

PPSA transition period to end – 30 January 2014

The Personal Property Securities Act 2009 (PPSA) was introduced on 30 January 2012 with an adjustment period to allow secured parties time to adjust to the new legislation and its requirements. Significantly, this allowed time to perfect security interests by registering them on the Personal Property Securities Register (PPSR).

A “transitional security interest” is a security interest created under an agreement entered into prior to 30 January 2012. Under the PPSA, a transitional security interest could maintain its priority against a post PPSA perfected security interest.

However, the two year transitional period under the PPSA will end on 30 January 2014. When this period ends, a secured party who doesn't perfect their transitional security interest may:

- Lose their priority to another secured party with an interest in the same collateral, even if their interest may have been created first; or
- In the case of insolvency of the grantor, the collateral will form part of the assets of the grantor, with the secured party having no priority or right to the collateral.

It is possible to lose the asset on insolvency of the grantor, even if in possession of an asset title, if the security interest is not perfected in accordance with the requirements of the PPSA.

- The PPSA applies to a very broad range of security interests and arrangements such as:
 - Asset financing and leasing arrangements;
 - Equipment or chattel mortgages;
 - Leases and hiring arrangements;
 - Retention of title;
 - Consignment terms; and
 - Charges and mortgages.

Prior to the end of the transitional period it is imperative to review businesses and relevant documentation to ensure that all security interests are perfected in accordance with the requirement of the PPSA.

We can provide assistance to you and your clients in regard to:

- Reviewing arrangements to assess if they are captured by the PPSA;
- Reviewing documentation to ensure that the requirements of the PPSA are met; and
- Providing guidance in regard perfecting a security interest.

Please do not hesitate to contact us by phone 02 9236 8333 or [email](#) regarding any uncertainties in relation to the requirements of the PPSA.