



# The Luxembourg Protocol to the Cape Town Convention

- A new global treaty for the recognition and prioritisation of security interests held by creditors in railway rolling stock; these interests will be registered in a new international public registry, based in Luxembourg, accessible 24/7 through the internet
- Protects creditors financing rolling stock through leases, secured credits, and conditional sale contracts
- Covers all vehicles running on tracks or above, on, or under a guideway; from high-speed to light rail trains, from freight and passenger locomotives and wagons to trams and subways, and from people movers at airports to cable cars and gantries and cranes running on rails at ports
- Applies where debtor is located in a ratifying state - regardless of the location of the railway equipment
- Introduces a new global identification system for all railway rolling stock – a permanent and unique 20-digit number to be issued by the registry

The benefits: **more, and cheaper, private sector finance for railway equipment, lower costs on credit insurance; more operating leasing of rolling stock (domestic and cross border); easier asset management and tracking; and less expensive and more effective finance documentation.** By allowing smaller and less heavily capitalised operators/debtors to finance railway equipment on attractive terms, the Protocol will lead to **a more competitive and dynamic rail industry and more investment in the rail sector.** This will bring economic, social and environment benefits - while **reducing the need for governments to finance or underwrite rolling stock procurement.**

The Cape Town Convention and Aircraft Protocol is already in operation in close to 70 countries; the Luxembourg Protocol is expected to enter into force in **late 2022/ early 2023.**