

# RESPONSIBLE REGISTRATION MANAGEMENT

## Multiple registrations



Australian Government  
Australian Financial  
Security Authority



PPSR  
Personal Property  
Securities Register

## Avoid multiple registrations

If you regularly make registrations on the PPSR, it is important to understand when it is appropriate to make more than one registration for a single transaction.

We regularly see people unnecessarily making multiple registrations over the same collateral. While there is sometimes a legitimate reason for multiple registrations, in many instances these registrations are made 'just in case' to cover off all possible options. We even hear of advisers recommending this course of action without any good reason, and without considering how a registration should properly be made.

## What is the problem?

These registrations waste money, clutter the register, increase complexity for anyone searching, and increase administrative burden for secured parties in managing and discharging their registrations. They can also frustrate grantors seeking funding when they have to explain large numbers of registrations to their financiers.

## Benefits of single registrations

A single PPSR registration can perfect multiple security interests in collateral, whether or not those security interests arose before or after registration. For example, a person supplying goods on conditional sale / retention of title terms can make a registration against a customer and, provided the collateral is appropriately described, this registration will cover future orders from that customer.

We also see instances where people make multiple registrations over different serial numbers for the same property. For example, where the collateral is a motor vehicle, someone might make separate registrations against each of the VIN, chassis number and manufacturer's number of that motor vehicle. However, it is only necessary to register once against the correct prescribed identifier set out in the regulations (e.g. if the vehicle has a VIN, only the VIN needs to be included in the registration).



### Use caution!

You could be exposed to a civil penalty under the Personal Property Securities Act 2009 (Cth) if a registration is made that describes collateral which is not (and will not be) subject to an underlying security interest.



# RESPONSIBLE REGISTRATION MANAGEMENT

## Multiple registrations

---



## Different combinations 'just in case' registrations

### **Multiple 'just in case' registrations using different combinations of the additional details boxes (i.e. PMSI, inventory and control).**

We often see people make registrations by choosing different combinations of the check boxes in the hope that at least one of their registrations will be correct. For some people this stems from ambiguous legal advice obtained when the PPSR first commenced in 2012.

### **Time for an update?**

The PPSR has now been in operation for more than a decade and we expect secured parties to know how to make a valid registration without registering 'across-the-board'.

If you are regularly making registrations on the PPSR and have not done so already, we strongly suggest that you obtain updated advice on how to register your security interests.

These 'just in case' registrations primarily use different combinations of the "Purchase money security interest applies" (i.e. the PMSI box) and the "The collateral is inventory" box (i.e. the inventory box).

### **PMSI box**

If someone is leasing moveable equipment for a term greater than 2 years it would need to perfect the security interest by registration. In most cases, the collateral would fall into a single collateral class (e.g. "Other goods") and only a single registration would be required (ticking the "Purchase money security interest applies" box) to ensure that the lessor's security interest in the equipment is perfected. We see examples where people also make a non-PMSI registration where the underlying security interest is clearly a "PPS Lease" only, which provides no benefit.

### **Inventory box**

This issue is compounded where a secured party selects the "The collateral is inventory" box in one registration and doesn't select it in another. The purpose of this item is to indicate whether the collateral may include inventory – a failure to make a second registration without that box ticked does not mean that your security interest is not perfected.

# RESPONSIBLE REGISTRATION MANAGEMENT

## Multiple registrations

---



### Multiple grantor identifiers

**Multiple grantor identifiers (e.g. Name, ABN and ACN) being included in the same registration when there is only a single grantor in one capacity.**

Some people needlessly including more than one grantor identifier in their registrations. We are aware of circumstances where a company (not acting as trustee of a trust) has granted a security interest in its property, and the secured party has been advised to register a financing statement on the PPSR against the company's (1) name; (2) ACN; and (3) ABN.

In this scenario, the secured party should make a registration against the company's ACN only – the inclusion of the company's name and ABN in that registration is redundant under the prescribed registration rules set out in the regulations. Although this practice doesn't result in multiple registrations (except where a separate registration is made for each grantor identifier), it does clutter up the register, and create confusion amongst users, particularly third-party searchers.



### Duplicate registrations

**Duplicate registrations being made over the same collateral.**

People often make multiple registrations against the same grantor where they have more than one security interest over the same type of collateral. A common example is where a supplier who supplies goods on retention of title terms makes a new registration against its client every time the supplier makes a delivery to that client. This results in multiple registrations over the same grantor and collateral. This is not required because one registration is capable of perfecting multiple security interests.

#### Key Points

Don't unnecessarily lodge multiple financing statements on the PPSR. One financing statement can cover multiple security interests.

Consider whether one registration can adequately identify your collateral, and perfect your security interest. Only register over relevant collateral classes.

Only register against grantors by the required identifier (e.g. ACN for an Australian company).