SENATE BILL 3

Unofficial Copy 2000 Regular Session
I4 (0lr1210)

ENROLLED BILL
-- *Finance/Economic Matters* --

Introduced by **Senator Miller**

Read and Examined by Proofreaders:

_____
Proofreader.

_____
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____M.

_____
President.

CHAPTER 8

AN ACT concerning

Commercial Law - The Maryland Uniform Electronic Transactions Act

FOR the purpose of adopting the Maryland Uniform Electronic Transactions Act; exempting transactions that are governed by certain laws and regulations from the application of this Act; limiting the application of this Act to certain transactions where the parties have agreed to conduct transactions electronically; providing that an agreement to conduct a transaction electronically may not be contained in a standard form contract under certain circumstances; providing that an agreement to conduct a transaction electronically may not be inferred solely from certain facts; providing that a record or signature may not be denied legal effect or enforceability solely because it is in electronic form; providing that a contract may not be denied legal effect or enforceability solely because an electronic record was used in its formation; providing that the requirements of certain laws that specify a record or signature be in written form are met by an electronic record or electronic signature under certain circumstances; authorizing certain provisions of this Act to be varied by agreement; prohibiting certain provisions of this Act ~~to be~~ from

being varied by agreement; providing that the requirements of certain laws that specify that a person provide, send, or deliver information in writing are met by the providing, sending, or delivering of an electronic record under certain circumstances; specifying that certain electronic records or electronic signatures may be attributed to a person under certain circumstances; specifying the legal effect of certain changes or errors; providing that an authorized individual may meet the requirements of certain laws through the use of an electronic signature under certain circumstances; providing that the requirements of certain laws that specify certain records be retained are met by retention of an electronic record under certain circumstances; providing that signatures and records may not be excluded as evidence in a proceeding solely because they are in electronic form; establishing rules for the formation of a contract in an automated transaction; establishing rules for determining the time and place of sending of electronic records and time and place of receipt of electronic records; establishing rules for certain electronic records to be transferable records that transfer certain interests under certain circumstances; establishing rules governing the enforceability of transferable records and the rights and defenses available to certain persons under certain circumstances; requiring governmental agencies to make certain determinations about use of electronic records and electronic signatures; authorizing governmental agencies that use electronic records and electronic signatures to establish certain standards and encourage certain acts; requiring that certain standards adopted by units of State government be consistent with those specified in the State Information Technology Master Plan; providing for the construction, effect, and application of this Act; defining certain terms; making provisions of this Act severable; and generally relating to electronic records, electronic signatures, and the adoption of the Maryland Uniform Electronic Transactions Act.

BY adding to
Article - Commercial Law
Section 21-101 through 21-120, inclusive, to be under the new title "Title 21. The Maryland Uniform Electronic Transactions Act"
Annotated Code of Maryland
(1990 Replacement Volume and 1999 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - Commercial Law

TITLE 21. THE MARYLAND UNIFORM ELECTRONIC TRANSACTIONS ACT.

21-101. DEFINITIONS.

(A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "AGREEMENT" MEANS THE BARGAIN OF THE PARTIES IN FACT, AS FOUND IN THEIR LANGUAGE OR INFERRED FROM OTHER CIRCUMSTANCES AND FROM

RULES, REGULATIONS, AND PROCEDURES GIVEN THE EFFECT OF AGREEMENTS UNDER LAWS OTHERWISE APPLICABLE TO A PARTICULAR TRANSACTION.

(C) "AUTOMATED TRANSACTION" MEANS A TRANSACTION CONDUCTED OR PERFORMED, IN WHOLE OR IN PART, BY ELECTRONIC MEANS OR ELECTRONIC RECORDS, IN WHICH THE ACTS OR RECORDS OF ONE OR BOTH PARTIES ARE NOT REVIEWED BY AN INDIVIDUAL IN THE ORDINARY COURSE OF FORMING A CONTRACT, PERFORMING UNDER AN EXISTING CONTRACT, OR FULFILLING AN OBLIGATION REQUIRED BY THE TRANSACTION.

(D) "COMPUTER PROGRAM" MEANS A SET OF STATEMENTS OR INSTRUCTIONS TO BE USED DIRECTLY OR INDIRECTLY IN AN INFORMATION PROCESSING SYSTEM IN ORDER TO BRING ABOUT A CERTAIN RESULT.

(E) "CONTRACT" MEANS THE TOTAL LEGAL OBLIGATION RESULTING FROM THE PARTIES' AGREEMENT AS AFFECTED BY THIS TITLE AND OTHER APPLICABLE LAW.

(F) "ELECTRONIC" MEANS RELATING TO TECHNOLOGY HAVING ELECTRICAL, DIGITAL, MAGNETIC, WIRELESS, OPTICAL, ELECTROMAGNETIC, OR SIMILAR CAPABILITIES.

(G) "ELECTRONIC AGENT" MEANS A COMPUTER PROGRAM OR AN ELECTRONIC OR OTHER AUTOMATED MEANS USED INDEPENDENTLY TO INITIATE AN ACTION OR RESPOND TO ELECTRONIC RECORDS OR PERFORMANCES IN WHOLE OR IN PART, WITHOUT REVIEW OR ACTION BY AN INDIVIDUAL.

(H) "ELECTRONIC RECORD" MEANS A RECORD CREATED, GENERATED, SENT, COMMUNICATED, RECEIVED, OR STORED BY ELECTRONIC MEANS.

(I) "ELECTRONIC SIGNATURE" MEANS AN ELECTRONIC SOUND, SYMBOL, OR PROCESS ATTACHED TO OR LOGICALLY ASSOCIATED WITH A RECORD AND EXECUTED OR ADOPTED BY A PERSON WITH THE INTENT TO SIGN THE RECORD.

(J) "GOVERNMENTAL AGENCY" MEANS AN EXECUTIVE, LEGISLATIVE, OR JUDICIAL AGENCY, DEPARTMENT, BOARD, COMMISSION, AUTHORITY, INSTITUTION, UNIT, OR INSTRUMENTALITY OF THE FEDERAL GOVERNMENT OR OF A STATE OR OF A COUNTY, MUNICIPALITY, OR OTHER POLITICAL SUBDIVISION OF A STATE.

(K) "INFORMATION" INCLUDES DATA, TEXT, IMAGES, SOUNDS, CODES, COMPUTER PROGRAMS, SOFTWARE, AND DATABASES.

(L) "INFORMATION PROCESSING SYSTEM" MEANS AN ELECTRONIC SYSTEM FOR CREATING, GENERATING, SENDING, RECEIVING, STORING, DISPLAYING, OR PROCESSING INFORMATION.

(M) "PERSON" MEANS AN INDIVIDUAL, CORPORATION, BUSINESS TRUST, ESTATE, TRUST, PARTNERSHIP, LIMITED LIABILITY COMPANY, ASSOCIATION, JOINT VENTURE, GOVERNMENTAL AGENCY, PUBLIC CORPORATION, OR ANY OTHER LEGAL OR COMMERCIAL ENTITY.

(N) "RECORD" MEANS INFORMATION THAT IS INSCRIBED ON A TANGIBLE MEDIUM OR THAT IS STORED IN AN ELECTRONIC OR OTHER MEDIUM AND IS RETRIEVABLE IN PERCEIVABLE FORM.

(O) "SECURITY PROCEDURE" MEANS A PROCEDURE EMPLOYED FOR THE PURPOSE OF VERIFYING THAT AN ELECTRONIC SIGNATURE, RECORD, OR PERFORMANCE IS THAT OF A SPECIFIC PERSON OR FOR DETECTING CHANGES OR ERRORS IN THE INFORMATION IN AN ELECTRONIC RECORD. THE TERM INCLUDES A PROCEDURE THAT REQUIRES THE USE OF ALGORITHMS OR OTHER CODES, IDENTIFYING WORDS OR NUMBERS, ENCRYPTION, OR CALLBACK OR OTHER ACKNOWLEDGMENT PROCEDURES.

(P) "STATE" MEANS A STATE OF THE UNITED STATES, THE DISTRICT OF COLUMBIA, PUERTO RICO, THE UNITED STATES VIRGIN ISLANDS, OR ANY TERRITORY OR INSULAR POSSESSION SUBJECT TO THE JURISDICTION OF THE UNITED STATES. THE TERM INCLUDES AN INDIAN TRIBE OR BAND, OR ALASKAN NATIVE VILLAGE, WHICH IS RECOGNIZED BY FEDERAL LAW OR FORMALLY ACKNOWLEDGED BY A STATE.

(Q) "TRANSACTION" MEANS AN ACTION OR SET OF ACTIONS OCCURRING BETWEEN TWO OR MORE PERSONS RELATING TO THE CONDUCT OF BUSINESS, COMMERCIAL, OR GOVERNMENTAL AFFAIRS.

21-102. SCOPE.

(A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (B), (C), AND (D) OF THIS SECTION, THIS TITLE APPLIES TO ELECTRONIC RECORDS AND ELECTRONIC SIGNATURES RELATING TO A TRANSACTION.

(B) THIS TITLE DOES NOT APPLY TO A TRANSACTION TO THE EXTENT IT IS GOVERNED BY:

(1) A LAW GOVERNING THE CREATION AND EXECUTION OF WILLS, CODICILS, OR TESTAMENTARY TRUSTS;

(2) THE MARYLAND UNIFORM COMMERCIAL CODE, OTHER THAN §§ 1-107 AND 1-206 AND TITLES 2 AND 2A;

(3) THE UNIFORM COMPUTER INFORMATION TRANSACTIONS ACT IF ENACTED BY THIS STATE; AND

(4) A LAW OR REGULATION GOVERNING NOTICE ~~CONCERNING~~ OF:

(I) THE CANCELLATION OR TERMINATION OF UTILITY SERVICES, INCLUDING WATER, HEAT, AND POWER; ~~OR~~

(II) DEFAULT, ACCELERATION, REPOSSESSION, FORECLOSURE, EVICTION, OR THE RIGHT TO CURE, UNDER A CREDIT AGREEMENT, MORTGAGE, OR A RENTAL AGREEMENT FOR A PRIMARY RESIDENCE OF AN INDIVIDUAL~~; OR~~.; *OR*

(III) THE CANCELLATION OR TERMINATION OF HEALTH INSURANCE, HEALTH INSURANCE BENEFITS, OR LIFE INSURANCE BENEFITS, EXCLUDING ANNUITIES.

~~(III) THE CANCELLATION OR TERMINATION OF HEALTH INSURANCE, HEALTH INSURANCE BENEFITS, OR LIFE INSURANCE BENEFITS, EXCLUDING ANNUITIES.~~

(C) THIS TITLE DOES NOT APPLY TO:

(1) COURT ORDERS, NOTICES, OR OFFICIAL COURT DOCUMENTS, EXCEPT AS PROVIDED IN THE MARYLAND RULES; OR

(2) A RECORD THAT SERVES AS A UNIQUE AND TRANSFERABLE INSTRUMENT OF RIGHTS AND OBLIGATIONS, INCLUDING AN INSTRUMENT OF TITLE WHERE POSSESSION OF THE INSTRUMENT IS DEEMED TO CONFER TITLE, UNLESS AN ELECTRONIC VERSION OF THAT RECORD IS CREATED, STORED, AND TRANSFERRED IN A MANNER THAT:

(I) ALLOWS FOR THE EXISTENCE OF ONLY ONE UNIQUE, IDENTIFIABLE, AND UNALTERABLE ORIGINAL WITH THE FUNCTIONAL ATTRIBUTES OF AN EQUIVALENT PHYSICAL INSTRUMENT;

(II) CAN BE POSSESSED BY ONLY ONE PERSON; AND

(III) CANNOT BE COPIED EXCEPT IN A FORM THAT IS READILY IDENTIFIABLE AS A COPY.

(D) NOTWITHSTANDING THE PROVISIONS OF THIS SECTION, A GOVERNMENTAL AGENCY MAY ADOPT REGULATIONS THAT REQUIRE SPECIFIC NOTICES WITHIN THE REGULATORY AUTHORITY OF THE AGENCY TO BE PROVIDED OR MADE AVAILABLE IN WRITING UPON THE AGENCY'S DETERMINATION THAT IT IS NECESSARY FOR THE PROTECTION, PUBLIC HEALTH, OR SAFETY OF CONSUMERS.

(E) THIS TITLE APPLIES TO AN ELECTRONIC RECORD OR ELECTRONIC SIGNATURE OTHERWISE EXCLUDED FROM THE APPLICATION OF THIS TITLE UNDER SUBSECTION (B) OF THIS SECTION TO THE EXTENT IT IS GOVERNED BY A LAW OTHER THAN THOSE SPECIFIED IN SUBSECTION (B) OF THIS SECTION.

(F) A TRANSACTION SUBJECT TO THIS TITLE IS ALSO SUBJECT TO OTHER APPLICABLE SUBSTANTIVE LAW.

21-103. PROSPECTIVE APPLICATION.

THIS TITLE APPLIES TO ANY ELECTRONIC RECORD OR ELECTRONIC SIGNATURE CREATED, GENERATED, SENT, COMMUNICATED, RECEIVED, OR STORED ON OR AFTER THE EFFECTIVE DATE OF THIS TITLE.

21-104. USE OF ELECTRONIC RECORDS AND ELECTRONIC SIGNATURES; VARIATION BY AGREEMENT.

(A) THIS TITLE DOES NOT REQUIRE A RECORD OR SIGNATURE TO BE CREATED, GENERATED, SENT, COMMUNICATED, RECEIVED, STORED, OR OTHERWISE PROCESSED OR USED BY ELECTRONIC MEANS OR IN ELECTRONIC FORM.

(B) (1) THIS TITLE APPLIES ONLY TO TRANSACTIONS BETWEEN PARTIES, EACH OF WHICH HAS AGREED TO CONDUCT TRANSACTIONS BY ELECTRONIC MEANS.

(2) WHETHER THE PARTIES HAVE AGREED TO CONDUCT A TRANSACTION BY ELECTRONIC MEANS IS DETERMINED FROM THE CONTEXT AND SURROUNDING CIRCUMSTANCES, INCLUDING THE PARTIES' CONDUCT.

(3) EXCEPT FOR A SEPARATE AND OPTIONAL AGREEMENT THE PRIMARY PURPOSE OF WHICH IS TO AUTHORIZE A TRANSACTION TO BE CONDUCTED BY ELECTRONIC MEANS, A PROVISION TO CONDUCT A TRANSACTION ELECTRONICALLY MAY NOT BE CONTAINED IN A STANDARD FORM CONTRACT UNLESS THAT PROVISION IS CONSPICUOUSLY DISPLAYED AND SEPARATELY CONSENTED TO.

(4) AN AGREEMENT TO CONDUCT A TRANSACTION ELECTRONICALLY MAY NOT BE INFERRED SOLELY FROM THE FACT THAT A PARTY HAS USED ELECTRONIC MEANS TO PAY AN ACCOUNT OR REGISTER A PURCHASE WARRANTY.

(5) THIS SUBSECTION MAY NOT BE VARIED BY AGREEMENT.

(C) (1) A PARTY THAT AGREES TO CONDUCT A TRANSACTION BY ELECTRONIC MEANS MAY REFUSE TO CONDUCT OTHER TRANSACTIONS BY ELECTRONIC MEANS.

(2) THE RIGHT GRANTED BY THIS SUBSECTION MAY NOT BE WAIVED BY AGREEMENT.

(D) (1) EXCEPT AS OTHERWISE PROVIDED IN THIS TITLE, THE EFFECT OF ANY OF ITS PROVISIONS MAY BE VARIED BY AGREEMENT.

(2) THE PRESENCE IN PROVISIONS OF THIS TITLE OF THE WORDS "UNLESS OTHERWISE AGREED", OR WORDS OF SIMILAR IMPORT, DOES NOT IMPLY THAT THE EFFECT OF OTHER PROVISIONS MAY NOT BE VARIED BY AGREEMENT.

(E) WHETHER AN ELECTRONIC RECORD OR ELECTRONIC SIGNATURE HAS LEGAL CONSEQUENCES IS DETERMINED BY THIS TITLE AND OTHER APPLICABLE LAW.

21-105. CONSTRUCTION AND APPLICATION.

THIS TITLE MUST BE CONSTRUED AND APPLIED:

(1) TO FACILITATE ELECTRONIC TRANSACTIONS CONSISTENT WITH OTHER APPLICABLE LAW;

(2) TO BE CONSISTENT WITH REASONABLE PRACTICES CONCERNING ELECTRONIC TRANSACTIONS AND WITH THE CONTINUED EXPANSION OF THOSE PRACTICES; AND

(3) TO EFFECTUATE ITS GENERAL PURPOSE TO MAKE UNIFORM THE LAW WITH RESPECT TO THE SUBJECT OF THIS TITLE AMONG STATES ENACTING IT.

21-106. LEGAL RECOGNITION OF ELECTRONIC RECORDS, ELECTRONIC SIGNATURES, AND ELECTRONIC CONTRACTS.

(A) A RECORD OR SIGNATURE MAY NOT BE DENIED LEGAL EFFECT OR ENFORCEABILITY SOLELY BECAUSE IT IS IN ELECTRONIC FORM.

(B) A CONTRACT MAY NOT BE DENIED LEGAL EFFECT OR ENFORCEABILITY SOLELY BECAUSE AN ELECTRONIC RECORD WAS USED IN ITS FORMATION.

(C) IF A LAW REQUIRES A RECORD TO BE IN WRITING, AN ELECTRONIC RECORD SATISFIES THE LAW.

(D) IF A LAW REQUIRES A SIGNATURE, AN ELECTRONIC SIGNATURE SATISFIES THE LAW.

21-107. PROVISION OF INFORMATION IN WRITING; PRESENTATION OF RECORDS.

(A) (1) IF PARTIES HAVE AGREED TO CONDUCT A TRANSACTION BY ELECTRONIC MEANS AND A LAW REQUIRES A PERSON TO PROVIDE, SEND, OR DELIVER INFORMATION IN WRITING TO ANOTHER PERSON, THE REQUIREMENT IS SATISFIED IF THE INFORMATION IS PROVIDED, SENT, OR DELIVERED IN AN ELECTRONIC RECORD CAPABLE OF RETENTION BY THE RECIPIENT AT THE TIME OF RECEIPT.

(2) AN ELECTRONIC RECORD IS NOT CAPABLE OF RETENTION BY THE RECIPIENT IF THE SENDER OR ITS INFORMATION PROCESSING SYSTEM INHIBITS THE ABILITY OF THE RECIPIENT TO PRINT OR STORE THE ELECTRONIC RECORD.

(B) IF A LAW OTHER THAN THIS TITLE REQUIRES A RECORD TO BE POSTED OR DISPLAYED IN A CERTAIN MANNER, TO BE SENT, COMMUNICATED, OR TRANSMITTED BY A SPECIFIED METHOD, OR TO CONTAIN INFORMATION THAT IS FORMATTED IN A CERTAIN MANNER, THE FOLLOWING RULES APPLY:

(1) THE RECORD MUST BE POSTED OR DISPLAYED IN THE MANNER SPECIFIED IN THE OTHER LAW;

(2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (D)(2) OF THIS SECTION, THE RECORD MUST BE SENT, COMMUNICATED, OR TRANSMITTED BY THE METHOD SPECIFIED IN THE OTHER LAW; AND

(3) THE RECORD MUST CONTAIN THE INFORMATION FORMATTED IN THE MANNER SPECIFIED IN THE OTHER LAW.

(C) IF A SENDER INHIBITS THE ABILITY OF A RECIPIENT TO STORE OR PRINT AN ELECTRONIC RECORD, THE ELECTRONIC RECORD IS NOT ENFORCEABLE AGAINST THE RECIPIENT.

(D) THE REQUIREMENTS OF THIS SECTION MAY NOT BE VARIED BY AGREEMENT, BUT:

(1) TO THE EXTENT A LAW OTHER THAN THIS TITLE REQUIRES INFORMATION TO BE PROVIDED, SENT, OR DELIVERED IN WRITING BUT PERMITS THAT REQUIREMENT TO BE VARIED BY AGREEMENT, THE REQUIREMENT UNDER SUBSECTION (A) OF THIS SECTION THAT THE INFORMATION BE IN THE FORM OF AN ELECTRONIC RECORD CAPABLE OF RETENTION MAY ALSO BE VARIED BY AGREEMENT; AND

(2) A REQUIREMENT UNDER A LAW OTHER THAN THIS TITLE TO SEND, COMMUNICATE, OR TRANSMIT A RECORD BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, OR BY REGULAR MAIL, MAY BE VARIED BY AGREEMENT TO THE EXTENT PERMITTED BY THE OTHER LAW.

21-108. ATTRIBUTION AND EFFECT OF ELECTRONIC RECORD AND ELECTRONIC SIGNATURE.

(A) (1) AN ELECTRONIC RECORD OR ELECTRONIC SIGNATURE IS ATTRIBUTABLE TO A PERSON IF IT WAS THE ACT OF THE PERSON.

(2) THE ACT OF THE PERSON MAY BE SHOWN IN ANY MANNER, INCLUDING A SHOWING OF THE EFFICACY OF ANY SECURITY PROCEDURE APPLIED TO DETERMINE THE PERSON TO WHICH THE ELECTRONIC RECORD OR ELECTRONIC SIGNATURE WAS ATTRIBUTABLE.

(B) THE EFFECT OF AN ELECTRONIC RECORD OR ELECTRONIC SIGNATURE ATTRIBUTED TO A PERSON UNDER SUBSECTION (A) OF THIS SECTION IS DETERMINED FROM THE CONTEXT AND SURROUNDING CIRCUMSTANCES AT THE TIME OF ITS CREATION, EXECUTION, OR ADOPTION, INCLUDING THE PARTIES' AGREEMENT, IF ANY, AND OTHERWISE AS PROVIDED BY LAW.

21-109. EFFECT OF CHANGE OR ERROR.

IF A CHANGE OR ERROR IN AN ELECTRONIC RECORD OCCURS IN A TRANSMISSION BETWEEN PARTIES TO A TRANSACTION, THE FOLLOWING RULES APPLY:

(1) IF THE PARTIES HAVE AGREED TO USE A SECURITY PROCEDURE TO DETECT CHANGES OR ERRORS AND ONE PARTY HAS CONFORMED TO THE PROCEDURE, BUT THE OTHER PARTY HAS NOT, AND THE NONCONFORMING PARTY WOULD HAVE DETECTED THE CHANGE OR ERROR HAD THAT PARTY ALSO CONFORMED, THE CONFORMING PARTY MAY AVOID THE EFFECT OF THE CHANGED OR ERRONEOUS ELECTRONIC RECORD;

(2) IN AN AUTOMATED TRANSACTION INVOLVING AN INDIVIDUAL, THE INDIVIDUAL MAY AVOID THE EFFECT OF AN ELECTRONIC RECORD THAT RESULTED FROM AN ERROR MADE BY THE INDIVIDUAL IN DEALING WITH THE ELECTRONIC AGENT OF ANOTHER PERSON IF THE ELECTRONIC AGENT DID NOT PROVIDE AN OPPORTUNITY FOR THE PREVENTION OR CORRECTION OF THE ERROR AND, AT THE TIME THE INDIVIDUAL LEARNS OF THE ERROR, THE INDIVIDUAL:

(I) PROMPTLY NOTIFIES THE OTHER PERSON OF THE ERROR AND THAT THE INDIVIDUAL DID NOT INTEND TO BE BOUND BY THE ELECTRONIC RECORD RECEIVED BY THE OTHER PERSON;

(II) TAKES REASONABLE STEPS, INCLUDING STEPS THAT CONFORM TO THE OTHER PERSON'S REASONABLE INSTRUCTIONS, TO RETURN TO THE OTHER PERSON OR, IF INSTRUCTED BY THE OTHER PERSON, TO DESTROY THE CONSIDERATION RECEIVED, IF ANY, AS A RESULT OF THE ERRONEOUS ELECTRONIC RECORD; AND

(III) HAS NOT USED OR RECEIVED ANY BENEFIT OR VALUE FROM THE CONSIDERATION, IF ANY, RECEIVED FROM THE OTHER PERSON;

(3) IF NEITHER ITEM (1) NOR ITEM (2) OF THIS SECTION APPLIES, THE CHANGE OR ERROR HAS THE EFFECT PROVIDED BY OTHER LAW, INCLUDING THE LAW OF MISTAKE, AND THE PARTIES' CONTRACT, IF ANY; AND

(4) ITEMS (2) AND (3) OF THIS SECTION MAY NOT BE VARIED BY AGREEMENT.

21-110. NOTARIZATION AND ACKNOWLEDGMENT.

IF A LAW REQUIRES A SIGNATURE OR RECORD TO BE NOTARIZED, ACKNOWLEDGED, VERIFIED, OR MADE UNDER OATH, THE REQUIREMENT IS SATISFIED IF THE ELECTRONIC SIGNATURE OF THE PERSON AUTHORIZED TO PERFORM THOSE ACTS, TOGETHER WITH ALL OTHER INFORMATION REQUIRED TO BE INCLUDED BY OTHER APPLICABLE LAW, IS ATTACHED TO OR LOGICALLY ASSOCIATED WITH THE SIGNATURE OR RECORD.

21-111. RETENTION OF ELECTRONIC RECORDS; ORIGINALS.

(A) IF A LAW REQUIRES THAT A RECORD BE RETAINED, THE REQUIREMENT IS SATISFIED BY RETAINING AN ELECTRONIC RECORD OF THE INFORMATION IN THE RECORD WHICH:

(1) ACCURATELY REFLECTS THE INFORMATION SET FORTH IN THE RECORD ~~AFTER~~ AT THE TIME IT WAS FIRST GENERATED IN ITS FINAL FORM AS AN ELECTRONIC RECORD OR OTHERWISE; AND

(2) REMAINS ACCESSIBLE FOR LATER REFERENCE.

(B) A REQUIREMENT TO RETAIN A RECORD IN ACCORDANCE WITH SUBSECTION (A) OF THIS SECTION DOES NOT APPLY TO ANY INFORMATION THE SOLE

PURPOSE OF WHICH IS TO ENABLE THE RECORD TO BE SENT, COMMUNICATED, OR RECEIVED.

(C) A PERSON MAY SATISFY SUBSECTION (A) OF THIS SECTION BY USING THE SERVICES OF ANOTHER PERSON IF THE REQUIREMENTS OF THAT SUBSECTION ARE SATISFIED.

(D) IF A LAW REQUIRES A RECORD TO BE PRESENTED OR RETAINED IN ITS ORIGINAL FORM, OR PROVIDES CONSEQUENCES IF THE RECORD IS NOT PRESENTED OR RETAINED IN ITS ORIGINAL FORM, THAT LAW IS SATISFIED BY AN ELECTRONIC RECORD RETAINED IN ACCORDANCE WITH SUBSECTION (A) OF THIS SECTION.

(E) IF A LAW REQUIRES RETENTION OF A CHECK, THAT REQUIREMENT IS SATISFIED BY RETENTION OF AN ELECTRONIC RECORD OF THE INFORMATION ON THE FRONT AND BACK OF THE CHECK IN ACCORDANCE WITH SUBSECTION (A) OF THIS SECTION.

(F) A RECORD RETAINED AS AN ELECTRONIC RECORD IN ACCORDANCE WITH SUBSECTION (A) OF THIS SECTION SATISFIES A LAW REQUIRING A PERSON TO RETAIN A RECORD FOR EVIDENTIARY, AUDIT, OR SIMILAR PURPOSES, UNLESS A LAW ENACTED AFTER THE EFFECTIVE DATE OF THIS TITLE SPECIFICALLY PROHIBITS THE USE OF AN ELECTRONIC RECORD FOR THE SPECIFIED PURPOSE.

(G) THIS SECTION DOES NOT PRECLUDE A GOVERNMENTAL AGENCY OF THIS STATE FROM SPECIFYING ADDITIONAL REQUIREMENTS FOR THE RETENTION OF A RECORD SUBJECT TO THE AGENCY'S JURISDICTION.

21-112. ADMISSIBILITY IN EVIDENCE.

IN A PROCEEDING, EVIDENCE OF A RECORD OR SIGNATURE MAY NOT BE EXCLUDED SOLELY BECAUSE IT IS IN ELECTRONIC FORM.

21-113. AUTOMATED TRANSACTION.

IN AN AUTOMATED TRANSACTION, THE FOLLOWING RULES APPLY:

(1) A CONTRACT MAY BE FORMED BY THE INTERACTION OF ELECTRONIC AGENTS OF THE PARTIES, EVEN IF NO INDIVIDUAL WAS AWARE OF OR REVIEWED THE ELECTRONIC AGENTS' ACTIONS OR THE RESULTING TERMS AND AGREEMENTS;

(2) A CONTRACT MAY BE FORMED BY THE INTERACTION OF AN ELECTRONIC AGENT AND AN INDIVIDUAL, ACTING ON THE INDIVIDUAL'S OWN BEHALF OR FOR ANOTHER PERSON, INCLUDING BY AN INTERACTION IN WHICH THE INDIVIDUAL PERFORMS ACTIONS THAT THE INDIVIDUAL IS FREE TO REFUSE TO PERFORM AND WHICH THE INDIVIDUAL KNOWS OR HAS REASON TO KNOW WILL CAUSE THE ELECTRONIC AGENT TO COMPLETE THE TRANSACTION OR PERFORMANCE; AND

(3) THE TERMS OF THE CONTRACT ARE DETERMINED BY THE SUBSTANTIVE LAW APPLICABLE TO IT.

21-114. TIME AND PLACE OF SENDING AND RECEIPT.

(A) UNLESS OTHERWISE AGREED BETWEEN THE SENDER AND THE RECIPIENT, AN ELECTRONIC RECORD IS SENT WHEN IT:

(1) IS ADDRESSED PROPERLY OR OTHERWISE DIRECTED PROPERLY TO AN INFORMATION PROCESSING SYSTEM THAT THE RECIPIENT HAS DESIGNATED OR USES FOR THE PURPOSE OF RECEIVING ELECTRONIC RECORDS OR INFORMATION OF THE TYPE SENT AND FROM WHICH THE RECIPIENT IS ABLE TO RETRIEVE THE ELECTRONIC RECORD;

(2) IS IN A FORM CAPABLE OF BEING PROCESSED BY THAT SYSTEM; AND

(3) ENTERS AN INFORMATION PROCESSING SYSTEM OUTSIDE THE CONTROL OF THE SENDER OR OF A PERSON THAT SENT THE ELECTRONIC RECORD ON BEHALF OF THE SENDER OR ENTERS A REGION OF THE INFORMATION PROCESSING SYSTEM DESIGNATED OR USED BY THE RECIPIENT WHICH IS UNDER THE CONTROL OF THE RECIPIENT.

(B) UNLESS OTHERWISE AGREED BETWEEN THE SENDER AND THE RECIPIENT, AN ELECTRONIC RECORD IS RECEIVED WHEN:

(1) IT ENTERS AN INFORMATION PROCESSING SYSTEM THAT THE RECIPIENT HAS DESIGNATED OR USES FOR THE PURPOSE OF RECEIVING ELECTRONIC RECORDS OR INFORMATION OF THE TYPE SENT AND FROM WHICH THE RECIPIENT IS ABLE TO RETRIEVE THE ELECTRONIC RECORD; AND

(2) IT IS IN A FORM CAPABLE OF BEING PROCESSED BY THAT SYSTEM.

(C) SUBSECTION (B) OF THIS SECTION APPLIES EVEN IF THE PLACE WHERE THE INFORMATION PROCESSING SYSTEM IS LOCATED IS DIFFERENT FROM THE PLACE WHERE THE ELECTRONIC RECORD IS DEEMED TO BE RECEIVED UNDER SUBSECTION (D) OF THIS SECTION.

(D) UNLESS OTHERWISE EXPRESSLY PROVIDED IN THE ELECTRONIC RECORD OR AGREED BETWEEN THE SENDER AND THE RECIPIENT, AN ELECTRONIC RECORD IS DEEMED TO BE SENT FROM THE SENDER'S PLACE OF BUSINESS AND TO BE RECEIVED AT THE RECIPIENT'S PLACE OF BUSINESS. FOR PURPOSES OF THIS SUBSECTION, THE FOLLOWING RULES APPLY:

(1) IF THE SENDER OR RECIPIENT HAS MORE THAN ONE PLACE OF BUSINESS, THE PLACE OF BUSINESS OF THAT PERSON IS THE PLACE HAVING THE CLOSEST RELATIONSHIP TO THE UNDERLYING TRANSACTION; AND

(2) IF THE SENDER OR THE RECIPIENT DOES NOT HAVE A PLACE OF BUSINESS, THE PLACE OF BUSINESS IS THE SENDER'S OR RECIPIENT'S RESIDENCE, AS THE CASE MAY BE.

(E) AN ELECTRONIC RECORD IS RECEIVED UNDER SUBSECTION (B) OF THIS SECTION EVEN IF NO INDIVIDUAL IS AWARE OF ITS RECEIPT.

(F) RECEIPT OF AN ELECTRONIC ACKNOWLEDGMENT FROM AN INFORMATION PROCESSING SYSTEM DESCRIBED IN SUBSECTION (B) OF THIS SECTION ESTABLISHES THAT A RECORD WAS RECEIVED BUT, BY ITSELF, DOES NOT ESTABLISH THAT THE CONTENT SENT CORRESPONDS TO THE CONTENT RECEIVED.

(G) (1) IF A PERSON IS AWARE THAT AN ELECTRONIC RECORD PURPORTEDLY SENT UNDER SUBSECTION (A) OF THIS SECTION, OR PURPORTEDLY RECEIVED UNDER SUBSECTION (B) OF THIS SECTION, WAS NOT ACTUALLY SENT OR RECEIVED, THE LEGAL EFFECT OF THE SENDING OR RECEIPT IS DETERMINED BY OTHER APPLICABLE LAW.

(2) EXCEPT TO THE EXTENT ALLOWED BY THE OTHER LAW, THE REQUIREMENTS OF THIS SUBSECTION MAY NOT BE VARIED BY AGREEMENT.

21-115. TRANSFERABLE RECORDS.

(A) IN THIS SECTION, "TRANSFERABLE RECORD" MEANS AN ELECTRONIC RECORD THAT:

(1) WOULD BE A NOTE UNDER TITLE 3 OF THIS ARTICLE OR A DOCUMENT UNDER TITLE 7 OF THIS ARTICLE IF THE ELECTRONIC RECORD WERE IN WRITING; AND

(2) THE ISSUER OF THE ELECTRONIC RECORD EXPRESSLY HAS AGREED IS A TRANSFERABLE RECORD.

(B) A PERSON HAS CONTROL OF A TRANSFERABLE RECORD IF A SYSTEM EMPLOYED FOR EVIDENCING THE TRANSFER OF INTERESTS IN THE TRANSFERABLE RECORD RELIABLY ESTABLISHES THAT PERSON AS THE PERSON TO WHICH THE TRANSFERABLE RECORD WAS ISSUED OR TRANSFERRED.

(C) A SYSTEM EMPLOYED FOR EVIDENCING THE TRANSFER OF INTERESTS IN THE TRANSFERABLE RECORD SATISFIES SUBSECTION (B) OF THIS SECTION, AND A PERSON IS DEEMED TO HAVE CONTROL OF A TRANSFERABLE RECORD, IF THE TRANSFERABLE RECORD IS CREATED, STORED, AND ASSIGNED IN SUCH A MANNER THAT:

(1) A SINGLE AUTHORITATIVE COPY OF THE TRANSFERABLE RECORD EXISTS THAT IS UNIQUE, IDENTIFIABLE, AND, EXCEPT AS OTHERWISE PROVIDED IN ITEMS (4), (5), AND (6) OF THIS SUBSECTION, UNALTERABLE;

(2) THE AUTHORITATIVE COPY IDENTIFIES THE PERSON ASSERTING CONTROL AS:

(I) THE PERSON TO WHICH THE TRANSFERABLE RECORD WAS ISSUED; OR

(II) IF THE AUTHORITATIVE COPY INDICATES THAT THE TRANSFERABLE RECORD HAS BEEN TRANSFERRED, THE PERSON TO WHICH THE TRANSFERABLE RECORD WAS MOST RECENTLY TRANSFERRED;

(3) THE AUTHORITATIVE COPY IS COMMUNICATED TO AND MAINTAINED BY THE PERSON ASSERTING CONTROL OR ITS DESIGNATED CUSTODIAN;

(4) COPIES OR REVISIONS THAT ADD OR CHANGE AN IDENTIFIED ASSIGNEE OF THE AUTHORITATIVE COPY CAN BE MADE ONLY WITH THE CONSENT OF THE PERSON ASSERTING CONTROL;

(5) EACH COPY OF THE AUTHORITATIVE COPY AND ANY COPY OF A COPY IS READILY IDENTIFIABLE AS A COPY THAT IS NOT THE AUTHORITATIVE COPY; AND

(6) ANY REVISION OF THE AUTHORITATIVE COPY IS READILY IDENTIFIABLE AS AUTHORIZED OR UNAUTHORIZED.

(D) (1) EXCEPT AS OTHERWISE AGREED, A PERSON HAVING CONTROL OF A TRANSFERABLE RECORD IS THE HOLDER, AS DEFINED IN § 1-201(20) OF THIS ARTICLE, OF THE TRANSFERABLE RECORD AND HAS THE SAME RIGHTS AND DEFENSES AS A HOLDER OF AN EQUIVALENT RECORD OR WRITING UNDER THE MARYLAND UNIFORM COMMERCIAL CODE, INCLUDING, IF THE APPLICABLE STATUTORY REQUIREMENTS UNDER § 3-302(A), § 7-501, OR § 9-308 OF THIS ARTICLE ARE SATISFIED, THE RIGHTS AND DEFENSES OF A HOLDER IN DUE COURSE, A HOLDER TO WHICH A NEGOTIABLE DOCUMENT OF TITLE HAS BEEN DULY NEGOTIATED, OR A PURCHASER, RESPECTIVELY.

(2) DELIVERY, POSSESSION, AND ENDORSEMENT ARE NOT REQUIRED TO OBTAIN OR EXERCISE ANY OF THE RIGHTS UNDER THIS SUBSECTION.

(E) EXCEPT AS OTHERWISE AGREED, AN OBLIGOR UNDER A TRANSFERABLE RECORD HAS THE SAME RIGHTS AND DEFENSES AS AN EQUIVALENT OBLIGOR UNDER EQUIVALENT RECORDS OR WRITINGS UNDER THE MARYLAND UNIFORM COMMERCIAL CODE.

(F) (1) IF REQUESTED BY A PERSON AGAINST WHICH ENFORCEMENT IS SOUGHT, THE PERSON SEEKING TO ENFORCE THE TRANSFERABLE RECORD SHALL PROVIDE REASONABLE PROOF THAT THE PERSON IS IN CONTROL OF THE TRANSFERABLE RECORD.

(2) PROOF MAY INCLUDE ACCESS TO THE AUTHORITATIVE COPY OF THE TRANSFERABLE RECORD AND RELATED BUSINESS RECORDS SUFFICIENT TO REVIEW THE TERMS OF THE TRANSFERABLE RECORD AND TO ESTABLISH THE IDENTITY OF THE PERSON HAVING CONTROL OF THE TRANSFERABLE RECORD.

21-116. CREATION AND RETENTION OF ELECTRONIC RECORDS AND CONVERSION OF WRITTEN RECORDS BY GOVERNMENTAL AGENCIES.

EACH GOVERNMENTAL AGENCY OF THIS STATE SHALL DETERMINE WHETHER, AND THE EXTENT TO WHICH, IT WILL CREATE AND RETAIN ELECTRONIC RECORDS AND CONVERT WRITTEN RECORDS TO ELECTRONIC RECORDS.

21-117. ACCEPTANCE AND DISTRIBUTION OF ELECTRONIC RECORDS BY GOVERNMENTAL AGENCIES.

(A) EXCEPT AS OTHERWISE PROVIDED IN § 21-111(F) OF THIS TITLE, EACH GOVERNMENTAL AGENCY SHALL DETERMINE WHETHER, AND THE EXTENT TO WHICH, IT WILL SEND AND ACCEPT ELECTRONIC RECORDS AND ELECTRONIC SIGNATURES TO AND FROM OTHER PERSONS AND OTHERWISE CREATE, GENERATE, COMMUNICATE, STORE, PROCESS, USE, AND RELY UPON ELECTRONIC RECORDS AND ELECTRONIC SIGNATURES.

(B) TO THE EXTENT A GOVERNMENTAL AGENCY USES ELECTRONIC RECORDS AND ELECTRONIC SIGNATURES UNDER SUBSECTION (A) OF THIS SECTION, THE GOVERNMENTAL AGENCY, GIVING DUE CONSIDERATION TO SECURITY, MAY SPECIFY:

(1) THE MANNER AND FORMAT IN WHICH THE ELECTRONIC RECORDS MUST BE CREATED, GENERATED, SENT, COMMUNICATED, RECEIVED, AND STORED AND THE SYSTEMS ESTABLISHED FOR THOSE PURPOSES;

(2) THE ELECTRONIC RECORDS MUST BE SIGNED BY ELECTRONIC MEANS, THE TYPE OF ELECTRONIC SIGNATURE REQUIRED, THE MANNER AND FORMAT IN WHICH THE ELECTRONIC SIGNATURE MUST BE AFFIXED TO THE ELECTRONIC RECORD, AND THE IDENTITY OF, OR CRITERIA THAT MUST BE MET BY, ANY THIRD PARTY USED BY A PERSON FILING A DOCUMENT TO FACILITATE THE PROCESS;

(3) CONTROL PROCESSES AND PROCEDURES AS APPROPRIATE TO ENSURE ADEQUATE PRESERVATION, DISPOSITION, INTEGRITY, SECURITY, CONFIDENTIALITY, AND AUDITABILITY OF ELECTRONIC RECORDS; AND

(4) ANY OTHER REQUIRED ATTRIBUTES FOR ELECTRONIC RECORDS WHICH ARE SPECIFIED FOR CORRESPONDING NONELECTRONIC RECORDS OR REASONABLY NECESSARY UNDER THE CIRCUMSTANCES.

(C) EXCEPT AS OTHERWISE PROVIDED IN ~~§ 21-112(F)~~ <u>§ 21-111(F)</u> OF THIS TITLE, THIS TITLE DOES NOT REQUIRE A GOVERNMENTAL AGENCY OF THIS STATE TO USE OR PERMIT THE USE OF ELECTRONIC RECORDS OR ELECTRONIC SIGNATURES.

21-118. INTEROPERABILITY.

(A) A GOVERNMENTAL AGENCY OF THIS STATE THAT ADOPTS STANDARDS IN ACCORDANCE WITH § 21-117 OF THIS TITLE MAY ENCOURAGE AND PROMOTE CONSISTENCY AND INTEROPERABILITY WITH SIMILAR REQUIREMENTS ADOPTED BY OTHER GOVERNMENTAL AGENCIES OF THIS STATE, OTHER STATES, THE FEDERAL

GOVERNMENT, AND NONGOVERNMENTAL PERSONS INTERACTING WITH GOVERNMENTAL AGENCIES OF THIS STATE.

(B) IF APPROPRIATE, THOSE STANDARDS MAY SPECIFY DIFFERING LEVELS OF STANDARDS FROM WHICH GOVERNMENTAL AGENCIES OF THIS STATE MAY CHOOSE IN IMPLEMENTING THE MOST APPROPRIATE STANDARD FOR A PARTICULAR APPLICATION.

(C) STANDARDS ADOPTED BY UNITS OF STATE GOVERNMENT SHALL BE CONSISTENT WITH THOSE SPECIFIED IN THE STATE INFORMATION TECHNOLOGY MASTER PLAN.

21-119. SEVERABILITY CLAUSE.

IF ANY PROVISION OF THIS TITLE OR ITS APPLICATION TO ANY PERSON OR CIRCUMSTANCE IS HELD INVALID, THE INVALIDITY DOES NOT AFFECT OTHER PROVISIONS OR APPLICATIONS OF THIS TITLE WHICH CAN BE GIVEN EFFECT WITHOUT THE INVALID PROVISION OR APPLICATION, AND TO THIS END THE PROVISIONS OF THIS TITLE ARE SEVERABLE.

21-120. SHORT TITLE.

THIS TITLE MAY BE CITED AS THE MARYLAND UNIFORM ELECTRONIC TRANSACTIONS ACT.

SECTION 2. AND BE IT FURTHER ENACTED, That the catchlines contained in this Act are not law and may not be considered to have been enacted as part of this Act.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be construed only prospectively and may not be applied or interpreted to have any effect on or application to any electronic record or electronic signature created, sent, communicated, received, or stored before the effective date of this Act.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect ~~October~~ June 1, 2000.