



**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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REPORT BY THE INFORMAL WORKING GROUP ON DEFAULT REMEDIES  
IN RELATION TO COMPONENTS

(prepared by the UNIDROIT Secretariat)

The Informal Working Group on default remedies in relation to components held five meetings during the current session, on 22, 23, 24 and 25 February 2011.

The meetings of the Informal Working Group were attended by representatives of the Governments of Canada, the People's Republic of China, Germany, Italy, Japan, the Russian Federation and the United States of America, with Mr O. Heinrich (BHO Legal), Ms M. Leimbach (Groupe Crédit Agricole) and Mr B. Schmidt-Tedd (German Space Agency) as observers. Mr J.A. Estrella Faria, Secretary-General of UNIDROIT, acted as moderator.

At the conclusion of its fifth meeting, the Informal Working Group agreed that the following options for dealing with the problem of limitations on remedies for physically linked space assets should be laid before the Committee for further consideration:

*Option No. 1*

[No additional provision in the revised preliminary draft Protocol]

*Option No. 2*

[In the absence of an agreement among two or more parties with interests governed by this Protocol with respect to physically linked space assets, and without prejudice to the priority and related provisions of the Convention and this Protocol, if the exercise of a remedy provided for under this Protocol by a creditor of one of the physically linked space assets will cause physical damage to, or render inoperable, another physically linked space asset, the applicable law shall determine whether the creditor may proceed with the exercise of such remedy.]

*Option No. 3*

[In the absence of an agreement among two or more parties with interests governed by this Protocol with respect to physically linked space assets, and without prejudice to the priority and related provisions of the Convention and this Protocol, if the exercise of a remedy provided for under this Protocol by a creditor of one of the physically linked space assets will cause physical damage to, or render inoperable, another physically linked space asset, such creditor exercising such remedy shall compensate for the damage caused to the holder of the relevant interests in the physically linked asset.]

It is to be noted that the submission of these options by the Informal Working Group does not imply their endorsement by the Informal Working Group: they seek rather to reflect the discussions that have taken place in the Informal Working Group during its five meetings.

It is also to be noted that not all the options presented would be acceptable to certain members of the Informal Working Group and that individual members' endorsement of one option would not necessarily imply their endorsement of another.