Ohio Revised Code

Section 1314.106

Effective: October 06, 2026
Legislation: House Bill 195 - 136th General Assembly

Discharge of account debtor on controllable account or controllable payment intangible [UCC 12-106]

(A) An account debtor on a controllable account or controllable payment intangible may discharge its obligation by paying either:

(1) The person having control of the controllable electronic record that evidences the controllable account or controllable payment intangible;

(2) Except as provided in division (B) of this section, a person that formerly had control of the controllable electronic record.

(B) Subject to division (D) of this section, the account debtor may not discharge its obligation by paying a person that formerly had control of the controllable electronic record if the account debtor receives a notification that complies with all of the following:

(1) Is signed by a person that formerly had control or the person to which control was transferred;

(2) Reasonably identifies the controllable account or controllable payment intangible;

(3) Notifies the account debtor that control of the controllable electronic record that evidences the controllable account or controllable payment intangible was transferred;

(4) Identifies the transferee in any reasonably way, including by name, identifying number, cryptographic key, office, or account number;

(5) Provides a commercially reasonable method by which the account debtor is to pay the transferee.

(C) After receipt of a notification that complies with division (B) of this section, the account debtor may discharge its obligation by paying in accordance with the notification and may not discharge the obligation by paying a person that formerly had control.

(D) Subject to division (H) of this section, notification is ineffective under division (B) of this section if any of the following apply:

(1) Unless, before the notification is sent, the account debtor and the person that, at that time, had control of the controllable electronic record that evidences the controllable account or controllable payment intangible agree in a signed record to a commercially reasonable method by which a person may furnish reasonable proof that control has been transferred;

(2) 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 and the limitation is effective under law other than this chapter;

(3) At the option of the account debtor, if the notification notifies the account debtor to do any of the following:

(a) Divide a payment;

(b) Make less than the full amount of an installment or other periodic payment;

(c) Pay any part of a payment by more than one method or to more than one person.

(E) Subject to division (H) of this section, if requested by the account debtor, the person giving the notification under division (B) of this section seasonably shall furnish reasonable proof, using the method in the agreement referred to in division (D)(1) of this section, that control of the controllable electronic record has been transferred. Unless the person complies with the request, the account debtor may discharge its obligations by paying a person that formerly had control, even if the account debtor has received a notification under division (B) of this section.

(F) A person furnishes reasonable proof under division (E) of this section that control has been transferred if the person demonstrates, using the method in the agreement referred to in division (D)(1) of this section, that the transferee has the power to do all of the following:

(1) Avail itself of substantially all the benefit from the controllable electronic record;

(2) Prevent others from availing themselves of substantially all the benefit from the controllable electronic record;

(3) Transfer the powers specified in divisions (F)(1) and (2) of this section to another person.

(G) Subject to division (H) of this section, an account debtor may not waive or vary its rights under divisions (D)(1) and (E) of this section, or its option under division (D)(3) of this section.

(H) 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.