

SENATE BILL No. 548

September 25, 2013, Introduced by Senator BOOHER and referred to the Committee on Banking and Financial Institutions.

A bill to amend 2000 PA 305, entitled
 "Uniform electronic transactions act,"
 by amending section 16 (MCL 450.846).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 16. (1) As used in this section, "transferable record"
 2 means an electronic record that ~~is~~ **MEETS** both of the following:

3 (a) Would be a note under ~~sections 3101 to 3801~~ **ARTICLE 3** of
 4 the uniform commercial code, ~~1962 PA 174, MCL 440.3101 to 440.3801,~~
 5 **440.3605**, or a document under ~~sections 7101 to 7603~~ **ARTICLE 7** of
 6 the uniform commercial code, ~~1962 PA 174, MCL 440.7101 to 440.7603,~~
 7 **440.7702**, if the electronic record were in writing.

8 (b) The issuer of the electronic record expressly has agreed
 9 is a transferable record.

10 (2) A person has control of a transferable record if a system

1 employed for evidencing the transfer of interests in the
2 transferable record reliably establishes that person as the person
3 to which the transferable record was issued or transferred.

4 (3) A system satisfies subsection (2), and a person is
5 considered to have control of a transferable record, if the
6 transferable record is created, stored, and assigned in a manner
7 that all of the following apply:

8 (a) A single authoritative copy of the transferable record
9 exists that is unique, identifiable, and, except as otherwise
10 provided in subdivisions (d), (e), and (f), unalterable.

11 (b) The authoritative copy identifies the person asserting
12 control as 1 of the following:

13 (i) The person to which the transferable record was issued.

14 (ii) If the authoritative copy indicates that the transferable
15 record has been transferred, the person to which the transferable
16 record was most recently transferred.

17 (c) The authoritative copy is communicated to and maintained
18 by the person asserting control or its designated custodian.

19 (d) Copies or revisions that add or change an identified
20 assignee of the authoritative copy can be made only with the
21 consent of the person asserting control.

22 (e) Each copy of the authoritative copy and any copy of a copy
23 is readily identifiable as a copy that is not the authoritative
24 copy.

25 (f) Any revision of the authoritative copy is readily
26 identifiable as authorized or unauthorized.

27 (4) Except as otherwise agreed, a person having control of a

1 transferable record is the holder, as defined in section 1201 of
2 the uniform commercial code, ~~1962 PA 174, MCL 440.1201~~, of the
3 transferable record and has the same rights and defenses as a
4 holder of an equivalent record or writing under ~~section 1201 of the~~
5 uniform commercial code, ~~1962 PA 174, MCL 440.1201~~, including, if
6 the applicable statutory requirements under section ~~1201-3302(1),~~
7 **7501, OR 9308** of the uniform commercial code, ~~1962 PA 174, MCL~~
8 ~~440.1201, 440.3302, 440.7501, AND 440.9308~~, are satisfied, the
9 rights and defenses of a holder in due course, a holder to which a
10 negotiable document of title has been duly negotiated, or a
11 purchaser. Delivery, possession, and indorsement are not required
12 to obtain or exercise any of the rights under this subsection.

13 (5) Except as otherwise agreed, an obligor under a
14 transferable record has the same rights and defenses as an
15 equivalent obligor under equivalent records or writings under
16 ~~section 1201 of the uniform commercial code. , 1962 PA 174, MCL~~
17 ~~440.1201.~~

18 (6) If requested by a person against which enforcement is
19 sought, the person seeking to enforce the transferable record shall
20 provide reasonable proof that the person is in control of the
21 transferable record. Proof may include access to the authoritative
22 copy of the transferable record and related business records
23 sufficient to review the terms of the transferable record and to
24 establish the identity of the person having control of the
25 transferable record. The department of management and budget shall
26 determine for each department whether, and the extent to which, the
27 department will create and retain electronic records and convert

1 written records to electronic records.

2 (7) AS USED IN THIS SECTION, "UNIFORM COMMERCIAL CODE" MEANS
3 THE UNIFORM COMMERCIAL CODE, 1962 PA 174, MCL 440.1101 TO 440.9994.

4 Enacting section 1. This amendatory act does not take effect
5 unless Senate Bill No. 547

6 of the 97th Legislature is enacted into law.