

NOT DUE TO ANY FAULT BY THE BANK, THE INTEREST PAYABLE IS REDUCED BY A PERCENTAGE EQUAL TO THE RESERVE REQUIREMENT ON DEPOSITS OF THE RECEIVING BANK.

4A-507.

(A) THE FOLLOWING RULES APPLY UNLESS THE AFFECTED PARTIES OTHERWISE AGREE OR SUBSECTION (C) OF THIS SECTION APPLIES:

(1) THE RIGHTS AND OBLIGATIONS BETWEEN THE SENDER OF A PAYMENT ORDER AND THE RECEIVING BANK ARE GOVERNED BY THE LAW OF THE JURISDICTION IN WHICH THE RECEIVING BANK IS LOCATED.

(2) THE RIGHTS AND OBLIGATIONS BETWEEN THE BENEFICIARY'S BANK AND THE BENEFICIARY ARE GOVERNED BY THE LAW OF THE JURISDICTION IN WHICH THE BENEFICIARY'S BANK IS LOCATED.

(3) THE ISSUE OF WHEN PAYMENT IS MADE PURSUANT TO A FUNDS TRANSFER BY THE ORIGINATOR TO THE BENEFICIARY IS GOVERNED BY THE LAW OF THE JURISDICTION IN WHICH THE BENEFICIARY'S BANK IS LOCATED.

(B) IF THE PARTIES DESCRIBED IN EACH PARAGRAPH OF SUBSECTION (A) OF THIS SECTION HAVE MADE AN AGREEMENT SELECTING THE LAW OF A PARTICULAR JURISDICTION TO GOVERN RIGHTS AND OBLIGATIONS BETWEEN EACH OTHER, THE LAW OF THAT JURISDICTION GOVERNS THOSE RIGHTS AND OBLIGATIONS, WHETHER OR NOT THE PAYMENT ORDER OR THE FUNDS TRANSFER BEARS A REASONABLE RELATION TO THAT JURISDICTION.

(C) A FUNDS-TRANSFER SYSTEM RULE MAY SELECT THE LAW OF A PARTICULAR JURISDICTION TO GOVERN: (I) RIGHTS AND OBLIGATIONS BETWEEN PARTICIPATING BANKS WITH RESPECT TO PAYMENT ORDERS TRANSMITTED OR PROCESSED THROUGH THE SYSTEM; OR (II) THE RIGHTS AND OBLIGATIONS OF SOME OR ALL PARTIES TO A FUNDS TRANSFER ANY PART OF WHICH IS CARRIED OUT BY MEANS OF THE SYSTEM. A CHOICE OF LAW MADE PURSUANT TO CLAUSE (I) OF THIS SUBSECTION IS BINDING ON PARTICIPATING BANKS. A CHOICE OF LAW MADE PURSUANT TO CLAUSE (II) OF THIS SUBSECTION IS BINDING ON THE ORIGINATOR, OTHER SENDER, OR A RECEIVING BANK HAVING NOTICE THAT THE FUNDS-TRANSFER SYSTEM MIGHT BE USED IN THE FUNDS TRANSFER AND OF THE CHOICE OF LAW BY THE SYSTEM WHEN THE ORIGINATOR, OTHER SENDER, OR RECEIVING BANK ISSUED OR ACCEPTED A PAYMENT ORDER. THE BENEFICIARY OF A FUNDS TRANSFER IS BOUND BY THE CHOICE OF LAW IF, WHEN THE FUNDS TRANSFER IS INITIATED, THE BENEFICIARY HAS NOTICE THAT THE FUNDS-TRANSFER SYSTEM MIGHT BE USED IN THE FUNDS TRANSFER