

SENATE BILL 154

I4
HB 1353/25 – ECM

(PRE-FILED)

6lr1635
CF 6lr1636

By: Senator Watson

Requested: October 31, 2025

Introduced and read first time: January 14, 2026

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Law – Uniform Commercial Code – Controllable Electronic Records**

3 FOR the purpose of adding Article 12 of the Uniform Commercial Code to the Maryland
4 Uniform Commercial Code to establish provisions governing the transfer of property
5 rights in certain controllable electronic records, controllable accounts, and
6 controllable payment intangibles; and generally relating to property rights under the
7 Maryland Uniform Commercial Code.

8 BY repealing and reenacting, with amendments,

9 Article – Commercial Law

10 Section 1–101

11 Annotated Code of Maryland

12 (2013 Replacement Volume and 2025 Supplement)

13 BY adding to

14 Article – Commercial Law

15 Section 10A–101 through 10A–107 to be under the new title “Title 10A. Controllable
16 Electronic Records”

17 Annotated Code of Maryland

18 (2013 Replacement Volume and 2025 Supplement)

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

21 **Article – Commercial Law**

22 1–101.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



TITLE 10A. CONTROLLABLE ELECTRONIC RECORDS.

6 10A-101.

7 THIS TITLE MAY BE CITED AS THE MARYLAND UNIFORM COMMERCIAL
8 CODE – CONTROLLABLE ELECTRONIC RECORDS.

9 10A-102.

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

(B) (1) "ACCOUNT DEBTOR" MEANS A PERSON OBLIGATED ON AN ACCOUNT, A CHATTEL PAPER, OR A GENERAL INTANGIBLE.

17 (C) (1) "CHATTEL PAPER" MEANS:

18 (I) A RIGHT TO PAYMENT OF A MONETARY OBLIGATION
19 SECURED BY SPECIFIC GOODS, IF THE RIGHT TO PAYMENT AND SECURITY
20 AGREEMENT ARE EVIDENCED BY A RECORD; OR

5 (D) "CONTROLLABLE ACCOUNT" MEANS AN ACCOUNT EVIDENCED BY A
6 CONTROLLABLE ELECTRONIC RECORD THAT PROVIDES THAT THE ACCOUNT
7 DEBTOR UNDERTAKES TO PAY THE PERSON THAT HAS CONTROL OF THE
8 CONTROLLABLE ELECTRONIC RECORD IN ACCORDANCE WITH § 10A-105 OF THIS
9 TITLE.

10 (E) (1) "CONTROLLABLE ELECTRONIC RECORD" MEANS A RECORD
11 STORED IN AN ELECTRONIC MEDIUM THAT CAN BE SUBJECTED TO CONTROL UNDER
12 § 10A-105 OF THIS TITLE.

18 (F) "CONTROLLABLE PAYMENT INTANGIBLE" MEANS A PAYMENT
19 INTANGIBLE EVIDENCED BY A CONTROLLABLE ELECTRONIC RECORD THAT
20 PROVIDES THAT THE ACCOUNT DEBTOR UNDERTAKES TO PAY THE PERSON THAT
21 HAS CONTROL OF THE CONTROLLABLE ELECTRONIC RECORD IN ACCORDANCE WITH
22 § 10A-105 OF THIS TITLE.

23 (G) "DEPOSIT ACCOUNT" HAS THE MEANING STATED IN § 9-102 OF THIS
24 ARTICLE

25 (H) "ELECTRONIC MONEY" MEANS MONEY IN AN ELECTRONIC FORM-

26 (I) "INVESTMENT PROPERTY" HAS THE MEANING STATED IN § 9-102 OF
27 THIS ARTICLE.

28 (j) “QUALIFYING PURCHASER” MEANS A PURCHASER OF A CONTROLLABLE
29 ELECTRONIC RECORD OR AN INTEREST IN A CONTROLLABLE ELECTRONIC RECORD
30 THAT OBTAINS CONTROL OF THE CONTROLLABLE ELECTRONIC RECORD FOR VALUE,
31 IN GOOD FAITH, AND WITHOUT NOTICE OF A CLAIM OF PROPERTY RIGHT IN THE
32 CONTROLLABLE ELECTRONIC RECORD.

33 (K) "TRANSFERABLE RECORDS" HAS THE MEANING STATED IN § 21-115 OF
34 THIS ARTICLE.

1 (L) "VALUE" HAS THE MEANING STATED IN § 3-303 OF THIS ARTICLE BUT
2 WITH RESPECT TO A CONTROLLABLE ACCOUNT, CONTROLLABLE ELECTRONIC
3 RECORD, OR CONTROLLABLE PAYMENT INTANGIBLE, RATHER THAN AN
4 INSTRUMENT.

5 **10A-103.**

6 (A) IF THERE IS A CONFLICT BETWEEN THIS TITLE AND TITLE 9 OF THIS
7 ARTICLE, TITLE 9 OF THIS ARTICLE GOVERNS.

8 (B) A TRANSACTION SUBJECT TO THIS TITLE IS ALSO SUBJECT TO ANY
9 OTHER APPLICABLE STATE LAW.

10 **10A-104.**

11 (A) THIS SECTION APPLIES TO THE ACQUISITION OF RIGHTS IN A
12 CONTROLLABLE ACCOUNT OR CONTROLLABLE PAYMENT INTANGIBLE, INCLUDING
13 THE RIGHTS AND BENEFITS PROVIDED UNDER SUBSECTIONS (C) THROUGH (E), (G),
14 AND (H) OF THIS SECTION OF A PURCHASER AND QUALIFYING PURCHASER, IN THE
15 SAME MANNER THIS SECTION APPLIES TO A CONTROLLABLE ELECTRONIC RECORD.

16 (B) TO DETERMINE WHETHER A PURCHASER OF A CONTROLLABLE
17 ACCOUNT OR A CONTROLLABLE PAYMENT INTANGIBLE IS A QUALIFYING
18 PURCHASER, THE PURCHASER OBTAINS CONTROL OF THE ACCOUNT OR PAYMENT
19 INTANGIBLE IF THE PURCHASER OBTAINS CONTROL OF THE CONTROLLABLE
20 ELECTRONIC RECORD THAT EVIDENCES THE ACCOUNT OR PAYMENT INTANGIBLE.

21 (C) EXCEPT AS PROVIDED IN THIS SECTION, A DETERMINATION ABOUT
22 WHETHER A PERSON ACQUIRES A RIGHT IN A CONTROLLABLE ELECTRONIC RECORD
23 AND THE TYPE OF RIGHT THE PERSON ACQUIRES CAN BE MADE USING APPLICABLE
24 STATE OR FEDERAL LAW.

25 (D) (1) A PURCHASER OF A CONTROLLABLE ELECTRONIC RECORD
26 ACQUIRES ALL RIGHTS IN THE RECORD THAT THE TRANSFEROR HAD THE
27 AUTHORITY TO TRANSFER.

28 (2) NOTWITHSTANDING PARAGRAPH (1) OF THIS SUBSECTION, A
29 PURCHASER OF A LIMITED INTEREST IN A CONTROLLABLE ELECTRONIC RECORD
30 SHALL ACQUIRE RIGHTS ONLY TO THE EXTENT OF THE INTEREST PURCHASED.

1 (E) A QUALIFYING PURCHASER ACQUIRES RIGHTS IN THE CONTROLLABLE
2 ELECTRONIC RECORD FREE OF A CLAIM OF A PROPERTY RIGHT IN THE
3 CONTROLLABLE ELECTRONIC RECORD.

4 (F) EXCEPT AS OTHERWISE PROVIDED IN A LAW NOT INCLUDED UNDER
5 THIS ARTICLE AND SUBSECTIONS (A) AND (E) OF THIS SECTION WITH RESPECT TO A
6 CONTROLLABLE ACCOUNT AND A CONTROLLABLE PAYMENT INTANGIBLE, A
7 QUALIFYING PURCHASER TAKES A RIGHT TO PAYMENT, RIGHT TO PERFORMANCE,
8 OR OTHER INTEREST IN PROPERTY EVIDENCED BY THE CONTROLLABLE
9 ELECTRONIC RECORD SUBJECT TO A CLAIM OF A PROPERTY RIGHT IN THE RIGHT TO
10 PAYMENT, RIGHT TO PERFORMANCE, OR OTHER INTEREST IN PROPERTY.

11 (G) AN ACTION MAY NOT BE ASSERTED AGAINST A QUALIFYING PURCHASER
12 BASED ON BOTH A PURCHASE BY THE QUALIFYING PURCHASER OF A
13 CONTROLLABLE ELECTRONIC RECORD AND A CLAIM OF PROPERTY RIGHT IN
14 ANOTHER CONTROLLABLE ELECTRONIC RECORD, WHETHER THE ACTION IS
15 FRAMED IN CONVERSION, REPLEVIN, CONSTRUCTIVE TRUST, EQUITABLE LIEN, OR
16 OTHER THEORY.

17 (H) THE FILING OF A FINANCING STATEMENT UNDER TITLE 9 OF THIS
18 ARTICLE IS NOT NOTICE OF A CLAIM OF A PROPERTY RIGHT IN A CONTROLLABLE
19 ELECTRONIC RECORD.

20 **10A-105.**

21 (A) A PERSON HAS CONTROL OF A CONTROLLABLE ELECTRONIC RECORD IF
22 THE CONTROLLABLE ELECTRONIC RECORD, A RECORD ATTACHED TO OR
23 LOGICALLY ASSOCIATED WITH THE CONTROLLABLE ELECTRONIC RECORD, OR A
24 SYSTEM IN WHICH THE CONTROLLABLE ELECTRONIC RECORD IS RECORDED:

25 (1) GIVES THE PERSON:

26 (I) THE AUTHORITY TO AVAL THE PERSON OF SUBSTANTIALLY
27 ALL THE BENEFIT FROM THE CONTROLLABLE ELECTRONIC RECORD; AND

28 (II) SUBJECT TO SUBSECTION (B) OF THIS SECTION, EXCLUSIVE
29 POWER TO:

30 1. PREVENT OTHERS FROM AVALING THEMSELVES OF
31 SUBSTANTIALLY ALL OF THE BENEFIT FROM THE CONTROLLABLE ELECTRONIC
32 RECORD; AND

1 2. TRANSFER CONTROL OF THE CONTROLLABLE
2 ELECTRONIC RECORD TO ANOTHER PERSON OR CAUSE ANOTHER PERSON TO
3 OBTAIN CONTROL OF ANOTHER CONTROLLABLE ELECTRONIC RECORD AS A RESULT
4 OF THE TRANSFER OF THE CONTROLLABLE ELECTRONIC RECORD; AND

5 (2) ENABLES THE PERSON READILY TO IDENTIFY THE PERSON IN ANY
6 WAY, INCLUDING BY NAME, IDENTIFYING NUMBER, CRYPTOGRAPHIC KEY, OFFICE,
7 OR ACCOUNT NUMBER AS HAVING THE POWERS SPECIFIED UNDER ITEM (1) OF THIS
8 SUBSECTION.

9 (B) SUBJECT TO SUBSECTION (C) OF THIS SECTION, POWER IS EXCLUSIVE
10 UNDER SUBSECTION (A)(1)(II) OF THIS SECTION, EVEN IF:

11 (1) THE CONTROLLABLE ELECTRONIC RECORD, A RECORD
12 ATTACHED TO OR LOGICALLY ASSOCIATED WITH THE CONTROLLABLE ELECTRONIC
13 RECORD, OR A SYSTEM IN WHICH THE CONTROLLABLE ELECTRONIC RECORD IS
14 RECORDED LIMITS THE USE OF THE CONTROLLABLE ELECTRONIC RECORD OR HAS
15 A PROTOCOL PROGRAMMED TO CAUSE A CHANGE, INCLUDING A TRANSFER OR LOSS
16 OF CONTROL OR A MODIFICATION OF BENEFITS AFFORDED BY THE CONTROLLABLE
17 ELECTRONIC RECORD; OR

18 (2) THE POWER IS SHARED WITH ANOTHER PERSON.

19 (C) THE POWER OF A PERSON IS NOT SHARED WITH ANOTHER PERSON
20 UNDER SUBSECTION (B)(2) OF THIS SECTION AND THE PERSON'S POWER IS NOT
21 EXCLUSIVE IF:

22 (1) THE PERSON CAN EXERCISE THE POWER ONLY IF THE POWER IS
23 ALSO EXERCISED BY THE OTHER PERSON; AND

24 (2) THE OTHER PERSON:

25 (I) CAN EXERCISE THE POWER WITHOUT EXERCISE OF THE
26 POWER BY THE PERSON; OR

27 (II) IS THE TRANSFEROR TO THE PERSON OF AN INTEREST IN
28 THE CONTROLLABLE ELECTRONIC RECORD OR A CONTROLLABLE ACCOUNT OR
29 CONTROLLABLE PAYMENT INTANGIBLE EVIDENCED BY THE CONTROLLABLE
30 ELECTRONIC RECORD.

31 (D) IF A PERSON HAS THE POWER SPECIFIED IN SUBSECTION (A)(1)(II) OF
32 THIS SECTION, THE POWERS ARE PRESUMED TO BE EXCLUSIVE.

1 (E) A PERSON HAS CONTROL OF A CONTROLLABLE ELECTRONIC RECORD IF
2 ANOTHER PERSON, OTHER THAN THE TRANSFEROR TO THE PERSON OF AN
3 INTEREST IN THE CONTROLLABLE ELECTRONIC RECORD OR A CONTROLLABLE
4 ACCOUNT OR CONTROLLABLE PAYMENT INTANGIBLE EVIDENCED BY THE
5 CONTROLLABLE ELECTRONIC RECORD:

6 (1) HAS CONTROL OF THE CONTROLLABLE ELECTRONIC RECORD
7 AND ACKNOWLEDGES THAT THE PERSON HAS CONTROL ON BEHALF OF THE PERSON;
8 OR

9 (2) OBTAINS CONTROL OF THE CONTROLLABLE ELECTRONIC
10 RECORD AFTER HAVING ACKNOWLEDGED THAT THE PERSON WILL OBTAIN CONTROL
11 OF THE CONTROLLABLE ELECTRONIC RECORD ON BEHALF OF THE PERSON.

12 (F) A PERSON THAT HAS CONTROL UNDER THIS SECTION IS NOT REQUIRED
13 TO ACKNOWLEDGE THAT THE PERSON HAS CONTROL ON BEHALF OF ANOTHER
14 PERSON.

15 (G) IF A PERSON ACKNOWLEDGES THAT THE PERSON HAS, OR WILL OBTAIN,
16 CONTROL ON BEHALF OF ANOTHER PERSON, UNLESS THE PERSON OTHERWISE
17 AGREES, OR A LAW OTHER THAN IN THIS TITLE OR TITLE 9 OF THIS ARTICLE
18 OTHERWISE PROVIDES, THE PERSON DOES NOT OWE A DUTY TO THE OTHER PERSON
19 AND IS NOT REQUIRED TO CONFIRM THE ACKNOWLEDGMENT TO ANY OTHER
20 PERSON.

21 10A-106.

22 (A) AN ACCOUNT DEBTOR ON A CONTROLLABLE ACCOUNT OR
23 CONTROLLABLE PAYMENT INTANGIBLE MAY DISCHARGE THE ACCOUNT DEBTOR'S
24 OBLIGATION BY PAYING:

25 (1) THE PERSON HAVING CONTROL OF THE CONTROLLABLE
26 ELECTRONIC RECORD THAT EVIDENCES THE CONTROLLABLE ACCOUNT OR
27 CONTROLLABLE PAYMENT INTANGIBLE; OR

28 (2) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A
29 PERSON THAT FORMERLY HAD CONTROL OF THE CONTROLLABLE ELECTRONIC
30 RECORD.

31 (B) SUBJECT TO SUBSECTION (D) OF THIS SECTION, THE ACCOUNT DEBTOR
32 MAY NOT DISCHARGE THE ACCOUNT DEBTOR'S OBLIGATION BY PAYING THE PERSON
33 THAT FORMERLY HAD CONTROL OF THE CONTROLLABLE ELECTRONIC RECORD IF
34 THE ACCOUNT DEBTOR RECEIVES A NOTIFICATION THAT:

3 (2) REASONABLY IDENTIFIES THE CONTROLLABLE ACCOUNT OR
4 CONTROLLABLE PAYMENT INTANGIBLE;

5 (3) NOTIFIES THE ACCOUNT DEBTOR THAT CONTROL OF THE
6 CONTROLLABLE ELECTRONIC RECORD THAT EVIDENCES THE CONTROLLABLE
7 ACCOUNT OR CONTROLLABLE PAYMENT INTANGIBLE WAS TRANSFERRED;

13 (C) AFTER RECEIPT OF A NOTIFICATION THAT COMPLIES WITH SUBSECTION
14 (B) OF THIS SECTION, THE ACCOUNT DEBTOR:

15 (1) MAY DISCHARGE THE ACCOUNT DEBTOR'S OBLIGATION BY
16 PAYING ACCORDING TO INSTRUCTIONS IN THE NOTIFICATION; AND

19 (D) SUBJECT TO SUBSECTION (H) OF THIS SECTION, NOTIFICATION IS
20 INEFFECTIVE UNDER SUBSECTION (B) OF THIS SECTION;

3 (I) DIVIDE A PAYMENT;

4 (II) MAKE LESS THAN THE FULL AMOUNT OF AN INSTALLMENT
5 OR OTHER PERIODIC PAYMENT; OR

6 (III) PAY ANY PART OF A PAYMENT BY MORE THAN ONE METHOD
7 OR TO MORE THAN ONE PERSON.

18 (F) A PERSON FURNISHES PROOF UNDER SUBSECTION (E) OF THIS SECTION
19 THAT CONTROL HAS BEEN TRANSFERRED IF THE PERSON DEMONSTRATES, USING
20 THE METHOD IN THE AGREEMENT REFERRED TO UNDER SUBSECTION (D)(1) OF THIS
21 SECTION, THAT THE TRANSFeree HAS THE POWER TO:

22 (1) AVAIL THE TRANSFeree OF SUBSTANTIALLY ALL THE BENEFITS
23 FROM THE CONTROLLABLE ELECTRONIC RECORD;

29 (G) SUBJECT TO SUBSECTION (H) OF THIS SECTION, AN ACCOUNT DEBTOR
30 MAY NOT WAIVE OR MODIFY THE ACCOUNT DEBTOR'S RIGHTS:

31 (1) UNDER SUBSECTION (D)(1) OR (E) OF THIS SECTION; OR

3 (H) THIS SECTION IS SUBJECT TO ANY OTHER LAW THAT ESTABLISHES A
4 DIFFERENT RULE FOR AN ACCOUNT DEBTOR WHO IS AN INDIVIDUAL AND WHO
5 INCURRED THE OBLIGATION PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD
6 PURPOSES.

7 10A-107.

11 (B) FOR A CONTROLLABLE ELECTRONIC RECORD THAT EVIDENCES A
12 CONTROLLABLE ACCOUNT OR CONTROLLABLE PAYMENT INTANGIBLE, THE LOCAL
13 LAW OF THE CONTROLLABLE ELECTRONIC RECORD'S JURISDICTION GOVERNS A
14 MATTER COVERED BY § 10A-106 OF THIS TITLE UNLESS AN EFFECTIVE AGREEMENT
15 DETERMINES THAT THE LOCAL LAW OF ANOTHER JURISDICTION GOVERNS.

16 (C) THE FOLLOWING RULES DETERMINE A CONTROLLABLE ELECTRONIC
17 RECORD'S JURISDICTION UNDER THIS SECTION:

1 THEN THAT JURISDICTION IS THE CONTROLLABLE ELECTRONIC RECORD'S
2 JURISDICTION; AND

3 (4) IF ITEMS (1) THROUGH (3) OF THIS SUBSECTION DO NOT APPLY
4 AND THE RULES OF THE SYSTEM IN WHICH THE CONTROLLABLE ELECTRONIC
5 RECORD IS RECORDED ARE READILY AVAILABLE FOR REVIEW AND EXPRESSLY
6 PROVIDE THAT THE CONTROLLABLE ELECTRONIC RECORD OR SYSTEM IS
7 GOVERNED BY THE LAW OF A PARTICULAR JURISDICTION, THEN THAT
8 JURISDICTION IS THE CONTROLLABLE ELECTRONIC RECORD'S JURISDICTION.

9 (D) TO THE EXTENT SUBSECTIONS (A) AND (B) OF THIS SECTION PROVIDE
10 THAT THE LOCAL LAW OF THE CONTROLLABLE ELECTRONIC RECORD'S
11 JURISDICTION GOVERNS A MATTER COVERED BY THIS TITLE, THAT LAW GOVERNS
12 EVEN IF THE MATTER OR A TRANSACTION TO WHICH THE MATTER RELATES DOES
13 NOT BEAR ANY RELATION TO THE CONTROLLABLE ELECTRONIC RECORD'S
14 JURISDICTION.

15 (E) THE RIGHTS ACQUIRED UNDER § 10A-104 OF THIS TITLE BY A
16 PURCHASER OR QUALIFYING PURCHASER ARE GOVERNED BY THE LAW APPLICABLE
17 UNDER THIS SECTION AT THE TIME OF PURCHASE.

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