



**Statement of the Massachusetts Bankers Association in Support of
H 1112 - An Act Relative to the Massachusetts Uniform Commercial Code
Joint Committee on Financial Services
October 24, 2023**

On behalf of our more than 120 commercial, savings and cooperative banks and federal savings institution members with more than 72,000 employees located throughout the Commonwealth and New England, the Massachusetts Bankers Association (MBA) appreciates the opportunity to submit testimony in support of **H 1112** - *An Act relative to the Massachusetts Uniform Commercial Code*.

By way of background, the Uniform Commercial Code (UCC) - a state law prepared by the American Law Institute and the Uniform Law Commission - provides rules for many kinds of commercial transactions. These transactions include the sale or lease of goods, the issuance and transfer of promissory notes and other negotiable instruments, the issuance and transfer of stock and other investment securities, the creation and priority of liens on personal property and the sale of accounts receivable and certain other intangible payment obligations. The UCC has been adopted in all 50 states (M.G.L. Chapter 106 in Massachusetts) and the District of Columbia, in substantially identical language, which enables commercial transactions to take place across state lines.

Massachusetts last adopted amendments to the UCC in 2021. However, those amendments included provisions approved in 2013 by the Uniform Law Commission. Since 2013, electronic contracting has become much more widespread, new technologies have been developed, and new types of assets have been created, including cryptocurrencies, non-fungible tokens, electronic payment instruments and other digital assets. Participants in commercial transactions have also pushed to allow electronic contracting for certain products that can only be documented on paper under the current provisions of the UCC. As a result of these developments, the American Law Institute and the Uniform Law Commission established a committee to provide for clear and market-appropriate rules relating to these new products and technologies. The 2022 Amendments, which are before you today as part of **H 1112**, are the result of this committee. To date, eleven states have already adopted the 2022 Amendments - including California and Delaware. **H 1112** also contains other amendments to the UCC not yet adopted in Massachusetts. The bill, if enacted, will bring Massachusetts' UCC up to date.

Massachusetts has long been a hub of technological innovation, finance and investment company and securities custody operations. It is important that Massachusetts enacts the bill in order to maintain its position as a world-leader in these sectors. It is for these reasons that MBA supports **H 1112** and we respectfully ask that the Committee give this bill a favorable report.

Thank you again for considering our views on this important subject.