

(1) THE TRANSFER WOULD VIOLATE APPLICABLE LAW; OR

(2) THE TRANSFEROR OR TRANSFEREE HAS FAILED TO COMPLY WITH ANY REQUIREMENT STATED IN THE LETTER OF CREDIT OR ANY OTHER REQUIREMENT RELATING TO TRANSFER IMPOSED BY THE ISSUER WHICH IS WITHIN THE STANDARD PRACTICE REFERRED TO IN § 5-108(E) OF THIS TITLE OR IS OTHERWISE REASONABLE UNDER THE CIRCUMSTANCES.

5-113. TRANSFER BY OPERATION OF LAW.

(A) A SUCCESSOR OF A BENEFICIARY MAY CONSENT TO AMENDMENTS, SIGN AND PRESENT DOCUMENTS, AND RECEIVE PAYMENT OR OTHER ITEMS OF VALUE IN THE NAME OF THE BENEFICIARY WITHOUT DISCLOSING ITS STATUS AS A SUCCESSOR.

(B) A SUCCESSOR OF A BENEFICIARY MAY CONSENT TO AMENDMENTS, SIGN AND PRESENT DOCUMENTS, AND RECEIVE PAYMENT OR OTHER ITEMS OF VALUE IN ITS OWN NAME AS THE DISCLOSED SUCCESSOR OF THE BENEFICIARY. EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (E) OF THIS SECTION, AN ISSUER SHALL RECOGNIZE A DISCLOSED SUCCESSOR OF A BENEFICIARY AS BENEFICIARY IN FULL SUBSTITUTION FOR ITS PREDECESSOR UPON COMPLIANCE WITH THE REQUIREMENTS FOR RECOGNITION BY THE ISSUER OF A TRANSFER OF DRAWING RIGHTS BY OPERATION OF LAW UNDER THE STANDARD PRACTICE REFERRED TO IN § 5-108(E) OF THIS TITLE OR, IN THE ABSENCE OF SUCH A PRACTICE, COMPLIANCE WITH OTHER REASONABLE PROCEDURES SUFFICIENT TO PROTECT THE ISSUER.

(C) AN ISSUER IS NOT OBLIGED TO DETERMINE WHETHER A PURPORTED SUCCESSOR IS A SUCCESSOR OF A BENEFICIARY OR WHETHER THE SIGNATURE OF A PURPORTED SUCCESSOR IS GENUINE OR AUTHORIZED.

(D) HONOR OF A PURPORTED SUCCESSOR'S APPARENTLY COMPLYING PRESENTATION UNDER SUBSECTION (A) OR (B) OF THIS SECTION HAS THE CONSEQUENCES SPECIFIED IN § 5-108(I) OF THIS TITLE EVEN IF THE PURPORTED SUCCESSOR IS NOT THE SUCCESSOR OF A BENEFICIARY. DOCUMENTS SIGNED IN THE NAME OF THE BENEFICIARY OR OF A DISCLOSED SUCCESSOR BY A PERSON WHO IS NEITHER THE BENEFICIARY NOR THE SUCCESSOR OF THE BENEFICIARY ARE FORGED DOCUMENTS FOR THE PURPOSES OF § 5-109 OF THIS TITLE.

(E) AN ISSUER WHOSE RIGHTS OF REIMBURSEMENT ARE NOT COVERED BY SUBSECTION (D) OF THIS SECTION OR SUBSTANTIALLY SIMILAR LAW AND ANY CONFIRMER OR NOMINATED PERSON MAY DECLINE TO RECOGNIZE A PRESENTATION UNDER SUBSECTION (B) OF THIS SECTION.

(F) A BENEFICIARY WHOSE NAME IS CHANGED AFTER THE ISSUANCE OF A LETTER OF CREDIT HAS THE SAME RIGHTS AND OBLIGATIONS AS A SUCCESSOR OF A BENEFICIARY UNDER THIS SECTION.

5-114. ASSIGNMENT OF PROCEEDS.

(A) IN THIS SECTION, "PROCEEDS OF A LETTER OF CREDIT" MEANS THE CASH, CHECK, ACCEPTED DRAFT, OR OTHER ITEM OF VALUE PAID OR DELIVERED UPON HONOR OR GIVING OF VALUE BY THE ISSUER OR ANY NOMINATED PERSON UNDER