



**Uniform Law Commission**  
NATIONAL CONFERENCE OF COMMISSIONERS ON UNIFORM STATE LAWS

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February 7, 2013

Banks Committee  
State of Connecticut General Assembly  
Room 2400  
Legislative Office Building  
Hartford, CT 06106

Chairmen Leone and Tong, Ranking Members Crisco and Luxenberg, and Distinguished Members:

The Uniform Law Commission writes in support of Raised House Bill 6337, an act concerning the Uniform Commercial Code and the Electronic Funds Transfer Act.

Money transfers in the United States are effectuated through electronic transfer networks. The payment of obligations is of vital importance to almost all commercial transactions. It is neither convenient nor prudent to pay large or even modest obligations in actual cash. So, individuals and corporations, big account holders and small, have turned to electronic funds transfers.

Electronic funds transfers are subject to the Electronic Funds Transfer Act (EFTA) (federal legislation) and/or the Uniform Commercial Code (UCC) Article 4A (state legislation). Generally, consumer transactions are controlled by the EFTA and commercial transactions are governed by the UCC. Any transaction that is subject to the EFTA is not subject to UCC Article 4A. This express exclusion places consumer transactions outside the jurisdiction of UCC Article 4A and leaves them to federal law.

Recently, the Dodd-Frank Wall Street Reform and Consumer Protection Act amended the EFTA. When the amendment to the EFTA goes into effect later this year, the EFTA will include the regulation of “remittance transfers.”<sup>1</sup> Now some remittance transfers are made by consumers and are properly and unquestionably subject to the EFTA. But other remittance transfers are not made by consumers but are instead made by commercial entities in commercial transactions, and these remittance transfers are not subject to the EFTA, nor are they subject to the UCC under existing law. The result is a gap in the law as it relates to some commercial transfers. The UCC Article 4A Amendments, the legislation presented here today, fill this gap in coverage of the law and restores regulatory certainty and clarity to remittance transfers that are commercial in nature.

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<sup>1</sup> A “remittance transfer” is defined in 15 U.S.C. § 1693o-1(g) (2) to mean an “electronic . . . transfer of funds requested by a sender located in any State to a designated recipient that is initiated by a ‘remittance transfer provider,’” i.e., any person or financial institution that provides remittance transfers for a consumer in the normal course of business.

The proposed amendment revises UCC §4A-108 to provide that UCC Article 4A does apply to a remittance transfer that is not an electronic funds transfer regulated by the EFTA. The amendment then restates the rule of the supremacy clause that the federal statute will control in the case of any conflict between UCC Article 4A and the EFTA.

It is important that the UCC Article 4A Amendments be enacted before the EFTA amendment goes into effect or as soon as possible thereafter to effectively regulate these transactions. For these reasons, I respectfully request that the members of the Banks Committee vote favorably on Raised House Bill 6337. Thank you.

Sincerely,



Nicole Julal

ULC Senior Legislative Counsel

Cc: Connecticut ULC Commissioner Neal Ossen