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## Deadline for the registration of certain movable hypothecs: August 30, 1996

The deadline to register certain movable hypothecs is rapidly approaching. Pursuant to art. 157.1 of the *Act respecting the implementation of the reform of the Civil Code*, which was added by art. 9 of the *Act to amend the Act respecting the implementation of the reform of the Civil Code and other legislative provisions as regards security and the publication of rights* (collectively the "*Implementation Act*"), it is now necessary to register certain movable hypothecs (i.e. security in movable [personal] property), which did not require registration under prior legislation, at the register of personal and movable real rights [the "Register"] by August 30, 1996.

### **Why make these registrations?**

- Most agreements creating security in movable property created under prior legislation have become movable hypothecs further to the reform of the *Civil Code*.
- Under prior legislation, it was not necessary to register certain types of movable property security agreements of the nature described below, in order to render them opposable to third parties.
- However, given that these security agreements have become movable hypothecs under the new *Civil Code*, the *Implementation Act* provides that they must be registered (transitioned) at the Register in order to preserve their opposability in accordance with their initial rank.

### **Which security agreements are affected?**

The types of security in movable property which require registration at the Register include the following:

- assignment of insurance indemnities;

- assignment of claims (i.e. accounts) frequently provided for in subordination agreements or in guarantees, notably, assignment of intercompany or shareholder's claims;
- assignment of balance of sale price;
- assignment of specified debts;
- assignment of contractual rights;
- assignment of patents, trademarks, copyrights and other intellectual property rights; and
- assignment of GIC's, account balances, life insurance policies, mutual funds, RRSP's, etc.

We would be pleased to effect these registrations on your behalf. To do so, you may contact the undersigned of our Financial Services and Creditors' Rights Group or any other member of our Group.

**FINANCIAL SERVICES AND  
CREDITORS' RIGHTS  
GROUP**

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