



**UNIDROIT COMMITTEE OF GOVERNMENTAL EXPERTS
FOR THE PREPARATION OF A DRAFT PROTOCOL TO
THE CONVENTION ON INTERNATIONAL INTERESTS IN
MOBILE EQUIPMENT ON MATTERS SPECIFIC TO
SPACE ASSETS
Fifth session
Rome, 21/25 February 2011**

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PROPOSAL FOR A NEW ARTICLE XVIII

(presented by the delegation of the People's Republic of China)

Article XVIII

1. Unchanged.
2. Unchanged.
3. When the creditor's exercising default remedies provided in the Chapter III of the Convention which will **essentially affect** the **[earlier registered]** other space assets which physically linked to the secured space asset on which the creditor seeks to exercise remedies, the conflict between the creditor who seeks to exercise remedies and the essentially affected party shall be addressed by the inter-creditor agreement. If an agreement is absent when the conflict arises, relevant parties shall work in good faith through negotiation to find a commercially reasonable solution. If the agreement still cannot be reached for various reasons, the creditor shall not exercise his remedies unless reasonable compensation has been made to the affected party.
4. The "essentially affect" in preceding paragraph means the creditor's exercising remedies will essentially impair the economic interest of the earlier registered creditor **[or the economic value of the physically linked asset]**.