

OR CONVERT PROPERTY WITHIN A REASONABLE TIME. THE TRUSTEE MAY DECIDE WHICH ACTION OR COMBINATION OF ACTIONS TO TAKE.

(B) IN CASES NOT GOVERNED BY SUBSECTION (A) OF THIS SECTION, PROCEEDS FROM THE SALE OR OTHER DISPOSITION OF AN ASSET ARE PRINCIPAL WITHOUT REGARD TO THE AMOUNT OF INCOME THE ASSET PRODUCES DURING ANY ACCOUNTING PERIOD.

15-521. DERIVATIVES AND OPTIONS.

(A) IN THIS SECTION, "DERIVATIVE" MEANS A CONTRACT OR FINANCIAL INSTRUMENT OR A COMBINATION OF CONTRACTS AND FINANCIAL INSTRUMENTS WHICH GIVES A TRUST THE RIGHT OR OBLIGATION TO PARTICIPATE IN SOME OR ALL CHANGES IN THE PRICE OF A TANGIBLE OR INTANGIBLE ASSET OR GROUP OF ASSETS, OR CHANGES IN A RATE, AN INDEX OF PRICES OR RATES, OR OTHER MARKET INDICATOR FOR AN ASSET OR A GROUP OF ASSETS.

(B) TO THE EXTENT THAT A TRUSTEE DOES NOT ACCOUNT UNDER § 15-510 OF THIS SUBTITLE FOR TRANSACTIONS IN DERIVATIVES, THE TRUSTEE SHALL ALLOCATE TO PRINCIPAL RECEIPTS FROM AND DISBURSEMENTS MADE IN CONNECTION WITH THOSE TRANSACTIONS.

(C) IF A TRUSTEE GRANTS AN OPTION TO BUY PROPERTY FROM THE TRUST, WHETHER OR NOT THE TRUST OWNS THE PROPERTY WHEN THE OPTION IS GRANTED, GRANTS AN OPTION THAT PERMITS ANOTHER PERSON TO SELL PROPERTY TO THE TRUST, OR ACQUIRES AN OPTION TO BUY PROPERTY FOR THE TRUST OR AN OPTION TO SELL AN ASSET OWNED BY THE TRUST, AND THE TRUSTEE OR OTHER OWNER OF THE ASSET IS REQUIRED TO DELIVER THE ASSET IF THE OPTION IS EXERCISED, AN AMOUNT RECEIVED FOR GRANTING THE OPTION SHALL BE ALLOCATED TO PRINCIPAL. AN AMOUNT PAID TO ACQUIRE THE OPTION SHALL BE PAID FROM PRINCIPAL. A GAIN OR LOSS REALIZED UPON THE EXERCISE OF AN OPTION, INCLUDING AN OPTION GRANTED TO A SETTLOR OF THE TRUST FOR SERVICES RENDERED, SHALL BE ALLOCATED TO PRINCIPAL.

15-522. ASSET-BACKED SECURITIES.

(A) (1) IN THIS SECTION, "ASSET-BACKED SECURITY" MEANS AN ASSET WHOSE VALUE IS BASED UPON THE RIGHT IT GIVES THE OWNER TO RECEIVE DISTRIBUTIONS FROM THE PROCEEDS OF FINANCIAL ASSETS THAT PROVIDE COLLATERAL FOR THE SECURITY.

(2) "ASSET-BACKED SECURITY" INCLUDES AN ASSET THAT GIVES THE OWNER THE RIGHT TO RECEIVE FROM THE COLLATERAL FINANCIAL ASSETS ONLY THE INTEREST OR OTHER CURRENT RETURN OR ONLY THE PROCEEDS OTHER THAN INTEREST OR CURRENT RETURN.

(3) "ASSET-BACK SECURITY" DOES NOT INCLUDE AN ASSET TO WHICH § 15-508 OR § 15-516 OF THIS SUBTITLE APPLIES.

(B) IF A TRUST RECEIVES A PAYMENT FROM INTEREST OR OTHER CURRENT RETURN AND FROM OTHER PROCEEDS OF THE COLLATERAL FINANCIAL ASSETS, THE TRUSTEE SHALL ALLOCATE TO INCOME THE PORTION OF THE PAYMENT WHICH THE