International Interests
Study Group
4th session
Misc. 5
(Original: English/French)

# Unidroit

# INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF PRIVATE LAW

# STUDY GROUP FOR THE PREPARATION OF UNIFORM RULES ON INTERNATIONAL INTERESTS IN MOBILE EQUIPMENT:

(Fourth session: Rome, 3 - 8 November 1997)

PRELIMINARY DRAFT UNIDROIT CONVENTION ON INTERNATIONAL INTERESTS IN MOBILE EQUIPMENT

(as proposed by the Drafting Group at its fifth session, held in Rome from 4 to 7 November 1997)

Rome, 7 November 1997 (morning)

# PRELIMINARY DRAFT UNIDROIT CONVENTION ON INTERNATIONAL INTERESTS IN MOBILE EQUIPMENT

(as established, subject to drafting refinements, by the Study Group at the conclusion of its fourth session) (1)

# CHAPTER I

# SPHERE OF APPLICATION AND GENERAL PROVISIONS

#### Article 1

- 1. This Convention provides for the creation and effects of an international interest in mobile equipment and associated rights.
- 2. For the purposes of this Convention an international interest in mobile equipment is an interest in an object of a kind listed in Article 2:
  - (a) granted by the chargor under a security agreement; or
  - (b) vested in a person who is the seller under a title reservation agreement; or
  - (c) vested in a person who is the lessor under a leasing agreement.
- 3. Whether an interest to which the preceding paragraph applies falls within sub-paragraph (a), (b) or (c) of that paragraph is to be determined by the applicable law.

# Article 2

This Convention applies in relation to a mobile object, and rights associated with a mobile object, of any of the following kinds:

- (a) airframes;
- (b) aircraft engines;
- (c) helicopters;
- (d) [registered ships];
- (e) oil rigs;
- (f) containers;
- (g) railway rolling stock;
- (h) space property;
- (i) objects of any other category each member of which is uniquely identifiable.

Article 3

This Convention shall apply where at the time of conclusion of the agreement creating or providing for the international interest:

It was agreed that it will be necessary in due course to prepare a Preamble to the Convention.

- (a) the obligor is located in a Contracting State; or
- (b) the object to which the international interest relates has been registered in a nationality register [, or a State-authorised asset register,] in a Contracting State or otherwise has a close connection, as specified in a Protocol, to a Contracting State.

# Article 3A

For the purposes of this Convention, a party is located in a Contracting State where it is incorporated or registered in that State or has its place of business, or, if more than one such place, its principal executive office, in that State.

# Article 4

In their relations with each other the parties may, by agreement in writing, derogate from or vary the effect of any of the provisions of Chapter III, except as stated in Articles 7(2)-(6), 8(2) and (3), 11(1) and 12, or of Article 31.

#### Article 5

- 1. In the interpretation of this Convention, regard is to be had to its object and purpose as set forth in the preamble, to its international character and to the need to promote uniformity and predictability in its application.
- 2.— Questions concerning matters governed by this Convention which are not expressly settled in it are to be settled in conformity with the general principles on which it is based or, in the absence of such principles, in conformity with the applicable law.

# CHAPTER II

# CONSTITUTION OF AN INTERNATIONAL INTEREST

#### Article 6

An interest takes effect as an international interest under this Convention where the agreement creating or providing for the interest:

- (a) is in writing;
- (b) relates to an object in respect of which the chargor, seller or lessor has power to enter into the agreement;
  - (c) enables the object to be identified in conformity with the applicable Protocol;
  - (d) in the case of a security agreement, enables the secured obligations to be identified.

#### CHAPTER III

#### **DEFAULT REMEDIES**

- 1.— In the event of default in the performance of a secured obligation, the chargee may exercise any one or more of the following remedies:
  - (a) take possession or control of any object charged to it;
  - (b) sell or grant a lease of any such object;
- (c) collect or receive any income or profits arising from the management or use of any such object;
  - (d) apply for a court order authorising or directing any of the above acts.
- 2. Any remedy given by sub-paragraph (a), (b) or (c) of the preceding paragraph shall be exercised in a commercially reasonable manner. A remedy shall be deemed to be exercised in a commercially reasonable manner where it is exercised in conformity with a provision of the security agreement except where the court determines that such a provision is manifestly unreasonable.
- 3. A chargee proposing to sell or grant a lease of an object under paragraph 1 otherwise than pursuant to a court order shall give reasonable prior notice in writing of the proposed sale or lease to interested persons.
- 4. Any sum collected or received by the chargee as a result of exercise of any of the remedies set out under paragraph 1 shall be applied towards discharge of the amount secured by the security interest.
- 5.— Where the sums collected or received by the chargee as a result of the exercise of the remedies given in paragraph 1 exceed the amount secured by the security interest and any reasonable costs incurred in the exercise of any such remedy, then unless otherwise ordered by the court the chargee shall pay the excess to the holder of the international interest registered immediately after its own or, if there is none, to the chargor.
  - 6. In this Article and in Article 8 "interested persons" means:
    - (a) the chargor;
- (b) any guarantor or surety under a guarantee (including a demand guarantee or standby letter of credit) given to the chargee;
- (c) any person entitled to the benefit of any international interest which is registered after that of the chargee;
- (d) any other person having rights subordinate to those of the chargee in or over the object of which notice in writing has been given to the chargee within a reasonable time before exercise of the remedy given by paragraph 1(b) or vesting of the object in the chargee under Article 8(1), as the case may be.

- 1. At any time after default in the performance of a secured obligation, all the interested persons may agree, or the court may on the application of the chargee order, that ownership of (or any other interest of the chargor in) any object covered by the security interest shall vest in the chargee in satisfaction of all or any part of the secured obligations.
- 2. The court shall grant an application under the preceding paragraph only if the amount of the secured obligations to be satisfied by such vesting is reasonably commensurate with the value of the object after taking account of any payment to be made by the chargee to any of the interested persons.
- 3.— At any time after default in performance of a secured obligation and before sale of the charged object or the making of an order under paragraph 1, the charger or any interested person may discharge the security interest by paying the amount secured, subject to any lease granted by the chargee under Article 7(1). Where, after such default, the payment is in full made by an interested person, that person is subrogated to the rights of the chargee.
- 4. Ownership or any other interest of the chargor passing on a sale under Article 7(1) or passing under paragraph 1 of this Article is free from any other interest over which the chargee's security interest has priority under the provisions of Article 25.

In the event of default by the buyer under a title reservation agreement or by the lessee under a leasing agreement, the seller or lessor, as the case may be, may terminate the agreement and take possession or control of any object to which the agreement relates. The seller or lessor may also apply for a court order authorising or directing either of these acts.

# Article 10

- 1. The parties may provide in their agreement for any kind of default, or any event other than default, as giving rise to the rights and remedies specified in Articles 7 to 9 or 13.
- 2. In the absence of such an agreement, "default" for the purposes of Articles 7 to 9 and 13 means a substantial default.

# Article 11

Subject to Article Y, any remedy provided by this Chapter shall be exercised in conformity with the procedural law of the place where the remedy is to be exercised.

# Article 12

Any additional remedies permitted by the applicable law, including any remedies agreed upon by the parties, may be exercised to the extent that they are not inconsistent with the mandatory provisions of this Chapter.

- 1. A Contracting State shall ensure that an obligee who adduces *prima facie* evidence of default by the obligor may, pending final determination of its claim, obtain speedy judicial relief in the form of one or more of the following orders:
  - (a) preservation of the object and its value;
  - (b) possession, control, custody or management of the object;
  - (c) sale or lease of the object;
  - (d) application of the proceeds or income of the object;
  - (e) immobilisation of the object.
- 2. Except where the court otherwise orders, ownership or any other interest of the obligor passing on a sale under the preceding paragraph is free from any other interest over which the chargee's security interest has priority under the provisions of Article 25.
- 3. A court of a Contracting State has jurisdiction to grant judicial relief under the preceding paragraph where:
  - (a) the object is within the territory of that State;
  - (b) one of the parties is located within that territory; or
  - (c) the parties have agreed to submit to the jurisdiction of that court.
- 4. A court may exercise jurisdiction under paragraph 1 even if the trial of the claim referred to in that paragraph will or may take place in a court of another State or in an arbitral tribunal.
- 5. Nothing in this Article shall limit the availability of any form of interim judicial relief under the applicable law.

# CHAPTER IV

# THE INTERNATIONAL REGISTRATION SYSTEM

- 1.— An international registry shall be established for registrations of:
- (a) international interests, prospective international interests [and registrable non-consensual interests];
  - (b) assignments and prospective assignments of international interests; and
  - (c) subordinations of interests referred to in sub-paragraph (a) of this paragraph.
- 2. Different registries may be established for different categories of object and associated rights. For the purposes of this Convention, "International Registry" means the relevant international registry.
- 3. For the purposes of this Chapter and Chapter V, the term "registration" includes, where appropriate, an amendment, extension or discharge of a registration.

- 1. The Protocol shall designate an intergovernmental regulator to exercise the functions assigned to it by this Chapter, Chapter V and the Protocol.
- 2. The Protocol may provide for Contracting States to designate operators of registration facilities in their respective territories. Such operators shall be transmitters of the information required for registration and, in such capacity, shall constitute an integral part of the registration system of this Convention. The Protocol may specify the extent to which the designation of such an operator shall preclude alternative access to the International Registry.
- 3.— The Intergovernmental Regulator shall establish the International Registry and designate the Registrar. The Intergovernmental Regulator shall oversee the International Registry and the operation and administration thereof. The manner in which such oversight is conducted and the responsibilities of the Registrar and the operators of registration facilities shall be prescribed in the Protocol and in regulations ("the Regulations") from time to time made by the Intergovernmental Regulator.
- 4. In the exercise of their respective functions under this Convention and the Protocol, the Registrar, the operators of registration facilities and the International Registry shall be deemed to be an international Organisation and, in the carrying out of the functions set out in this Convention and the Protocol, shall not be subject to the law or jurisdiction of the courts of the States in which they are situated.
- 5. The Protocol [shall] [may] provide procedures for the review of acts or omissions of the Registrar or operators of registration facilities alleged to be in contravention of this Convention, the Protocol or the Regulations and for any remedial action.
- 6. The Protocol may prescribe the procedures pursuant to which the Registrar and the operators of registration facilities may request advice from the Intergovernmental Regulator regarding the exercise of their respective functions under this Convention, the Protocol and the Regulations.]

# CHAPTER V

# REGISTRATION OF INTERNATIONAL INTERESTS, PROSPECTIVE INTERNATIONAL INTERESTS AND PROSPECTIVE ASSIGNMENTS OF INTERNATIONAL INTERESTS

# [Article 16

The Protocol and Regulations may contain conditions and requirements, including the criterion or criteria for the identification of the object, which must be fulfilled in order to effect a registration.]

The information required for a registration shall be transmitted, by any medium prescribed by the Protocol or Regulations, to the International Registry or registration facility prescribed therein.

# Article 18

- 1. A registration shall take effect upon entry of the required information into the International Registry data base so as to be searchable.
- 2. If an interest first registered as a prospective international interest becomes an international interest, the international interest shall be treated as registered from the time of registration of the prospective international interest.
- 3. Paragraph 2 applies with necessary modifications to the registration of a prospective assignment of an international interest.
  - 4. The International Registry shall record the date and time a registration takes effect.
- 5. A registration shall be searchable in the International Registry data base according to the criteria prescribed in the Protocol.

- 1. By the transmission of the required information to the International Registry in conformity with the Protocol and Regulations:
- (a) an international interest may be registered by the holder thereof if the agreement relating to it conforms to the provisions of Article 6 and, in the case of a security agreement, the chargor has, therein or elsewhere, consented in writing to the registration;
- (b) a prospective international interest or a prospective assignment of an international interest may be registered by the intended grantee or assignee respectively if the intending grantor or assignor has consented in writing to the registration;
- (c) [a registrable non-consensual interest in relation to which a declaration has been made pursuant to Article 34(1) may be registered by the holder thereof;
- (d)] the registration of a registered international interest may be amended by the holder but the holder may do so only if the chargor has consented in writing thereto;
- [(e)] the assignment of an international interest conforming to the provisions of Article 27 may be registered by the assignee;
- [(f)] the registration of a registered international interest [or registrable non-consensual interest] may, prior to the expiry of the registration period, be extended by the holder of such interest;
- [(g)] a subordination of a registered international interest [or registrable non-consensual interest] may be registered by the person in whose favour the subordination was made;
- [(h)] a discharge of a registered international interest, a registered prospective international interest, a registered prospective assignment of an international interest [or a registered registrable non-consensual interest] may be registered by the holder thereof.

2. — The holder of a registered international interest [or registrable non-consensual interest] may at any time discharge the registration.

# Article 20

Registration of an international interest remains effective for the period of time specified in the Protocol or the Regulations as extended in conformity with Article 19(1)(f).

# Article 21

- 1. A person may, in the manner prescribed by the Protocol and Regulations, make or request a search of the International Registry concerning interests registered therein.
- 2. Upon receipt of a request therefor, the Registrar, in the manner prescribed by the Protocol and Regulations, shall issue a registry search certificate with respect to any object:
- (a) stating all registered information relating thereto, together with a statement indicating the date and time of registration of such information; or
  - (b) stating that there is no information in the International Registry relating thereto.

# [Article 22

The Registrar shall maintain a list of the categories of non-consensual right or interest declared by Contracting States in conformity with Article 34(2) and the date of each such declaration. Such information shall be made available as provided in the Protocol and Regulations to any person requesting it.]

# Article 23

A document in the form prescribed by the Regulations which purports to be a certificate issued by the International Registry is *prima facie* proof:

- (a) that it has been so issued; and
- (b) of the facts recited in it, including the date and time of registration of the information referred to Article 19(1).

# [Article 24

The liability rules for errors and omissions in the operation and administration of the International Registry, and the procedures for dealing with claims against the International Registry, shall be set forth in the Protocol.]

# Article 24A

- 1. When the obligations secured by a security interest [or the obligations giving rise to a registrable non-consensual interest] have been discharged, or the conditions of transfer of title under a title reservation agreement have been fulfilled, the obligor may, by written demand delivered to the holder of such a registered interest, require the holder to discharge the registration relating to the interest.
- 2. Where a prospective international interest or a prospective assignment of an international interest has been registered, the intending grantor or assignor may by notice in writing, delivered to the intended grantee or assignee at any time before the latter has given value or incurred a commitment to give value, require the relevant registration to be discharged.

#### CHAPTER VI

# EFFECTS OF AN INTERNATIONAL INTEREST AS AGAINST THIRD PARTIES

- 1. A registered interest has priority over any other interest subsequently registered and over an unregistered interest.
  - 2. The priority of the first-mentioned interest under the preceding paragraph applies:
- (a) even if the first-mentioned interest was acquired or registered with actual knowledge of the other interest; and
- (b) even as regards value given by the holder of the first-mentioned interest with such knowledge.
  - 3. The buyer of an object acquires its interest in it:
    - (a) subject to an interest registered at the time of the acquisition of that interest; and
    - (b) free from an unregistered interest even if it has actual knowledge of it.
- 4. The priority of competing interests under this Article may be varied by agreement between the holders of those interests, but an assignee of such an interest is not bound by an agreement to subordinate that interest unless at the time of the assignment a subordination had been registered relating to that agreement.
- 5. Any priority given by this Article to an interest in an object extends to insurance proceeds payable in respect of the loss or physical destruction of that object.

- 1. An international interest is valid against the trustee in bankruptcy of the obligor if prior to the commencement of the bankruptcy that interest was registered in conformity with this Convention.
- 2. For the purposes of the preceding paragraph "trustee in bankruptcy" includes a liquidator, administrator or other person appointed to administer the estate of the obligor for the benefit of the general body of creditors.
- 3. Nothing in this Article affects the validity of an international or other interest against a person referred to in paragraph 1 where that interest is valid against that person under the applicable law.

#### CHAPTER VII

# ASSIGNMENTS OF INTERNATIONAL INTERESTS

#### Article 27

- 1.— The holder of an international interest ("the assignor") may make an assignment of it to another person ("the assignee") wholly or in part.
  - 2. An assignment of an international interest shall be valid only if it:
    - (a) is in writing;
    - (b) enables the international interest and the object to which it relates to be identified;
- (c) in the case of an assignment by way of security, enables the obligations secured by the assignment to be identified.
- 3. For the purposes of this Convention "assignment" means an outright transfer or any other kind of transfer or agreement, whether by way of security or otherwise, which confers on the assignee rights in or over the international interest.

- 1. An assignment of an international interest in an object made in conformity with the preceding Article transfers to the assignee, to the extent agreed by the parties to the assignment:
  - (a) all the interests and priorities of the assignor under this Convention; and
- (b) all associated rights [so far as such rights are assignable under the applicable law].
- 2. Except as otherwise agreed by the obligor, an assignment made in conformity with the preceding paragraph shall take effect subject to:
  - (a) all defences of which the obligor could have availed itself against the assignor; and
- (b) any rights of set-off in respect of claims existing against the assignor and available to the obligor at the time of receipt of a notice of the assignment under Article 30.

3. — In the case of an assignment by way of security, the assigned rights revest in the assignor, to the extent that they are still subsisting, when the security interest has been discharged.

# Article 29

The provisions of Chapter V (other than Article 19(1)(a)) shall apply to the registration of an assignment or prospective assignment of an international interest as if the assignment or prospective assignment were the international interest or prospective international interest and as if the assignor were the grantor of the interest.

#### Article 30

- 1.— To the extent that an international interest has been assigned in accordance with the provisions of this Chapter, the obligor in relation to that interest is bound by the assignment, and, in the case of an assignment within Article 28(1)(b), has a duty to make payment or give other performance to the assignee, if but only if:
- (a) the obligor has been given notice of the assignment in writing by or with the authority of the assignor;
  - (b) the notice identifies the international interest; and
- (c) the obligor does not have [actual] knowledge of any other person's superior right to payment or other performance.
- 2.— Irrespective of any other ground on which payment or performance by the obligor discharges the latter from liability, payment or performance shall be effective for this purpose if made in accordance with the preceding paragraph.
  - 3. Nothing in the preceding paragraph shall affect the priority of competing assignments.

- 1.— In the event of default by the assignor under the assignment of an international interest made by way of security, Articles 7, 8 and 10 to 13, so far as capable of application to intangible property, apply as if references:
- (a) to the secured obligation and the security interest were references to the obligation secured by the assignment of the international interest and the security interest created by that assignment;
- (b) to the chargee and chargor were references to the assignee and assignor of the international interest; and
  - (c) to the object included references to the assigned rights relating to the object.
- 2. Where, in the case of an assignment by way of security, the sums collected or received by the assignee of the international interest as the result of the exercise of the remedies provided by virtue of the preceding paragraph exceed the amount secured, then unless otherwise ordered by the court the

assignee shall pay the excess to the holder of the assignment registered immediately after its own or, if there is none, to the assignor of the international interest.

# Article 32

Where there are competing assignments of international interests and at least one of the assignments is registered, the provisions of Article 25 apply as if the references to an international interest were references to an assignment of an international interest.

# Article 32A

Where the assignment of an international interest has been registered, the assignee shall, in relation to the associated rights transferred by virtue of the assignment, have priority over the holder of associated rights not held with an international interest to the extent that the first-mentioned associated rights relate to:

- (a) a sum advanced and utilised for the purchase of the object;
- (b) the price payable for the object; or
- (c) the rentals payable in respect of the object; and
- (d) the reasonable costs referred to in Article 7(5).

An assignment of an international interest is valid against the trustee in bankruptcy if prior to the commencement of the bankruptcy that assignment was registered in conformity with this Convention.

# [ CHAPTER VIII

# NON-CONSENSUAL RIGHTS AND INTERESTS

# Article 34

- 1. A Contracting State may at any time in an instrument deposited with the depositary list the categories of non-consensual right or interest which shall be registrable under this Convention as regards any category of object as if the interest were an international interest and be regulated accordingly.
- 2.— In proceedings before the courts of a Contracting State a non-consensual right or interest (other than a registrable non-consensual right or interest) which under the law of that State would have priority over an interest in the object equivalent to that held by the holder of the international interest (whether in or outside the insolvency of the obligor) has priority over the international interest to the extent, and only to the extent:
- (a) set out by that State in any instrument deposited with the depositary prior to the time when the registration of the international interest takes effect; and
- (b) that, without any act of publication, the non-consensual right or interest would under the national law of that State have priority over a registered interest of the same type as the international interest.]

# CHAPTER IX DEFINITIONS

# Article 35

In this Convention the following words are employed with the meanings set out below:

- (a) "agreement" means a security agreement, a title reservation agreement or a leasing agreement;
- (b) "applicable law" means the law applicable by virtue of the rules of private international law;
  - (c) "associated rights" means:
- (i) rights relating to ownership, possession, use or control of an object as defined in the relevant Protocol; and
- (ii) all rights to payment or other performance secured by or associated with the object;
  - (d) "chargee" means the grantee of an interest in an object under a security agreement;

- (e) "chargor" means the grantor of an interest in an object under a security agreement;
- (f) "court" includes an administrative or arbitral tribunal established by a Contracting State;
- (g) "Intergovernmental Regulator" means the intergovernmental regulator referred to in Article 15(1);
  - (h) "international interest" means an interest to which Article 1 applies;
- (i) "leasing agreement" means an agreement by which one person ("the lessor") grants a lease or sub-lease of an object (with or without an option to purchase) to another person ("the lessee");
  - (j) "object" means a mobile object of a kind listed in Article 2;
- (k) "obligee" means the chargee under a security agreement, the seller under a title reservation agreement or the lessor under a leasing agreement;
- (l) "obligor" means the chargor under a security agreement, the buyer under a title reservation agreement, the lessee under a leasing agreement [or the person whose interest in an object is burdened by a registrable non-consensual interest];
- (m) "prospective assignment" means an assignment that is intended to be made in the future;
- (n) "prospective international interest" means an interest that is intended to be created or provided for as an international interest in the future;
- (o) "Protocol" means, in respect of any category of object and associated rights to which this Convention applies, the Protocol in force in respect of that category of object and associated rights;
- (p) "registered" means registered in the International Registry pursuant to Chapter[s] V [or VIII];
- (q) "registered interest" means an international interest [or a registrable non-consensual interest] registered pursuant to Chapter V;
- (r) ["registrable non-consensual interest" means an interest registrable pursuant to a declaration made under Article 34(1);
- (s)] "Registrar" means, in respect of any category of object and associated rights to which this Convention applies, the person designated under Article 15(3);
- [(t)] "Regulations" means regulations made by the Intergovernmental Regulator under Article 15(3);
  - [(u)] "secured obligation" means an obligation secured by a security interest;
- [(v)] "security agreement" means an agreement by which a chargor grants or agrees to grant to a chargee an interest ("security interest") in or over an object to secure the performance of an existing or future obligation of the chargor or a third person;
- [(w)] "title reservation agreement" means an agreement by which one person ("the seller") agrees to sell an object to another person ("the buyer") on terms that ownership does not pass until fulfilment of the condition or conditions stated in the agreement;
- [(x)] "unregistered interest" means a consensual [or non-consensual] interest [(other than an interest to which Article 34(2) applies)] which has not been registered;

[(y)] "writing" means an authenticated record of information (including information sent by teletransmission) which is in tangible form or is capable of being reproduced in tangible form.

# [ CHAPTER X RELATIONSHIP WITH OTHER CONVENTIONS ]

# CHAPTER [XI] [OTHER] FINAL PROVISIONS

#### Article U

A Protocol to this Convention may provide for the application of the Convention, with such modifications as may be necessary, to a transfer (otherwise than under a title reservation agreement) of an interest in an object of a kind listed in Article 2.

# Article V

[Insert provision by given minimum number or proportion of Contracting States to request convening of a Conference to consider further Protocols in accordance with specified procedure, including requisite majority of those present and voting.]

# Article W

A Contracting State may declare at the time of signature, ratification, acceptance, approval of, or accession to any Protocol relating to a category of objects that it will not apply this Convention in relation to [to a purely domestic transaction] \* . Such a declaration shall be respected by the courts of all other Contracting States.

#### Article X

This Convention shall enter into force as regards a category of object:

- (a) at the time of entry into force of the applicable Protocol;
- (b) subject to the terms of that Protocol; and
- (c) as between Contracting States Parties to that Protocol.

# Article Y

1. – A Contracting State may declare at the time of signature, ratification, acceptance, approval or accession of this Convention or, in respect of a particular category of object, of the applicable

<sup>\*</sup> The clause inside square brackets remains to be defined, to take account for instance of cases where the object has always remained in the same State and all the relevant parties are located in that State.

Protocol that any remedy available to the obligee under Articles 7 to 9 which is not there expressed to require application to the court may only be exercised with leave of the court.

2.— A Contracting State may declare at the time of signature, ratification, acceptance, approval or accession that while the charged object is situated within or controlled from its territory the chargee shall not grant a lease of the object in that territory.

# Article Z

A Contracting State may declare at the time of signature, ratification, acceptance, approval or accession of this Convention or, in respect of a particular category of object, of the applicable Protocol that it will not apply the provisions of Article 13, wholly or in part.