Personal Property Security – avoid the traps

PPSR traps for general practitioners

Recognise it. Register correctly. Check it. Record it.

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MinterEllison

What this session will help you do



By the end, you should be able to:

1. Spot a registrable security interest in an everyday file
2. Allocate responsibility, act before the deadline and register the right details
3. Verify, document and know when to call a specialist

Two names to keep straight

PPSA — the Personal Property Securities Act 2009 (Cth): the law

PPSR — the Personal Property Securities Register: the register

Action: **Listen for these six steps — they are your file checklist.**

Poll: where are you starting from?



How confident are you identifying a PPSA issue in a file?

A	Not yet confident	**B**	I can recognise an issue
C	Comfortable with routine matters	**D**	I work regularly in this area

There is no right answer.

What the PPSA does — and doesn't do



Security agreement

Creates the entitlement to a security interest, describes the "collateral"



PPSR registration

A financing statement provides public notice and usually perfects



Statutory rules

Decide priority and what survives insolvency

The PPSR is not…

- ✗ an ownership or a document register
- ✗ a substitute for a security agreement
- ✗ a guarantee of recovery

Four terms you need today

Grantor
Gives the security — usually the borrower or customer

Secured party
Holds the security — lender/security trustee, supplier or lessor

Collateral
The personal property the security interest is over

Perfection
Process which protects the security against others — usually by registration

Action: Ask what the agreement secures — and whether it is perfected.

Where PPSA protection goes wrong

The PPSA depends on a reliable PPSR: it is how security interests are found and how priority is decided — between secured parties, and against buyers (with limited exceptions).

1 No registration lodged	Nobody recognised the security interest, realised it mattered (counterparty seemed “safe as houses”) — or nobody owned lodging (solicitor v lender; within the firm)	**Slides 6, 19, 23**
2 Wrong grantor	Wrong party or capacity (the ABN/ACN trap) — or the collateral has since moved to someone else	**Slides 13–15, 17**
3 Late or out of order	Missed the 20-business day or PMSI deadline — or no priority agreement with an earlier registered financier	**Slides 7–12**
4 Defective registration	Wrong collateral class, PMSI indication or serial number — or a carve-out that doesn’t match the agreement	**Slides 11, 12, 19-20**
5 Not acquiring clear title	Acting for a buyer: settling without releases of the business’s security interests, relying on warranties or weak due diligence	**Slides 17–18**

Action: Use this slide as your map — each error has a control later in the session.

Registrable security interests hide in everyday files

A business loan secured over equipment

A lender takes security over the client's plant, vehicles or stock.

A supplier's retention-of-title terms

"Title stays with us until paid" is a security interest under the PPSA.

An equipment lease or hire

Some leases and bailments are PPS leases (and PMSIs). The term and the lessor's business matter — including some livestock leases and agistments.

Also look for
A **security deposit** and other "flawed asset arrangements" provided under a contract

Also look for
A landlord's right to sell a tenant's goods left behind on termination, to cover arrears and make-good costs

Not every lease, trust, or lien is a registrable security interest. Commercial consignments and transfers of accounts: flag for specialist advice.

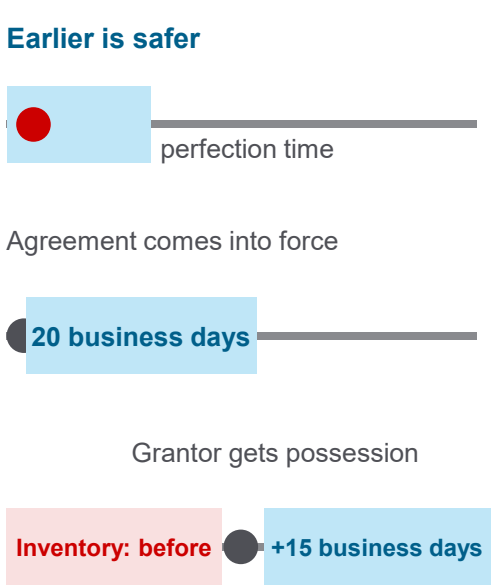
Action: Read the commercial terms for substance, not labels.

Registration timing: three clocks, not one

Ordinary priority

Company grantor (s 588FL)

PMSI super-priority
purchase money security interest



Priority generally follows the time of perfection.

Register early — not "within the grace period". You can register before the security agreement is signed if you have a "reasonable belief" that you will become a secured creditor: s 151

Register within 20 business days after the agreement comes into force.

If late, it can vest if administration or liquidation starts within 6 months of security agreement coming into force ("**hardening period**")

Inventory: registered before the grantor gets possession.

Other goods (plant and equipment): within 15 business days after possession.

Action: Allocate responsibility for registering — and diarise every deadline.

Poll: is 20 business days the answer?

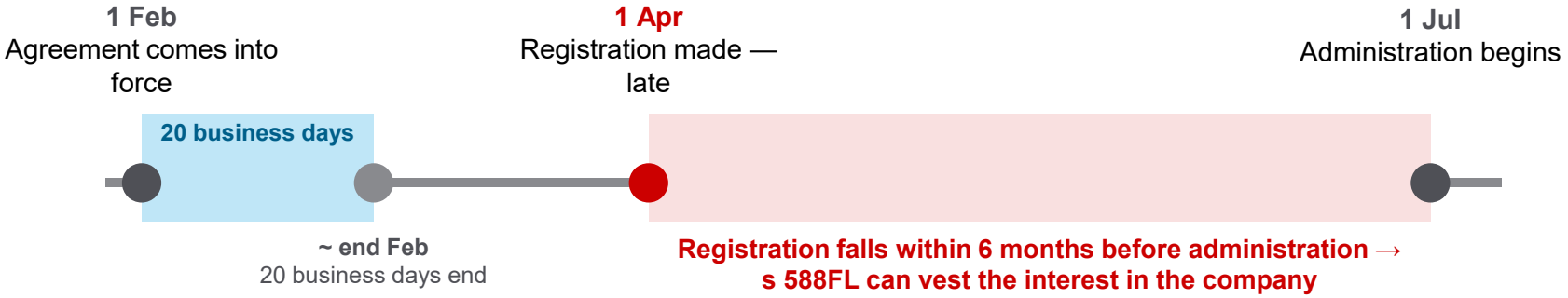


Is registering within 20 business days enough to answer every PPSA timing issue?

A	Yes
B	No

We will debrief this one straight away.

Already late? The six-month hardening period



Change one fact: if administration began more than 6 months after registration, this limb would not cause vesting. Other risks remain.

Can it be fixed? Court order under section 588FM can extend time if the failure was inadvertent — but not guaranteed (next slide).

Found an error?

1. Get urgent specialist advice
2. Remediate as advised (registration, s 588FM)
3. Preserve records; build the chronology
4. Confirm the position and responsibility in writing
5. Check own-interest conflict and PI notice to LPLC

Action: Count from when the agreement came into force.

Relief is not guaranteed

Applications to extend time under s 588FM

Helpful factors

Favours relief ✓

- The failure to register in time was inadvertent
- Corrected promptly once the error was found
- No real prejudice to creditors

Unhelpful factors

Against relief ✗

- Liquidation begun; creditors' rights have crystallised
- Creditors worse off — e.g. a real return to unsecured creditors is lost
- Failure not inadvertent



Relief is discretionary. Once creditors' rights have crystallised in a liquidation, prejudice to them can outweigh inadvertence.

Illustrative factors only — every application turns on its own facts and the court's discretion.

Action: Prevent the error — don't plan on a court curing it.
Question: If you fix the s 588FL problem, is there a separate priority problem?

PMSIs: special priority, separate deadlines

Who can have a PMSI?



A lender financing the purchase of the asset



A retention-of-title supplier, for the unpaid price



A qualifying lessor, bailor or consignor

Always subject to the statutory conditions.

Technical area — involve a PPSA specialist early if you're unsure.

Inventory
goods the grantor holds for sale or lease in its business

Registration must be effective when the grantor gets possession

Register before delivery

Other goods
e.g. equipment the grantor will use

Register within 15 business days after the grantor gets possession

Diarise business day 15 after delivery or register early



The PMSI box must be ticked. Ticking the box doesn't create a PMSI — and a wrong indication can be a defect.

- **Action — lender or supplier: register before the goods leave the yard.**
  Action — buyer: ask whether the vendor can deliver clear title to inventory and plant and equipment.

AllPAAPs and priority agreements

Reading the registration

AllPAAP

All present and after-acquired property: everything the grantor owns now or acquires later.

Perfected over the lot — if the security agreement covers it too.

AllPAAP except …

Everything except the assets which are not the subject of the security agreement. Generally cannot tell what the exception is unless you see the security agreement or the exception is explained in the “free text” box, or a partial release form

When is a priority agreement needed?

1. **Lending against assets already under someone else’s AllPAAP — with no PMSI**
   First to register generally ranks first. A later lender without a priority agreement risks ranking behind.
2. **Holding the AllPAAP while the grantor borrows from a second financier**
   If you won’t lend more, you may need to give a priority agreement so the grantor can borrow elsewhere.
3. **Relying on a PMSI that was lodged late**
   A timely, correct PMSI can beat an earlier AllPAAP. If in doubt, seek a priority agreement and advice.

A carve-out from a security agreement is not a priority agreement. A carve-out affects the scope of a security interest; a priority agreement leaves the security in place and fixes the ranking.

- **Action: Search first. Then ask: do we need a priority agreement?**
- **Action: Complex or multi-party priority? Refer to a PPSA specialist early.**

Grantor identity: company or trustee?

Client card A

ABC Pty Ltd

buying in its own right

Grantor identifier: ACN

Client card B

ABC Pty Ltd

as trustee of a trust that has an ABN

Usually the trust's ABN — see Regulations (next slide)

Before you choose an identifier

1. Who is the legal person? Ask and verify
2. In what capacity is it acting? Ask and verify
3. Which identifier do the Regulations prescribe?
4. Re-check against the final documents — parties change

Action: Confirm capacity before you choose the identifier.

The Regulations decide the grantor's identifier

Why the Regulations matter

1. The financing statement must include the grantor's details "as prescribed by the regulations" (s 153)
2. The PPSR is an exact-match system: search by the wrong identifier and you may not find the registration
3. Get it wrong and the interest may be unperfected — and vest in the liquidator (s 267)

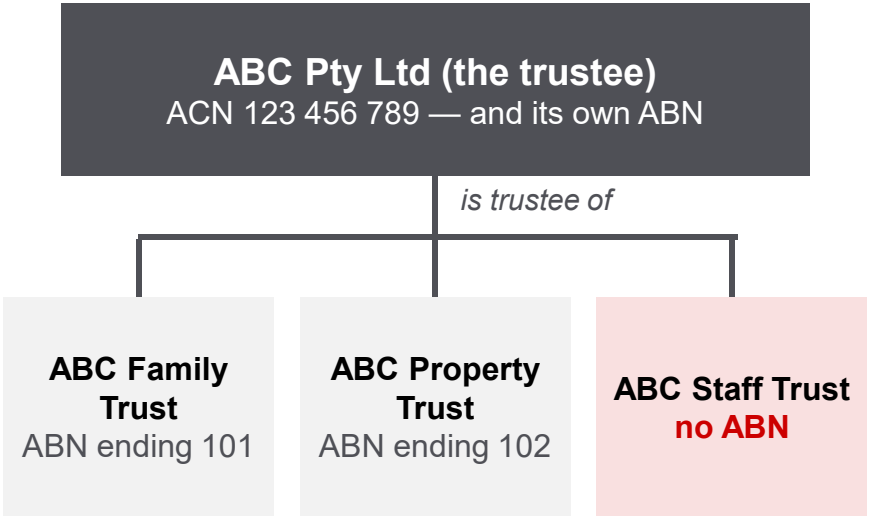
Schedule 1 in outline (summary only)

Company with an ACN	Its ACN — not its ABN
Trustee — trust has an ABN	The trust's ABN — not the trustee's ACN
Trustee — trust has no ABN	The trustee's own details (ACN for a company; name and date of birth for an individual)
Individual or sole trader	Full name and date of birth from ID documents, in the Regulations' order of preference
Partnership	Its ABN if it has one; otherwise each partner's details

OneSteel: a lessor registered against the company's ABN instead of its ACN, and the interest was held to be unperfected — In the matter of OneSteel Manufacturing Pty Ltd [2017] NSWSC 21.

Action: Check Schedule 1 each time — don't rely on habit, or on this summary.

One trustee, many trusts



One ACN. Many trusts. Many ABNs — or none.

Right company. Wrong capacity?

The company's ACN doesn't tell you which trust is the grantor.

Check which trust — then check the Regulations for the prescribed identifier.

A common claims issue

Trust and capacity errors have led to interests vesting in liquidators.

Action: Ask which trust is the grantor — then check the Regulations for the identifier.

Poll: what do you do first?



ABC Pty Ltd (ACN 123 456 789 and ABN 90 123 456 789) is buying equipment as trustee of a trust on credit terms. How should the supplier register?

A	Use the company's ACN automatically
B	Use the company's ABN automatically
C	Confirm the capacity and the prescribed trust or trustee identifier

Searching the PPSR for the right thing

1 Confirm the grantor and its capacity → **2** Use the prescribed identifier (++) → **3** Search serial numbers where goods have one → **4** Keep the certificate — with date and time → **5** Re-search close to completion

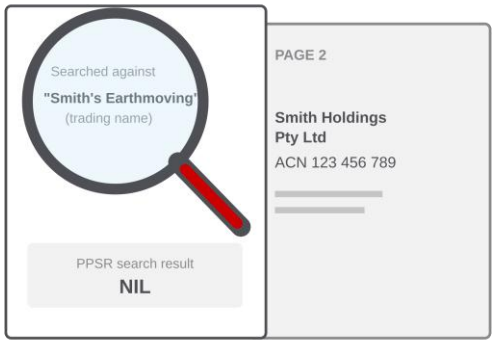
Four classic search errors

Wrong capacity
Company searched, but it acts as trustee (or vice versa)

Wrong identifier
Trading name, or the wrong ABN or ACN

Wrong VIN
Vehicle identification number
One transposed character is a different search

Stale search
Registrations made after you searched



A nil result is only as useful as the search.

Action: Record exactly what you searched, and when.

Acting for a buyer: releases and completion

Repayment
The debt is paid

≠

Release of the security
The secured party gives up its security interest

≠

Removal of the registration
The PPSR entry is ended or amended

Completion checklist

- ☐ Identify every relevant registration
- ☐ Verify that each step was done
- ☐ Get releases/**partial releases** that cover the right collateral
- ☐ Keep the evidence on file
- ☐ Agree discharge mechanics before settlement
- ☐ Chase any post-completion discharge

Don't assume the ordinary-course "take free" rule (s 46) protects a business or asset sale. It often won't apply.

The buyer needs either:

- a release of every security interest, or
- a price adjustment for the risk

■ **Action: Don't settle on a promise you haven't documented and verified.**

Real case: the wrong collateral class

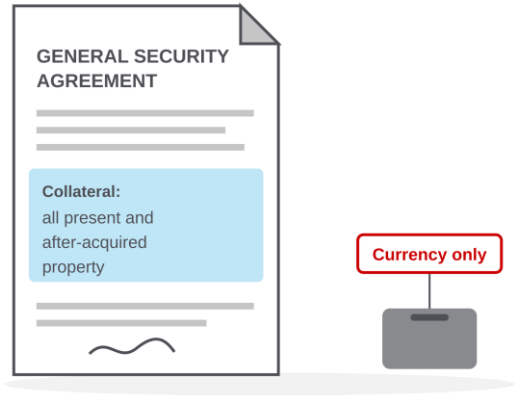
Re Ionic Industries Ltd [2025] VSC 745

1. A first-time private lender advanced $500,000 to his brother's company, later taking a general security agreement over AllPAAP (all present and after-acquired property).

2. He registered in time — but selected the collateral class "Financial property — currency", thinking of the money lent.

3. **The court held the registration perfected the security interests in the currency only — not the wider collateral the agreement covered.**

4. The court granted discretionary relief for a late, correct registration. That relief is not guaranteed.



The agreement covered more than the registration.

Action: Ask the audience: what should the checker have compared?

Poll: are you finished?



The GSA covers all present and after-acquired property (AllPAAP). The PPSR entry says “Currency”. Are you finished?

A	Yes — the GSA fixes it
B	No — compare and correct the registration, and get timing advice

Debrief: the registration, not the agreement, sets what is perfected.

The controls that prevent PPSA claims

Owner + checker

One person prepare the draft financing statement; another checks independently

Written advice

Interest, deadlines, consequences, scope — and who registers

Evidence on file

Agreement, identifiers, serials, verification statements, searches

Diaries

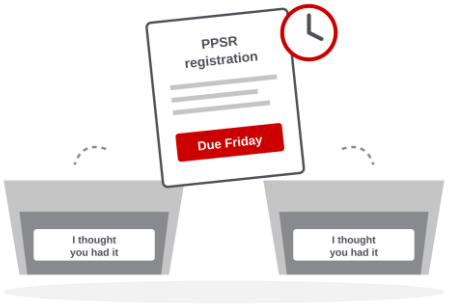
Deadlines and renewals in the system, not in someone's head

Change control

Escalate late changes of party or capacity (draft vs final documents)

Verified authority

Written confirmation before any amendment or discharge



The deadline did not go on leave.

Documented handovers, supervised agents, and a record of any client decision not to register.

Action: A verbal check can supplement written confirmation — never replace it.

When to call a specialist

Competing securities or priority deeds

Trusts or security trusts you're unsure about

A missed deadline or looming insolvency

Non-standard PMSIs or on-hire chains

Fixtures, accessions or proceeds

Foreign assets or parties

Repossession or court relief

Anything outside your competence

The trigger is uncertainty, complexity, urgency or lack of competence — not every routine registration.

Action: **Flag it, refer it, and record the referral.**

Recap: six habits

1	2	3	4	5	6
Identify	**Allocate who does what**	**Register accurately and early**	**Verify**	**Record**	**Refer**
Spot the security interest in the deal	A clear system: who registers, who checks, and the agreed scope of work	Grantor, capacity, identifier, collateral class, PMSI status	Check the verification statement against the security agreement	Advice, instructions, searches and decisions — in writing	Escalate complexity and urgency early

Closing poll: *how confident are you now in identifying a PPSA issue?*



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Questions

Short questions now. Transaction-specific questions: we'll follow up after the session.

Resources

LPLC risk resources — lplc.com.au

PPSR and AFSA guidance — ppsr.gov.au

Take-home glossary and authorities: appendix to these slides

Appendix: take-home glossary

Term	Meaning
PPSA	Personal Property Securities Act 2009 (Cth) — the law
PPSR	Personal Property Securities Register — the national register of financing statements
Grantor	The person who gives the security interest (often the debtor or customer)
Secured party	The person who holds the security interest (lender, supplier, lessor)
Collateral	The personal property the security interest is over
Attachment	When the security interest becomes enforceable against the grantor
Perfection	The step (usually registration; sometimes possession or control) that protects the interest against third parties
PMSI	Purchase money security interest — can attract special priority if the statutory conditions are met
PPS lease	A lease or bailment of goods that the PPSA treats as a security interest — check the current s 13 definition
AllPAAP	"All present and after-acquired property" — a common collateral description in a general security agreement. "AllPAAP except" leaves named assets out of the registration.
Priority agreement	An agreement that one secured party's security ranks behind another's (subordination) — not the same as a carve-out
Verification statement	The PPSR's record of what was actually registered — check it against the agreement

Appendix: key authorities referred to

Authority	Point for practitioners
Re Ionic Industries Ltd [2025] VSC 745	Currency-only registration perfected currency only; relief granted
Rohrt (Rose Guerin and Partners) [2021] FCA 483	Trust ABN / trustee ACN defect; interest vested (s 267)
Re ABHG Contracting Pty Ltd [2023] VSC 263	Trustee-ACN registrations; relief with protections
Re OneSteel Manufacturing Pty Ltd [2017] NSWSC 21	Company grantor registered by ABN instead of ACN; not perfected
Re Cyprus Community of NSW Ltd [2024] NSWSC 1246	s 588FL clock: when the agreement comes into force
Great Energy WA v Northern Iron [2026] FCA 81	s 588FM / s 293 relief; distinct from s 267 vesting
CBA v HM Aircraft Holdings [2021] FCA 447	Serial-number and PMSI errors; timing not cured
Registrar of PPS v Brookfield [2024] FCA 29	A debt is not security; penalties for groundless registrations
Metal Manufactures v WesTrac [2025] NSWCA 97	Retention of title as against secondary purchaser
Hams v Whyalla Ports [2025] FCA 1059	Fixtures: no single-factor test
Kirkalocka Gold v Zenith Pacific [2025] FCAFC 62	Perfection by possession; not visible on the PPSR

Legislation: PPSA ss 8, 10, 12–14, 19–21, 44–46, 62–64, 165, 267, 293; PPS Regulations Sch 1; Corporations Act ss 588FL–588FM.