WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1990

ENROLLED

SENATE BILL NO. 138

(By Senators Littmar & Dee)

PASSED March 7, 1990
In Effect 90 days from Passage
AN ACT to amend chapter forty-six of the code of West Virginia, one thousand nine hundred thirty-one, as amended, by adding thereto a new article, designated four-a, relating to payment order; funds transfer; other definitions; time payment order received; federal reserve regulations and operating circulars; exclusion of consumer transactions; security procedures; authorized and verified payment orders; unenforceability of certain verified payment orders; refund of payment; erroneous payment orders; transmission of payment; misdescription of beneficiary; misdescription of intermediary bank or beneficiary's bank; acceptance of payment order; rejection of payment order; cancellation and amendment of payment order; liability and duty of receiving bank; execution; obligations of receiving bank; erroneous execution; duty of sender; liability for late or improper execution; payment date; obligation of sender; payment by sender; obligation of beneficiary's bank; payment of beneficiary's bank; payment by originator; discharge of underlying obligation; variation by agreement; creditor process; setoff by beneficiary's bank; injunction or restraining order; order items may be charged; preclusion of objection to debt; rate of interest; and choice of law.
Be it enacted by the Legislature of West Virginia:

That chapter forty-six of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended by adding thereto a new article, designated article four-a, to read as follows:

ARTICLE 4A. FUNDS TRANSFERS.

PART I. SUBJECT MATTER AND DEFINITIONS.

1 This article may be cited as Uniform Commercial Code - Funds Transfer.

§46-4A-102. Subject matter.
1 Except as otherwise provided in section one hundred eight of this article, this article applies to funds transfers defined in section one hundred four of this article.

§46-4A-103. Payment order — Definitions.
1 (a) In this article:
2 (1) "Payment order" means an instruction of a sender to a receiving bank, transmitted orally, electronically or in writing, to pay, or to cause another bank to pay, a fixed or determinable amount of money to a beneficiary if:
3 (A) The instruction does not state a condition to payment to the beneficiary other than time of payment;
4 (B) The receiving bank is to be reimbursed by debiting an account of, or otherwise receiving payment from, the sender; and
5 (C) The instruction is transmitted by the sender directly to the receiving bank or to an agent, funds transfer system or communication system for transmittal to the receiving bank.
6 (2) "Beneficiary" means the person to be paid by the beneficiary’s bank.
7 (3) "Beneficiary’s bank" means the bank identified
in a payment order in which an account of the
beneficiary is to be credited pursuant to the order or
which otherwise is to make payment to the benefi-
 ciary if the order does not provide for payment to an
account.

(4) "Receiving bank" means the bank to which the
sender's instruction is addressed.

(5) "Sender" means the person giving the instruc-
tion to the receiving bank.

(b) If an instruction complying with subdivision (1),
subsection (a) of this section is to make more than one
payment to a beneficiary, the instruction is a separate
payment order with respect to each payment.

(c) A payment order is issued when it is sent to the
receiving bank.

§46-4A-104. Funds transfer — Definitions.

1 In this article:

(1) "Funds transfer" means the series of transac-
tions, beginning with the originator's payment order,
made for the purpose of making payment to the
beneficiary of the order. The term includes any
payment order issued by the originator's bank or an
intermediary bank intended to carry out the origina-
tor's payment order. A funds transfer is completed by
acceptance by the beneficiary's bank of a payment
order for the benefit of the beneficiary of the origina-
tor's payment order.

(2) "Intermediary bank" means a receiving bank
other than the originator's bank or the beneficiary's
bank.

(3) "Originator" means the sender of the first
payment order in a funds transfer.

(4) "Originator's bank" means (A) the receiving
bank to which the payment order of the originator is
issued if the originator is not a bank, or (B) the
originator if the originator is a bank.
§46-4A-105. Other definitions.

(a) In this article:

(1) "Authorized account" means a deposit account of a customer in a bank designated by the customer as a source of payment of payment orders issued by the customer to the bank. If a customer does not so designate an account, any account of the customer is an authorized account if payment of a payment order from that account is not inconsistent with a restriction on the use of that account.

(2) "Banker" means a person engaged in the business of banking and includes a savings bank, savings and loan association, credit union, and trust company. A branch or separate office of a bank is a separate bank for purposes of this article.

(3) "Customer" means a person, including a bank, having an account with a bank or from whom a bank has agreed to receive payment orders.

(4) "Funds-transfer business day" of a receiving bank means the part of a day during which the receiving bank is open for the receipt, processing and transmittal of payment orders and cancellations and amendments of payment orders.

(5) "Funds-transfer system" means a wire transfer network, automated clearing house or other communication system of a clearing house or other association of banks through which a payment order by a bank may be transmitted to the bank to which the order is addressed.

(6) "Good faith" means honesty in fact and the observance of reasonable commercial standards of fair dealing.

(7) "Prove" with respect to a fact means to meet the burden of establishing the fact as defined in subdivision (8), section two hundred one, article one of this chapter.

(b) Other definitions applying to this article and the sections in which they appear are:
(1) "Acceptance", section two hundred nine of this article.

(2) "Beneficiary", section one hundred three of this article.

(3) "Beneficiary's bank", section one hundred three of this article.

(4) "Executed", section three hundred one of this article.

(5) "Execution date", section three hundred one of this article.

(6) "Funds transfer", section one hundred four of this article.

(7) "Funds-transfer system rule", section five hundred one of this article.

(8) "Intermediary bank", section one hundred four of this article.

(9) "Originator", section one hundred four of this article.

(10) "Originator's bank", section one hundred four of this article.

(11) "Payment by beneficiary's bank to beneficiary", section four hundred five of this article.

(12) "Payment by originator to beneficiary", section four hundred six of this article.

(13) "Payment by sender to receiving bank", section four hundred three of this article.

(14) "Payment date", section four hundred one of this article.

(15) "Payment order", section one hundred three of this article.

(16) "Receiving bank", section one hundred three of this article.

(17) "Security procedure", section two hundred one of this article.
(18) "Sender", section one hundred three of this article.

(c) The following definitions in article four of this chapter apply to this article:

(1) "Clearing house", section one hundred four, article four of this chapter.

(2) "Item", section one hundred four, article four of this chapter.

(3) "Suspends payments", section one hundred four, article four of this chapter.

(d) In addition, article one of this chapter contains general definitions and principles of construction and interpretation applicable throughout this article.

§46-4A-106. Time payment order is received.

(a) The time of receipt of a payment order or communication canceling or amending a payment order is determined by the rules applicable to receipt of a notice stated in subdivision (27), section two hundred one, article one of this chapter. A receiving bank may fix a cut-off time or times on a funds-transfer business day for the receipt and processing of payment orders and communications canceling or amending payment orders. Different cut-off times may apply to payment orders, cancellations or amendments, or to different categories of payment orders, cancellations or amendments. A cut-off time may apply to senders generally or different cut-off times may apply to different senders or categories of payment orders. If a payment order or communication canceling or amending a payment order is received after the close of a funds-transfer business day or after the appropriate cut-off time on a funds-transfer business day, the receiving bank may treat the payment order or communication as received at the opening of the next funds-transfer business day.

(b) If this article refers to an execution date or payment date or states a day on which a receiving bank is required to take action, and the date or day
§46-4A-107. Federal reserve regulations and operating circulars.

Regulations of the board of governors of the federal reserve system and operating circulars of the federal reserve banks supersede any inconsistent provision of this article to the extent of the inconsistency.

§46-4A-108. Exclusion of consumer transactions governed by federal law.

This article does not apply to a funds transfer any part of which is governed by the Electronic Fund Transfer Act of 1978 (Title X, Public Law 95-630, 92 Stat. 3728, 15 U.S.C. §1693 et seq.) as amended from time to time.

PART II. ISSUE AND ACCEPTANCE OF PAYMENT ORDER.


"Security procedure" means a procedure established by agreement of a customer and a receiving bank for the purpose of (1) verifying that a payment order or communication amending or canceling a payment order is that of the customer, or (2) detecting error in the transmission or the content of the payment order or communication. A security procedure may require the use of algorithms or other codes, identifying words or numbers, encryption, callback procedures or similar security devices. Comparison of a signature on a payment order or communication with an authorized specimen signature of the customer is not by itself a security procedure.


(a) A payment order received by the receiving bank is the authorized order of the person identified as sender if that person authorized the order or is otherwise bound by it under the law of agency.
(b) If a bank and its customer have agreed that the authenticity of payment orders issued to the bank in the name of the customer as sender will be verified pursuant to a security procedure, a payment order received by the receiving bank is effective as the order of the customer, whether or not authorized, if (1) the security procedure is a commercially reasonable method of providing security against unauthorized payment orders, and (2) the bank proves that it accepted the payment order in good faith and in compliance with the security procedure and any written agreement or instruction of the customer restricting acceptance of payment orders issued in the name of the customer. The bank is not required to follow an instruction that violates a written agreement with the customer or notice of which is not received at a time and in a manner affording the bank a reasonable opportunity to act on it before the payment order is accepted.

(c) Commercial reasonableness of a security procedure is a question of law to be determined by considering the wishes of the customer expressed to the bank, the circumstances of the customer known to the bank, including the size, type and frequency of payment orders normally issued by the customer to the bank, alternative security procedures offered to the customer and security procedures in general use by customers and receiving banks similarly situated. A security procedure is deemed to be commercially reasonable if (1) the security procedure was chosen by the customer after the bank offered, and the customer refused, a security procedure that was commercially reasonable for that customer, and (2) the customer expressly agreed in writing to be bound by any payment order, whether or not authorized, issued in its name, and accepted by the bank in compliance with the security procedure chosen by the customer.

(d) The term "sender" in this article includes the customer in whose name a payment order is issued if the order is the authorized order of the customer under subsection (a) of this section, or it is effective as
the order of the customer under subsection (b) of this section.

(e) This section applies to amendments and cancellations of payment orders to the same extent it applies to payment orders.

(f) Except as provided in this section and in subdivision (1), subsection (a), section two hundred three of this article, rights and obligations arising under this section or section two hundred three of this article may not be varied by agreement.

§46-4A-203. Unenforceability of certain verified payment orders.

(a) If an accepted payment order is not, under subsection (a), section two hundred two of this article, an authorized order of a customer identified as sender, but is effective as an order of the customer pursuant to subsection (b), section two hundred two of this article, the following rules apply:

(1) By express written agreement, the receiving bank may limit the extent to which it is entitled to enforce or retain payment of the payment order; or

(2) The receiving bank is not entitled to enforce or retain payment of the payment order if the customer proves that the order was not caused, directly or indirectly, by a person (A) entrusted at any time with duties to act for the customer with respect to payment orders or the security procedure, or (B) who obtained access to transmitting facilities of the customer or who obtained, from a source controlled by the customer and without authority of the receiving bank, information facilitating breach of the security procedure, regardless of how the information was obtained or whether the customer was at fault. Information includes any access device, computer software or the like.

(b) This section applies to amendments of payment orders to the same extent it applies to payment orders.
§46-4A-204. Refund of payment and duty of customer to report with respect to unauthorized payment order.

(a) If a receiving bank accepts a payment order issued in the name of its customer as sender which is (1) not authorized and not effective as the order of the customer under section two hundred two of this article or (2) not enforceable, in whole or in part, against the customer under section two hundred three of this article, the bank shall refund any payment of the payment order received from the customer to the extent the bank is not entitled to enforce payment, and shall pay interest on the refundable amount calculated from the date the bank received payment to the date of the refund. However, the customer is not entitled to interest from the bank on the amount to be refunded if the customer fails to exercise ordinary care to determine that the order was not authorized by the customer and to notify the bank of the relevant facts within a reasonable time not exceeding ninety days after the date the customer received notification from the bank that the order was accepted or that the customer's account was debited with respect to the order. The bank is not entitled to any recovery from the customer on account of a failure by the customer to give notification as stated in this section.

(b) Reasonable time under subsection (a) of this section may be fixed by agreement as stated in subsection (1), section two hundred four, article one of this chapter, but the obligation of a receiving bank to refund payment as stated in subsection (a) of this section may not otherwise be varied by agreement.

§46-4A-205. Erroneous payment orders.

(a)(1) If an accepted payment order was transmitted pursuant to a security procedure for the detection of error and the payment order (A) erroneously instructed payment to a beneficiary not intended by the sender, (B) erroneously instructed payment in an amount greater than the amount intended by the sender, or (C) was an erroneously transmitted duplic-
cate of a payment order previously sent by the sender, the following rules apply:

(2) If the sender proves that the sender or a person acting on behalf of the sender pursuant to section two hundred six of this article complied with the security procedure and that the error would have been detected if the receiving bank had also complied, the sender is not obliged to pay the order to the extent stated in subdivisions (3) and (4) of this subsection;

(3) If the funds transfer is completed on the basis of an erroneous payment order described in paragraphs (A) or (C) of subdivision (1), the sender is not obliged to pay the order and the receiving bank is entitled to recover from the beneficiary any amount paid to the beneficiary to the extent allowed by the law governing mistake and restitution; or

(4) If the funds transfer is completed on the basis of a payment order described in paragraph (B) of subdivision (1), the sender is not obliged to pay the order to the extent the amount received by the beneficiary is greater than the amount intended by the sender. In that case, the receiving bank is entitled to recover from the beneficiary the excess amount received to the extent allowed by the law governing mistake and restitution.

(b) If (1) the sender of an erroneous payment order described in subdivision (1) of subsection (a) is not obliged to pay all or part of the order, and (2) the sender receives notification from the receiving bank that the order was accepted by the bank or that the sender’s account was debited with respect to the order, the sender has a duty to exercise ordinary care, on the basis of information available to the sender, to discover the error with respect to the order and to advise the bank of the relevant facts within a reasonable time not exceeding ninety days after the bank’s notification was received by the sender. If the bank proves that the sender failed to perform that duty, the sender is liable to the bank for the loss the bank proves it incurred as a result of the failure, but the liability of
§46-4A-206. Transmission of payment order through funds-transfer or other communication system.

(a) If a payment order addressed to a receiving bank is transmitted to a funds-transfer system or other third-party communication system for transmittal to the bank, the system is deemed to be an agent of the sender for the purpose of transmitting the payment order to the bank. If there is a discrepancy between the terms of the payment order transmitted to the system and the terms of the payment order transmitted by the system to the bank, the terms of the payment order of the sender are those transmitted by the system. This section does not apply to a funds-transfer system of the federal reserve banks.

(b) This section applies to cancellations and amendments of payment orders to the same extent it applies to payment orders.

§46-4A-207. Misdescription of beneficiary.

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

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

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

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

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

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

(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 subdivision (1), subsection (b) 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; or

(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.

§46-4A-208. Misdescription of intermediary bank or beneficiary’s bank.

(a) This subsection applies to a payment order identifying an intermediary bank or beneficiary’s bank only by an identifying number.

(1) The receiving bank may rely on the number as the proper identification of the intermediary or beneficiary’s bank and need not determine whether the number identifies the bank.

(2) The sender is obliged to compensate the receiving bank for any loss and expenses incurred by the receiving bank as a result of its reliance on the number in executing or attempting to execute the order.

(b) This subsection applies to a payment order identifying an intermediary bank or the beneficiary’s bank both by name and an identifying number if the name and number identify different persons.

(1) If the sender is a bank, the receiving bank may rely on the number as the proper identification of the intermediary or beneficiary’s bank if the receiving bank, when it executes the sender’s order, does not know that the name and number identify different persons. The receiving bank need not determine whether the name and number refer to the same person or whether the number refers to a bank. The sender is obliged to compensate the receiving bank for any loss and expenses incurred by the receiving bank as a result of its reliance on the number in executing or attempting to execute the order.

(2) If the sender is not a bank and the receiving
bank proves that the sender, before the payment order was accepted, had notice that the receiving bank might rely on the number as the proper identification of the intermediary or beneficiary's bank even if it identifies a person different from the bank identified by name, the rights and obligations of the sender and the receiving bank are governed by subdivision (1) of this subsection, as though the sender were a bank. Proof of notice may be made by any admissible evidence. The receiving bank satisfies the burden of proof if it proves that the sender, before the payment order was accepted, signed a writing stating the information to which the notice relates.

(3) Regardless of whether the sender is a bank, the receiving bank may rely on the name as the proper identification of the intermediary or beneficiary's bank if the receiving bank, at the time it executes the sender's order, does not know that the name and number identify different persons. The receiving bank need not determine whether the name and number refer to the same person.

(4) If the receiving bank knows that the name and number identify different persons, reliance on either the name or the number in executing the sender's payment order is a breach of the obligation stated in subdivision (1), subsection (a), section three hundred two of this chapter.

§46-4A-209. Acceptance of payment order.

(a) Subject to subsection (d) of this section, a receiving bank other than the beneficiary's bank accepts a payment order when it executes the order.

(b) Subject to subsections (c) and (d) of this section, a beneficiary's bank accepts a payment order at the earliest of the following times:

(1) When the bank (A) pays the beneficiary as stated in subsection (a), section four hundred five of this article or subsection (b), section four hundred five of this article, or (B) notifies the beneficiary of receipt of the order or that the account of the beneficiary has
been credited with respect to the order unless the notice indicates that the bank is rejecting the order or that funds with respect to the order may not be withdrawn or used until receipt of payment from the sender of the order;

(2) When the bank receives payment of the entire amount of the sender’s order pursuant to subdivision (1), subsection (a), section four hundred three of this article or subdivision (2), subsection (a), section four hundred three of this article; or

(3) The opening of the next funds-transfer business day of the bank following the payment date of the order if, at that time, the amount of the sender’s order is fully covered by a withdrawable credit balance in an authorized account of the sender or the bank has otherwise received full payment from the sender, unless the order was rejected before that time or is rejected within (A) one hour after that time, or (B) one hour after the opening of the next business day of the sender following the payment date if that time is later. If notice of rejection is received by the sender after the payment date and the authorized account of the sender does not bear interest, the bank is obliged to pay interest to the sender on the amount of the order for the number of days elapsing after the payment date to the day the sender receives notice or learns that the order was not accepted, counting that day as an elapsed day. If the withdrawable credit balance during that period falls below the amount of the order, the amount of interest payable is reduced accordingly.

(c) Acceptance of a payment order cannot occur before the order is received by the receiving bank. Acceptance does not occur under subdivision (2), subsection (b) of this section or subdivision (3), subsection (b) of this section if the beneficiary of the payment order does not have an account with the receiving bank, the account has been closed or the receiving bank is not permitted by law to receive credits for the beneficiary’s account.
(d) A payment order issued to the originator's bank cannot be accepted until (1) the payment date if the bank is the beneficiary's bank, or (2) the execution date if the bank is not the beneficiary's bank. If the originator's bank executes the originator's payment order before the execution date or pays the beneficiary of the originator's payment order before the payment date and the payment order is subsequently cancelled pursuant to subsection (b), section two hundred eleven of this article, the bank may recover from the beneficiary any payment received to the extent allowed by the law governing mistake and restitution.


(a) A payment order is rejected by the receiving bank by a notice of rejection transmitted to the sender orally, electronically or in writing. A notice of rejection need not use any particular words and is sufficient if it indicates that the receiving bank is rejecting the order or will not execute or pay the order. Rejection is effective when the notice is given if transmission is by a means that is reasonable in the circumstances. If notice of rejection is given by a means that is not reasonable, rejection is effective when the notice is received. If an agreement of the sender and receiving bank establishes the means to be used to reject a payment order, (1) any means complying with the agreement is reasonable, and (2) any means not complying is not reasonable unless no significant delay in receipt of the notice resulted from the use of the noncomplying means.

(b) This subsection applies if a receiving bank other than the beneficiary's bank fails to execute a payment order despite existence on the execution date of a withdrawable credit balance in an authorized account of the sender sufficient to cover the order. If the sender does not receive notice of rejection of the order on the execution date and the authorized account of the sender does not bear interest, the bank is obliged to pay interest to the sender on the amount of the order for the number of days elapsing after the
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execution date to the earlier of the day the order is
canceled pursuant to subsection (d), section two
hundred eleven of this article or the day the sender
receives notice or learns that the order was not
executed, counting the final day of the period as an
elapsed day. If the withdrawable credit balance during
that period falls below the amount of the order, the
amount of interest is reduced accordingly.

(c) If a receiving bank suspends payments, all
unaccepted payment orders issued to it are deemed
rejected at the time the bank suspends payments.

(d) Acceptance of a payment order precludes a later
rejection of the order. Rejection of a payment order
precludes a later acceptance of the order.

§46-4A-211. Cancellation and amendment of payment order.

(a) A communication of the sender of a payment
order cancelling or amending the order may be
transmitted to the receiving bank orally, electronically
or in writing. If a security procedure is in effect
between the sender and the receiving bank, the
communication is not effective to cancel or amend the
order unless the communication is verified pursuant
to the security procedure or the bank agrees to the
cancellation or amendment.

(b) Subject to subsection (a) of this section, a
communication by the sender cancelling or amending
a payment order is effective to cancel or amend the
order if notice of the communication is received at a
time and in a manner affording the receiving bank a
reasonable opportunity to act on the communication
before the bank accepts the payment order.

(c) After a payment order has been accepted, cancel-
lation or amendment of the order is not effective
unless the receiving bank agrees or a funds-transfer
system rule allows cancellation or amendment without
agreement of the bank.

(1) With respect to a payment order accepted by a
receiving bank other than the beneficiary's bank,
cancellation or amendment is not effective unless a
conforming cancellation or amendment of the payment order issued by the receiving bank is also made.

(2) With respect to a payment order accepted by the beneficiary's bank, cancellation or amendment is not effective unless the order was issued in execution of an unauthorized payment order, or because of a mistake by a sender in the funds transfer which resulted in the issuance of a payment order (A) that is a duplicate of a payment order previously issued by the sender, (B) that orders payment to a beneficiary not entitled to receive payment from the originator, or (C) that orders payment in an amount greater than the amount the beneficiary was entitled to receive from the originator. If the payment order is canceled or amended, the beneficiary's bank is entitled to recover from the beneficiary any amount paid to the beneficiary to the extent allowed by the law governing mistake and restitution.

(d) An unaccepted payment order is canceled by operation of law at the close of the fifth funds-transfer business day of the receiving bank after the execution date or payment date of the order.

(e) A canceled payment order cannot be accepted. If an accepted payment order is canceled, the acceptance is nullified and no person has any right or obligation based on the acceptance. Amendment of a payment order is deemed to be cancellation of the original order at the time of amendment and issue of a new payment order in the amended form at the same time.

(f) Unless otherwise provided in an agreement of the parties or in a funds-transfer system rule, if the receiving bank, after accepting a payment order, agrees to cancellation or amendment of the order by the sender or is bound by a funds-transfer system rule allowing cancellation or amendment without the bank's agreement, the sender, whether or not cancellation or amendment is effective, is liable to the bank for any loss and expenses, including reasonable attorney's fees, incurred by the bank as a result of the cancellation or amendment or attempted cancellation.
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or amendment.

(g) A payment order is not revoked by death or legal incapacity of the sender unless the receiving bank knows of the death or of an adjudication of incapacity by a court of competent jurisdiction and has reasonable opportunity to act before acceptance of the order.

(h) A funds-transfer system rule is not effective to the extent it conflicts with subdivision (2), subsection (c) of this section.

§46-4A-212. Liability and duty of receiving bank regarding unaccepted payment order.

If a receiving bank fails to accept a payment order that it is obliged by express agreement to accept, the bank is liable for breach of the agreement to the extent provided in the agreement or in this article, but does not otherwise have any duty to accept a payment order or, before acceptance, to take any action, or refrain from taking action, with respect to the order except as provided in this article or by express agreement. Liability based on acceptance arises only when acceptance occurs as stated in section two hundred nine of this article, and liability is limited to that provided in this article. A receiving bank is not the agent of the sender or beneficiary of the payment order it accepts, or of any other party to the funds transfer, and the bank owes no duty to any party to the funds transfer except as provided in this article or by express agreement.

part iii. execution of sender's payment order by receiving bank.

§46-4A-301. Execution and execution date.

(a) A payment order is "executed" by the receiving bank when it issues a payment order intended to carry out the payment order received by the bank. A payment order received by the beneficiary's bank can be accepted but cannot be executed.

(b) "Execution date" of a payment order means the day on which the receiving bank may properly issue
a payment order in execution of the sender's order. The execution date may be determined by instruction of the sender but cannot be earlier than the day the order is received and, unless otherwise determined, is the day the order is received. If the sender's instruction states a payment date, the execution date is the payment date or an earlier date on which execution is reasonably necessary to allow payment to the beneficiary on the payment date.

§46-4A-302. Obligations of receiving bank in execution of payment order.

(a) Except as provided in subsections (b) through (d) of this section, if the receiving bank accepts a payment order pursuant to subsection (a), section two hundred nine of this article, the bank has the following obligations in executing the order:

(1) The receiving bank is obliged to issue, on the execution date, a payment order complying with the sender's order and to follow the sender's instructions concerning (A) any intermediary bank or funds-transfer system to be used in carrying out the funds transfer, or (B) the means by which payment orders are to be transmitted in the funds transfer. If the originator's bank issues a payment order to an intermediary bank, the originator's bank is obliged to instruct the intermediary bank according to the instruction of the originator. An intermediary bank in the funds transfer is similarly bound by an instruction given to it by the sender of the payment order it accepts; and

(2) If the sender's instruction states that the funds transfer is to be carried out telephonically or by wire transfer or otherwise indicates that the funds transfer is to be carried out by the most expeditious means, the receiving bank is obliged to transmit its payment order by the most expeditious available means, and to instruct any intermediary bank accordingly. If a sender's instruction states a payment date, the receiving bank is obliged to transmit its payment order at a time and by means reasonably necessary to allow
payment to the beneficiary on the payment date or as
soon thereafter as is feasible.

(b) Unless otherwise instructed, a receiving bank
executing a payment order may (1) use any funds-
transfer system if use of that system is reasonable in
the circumstances, and (2) issue a payment order to
the beneficiary's bank or to an intermediary bank
through which a payment order conforming to the
sender's order can expeditiously be issued to the
beneficiary's bank if the receiving bank exercises
ordinary care in the selection of the intermediary
bank. A receiving bank is not required to follow an
instruction of the sender designating a funds-transfer
system to be used in carrying out the funds transfer if
the receiving bank, in good faith, determines that it is
not feasible to follow the instruction or that following
the instruction would unduly delay completion of the
funds transfer.

(c) Unless subdivision (2), subsection (a) of this
section applies or the receiving bank is otherwise
instructed, the bank may execute a payment order by
transmitting its payment order by first class mail or by
any means reasonable in the circumstances. If the
receiving bank is instructed to execute the sender's
order by transmitting its payment order by a particu-
lar means, the receiving bank may issue its payment
order by the means stated or by any means as expe-
ditious as the means stated.

(d) Unless instructed by the sender, (1) the receiving
bank may not obtain payment of its charges for
services and expenses in connection with the execu-
tion of the sender's order by issuing a payment order
in an amount equal to the amount of the sender's
order less the amount of the charges, and (2) may not
instruct a subsequent receiving bank to obtain pay-
ment of its charges in the same manner.

§46-4A-303. Erroneous execution of payment order.

(a) A receiving bank that (1) executes the payment
order of the sender by issuing a payment order in an
amount greater than the amount of the sender's order,
or (2) issues a payment order in execution of the
sender's order and then issues a duplicate order, is
entitled to payment of the amount of the sender's
order under subsection (c), section four hundred two
of this article if that subsection is otherwise satisfied.
The bank is entitled to recover from the beneficiary of
the erroneous order the excess payment received to
the extent allowed by the law governing mistake and
restitution.

(b) A receiving bank that executes the payment
order of the sender by issuing a payment order in an
amount less than the amount of the sender's order is
entitled to payment of the amount of the sender's
order under subsection (c), section four hundred two
of this article if (1) that subsection is otherwise
satisfied, and (2) the bank corrects its mistake by
issuing an additional payment order for the benefit of
the beneficiary of the sender's order. If the error is
not corrected, the issuer of the erroneous order is
entitled to receive or retain payment from the sender
of the order it accepted only to the extent of the
amount of the erroneous order. This subsection does
not apply if the receiving bank executes the sender's
payment order by issuing a payment order in an
amount less than the amount of the sender's order for
the purpose of obtaining payment of its charges for
services and expenses pursuant to instruction of the
sender.

(c) If a receiving bank executes the payment order
of the sender by issuing a payment order to a benefi-
ciary different from the beneficiary of the sender's
order and the funds transfer is completed on the basis
of that error, the sender of the payment order that
was erroneously executed and all previous senders in
the funds transfer are not obliged to pay the payment
orders they issued. The issuer of the erroneous order
is entitled to recover from the beneficiary of the order
the payment received to the extent allowed by the law
governing mistake and restitution.

§46-4A-304. Duty of sender to report erroneously executed
payment order.

1 If the sender of a payment order that is erroneously
executed as stated in section three hundred three of this article receives notification from the receiving bank that the order was executed or that the sender's account was debited with respect to the order, the sender has a duty to exercise ordinary care to determine, on the basis of information available to the sender, that the order was erroneously executed and to notify the bank of the relevant facts within a reasonable time not exceeding ninety days after the notification from the bank was received by the sender. If the sender fails to perform that duty, the bank is not obliged to pay interest on any amount refundable to the sender under subsection (d), section four hundred two of this article for the period before the bank learns of the execution error. The bank is not entitled to any recovery from the sender on account of a failure by the sender to perform the duty stated in this section.

§46-4A-305. Liability for late or improper execution or failure to execute payment order.

(a) If a funds transfer is completed but execution of a payment order by the receiving bank in breach of section three hundred two of this article results in delay in payment to the beneficiary, the bank is obliged to pay interest to either the originator or the beneficiary of the funds transfer for the period of delay caused by the improper execution. Except as provided in subsection (c) of this section, additional damages are not recoverable.

(b) If execution of a payment order by a receiving bank in breach of section three hundred two of this article results in (1) noncompletion of the funds transfer, (2) failure to use an intermediary bank designated by the originator, or (3) issuance of a payment order that does not comply with the terms of the payment order of the originator, the bank is liable to the originator for its expenses in the funds transfer and for incidental expenses and interest losses, to the extent not covered by subsection (a) of this section resulting from the improper execution. Except as provided in subsection (c) of this section, additional
damages are not recoverable.

(c) In addition to the amounts payable under subsections (a) and (b) of this section, damages, including consequential damages, are recoverable to the extent provided in an express written agreement of the receiving bank.

(d) If a receiving bank fails to execute a payment order it was obliged by express agreement to execute, the receiving bank is liable to the sender for its expenses in the transaction and for incidental expenses and interest losses resulting from the failure to execute. Additional damages, including consequential damages, are recoverable to the extent provided in an express written agreement of the receiving bank, but are not otherwise recoverable.

(e) Reasonable attorney's fees are recoverable if demand for compensation under subsection (a) or (b) of this section is made and refused before an action is brought on the claim. If a claim is made for breach of an agreement under subsection (d) of this section and the agreement does not provide for damages, reasonable attorney's fees are recoverable if demand for compensation under subsection (d) of this section is made and refused before an action is brought on the claim.

(f) Except as stated in this section, the liability of a receiving bank under subsections (a) and (b) of this section may not be varied by agreement.

PART IV. PAYMENT.

§46-4A-401. Payment date.

"Payment date" of a payment order means the day on which the amount of the order is payable to the beneficiary by the beneficiary's bank. The payment date may be determined by instruction of the sender but cannot be earlier than the day the order is received by the beneficiary's bank and, unless otherwise determined, is the day the order is received by the beneficiary's bank.
§46-4A-402. Obligation of sender to pay receiving bank.

(a) This section is subject to sections two hundred five and two hundred seven of this article.

(b) With respect to a payment order issued to the beneficiary's bank, acceptance of the order by the bank obliges the sender to pay the bank the amount of the order, but payment is not due until the payment date of the order.

(c) This subsection is subject to subsection (e) of this section and to section three hundred three of this article. With respect to a payment order issued to a receiving bank other than the beneficiary's bank, acceptance of the order by the receiving bank obliges the sender to pay the bank the amount of the sender's order. Payment by the sender is not due until the execution date of the sender's order. The obligation of the sender to pay its payment order is excused if the funds transfer is not completed by acceptance by the beneficiary's bank of a payment order instructing payment to the beneficiary of that sender's payment order.

(d) If the sender of a payment order pays the order and was not obliged to pay all or part of the amount paid, the bank receiving payment is obliged to refund payment to the extent the sender was not obliged to pay. Except as provided in section two hundred four and section three hundred four of this article, interest is payable on the refundable amount from the date of payment.

(e) If a funds transfer is not completed as stated in subsection (c) of this section and an intermediary bank is obliged to refund payment as stated in subsection (d) of this section but is unable to do so because not permitted by applicable law or because the bank suspends payments, a sender in the funds transfer that executed a payment order in compliance with an instruction, as stated in subdivision (1), subsection (a), section three hundred two of this article, to route the funds transfer through that intermediary bank is entitled to receive or retain payment from the sender.
of the payment order that it accepted. The first sender in the funds transfer that issued an instruction requiring routing through that intermediary bank is subrogated to the right of the bank that paid the intermediary bank to refund as stated in subsection (d) of this section.

(f) The right of the sender of a payment order to be excused from the obligation to pay the order as stated in subsection (c) of this section or to receive refund under subsection (d) of this section may not be varied by agreement.

§46-4A-403. Payment by sender to receiving bank.

(a) Payment of the sender's obligation under section four hundred two of this article to pay the receiving bank occurs as follows:

(1) If the sender is a bank, payment occurs when the receiving bank receives final settlement of the obligation through a federal reserve bank or through a funds-transfer system;

(2) If the sender is a bank and the sender (A) credited an account of the receiving bank with the sender, or (B) caused an account of the receiving bank in another bank to be credited, payment occurs when the credit is withdrawn or, if not withdrawn, at midnight of the day on which the credit is withdrawable and the receiving bank learns of that fact; or

(3) If the receiving bank debits an account of the sender with the receiving bank, payment occurs when the debit is made to the extent the debit is covered by a withdrawable credit balance in the account.

(b) If the sender and receiving bank are members of a funds-transfer system that nets obligations multilaterally among participants, the receiving bank receives final settlement when settlement is complete in accordance with the rules of the system. The obligation of the sender to pay the amount of a payment order transmitted through the funds-transfer system may be satisfied, to the extent permitted by the rules of the system, by setting off and applying against the
sender’s obligation the right of the sender to receive
payment from the receiving bank of the amount of
any other payment order transmitted to the sender by
the receiving bank through the funds-transfer system.
The aggregate balance of obligations owed by each
sender to each receiving bank in the funds-transfer
system may be satisfied, to the extent permitted by
the rules of the system, by setting off and applying
against that balance the aggregate balance of obliga-
tions owed to the sender by other members of the
system. The aggregate balance is determined after the
right of setoff stated in the second sentence of this
subsection has been exercised.

(c) If two banks transmit payment orders to each
other under an agreement that settlement of the
obligations of each bank to the other under section
four hundred two of this article will be made at the
end of the day or other period, the total amount owed
with respect to all orders transmitted by one bank
shall be set off against the total amount owed with
respect to all orders transmitted by the other bank. To
the extent of the setoff, each bank has made payment
to the other.

(d) In a case not covered by subsection (a) of this
section, the time when payment of the sender’s
obligation under subsection (b), section four hundred
two or subsection (c), section four hundred two of this
article occurs is governed by applicable principles of
law that determine when an obligation is satisfied.

§46-4A-404. Obligation of beneficiary’s bank to pay and give
notice to beneficiary.

(a) Subject to subsection (e), section two hundred
eleven, subsection (d), section four hundred five, and
subsection (e), section four hundred five of this article,
if a beneficiary’s bank accepts a payment order, the
bank is obliged to pay the amount of the order to the
beneficiary of the order. Payment is due on the
payment date of the order, but if acceptance occurs on
the payment date after the close of the funds-transfer
business day of the bank, payment is due on the next
funds-transfer business day. If the bank refuses to pay after demand by the beneficiary and receipt of notice of particular circumstances that will give rise to consequential damages as a result of nonpayment, the beneficiary may recover damages resulting from the refusal to pay to the extent the bank had notice of the damages, unless the bank proves that it did not pay because of a reasonable doubt concerning the right of the beneficiary to payment.

(b) If a payment order accepted by the beneficiary’s bank instructs payment to an account of the beneficiary, the bank is obliged to notify the beneficiary of receipt of the order before midnight of the next funds-transfer business day following the payment date. If the payment order does not instruct payment to an account of the beneficiary, the bank is required to notify the beneficiary only if notice is required by the order. Notice may be given by first class mail or any other means reasonable in the circumstances. If the bank fails to give the required notice, the bank is obliged to pay interest to the beneficiary on the amount of the payment order from the day notice should have been given until the day the beneficiary learned of receipt of the payment order by the bank. No other damages are recoverable. Reasonable attorney’s fees are also recoverable if demand for interest is made and refused before an action is brought on the claim.

(c) The right of a beneficiary to receive payment and damages as stated in subsection (a) of this section may not be varied by agreement or a funds-transfer system rule. The right of a beneficiary to be notified as stated in subsection (b) of this section may be varied by agreement of the beneficiary or by a funds-transfer system rule if the beneficiary is notified of the rule before initiation of the funds transfer.

§46-4A-405. Payment by beneficiary’s bank to beneficiary.

(a) If the beneficiary’s bank credits an account of the beneficiary of a payment order, payment of the bank’s obligation under subsection (a), section four hundred
four of this article occurs when and to the extent (1) the beneficiary is notified of the right to withdraw the credit, (2) the bank lawfully applies the credit to a debt of the beneficiary, or (3) funds with respect to the order are otherwise made available to the beneficiary by the bank.

(b) If the beneficiary's bank does not credit an account of the beneficiary of a payment order, the time when payment of the bank's obligation under subsection (a), section four hundred four of this article occurs is governed by principles of law that determine when an obligation is satisfied.

(c) Except as stated in subsections (d) and (e) of this section, if the beneficiary's bank pays the beneficiary of a payment order under a condition to payment or agreement of the beneficiary giving the bank the right to recover payment from the beneficiary if the bank does not receive payment of the order, the condition to payment or agreement is not enforceable.

(d) A funds-transfer system rule may provide that payments made to beneficiaries of funds transfers made through the system are provisional until receipt of payment by the beneficiary's bank of the payment order it accepted. A beneficiary's bank that makes a payment that is provisional under the rule is entitled to refund from the beneficiary if (1) the rule requires that both the beneficiary and the originator be given notice of the provisional nature of the payment before the funds transfer is initiated, (2) the beneficiary, the beneficiary's bank and the originator's bank agreed to be bound by the rule, and (3) the beneficiary's bank did not receive payment of the payment order that it accepted. If the beneficiary is obliged to refund payment to the beneficiary's bank, acceptance of the payment order by the beneficiary's bank is nullified and no payment by the originator of the funds transfer to the beneficiary occurs under section four hundred six of this article.

(e)(1) This subsection applies to a funds transfer that includes a payment order transmitted over a funds-
transfer system that (A) nets obligations multilaterally
among participants, and (B) has in effect a loss-sharing
agreement among participants for the purpose of
providing funds necessary to complete settlement of
the obligations of one or more participants that do not
meet their settlement obligations.

(2) If the beneficiary's bank in the funds transfer
accepts a payment order and the system fails to
complete settlement pursuant to its rules with respect
to any payment order in the funds transfer, (A) the
acceptance by the beneficiary's bank is nullified and
no person has any right or obligation based on the
acceptance, (B) the beneficiary's bank is entitled to
recover payment from the beneficiary, (C) no pay-
ment by the originator to the beneficiary occurs under
section four hundred six of this article, and (D) subject
to subsection (e), section four hundred two of this
article, each sender in the funds transfer is excused
from its obligation to pay its payment order under
subsection (c), section four hundred two of this article
because the funds transfer has not been completed.

§46-4A-406. Payment by originator to beneficiary; discharge
of underlying obligation.

(a) Subject to subsection (e), section two hundred
eleven, subsection (d), section four hundred five, and
subsection (e), section four hundred five of this article,
the originator of a funds transfer pays the beneficiary
of the originator's payment order (1) at the time a
payment order for the benefit of the beneficiary is
accepted by the beneficiary's bank in the funds
transfer and (2) in an amount equal to the amount of
the order accepted by the beneficiary's bank, but not
more than the amount of the originator's order.

(b) If payment under subsection (a) of this section is
made to satisfy an obligation, the obligation is dis-
charged to the same extent discharge would result
from payment to the beneficiary of the same amount
in money, unless (1) the payment under subsection (a)
of this section was made by a means prohibited by the
contract of the beneficiary with respect to the obliga-
(c) For the purpose of determining whether discharge of an obligation occurs under subsection (b) of this section, if the beneficiary’s bank accepts a payment order in an amount equal to the amount of the originator’s payment order less charges of one or more receiving banks in the funds transfer, payment to the beneficiary is deemed to be in the amount of the originator’s order unless upon demand by the beneficiary the originator does not pay the beneficiary the amount of the deducted charges.

(d) Rights of the originator or of the beneficiary of a funds transfer under this section may be varied only by agreement of the originator and the beneficiary.

PART V. MISCELLANEOUS PROVISIONS.

§46-4A-501. Variation by agreement and effect of funds-transfer system rule.

(a) Except as otherwise provided in this article, the rights and obligations of a party to a funds transfer may be varied by agreement of the affected party.

(b) "Funds-transfer system rule" means a rule of an association of banks, (1) governing transmission of payment orders by means of a funds-transfer system of the association or rights and obligations with respect to those orders, or (2) to the extent the rule governs rights and obligations between banks that are parties
10 to a funds transfer in which a federal reserve bank, 
11 acting as an intermediary bank, sends a payment 
12 order to the beneficiary's bank. Except as otherwise 
13 provided in this article, a funds-transfer system rule 
14 governing rights and obligations between participating 
15 banks using the system may be effective even if the 
16 rule conflicts with this article and indirectly affects 
17 another party to the funds transfer who does not 
18 consent to the rule. A funds-transfer system rule may 
19 also govern rights and obligations of parties other than 
20 participating banks using the system to the extent 
21 stated in subsection (c), section four hundred four, 
22 subsection (d), section four hundred five, and subsec-
23 tion (c), section five hundred seven of this article.

§46-4A-502. Creditor process served on receiving bank; 
setoff by beneficiary's bank.

(a) As used in this section, "creditor process" means 
levy, attachment, garnishment, notice of lien, seque-
stration or similar process issued by or on behalf of a 
creditor or other claimant with respect to an account.

(b) This subsection applies to creditor process with 
respect to an authorized account of the sender of a 
payment order if the creditor process is served on the 
receiving bank. For the purpose of determining rights 
with respect to the creditor process, if the receiving 
bank accepts the payment order the balance in the 
authorized account is deemed to be reduced by the 
amount of the payment order to the extent the bank 
did not otherwise receive payment of the order, unless 
the creditor process is served at a time and in a 
manner affording the bank a reasonable opportunity 
to act on it before the bank accepts the payment order.

(c) If a beneficiary's bank has received a payment 
order for payment to the beneficiary's account in the 
bank, the following rules apply:

(1) The bank may credit the beneficiary's account. 
The amount credited may be set off against an obliga-
tion owed by the beneficiary to the bank or may be 
applied to satisfy creditor process served on the bank 
with respect to the account;
(2) The bank may credit the beneficiary’s account and allow withdrawal of the amount credited unless creditor process with respect to the account is served at a time and in a manner affording the bank a reasonable opportunity to act to prevent withdrawal; or

(3) If creditor process with respect to the beneficiary’s account has been served and the bank has had a reasonable opportunity to act on it, the bank may not reject the payment order except for a reason unrelated to the service of process.

(d) Creditor process with respect to a payment by the originator to the beneficiary pursuant to a funds transfer may be served only on the beneficiary’s bank with respect to the debt owed by that bank to the beneficiary. Any other bank served with the creditor process is not obliged to act with respect to the process.

§46-4A-503. Injunction or restraining order with respect to funds transfer.

For proper cause and in compliance with applicable law, a court may restrain (1) a person from issuing a payment order to initiate a funds transfer, (2) an originator’s bank from executing the payment order of the originator, or (3) the beneficiary’s bank from releasing funds to the beneficiary or the beneficiary from withdrawing the funds. A court may not otherwise restrain a person from issuing a payment order, paying or receiving payment of a payment order, or otherwise acting with respect to a funds transfer.

§46-4A-504. Order in which items and payment orders may be charged to account; order of withdrawals from account.

(a) If a receiving bank has received more than one payment order of the sender or one or more payment orders and other items that are payable from the sender’s account, the bank may charge the sender’s account with respect to the various orders and items in any sequence.

(b) In determining whether a credit to an account
has been withdrawn by the holder of the account or
applied to a debt of the holder of the account, credits
first made to the account are first withdrawn or
applied.

§46-4A-505. Preclusion of objection to debit of customer’s
account.

If a receiving bank has received payment from its
customer with respect to a payment order issued in
the name of the customer as sender and accepted by
the bank, and the customer received notification
reasonably identifying the order, the customer is
precluded from asserting that the bank is not entitled
to retain the payment unless the customer notifies the
bank of the customer’s objection to the payment
within one year after the notification was received by
the customer.

§46-4A-506. Rate of interest.

(a) If, under this article, a receiving bank is obliged
to pay interest with respect to a payment order issued
to the bank, the amount payable may be determined
(1) by agreement of the sender and receiving bank, or
(2) by a funds-transfer system rule if the payment
order is transmitted through a funds-transfer system.

(b) If the amount of interest is not determined by an
agreement or rule as stated in subsection (a) of this
section, the amount is calculated by multiplying the
applicable federal funds rate by the amount on which
interest is payable, and then multiplying the product
by the number of days for which interest is payable.
The applicable federal funds rate is the average of the
federal funds rates published by the Federal Reserve
Bank of New York for each of the days for which
interest is payable divided by three hundred sixty. The
federal funds rate for any day on which a published
rate is not available is the same as the published rate
for the next preceding day for which there is a
published rate. If a receiving bank that accepted a
payment order is required to refund payment to the
sender of the order because the funds transfer was not
completed, but the failure to complete was not due to
any fault by the bank, the interest payable is reduced
by a percentage equal to the reserve requirement on
deposits of the receiving bank.


(a) The following rules apply unless the affected
parties otherwise agree or subsection (c) of this section
applies:

(1) The rights and obligations between the sender of
a payment order and the receiving bank are governed
by the law of the jurisdiction in which the receiving
bank is located;

(2) The rights and obligations between the beneficiar
ny's bank and the beneficiary are governed by the
law of the jurisdiction in which the beneficiary's bank
is located; and

(3) The issue of when payment is made pursuant to
a funds transfer by the originator to the beneficiary is
governed by the law of the jurisdiction in which the
beneficiary's bank is located.

(b) If the parties described in each paragraph of
subsection (a) of this section have made an agreement
selecting the law of a particular jurisdiction to govern
rights and obligations between each other, the law of
that jurisdiction governs those rights and obligations,
whether or not the payment order or the funds
transfer bears a reasonable relation to that jurisdiction.

(c)(1) A funds-transfer system rule may select the
law of a particular jurisdiction to govern (A) rights
and obligations between participating banks with
respect to payment orders transmitted or processed
through the system, or (B) the rights and obligations
of some or all parties to a funds transfer any part of
which is carried out by means of the system.

(2) A choice of law made pursuant to paragraph (A)
of subdivision (1) is binding on participating banks.

(3) A choice of law made pursuant to paragraph (B)
of subdivision (1) is binding on the originator, other
sender, or a receiving bank having notice that the
(4) The beneficiary of a funds transfer is bound by the choice of law if, when the funds transfer is initiated, the beneficiary has notice that the funds-transfer system might be used in the funds transfer and of the choice of law by the system. The law of a jurisdiction selected pursuant to this subsection may govern, whether or not that law bears a reasonable relation to the matter in issue.

(d) In the event of inconsistency between an agreement under subsection (b) of this section and a choice-of-law rule under subsection (c) of this section, the agreement under subsection (b) of this section prevails.

(e) If a funds transfer is made by use of more than one funds-transfer system and there is inconsistency between choice-of-law rules of the systems, the matter in issue is governed by the law of the selected jurisdiction that has the most significant relationship to the matter in issue.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Chairman Senate Committee

Chairman House Committee

Originated in the Senate.

In effect ninety days from passage.

Clerk of the Senate

Clerk of the House of Delegates

President of the Senate

Speaker House of Delegates

The within is approved this the 12th
day of , 1990.

Governor
PRESENTED TO THE
GOVERNOR
Date 3/3/90
Time 10:30 AM