment property, letter-**
 5 **of-credit rights**, or a life insurance policy may be perfected by control of the
 6 collateral under R.S. 10:7-106, 9-104, ~~9-105~~, 9-106, 9-107, ~~or 9-107.1~~, **or 9-107.3**.

7 (b) Specified collateral: time of perfection by control; continuation of
 8 perfection. A security interest in **controllable accounts, controllable electronic**
 9 **records, controllable payment intangibles**, deposit accounts, ~~electronic chattel~~
 10 ~~paper~~, electronic documents, a life insurance policy, or letter-of-credit rights is
 11 perfected by control under R.S. 10:7-106, 9-104, ~~9-105~~, 9-107, ~~or 9-107.1~~, **or 9-**
 12 **107.3** ~~when~~ **not earlier than the time** the secured party obtains control and remains
 13 perfected by control only while the secured party retains control.

14 (c) Investment property: time of perfection by control; continuation of
 15 perfection. A security interest in investment property is perfected by control under
 16 R.S. 10:9-106 ~~from~~ **not earlier than** the time the secured party obtains control and
 17 remains perfected by control until:

18 * * *

19 **§9-314.1. Perfection by possession and control of chattel paper**

20 **(a) Perfection by possession and control. A secured party may perfect a**
 21 **security interest in chattel paper by taking possession of each authoritative**
 22 **tangible copy of the record evidencing the chattel paper and obtaining control**
 23 **of each authoritative electronic copy of the electronic record evidencing the**
 24 **chattel paper.**

25 **(b) Time of perfection; continuation of perfection. A security interest is**
 26 **perfected under Subsection (a) of this Section not earlier than the time the**
 27 **secured party takes possession and obtains control and remains perfected under**
 28 **Subsection (a) of this Section only while the secured party retains possession**
 29 **and control.**

1 (d) Licensees and buyers of certain collateral. ~~A Subject to Subsections (f)~~
2 ~~through (i) of this Section, a~~ licensee of a general intangible or a buyer, other than
3 a secured party, of collateral other than ~~tangible chattel paper, tangible documents,~~
4 goods, instruments, **tangible documents**, or a certificated security takes free of a
5 security interest if the licensee or buyer gives value before it is perfected.

6 * * *

7 **(f) Buyers of chattel paper. A buyer, other than a secured party, of**
8 **chattel paper takes free of a security interest if, before it is perfected, the buyer**
9 **gives value and:**

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

12 **(2) if each authoritative electronic copy of the record evidencing the**
13 **chattel paper can be subjected to control under R.S. 10:9-105, obtains control**
14 **of each authoritative electronic copy.**

15 **(g) Buyers of electronic documents. A buyer of an electronic document**
16 **takes free of a security interest if, before it is perfected, the buyer gives value**
17 **and, if each authoritative electronic copy of the document can be subjected to**
18 **control under R.S. 10:7-106, obtains control of each authoritative electronic**
19 **copy.**

20 **(h) Buyers of controllable electronic records. A buyer of a controllable**
21 **electronic record takes free of a security interest if, before it is perfected, the**
22 **buyer gives value and obtains control of the controllable electronic record.**

23 **(i) Buyers of controllable accounts and controllable payment intangibles.**
24 **A buyer, other than a secured party, of a controllable account or a controllable**
25 **payment intangible takes free of a security interest if, before it is perfected, the**
26 **buyer gives value and obtains control of the controllable account or controllable**
27 **payment intangible.**

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29 In new Subsections (f), (g), (h), and (i) of revised Chapter 9, the revised national U.C.C.
30 Article 9's requirement of being "without knowledge" is omitted, conforming to existing

1 Louisiana Subsections (b), (c), and (d). This change is consistent with the Louisiana public
2 records doctrine, which is predicated on filing and not on knowledge. The Louisiana rule is
3 that actual knowledge by third parties of an unrecorded interest is immaterial; proper filing
4 is alone dispositive. See Louisiana Official Revision Comments – 2001. This change also
5 promotes judicial efficiency by facilitating proof in contested cases.

6 * * *

7 §9-323. Future advances

8 * * *

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

12 * * *

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

17 * * *

18 §9-324. Priority of purchase-money security interests

19 * * *

20 (b) Inventory purchase-money priority. Subject to Subsection (c) **of this**
21 **Section** and except as otherwise provided in Subsection (g) **of this Section**, a
22 perfected purchase-money security interest in inventory has priority over a
23 conflicting security interest in the same inventory, has priority over a conflicting
24 security interest in chattel paper or an instrument constituting proceeds of the
25 inventory and in proceeds of the chattel paper, if so provided in R.S. 10:9-330, and,
26 except as otherwise provided in R.S. 10:9-327, also has priority in identifiable cash
27 proceeds of the inventory to the extent the identifiable cash proceeds are received on
28 or before the delivery of the inventory to a buyer, if:

29 * * *

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

* * *

(d) Livestock purchase-money priority. Subject to Subsection (e) **of this Section** and except as otherwise provided in Subsection (g) **of this Section**, a perfected purchase-money security interest in livestock that are farm products has priority over a conflicting security interest in the same livestock, and, except as otherwise provided in R.S. 10:9-327, a perfected security interest in their identifiable proceeds and identifiable products in their unmanufactured states also has priority, if:

* * *

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

* * *

§9-326.1. Priority of security interest in controllable account, controllable electronic record, and controllable payment intangible

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

* * *

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

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

(1) in good faith and in the ordinary course of the purchaser's business, the purchaser gives new value ~~and~~, takes possession of **each authoritative tangible copy of the record evidencing** the chattel paper ~~or~~, **and** obtains control ~~of~~ **under R.S. 10:9-105 of each authoritative electronic copy of the record evidencing** the chattel paper ~~under R.S. 10:9-105~~; and

(2) the ~~chattel paper does~~ **authoritative copies of the record evidencing the**

1 chattel paper do not indicate that it the chattel paper has been assigned to an
2 identified assignee other than the purchaser.

3 (b) Purchaser's priority: other security interests. A purchaser of chattel paper
4 has priority over a security interest in the chattel paper which is claimed other than
5 merely as proceeds of inventory subject to a security interest if the purchaser gives
6 new value, ~~and~~ takes possession of each authoritative tangible copy of the record
7 evidencing the chattel paper ~~or~~, and obtains control of under R.S. 10:9-105 of each
8 authoritative electronic copy of the record evidencing the chattel paper ~~under R.S.~~
9 ~~10:9-105~~ in good faith, in the ordinary course of the purchaser's business, and
10 without knowledge that the purchase violates the rights of the secured party.

11 * * *

12 (f) Indication of assignment gives knowledge. For purposes of Subsections
13 (b) and (d) of this Section, if the authoritative copies of the record evidencing
14 chattel paper or an instrument ~~indicates that it~~ indicate that the chattel paper or
15 instrument has been assigned to an identified secured party other than the purchaser,
16 a purchaser of the chattel paper or instrument has knowledge that the purchase
17 violates the rights of the secured party.

18 §9-331. Priority of rights of purchasers of controllable accounts, controllable
19 electronic records, controllable payment intangibles, instruments,
20 documents, instruments, and securities under other Chapters;
21 priority of interests in financial assets and security entitlements under
22 ~~Chapter 8~~ Chapters 8 and 12

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

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

4 * * *

5 §9-332. Transfer of money; transfer of funds from deposit account

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

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

14 * * *

15 §9-334. Priority of security interests in fixtures and crops

16 * * *

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

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

23 * * *

24 §9-341. Bank's rights and duties with respect to deposit account

25 Except as otherwise provided in R.S. 10:9-340(c), and unless the bank
26 otherwise agrees in ~~an authenticated~~ **a signed** record, a bank's rights and duties with
27 respect to a deposit account maintained with the bank are not terminated, suspended,
28 or modified by:

29 * * *

1 §9-404. Rights acquired by assignee; claims and defenses against assignee

2 (a) Assignee's rights subject to terms, claims, and defenses; exceptions.

3 Unless an account debtor has made an enforceable agreement not to assert defenses
4 or claims, and subject to Subsections (b) through (e) **of this Section**, the rights of an
5 assignee are subject to:

6 * * *

7 (2) any other defense or claim of the account debtor against the assignor
8 which accrues before the account debtor receives a notification of the assignment
9 **authenticated signed** by the assignor or the assignee.

10 * * *

11 §9-406. Discharge of account debtor; notification of assignment; identification and
12 proof of assignment; restrictions on assignment of accounts, chattel
13 paper, payment intangibles, and promissory notes ineffective

14 (a) Discharge of account debtor; effect of notification. Subject to Subsections
15 (b) through (i) **and (l) of this Section** and R.S. 10:9-411, an account debtor on an
16 account, chattel paper, or a payment intangible may discharge its obligation by
17 paying the assignor until, but not after, the account debtor receives a notification,
18 **authenticated signed** by the assignor or the assignee, that the amount due or to
19 become due has been assigned and that payment is to be made to the assignee. After
20 receipt of the notification, the account debtor may discharge its obligation by paying
21 the assignee and may not discharge the obligation by paying the assignor.

22 (b) When notification ineffective. Subject to ~~Subsection (h)~~ **Subsections (h)**
23 **and (l) of this Section**, notification is ineffective under Subsection (a) **of this**
24 **Section**:

25 * * *

26 (c) Proof of assignment. Subject to ~~Subsection (h)~~ **Subsections (h) and (l)**
27 **of this Section**, if requested by the account debtor, an assignee shall seasonably
28 furnish reasonable proof that the assignment has been made. Unless the assignee
29 complies, the account debtor may discharge its obligation by paying the assignor,

1 even if the account debtor has received a notification under Subsection (a) of this
2 Section.

3 (d) Term restricting assignment generally ineffective. In this Subsection,
4 "promissory note" includes a negotiable instrument that evidences chattel
5 paper. Except as otherwise provided in Subsection (e), (i), and (k) of this Section
6 and R.S. 10:9-407 and R.S. 10:9-410, and subject to Subsection (h) of this Section,
7 a term in an agreement between an account debtor and an assignor or in a promissory
8 note is ineffective to the extent that it:

9 * * *

10 (g) Subsection (b)(3) not waivable. Subject to ~~Subsection (h)~~ Subsections (h)
11 and (l) of this Section, an account debtor may not waive or vary its option under
12 Subsection (b)(3) of this Section.

13 * * *

14 (l) Inapplicability of certain Subsections. Subsections (a), (b), (c), and (g)
15 of this Section do not apply to a controllable account or controllable payment
16 intangible.

17 * * *

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19 The reference to Subsection (k) in Subsection (d) is intentional, even though the
20 Subsection (k) in Louisiana Chapter 9 is non-uniform and completely different from the
21 Subsection (k) in revised national U.C.C. Article 9.

22 * * *

23 §9-408. Restrictions on assignment of promissory notes, health-care-insurance
24 receivables, and certain general intangibles ineffective

25 * * *

26 (g) "Promissory note," In this Section, "promissory note" includes a
27 negotiable instrument that evidences chattel paper.

28 (h) Subsections (a) and (c) of this Section do not apply to the assignment or
29 transfer or creation of a security interest in:

30 (1) a claim or right to receive compensation for injuries or sickness as

1 described in 26 U.S.C. 104(a)(1) or (2), as amended; or

2 (2) a claim or right to receive benefits under a special needs trust as described
3 in 42 U.S.C. 1396p(d)(4), as amended.

4 * * *

5 §9-412. Discharge of tortfeasor; notification and filing of assignment

6 (a) Discharge of tortfeasor. Subject to Subsections (b) through (c) **of this**
7 **Section**, a person obligated on a tort claim may discharge its obligation by paying
8 the debtor until, but not after, the person receives a notification, ~~authenticated~~ **signed**
9 by the debtor or the secured party, that the amount due has been assigned and that
10 payment is to be made to the secured party. After receipt of the notification, the
11 person may discharge its obligation by paying the secured party and may not
12 discharge the obligation by paying the debtor.

13 * * *

14 §9-509. Persons entitled to file a record

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

18 (1) the debtor authorizes the filing in ~~an authenticated~~ **a signed** record or
19 pursuant to Subsection (b) or (c) **of this Section**; or

20 * * *

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

24 * * *

25 §9-513. Termination statement

26 (b) Time for compliance with Subsection (a). To comply with Subsection (a)
27 **of this Section**, a secured party shall cause the secured party of record to file the
28 termination statement in the filing office where the financing statement was
29 originally filed:

* * *

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

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

* * *

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

* * *

(b) Rights and duties of secured party in possession or control. A secured party in possession of collateral or control of collateral under R.S. 10:7-106, 9-104, 9-105, 9-106, 9-107, ~~or 9-107.1,~~ **or 9-107.3** has the rights and duties provided in R.S. 10:9-207.

* * *

§9-605. Unknown debtor or secondary obligor

~~Ⓐ~~ **(a) In general: No duty owed by secured party. Except as provided in Subsection (b) of this Section,** a secured party does not owe a duty based on its status as secured party:

(1) to a person that is a debtor or obligor, unless the secured party knows:

(A) that the person is a debtor or obligor;

(B) the identity of the person; and

(C) how to communicate with the person; or

(2) to a secured party or lienholder that has filed a financing statement against a person, unless the secured party knows:

(A) that the person is a debtor; and

1 (B) the identity of the person.

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

7 **(1) The person is a debtor or obligor; and**

8 **(2) the secured party knows that the information in Subsection (a)(1)(A),**
9 **(B), or (C) of this Section relating to the person is not provided by the collateral,**
10 **a record attached to or logically associated with the collateral, or the system in**
11 **which the collateral is recorded.**

12 * * *

13 §9-608. Application of proceeds of collection or enforcement; liability for
14 deficiency and right to surplus

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

18 (1) A secured party shall apply or pay over for application the cash proceeds
19 of collection or enforcement under R.S. 10:9-607 in the following order to:

20 * * *

21 (C) the satisfaction of obligations secured by any subordinate security interest
22 in or lien on the collateral subject to the security interest or agricultural lien under
23 which the collection or enforcement is made if the secured party receives ~~an~~
24 **authenticated a signed** demand for proceeds before distribution of the proceeds is
25 completed.

26 * * *

27 §9-611. Notification before disposition of collateral

28 (a) "Notification date." In this Section, "notification date" means the earlier
29 of the date on which:

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

3 * * *

4 (b) Notification of disposition required. Except as otherwise provided in
5 Subsection (d) **of this Section**, a secured party that disposes of collateral under R.S.
6 10:9-610 shall send to the persons specified in Subsection (c) **of this Section** a
7 reasonable ~~authenticated~~ **signed** notification of disposition.

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

10 * * *

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

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

15 * * *

16 (e) Compliance with Subsection (c)(3)(B). A secured party complies with the
17 requirement for notification prescribed by Subsection (c)(3)(B) **of this Section** if:

18 * * *

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

20 * * *

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

24 * * *

25 §9-613. Contents and form of notification before disposition of collateral: general

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

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

1 (A) describes the debtor and the secured party;

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

3 (C) states the method of intended disposition;

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

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

8 (2) Whether the contents of a notification that lacks any of the information
9 specified in Paragraph (1) **of this Subsection** are nevertheless sufficient is a question
10 of fact.

11 (3) The contents of a notification providing substantially the information
12 specified in Paragraph (1) **of this Subsection** are sufficient, even if the notification
13 includes:

14 (A) information not specified by that Paragraph; or

15 (B) minor errors that are not seriously misleading.

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

17 (5) The following form of notification and the form appearing in R.S.
18 ~~10:9-614(3)~~ **10:9-614(a)(3)**, when completed **in accordance with the instructions**
19 **in Subsection (b) of this Section and R.S. 10:9-614(b)**, each provides sufficient
20 information:

21 ~~NOTIFICATION OF DISPOSITION OF COLLATERAL~~

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

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

24 Name of Debtor(s): ~~[Include only if debtor(s) are not an addressee]~~

25 ~~[For a public disposition:]~~

26 We will sell ~~[or lease or license, as applicable]~~ the ~~[describe collateral]~~ to
27 ~~[the highest qualified bidder]~~ in public as follows:

28 Day and Date:

29 Time:

1 Place:

2 [*For a private disposition:*]

3 We will sell ~~[or lease or license, as applicable]~~ the ~~[describe collateral]~~
4 privately sometime after ~~[day and date]~~.

5 You are entitled to an accounting of the unpaid indebtedness secured by the
6 property that we intend to sell ~~[or lease or license, as applicable]~~ [for a charge of
7 \$ _____]. You may request an accounting by calling us at ~~[telephone number]~~

8 [End of Form]

9 **NOTIFICATION OF DISPOSITION OF COLLATERAL**

10 **To: (Name of debtor, obligor, or other person to which the notification is sent)**

11 **From: (Name, address, and telephone number of secured party)**

12 **{1} Name of any debtor that is not an addressee: (Name of each debtor)**

13 **{2} We will sell (describe collateral) (to the highest qualified bidder) at**
14 **public sale. A sale could include a lease or license. The sale will be held as**
15 **follows:**

16 **(Date)**

17 **(Time)**

18 **(Place)**

19 **{3} We will sell (describe collateral) at private sale sometime after (date).**

20 **A sale could include a lease or license.**

21 **{4} You are entitled to an accounting of the unpaid indebtedness secured**
22 **by the property that we intend to sell or, as applicable, lease or license.**

23 **{5} If you request an accounting, you must pay a charge of \$ (amount).**

24 **{6} You may request an accounting by calling us at (telephone number).**

25 [End of Form]

26 **(b) Instructions for form of notification. The following instructions apply**
27 **to the form of notification in Subsection (a)(5) of this Section:**

28 **(1) The instructions in this Subsection refer to the numbers in braces**
29 **before items in the form of notification in Subsection (a)(5) of this Section. Do**

1 not include the numbers or braces in the notification. The numbers and braces
2 are used only for the purpose of these instructions.

3 (2) Include and complete item {1} only if there is a debtor that is not an
4 addressee of the notification and list the name or names.

5 (3) Include and complete either item {2}, if the notification relates to a
6 public disposition of the collateral, or item {3}, if the notification relates to a
7 private disposition of the collateral. If item {2} is included, include the words
8 "to the highest qualified bidder" only if applicable.

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

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

12 §9-614. Contents and form of notification before disposition of collateral: consumer-
13 goods transaction

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

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

17 (A) the information specified in ~~R.S. 10:9-613(1)~~ **R.S. 10:9-613(a)(1)**;

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

20 (C) a telephone number from which the amount that must be paid to the
21 secured party to redeem the collateral under R.S. 10:9-623 is available; and

22 (D) a telephone number or mailing address from which additional
23 information concerning the disposition and the obligation secured is available.

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

25 (3) The following form of notification, when completed **in accordance with**
26 **the instructions in Subsection (b) of this Section**, provides sufficient information:

27 ~~NOTICE OF OUR PLAN TO SELL PROPERTY~~

28 ~~[Name and address of any obligor who is also a debtor]~~

29 Subject: ~~[Identification of Transaction]~~

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

2 ~~[For a public disposition:]~~

3 We will sell ~~[describe collateral]~~ at public sale. A sale could include a lease
4 or license. The sale will be held as follows:

5 Date:

6 Time:

7 Place:

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

9 ~~[For a private disposition:]~~

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

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

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

19 If you want us to explain to you in writing how we have figured the amount
20 that you owe us, you may call us at ~~[telephone number]~~—~~[or write us at [secured~~
21 ~~party's address]]~~ and request a written explanation. ~~[We will charge you \$_____~~
22 ~~for the explanation if we sent you another written explanation of the amount you owe~~
23 ~~us within the last six months.]~~

24 If you need more information about the sale call us at ~~[telephone number]~~ ~~[or~~
25 ~~write us at [secured party's address]]~~.

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

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

29 ~~[End of Form]~~

1 (Name and address of secured party)

2 (Date)

3 NOTICE OF OUR PLAN TO SELL PROPERTY

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

5 Subject: (Identify transaction)

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

8 {1} We will sell (describe collateral) at public sale. A sale could include
9 a lease or license. The sale will be held as follows:

10 (Date)

11 (Time)

12 (Place)

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

14 {2} We will sell (describe collateral) at private sale sometime after (date).

15 A sale could include a lease or license.

16 {3} The money that we get from the sale, after paying our costs, will
17 reduce the amount you owe. If we get less money than you owe, you (will or will
18 not, as applicable) still owe us the difference. If we get more money than you
19 owe, you will get the extra money, unless we must pay it to someone else.

20 {4} You can get the property back at any time before we sell it by paying
21 us the full amount you owe, not just the past due payments, including our
22 expenses. To learn the exact amount you must pay, call us at (telephone
23 number).

24 {5} If you want us to explain to you in (writing) (writing or in
25 (description of electronic record)) (description of electronic record) how we
26 have figured the amount that you owe us, {6} call us at (telephone number) (or)
27 (write us at (secured party's address)) (or contact us by (description of
28 electronic communication method)) {7} and request (a written explanation) (a
29 written explanation or an explanation in (description of electronic record)) (an

1 explanation in (description of electronic record)).

2 {8} We will charge you \$ (amount) for the explanation if we sent you
3 another written explanation of the amount you owe us within the last six
4 months.

5 {9} If you need more information about the sale (call us at (telephone
6 number)) (or) (write us at (secured party's address)) (or contact us by
7 (description of electronic communication method)).

8 {10} We are sending this notice to the following other people who have
9 an interest in (describe collateral) or who owe money under your agreement:
10 (Names of all other debtors and obligors, if any)

11 [End of Form]

12 (b) Instructions for form of notification. The following instructions apply
13 to the form of notification in Subsection (a)(3) of this Section:

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

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

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

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

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

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

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

6 * * *

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

10 * * *

11 §9-616. Explanation of calculation of surplus or deficiency

12 (a) Definitions. In this Section:

13 (1) "Explanation" means a ~~writing~~ **record** that:

14 * * *

15 (B) provides an explanation in accordance with Subsection (c) **of this Section**
16 of how the secured party calculated the surplus or deficiency;

17 * * *

18 (2) "Request" means a record:

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

20 * * *

21 (b) Explanation of calculation. In a consumer-goods transaction in which the
22 debtor is entitled to a surplus or a consumer obligor is liable for a deficiency under
23 R.S. 10:9-615, the secured party shall:

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

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

29 * * *

1 (c) Required information. To comply with Subsection (a)(1)(B) **of this**
2 **Section**, a **writing an explanation shall** ~~must~~ provide the following information in
3 the following order:

4 * * *

5 §9-619. Transfer of record or legal title

6 (a) "Transfer statement." In this Section, "transfer statement" means a record
7 ~~authenticated~~ **signed** by a secured party stating:

8 * * *

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

11 (a) Conditions to acceptance in satisfaction. A secured party may accept
12 collateral in full or partial satisfaction of the obligation it secures only if:

13 * * *

14 (2) the secured party does not receive, within the time set forth in Subsection
15 (d) **of this Section**, a notification of objection to the proposal ~~authenticated~~ **signed**
16 by:

17 * * *

18 (b) Purported acceptance ineffective. A purported or apparent acceptance of
19 collateral under this Section is ineffective unless:

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

22 * * *

23 (c) Debtor's consent. For purposes of this Section:

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

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

1 * * *

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

4 * * *

5 (f) Compliance with mandatory disposition requirement. To comply with
6 Subsection (e) **of this Section**, the secured party shall dispose of the collateral or
7 alternatively institute judicial proceedings to execute upon the security interest:

8 * * *

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

12 * * *

13 §9-621. Notification of proposal to accept collateral

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

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

20 * * *

21 §9-624. Waiver

22 (a) Waiver of disposition notification. A debtor or secondary obligor may
23 waive the right to notification of disposition of collateral under R.S. 10:9-611 only
24 by an agreement to that effect entered into and ~~authenticated~~ **signed** after default.

25 (b) Waiver of mandatory disposition. A debtor may waive the right to require
26 disposition of collateral under R.S. 10:9-620(e) only by an agreement to that effect
27 entered into and ~~authenticated~~ **signed** after default.

28 (c) Waiver of redemption right. Except in a consumer-goods transaction, a
29 debtor or secondary obligor may waive the right to redeem collateral under R.S.

1 10:9-623 only by an agreement to that effect entered into ~~authenticated~~ **signed** after
2 default.

3 * * *

4 §9-628. Nonliability and limitation on liability of secured party; liability of
5 secondary obligor

6 (a) Limitation of liability of secured party for noncompliance with Chapter.

7 ~~Unless~~ **Subject to Subsection (f) of this Section, unless** a secured party knows that
8 a person is a debtor or obligor, knows the identity of the person, and knows how to
9 communicate with the person:

10 * * *

11 (b) Limitation of liability based on status as secured party. ~~A~~ **Subject to**
12 **Subsection (f) of this Section, a** secured party is not liable because of its status as
13 secured party:

14 * * *

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

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

22 **(2) the secured party knows that the information in Subsection (b)(1)(A),**
23 **(B), or (C) of this Section relating to the person is not provided by the collateral,**
24 **a record attached to or logically associated with the collateral, or the system in**
25 **which the collateral is recorded.**

26 §9-629. Judicial proceedings; authentic evidence

27 (a) Foreclosure. For purposes of executory or ordinary process seeking
28 enforcement of a security interest and the obligation it secures:

29 (1) ~~An authenticated~~ **A signed** record that contains a confession of judgment

1 shall be deemed to be authentic for purposes of executory process.

2 (2) The negotiation, assignment, pledge, or other transfer in whole or in part
3 of an obligation or of any right therein or thereto secured by a security interest may
4 be proven by any record ~~authenticated~~ **signed** by the secured party or any person
5 entitled to effect such a transfer, and such record shall be deemed authentic for
6 purposes of executory process.

7 * * *

8 **CHAPTER 12. CONTROLLABLE ELECTRONIC RECORDS**

9 **§12-101. Title**

10 **This Chapter may be cited as Uniform Commercial Code—Controllable**
11 **Electronic Records.**

12 **§12-102. Definitions**

13 **(a) Definitions. In this Chapter:**

14 **(1) "Controllable electronic record" means a record stored in an**
15 **electronic medium that can be subjected to control under R.S. 10:12-105. The**
16 **term does not include a controllable account, a controllable payment intangible,**
17 **a deposit account, an electronic copy of a record evidencing chattel paper, an**
18 **electronic document of title, investment property, or a transferable record. The**
19 **term also does not include an electronic record that is currently authorized or**
20 **adopted by a domestic or foreign government and is not a medium of exchange**
21 **that was recorded and transferable in a system that existed and operated for the**
22 **medium of exchange before the medium of exchange was authorized or adopted**
23 **by a government.**

24 **(2) "Qualifying purchaser" means a purchaser of a controllable**
25 **electronic record or an interest in a controllable electronic record that obtains**
26 **control of the controllable electronic record for value, in good faith, and without**
27 **notice of a claim of a property right in the controllable electronic record.**

28 **(3) "Transferable record" has the meaning provided for that term in:**

29 **(A) Section 201(a)(1) of the Electronic Signatures in Global and National**

1 Commerce Act, 15 U.S.C. Section 7021(a)(1), as amended; or

2 (B) R.S. 9:2616(A).

3 (4) "Value" has the meaning provided in R.S. 10:3-303(a), as if
4 references in that Subsection to an "instrument" were references to a
5 controllable account, controllable electronic record, or controllable payment
6 intangible.

7 (b) Definitions in Chapter 9. The definitions in Chapter 9 of "account
8 debtor", "controllable account", "controllable payment intangible", "chattel
9 paper", "deposit account", and "investment property" apply to this Chapter.

10 (c) Chapter 1 definitions and principles. Chapter 1 contains general
11 definitions and principles of construction and interpretation applicable
12 throughout this Chapter.

13 Louisiana Official Revision Comments – 2024

14 This Section varies from its counterpart in national U.C.C. Article 12 to account for
15 the omission of the concept of electronic money from revised Chapter 9. First, the reference
16 in national U.C.C. Article 12 to electronic money in the list of exclusions from the term
17 "controllable electronic record" is omitted as unnecessary. The same omissions are made in
18 R.S. 10:12-102(b) and 12-305(c). Second, this Section includes non-uniform language that
19 corresponds to the final sentence of national U.C.C. Section 1-201(b)(24), which has been
20 omitted from revised Chapter 1. This additional language includes within the definition of
21 controllable electronic record a cryptocurrency, such as bitcoin, that was not originally
22 created by a government. In contrast, a central bank digital currency or other cryptocurrency
23 or electronic money that is created by any government as a medium of exchange (money)
24 is expressly excluded from the definition of controllable electronic record and the scope of
25 Louisiana Chapter 12.

26 **§12-103. Relation to Chapter 9 and consumer laws**

27 **(a) Chapter 9 governs in case of conflict. If there is conflict between this**
28 **Chapter and Chapter 9, Chapter 9 governs.**

29 **(b) Applicable consumer law and other laws. A transaction subject to**
30 **this Chapter is subject to any applicable statute or regulation that establishes**
31 **a different rule for consumers and any other statute or regulation that regulates**
32 **the rates, charges, agreements, and practices for loans or other extensions of**
33 **credit.**

34 Louisiana Official Revision Comments – 2024

35 (a) Subsection (b) varies from revised national U.C.C. Article 12 by replacing the

1 phrase "rule of law" as used in U.C.C. Article 12 with the term "statute or regulation." The
2 phrase "rule of law" is of common law origin and carries connotations not applicable in
3 Louisiana. The sources of law in Louisiana are legislation and custom. Civil Code Article
4 1. To the extent the phrase "rule of law" includes jurisprudential precedent as opposed to
5 legislation, it is rejected. See *Doerr v. Mobil Oil Corp.*, 774 So. 2d 119 (La. 2000)
6 (Louisiana civilian tradition does not recognize the doctrine of *stare decisis*; judicial
7 decisions are not intended to be an authoritative source of law in Louisiana).

8 (b) Subsection (b) does not list specific consumer, usury, loan, and credit laws, as
9 suggested by national U.C.C. Article 12. Instead, Subsection (b) makes a general reference
10 to avoid missing any particular law and to allow for later legislation. Subsection (b) is copied
11 from existing R.S. 10:9-201(b), which is the source provision for this Section, just as
12 uniform Subsection 9-201(b) is copied as the source for this Subsection in national U.C.C.
13 Article 12.

14 **§12-104. Rights in controllable account, controllable electronic record, and**
15 **controllable payment intangible**

16 **(a) Applicability of Section to controllable account and controllable**
17 **payment intangible. This Section applies to the acquisition and purchase of**
18 **rights in a controllable account or controllable payment intangible, including**
19 **the rights and benefits under Subsections (c), (d), (e), (g), and (h) of this Section**
20 **of a purchaser and qualifying purchaser, in the same manner this Section**
21 **applies to a controllable electronic record.**

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

27 **(c) Applicability of other law to acquisition of rights. Except as provided**
28 **in this Section, law other than this Chapter determines whether a person**
29 **acquires a right in a controllable electronic record and the right the person**
30 **acquires.**

31 **(d) Shelter principle and purchase of limited interest. A purchaser of a**
32 **controllable electronic record acquires all rights in the controllable electronic**
33 **record that the transferor had or had power to transfer, except that a purchaser**
34 **of a limited interest in a controllable electronic record acquires rights only to**
35 **the extent of the interest purchased.**

1 (e) Rights of qualifying purchaser. A qualifying purchaser acquires its
2 rights in the controllable electronic record free of a claim of a property right in
3 the controllable electronic record.

4 (f) Limitation of rights of qualifying purchaser in other property. Except
5 as provided in Subsections (a) and (e) of this Section for a controllable account
6 and a controllable payment intangible or law other than this Chapter, a
7 qualifying purchaser takes a right to payment, right to performance, or other
8 interest in property evidenced by the controllable electronic record subject to
9 a claim of a property right in the right to payment, right to performance, or
10 other interest in property.

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

17 (h) Filing not notice. Filing of a financing statement under Chapter 9 is
18 not notice of a claim of a property right in a controllable electronic record.

19 §12-105. Control of controllable electronic record

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

24 (1) gives the person:

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

27 (B) exclusive power, subject to Subsection (b) of this Section, to:

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

1 (ii) transfer control of the electronic record to another person or cause
2 another person to obtain control of another controllable electronic record as a
3 result of the transfer of the electronic record; and

4 (2) enables the person readily to identify itself in any way, including by
5 name, identifying number, cryptographic key, office, or account number, as
6 having the powers specified in Paragraph (1) of this Subsection.

7 (b) Meaning of exclusive. Subject to Subsection (c) of this Section, a
8 power is exclusive under Subsection (a)(1)(B)(i) and (ii) of this Section even if:

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

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

15 (c) When power not shared with another person. A power of a person is
16 not shared with another person under Subsection (b)(2) of this Section and the
17 person's power is not exclusive if:

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

20 (2) the other person:

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

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

26 (d) Presumption of exclusivity of certain powers. If a person has the
27 powers specified in Subsections (a)(1)(B)(i) and (ii) of this Section, the powers
28 are presumed to be exclusive.

29 (e) Control through another person. A person has control of a

1 controllable electronic record if another person, other than the transferor to the
2 person of an interest in the controllable electronic record or a controllable
3 account or controllable payment intangible evidenced by the controllable
4 electronic record:

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

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

9 (f) No requirement to acknowledge. A person that has control under this
10 Section is not required to acknowledge that it has control on behalf of another
11 person.

12 (g) No duties or confirmation. If a person acknowledges that it has or will
13 obtain control on behalf of another person, unless the person otherwise agrees
14 or law other than this Chapter or Chapter 9 otherwise provides, the person does
15 not owe any duty to the other person and is not required to confirm the
16 acknowledgment to any other person.

17 §12-106. Discharge of account debtor on controllable account or controllable
18 payment intangible

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

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

24 (2) except as provided in Subsection (b) of this Section, a person that
25 formerly had control of the controllable electronic record.

26 (b) Content and effect of notification. Subject to Subsection (d) of this
27 Section, the account debtor may not discharge its obligation by paying a person
28 that formerly had control of the controllable electronic record if the account
29 debtor receives a notification that:

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

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

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

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

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

12 (c) Discharge following effective notification. After receipt of a
13 notification that complies with Subsection (b) of this Section, the account debtor
14 may discharge its obligation by paying in accordance with the notification and
15 may not discharge the obligation by paying a person that formerly had control.

16 (d) When notification ineffective. Subject to Subsection (h) of this
17 Section, notification is ineffective under Subsection (b) of this Section:

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

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

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

28 (A) divide a payment;

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

1 payment; or

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

4 (e) Proof of transfer of control. Subject to Subsection (h) of this Section,
5 if requested by the account debtor, the person giving the notification under
6 Subsection (b) of this Section seasonably shall furnish reasonable proof, using
7 the method in the agreement referred to in Subsection (d)(1) of this Section, that
8 control of the controllable electronic record has been transferred. Unless the
9 person complies with the request, the account debtor may discharge its
10 obligation by paying a person that formerly had control, even if the account
11 debtor has received a notification under Subsection (b) of this Section.

12 (f) What constitutes reasonable proof. A person furnishes reasonable
13 proof under Subsection (e) of this Section that control has been transferred if
14 the person demonstrates, using the method in the agreement referred to in
15 Subsection (d)(1) of this Section, that the transferee has the power to:

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

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

20 (3) transfer the powers specified in Paragraphs (1) and (2) of this
21 Subsection to another person.

22 (g) Rights not waivable. Subject to Subsection (h) of this Section, an
23 account debtor may not waive or vary its rights under Subsections (d)(1) and
24 (e) of this Section or its option under Subsection (d)(3) of this Section.

25 (h) Rule for individual under other law. This Section is subject to law
26 other than this Chapter which establishes a different rule for an account debtor
27 who is an individual and who incurred the obligation primarily for personal,
28 family, or household purposes.

29 §12-107. Governing law

1 (a) Governing law: general rule. Except as provided in Subsection (b) of
2 this Section, the local law of a controllable electronic record's jurisdiction
3 governs a matter covered by this Chapter.

4 (b) Governing law: R.S. 10:12-106. For a controllable electronic record
5 that evidences a controllable account or controllable payment intangible, the
6 local law of the controllable electronic record's jurisdiction governs a matter
7 covered by R.S. 10:12-106 unless an effective agreement determines that the
8 local law of another jurisdiction governs.

9 (c) Controllable electronic record's jurisdiction. The following rules
10 determine a controllable electronic record's jurisdiction under this Section:

11 (1) If the controllable electronic record, or a record attached to or
12 logically associated with the controllable electronic record and readily available
13 for review, expressly provides that a particular jurisdiction is the controllable
14 electronic record's jurisdiction for purposes of this Chapter or this Title, that
15 jurisdiction is the controllable electronic record's jurisdiction.

16 (2) If Paragraph (1) of this Subsection does not apply and the rules of the
17 system in which the controllable electronic record is recorded are readily
18 available for review and expressly provide that a particular jurisdiction is the
19 controllable electronic record's jurisdiction for purposes of this Chapter or this
20 Title, that jurisdiction is the controllable electronic record's jurisdiction.

21 (3) If Paragraphs (1) and (2) of this Subsection do not apply and the
22 controllable electronic record, or a record attached to or logically associated
23 with the controllable electronic record and readily available for review,
24 expressly provides that the controllable electronic record is governed by the law
25 of a particular jurisdiction, that jurisdiction is the controllable electronic
26 record's jurisdiction.

27 (4) If Paragraphs (1), (2), and (3) of this Subsection do not apply and the
28 rules of the system in which the controllable electronic record is recorded are
29 readily available for review and expressly provide that the controllable

1 electronic record or the system is governed by the law of a particular
2 jurisdiction, that jurisdiction is the controllable electronic record's jurisdiction.

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

5 (d) Applicability of Article 12. If Subsection (c)(5) of this Section applies
6 and Article 12 is not in effect in the District of Columbia without material
7 modification, the governing law for a matter covered by this Chapter is the law
8 of the District of Columbia as though Article 12 were in effect in the District of
9 Columbia without material modification. In this Subsection, "Article 12" means
10 Article 12 of Uniform Commercial Code Amendments (2022).

11 (e) Relation of matter or transaction to controllable electronic record's
12 jurisdiction not necessary. To the extent Subsections (a) and (b) of this Section
13 provide that the local law of the controllable electronic record's jurisdiction
14 governs a matter covered by this Chapter, that law governs even if the matter
15 or a transaction to which the matter relates does not bear any relation to the
16 controllable electronic record's jurisdiction.

17 (f) Rights of purchasers determined at time of purchase. The rights
18 acquired under R.S. 10:12-104 by a purchaser or qualifying purchaser are
19 governed by the law applicable under this Section at the time of purchase.

20 CHAPTER 13. TRANSITIONAL PROVISIONS FOR UNIFORM

21 COMMERCIAL CODE AMENDMENTS

22 PART 1. GENERAL PROVISIONS AND DEFINITIONS

23 §13-101. Title

24 This Chapter may be cited as Transitional Provisions for Uniform
25 Commercial Code Amendments.

26 §13-102. Definitions

27 (a) Chapter 13 Definitions. In this Chapter:

28 (1) "Adjustment date" means August 1, 2025.

29 (2) "Chapter 12" means Chapter 12 of this Title.

1 **(3) "Chapter 12 property" means a controllable account, controllable**
2 **electronic record, or controllable payment intangible.**

3 **(b) Definitions in other Chapters. The following definitions in other**
4 **Chapters of this Title apply to this Chapter.**

5 **"Controllable account". R.S. 10:9-102.**

6 **"Controllable electronic record". R.S. 10:12-102.**

7 **"Controllable payment intangible". R.S. 10:9-102.**

8 **"Financing statement". R.S. 10:9-102.**

9 **(c) Chapter 1 definitions and principles. Chapter 1 contains general**
10 **definitions and principles of construction and interpretation applicable**
11 **throughout this Chapter.**

12 **(d) Definition of "Act". As used in this Chapter, "Act" means the Act**
13 **that originated as [INSERT BILL NUMBER] of the 2024 Regular Session of the**
14 **Legislature that enacted Chapters 12 and 13 of this Title and amended other**
15 **provisions of law in other Chapters of this Title.**

16 **PART 2. GENERAL TRANSITIONAL PROVISION**

17 **§13-201. Saving clause**

18 **Except as provided in Part 3, a transaction validly entered into before**
19 **the effective date of this Act and the rights, duties, and interests flowing from**
20 **the transaction remain valid thereafter and may be terminated, completed,**
21 **consummated, or enforced as required or permitted by law other than this Title**
22 **or, if applicable, this Title, as though this Act had not taken effect.**

23 **PART 3. TRANSITIONAL PROVISIONS FOR CHAPTERS 9 AND 12**

24 **§13-301. Saving clause**

25 **(a) Pre-effective-date transaction, lien, or interest. Except as provided in**
26 **this Part, Chapter 9 as amended by this Act and Chapter 12 apply to a**
27 **transaction, lien, or other interest in property, even if the transaction, lien, or**
28 **interest was entered into, created, or acquired before the effective date of this**
29 **Act.**

1 **(b) Continuing validity. Except as provided in Subsection (c) of this**
2 **Section and R.S. 10:13-302 through 13-306:**

3 **(1) a transaction, lien, or interest in property that was validly entered**
4 **into, created, or transferred before the effective date of this Act and was not**
5 **governed by this Title, but would be subject to Chapter 9 as amended by this**
6 **Act or Chapter 12 if it had been entered into, created, or transferred on or after**
7 **the effective date of this Act, including the rights, duties, and interests flowing**
8 **from the transaction, lien, or interest, remains valid on and after the effective**
9 **date of this Act; and**

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

13 **(c) Pre-effective-date proceeding. This Act does not affect an action, case,**
14 **or proceeding commenced before the effective date of this Act.**

15 **§13-302. Security interest perfected before effective date**

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

21 **(b) Continuing perfection: enforceability or perfection requirements not**
22 **satisfied. If a security interest is enforceable and perfected immediately before**
23 **the effective date of this Act, but the requirements for enforceability or**
24 **perfection under this Act are not satisfied on the effective date of this Act, the**
25 **security interest:**

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

29 **(2) remains enforceable thereafter only if the security interest satisfies**

1 the requirements for enforceability under R.S. 10:9-203, as amended by this
2 Act, before the adjustment date; and

3 (3) remains perfected thereafter only if the requirements for perfection
4 under this Act are satisfied before the time specified in Paragraph (1) of this
5 Subsection.

6 §13-303. Security interest unperfected before effective date

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

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

10 (2) remains enforceable thereafter if the security interest becomes
11 enforceable under R.S. 10:9-203, as amended by this Act, on the effective date
12 of this Act or before the adjustment date; and

13 (3) becomes perfected:

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

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

19 §13-304. Effectiveness of actions taken before effective date

20 (a) Pre-effective-date action; attachment and perfection before
21 adjustment date. If action, other than the filing of a financing statement, is
22 taken before the effective date of this Act and the action would have resulted in
23 perfection of the security interest had the security interest become enforceable
24 before the effective date of this Act, the action is effective to perfect a security
25 interest that attaches under this Act before the adjustment date. An attached
26 security interest becomes unperfected on the adjustment date unless the security
27 interest becomes a perfected security interest under this Act before the
28 adjustment date.

29 (b) Pre-effective-date filing. The filing of a financing statement before the

1 effective date of this Act is effective to perfect a security interest on the effective
2 date of this Act to the extent the filing would satisfy the requirements for
3 perfection under this Act.

4 (c) Pre-effective-date enforceability action. The taking of an action
5 before the effective date of this Act is sufficient for the enforceability of a
6 security interest on the effective date of this Act if the action would satisfy the
7 requirements for enforceability under this Act.

8 §13-305. Priority.

9 (a) Determination of priority. Subject to Subsections (b) and (c) of this
10 Section, this Act determines the priority of conflicting claims to collateral.

11 (b) Established priorities. Subject to Subsection (c) of this Section, if the
12 priorities of claims to collateral were established before the effective date of this
13 Act, Chapter 9 as in effect before the effective date of this Act determines
14 priority.

15 (c) Determination of certain priorities on adjustment date. On the
16 adjustment date, to the extent the priorities determined by Chapter 9 as
17 amended by this Act modify the priorities established before the effective date
18 of this Act, the priorities of claims to Chapter 12 property established before the
19 effective date of this Act cease to apply.

20 §13-306. Priority of claims when priority rules of Chapter 9 do not apply

21 (a) Determination of priority. Subject to Subsections (b) and (c) of this
22 Section, Chapter 12 determines the priority of conflicting claims to Chapter 12
23 property when the priority rules of Chapter 9 as amended by this Act do not
24 apply.

25 (b) Established priorities. Subject to Subsection (c) of this Section, when
26 the priority rules of Chapter 9 as amended by this Act do not apply and the
27 priorities of claims to Chapter 12 property were established before the effective
28 date of this Act, law other than Chapter 12 determines priority.

29 (c) Determination of certain priorities on adjustment date. When the

1 **priority rules of Chapter 9 as amended by this Act do not apply, to the extent**
 2 **the priorities determined by this Act modify the priorities established before the**
 3 **effective date of this Act, the priorities of claims to Chapter 12 property**
 4 **established before the effective date of this Act cease to apply on the adjustment**
 5 **date.**

6 Section 2. The Louisiana Legislature confirms and reiterates the reasons for and the
 7 judgment expressed in House Concurrent Resolution No. 71 of the 2023 Regular Session of
 8 the Legislature that the United States Congress not support legislation, or other efforts,
 9 relating to the adoption of a central bank digital currency in the United States. Nothing in
 10 this Act shall be construed to support, encourage, facilitate, or implement a central bank
 11 digital currency in the United States.

12 Section 3. The Louisiana State Law Institute is hereby directed to update or print the
 13 Official Comments to the national Uniform Commercial Code as set forth in the Uniform
 14 Commercial Code Amendments (2022) drafted by the Uniform Law Commission and the
 15 American Law Institute.

The original instrument and the following digest, which constitutes no part
 of the legislative instrument, were prepared by Xavier I. Alexander.

DIGEST

SB 110 Original

2024 Regular Session

Pressly

Present law (R.S. 10:1-201(b)(10)) defines the term "conspicuous".

Proposed law retains present law and clarifies that whether a term is conspicuous is determined by reference to the totality of the circumstances in a given case.

Present law (R.S. 10:1-201(b)(15)) defines the term "delivery".

Proposed law retains present law and conforms the reference to chattel paper to the definition of the term provided in proposed law (R.S. 10:9-102(a)(11)).

Proposed law (R.S. 10:1-201(b)(15)) provides a definition for the term "electronic".

Present law (R.S. 10:1-201(b)(21)(c)) defines the term "holder".

Proposed law excludes from the definition of the term "holder" someone who has control of an electronic document of title by acknowledgment pursuant to proposed law (R.S. 10:7-106(g)).

Present law (R.S. 10:1-201(b)(24)) defines the term "money".

Proposed law excludes from the definition of "money" any medium of exchange in

electronic form.

Present law (R.S. 10:1-201(b)(27)) defines the term "person".

Proposed law retains present law and clarifies that the definition of "person" includes a protected series.

Present law (R.S. 10:1-201(b)(36)(A)) provides a definition of the term "send", limiting the appropriateness of sending the communication to "any address reasonable under the circumstances" to the case of an instrument.

Proposed law retains present law but eliminates the limitation.

Present law (R.S. 10:1-201(b)(36)(B)) provides a definition of "send".

Proposed law retains present law and makes minor changes for grammatical uniformity.

Present law (R.S. 10:1-201(b)(37)) defines the term "signed".

Proposed law defines the term "sign" and expands the applicability of present law to the adoption of all records, not merely writings, and expands the manner in which a record can be "signed" to include the attachment of an electronic symbol, sound, or process. Proposed law further clarifies that this definition applies to alternate forms of the term "sign".

Present law (R.S. 10:1-204(Intro. Para.)) specifies the portions of Title 10 to which the description of giving for "value" is inapplicable.

Proposed law adds new Chapter 12 of Title 10 to the list provided in present law.

Present law (R.S. 10:1-301(g)) sets out a list of exceptions to the general rule for territorial applicability and parties' power to choose applicable law.

Proposed law adds R.S. 10:12-107 to this list of exceptions.

Present law (R.S. 10:3-104(a)) provides the criteria necessary for an unconditional promise or order to pay a fixed amount of money to constitute a "negotiable instrument", including that the promise or order to pay does not include any other undertaking or instruction beyond the payment of money.

Proposed law retains present law and clarifies that the inclusion of a choice-of-law or forum-selection clause does not negate the negotiability of an instrument. Proposed law also makes technical corrections.

Present law (R.S. 10:3-105(a)) defines the term "issue".

Proposed law expands present law to include the electronic transmission of an image of and information derived from the instrument if agreed by the payee.

Present law (R.S. 10:3-401) provides that a signature is necessary for liability on an instrument and specifies how a signature may be made.

Proposed law retains present law and deletes the description of how a signature may be made as redundant.

Present law (R.S. 10:3-604(a)) provides the manner by which a person entitled to enforce an instrument may discharge the obligation of a party to pay the instrument.

Proposed law retains present law and clarifies that the destruction of a check in connection

with a process by which information is extracted from the check and an image is made and transmitted for payment does not, of itself, discharge the obligation of a party to pay the check.

Present law (R.S. 10:4A-103(a)(1)) defines the term "payment order".

Proposed law retains present law and replaces reference to transmission electronically or in a writing with reference to transmission in a record.

Present law (R.S. 10:4A-201) provides relative to a "security procedure".

Proposed law retains and clarifies present law while expanding the list of examples of a "security procedure" and specifying that the requirement that a payment order be sent from a known source does not by itself suffice as a "security procedure".

Present law (R.S. 10:4A-202(b) and (c)) provides relative to authorized and verified payment orders.

Proposed law retains and clarifies present law while making grammatical corrections and replacing reference to writings with reference to records.

Present law (R.S. 10:4A-203(a)(1)) provides a rule applicable if an accepted payment order is not an authorized order but is nevertheless effective as an order of the customer under R.S. 10:4A-202(b).

Proposed law retains present law and replaces reference to a writing with reference to a record.

Present law (R.S. 10:4A-207) provides relative to the misdescription of a beneficiary.

Proposed law retains present law while making technical and grammatical corrections and replacing reference to a writing with reference to a record.

Present law (R.S. 10:4A-208(b)(2)) provides relative to the misdescription of an intermediary bank or a beneficiary's bank.

Proposed law retains present law, replaces reference to a writing with reference to a record, and makes technical corrections.

Present law (R.S. 10:4A-210(a)) provides relative to the rejection of a payment order.

Proposed law retains present law, replaces reference to electronic transmission or transmission in a writing with reference to transmission in a record, and makes grammatical corrections.

Present law (R.S. 10:4A-211(a) and (d)) provides relative to the cancellation and amendment of payment orders.

Proposed law (R.S. 10:4A-211(a)) retains present law and replaces reference to electronic transmission or transmission in a writing with reference to transmission in a record.

Proposed law (R.S. 10:4A-211(d)) retains present law and makes grammatical corrections.

Present law (R.S. 10:4A-305(b) through (d)) provides relative to late or improper execution or failure to execute payment orders.

Proposed law retains present law, replaces reference to a writing with reference to a record, and makes technical corrections.

Present law (R.S. 10:5-104) sets out the formal requirements for a letter of credit, confirmation, advice, transfer, amendment, or cancellation.

Proposed law retains present law but eliminates language that is now redundant as subsumed by the expanded definition of "sign" contained in R.S. 10:1-201(b)(37).

Present law (R.S. 10:5-116) provides relative to choice of law and forum.

Proposed law (R.S. 10:5-116(a)) retains present law but eliminates language that is now redundant as subsumed by the expanded definition of "sign" provided in R.S. 10:1-201(b)(37).

Proposed law (R.S. 10:5-116(b) and (c)) retains present law and makes technical corrections.

Proposed law (R.S. 10:5-116(d)) retains present law and adds clarification regarding the location of a bank branch.

Proposed law (R.S. 10:5-116(e) through (g)) retains present law and makes technical corrections.

Present law (R.S. 10:7-102(a)(11)) defines the term "sign".

Proposed law deletes present law as redundant in light of the substantially equivalent definition of "sign" provided in R.S. 10:1-201(b)(37).

Present law (R.S. 10:7-106) provides relative to control of an electronic document of title.

Proposed law (R.S. 10:7-106(b)) retains present law and makes nonsubstantive stylistic revisions.

Proposed law (R.S. 10:7-106(c)) adds to present law an additional mechanism by which to affect control of an electronic document of title.

Proposed law (R.S. 10:7-106(d) and (e)) describes when power is considered exclusive.

Proposed law (R.S. 10:7-106(f)) provides for a presumption of exclusivity of power.

Proposed law (R.S. 10:7-106(g)) provides for control through another person.

Proposed law (R.S. 10:7-106(h)) clarifies that a person with control is not required to acknowledge that it has control on behalf of another person.

Proposed law (R.S. 10:7-106(i)) clarifies that a person who has control on behalf of another person owes no duties to that person unless agreed otherwise.

Present law (R.S. 10:8-102(a)(6)) defines the term "communicate".

Proposed law retains present law and replaces reference to a writing with reference to a record.

Present law (R.S. 10:8-102(b)) incorporates by reference defined terms appearing elsewhere throughout Title 10.

Proposed law adds to this list the defined terms "controllable account", "controllable electronic record", and "controllable payment intangible".

Proposed law (R.S. 10:8-103(h)) provides the circumstances under which a controllable account, controllable electronic record, or controllable payment constitutes a financial asset.

Present law (R.S. 10:8-106(d)(3)) provides one means by which a purchaser can obtain "control" of a security entitlement.

Proposed law conforms the structure of present law to corresponding provisions for control of other types of assets while clarifying that an acknowledgment is only effective to confer control if made by a person other than the transferor of an interest in the security entitlement.

Proposed law (R.S. 10:8-106(h)) clarifies that a person with control of a security entitlement is not required to acknowledge that it has control on behalf of another person.

Proposed law (R.S. 10:8-106(i)) clarifies that a person who has control of a security entitlement on behalf of another person owes no duties to that person unless agreed otherwise.

Present law (R.S. 10:8-110(a) and (b)) provides relative to the governing law of certain matters and transactions.

Proposed law (R.S. 10:8-110(g)) clarifies that present law applies even if the matter or transaction at issue bears no relation to the jurisdiction identified by present law.

Present law (R.S. 10:8-303(b)) provides that a protected purchaser both acquires the rights of a purchaser and acquires its interest in the security free of any adverse claim.

Proposed law retains present law and deletes reference to the former concept as redundant. Present law (R.S. 10:9-102(a)(2)) defines the term "account".

Proposed law retains present law and revises this definition to conform to the revised definition of the term "chattel paper" as provided in R.S. 10:9-102(a)(11). Proposed law also clarifies certain exceptions that accommodate use of the term "account" in other provisions.

Present law (R.S. 10:9-102(a)(3)) defines the term "account debtor".

Proposed law retains present law and clarifies that an obligor on a negotiable instrument is not an account debtor.

Present law (R.S. 10:9-102(a)) defines the term "accounting".

Proposed law (R.S. 10:9-102(a)(4)(A)) retains present law and replaces the term "authenticated" with the term "signed" to account for the replacement of the defined term "sign" in R.S. 10:9-102(a)(7) with the substantially similar defined term "authenticate" in R.S. 10:1-102(b)(37).

Present law (R.S. 10:9-102(a)(7)) defines the term "authenticate".

Proposed law deletes present law to account for the replacement of the defined term "sign" in R.S. 10:9-102(a)(7) with the substantially similar defined term "authenticate" in R.S. 10:1-102(b)(37).

Proposed law (R.S. 10:9-102(a)(7.1)) provides a definition for the term "assignee".

Proposed law (R.S. 10:9-102(a)(7.2)) provides a definition for the term "assignor".

Present law (R.S. 10:9-102(a)(11)) defines the term "chattel paper".

Proposed law revises the definition of "chattel paper" for accuracy and to clarify the distinction between the right to payment versus the record evidencing that right and regarding the creation of chattel paper in mixed-purpose contracts. Proposed law also eliminates the need for separate definitions of "electronic chattel paper" and "tangible chattel

paper".

Proposed law (R.S. 10:9-102(a)(27.1)) provides a definition for the term "controllable account".

Proposed law (R.S. 10:9-102(a)(27.2)) provides a definition for the term "controllable payment intangible".

Present law (R.S. 10:9-102(a)(31)) defines the term "electronic chattel paper".

Proposed law deletes this definition as unnecessary in light of the new definition of "chattel paper" provided in R.S. 10:9-102(a)(11).

Present law (R.S. 10:9-102(a)(42)) defines the term "general intangible".

Proposed law retains present law and adds controllable electronic records to the illustrative list of general intangibles.

Present law (R.S. 10:9-102(a)(47)) defines the term "instrument".

Proposed law excludes from this definition writings that evidence chattel paper.

Proposed law (R.S. 10:9-102(a)(54.1)) adds a Chapter-specific definition of the term "money" that excludes deposit accounts.

Present law (R.S. 10:9-102(a)(61)) defines the term "payment intangible".

Proposed law retains present law and clarifies that the term "payment intangible" includes a controllable payment intangible.

Present law (R.S. 10:9-102(a)(66)) defines the term "proposal".

Proposed law retains present law and replaces the term "authenticated" with "signed".

Present law (R.S. 10:9-102(a)(75)) defines the term "send".

Proposed law deletes this definition as redundant in light of the new definition of the term "send" provided in R.S. 10:1-102(36).

Present law (R.S. 10:9-102(a)(79)) defines the term "tangible chattel paper".

Proposed law deletes this definition as unnecessary in light of the new definition of "chattel paper" provided in R.S. 10:9-102(a)(11).

Present law (R.S. 10:9-102(b)) incorporates by reference defined terms appearing elsewhere throughout Title 10.

Proposed law adds to this list the defined terms "controllable electronic record", "protected purchaser", and "qualifying purchaser".

Present law (R.S. 10:9-104(a)) provides the requirements for control of a deposit account.

Proposed law (R.S. 10:9-104(a)(2) and (3)) retains present law and replaces the term "authenticated" with "signed".

Proposed law (R.S. 10:9-104(a)(4)) allows for a secured party to obtain control of a deposit account by virtue of the acknowledgment by another person in control of the deposit account.

Present law (R.S. 10:9-105) provides relative to control of electronic chattel paper.

Proposed law revises present law to conform to the new definition of the term "chattel paper" provided in R.S. 10:9-102(a)(11) and the new concept of control.

Present law (R.S. 10:9-107.1) provides relative to control over a life insurance policy.

Proposed law retains present law while adding the concept of control by acknowledgment and replacing the term "authenticates" with "signs".

Present law (R.S. 10:9-107.2) provides for the effect on control of an agreement that makes the exercise of control conditional.

Proposed law extends the applicability of present law to control pursuant to R.S. 10:9-107.3.

Proposed law (R.S. 10:9-107.3) provides relative to control over a controllable electronic record, controllable account, or controllable payment intangible.

Proposed law (R.S. 10:9-107.4(a)) provides that a person with control is not required to acknowledge that it has control on behalf of another person.

Proposed law (R.S. 10:9-107.4(b)) provides that a person who has control on behalf of another person owes no duties to that person unless agreed otherwise.

Present law (R.S. 10:9-203(b)(3)(A)) provides for the enforceability of a security interest if the debtor has authenticated a security agreement providing a description of the collateral and has satisfied other conditions.

Proposed law retains present law and replaces the term "authenticates" with the term "signs".

Present law (R.S. 10:9-203(b)(3)(D)) provides for the enforceability of a security interest if the collateral is one of several listed types and the secured party has control over it.

Proposed law (R.S. 10:9-203(b)(3)(D) and (E)) revises the list of types of collateral to include new categories of assets and manners of gaining control and to conform to the new definition of "chattel paper" provided in R.S. 10:9-102(a)(11) by requiring both control and possession pursuant to the debtor's security agreement for the enforceability of a security interest in chattel paper.

Present law (R.S. 10:9-204(b)) sets out when an after-acquired property clause is not effective.

Proposed law (R.S. 10:9-204(b)(intro para) and (b.1)) provide a limitation on present law.

Present law (R.S. 10:9-207(c)) provides for the rights and duties of a secured party with possession or control of collateral.

Proposed law updates the list of cross-references contained in present law and makes technical corrections.

Present law (R.S. 10:9-208) provides for additional duties of a secured party with control of collateral.

Proposed law (R.S. 10:9-208(b)(intro para) and (1)) retains present law and replaces the term "authenticated" with "signed" and the term "authenticated statement" with "signed record".

Present law (R.S. 10:9-208(b)(3)) provides the duties of a secured party with control of electronic chattel paper.

Proposed law revises present law to conform to the new definition of the term "chattel paper" provided in R.S. 10:9-102(a)(11).

Proposed law (R.S. 10:9-208(b)(4) and (5)) retains present law and replaces the term "authenticated" with "signed".

Present law (R.S. 10:9-208(b)(6)) provides the duties of a secured party with control of an electronic document.

Proposed law revises present law to conform to changes to the definition of the term "chattel paper" provided in R.S. 10:9-102(a)(11) and the concept of control of an authoritative electronic copy of a record evidencing chattel paper provided in R.S. 10:9-105.

Present law (R.S. 10:9-208(b)(7)) provides the duties of a secured party with control in a life insurance policy.

Proposed law provides the duties of a secured party with control of a controllable electronic record.

Proposed law (R.S. 10:9-208(b)(8)) retains and redesignates present law and replaces the term "authenticated" with "signed".

Present law (R.S. 10:9-209(b)) provides for the duties of a secured party after receiving demand from the debtor.

Proposed law retains present law while expanding the manner of sufficient notice to conform to R.S. 10:12-106(b). Proposed law also replaces the term "authenticated" with "signed" and makes nonsubstantive stylistic changes.

Present law (R.S. 10:9-210) provides relative to a request for accounting or list of collateral or statement of account.

Proposed law retains present law, replaces the term "authenticated" with "signed", and makes technical corrections.

Present law (R.S. 10:9-301) provides relative to the law governing perfection and priority of security interests.

Proposed law (R.S. 10:9-301(intro para)) updates the list of exceptions to incorporate cross-reference to R.S. 10:9-306.2.

Proposed law (R.S. 10:9-301(3)(intro para)) updates the list of assets to conform to changes under proposed law.

Present law (R.S. 10:9-304(a)) provides that the law that governs perfection and priority of a security interest in a deposit account is the law of the bank's jurisdiction.

Proposed law retains present law and clarifies that this rule applies even if the transaction at issue bears no relation to the bank's jurisdiction.

Present law (R.S. 10:9-305(a)) provides general rules regarding the law governing perfection and priority of security interests in investment property.

Proposed law (R.S. 10:9-305(a)(intro para)) makes technical corrections.

Proposed law (R.S. 10:9-305(a)(5)) retains present law and clarifies that provisions of present law apply even if the transaction at issue bears no relation to the identified jurisdiction.

Proposed law (R.S. 10:9-306.1) provides for the law governing perfection and priority of security interest in chattel paper.

Proposed law (R.S. 10:9-306.2) provides for the law governing perfection and priority of security interests in controllable accounts, controllable electronic records, and controllable payment intangibles.

Present law (R.S. 10:9-310(b)(8)) sets out when the filing of a financing statement is not necessary to perfect a security interest.

Proposed law (R.S. 10:9-310(b)(8) and (8.1)) reorganizes and expands the list of asset classes for which filing is not necessary to perfect a security interest to include controllable accounts, controllable electronic records, and controllable payment intangibles and to conform to the new definition of the term "chattel paper" provided in R.S. 10:9-102(a)(11) and the new manner of perfection of a security interest in chattel paper provided in R.S. 10:9-314.1.

Present law (R.S. 10:9-312(a)) provides the asset classes in which a security interest may be perfected by filing.

Proposed law expands this list to include controllable accounts, controllable electronic records, and controllable payment intangibles.

Present law (R.S. 10:9-312(e)) provides for temporary perfection of a security interest when there is new value.

Proposed law retains present law and replaces the term "authenticated" with "signed".

Present law (R.S. 10:9-313(a)) provides for the types of collateral in which a secured party may perfect a security interest by taking possession of the collateral.

Proposed law revises this list to conform to the new definition of the term "chattel paper" provided in R.S. 10:9-102(a)(11) and the new manner of perfection of a security interest in chattel paper provided in R.S. 10:9-314.1.

Present law (R.S. 10:9-313(c) and (d)) provides relative to perfection of a security interest by possession.

Proposed law replaces the terms "authenticates" and "authenticated" with "signs" and "signed" and makes technical corrections.

Present law (R.S. 10:9-314(a) through (c)) provides for perfection of a security interest by control.

Proposed law (R.S. 10:9-314(a) and (b)) updates lists of categories of collateral and corresponding cross-references to add new categories of collateral and to conform to the new definition of the term "chattel paper" provided in R.S. 10:9-102(a)(11) and the new manner of perfection of a security interest in chattel paper provided in proposed law (R.S. 10:9-314.1).

Proposed law (R.S. 10:9-314(c)) makes semantic changes.

Proposed law (R.S. 10:9-314.1) provides for perfection by possession and control of chattel paper.

Present law (R.S. 10:9-316(a) and (f)) provide relative to continued perfection of a security interest following a change in governing law.

Proposed law updates lists of categories of collateral and corresponding cross-references.

Present law (R.S. 10:9-317(b) and (d)) sets out when buyers of certain categories of collateral take free of existing security interests.

Proposed law updates lists of categories of collateral to remove reference to chattel paper and otherwise conform to changes to asset classes.

Proposed law (R.S. 10:9-317(f)) sets out when a buyer of chattel paper takes free of a security interest.

Proposed law (R.S. 10:9-317(g)) sets out when a buyer of electronic documents takes free of a security interest.

Proposed law (R.S. 10:9-317(h)) sets out when a buyer of controllable electronic records takes free of a security interest.

Proposed law (R.S. 10:9-317(i)) sets out when a buyer of controllable accounts or controllable payment intangibles takes free of a security interest.

Present law (R.S. 10:9-323(d)) sets out when a buyer of goods takes free of a security interest.

Proposed law expands present law to remove the exclusion of buyers in the ordinary course of business.

Present law (R.S. 10:9-323(f)) sets out when a lessee of goods takes the leasehold interest free of a security interest.

Proposed law expands present law to remove the exclusion of lessees in the ordinary course of business.

Present law (R.S. 10:9-324) provides relative to the priority of purchase-money security interests.

Proposed law replaces the term "authenticated" with the term "signed" and makes technical corrections.

Proposed law (R.S. 10:9-326.1) provides for the priority of a security interest in a controllable account, controllable electronic record, or controllable payment intangible.

Present law (R.S. 10:9-330) provides for the priority of purchasers of chattel paper or instruments.

Proposed law revises present law to conform to the new definition of the term "chattel paper" provided in R.S. 10:9-102(a)(11) and the new concept of control in chattel paper provided in R.S. 10:9-105.

Present law (R.S. 10:9-331(a) and (b)) provides relative to the priority of rights of purchasers of various categories of asset.

Proposed law update the lists of assets and corresponding cross-references to conform with changes under proposed law.

Present law (R.S. 10:9-332) sets out when a transferee of money takes free of a security interest.

Proposed law (R.S. 10:9-332(a)) retains and clarifies present law.

Present law (R.S. 10:9-332(b)) sets out when the transferee of funds from a deposit account takes free of a security interest.

Proposed law retains and clarifies present law.

Present law (R.S. 10:9-334) provides for the priority of security interests in fixtures and crops.

Proposed law retains present law and replaces the term "authenticated" with the term "signed".

Present law (R.S. 10:9-341) provides for a bank's rights and duties with respect to a deposit account.

Proposed law retains present law and replaces the term "authenticated" with the term "signed".

Present law (R.S. 10:9-404) provides relative to the rights acquired by and claims and defenses against an assignee.

Proposed law retains present law, replaces the term "authenticated" with the term "signed", and makes technical corrections.

Present law (R.S. 10:9-406) provides relative to the discharge of an account debtor.

Proposed law (R.S. 10:9-406(a)) replaces the term "authenticated" with "signed".

Proposed law (R.S. 10:9-406(a) through (d)) updates the internal cross-references contained in present law for clarification and makes technical corrections.

Proposed law (R.S. 10:9-406(d)) retains present law by restoring the scope of the provision to ensure that it applies to a negotiable instrument that would be a promissory note but for changes made to R.S. 10:9-102(a)(65).

Proposed law (R.S. 10:9-406(l)) provides for the inapplicability of R.S. 10:9-404(a), (b), (c), and (g) to controllable accounts or controllable payment intangibles in light of R.S. 10:12-106.

Present law (R.S. 10:9-408(g)) provides relative to the applicability of present law to the assignment or transfer or creation of certain security interests.

Proposed law ensures that present law (R.S. 10:9-408) remains applicable to a negotiable instrument that would otherwise be a promissory note but for changes to R.S. 10:9-102(a)(65).

Proposed law (R.S. 10:9-408(h)) retains and redesignates present law (R.S. 10:9-408(g)) and makes technical corrections.

Present law (R.S. 10:9-412) provides relative to the discharge of a tortfeasor.

Proposed law retains present law, replaces the term "authenticated" with "signed", and makes technical corrections.

Present law (R.S. 10:9-509) provides relative to the persons entitled to file a record.

Proposed law retains present law and replaces the term "authenticated" with "signed" and makes technical corrections.

Present law (R.S. 10:9-513) provides relative to a termination statement.

Proposed law retains present law, replaces the term "authenticated" with "signed", and makes technical corrections.

Present law (R.S. 10:9-601(b)) provides for the rights and duties of a secured party in possession or control of collateral under certain provisions.

Proposed law expands the list of cross-references contained in present law to make present law applicable where a secured party has control pursuant to R.S. 10:9-107.3.

Present law (R.S. 10:9-605) provides that a secured party does not owe a duty based on its status as secured party when certain information regarding the identity of the debtor or obligor cannot be determined.

Proposed law (R.S. 10:9-605(a)) retains present law while adding reference to the exception created by R.S. 10:9-605(b).

Proposed law (R.S. 10:9-605(b)) creates an exception to R.S. 10:9-605(a) where the secured party is aware of the fact that it will be unable to determine the relevant information at the time the duty would otherwise arise but for R.S. 10:9-605.

Present law (R.S. 10:9-608(a)(1)(C)) provides relative to the application of proceeds of collection or enforcement.

Proposed law retains present law and replaces the term "authenticated" with "signed".

Present law (R.S. 10:9-611) provides rules for notification before disposition of collateral.

Proposed law retains present law, replaces the term "authenticated" with "signed", and makes technical corrections.

Present law (R.S. 10:9-613) sets out the required content and form of notification before disposition of collateral generally.

Proposed law (R.S. 10:9-613(a)) retains present law, updates the applicable safe-harbor form, and makes technical corrections.

Proposed law (R.S. 10:9-613(b)) provides further instruction and clarification regarding present law.

Present law (R.S. 10:9-614) sets out the required content and form of the notification before disposition of collateral for a consumer goods transaction.

Proposed law (R.S. 10:9-614(a)) retains present law and updates the applicable safe-harbor form to achieve medium neutrality. Proposed law also makes technical corrections.

Proposed law (R.S. 10:9-614(b)) provides further instruction and clarification regarding present law.

Present law (R.S. 10:9-615(a)(3)(A) and (4)) provides relative to the application of proceeds of disposition.

Proposed law retains present law and replaces the term "authenticated" with "signed".

Present law (R.S. 10:9-616) sets out the manner of calculation of surplus and deficiency.

Proposed law retains present law and replaces the term "writing" with "record" and the term

"authenticated" with "signed". Proposed law also makes technical corrections.

Present law (R.S. 10:9-619(a)(intro para)) provides for transfer of a record or legal title.

Proposed law retains present law, replaces the term "authenticated" with "signed", and makes technical corrections.

Present law (R.S. 10:9-620) provides relative to acceptance of collateral in satisfaction of an obligation.

Proposed law retains present law and replaces the term "authenticated" with "signed" and makes technical corrections.

Present law (R.S. 10:9-621(a)(1)) provides which parties must be notified of a proposal to accept collateral.

Proposed law retains present law and replaces the term "authenticated" with "signed".

Present law (R.S. 10:9-624) provides relative to waiver.

Proposed law retains present law and replaces the term "authenticated" with "signed".

Present law (R.S. 10:9-628) provides for the nonliability and limitation of liability of a secured party and the liability of a secondary obligor.

Proposed law (R.S. 10:9-628(a)(intro para) and (b)(intro para)) retains present law while adding reference to the exception created by R.S. 10:9-628(f).

Proposed law (R.S. 10:9-628(f)) provides for circumstances in which the limitation of liability contained in present law is inapplicable.

Present law (R.S. 10:9-629) provides relative to judicial proceedings and authentic evidence.

Proposed law (R.S. 10:9-629(a)(1) and (2)) retains present law and replaces the term "authenticated" with "signed".

Proposed law (Chapter 12) provides relative to a new class of digital assets to be called controllable electronic records.

Proposed law (R.S. 10:12-101) provides a short title.

Proposed law (R.S. 10:12-102) provides for definitions.

Proposed law (R.S. 10:12-103) governs the relationship between Chapter 12 and the Uniform Commercial Code - Secured Transactions and other consumer laws.

Proposed law (R.S. 10:12-104) provides relative to rights in controllable accounts, controllable electronic records, or controllable payment intangibles.

Proposed law (R.S. 10:12-105) provides relative to control of a controllable electronic record.

Proposed law (R.S. 10:12-106) sets out how an account debtor on a controllable account or controllable payment intangible may discharge its debt.

Proposed law (R.S. 10:12-107) sets forth the law that governs matters covered by Chapter 12.

Proposed law (Chapter 13) provides transition rules for the implementation of Chapter 12.

Proposed law (R.S. 10:13-101) provides a short title.

Proposed law (R.S. 10:13-102) provides definitions.

Proposed law (R.S. 10:13-201) provides a general savings clause.

Proposed law (R.S. 10:13-301) provides a special savings clause.

Proposed law (R.S. 10:13-302) provides relative to the continuing perfection of security interests perfected before the effective date of the Act.

Proposed law (R.S. 10:13-303) provides relative to security interests that remain unperfected upon the effective date of the Act.

Proposed law (R.S. 10:13-304) provides for the effectiveness of certain actions taken before the effective date of the Act.

Proposed law (R.S. 10:13-305) provides for the priority of claims to collateral established before and after the effective date and adjustment date of the Act.

Proposed law (R.S. 10:13-306) provides relative to the priority of claims to collateral when the priority rules of Chapter 9 do not apply.

Effective August 1, 2024.

(Amends R.S. 10:1-201(b)(10), (15), (21)(C), (24), (27), (36), and (37), 1-204(intro para), 1-301(g)(8), 3-104(a)(intro para) and (3), 3-105(a), 3-401, 3-604(a), 4A-103(a)(1)(intro para), 4A-201, 4A-202(b) and (c), 4A-203(a)(1), 4A-207(b)(2) and (c)(intro para) and (2), 4A-208(b)(2), 4A-210(a), 4A-211(a) and (d), 4A-305(b)-(d), 5-104, 5-116, 7-102(a)(11), 7-106(b)(intro para) and (4), 8-102(a)(6)(i) and (b), 8-106(d)(3), 8-303(b), 9-102(a)(2), (3), (4)(A), (7), (11), (31), (42), (47), (61), (66), (75), and (79) and (b), 9-104(a)(2) and (3), 9-105, 9-107.1, 9-107.2, 9-203(b)(3)(A), (C), and (D), 9-204(b)(intro para), 9-207(c)(intro para), 9-208(b)(intro para), (1), and (3)-(7), 9-209(b), 9-210(a)(2)-(4), (b), (c), (d)(intro para), and (e)(intro para), 9-301(intro para) and (3)(intro para), 9-304(a), 9-305(a)(intro para), 9-310(b)(8), 9-312(a) and (e), 9-313(a), (c), and (d), 9-314(a)-(c), 9-316(a)(intro para) and (f)(intro para), 9-317(b) and (d), 9-323(d)(intro para) and (f)(intro para), 9-324(b)(intro para) and (2) and (d)(intro para) and (2), 9-330(a), (b), and (f), 9-331(a) and (b), 9-332, 9-334(f)(1), 9-341(intro para), 9-404(a)(intro para) and (2), 9-406(a), (b)(intro para), (c), (d)(intro para), and (g), 9-408(g), 9-412(a), 9-509(a)(1) and (b)(intro para), 9-513(b)(intro para) and (2) and (c)(intro para), 9-601(b), 9-605, 9-608(a)(1)(C), 9-611(a)(1), (b), (c)(intro para) and (3)(A), and (e)(intro para) and (2)(B), 9-613, 9-614, 9-615(a)(3)(A) and (4), 9-616(a)(1)(intro para) and (B) and (2)(A), (b)(1)(A), and (c)(intro para), 9-619(a)(intro para), 9-620(a)(2)(intro para), (b)(1), (c)(1) and (2)(intro para) and (C), and (f)(intro para) and (2), 9-621(a)(1), 9-624, 9-628(a)(intro para) and (b)(intro para), and 9-629(a)(1) and (2); adds R.S. 10:1-201(b)(16.1), 1-301(g)(9), 5-116(c), (d), (e), (f), and (g), 7-106(c)-(i), 8-103(h), 8-106(h) and (i), 8-110(g), 9-102(a)(7.1), (7.2), (27.1), (27.2), and (54.1), 9-104(a)(4), 9-107.3, 9-107.4, 9-203(b)(3)(E), 9-204(b.1), 9-208(b)(8), 9-305(a)(5), 9-306.1, 9-306.2, 9-310(b)(8.1), 9-314.1, 9-317(f)-(i), 9-326.1, 9-406(l), 9-408(h), 9-628(f), R.S. 10:12-101-12-107, and R.S. 10:13-101-13-306)