

## Security interests and the PPSR – why ABNs and ACNs matter

The NSW Supreme Court recently handed down a decision illustrating the importance of distinguishing ABNs and ACNs in the context of security registrations under the *Personal Property and Securities Act 2009* (Cth) (**Act**).

*Re OneSteel Manufacturing Pty Ltd (Administrators Appointed) [2017] NSWSC 21* concerned a master lease agreement for goods supplied by Alleasing Pty Ltd exceeding \$23,000,000, an asset financing and leasing business, and OneSteel Pty Ltd, and two rental schedules issued under the master agreement each for 6 year terms. The leases were PPS leases within the meaning of the PPSA.

Alleasing registered its a financing statement by reference to OneSteel's ABN, rather than its ACN. Pursuant to per s 153(1) of the Act, financing statements must contain the grantor's details as prescribed by the Personal Property Security Regulations. Importantly, where the grantor is a body corporate the ACN must be supplied as part of the prescribed details.

The decision turned upon whether the reference to OneSteel's ABN in lieu of its ACN rendered Alleasing's registration ineffective. The Court found that providing an ABN instead of an ACN in a registration of a finance statement was seriously misleading, as the omission of the ACN would not reveal the registration. Section 302 of the Act prescribes two methods for searching the PPSR, and without registration by reference to grantor's ACN, the registration would not be disclosed.

On this basis, the Court found that the registration was defective under s 165(b) and ineffective pursuant to s 164(1)(a) of the Act.

The Court also held that section 588FM of the Act, which allows the Court to grant an order to extend the time for registration, was not applicable to the case at hand. Section 588FM only applies if the security interest has been registered at the 'critical' time, often when the grantor is insolvent.

The decision provides a reminder to practitioners that great care must be taken when registering security interests on the PPSR to ensure compliance under the Act. What may seem like a minor detail can have dire consequences for the secured party's interests.

**Pragma Legal**

Perth Dispute Resolution Lawyers

<http://pragmalegal.com.au>

---