

HOUSE BILL 2011

K3, J3

6lr5062

By: **Delegate Qi**

Introduced and read first time: January 7, 2026

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **ITO Testing**

3 FOR the purpose of

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

6 **Article – Commercial Law**

7 4A–207.

8 (a) Subject to subsection (b) of this section, if, in a payment order received by the
9 beneficiary's bank, the name, bank account number, or other identification of the
10 beneficiary refers to a nonexistent or unidentifiable person or account, no person has rights
11 as a beneficiary of the order and acceptance of the order cannot occur.

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

15 (1) Except as otherwise provided in subsection (c) of this section, if the
16 beneficiary's bank does not know that the name and number refer to different persons, it
17 may rely on the number as the proper identification of the beneficiary of the order. The
18 beneficiary's bank need not determine whether the name and number refer to the same
19 person.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

(d) In a case governed by subsection (b)(1) of this section, if the beneficiary's bank rightfully pays the person identified by number and that person was not entitled to receive payment from the originator, the amount paid may be recovered from that person to the extent allowed by the law governing mistake and restitution as follows:

(1) If the originator is obliged to pay its payment order as stated in subsection (c) of this section, the originator has the right to recover.

(2) If the originator is not a bank and is not obliged to pay its payment order, the originator's bank has the right to recover.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2026.