

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Commerce and Tourism

BILL: SB 1666

INTRODUCER: Senator Grall

SUBJECT: Uniform Commercial Code

DATE: March 14, 2025

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Dike	McKay	CM	Pre-meeting
2.			JU	
3.			RC	

I. Summary:

SB 1666 substantially amends portions and creates new sections of the UCC to incorporate financial transactions which involve cryptocurrencies and other emerging technologies. These changes clarify Florida law to encompass new technology which does not fit into the current statutory scheme for commercial contracts.

The bill takes effect July 1, 2025.

II. Present Situation:

Uniform Commercial Code

The model Uniform Commercial Code (UCC) was created to govern commercial contracts and related financial transactions, providing a homogenous set of rules across jurisdictions.¹ Some variation of the UCC has been adopted in every state, as well as D.C., Puerto Rico, and the Virgin Islands.² The UCC provides language where contracts are silent, focusing on the sales of goods not services. Florida's UCC, codified in chapters 670-680, F.S., is broken down by subject matter as follows:

- Chapter 670: Fund Transfers
- Chapter 671: General Provisions
- Chapter 672: Sale of Goods
- Chapter 673: Negotiable Instruments
- Chapter 674: Bank Deposits and Collections
- Chapter 675: Letters of Credit

¹ See Uniform Law Commission, *Uniform Commercial Code*, available at <https://www.uniformlaws.org/acts/ucc> (last visited Mar. 14, 2025).

² Duke University, *Uniform Commercial Code*, available at <https://law.duke.edu/sites/default/files/lib/ucc.pdf> (last visited Mar. 14, 2025).

- Chapter 677: Documents of Title
- Chapter 678: Investment Securities
- Chapter 679: Secured Transactions
- Chapter 680: Leases

In 2022, the Uniform Law Commission, the sponsoring organization of the UCC, developed amendments to the UCC to address financial transactions involving emerging technologies, like cryptocurrencies, blockchains, and non-fungible tokens (NFTs).³ The UCC’s Article 12 addresses “controllable electronic records” or intangible digital assets so that cryptocurrency can be used in secured transactions.⁴ As of August 2024, twenty-four states have adopted a version of these amendments.⁵

The Florida Bar Business Law Section’s Blockchain and Digital Assets Committee and UCC/Bankruptcy Committee (Task Force) assessed the new amendments to the UCC and proposed changes to Florida’s UCC accordingly. The Task Force found that Florida law does not have provisions addressing digital assets—it only contemplates money existing in tangible form, such as bills—which can create legal doubt in financial transactions using digital assets.⁶ As there are over 10,000 cryptocurrencies in circulation and the market is worth over \$2 trillion, there is a growing concern among policymakers to clarify and regulate issues arising from its usage.⁷

Emerging Technologies

Cryptocurrencies consist of “both the units of stored value and the networks on which they are exchanged.”⁸ These networks are comprised of unaffiliated participants that download software to perform transactions, rather than through a central bank that manages ledgers and approved transactions.⁹ Cryptocurrencies can consist of digital tokens¹⁰ which are exchanged across public blockchains that do not require a central intermediary, such as a bank.¹¹ All cryptocurrencies use blockchain technology,¹² which is a digital ledger that records all transactions made in

³ There is no one definition for cryptocurrency, but they generally refer to “blockchain-based digital currencies maintained on decentralized networks. Digital assets are intangible and can be anything of value. Paul Tierno, CONG. RSCH. SERV., *Cryptocurrency: Selected Policy Issues*, available at <https://crsreports.congress.gov/product/pdf/R/R47425> (last visited Mar. 14, 2025); see also ARVIND NARAYANAN ET AL., *BITCOIN AND CRYPTOCURRENCY TECHNOLOGIES* (2016), available at http://d28rh4a8wq0iu5.cloudfront.net/bitcointech/readings/princeton_bitcoin_book.pdf (last visited Mar. 14, 2025).

⁴ Michael D. Contino, CONG. RSCH. SERV., *Crypto Assets and Property of the Bankruptcy Estate: An Analysis*, available at <https://crsreports.congress.gov/product/pdf/LSB/LSB10832> (last visited Mar. 14, 2025).

⁵ *Id.*

⁶ Business Law Section Task Force, *White Paper: Florida’s New UCC Article 12: Controllable Electronic Records (“CERs”) Supporting Secured Transactions for Digital Assets and the Associated UCC Amendments* (Aug. 12, 2024).

⁷ Tierno, *supra* note 3.

⁸ Tierno, *supra* note 3.

⁹ Tierno, *supra* note 3.

¹⁰ “Bitcoin is the token of the Bitcoin network, ether is the token of the Ethereum network, and so on. All cryptocurrencies are digital tokens.” Diego Zuluaga, CATO INST., *Should Cryptocurrencies Be Regulated like Securities?*, available at <https://www.cato.org/sites/cato.org/files/pubs/pdf/cmfa-briefing-paper-1-updated.pdf> (last visited Mar. 14, 2025).

¹¹ *Id.*; see also Tierno, *supra* note 3.

¹² There are some off-chain transactions, wherein an intermediary, such as a payment platform, processes and records the transaction. Customers typically have accounts with these intermediaries, who can “hold cryptocurrencies in custody for users, and transactions occur on private ledgers.” Tierno, *supra* note 3 at 14.

cryptocurrency and acts as a public record.¹³ Anytime a transaction is entered into the ledger, a member must validate the transaction before it is entered.¹⁴ Due to the novel nature of these financial transactions, there is no framework for the regulation of cryptocurrencies and digital assets, and federal regulators are only beginning to develop comprehensive rules to regulate the industry.¹⁵

III. Effect of Proposed Changes:

General Provisions

Section 32 amends s. 671.105, F.S., to prescribe that when governing law in the chapter on controllable electronic records, s. 669.107, F.S., is specified, a contrary agreement is only effective to the extent permitted by that governing law.

Section 33 amends s. 671.107, F.S., to replace “an authenticated record” with “a signed record” regarding waiver or renunciation of a claim or right after breach of contract.

Section 34 amends s. 671.201, F.S., to redesignate subsections and alter definitions.

Section 35 amends s. 671.211, F.S., to include ch. 669, F.S., in a list of exceptions with respect to negotiable instruments and bank collections.

Control of Controllable Electronic Records

Rights in Controllable Account or Controllable Electronic Record

Section 6 creates s. 669.104, F.S., providing that a purchaser of a controllable account or a controllable payment intangible is a qualifying purchaser¹⁶ if the purchaser obtains control of the account/payment intangible or control of the controllable electronic record that evidences such account/payment intangible. The bill also establishes:

- Except as otherwise provided, law other than ch. 669, F.S., determines whether a person acquires a right in a controllable electronic record¹⁷ and the right the person acquires.

¹³ “In the context of cryptocurrency, transactions are grouped together in blocks and, once approved, added to the chain of previously approved blocks. According to a National Institute of Standards and Technology report, blockchains “enable a community of users to record transactions in a shared ledger within that community, such that under normal operation of the blockchain network no transaction can be changed once published.” Computer scientists define blockchains thus as append-only, which means once published they can be added to but not otherwise amended. This append-only nature of blockchains, also often referred to as immutability, is crucial because system participants, including network nodes and miners, can identify attempted tampering.” Tierno, *supra* note 3 at 4; see also David W. Perkins, CONG. RSCH. SERV., *Cryptocurrency: The Economics of Money and Selected Policy Issues*, available at <https://crsreports.congress.gov/product/pdf/R/R45427> (last visited Mar. 14, 2025).

¹⁴ These members, referred to as miners, obtain cryptocurrency in exchange for their efforts in validating the ledger. *Id.*

¹⁵ “Instead, various state and federal financial industry regulators apply existing regulations to cryptocurrencies and digital asset exchanges using legal categories developed for traditional financial products and services. Those rules have primarily been applied through enforcement on a case-by-case basis rather than through rulemaking, meaning firms may operate in violation of rules for extended periods of time before enforcement actions are undertaken.” Tierno, *supra* note 3 at 20.

¹⁶ “Qualifying purchaser” means a purchaser of a controllable electronic record or an interest in such, that obtains control of the record for value in good faith, and without notice of a claim of a property right in the record.

¹⁷ “Controllable electronic record” means a record stored in an electronic medium that can be subjected to control under s. 669.105, F.S. The term does not include a controllable account, a controllable payment intangible, a deposit account, an

- A purchaser of a controllable electronic record acquires all rights in the controllable electronic record that the transferor had or had power to transfer, to the extent of the interest purchased.
- A qualifying purchaser acquires its rights in the controllable electronic record free of a claim of a property right in the controllable electronic record.
- Except as otherwise provided, a qualifying purchaser takes a right to payment, performance, or other interest in property evidenced by the controllable electronic record, subject to a claim of a property right in the right to payment, performance, or other interest in property.
- An action may not be asserted against a qualifying purchaser based on both a purchase by the qualifying purchaser of a controllable electronic record and a claim of a property right in another controllable electronic record—whether the action is in conversion,¹⁸ replevin,¹⁹ constructive trust,²⁰ equitable lien,²¹ or other theory.
- Filing of a finance statement under ch. 679, F.S., is not notice of a claim of a property right in a controllable electronic record.

Control of a Controllable Electronic Record

Section 7 creates s. 669.105, F.S., specifying that a person has control of a controllable electronic record if the electronic record attached to or logically associated with the electronic record, or a system in which the electronic record is recorded:

- Gives the person:
 - Power to avail itself of substantially all the benefits from the electronic record; and
 - Exclusive power to (1) prevent others from availing themselves of substantially all the benefit from the electronic record and (2) transfer control of the electronic record to another person or cause another person to obtain control of another controllable electronic record as a result of the transfer of the electronic record.
- Enables the person readily to identify themselves in any way including by name, identifying number, cryptographic key, office, or account number, as having the aforementioned powers.

If a person has the above-specified powers, the powers are presumed exclusive. The bill establishes that a power is exclusive under subsection (1)(a) even if:

- The controllable electronic record, a record attached to or logically associated with the electronic record, or a system in which the electronic record is recorded limits the use of the electronic record or has a protocol programmed to cause a change, including a transfer or loss of control or a modification of benefits afforded by the electronic record; or
- The power is shared with another person.

electronic copy of a record evidencing chattel paper, an electronic document of title, electronic money, investment property, or a transferable record.

¹⁸ Conversion is an intentional tort that occurs when a party wrongfully takes another's property. See *Joe Hand Promotions, Inc. v. Creative Ent., LLC*, 978 F. Supp. 2d 1236, 1241 (M.D. Fla. 2013).

¹⁹ Replevin is a legal action, seeking return of personal property which has been wrongfully taken by the opposing party. See *Brown v. Reynolds*, 872 So. 2d 290 (Fla. 2d DCA 2004).

²⁰ A constructive trust is a trust created by a court as a judicial remedy to restore property to its rightful owner, either when property has been acquired by fraud or it is against principles of equity that someone should retain possession of such property. *Silva v. de la Noval*, 307 So. 3d 131, 134 (Fla. 3d DCA 2020).

²¹ An equitable lien is a type of lien, which is a security interest or legal right acquired in another's property, granted by a court as a judicial remedy against certain property. See *In re Performance Leasing Corp of Collier Cnty.*, 385 B.R. 317, 325-26 (Bankr. M.D. Fla. 2008).

However, a power of a person is not shared with another person under paragraph (2)(b) and the person's power is not exclusive if:

- The person can exercise the power only if the power also is exercised by the other person; and
- The other person:
 - Can exercise the power without the exercise of the power by the person; and
 - Is the transferor to the person of an interest in the controllable electronic record, controllable account, or controllable payment intangible evidenced by the controllable electronic record.

Further, the bill provides that a person has control of a controllable electronic record if another person, other than the transferor to the person of an interest in the controllable electronic record, controllable account, or controllable payment intangible evidenced by the controllable electronic record:

- Has control of the electronic record and acknowledges it has control on behalf of the person; or
- Obtains control of the electronic record after having acknowledged that it will obtain control of the electronic record on behalf of the person.

The bill specifies that a person that has control is not required to acknowledge that it has control on behalf of another person. If a person acknowledges that it has or will obtain control on behalf of another person, unless the person otherwise agrees or law other than this part or ch. 679, F.S., otherwise provides, the person does not owe any duty to the other person and is not required to confirm the acknowledgement to anyone.

Discharge of Account Debtor on Controllable Account or Controllable Payment Intangible

Section 8 creates s. 669.106, F.S., to provide that an account debtor on a controllable account or controllable payment intangible may discharge its obligation by paying:

- The person having control of the controllable electronic record that evidences the controllable account or controllable payment intangible; or
- Except as provided in subsection (2), a person that formerly had control of the controllable electronic record.

Under the bill, the account debtor may not discharge its obligation by paying a person that formerly had control of the controllable electronic record, unless the account debtor receives a notification with specified information from the person that formerly had control over the controllable electronic record. This notification is ineffective:

- Unless the account debtor and the person who had control of the controllable electronic record agree in a signed record to a commercially reasonable method by which a person may furnish reasonable proof that control has been transferred.
- To the extent an agreement between the account debtor and seller of a payment intangible limits the account debtor's duty to pay a person other than the seller.
- At the option of the account debtor, if the notification notifies the account debtor to divide the payment, provide less than the full amount of an installment, or pay any part of a payment by more than one method or to more than one person.

Further, the bill provides that the person giving notification must also furnish reasonable proof that control of the controllable electronic record has been transferred. A person furnishes reasonable proof if the transferee has the power to avail itself of substantially all the benefit from the controllable electronic record, prevent others from availing themselves of the benefits, and transfer such powers to another person. Additionally, the bill specifies that this section is subject to law other than this chapter, which establishes a different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family, or household purposes.

Governing Law

Section 9 creates s. 669.107, F.S., to establish that the local law of a controllable electronic record's jurisdiction governs a matter covered by Part I. Regarding the discharge of an account debtor under s. 699.106, F.S., local law also governs unless an effective agreement determines that the local law of another jurisdiction governs. The bill also specifies circumstances in which the law of another jurisdiction applies instead.

Section 11 creates s. 669.501, F.S., which creates a short title.

Section 12 creates s. 669.502, F.S., providing definitions and principles of construction and interpretation applicable to Part II.

Fund Transfers

Sections 20 and 22-28 amend ss. 670.103, 670.202, 670.203, 670.207, 670.208, 670.21, 670.211, and 67.305, F.S., to revise the definition of "payment order" by replacing "written" with the word "record." Under the bill, agreements related to security procedures and payment orders may be "evidenced by a record" rather than in "writing."

Section 21 amends s. 670.201, F.S., to allow for banks and customers to agree to a security procedure that may impose an obligation on either party to use symbols, sounds, and biometrics when handling payment orders. The bill specifies that requiring a payment order to be sent from a known e-mail address, IP address, or telephone number is not in itself a security procedure.

Sale of Goods

Section 38 amends s. 672.102, F.S., to provide that ch. 672, F.S., does not apply to a transaction that operates only to create a security interest, even if it is in the form of an unconditional contract. The bill also replaces language to establish that ch. 672, F.S., does not impair or repeal a statute regulating sales to consumers, farmers, or other specified classes of buyers. Further, in a hybrid transaction—one for both the sale of goods and services—if the sale-of-goods aspects do not predominate, only the provisions of ch. 672, F.S., that apply primarily to sale-of-goods aspects of the transaction apply. If the sale-of-goods aspects predominate, this chapter applies to the transaction but does not preclude application in appropriate circumstances of other law to aspects of the transaction which do not relate to the sale of goods.

Section 39 amends s. 672.106, F.S., to include the definition of a hybrid transaction.

Sections 40-44 amend ss. 672.201, 672.202, 672.203, 672.205, and 672.209, F.S., to change references from “written notice” to “notice in a record.”

Negotiable Instruments

Section 47 amends s. 673.1041, F.S., establishing that a negotiable instrument²² may contain statements on governing law or dispute resolution forums concerning the promise or order.

Section 48 amends s. 673.1051, F.S., adding to the definition of the term “issue.” Under the bill, “issue” means either:

- The first delivery of an instrument by the maker or drawer, whether to a holder or nonholder, for the purpose of giving rights on the instrument to any person; or
- If agreed to by the payee, the first transmission by the drawer to the payee of an image of an item and information derived from the item that enables the depository bank to collect the item by transferring or presenting under federal law an electronic check.

Section 49 amends s. 673.4011, removing the subsection for how a signature is made on a negotiable instrument, as the bill adopts a new term “signed” as defined in s. 671.201, F.S.

Section 50 amends s. 673.6041, F.S., specifying that the obligation of a party to pay a check is not discharged solely by the destruction of the check in connection with a specified process that extracts information from the check.

Letters of Credit

Section 53 amends s. 675.104, F.S., conforming the requirements for letters of credit with the new definition of “signed” under this bill.

Section 54 amends s. 675.116, F.S., changing language to conform with the new term “record.” The bill provides that a branch of a bank is considered to be located at the address indicated in the branch’s undertaking or whether the undertaking was issued, for the purposes of choice of law and forum.

Documents of Title

Section 57 amends s. 677.106, F.S., specifying that a person has control of an electronic document of title if an authoritative electronic copy of the document, a record attached to or logically associated with the electronic copy, or a system in which the electronic copy is recorded:

- Enables the person to identify each electronic copy as authoritative or non-authoritative;
- Enables the person to identify itself in any way, including name, identifying number, cryptographic key, office, or account number, as the person to which each authoritative electronic copy was issued or transferred; and

²² The term “negotiable instrument” means an unconditional promise or order to pay a fixed amount of money, with or without interest or other charges described in the promise or order. Section 673.1041, F.S.

- Gives the person exclusive power to prevent others from adding or changing the person to which each authoritative electronic copy has been issued/transferred and transfer control of each authoritative electronic copy.

The bill also specifies instances in which the power to prevent others from changing the person to which the copy has been issued or transfer control of an authoritative electronic copy is exclusive or not. Additionally, the bill provides for situations in which a person can have control over the electronic document of title when another person obtains control on their behalf.

Investment Securities

Section 60 amends s. 678.1021, F.S., adding references to definitions for “controllable account,” “controllable electronic record,” and “controllable payment intangible” as defined in other sections of the bill.

Section 61 amends s. 678.1031, F.S., providing that a controllable account, controllable electronic record, or controllable payment intangible is not a financial asset, unless otherwise specified.

Section 62 amends s. 678.1061, F.S., specifying that a purchaser has control over a security entitlement if another person, other than the transferor to the purchaser of an interest in the security entitlement:

- Has control of the security entitlement and acknowledges they have control on behalf of the purchaser; or
- Obtains control of the security entitlement after having acknowledged that it will obtain control of the security entitlement on behalf of the purchaser.

Section 63 creates s. 678.1101, F.S., specifying that the local law of the issuer’s jurisdiction governs certain matters or transactions in specific circumstances.

Section 64 amends s. 678.3031, F.S., specifying that protected purchasers acquire interest in a security free of any adverse claim.

Secured Transactions

Article 9 of the UCC governs transactions intended to create a security interest in personal property.²³ Ch. 679, F.S., Florida’s version of article 9, provides for the creation, perfection,²⁴ priority,²⁵ and enforcement of security interests. A security interest occurs when an interest in personal property secures payment or performance of an obligation under a contract.²⁶ The bill conforms ch. 679, F.S., to validate cryptocurrency as personal property that can be used in secured transactions.

²³ Legal Information Institute, *Secured Transactions*, available at https://www.law.cornell.edu/wex/Secured_transactions (last visited Mar. 14, 2025).

²⁴ Perfection is the process by which a secured party gains priority over other parties with claims to the same collateral. *Id.*

²⁵ Priority refers to the order of preference given to different creditors of a security interest. *Id.*

²⁶ *Id.*

Section 67 amends s. 679.1021, F.S., conforming definitions to the new statutory scheme for electronic, intangible forms of payment.

Section 68 amends s. 679.1041, F.S., specifying that a secured party can have control of a deposit account if another person, other than the debtor, has control of the deposit account and acknowledges this control is on behalf of the secured party.

Control of Electronic Chattel Paper

Section 69 amends 679.1051, F.S., specifying the circumstances under which a purchaser has control of electronic chattel paper.²⁷ The bill provides that a system—employed to evidence the assignment of interests in chattel paper—must create, store, and assign the records evidencing the chattel paper in a certain manner for the purchaser to have control. Control is proven when a system has an authoritative electronic copy of the electronic chattel paper, which permits the purchaser to readily identify themselves in any way, including by name, identifying number, cryptographic key, office, or account number, as the assignee of the authoritative electronic copy. The bill also establishes the circumstances in which such control is exclusive or not.

Control of Electronic Money

Section 70 creates s. 679.1052, F.S., specifying that a person has control of electronic money if:

- The electronic money, a record attached/associated with the electronic money, or a system in which the electronic money is recorded gives the person power to avail itself of the benefit from the electronic money and exclusive power over the electronic money; and
- The electronic money, a record attached/associated with the electronic money, or a system in which the electronic money is recorded enables the person to readily identify itself in any way, including by name, identifying number, cryptographic key, office, or account number.

Under the bill, a person has exclusive power even if the electronic money, record, or system limits the use of the electronic money or has a protocol programmed to cause a change, or the power is shared with another person. The bill further specifies instances in which a person's power to avail itself of the benefit of the electronic money is or is not exclusive.

Control of Controllable Electronic Record, Controllable Account, or Controllable Payment Intangible

Section 71 creates s. 679.1053, F.S., mandating that a secured party has control of a controllable electronic record as provided in s. 669.105, F.S. Further, a secured party has control of a controllable account or controllable payment intangible if the secured party has control of the controllable electronic record that evidences such control.

²⁷ "Chattel paper" means: 1. A right to payment of a monetary obligation secured by specific goods, if the right to payment and security agreement are evidenced by a record; or 2. A right to payment of a monetary obligation owed by a lessee under a lease agreement with respect to specific goods and a monetary obligation owed by the lessee in connection with the transaction giving rise to the lease, if: a. The right to payment and lease agreement are evidenced by a record; and b. The predominant purpose of the transaction giving rise to the lease was to give the lessee the right to possession and use of the goods. The term does not include a right to payment arising out of a charter or other contract involving the use or hire of a vessel or a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card.

Section 72 creates s. 679.1054, F.S., providing that acknowledgment is not required when a person has control on behalf of another person under ss. 679.1051-679.1053, F.S. Further, if a person has control, they have no requirement to confirm the acknowledgment or owe a duty to the other person.

Attachment and Enforceability of Security Interests

Section 73 amends s. 679.2031, F.S., revising language to conform with the new term “signed” and include new types of collateral categories, such as controllable accounts, controllable electronic records, controllable payment intangibles, electronic documents, electronic money, and chattel paper.

Section 74 amends 679.2041, F.S., providing that a security interest may attach²⁸ to consumer goods as proceeds, comingled goods, commercial tort claims, or under an after-acquired property clause under specified statutes.

Section 75 amends s. 679.2071, F.S., adding a reference to the newly-created s. 679.1052, F.S., under this bill.

Additional Duties of a Secured Party Having Control of Collateral

Section 76 amends s. 679.2081, F.S., revising language to conform with new terms “record” and “signed.” Further, the bill specifies that when a secured party receives a signed demand by a debtor, the secured party must transfer control to the debtor of:

- An authoritative electronic copy of a record evidencing chattel paper under s. 679.1051, F.S.;
- An authoritative electronic copy of an electronic document of title under s. 677.106, F.S.;
- Electronic money under s. 679.1052, F.S.; and
- A controllable electronic record under s. 669.105, F.S.

Duties of a Secured Party if the Account Debtor has been Notified of Assignment

Section 77 amends s. 679.209, F.S., conforming internal cross-references to notice to an account debtor under s. 679.4016(1), F.S., or s. 669.106(2), F.S. The bill also conforms language to new term “signed.”

Law Governing Perfection and Priority of Security Interests

Section 79 amends s. 679.3011, F.S., removing chattel paper from a list of tangible forms of money, as chattel paper is now addressed in s. 679.3062, F.S.

Section 80 amends s. 679.3041, F.S., specifying that the local law of a bank’s jurisdiction governs perfection and priority of security interests in deposit accounts, even if the transaction does not bear any relation to the bank’s jurisdiction.

Section 81 amends s. 679.3051, F.S., adding that paragraphs (1)(b), (c), and (d) apply to priority and perfection of security interests in investment accounts, even if a transaction does not bear

²⁸ “A security interest attaches to collateral when it becomes enforceable against the debtor with respect to the collateral, unless an agreement expressly postpones the time of attachment.” Section 679.2031, F.S.

any relation to that jurisdiction. These paragraphs specify which local law governs perfection for security interests in uncertified securities,²⁹ a security entitlement³⁰ or securities account,³¹ and a commodity contract³² or commodity account.³³

Section 82 creates s. 679.3062, F.S., providing rules to determine the jurisdiction governing perfection and priority of security interests in chattel paper. Under the bill, except as provided, if chattel paper is evidenced only by an authoritative electronic copy of the chattel paper or is evidenced by an authoritative electronic copy and an authoritative tangible copy, the local law of the chattel paper's jurisdiction governs perfection and the priority of a security interest in the chattel paper, even if the transaction does not bear any relation to the chattel paper's jurisdiction. The bill also provides that:

- If the authoritative electronic copy of the record evidencing chattel paper, or record attached to or associated with the electronic copy, expressly provides a particular jurisdiction for the chattel paper, that jurisdiction's law governs.
- If the above does not apply, the governing law of the chattel paper is determined by the rules of the system in which the authoritative electronic copy is recorded, if those rules specify a particular jurisdiction. This is only for the purposes of s. 679.3061, F.S., this chapter, or the UCC.
- If neither of those provisions apply, then the governing law is determined by the jurisdiction specified in the authoritative electronic copy or record attached to or associated with it.
- If none of the aforementioned provisions apply, the governing law of the chattel paper is determined by the rules of the system in which the authoritative electronic copy is recorded, if those rules specify a particular jurisdiction.
- If none of the aforementioned provisions apply, then the governing law of the chattel paper is determined by the jurisdiction in which the debtor is located.

Additionally, the bill provides that if chattel paper is evidenced by an authoritative tangible copy and not an authoritative electronic copy, the local law of the jurisdiction in which the authoritative tangible copy is located governs:

- perfection of a security interest in the chattel paper by possession under s. 679.3152, F.S.; and
- the effect of perfection or nonperfection and the priority of a security interest in the chattel paper.

²⁹ "Uncertificated security" means a security that is not represented by a certificate. Section 678.1021(1)(r), F.S.

³⁰ "Security entitlement" means the rights and property interest of an entitlement holder with respect to a financial asset specified in part V. Section 678.1021(1)(q), F.S.

³¹ "Securities account" means an account to which a financial asset is or may be credited in accordance with an agreement under which the person maintaining the account undertakes to treat the person for whom the account is maintained as entitled to exercise the rights that comprise the financial asset. Section 678.5011, F.S.

³² "Commodity contract" means a commodity futures contract, an option on a commodity futures contract, a commodity option, or another contract if the contract or option is: (1) traded on or subject to the rules of a board of trade that has been designated as a contract market for such a contract pursuant to federal commodities laws; or (2) traded on a foreign commodity board of trade, exchange, or market, and is carried on the books of a commodity intermediary for a commodity customer. Section 679.1021(1)(o), F.S.

³³ "Commodity account" means an account maintained by a commodity intermediary in which a commodity contract is carried for a commodity customer. Section 679.1021(1)(n), F.S.

Last, the local law of the jurisdiction in which the debtor is located governs perfection of a security interest in chattel paper by filing.

Section 83 creates s. 679.3063, F.S., specifying that the local law of the controllable electronic record's jurisdiction specified in s. 669.107(3)-(4), F.S., governs perfection and priority of security interests in controllable electronic records, controllable electronic accounts, and controllable payment intangibles evidenced by the controllable electronic record. Further, the bill provides that the local law of the jurisdiction in which the debtor is located governs:

- perfection of a security interest in controllable accounts, controllable electronic records, or controllable payment intangibles by filing; and
- automatic perfection of a security interest in a controllable payment intangible created by a sale of the controllable payment intangible.

Perfection of Security Interests

Section 84 amends s. 679.3101, F.S., revising language to include controllable accounts, controllable electronic records, and controllable payment intangibles as a collateral category that does not require the filing of a financing statement.³⁴

Section 85 amends s. 679.3121, F.S., including controllable accounts, controllable electronic records, controllable payment intangibles, and negotiable instruments as types of security interests that may be perfected by filing. The bill provides that a security interest in electronic money may be perfected only by control under s. 679.3141, F.S. Additionally, language is revised to conform with the new definition of the word "signed."

Section 86 amends s. 679.3131, F.S., adding negotiable tangible documents and tangible money to the list of security interests that can be perfected by taking possession of the collateral. Language is also revised to conform with the new definition of the word "signed."

Section 87 amends s. 679.3141, F.S., providing that controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts, electronic documents, electronic money, investment property, or letter-of-credit rights may be perfected by control of the collateral under s. 679.1052, F.S., and s. 679.1053, F.S., among other statutes.

Section 88 creates s. 679.3152, F.S., specifying that a secured party may perfect a security interest in chattel paper by taking possession and obtaining control of each authoritative tangible copy of the record evidencing the chattel paper. The bill provides a cross-reference to other provisions in this chapter that would apply to perfection in this situation.

Section 89 amends s. 679.3161, F.S., adding chattel paper, controllable accounts, controllable electronic records, and controllable payment intangibles to the list of security interests which

³⁴ "Financing statement" means a record or records composed of an initial financing statement and any filed record relating to the initial financing statement. Section 679.1021(1)(mm), F.S.; *see also* Legal Information Institute, *UCC Financing Statement*, available at https://www.law.cornell.edu/wex/ucc_financing_statement (last visited Mar. 14, 2025) (A financing statement "is a form that creditors file with states in which they have a security interest in a debtor's personal property. The financial statement serves a similar purpose as recording a deed for real property: registering debt with a state so other creditors and the government can track legitimate security interests in property.").

remain perfected, even when there is a change in governing law, for a length of time as specified by statute.

Interests that Take Priority Over or Take Free of Security Interest or Agricultural Lien

Section 90 amends s. 679.3171, F.S., specifying the rights of buyers and licensees and identifying when they take collateral free of security interests. Under the bill:

- A buyer, other than a secured party, of chattel paper takes free of a security interest if, without knowledge of the security interest and before it is perfected, the buyer gives value and:
 - Receives delivery of each authoritative tangible copy of the record evidencing the chattel paper; and
 - If each authoritative electronic copy of the record evidencing the chattel paper can be subjected to control under s. 679.1052, obtains control of each authoritative electronic copy.
- A buyer of an electronic document takes free of a security interest if, without knowledge of the security interest and before it is perfected, the buyer gives value and, if each authoritative electronic copy of the document can be subjected to control under s. 677.106, obtains control of each authoritative electronic copy.
- A buyer of a controllable electronic record takes free of a security interest if, without knowledge of the security interest and before it is perfected, the buyer gives value and obtains control of the controllable electronic record.
- A buyer, other than a secured party, of a controllable account or a controllable payment intangible takes free of a security interest if, without knowledge of the security interest and before it is perfected, the buyer gives value and obtains control of the controllable account or controllable payment intangible.

Priority of Security Interests

Section 91 amends s. 679.323, F.S., removing references to a buyer in ordinary course of business as an exception to a buyer or lessee who takes free of a security interest.

Section 93 creates s. 679.3251, F.S., providing that 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.

Section 94 amends s. 679.330, F.S., specifying the requirements for a purchaser of chattel paper or instruments³⁵ to have priority over other security interests based on the purchaser's possession of the authoritative copies of the record evidencing chattel paper.

Section 95 amends s. 679.331, F.S., providing that ch. 679, F.S., does not limit the rights of a qualifying purchaser of a controllable account, controllable electronic record, or controllable

³⁵ "Instrument" means a negotiable instrument or any other writing that evidences a right to the payment of a monetary obligation, is not itself a security agreement or lease, and is of a type that in the ordinary course of business is transferred by delivery with any necessary indorsement or assignment. The term does not include investment property, letters of credit, or writings that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card. Section 679.1021(1)(uu), F.S.

payment intangible. Under the bill, this purchaser takes priority over an earlier security interest, even if perfected, to the extent provided in ch. 669, F.S.

Section 96 amends s. 679.332, F.S., providing that:

- A transferee of tangible money takes free of a security interest if the transferee receives possession of the money without acting in collusion with the debtor in violating the rights of the secured party.
- A transferee of funds from a deposit account takes free of a security interest in the deposit account if the transferee receives the funds without acting in collusion with the debtor in violating the rights of the secured party.
- A transferee of electronic money takes the money free of a security interest if the transferee obtains control of the money without acting in collusion with the debtor in violating the rights of the secured party.

Rights of Third Parties

Section 99 amends s. 679.4061, F.S., conforming language to the new term “signed.” The bill also clarifies that the term “promissory note” includes a negotiable instrument that evidences chattel paper for s. 679.4061(4), F.S. The bill also creates a new subsection to clarify that subsections 1-3 and 7 do not apply to a controllable account or controllable payment intangible.

Section 100 amends s. 679.4081, F.S., clarifying that for the purposes of this section, the term “promissory note” includes a negotiable instrument that evidences chattel paper.

Default

Section 103 amends s. 679.601, F.S., conforming language to reference newly created statutes under this bill.

Section 105 amends s. 679.605, F.S., mandating that a secured party owes a duty to a debtor or obligor under certain circumstances when a controllable account, controllable electronic record, or controllable payment intangible is perfected by control.

Sections 108 and 109 amend ss. 679.613 and 679.614, F.S., changing the forms required for notification of disposition of collateral and sale of property, respectively, and providing instructions for use of the forms. Secured parties are required to notify debtors when disposing of collateral or selling property.

Section 117 amends s. 679.628, F.S., providing that certain limitations on liability of secured parties do not apply if, at the time the secured party obtains control of collateral that is a controllable account, controllable electronic record, or controllable payment intangible or at the time the security interest attaches to the collateral, whichever is later:

- The person is a debtor of obligor; and
- The secured party knows that the information listed in (2)(a) is not provided by the collateral, a record attached to or logically associated with the collateral, or the system in which the collateral is recorded.

Leases

Section 121 amends s. 680.1021, F.S., clarifying the scope of ch. 680, F.S., as it applies to hybrid leases.³⁶ If the lease-of-goods aspects do not predominate:

- Only the provisions of this chapter which relate primarily to the lease-of-goods aspects of the transaction apply, and the provisions that relate primarily to the transaction as a whole do not apply;
- Section 608.209, F.S., applies if the lease is a finance lease; and
- Section 608.407, F.S., applies to the promises of the lessee in a finance lease to the extent the promises are consideration for the right to possession and use of the leased goods.

Under the bill, if the lease-of-goods aspects predominate, this chapter applies to the transaction but does not preclude application in appropriate circumstances of other law to aspects of the lease which do not relate to the lease of goods.

Section 122 amends s. 680.1031, F.S., to provide the definition of a hybrid lease and change internal references in the index to conform language to changes in the bill.

Transitional Provisions, Savings Clauses, and Effectiveness of Contracts

Section 10 creates Part II of ch. 669, F.S., entitled “Transitional Provisions for Chapter 669 and 2024 Amendments to Chapter 679.”

Section 29 creates Part VI of ch. 670, F.S., and titles it “Transitional Provisions.”

Section 30 creates s. 670.601, F.S., to specify that, except as otherwise provided, a transaction entered into before July 1, 2025, and the rights, duties, and interests flowing from the transaction remain valid thereafter and may be terminated, completed, consummated, or enforced as required or permitted by law other than the UCC, or if applicable, the UCC as though this bill had not taken effect.

Section 36 creates Part IV of ch. 671, F.S., entitled “Transitional Provisions.”

Section 37 creates s. 671.401, F.S., to provide that, except as otherwise provided, a transaction validly entered into before July 1, 2025, and the rights, duties, and interests flowing from such transaction remain valid thereafter and may be terminated, completed, consummated, or enforced as required or permitted by law other than the Uniform Commercial Code or, if applicable, by the Uniform Commercial Code as though this act had not taken effect.

Section 45 creates Part VIII of ch. 672, F.S., entitled “Transitional Provisions.”

³⁶ A lease means a transfer of the right to possession and use of goods for a term in return for consideration, but a sale, including a sale on approval or a sale or return, or retention or creation of a security interest is not a lease. Unless the context clearly indicates otherwise, the term includes a sublease. Section 680.1031, F.S. “Hybrid lease” means a single transaction involving a lease of goods and either (1) the provision of services, (2) the sale of other goods, or (3) a sale, lease, or license of property other than goods.

Section 51 creates s. 673.701, F.S., establishing Part VII of ch. 673, F.S., entitled “Transitional Provisions.”

Section 58 creates Part VIII of ch. 677, F.S., entitling it “Transitional Provisions.”

Section 65 creates Part VI of ch. 678, F.S., entitled “Transitional Provisions.”

Section 118 creates Part IX of ch. 679, F.S., consisting of sections 679.901 and 679.902, F.S., and entitling it “Transitional Provisions for 2025 Amendments.”

Section 129 creates Part VI of ch. 680, F.S., entitled “Transitional Provisions.”

Savings Clause for General Transitional Purposes

Sections 13, 37, 46, 52, 55, 59, 66, 119, and 130 create ss. 669.601, 671.401, 672.801, 673.702, 675.119, 677.701, 678.601, 679.901, and 680.601, F.S., providing that, except as specified, a transaction validly entered into before July 1, 2025, and the rights, duties, and interests flowing from the transaction remain valid thereafter and may be terminated, completed, consummated, or enforced as required or permitted by law other than the Uniform Commercial Code or, if applicable, the Uniform Commercial Code as though this bill had not taken effect.

Savings Clause for Transitional Provisions for Chapters 669 and 679

Section 14 creates s. 669.701, F.S., providing that:

- Except as specified, ch. 679, F.S., as it existed on July 1, 2025, and Article 12 apply to a transaction, lien, or other interest in property, even if the transaction, lien, or interest was entered into, created, or acquired before July 1, 2025.
- Except as specified, both of the following apply:
 - A transaction, lien, or interest in property that was validly entered into, created, or transferred before July 1, 2025, and was not governed by the Uniform Commercial Code, but would be subject to ch. 679, F.S., as it existed on July 1, 2025, or Article 12 if it had been entered into, created, or transferred on or after July 1, 2025, including the rights, duties, and interests flowing from the transaction, lien, or interest, remains valid on and after July 1, 2025; and
 - The transaction, lien, or interest may be terminated, completed, consummated, and enforced as required or permitted by this bill, or by the law that would apply if this bill had not taken effect.
- This bill does not affect an action, case, or proceeding commenced before July 1, 2025.

Security Interests Perfected Before the Effective Date

Section 15 creates s. 669.702, F.S., establishing that a security interest³⁷ that is enforceable and perfected immediately before July 1, 2025, is a perfected security interest under this bill if, on

³⁷ A security interest means an interest in personal property or fixtures which secures payment or performance of an obligation. Section 671.201, F.S.

July 1, 2025, the requirements for enforceability and perfection³⁸ under this bill are satisfied without further action. Furthermore, if a security interest is enforceable and perfected immediately before July 1, 2025, but the requirements for perfection are not satisfied by that date, the security interest:

- Is a perfected security interest until the earlier of the time perfection would have ceased under the law in effect immediately before July 1, 2025, or the adjustment date;
- Remains enforceable thereafter only if the security interest satisfies the requirements for enforceability under s. 679.2031, as it existed on July 1, 2025, before the adjustment date; and
- Remains perfected thereafter only if the requirements for perfection under this bill are satisfied immediately before July 1, 2025.

Security Interest Unperfected Before the Effective Date

Section 16 creates s. 669.703, F.S., providing that if a security interest which is enforceable immediately before July 1, 2025, but is unperfected at that time:

- Remains an enforceable security interest until the adjustment date;
- Remains enforceable thereafter if the security interest becomes enforceable under s. 679.2031, F.S., as amended by this bill on July 1, 2025, or before the adjustment date; and
- Becomes perfected:
 - Without further action, on July 1, 2025, if the requirements for perfection under this bill are satisfied before or at that time; or
 - When the requirements for perfection are satisfied if the requirements are satisfied after that time.

Effectiveness of Actions Taken Before Effective Date

Section 17 creates s. 669.704, F.S., providing if action, other than the filing of a financing statement, is taken before July 1, 2025, and the action would have resulted in perfection of the security interest had the security interest become enforceable before July 1, 2025, the action is effective to perfect a security interest that attaches under this bill before the adjustment date. An attached security interest becomes unperfected on the adjustment date unless the security interest becomes a perfected security interest under this bill before the adjustment date. Further, the filing of a financing statement before July 1, 2025, is effective to perfect a security interest on July 1, 2025, to the extent the filing would satisfy the requirements for perfection under this bill. Additionally, action taken before July 1, 2025, is sufficient for the enforceability of a security interest on July 1, 2025, if the action would satisfy the requirements for enforceability under this bill.

Priority

Section 18 creates s. 669.705, F.S., determining the priority of conflicting claims to collateral. If the priorities of claims to collateral were established before July 1, 2025, ch. 679, F.S., as in effect before July 1, 2025, determines priority. Moreover, on the adjustment date, to the extent the priorities determined by ch. 679, F.S., as amended by this bill, modify the priorities

³⁸ Perfection is the process by which a security interest becomes legally enforceable, typically through filing, possession, or control as set out by statute. See Legal Information Institute, *Perfected*, available at <https://www.law.cornell.edu/wex/perfected> (last visited Mar. 14, 2025).

established before July 1, 2025, the priorities of claims to Article 12 property and electronic money established before July 1, 2025, cease to apply.

Priority of Claims when Priority Rules of Chapter 679 do Not Apply

Section 19 creates s. 669.706, F.S., establishing that Article 12 determines the priority of conflicting claims to Article 12 property when the priority rules of ch. 679, F.S., do not apply. However, when the priority rules of ch. 679, F.S., do not apply, and the priorities of claims to Article 12 property were established prior to July 1, 2025, law other than Article 12 determines priority. When the priority rules of ch. 679, F.S., as amended by this bill do not apply, to the extent the priorities determined by this bill modify the priorities established before July 1, 2025, the priorities of claims to Article 12 property established before July 1, 2025, cease to apply on the adjustment date.

Other Provisions

Section 1 creates ch. 669, F.S., with the title “Uniform Commercial Code: Controllable Electronic Records and Transitional Provisions.”

Section 2 creates Part I of ch. 669, F.S., with the title “Controllable Electronic Records.”

Section 3 specifies a short title for s. 669.101, F.S., “Uniform Commercial Code-Controllable Electronic Records.”

Section 4 creates s. 669.102, F.S., to establish definitions throughout the chapter.

Section 5 creates s. 669.103, F.S., establishing that if there is a conflict between Part I of ch. 669, F.S., and ch. 679, F.S., that ch. 679, F.S., will govern.

Section 31 amends s. 671.101, F.S., to allow the UCC to be cited as the “Code.”

Sections 56, 78, 92, 97, 98, 101, 102, 104, 106, 107, 110-116, and 123-128 amend ss. 677.102, 679.210, 679.324, 679.341, 679.4041, 679.509, 679.513, 679.604, 679.608, 679.611, 679.615, 679.616, 679.619, 679.620, 679.621, 679.624, 679.625, 680.1071, 680.201, 680.202, 680.203, 680.205, and 680.208, F.S., conforming language to the newly defined terms “record” and “signed.”

Section 120 creates s. 679.902, F.S., to provide that, effective July 1, 2025, chapter 679 shall be amended by this act, including the transitional provisions for chapters 669 and 679, as amended by this bill and as provided in part II of chapter 669, F.S.

Sections 131-137 amend ss. 55.205, 319.27, 328.0015, 517.061, 559.9232, 563.022, and 668.50 F.S., updating internal references to statutes amended by this bill.

Sections 138-163 reenact ss. 655.55, 685.101, 90.953, 673.1061, 673.1151, 673.1031, 673.6051, 679.3061, 675.103, 674.2101, 675.1181, 679.1101, 672.103, 674.104, 678.5101, 679.1061, 679.328, 679.327, 679.1091, 679.709, 679.602, 679.329, 679.320, 727.109, 680.307, 679.626, F.S., respectively, for the purpose of incorporating the amendments made under this bill.

Effective Date

Section 164 provides an effective date of July 1, 2025.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None identified.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Incorporation into the UCC of these types of instruments may facilitate transactions using them.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 670.103, 670.201, 670.202, 670.203, 670.207, 670.208, 670.21, 670.211, 670.305, 671.101, 671.105, 671.107, 671.201, 671.211, 672.102, 672.106, 672.201, 672.202, 672.203, 672.205, 672.209, 673.1041, 673.1051, 673.4011, 673.6041, 675.104, 675.116, 677.102, 677.106, 678.1021, 678.1031, 678.1061, 678.1101, 678.3031, 679.1021, 679.1041, 679.1051, 679.2031, 679.2041, 679.2071, 679.2081, 679.209, 679.210, 679.3011, 679.3041, 679.3051, 679.3101, 679.3121, 679.3131, 679.3141, 679.3161, 679.3171, 679.323, 679.324, 679.3251, 679.330, 679.331, 679.332, 679.341, 679.4041, 679.4061, 679.4081, 679.509, 679.513, 679.601, 679.604, 679.605, 679.608, 679.611, 679.613, 679.614, 679.615, 679.616, 679.619, 679.620, 679.621, 679.624, 679.625, 679.628, 680.1021, 680.1031, 680.1071, 680.201, 680.202, 680.203, 680.208, 55.205, 319.27, 328.0015, 517.061, 559.9232, 563.022, 668.50, 655.55, 685.101, 90.953, 673.1061, 673.1151, 673.1031, 673.6051, 679.3061, 675.103, 674.2101, 675.1181, 679.1101, 672.103, 674.104, 678.5101, 679.1061, 679.328, 679.327, 679.1091, 679.709, 679.602, 679.329, 679.320, 727.109, 680.307, 679.626.

This bill creates the following sections of the Florida Statutes: 669.101, 669.107, 669.102, 669.103, 669.104, 669.105, 669.106, 669.501, 669.706, 669.502, 669.601, 669.701, 669.702, 669.703, 669.704, 669.705, 670.601, 671.401, 672.801, 673.702, 675.119, 677.701, 678.601, 679.1052, 679.1053, 679.1054, 679.3062, 679.3063, 679.3152, 679.901, 679.902, 680.601.

IX. Additional Information:**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.