

Personal Properties Security Register (PPSR)

1. Concept

This new legislation commenced on 31 January 2012. It replaced existing retention of title ("Romalpa") laws. To preserve title over stock supplied, and not yet paid for, suppliers will need to register their security interest on the PPSR website. Goods supplied on consignment, appro or bailment (eg to repairers) must also be registered in order to maintain a security interest.

2. Basic Process

A **secured party** (the supplier of goods) takes a **security interest** (a right to unpaid goods) in **collateral** (the goods) that a **grantor** (the buyer) has an interest in.

3. Steps Required

Suppliers will need to amend their credit applications (and issue the revised documents to all existing customers).

- a. Correctly identify all existing customers (grantors).
 - i. Individuals – you need name and address. You should verify identity using a drivers licence or passport
 - ii. Companies – you need the ACN. Available from www.abr.business.gov.au
 - iii. Partnership – you need the ABN
- b. Open an account on the PPSR website (www.ppsr.gov.au) as a secured party.
- c. Register each security interest (a "financing statement") – one per customer, not per delivery. NB the security interest **MUST** be registered before delivering goods, otherwise it is not enforceable. When registering
 - i. Select "Commercial"
 - ii. The Class is "Other"
 - iii. The description should be "all present and after acquired personal property"

4. Purchase Money Security Interest (PMSI)

Once your interest in goods supplied is complete, you have a "PMSI" which has a "super priority" under the legislation.

5. Transition Period

The Act provides for a two year transition period, during which current retention of title security will still apply in respect of goods supplied prior to 31 January 2012.

IMPORTANT: This document provides general information only about the Personal Properties Securities Act 2009 (Cth) (the Act). It does not constitute legal advice. You should seek legal or other professional advice to consider the application of the Act to your individual circumstances.