WHEREAS, modern secured transactions system enables individuals and entities to use their movable assets as security for credit generating new productive capital, expands investments, creates more job opportunity, increases production and productivity, fosters access to and usage of financial products and services, creates opportunity to expand banking services to rural areas;

WHEREAS, it is necessary to provide for the creation of security right in movable property, ensure their publicity and effectiveness through efficient enforcement mechanisms;

WHEREAS, establishing single comprehensive electronic registration regime for secured transactions in movable property to determine priority right among competing claimants is necessary;

NOW, THEREFORE, in accordance with Article 55(1) of the Federal Democratic Republic of Ethiopia Constitution, it is hereby proclaimed as follows:
PART ONE
GENERAL PROVISIONS

1. Short Title
This Proclamation may be cited as “Movable Property Security Right Proclamation No. 1147/2019.”

2. Definitions
In this Proclamation, unless the context otherwise requires:

1/ “accessory to immovable” means a corporeal asset that despite the fact that it is physically affixed to an immovable is treated as movable property;

2/ “acquisition security right” means a security right in a corporeal asset or intellectual property, which secures the obligation to pay any unpaid portion of the purchase price of the asset or other credit extended to enable the grantor to acquire right in the asset to the extent the credit is used for that purpose;

3/ “business” means a business specified under the Commercial Code of Ethiopia;

4/ “certificated security” means a document evidencing ownership of share or bond registered in the name of the holder or issued to a bearer;

5/ “Collateral Registry” means an electronic system for receiving, storing and making accessible to the public information about security right and non-consensual right in movable property;

6/ “Collateral Registry Officer” means an office established to manage the Collateral Registry;
7/ "competing claimant" means a creditor of a grantor or other person with right in the collateral that may be in competition with the right of a secured creditor in the same collateral;

8/ "consumer goods" means goods primarily used or intended to be used by the grantor for personal, family or household consumption;

9/ "control agreement" means:

a) with respect to electronic securities means an agreement in writing among the issuer, the grantor and the secured creditor, according to which the issuer agrees to follow instruction from the secured creditor with respect to the securities without further consent from the grantor; or

b) with respect to right to payment of funds credited to a deposit account means an agreement in writing among the financial institution, the grantor and the secured creditor, according to which the financial institution agrees to follow instruction from the secured creditor with respect to the payment of funds credited to the deposit account without further consent from the grantor;

10/ "corporate asset" means any type of goods including money, negotiable instrument, negotiable documents and certificated securities;

11/ "debtor" means a person that owes payment or other performance of a secured obligation, whether or not that person is the grantor of the security right securing payment or other performance of that obligation, including a guarantor of a secured obligation;
12/ "debtor of the receivable" means a person that owes payment of a receivable, including a guarantor or other person secondarily liable for payment of the receivable;

13/ "deposit account" means an account maintained by a financial institution authorized to receive deposit from the public;

14/ "equipment" means a corporeal asset other than inventory or consumer goods that is primarily used or intended to be used by the grantor in the operation of its business;

15/ "electronic securities" means shares and bonds registered and transferable electronically but not represented by a certificate;

16/ "farm products" include but not limited to crops grown, growing or to be grown; forest, timber and other wood products; livestock, born or unborn, bees and poultry and the produce and progeny thereof; supplies used or produced in a farming operation; or products of crops or livestock in their unmanufactured states.

17/ "financial lease" means a type of leasing by which a lessor provides a lessee against payment of mutually agreed installments over a specified period with the use of specified capital goods under which the lessor shall retain full ownership right on the capital goods during the period of the lease agreement, and, subject to agreement between the two parties, the lessee may have an option to purchase the capital good outright after the termination of the lease period at an agreed price.
18/ “future asset” means a movable property, which does not exist or which the grantor does not have right in or the power to encumber at the time the security agreement is concluded;

19/ “future advance” means an additional credit where the secured creditor provides in the future to the debtor under the existing credit agreement;

20/ “grantor” means a person that creates a security right to secure either its own obligation or that of another person; a buyer or other transferee, lessee, or licensee of the collateral that acquires its right subject to a security right;

21/ “hire-purchase” means a type of leasing by which a lessor provides a lessee with the use of a specified capital goods, against payment of mutually agreed instalments over a specified period under which, with each lease payment, an equal percentage of the ownership is transferred to the lessee and, upon effecting of the last payment, the ownership of the capital goods shall automatically be transferred to the lessee;

22/ “incorporeal asset” means all types of movable property other than corporeal assets that shall include receivables, deposit accounts, intellectual property right;

23/ “intellectual property” means will have a meaning that is given to it in the intellectual property law;

24/ “inventory” means corporeal assets held by the grantor for sale or lease in the ordinary course of the grantor’s business, including raw and semi-processed materials;
30/ "non-consensual creditor" means a creditor that has obtained a right in the collateral, on the basis of a court order or applicable law;

31/ "notice" includes an initial notice, an amendment notice or a cancellation notice submitted to the Collateral Registry by the secured creditor or other authorized person under this Proclamation;

32/ "operating lease" means a type of leasing for a period of time not exceeding two years, by which a lessor provides a lessee against payment of mutually agreed rent with the use of specified capital goods that the lessor has at hand;

33/ "prior law" means the law in force before the entry into force of this Proclamation;

34/ "prior security right" means a right covered by a security agreement entered into before the entry into force of this Proclamation;

35/ "possession" means the actual possession of a corporeal asset by a person or its representative, or constructive possession by an independent person that acknowledges holding it for that person;

36/ "proceeds" means whatever is received in respect of the collateral, including what is received as a result of sale or other disposition or collection, lease or licence of the collateral, fruits, insurance proceeds, claims arising from defects in, damage to or loss of the collateral, and proceeds of proceeds;
45/ "serial number" means the serial number located on the chassis or body frame;

46/ "serial-numbered collateral" means a motor vehicle, trailer, agricultural machinery, construction machinery or industrial machinery and others that have a serial number permanently marked on or attached by the manufacturer;

47/ “person” means natural or legal person.

48/ a expression in the masculine gender includes the feminine.

3. Scope of Application

1/ This Proclamation shall apply to rights in movable property created by agreement that secure payment of credit or other performance of an obligation.

2/ This Proclamation shall not apply to:
   a) security right in securities traded on exchanges;
   b) a mortgage of a ship with all accessories required for its use subject to the Maritime Code;
   c) an interest in an aircraft subject to the registration by the Ethiopian Civil Aviation Authority; and
   d) except as otherwise provided in this Proclamation, a lien or other interest given by law; and
   e) security right in proceeds of collateral if the proceeds are a type of asset that is outside the scope of this Proclamation to the extent that other laws applies to security right in those types of asset and governs the matters addressed in this Proclamation.
3/ This Proclamation shall not prevent creation of an encumbrance in accessories to immovable under immovable property law.

PART TWO

CREATION OF A SECURITY RIGHT

4. Creation of a Security Right by Agreement and its Elements

1/ A security right shall be created by a security agreement, provided that the grantor has right in the asset to be encumbered or the power to encumber it.

2/ A lessee under a hire-purchase may create a security right in capital goods but the maximum amount realizable under the security right is limited to the goods value in excess of the amount owed to the lessor.

3/ Notwithstanding to Sub-article (1) of this Article, security agreement may provide for the creation of a security right in a future asset.

4/ A security right may encumber and continue in an accessory to movable or immovable, and a security right is not extinguished by an affixation of the accessory to movable or immovable property.

5/ A security agreement shall be evidenced by a writing that is signed by the grantor, and:
   a) identify the secured creditor and the grantor;
   b) describe the secured obligation; and
   c) describe the collateral as provided in Article 6.
5. Obligations That may be Secured

A security right may secure one or more obligations of any type, present or future, determined or determinable, conditional or unconditional, fixed or fluctuating.

6. Description of Collateral and Secured Obligation

1/ The collateral and secured obligation shall be described in the security agreement in a manner that reasonably allows their identification.

2/ A description shall reasonably identify the collateral by specific listing, category, a type of collateral, or quantity.

3/ The secured obligation may be described as all obligation currently owed and to be incurred in the future, generically or specifically, including by a reference to the maximum amount secured by the security right.

7. Right to Proceeds

1/ A security right in an asset shall extend to its identifiable proceeds.

2/ Where proceeds in the form of funds credited to a deposit account or money are commingled with other assets of the same kind:

a) the security right extends to the commingled assets, notwithstanding that the proceeds have ceased to be identifiable;

b) the security right in the commingled assets is limited to the amount of the proceeds immediately before they were commingled; and
c) if at any time after the commingling, the amount of the commingled funds or money is less than the amount of the proceeds immediately before they were commingled, the security right in the commingled funds or money is limited to the available balance at the time of the claim.

8. Corporeal Assets Commingled in a Mass or Product

A security right in a corporeal asset that is commingled in a mass of assets of the same kind or product extends to the mass or product.

9. Contractual Limitations on the Creation of a Security Right

1/ A security right in a receivable is effective as between the grantor and the secured creditor and as against the debtor of the receivable despite an agreement limiting the grantor’s right to create a security right entered into between the grantor and the debtor of the receivable or any subsequent secured creditor;

2/ Nothing in Sub Article (1) of this Article affects any obligation or liability of the grantor for breach of the agreement referred to in that Article, but the other party to the agreement may not:

a) avoid the contract giving rise to the receivable or the security agreement on the sole ground of the breach of that agreement;

b) raise against the secured creditor any claim the party may have against the grantor as a result of that breach.
3/ This Article applies only to receivables arising from:
   a) a contract for the supply or lease of goods or services other than financial services;
   b) a construction contract or a contract for the sale or lease of immovable property; and
   c) a contract for the sale, lease or licence of intellectual property.

4/ A security right in a right to payment of funds credited to a deposit account is effective notwithstanding an agreement between the grantor and the financial institution limiting in any way the grantor's right to create a security right.

10. Personal or Property Rights Securing or Supporting Payment or Other Performance

1/ A secured creditor with a security right in an incorporeal asset or a negotiable instrument has the benefit of any personal or property right that secures or supports payment or other performance of the collateral without a new act of transfer.

2/ If the right referred to in Sub Article (1) of this Article is transferable only with a new act of transfer, the grantor is obliged to transfer the benefit of that right to the secured creditor.

11. Corporeal Assets Covered by Negotiable Documents

A security right in a negotiable document extends to the corporeal asset covered by the document.
12. Corporeal Assets with Respect to Which Intellectual Property is Used

A security right in a corporeal asset with respect to which intellectual property is used shall not extend to the intellectual property and a security right in the intellectual property shall not extend to the corporeal asset.

PART THREE

EFFECTIVENESS OF A SECURITY RIGHT AGAINST THIRD-PARTY

13. Methods of Effectiveness of Security Right Against Third-Party

A security right in movable property shall be effective against third parties if:

1/ a notice with respect to the security right is registered in the Collateral Registry by the secured creditor;

2/ the secured creditor has possession of the corporeal asset that is money, negotiable instruments, negotiable documents and certificated securities or subject to Article 56 or.

3/ the secured creditor has acquired control over the right to payment of funds credited to a deposit account or an electronic security.

14. Effectiveness of Security Right in Proceeds, Mass's and Product's Against Third-Party

1/ If a security right in an asset is effective against third parties, a security right in any proceeds of that asset arising under Article 7 is effective against third parties without any further act by the grantor or the secured creditor if the proceeds are in the form of money, receivables, negotiable instruments or rights to payment of funds credited to a deposit account.
2/ If a security right in an asset is effective against third parties, a security right arising under Article 7 in any type of proceeds other than the types of proceeds referred to in Sub Article (1) of this Article is effective against third parties:

a) for ten working days after the proceeds arise; and

b) thereafter, only if the security right in the proceeds is made effective against third parties by one of the methods applicable to the relevant type of collateral before the expiry of ten working days.

3/ If a security right in a corporeal asset is effective against third parties, a security right in a mass or product to which the security right extends under Article 8 is effective against third parties without any further act.

15. Changes in the Methods of Security Right for Achieving Third-Party Effectiveness
A security right continues to be effective against third parties despite a change in the methods for achieving third-party effectiveness, provided that there is no time gap when the security right is not effective against third parties.

16. Transfer of a Security Right
1/ If the secured creditor transfers a security right or a part of it, it may register an amendment notice to reflect the transfer.

2/ A transfer of a security right is effective whether or not an amendment notice has been registered.
17. Right to Payment of Funds Credited to a Deposit Account

The secured creditor acquires control over a right to payment of funds credited to a deposit account:
1/ upon the creation of the security right in favour of the financial institution;
2/ upon the conclusion of a control agreement; or
3/ when the secured creditor becomes the deposit account holder.

18. Negotiable Document and Corporeal Assets Covered by that Document

1/ If a security right in a negotiable document is effective against third parties, the security right that extends to the corporeal asset covered by the document is also effective against third parties.
2/ During the period when a negotiable document covers a corporeal asset, a security right in the asset may also be made effective against third parties by the secured creditor’s possession of the document.

19. Electronic Securities

The secured creditor acquires control over an electronic security upon:
1) the notation of the security right or entry of the name of the secured creditor in the books maintained by or on behalf of the issuer for the purpose of recording the name of the holder of the securities; or
2) the conclusion of a control agreement.
PART FOUR

COLLATERAL REGISTRY

20. Establishment of the Collateral Registry Office

The Collateral Registry Office shall be established by regulation.

21. Establishment of the Collateral Registry

The Collateral Registry shall be established for the purposes of receiving, storing and making information accessible to the public in registered notices with respect to security right and right of non-consensual creditors.

22. Grantor's Authorization for Registration Security Right

1/ Registration of notices in the collateral registry will be conducted by the secured creditor or an authorized representative.

2/ Registration of an initial notice is ineffective unless authorized by the grantor in writing.

3/ Registration of an amendment notice that adds collateral not covered in the security agreement is ineffective unless authorized by the grantor in writing.

4/ Registration of an amendment notice that adds a grantor is ineffective unless authorized by the additional grantor in writing.

5/ A written security agreement is sufficient to constitute authorization by the grantor for the registration of a notice.

6/ In accordance with sub-article (5) of this Article, the Collateral Registry may not require evidence of the existence of the grantor's authorization.
23. One Notice Sufficient for Security Rights Under Multiple Security Agreements

The registration of a single notice may relate to security rights created by the grantor under one or more than one security agreements with the same secured creditor.

24. Public Access

1/ Any person may submit a notice to the Collateral Registry, if that person has established a user account with the Registry; and has paid fee that shall be prescribed by directive.

2/ An amendment or cancellation notice may only be submitted through the user account and by the person that is authorized to submit such notice under this Part.

3/ Any person may submit a search request to the Collateral Registry, if that person uses the prescribed search request form.

4/ If access is refused, the Collateral Registry shall communicate the reason to the registrant or searcher without delay.

25. Rejection of the Registration of a Notice or a Search Request

1/ The Collateral Registry shall reject the registration of a notice or a search if no information is entered in one or more of the required designated fields.

2/ Except as provided in Sub Article (1) of this Article, the Collateral Registry may not reject the registration of a notice or a search request.
3/ If the registration of a notice or a search request is rejected, the Collateral Registry shall communicate the reason to the registrant or searcher without delay.

26. No Verification by the Collateral Registry Office

The Collateral Registry Office may not conduct any scrutiny of the content of a notice or search request.

27. Information Required in an Initial Notice

1/ An initial notice shall contain the following information in the relevant designated field:

a) the identifier and name of the grantor in accordance with Article 28;

b) the identifier of the secured creditor or its representative in accordance with Article 29;

c) an address of the grantor and the secured creditor;

d) a description of the collateral in accordance with Article 30;

e) the period of effectiveness of the registration; and

f) any other information to be prescribed in the directive collected for statistical purpose only.

2/ If there is more than one grantor or secured creditor, the required information shall be entered separately for each grantor or secured creditor.

28. Grantor Identifier

1/ Where the grantor is a natural person:

a) the grantor identifier is the unique identification number as prescribed in the directive; an
b) the grantor name is the name as it appears in the most recent relevant official document issued to a citizen of Ethiopia or valid passport in case of natural persons who are not citizens of Ethiopia.

2/ Where the grantor is a legal person:

a) the grantor identifier is the unique identification number as prescribed in the directive, and

b) the grantor name is the name that appears in the most recent document or law constituting the legal person.

29. Secured Creditor Identifier

1/ Where the secured creditor a natural person, the secured creditor identifier is the name of the secured creditor or its representative as prescribed in the directive.

2/ Where the secured creditor is a legal person, the secured creditor identifier is the name of the secured creditor or its representative as prescribed in the directive.

30. Description of Collateral

1/ The assets encumbered or to be encumbered shall be described in a notice in a manner that reasonably allows their identification.

2/ A description that indicates that the collateral consist of all of the grantor’s movable property of all of the grantor’s movable property within a particular category or a description by quantity or computational formula satisfies the standard of Sub Article (1) of this Article.
3. The description in the notice need not be identical to that in the security agreement. To the extent that the description in the notice exceeds the type of property described in the security agreement, the notice does not make effective against third parties security right in such assets.

4. Reference to an asset in a registered notice does not imply or represent that the grantor presently or in the future will have right in the asset.

5. Serial-numbered collateral shall be described by a serial number, the make, and the name of manufacturer, unless it is held as inventory.

3.1. Time of Effectiveness of the Registration of a Notice

1. The Collateral Registry shall assign a unique registration number to a registered initial notice and associate all registered amendment or cancellation notices that contain that number with the registered initial notice.

2. The registration of an initial, amendment and cancellation notice is effective from the date and time when the information in the notice is entered into the records of the Collateral Registry so as to be accessible to searchers.

3. The Collateral Registry shall enter information in a notice into its records without delay after the notice is submitted and in the order in which each notice is submitted.

4. The Collateral Registry shall record the date and time when the information in a notice is entered into its records so as to be accessible to searcher.
32. Period of Effectiveness of the Registration of a Notice

1/ The registration of an initial notice shall be effective for the period of time indicated by the registrant in the designated field of the notice that however may not exceed ten years.

2/ The period of effectiveness of the registration of an initial notice may be extended only within six months before its expiry by the registration of an amendment notice that indicates in the designated field a new period that may not exceed ten years.

3/ The period of effectiveness of the registration of an initial notice may be extended more than once.

4/ The registration of an amendment notice extends the period of effectiveness for the period indicated in the amendment notice beginning from the time the current period would have expired if the amendment notice had not been registered.

33. Obligation to Send a Copy of a Registered Notice

1/ Without delay after the registration of a notice, the Collateral Registry shall provide to the registrant a copy of the information in a registered notice.

2/ The information in a registered notice shall indicate the date and time the registration became effective and the registration number.

3/ Within ten working days after the registrant receives a copy of the information in the notice in accordance with Sub Article (1) of this Article, the registrant shall send it to the person identified in the registered notice as the grantor.
34. Right to Register an Amendment or Cancellation Notice

1/ subject to Sub Article (2) of this Article, the person identified in a registered initial notice as the secured creditor may register an amendment or cancellation notice relating to that notice.

2/ Upon registration of an amendment notice changing the person identified in a registered initial notice as the secured creditor, only the person identified in the amendment notice as the secured creditor may register an amendment or cancellation notice.

3/ The registration of an amendment or cancellation notice is ineffective unless authorized by the person identified in the registered initial or amendment notice as the secured creditor.

35. Information Required in an Amendment and Cancellation Notice

1/ An amendment notice shall contain in the relevant designated field:
   a) the unique registration number assigned by the Collateral Registry pursuant to Article 31(1); and
   b) the information to be added or otherwise modified.

2/ An amendment notice may relate to one or more than one item of information in a registered notice.

3/ A cancellation notice shall contain in the designated field the unique registration number assigned to the registered initial notice to which the cancellation relates.
36. Compulsory Registration of an Amendment or Cancellation Notice

1/ The secured creditor shall register an amendment notice if:
   a) the registered notice to which it relates contains information that exceeds the scope of the grantor's authorization; or
   b) the security agreement to which the registered notice relates has been revised to delete some collateral.

2/ The secured creditor shall register a cancellation notice if:
   a) the registration of an initial notice was not authorized by the grantor;
   b) the registration of an initial notice was authorized by the grantor but the authorization has been withdrawn and no security agreement has been concluded; or
   c) the security right to which the notice relates has been extinguished and the secured creditor has no further commitment to provide value to the grantor.

3/ In cases under Sub Articles 1(a) and (2) (a) the secured creditor may not charge or accept any fee or expense for complying with its obligation.

4/ If any of the conditions set out in Sub Articles (1) and (2) of this Article are met, the grantor is entitled to request the secured creditor in writing to register an amendment or cancellation notice and the secured creditor may not charge or accept any fee or expense.
5/ If the secured creditor does not comply with the grantor’s written request referred to in Sub Article (4) of this Article within ten working days after its receipt, the grantor is entitled to seek the registration of an amendment or cancellation notice through the Collateral Registry Office.

6/ An amendment or cancellation notice in accordance with Sub Article (5) of this Article shall be registered by the Collateral Registry Office without delay upon the issuance of the relevant order with a copy of the order to the secured creditor.

37. Search Criteria

A public search of a record may be conducted according to:

1/ the identifier of the grantor; or

2/ the serial number of the collateral.

38. Search Results

1/ Upon submission of a search request that satisfies the requirements of this Part, the Collateral Registry shall, without delay, provide a search result that

a) indicates the date and time when the search was performed;

b) sets forth all information in each registered notice that contains information matching the search criterion exactly; or

c) indicates that no registered notice contains information matching the search criterion exactly.

2/ A search result issued by the Collateral Registry is proof of its contents in the absence of evidence to the contrary.
39. Error in Required Information Entered in a Notice

1/ An error in the grantor identifier renders the registration of the notice ineffective.

2/ An error in the grantor identifier does not render the registration of the notice ineffective with respect to other grantors correctly identified in the notice.

3/ An error in required information other than the grantor's identifier does not render the registration ineffective unless the error would seriously mislead a reasonable searcher.

4/ Any error in the statistical information prescribed by directive may not affect the effectiveness of the registration.

5/ An error in the description of the collateral does not render the registration of the notice ineffective with respect to other collateral sufficiently described.

6/ An error in the serial number of the serial-numbered collateral renders the registration ineffective as against a buyer or lessee of that asset.

40. Post-Registration Change of Grantor Identifier

1/ The grantor shall notify the secured creditor of the changes in the grantor identifier at least ten days before the change.

2/ If the grantor's identifier changes after a notice is registered and the secured creditor registers an amendment notice indicating the new identifier of the grantor within ten days after the change notification is received but before the expiry of the period of effectiveness of the registered notice, the security right to
which the notice relates remains effective against third parties and retains the priority it had over the right of competing claimants before the change.

3. If the secured creditor registers an amendment notice after the expiration of the time period indicated in Sub Article (2) of this Article:

(a) the security right with respect to which a notice is registered, or which is otherwise made effective against third parties after the change in the grantor’s identifier but before the registration of the amendment notice has priority over the security right to which the amendment notice relates;

(b) a person that buys, leases or licenses the collateral after the change in the grantor’s identifier but before the registration of the amendment notice acquires its right free of the security right to which the amendment notice relates.

41. **Post-Registration Transfer of the Collateral**

A security right in collateral that was made effective against third parties by registration of a notice remains effective against third parties and retains its priority over the right of competing claimants after the collateral is sold or otherwise transferred by the grantor to a transferee that acquires its right subject to the security right.

42. **Integrity of Information in the Collateral Registry**

1/ Without prejudice to Article 36 (6) the Collateral Registry Office may not amend or delete information contained in any registered notice.
2/ The Collateral Registry Office shall preserve information contained in its records and reconstruct it in the event of loss or damage.

43. Removal of Information from the Collateral Registry and Archival

1/ The Collateral Registry Office shall remove information in a registered notice from its public records only upon the expiry of the period of effectiveness of the registration of a notice.

2/ The Collateral Registry Office shall archive information removed from its public records for ten years in a manner that enables the information to be retrieved by the Collateral Registry in accordance with Article 37.

44. Limitation of Liability of the Collateral Registry Office

Any liability that the Collateral Registry Office may have under other laws is limited for loss or damage caused by:

1/ an error or omission in a search result issued to a searcher or in a copy of a registered notice provided to the registrant;

2/ In accordance with Article 36 (5) and (6) an error or omission in entering or failing to enter information in the records or in erroneously removing information from the records;

3/ a failure of the Collateral Registry to send a copy of the registered notice to the registrant; or
4. the provision of false or misleading information to a registrant or searcher.

PART FIVE
PRIORITY RIGHT

45. PRIORITY OF THE SECURED Creditor
1/ The secured creditor shall have priority over other creditors.
2/ unless otherwise provided in the insolvency law, Sub Article (1) of this Article shall continue during insolvency or liquidation.

46. Competing Security Right Created by the Same Grantor
1/ Subject to the provisions of this Part, priority among competing security rights created by the same grantor in the same collateral is determined according to the order of registration, without regard to the order of creation, of the security right.
2/ The priority of a security right with respect to which a notice has been registered in the Collateral Registry before the conclusion of a security agreement or, in the case of a security right in a future asset, before the grantor acquires rights in the asset or the power to encumber it, is determined according to the time of registration.

47. Competing Security Rights Created by Different Grantors
A security right created by a grantor is subordinate to a security right in the same collateral created by another person if the grantor acquired the collateral subject to the security right created by the other person and made effective against third parties before the grantor acquired the collateral.
52. Priority of Security Right in Corporeal Assets Commingled in a Mass or Product

1/ If more than one security right extends to commingled goods, a security right that is effective against third parties before the goods become commingled has priority over a security right that is not effective against third parties at the time the collateral becomes commingled goods.

2/ If more than one security right in commingled goods is effective against third parties, the security rights rank equally in proportion to the value of the collateral at the time it became commingled goods.

53. Priority of Security Right in Accessories to Immovable

1/ A security right may be created in corporeal assets that are accessories to immovable or may continue in corporeal assets that become accessories to immovable. A security right, however, may not be created in ordinary building materials incorporated into an immovable.

2/ A security right made effective against third parties in an accessory to immovable under this Proclamation has priority over a competing right created and made effective against third parties under other applicable laws.

54. Rights of Buyers, or Other Transferees, Lessees or Licensees of Collateral

1/ If the collateral is sold or otherwise transferred, leased or licensed while the security right in that asset is effective against third parties, the buyer or other transferee, lessee or licensee acquires its right subject to the security right except as provided in this Article.
2/ A buyer or other transferee of the collateral acquires its right free of the security right, if the secured creditor authorizes the sale or other transfer of the asset free of the security right.

3/ The right of a lessee or licensee of the collateral is not affected by a security right if the secured creditor authorizes the grantor to lease or license the asset unaffected by the security right.

4/ A buyer of corporeal collateral sold in the ordinary course of the seller's business acquires its rights free of the security right, provided that, at the time of the conclusion of the sale agreement, the buyer does not have knowledge that the sale violates the rights of the secured creditor under the security agreement.

5/ The rights of a lessee of corporeal collateral leased in the ordinary course of the lessor's business are not affected by the security right, provided that, at the time of the conclusion of the lease agreement, the lessee does not have knowledge that the lease violates the right of the secured creditor under the security agreement.

6/ The rights of a non-exclusive licensee of intellectual property licensed in the ordinary course of the licensor's business are not affected by the security right, provided that, at the time of the conclusion of the license agreement, the licensee does not have knowledge that the license violates the right of the secured creditor under the security agreement.
7/ If a buyer or other transferee of corporeal collateral acquires its rights free of a security right, any subsequent buyer or other transferee also acquires its rights free of that security right.

8/ If the rights of a lessee of a corporeal collateral or licensee of incorporeal collateral are not affected by the security right, the rights of any sub-lessee or sub-licensee are also unaffected by that security right.

55. Rights of Non-Consensual Creditors

1/ The right of a non-consensual creditor has priority over a security right if, before the security right is made effective against third parties, the non-consensual creditor has registered a notice in the Collateral Registry.

2/ If a security right is made effective against third parties before the non-consensual creditor registers a notice, the security right has priority but that priority is limited to credit extended by the secured creditor:

a) within thirty working days from the time the secured creditor received a notification from the non-consensual creditor that the non-consensual creditor has registered a notification in the Collateral Registry; or

b) pursuant to an irrevocable commitment in a fixed amount or an amount to be fixed pursuant to a specified formula of the secured creditor to extend credit, if the commitment was made before the secured creditor received a notice from the non-consensual creditor that the non-consensual creditor had registered a notice.
3/ A possessory lien on goods which secures payment or performance of an obligation for services or materials furnished with respect to goods by a person in the ordinary course of the person's business has priority over a security right in the goods as long as the holder of the possessory lien remains in possession of the goods.

56. Acquisition Security Right Competing with Non-Acquisition Security Right

1/ An acquisition security right in consumer goods, equipment, or intellectual property has priority as against a competing non-acquisition security right created by the grantor provided that:

a) the acquisition secured creditor is in possession of the asset; or

b) a notice with respect to the acquisition security right is registered in the Collateral Registry within seven working days after the grantor obtains possession of the asset or acquires a right in intellectual property.

2/ An acquisition security right in inventory has priority as against a competing non-acquisition security right created by the grantor if:

a) the acquisition secured creditor is in possession of the asset; or

b) a notice with respect to the acquisition security right is registered in the Collateral Registry before the grantor obtains possession of the asset; and
e) The holder of the acquisition security right notify a secured creditor that has registered a notice against the collateral of the same kind that it has or intends to obtain an acquisition security right.

57. Competing Acquisition Security Rights

1/ Subject to Sub-Article (2) of this Article, the priority between competing acquisition security rights is determined according to Article 46.

2/ An acquisition security right of a seller, lessor or licensor has priority over a competing acquisition security right of a secured creditor.

58. Acquisition Security Right in Proceeds

1/ In the case of an acquisition security right in equipment, a security right in proceeds has the same priority as the acquisition security right.

2/ In the case of an acquisition security right in inventory or intellectual property, a security right in proceeds has the same priority as the acquisition security right, except where the proceeds take the form of receivables, negotiable instruments, or rights to payment of funds credited to a deposit account.

3/ The priority of a security right in proceeds under Sub-Article (2) of this Article is conditional on the acquisition secured creditor notifying non-acquisition secured creditors with a security right in the same kind of asset as the proceeds that, before the proceeds arose, the acquisition secured creditor registered a notice in the Collateral Registry.
61. Negotiable Instruments

A security right in a negotiable instrument that is made effective against third parties by registration of a notice in the Collateral Registry. If the buyer or other consensual transfer of an encumbered negotiable instrument, the instrument that is made effective against third parties by registration of a notice in the Collateral Registry.

2. A buyer or other consensual transfer of a security right in the Collateral Registry over a security right in the instrument that is made effective against third parties by registration of a notice in the Collateral Registry.

60. Subordination of Priority Right

1. A person may at any time subordinate the priority of its right under this Proclamation in favor of any competing elements other than the person subordinating its priority and the beneficiary of the subordination.

2. Subordination does not affect the right of competing elements other than the person subordinating its priority and the beneficiary of the subordination.

An acquisition security right in a corporeal asset that extends to a mass or product effective is against third parties has priority over a non-acquisition security right granted by the same grantor in the mass of product.
b) takes possession of the negotiable instrument and gives value without knowledge that the sale or other transfer is in violation of the right of the secured creditor under the security agreement.

62. Right to Payment of Funds Credited to a Deposit Account

1/ A security right in a right to payment of funds credited to a deposit account that is made effective against third parties by the secured creditor becoming the account holder has priority over a competing security right that is made effective against third parties by any other method.

2/ A security right in a right to payment of funds credited to a deposit account with respect to which the secured creditor is the financial institution has priority over a competing security right made effective against third parties by any method other than by the secured creditor becoming the account holder.

3/ A security right in a right to payment of funds credited to a deposit account that is made effective against third parties by a control agreement has priority over a competing security right except:

a) a security right of the financial institution; or

b) a security right that is made effective against third parties by the secured creditor that has become the account holder.
4. The order of priority among competing security right in a right to payment of funds credited to a deposit account that are made effective against third parties by the conclusion of control agreement is determined on the basis of the time of conclusion of the control agreement.

5. A financial institution’s right to set off obligations owed to it by the grantor has priority as against a security right in the right to payment of funds credited to the deposit account, except a security right that is made effective against third parties by the secured creditor becoming the account holder.

6. A transferee of funds from a deposit account pursuant to a transfer initiated or authorized by the grantor acquires its right free of a security right in the right to payment of funds credited to the deposit account, unless the transferee has knowledge that the transfer violates the right of the secured creditor under the security agreement.

63. Money

A transferee that obtains possession of money that is subject to a security right acquires its right free of the security right, unless that person has knowledge that the transfer violates the right of the secured creditor under the security agreement.

64. Negotiable Document and Corporeal Assets Covered by that Document

1. A security right in a corporeal asset made effective against third parties by possession of the negotiable document covering that asset has priority over a competing security right made effective against third parties by any other method.
6.5. Securities

1. A security right in certificated securities made effective against third parties by the secured creditor under the security agreement is in violation of the right of the secured creditor to exercise the security right created by the secured creditor's possession of the security certificate. The court may order the security right to be voided by the secured creditor in a court of competent jurisdiction.

2. A security right in electronic securities made effective against third parties by registration of a notice in the Collateral Registry, registration of the name of the secured creditor as the holder of the securities in the Collateral Registry, or on behalf of the issuer, has priority over the security right in the same securities by any other method.
PART SIX

RIGHT AND OBLIGATION OF THE PARTIES AND THIRD-PARTY OBLIGORS

66. Obligation of a Person in Possession to Exercise Reasonable Care

A person or secured creditor in possession of the collateral shall exercise reasonable care to preserve the asset.

67. Obligation of a Secured Creditor

A secured creditor in possession of the collateral shall register the collateral with the appropriate authorities.

68. Right to Use, Be Reimbursed for Expenses, and Inspect the Collateral

2. Not in possession shall register cancellation of the security right. In the event of the occurrence of any of the events specified in the security agreement, the secured creditor shall return the collateral to the grantor.

3. In control shall release it.

5. A transfer of securities who takes possession of the collateral under the security agreement acquires the right to transfer the grantor’s securities to third parties.
a) has the right to be reimbursed and add to the secured obligation any reasonable expenses it incurs for the preservation of the asset, including the cost of insurance, payment of taxes and other charges;

b) may reasonably use the collateral and apply the agreed sum generated from the service for the payment of the secured obligation.

2/ A secured creditor has the right to inspect the collateral in the possession of the grantor or another person.

69. Right to Obtain Information

1/ A grantor is entitled to request the secured creditor to provide information with regard to the secured obligation or the collateral.

2/ Within five working days after receipt of a request for information, a secured creditor shall provide to the grantor or a person designated by the grantor:

a) statement of account that provides an accounting of the unpaid obligation secured by the collateral;

b) statement indicating the collateral in which the secured creditor claims a security right; or

c) statement that both provides an accounting of the unpaid obligation secured by the collateral and identifies the collateral subject to a security right.
70. Protection of the Debtor of the Receivable

Except as otherwise provided in this Proclamation, the creation of a security right in a receivable does not affect the right and obligation of the debtor of the receivable, including the payment terms contained in the contract giving rise to the receivable, without its consent.

71. Notification of a Security Right and Payment of a Receivable

1/ Notification of a security right in a receivable is effective when received by the debtor of the receivable if it reasonably identifies the encumbered receivable and the secured creditor.

2/ Notification of a security right in a receivable may relate to receivables arising after notification.

3/ Until the debtor of the receivable receives notification of a security right in a receivable, it is discharged by paying in accordance with the original contract. After the debtor of the receivable receives notification of a security right in a receivable, it is discharged only by paying the secured creditor or, if otherwise instructed in the notification or subsequently by the secured creditor in a writing received by the debtor of the receivable.

4/ If the debtor of the receivable receives notification of more than one security right in the same receivable created by the same grantor, it is discharged by paying in accordance with the first notification received.
5. The debtor of the receivable is entitled to request the secured creditor to provide within a reasonable period of time adequate proof that the security right in a receivable has been created. Until the secured creditor complies, the debtor of the receivable may discharge its obligation by paying the grantor, even if the debtor of the receivable has received a notification of a security right.

72. Defenses and Right of Set-Off of the Debtor of the Receivable

1/ In a claim by the secured creditor against the debtor of the receivable for payment of the encumbered receivable, the debtor of the receivable may raise against the secured creditor:
   a) all defenses and right of set-off arising from the contract giving rise to the receivable or any other contract that was part of the same transaction of which the debtor of the receivable could avail itself as if the security right had not been created and the claim were made by the grantor;
   b) any other right of set-off that was available to the debtor of the receivable at the time it received notification of the security right.

2/ Despite Sub Article (1) of this Article, the debtor of the receivable may not raise as a defense or right of set-off against the grantor breach of an agreement referred to in Article 9 limiting in any way the grantor’s right to create the security right.
3/ The debtor of the receivable may agree with the grantor in a signed writing not to raise against the secured creditor the defenses and right of set-off referred to in Sub Article (1) of this Article. The debtor of the receivable may not waive defenses arising from fraudulent acts on the part of the secured creditor or based on the incapacity of the debtor of the receivable.

73. Modification of the Original Contract of Receivables
Any modification to the original contract concluded before notification of a security right in a receivable between the grantor and the debtor of the receivable that affects the secured creditor’s right is effective as against the secured creditor and the secured creditor acquires corresponding right.

74. Recovery of Payments Made by the Debtor of the Receivable
The failure of the grantor or, in the case of an outright assignment of a contractual receivable the assignor of the receivable to perform the contract giving rise to a receivable, does not entitle the debtor of the receivable to recover from the secured creditor a sum paid by the debtor of the receivable to the grantor or the secured creditor.

75. Right as Against the Financial Institution Authorized to Receive Deposits from the Public
1/ The creation of a security right in a right to payment of funds credited to a deposit account does not affect the right and obligation of the financial institution authorized to receive deposits from the public with which that deposit account is maintained without its consent, nor does it obligate the financial institution to provide any information about that deposit account to third parties.
2/ Any right of set-off that the financial institution may have are not affected by any security right that the bank may have in a right to payment of funds credited to a deposit account maintained with the financial institution.

PART SEVEN
ENFORCEMENT OF A SECURITY RIGHT

76. Post-Default Rights

1/ The exercise of a post-default right with respect to the collateral does not prevent the exercise of a post-default right with respect to the secured obligation, the exercise of a post-default right with respect to the secured obligation does not prevent the exercise of a post-default right with respect to the collateral.

2/ The grantor and any other person that owes payment or other performance of the secured obligation may not waive unilaterally or vary by agreement any of its rights under the provisions of this Part prior to default.

3/ The secured creditor shall exercise its remedies under this Part in good faith and in a commercially reasonable manner.

77. Relief for Non-Compliance

1/ The secured creditor whose right is affected by the non-compliance of another person with the provisions of this Part is entitled to apply for relief to a court, including relief in the form of expeditious proceedings.

2/ The secured creditor shall be liable for any damage it causes to the debtor in the process of selling by auction in violation of the relevant provisions of the Civil Procedure Code specified under Article 82 (4) of this Proclamation.
78. Enforcement Against Accesories to Immovable

1/ The secured creditor may enforce a security right in an accessory to immovable in accordance with this Part.

2/ If an obligation is secured by both a movable property and immovable property of a grantor, the secured creditor may elect to enforce:

a) the security right in the movable property under the provisions on enforcement of a security right in movable property;

b) the encumbrance on the immovable property under the law governing enforcement of encumbrances on immovable property; or

c) both rights under the law governing enforcement of encumbrances on immovable property.

79. Right of Redemption

1/ Any person whose right is affected by the enforcement process in accordance with the provisions of this Part is entitled to redeem the collateral by paying or otherwise performing the secured obligation in full, including the reasonable cost of enforcement.

2/ The grantor's right to redeem the collateral shall have priority over any other person's right to redeem the collateral.
3. The right of redemption may be exercised until the collateral is sold or otherwise disposed of acquired or collected by the secured creditor or until the conclusion of an agreement by the secured creditor for that purpose.

90. Right of the Higher-Ranking Secured Creditor to Take Over Enforcement

1/ Despite commencement of enforcement by another secured creditor or a non-consensual creditor, a secured creditor whose security right has priority over that of the enforcing creditor is entitled to take over the enforcement process at any time before the collateral is sold or otherwise disposed of, or acquired by the secured creditor or until the conclusion of an agreement by the secured creditor for that purpose.

2/ The right of the higher-ranking secured creditor to take over the enforcement process includes the right to enforce by any method available to a secured creditor under this Proclamation.

81. Right of the Secured Creditor to Possess the Collateral

1/ The secured creditor is entitled to obtain possession of the collateral if:
   a) the grantor has consented in the security agreement to the secured creditor obtaining possession without applying to a court; and
   b) at the time the secured creditor attempts to obtain possession of the collateral, the grantor or any other person in possession of the collateral does not object.
2/ If the grantor or any other person in possession of the collateral objects to give possession to the secured creditor the Collateral Registry Office shall have the power and duty to order the police force to execute possession.

3/ The secured creditor may, without removal, render the collateral unusable and dispose of it on the grantor’s premises.

32. Right of the Secured Creditor to Dispose of the Collateral

1/ After default, the secured creditor is entitled to sell or otherwise dispose of lease or license the collateral in its present condition or following any commercially reasonable preparation or processing.

2/ The secured creditor may select the method, manner, time, place and other aspects of the sale or other disposition lease or license, including whether to sell or otherwise dispose of, lease or license collaterals individually, in groups or as a whole.

3/ The secured creditor may transfer the ownership of the collateral to the buyer at a public auction or if no buyer appears at the second auction, to acquire the property at the floor price set for the first auction and have the ownership of the property transferred to it.
4/ If the creditor opts to use public auction, the auction procedure shall mutate mututis, follow the provisions of Article 394-449 of the Civil Procedure Code.

5/ The disposition made in accordance with this proclamation shall be deemed to have been executed on behalf of the grantor.

83. Notification of Disposition of the Collateral

1/ The secured creditor shall give a ten working days notification of its intention to dispose of the collateral to:

a) the grantor and the debtor;

b) any person with right in the collateral that notifies in writing the secured creditor of those right;

c) any other secured creditor that registered a security right notification with respect to the collateral; and

d) any other secured creditor that was in possession of the collateral at the time when the enforcing secured creditor took its possession.

2/ In accordance with Sub-article (1) of this Article, the notice shall:

a) identify the grantor and the secured creditor;

b) contain a description of the collateral;

c) state the amount required to satisfy the secured obligation including interest and a reasonable estimate of the cost of enforcement;

d) identify the manner of the intended disposition; and
The secured creditor shall apply the proceeds of disposition under Article 22 in the following order:

1. The secured creditor shall apply the proceeds of disposition of a Defaulted Collateral or its collateral, in the following order:
   a) The cost of care and storage of the collateral as aforesaid.
   b) Any unpaid interest on the secured debt.
   c) Any expenses related to the disposition of the collateral.
   d) The balance, if any, shall be applied to the discharge of the secured debt.

2. The notice shall be in a language that is reasonably expected to inform its recipients about its contents. However, it shall be sold or otherwise disposed of in the language of the security agreement.

3. The contents of a notice providing substantially the information specified in Sub-Article 22 of this Article is sufficient even if the notice includes minor errors that are not serious misleading.

4. The notice shall be in a language that is reasonably expected to inform its recipients about its contents. However, it shall be sold or otherwise disposed of in the language of the security agreement.
(v) the reasonable expense of retaking, holding, preparing for disposition, processing and disposing of the collateral;
(b) the satisfaction of obligations secured by the security right under which the disposition is made; and
(c) the satisfaction of obligations secured by any subordinate security right or other subordinate lien in the collateral if the secured creditor receives from the holder of the subordinate security right or other lien a demand for proceeds before distribution of the proceeds is completed.

2/ If requested by the secured creditor, a holder of a subordinate security right or other lien shall furnish reasonable proof of the interest or lien within a reasonable time. Unless the holder does so, the secured creditor need not comply with the holder’s demand under Sub Article (1) (c) of this Article.

3/ Where there is a dispute as to the entitlement or priority of any competing claimant, the enforcing secured creditor may deposit the surplus in an interest bearing blocked account within sixty days and keep the account until a claimant comes up with an order of court or any competing organ.

4/A debtor remains liable for any shortfall owing after application of the proceeds of enforcement to the secured obligation.
5. The grantor shall be entitled to any surplus.

85. Acquisition of Collateral in Total or Partial Satisfaction of the Secured Obligation

1/ The secured creditor may propose in writing, before or during disposition to acquire one or more of the assets subject to a security right in total or partial satisfaction of the secured obligation.

2/ The secured creditor shall send the proposal to:

a) the grantor;

b) the debtor but only in the case of a proposal to accept the collateral in partial satisfaction of the secured obligation;

c) any person with rights in the collateral that has notified in writing the secured creditor of those right at least ten working days before the notice is sent to the grantor or the grantor waived the right to receive the proposal;

d) any other secured creditor that registered a notice with respect to the collateral at least ten working days before the notice is sent to the grantor or the grantor waived the right to receive the proposal; and

e) any other secured creditor that was in possession of the collateral at the time the secured creditor took possession.
3/ In accordance with Sub-article (1) of this Article, the proposal shall:

a) identify the secured creditor and grantor;

b) specify the amount owed as of the date the notification is sent, including interest and the cost of enforcement, and the amount of the obligation that is proposed to be satisfied by acquiring the collateral;

c) indicate whether the secured creditor intends to acquire the collateral in total or partial satisfaction of the secured obligation;

d) describe the collateral;

e) refer to the right of the debtor or the grantor to redeem the collateral as provided in Article 79; and

f) state the date after which the collateral will be acquired by the secured creditor.

4/ The secured creditor acquires the collateral:

a) in the case of a proposal for the acquisition of the collateral in full satisfaction of the secured obligation, unless the secured creditor receives an objection in writing from any person entitled to receive such a notice within fifteen working days after the notice is sent to that person; and

b) in the case of a proposal for the acquisition of the collateral in partial satisfaction of the secured obligation, only if the secured creditor receives the affirmative consent of each addressee of the notice in writing within fifteen working days after the notice is sent to that person.
87. Collection of Payments Under Receivables Negotiable Instruments, Right to Payment of Funds Credited to a Deposit Account or Security

1. After default, a secured creditor with a security interest in a receivable, negotiable instrument, or security is entitled to collect payment on the claim subject to the security interest. The secured creditor is entitled to payment from the proceeds of the receivable or instrument in an amount equal to the amount owed by the grantor to the secured creditor.

2. If a secured creditor sells or otherwise disposes of the collateral, a buyer or other transferee acquires the rights of the secured creditor, subject to the provisions of this Part, except as against the buyer during the term of the agreement, any subordinate secured creditor, or any subordinate collateral. The secured creditor has priority over the right to the collateral, a lease or license is entitled to the benefit of the lease or license during its term, except as against the buyer or other transferee.
2/ The secured creditor may exercise the right to collect under Sub Article (1) of this Article even before default with the consent of the grantor.

3/ A secured creditor exercising the right to collect under Sub Article (1) or (2) of this Article is also entitled to enforce any personal or property right that secures or supports payment of the collateral.

4/ The right of the secured creditor to collect payment from the debtor of the receivable under Sub Articles (1)-(3) of this Article is subject to Articles 70-74.

5/ The secured creditor may collect payment from the financial institutions authorized to receive deposits without a court order only if it has made its security right effective against third parties by a control agreement pursuant to Article 17 (2).

88. Collection of Payment Under a Receivable by an Outright Assignee

In the case of an outright assignment of a receivable, the assignee is entitled to collect the receivable before or after default of the assignor.

PART EIGHT

MISCELLANEOUS PROVISIONS

89. Exemption from Stamp Duty

Transactions that create security right governed by this Proclamation is exempted from payment of stamp duty.
90. **Inapplicability of This Proclamation to Actions Commenced before its Entry into Force**

1/ Prior law applies to a matter that is the subject of proceedings before a court or arbitral tribunal commenced before the entry into force of this Proclamation.

2/ If enforcement of a prior security right commenced before the entry into force of this Proclamation, the enforcement may continue under the prior law.

91. **Transfer of Right and Obligations**

1/ By the provisions of other laws, currently in force, the rights and obligations of the:

   a) Ministry of Transport with respect to matters relating to registration of security rights on vehicles;

   b) Ministry of Construction with respect to matters relating to registration of security rights on Construction Machineries and Equipments; and

   c) Ministry of Trade with respect to matters relating to registration of security rights on Business Mortgage and Hire Purchase;

   with respect to registration of moveable collaterals are hereby transferred to the Collateral Registry Office.

2/ The right and obligation of any other government institution by the provisions of other laws currently in force, with respect to matters relating to registration of security rights on other corporal and incorporeal assets are hereby transferred to the Collateral Registry Office.
92. Third-Party Effectiveness of a Prior

Security Right

A prior security right that was effective against third parties under prior law within twelve months from the time it would have ceased to be effective against third parties under prior law continues to be effective against third parties under this Proclamation until the earlier of:

a) the time it would have ceased to be effective against third parties under prior law;
b) registration of security right in the registry within twelve months after the entry into force of this Proclamation;
c) registration of security right in the registry after the date specified in Sub-Article (1).

2. A written agreement between the grantor and the secured creditor creating or providing for a prior security right entered into before the entry into force of this Proclamation is sufficient to continue authorization of the grantor for the registration of a notice after the entry into force of this Proclamation.

3. If the third-party effectiveness requirements of this Proclamation are satisfied before the entry into force of this Proclamation:

a) the security right continues to be effective against third parties under this Proclamation.

b) without prejudice to Sub-Article (1) and (2) of this Article, institutions responsible for providing title deeds for collateral and the Contract Registrar, shall check with the incorporated asset, the legal status of the contract and the asset owner and the legal status of the asset and shall ensure that the asset has been free from any pledged before effecting the title transfer.
4/ If the third-party effectiveness requirements of this Proclamation are not satisfied before, the third-party effectiveness of a prior security right ceases in accordance with Sub Article (1) of this Article, the prior security right is effective against third parties only from the time it is made effective against third parties under this Proclamation.

93. Repealed and Inapplicable Laws

1/ Provisions related to movable property security rights stipulated under Property Mortgaged or Pledged with Banks Proclamation No.97/1998 are hereby repealed.

2/ Business Mortgage Proclamations No. 98/1998 is hereby repealed.

3/ No law, regulation, directive or practice shall, in so far as it is inconsistent with this Proclamation may be applicable with respect to matters covered under this Proclamation.

94. Power to Issue Regulation and Directive

1/ The Council of Ministers may issue regulation for, or with respect to, any matter under this Proclamation that is necessary for carrying out or giving effect to this Proclamation.

2/ The Collateral Registry Office may issue directives necessary for the implementation of this Proclamation and Regulations in accordance with Sub Article (1) of this Article.

95. Transitory Provision

Until such time of the establishment of an autonomous Collateral Registry Office by regulation, the National Bank of Ethiopia is hereby empowered to establish the Collateral Registry Office, the Collateral Registry, operationalize the Collateral Registry and appoint the Registrar.
96. Effective Date

This Proclamation shall come into force on the date of the expiry of 12 months after publication in the Negarit Gazette or the commencement of operation of the Collateral Registry, whichever comes first.

Done at Addis Ababa, this 7th day of August, 2019

SAHLEWORK ZEWDE

PRESIDENT OF THE FEDERALDEMOCRATIC
REPUBLIC OF ETHIOPIA