

Has Cape Town Made A Difference?

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Agenda

Has Cape Town made a difference?

- What is “Cape Town”?
- What are the practical implications?
- What have been the biggest wins?
- How much faith do financiers put in the Treaty?
- Have the original intentions been met?
- Evolving Cape Town matters

The Cape Town Convention - Basics



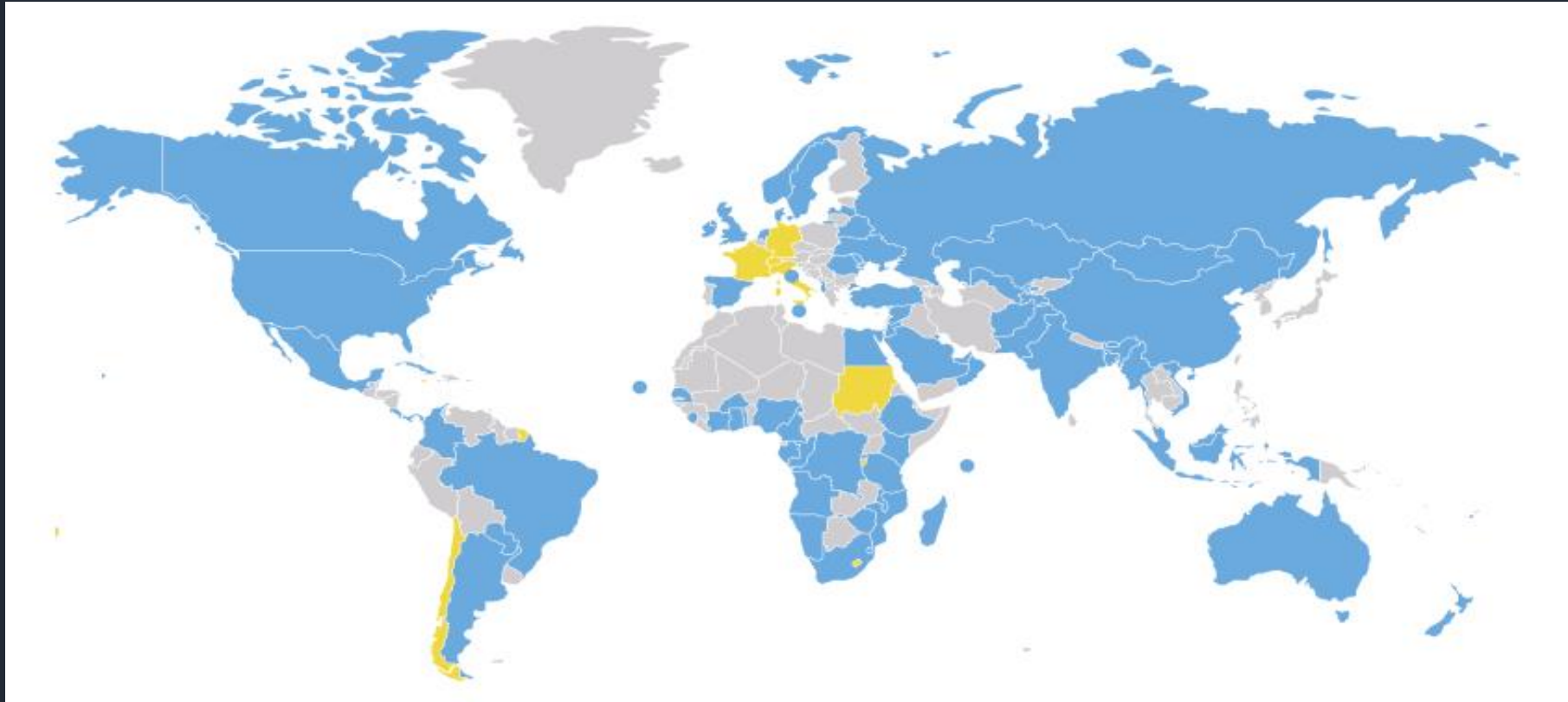
What is the Cape Town Convention?

- a. A group of winos who tour Stellenbosch
- b. Penguins congregating at Boulders Beach
- c. Lawyers and academics advocating multilateral institutions
- d. A treaty governing certain property rights in some mobile assets

Multilateral Treaty Based on U.S. Commercial Law



Contracting States



Blue = entry into force

Yellow = signatory

Cape Town basics:

Cape Town Treaty + the Aircraft Protocol (“CTC”):

1. Covers interests relating to aviation equipment.
2. Flexible –declarations, apply only if “opt-in”.

CTC =>IR =>Registrations

1. International Registry (the “IR”).
2. Registrations + national registry filings (?).
3. Notice.
4. Priority - FITFIR.

CTC ↔ Contracting States

1. CTC > domestic law.
2. BUT:
 - Declaration opted-in?
 - Implementation.
 - Local institutions.

The CTC is Complicated?

Etc. – so much more...

What are the practical implications of CTC? [Marc and Sabrina]

- Protects creditor interests.
- De-registration and export remedies.
- Priority.
- Closing process.

What are the practical implications of CTC? [Johan]

- Impact on Loan/Lease documents.
- Repossession experience.

How much faith do financiers put in the Treaty? [Michel and Marc]

- Financier's perspective - deal breaker?
- Most Financiers - helpful.
- Most US Lenders - *very* important.

Biggest Wins from a Financier's Perspective [Sabrina and Marie-Laure]

- Supplements Geneva Convention.
- Significant benefits:
 - Addresses local law and registration concerns.
 - Flexibility.

Biggest Wins from a Financier's Perspective [Sabrina and Marie-Laure]

- Collateral protections.
- Some enforcement experience.

Have the original intentions been met? [Clay]

Original Intentions:

- Globally - level playing field.
- International registration.
- Standardization, transparency and priority.
- Strengthen repossession rights.

Have the original intentions been met?
[Marie-Laure]

More Still to be Done:

- More signatory nations.
- Repossession remains untested.
- CTC registration is a plus, not a must.

Has CTC made a difference?

Questions?

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Polling Questions

1. What is the CTC Convention?
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Polling Questions

2. Do financiers allocate a specific pricing benefit to CTC?
 - a. Yes
 - b. No
 - c. Maybe

Polling Questions

3. Do financiers decline deals because CTC did not apply?
 - a. Yes
 - b. No
 - c. Maybe

Polling Questions

4. How important is the CTC to a financier's credit methodology?
 - a. Necessary
 - b. Sufficient
 - c. Instructive
 - d. Unimportant

Polling Questions

5. Does the CTC overcome credit quality and transaction structure issues?
 - a. Yes
 - b. No

Polling Questions

6. Since inception, the International Registry is economically viable due to registrations made by corporate and general aviation market participants in the United States
 - a. True
 - b. False
 - c. Mostly true
 - d. Mostly false