

355.4A-201 Security procedure.

- (1) "Security procedure" means a procedure established by agreement of a customer and a receiving bank for the purpose of:
 - (a) Verifying that a payment order or communication amending or canceling a payment order is that of the customer; or
 - (b) Detecting error in the transmission or the content of the payment order or communication.
- (2) A security procedure may:
 - (a) Impose an obligation on the receiving bank or the customer; and
 - (b) Require the use of algorithms or other codes, identifying words, numbers, symbols, sounds, biometrics, encryption, callback procedures, or similar security devices.
- (3) Comparison of a signature on a payment order or communication with an authorized specimen signature of the customer or requiring a payment order to be sent from a known email address, IP address, or phone number is not by itself a security procedure.

Effective: January 1, 2025

History: Amended 2024 Ky. Acts ch. 10, sec. 27, effective January 1, 2025. -- Created 1992 Ky. Acts ch. 116, sec. 32, effective July 14, 1992.