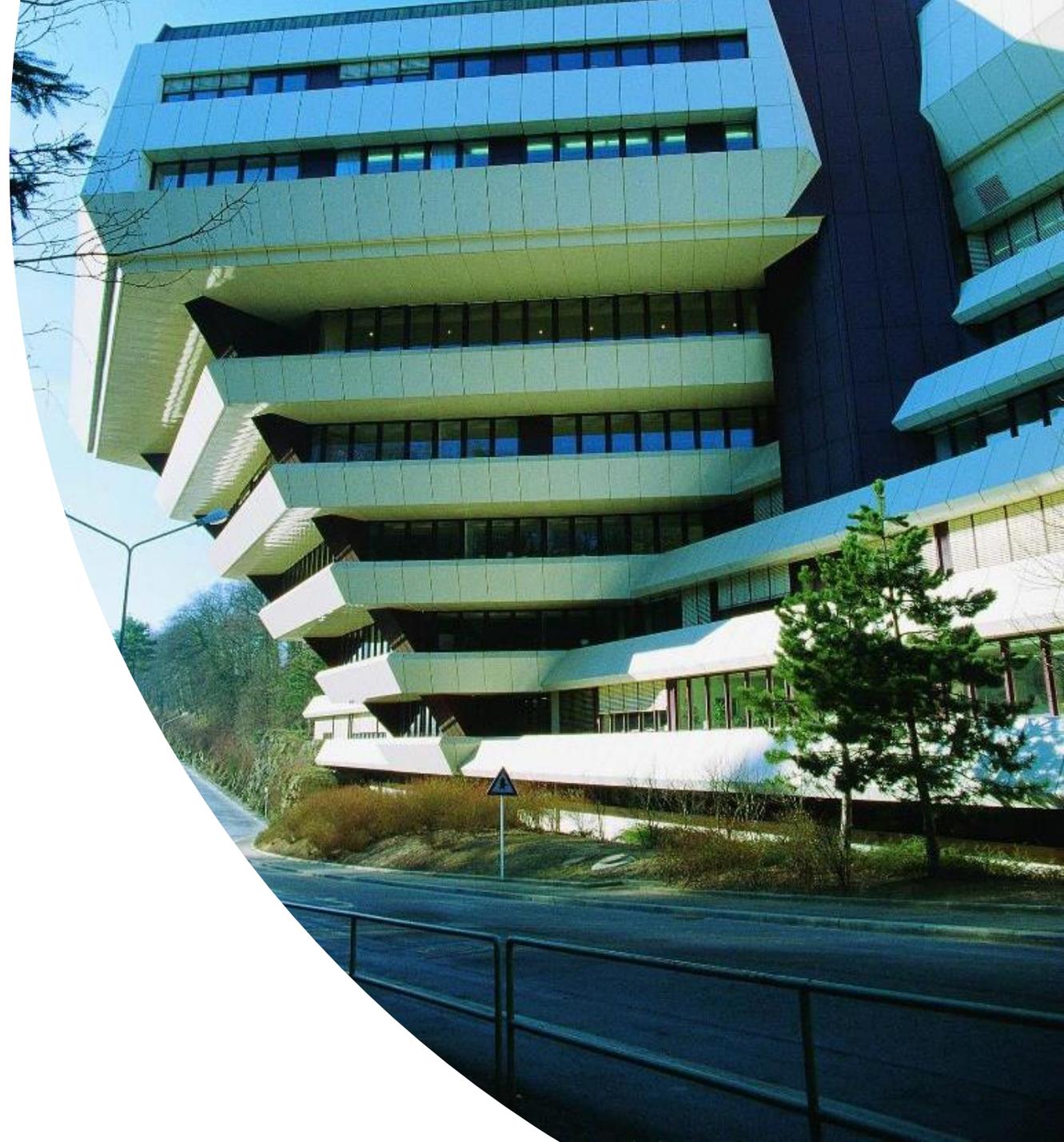


The Luxembourg Rail Protocol How the International Registry Works

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Introduction

- The key principles of the Luxembourg Rail Protocol
- The Cape Town Convention on International Interests in Mobile Equipment
- Roles and tasks – who's who
- Basics of the registry
- How the registry operates
- Unique vehicle identification
- Users of the registry
- Allocating the URVIS number
- Registration
- Search

The key principles

- In a market economy, risk and reward are linked
- For creditors, the higher the risk,
 - the higher the prudential and related costs for creditors
 - the higher the expected reward
- If private credit can be effectively secured by the assets financed, this reduces creditor risk
- The UNIDROIT Cape Town Convention and its protocols create a global legal system to safeguard secured lenders and lessors providing credit for certain types of moveable goods, thereby *reducing* creditor risks and therefore financing costs for debtors
- More certainty = lower risk = lower financing costs



The key principles

- The Cape Town Convention does this by:
 - Setting out **clear creditor security rights** in financed equipment, an “international interest”, including the right to repossess financed equipment on debtor default or insolvency
 - Applying these rules **consistently across many countries**
 - Establishing an **international public registry** for each asset class accessible 24/7 via the internet, on which a creditor’s international interest is registered
 - **Regulating the priority of competing international interests** – first to register unless otherwise agreed between creditors

The Cape Town Convention on International Interests in Mobile Equipment



- **2006:** Convention and Aircraft protocol in force - already adopted by 79 states
- International register of international interests in aircraft, operating in Dublin, Ireland, since 2006 – over 1 million registrations to date



- **2021 (expected)** - Luxembourg Rail Protocol (LRP) applying the Convention to railway rolling stock
- International register of international interests in railway rolling stock will operate from Luxembourg – registrar already appointed

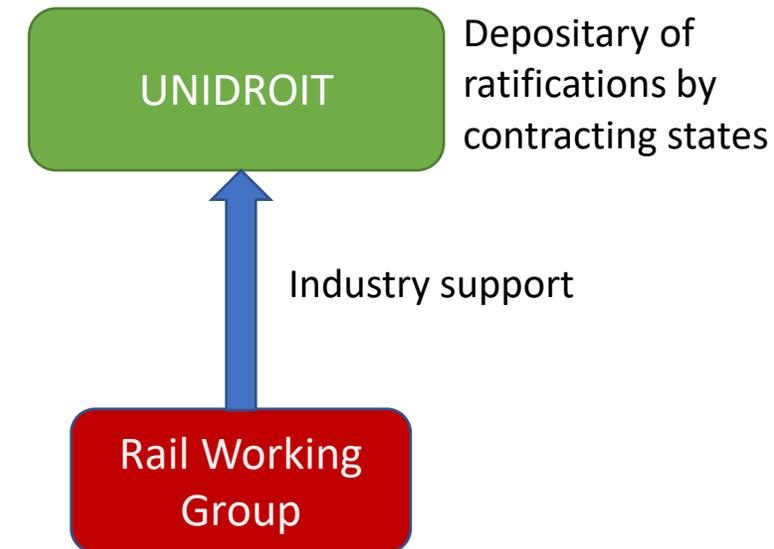
Roles and tasks – who's who

UNIDROIT

Depositary of
ratifications by
contracting states

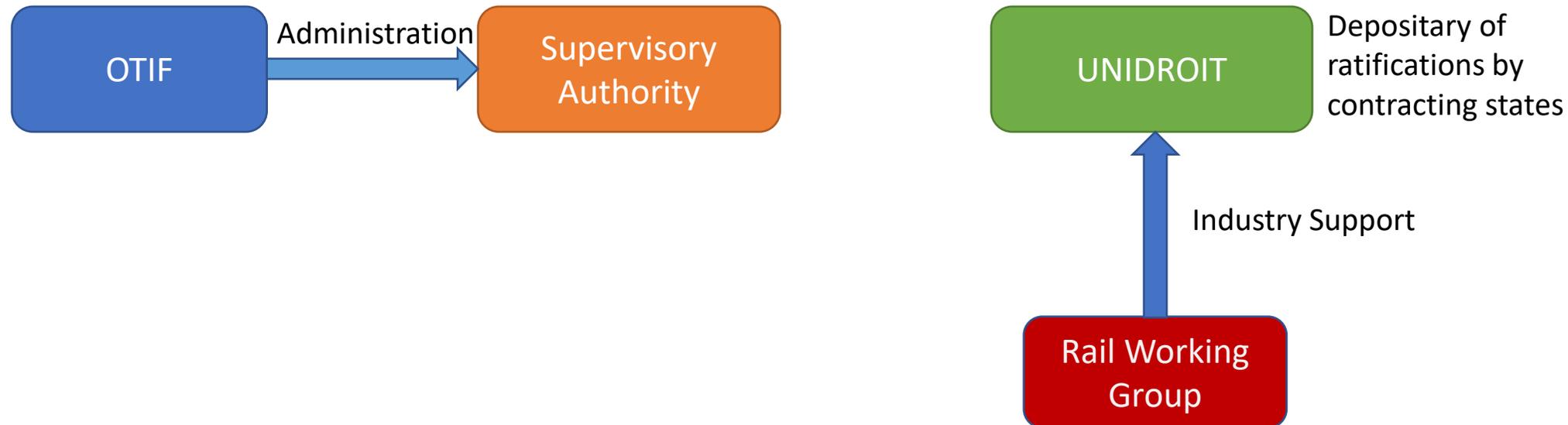
UNIDROIT, the International Institute for the Unification of Private Law, is an intergovernmental organisation established in 1926 and based in Rome. It is the principal sponsor of the Convention and the depositary for ratifications

Roles and tasks – who's who



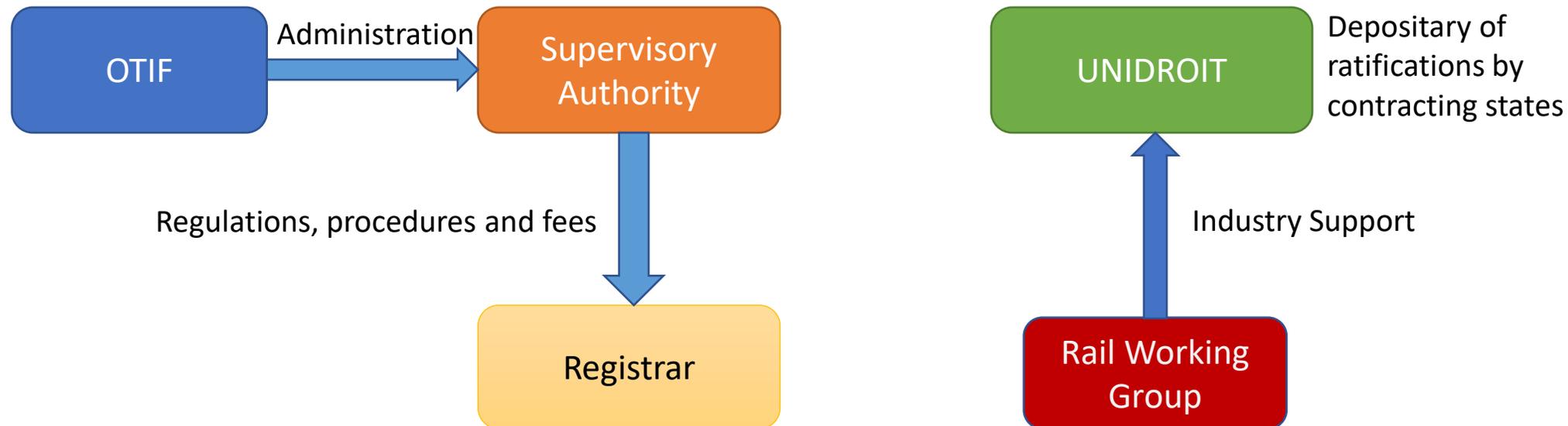
The Rail Working Group was formed in 1996, at the request of UNIDROIT. It is a not-for-profit global group based in Switzerland, representing stakeholders in the rail and finance sectors, focused on the adoption and implementation of the Luxembourg Rail Protocol

Roles and tasks – who's who



The Supervisory Authority is a new intergovernmental agency based in Bern, Switzerland, created by the Luxembourg Protocol. All ratifying states are represented on the Supervisory Authority. It issues the regulations governing the operation of the international registry and approves all fee schedules. OTIF acts as its secretariat; it can also appoint expert advisers.

Roles and tasks – who's who



The Registrar is a Luxembourg company, Regulis SA, owned by SITA. It will be a neutral company contracted to operate the international registry under a limited term agreement with the Supervisory Authority.

Basics of the registry

- One global registry
- Strict data security protocols
- Self-financing

- Operating entirely online
- Open to registrations and searches 24/7/365

- Using a single global asset identification system
 - Rolling stock must be uniquely identifiable for LRP to apply
 - Regulations will establish URVIS - unique 16-digit number allocated by the Registrar, never re-used or duplicated
 - Affixed permanently to rolling stock by manufacturer, maintainer or keeper

How the registry operates

- Operated by a private company based in Luxembourg
- Under regulations issued by the Supervisory Authority
 - Currently in draft form – working draft updated from time to time but the final version adopted on day the Protocol comes into force
 - Will be revised periodically to take into account changing circumstances, industry feedback and technology (aircraft registry is up to the 8th edition)
 - Includes schedule of fees – also revised from time to time
 - Supervisory Authority considers/authorises *Procedures*, proposed by registrar, governing modalities of using registry

Unique vehicle identification

- URVIS numbers are required only if needed for financing and registration of an international interest – **otherwise voluntary**
- 16 numbers with a check digit and no leading zero
- “Unconstructed” – no part of the number is reflective of the status or type of equipment
- So users can use the URVIS number in parallel with the local or regional running numbers or the manufacturer number, or embed these numbers into customised URVIS numbers
- Local or regional running numbers can be registered in the registry alongside URVIS numbers, but searches are only possible against URVIS numbers

Users of the registry

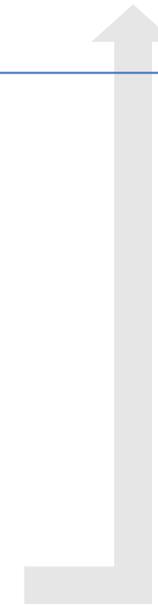
**Enrolment by the
Registrar**



Transacting users



Professional users



Users of the registry

- Transactional users (contracting parties) and professional users (lawyers) must enrol with the registry
- Users receive digital signatures and pay an annual fee
- Each registered user must appoint an individual administrator
- Users may use a virtual closing room to complete financings
- Every registration of an international interest (with very limited exceptions for non-consensual – usually state – claims) must be signed off by, or on behalf of, the relevant creditor and debtor
- A creditor can discharge the international interest without debtor consent

Allocating the URVIS number



Allocating the URVIS number

- URVIS numbers will be provided by the registry to registered users on application at a one-time nominal cost
- Registered users may purchase a block of numbers and request customised sequences of numbers if available
- International interests will be registrable against individual assets by URVIS number
- Contracting parties are responsible for ensuring the marking of the rolling stock with the URVIS number

Registration



Registration

- Secured creditor/lessor files international interest against an URVIS number at the registry: a professional or transactional user completes a form online against a one-time fee paid by credit card
- All registrations are effected via electronic forms – no human intervention
- Filing can be made against a group of assets by reference to their URVIS numbers against a one-time fee (probably with a discount for multiple assets); the registrar allocates a file number to the group of assets
- Registrar sends notice of filing to debtor/lessee
- Debtor/lessee consents to filing
- Registrar issues certificate showing registration of the international interest and any prior interests already registered

Search

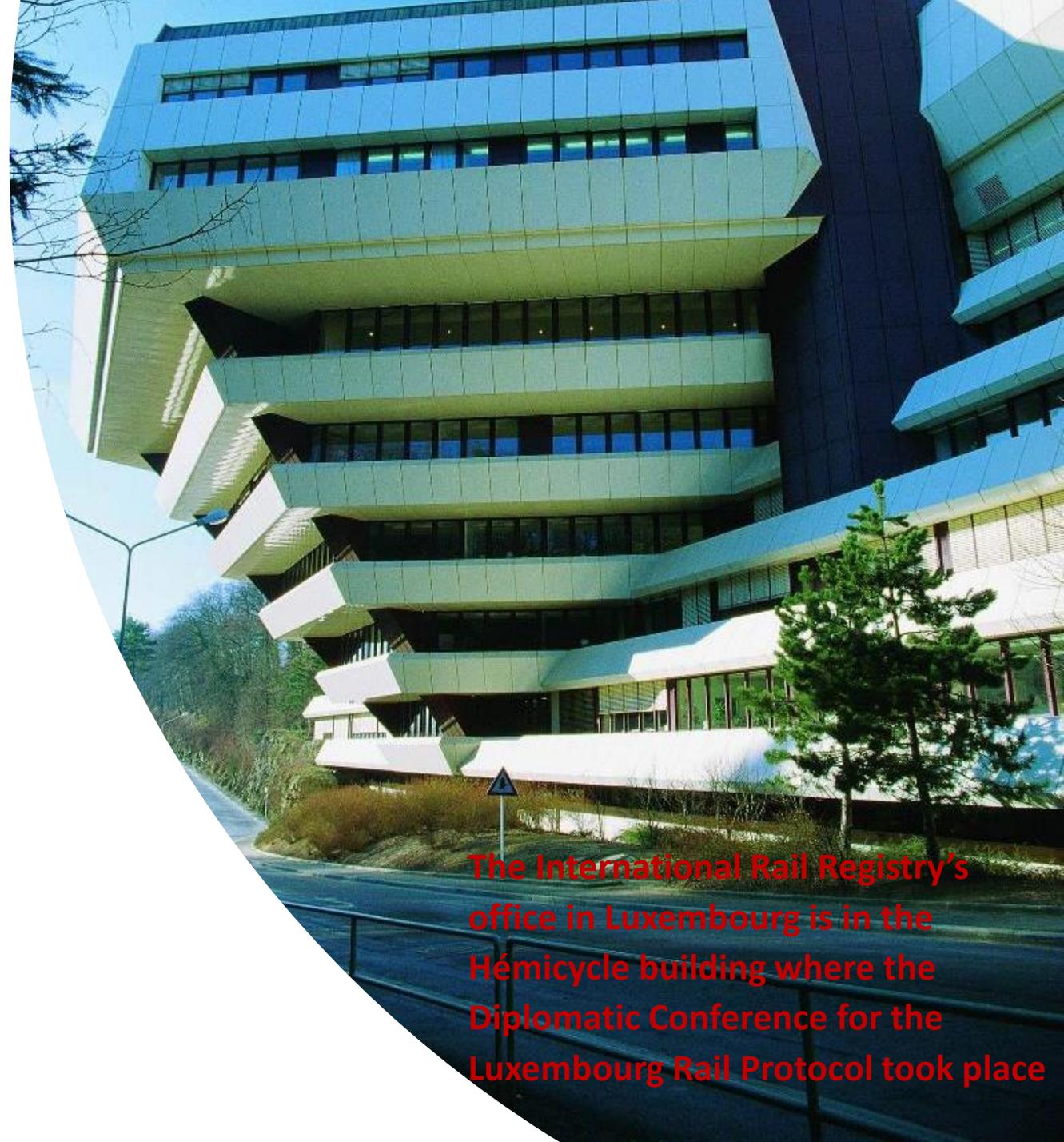
- Any party may search against individual assets by URVIS number
- It may also search against a group of assets by registry file number
- It will pay a search fee per asset (or a fixed price for a group search) and receive a priority search certificate, showing:
 - The description of the asset(s) by URVIS number
 - The names of the creditor(s) and debtor(s) registered as holding the interest in the asset and the party holding the right to discharge the interest
 - The exact date and time each international interest was registered against the asset(s)
 - The date of any discharge of an international interest



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The International Rail Registry's office in Luxembourg is in the Hémicycle building where the Diplomatic Conference for the Luxembourg Rail Protocol took place