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Identifying railway rolling stock- it's time for a world-wide system

The Luxembourg (Rail) protocol to the 2001 Cape Town Convention on International Interests in Mobile Equipment creates a new legal framework to secure lenders and lessors providing credit relying on rolling stock as security. It will facilitate a common system of recognition and enforcement of creditor rights and create an international registry, to register such rights, accessible for search 24/7 through the internet. If creditors can look to the value of assets as collateral in addition to its rights against the debtor, it will lower the barriers to entry for railway operators by making credit available to them for the first time, will reduce funding costs for existing operators as the asset risk decreases and as more capital is attracted into the industry, in turn making the industry more innovative and competitive. The advent of the operating lease in the 1970s revolutionised the aviation industry and it can do the same for the railways. But it is an essential requirement of the Protocol (and logical) that the rolling stock be uniquely identifiable.¹

At all times a creditor, in order to register and secure its rights, must be able to demonstrate definitively in which item of rolling stock it holds a title or other security interest. As a consequence, the identifier must be unique (and always unique) and the physical rolling stock must be identifiable by reference to such identifier.²

¹ Article XIV of the Protocol states that there must be regulations issued by the Supervisory Authority prescribing “a system for the allocation of identification numbers by the Registrar which enable the unique identification of items of railway rolling stock.”

² Article XIV goes on to provide that “[t]he identification number shall be:

- (a) affixed to the item of railway rolling stock;
- (b) associated in the International Registry with the manufacturer’s name and the manufacturer’s identification number for the item so affixed; or
- (c) associated in the International Registry with a national or regional identification number so affixed.”

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

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A problem which will create opportunities

This creates both a problem and an opportunity for the rail industry. Unlike other industries, there is no agreed global system for identifying railway equipment. Moreover, where there are numbering systems, either they can change (for example if rolling stock is moved into another country or reconstructed, sold overseas or even if operated by another party) or be replicated (for example different manufacturers using the same numbers for equipment. Specifically “immatriculation” – i.e. the admission of rolling stock, complying with the necessary technical standards, to operate on a rail system is recorded in many countries by reference to a running number. But this number is a local one and can change, be recycled or replicated elsewhere. Different numbering systems may apply even within a jurisdiction in relation to various rolling stock (for example for freight wagons compared to trams) and then even similar types of assets, such as locomotives, may be operating in one country with different running number systems because of the gauge of track they run on. As such, these systems do not fulfil the requirements of a creditor providing asset based financing, since the creditor must be able to show, without doubt, which asset belongs to it or is security for the finance it provides.

After the Luxembourg diplomatic conference, which adopted the Protocol, the Rail Working Group formed a dedicated industry task force to explore the problem and to propose solutions. As a result it developed the URVIS³ identifier, a 20 digit numbering system⁴ for uniquely identifying rolling stock with a number which can never be re-used and which will be affixed to the item of rolling stock. The unique identifier will be issued by the registrar of the international registry established by the Protocol and ideally will be given to manufacturers to allocate to new rolling stock as it is produced or to maintenance companies as they overhaul existing railway equipment. The RWG is already in discussions with companies who can provide permanent systems for the fixing and reading of the URVIS number.

Not another number?

Most assets in use globally have two numbers, one a unique identifier, which never changes, and the other a non-permanent name. For example cars, telephones, computers and aircraft all work under this dual system. A car will have a number plate and a chassis number. The number plate may change, the chassis number never does. But having a permanent unique identifier of rolling stock can create other benefits beyond making it easier to finance. It will

- facilitate easier life time asset tracking for manufacturers
- permit operators to know where their assets are if they are leased to others
- support new real time asset location monitoring systems – particularly helpful for international freight forwarders and operators looking to utilise assets more efficiently
- assist with any insurance or warranty claims

³ Unique Rail Vehicle Identification System.

⁴ See “Allocation and Marking of Permanent Numbers on Rolling Stock” at http://www.railworkinggroup.org/wp-content/uploads/docs/r0184_240210%20RWG.pdf



- permit asset based finance even before an item of rolling stock is given its running number

The financier will also have the comfort of being able to locate more easily its assets in real time, either for the purpose of monitoring operational compliance or repossession, regardless of where the assets are in the world.

The introduction of a global system of unique identification of rolling stock will not only be an essential part of opening up the industry to much needed private sector finance but will make a positive difference to the development of a dynamic rail industry in the 21st Century.

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