



Baarerstrasse 96, PO Box 7262, 6302 Zug, Switzerland
Tel: +41 (0)41 760 28 88; email: info@railworkinggroup.org

✂ [RailWorkingGrp](#)
[in](#) [LinkedIn](#)

Why the Republic of Malta should adopt the Luxembourg Rail Protocol

The Cape Town Convention on International Interests in Mobile Equipment and the aviation protocol thereto was adopted in 2001 and is in force in over 80 countries – including Malta.

The Luxembourg Protocol to the Cape Town Convention is a new global legal system for the recognition, enforcement and prioritisation of security interests held by creditors lending on or leasing all types of railway equipment. This security will be registered in a new international registry, in Luxembourg, which is searchable by the public 24/7 through the internet. The Protocol has been in force in contracting states since **8th March 2024**. Spain, Sweden, Luxembourg, Paraguay, Gabon, and the European Union in respect of its competences, have all ratified the Protocol (as well as the Convention) and South Africa is about to do so. Several other countries including Italy, France, Switzerland, Germany and the UK have all signed the Protocol and are moving at various speeds towards ratification

Adoption of the Protocol will have a positive impact on Malta. It will:

1. enhance Malta's strong reputation as a financial services centre by
 - a. supporting the establishment in Malta of rolling stock lessors and secured lenders leasing rolling stock outside of Malta, by making it easier and cheaper to raise finance for such operations; and
 - b. making it attractive for foreign operators to establish special purpose vehicles in Malta in order to raise debt with the benefit of the additional security being offered to its financiers

because the Protocol applies where the debtor is located in a jurisdiction which has adopted the Protocol (not where the rolling stock is located).

2. increase the availability and reduce the cost of private finance for railway equipment in Malta such as the planned light metro as well as gantries, cranes and other equipment at Valetta port (also covered by the Protocol) as external lenders and lessors take into account lower capital costs and lower risk, in turn removing the need for the state to finance rolling stock procurement, releasing resources for other priorities.

The Rail Working Group is a not-for-profit association constituted under Swiss law representing a broad cross section of the global railway community.

For a complete list of our members and more about us, please visit our website at www.railworkinggroup.org



3. support Maltese banks reducing their risk weighting under Basel IV, when it comes into force at the beginning of 2025.
4. facilitate discounted Western ECA funding support for the financing of imported rolling stock.

In the coming years, in Europe, the Luxembourg Rail Protocol will play a critical role in supporting the EU Green Agenda and the Single European Rail Area by creating easier and cheaper access to the private finance required for procurement of many € billions of freight and passenger rolling stock across Europe. Outside of Europe, it will support many of the UN Sustainable Development Goals and play an important part in combatting climate change.

Malta has already adopted the Cape Town Convention and the aircraft protocol thereto, in fact using its adoption to create a special regime for aircraft finance companies. Hopefully this regime can be extended to rail finance companies when the rail protocol is adopted, providing an additional incentive for these companies to operate from Malta.

The costs of the new system will be minimal – and there is no cost to government. The advantages and opportunities will be tremendous.

For more on the Luxembourg Rail Protocol, visit www.railworkinggroup.org. Keep up to date with all the latest developments via the Rail Working Group's [LinkedIn group page](#).