

Alberta PPSA: Long Awaited Updates Coming into Force on June 1, 2024

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On June 1, 2024, amendments to the Alberta *Personal Property Security Act* and regulations made under the [Red Tape Reduction Statutes Amendment Act, 2023, SA 2023, c 5](#) (the Amendments) will come into effect.

The Amendments will better harmonize Alberta’s secured transaction regime with Ontario, British Columbia, and Saskatchewan, which adopted similar updates in 2015 (in the case of Ontario) and 2019 (in the case of British Columbia and Saskatchewan).

Among other things, the Amendments set out new choice of law rules for determining the law applicable to the validity, perfection, and effects of perfection of a security interest against certain types of collateral. The original choice of law rules were derived from Article 9 of the Uniform Commercial Code (1972) and have historically given rise to confusion due to (i) the lack of definitions or Canadian case law regarding the interpretation of terms such as “place of business” and “chief executive office”, and (ii) the factual determination that would arise to ascertain the appropriate locations of a debtor.

While the validity and perfection of certain goods and certain possessory security will continue be governed by the law of the jurisdiction where the collateral is located, the applicable governing law clauses with respect to intangibles, goods used in multiple jurisdictions, electronic chattel paper, and certain non-possessory security interests will take on a significantly different appearance.

The following table outlines the new debtor location rules in Alberta:

Debtor Type	Debtor Location – New Rules	Debtor Location – Old Rules
Individual	The location of the debtor’s principal residence.	A debtor is deemed to be located: <div><div>1. At the debtor’s place of business, if the debtor has a place of business;</div><div>2. At the debtor’s chief executive office, if the debtor has more than one place of business; and</div></div>

		3. At the debtor's principal residence, if the debtor has no place of business.
Corporation (Provincial or Territorial)	The province or territory where a corporation or an organization is incorporated, continued, amalgamated or otherwise organized.	
Corporation (Federal)	The jurisdiction where the registered office or head office of the debtor is located:	
	<ol style="list-style-type: none"> 1. As designated in the legislation under which the debtor was incorporated, continued or amalgamated; 2. If (1) does not apply, as designated in the letter patent, articles or other constating instruments of the debtor; or 3. If (1) and (2) do not apply, as designated in the debtor's bylaws. 	
Registered organization that is organized under US state law	The state in which the registered organization was organized.	
Registered organization that is organized under US federal law	The state which: <ol style="list-style-type: none"> 1. The law of the United States designates, if any, or 2. The registered organization designates, if authorized by US law. <p>If neither of the above applies, the District of Columbia in the United States will be the location of the debtor.</p>	

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Trustee for a trust with only one trustee	If the trustee is an individual, the province or territory individual's principal residence is located. If the trustee is a corporation or an organization, the location as determined by the above rules applicable to such corporation or organization.
If none of the above debtor types apply	If the debtor has only one place of business, at that place of business; or If the debtor has more than one place of business, at its chief executive office (being the place from which the debtor manages the main part of its affairs).

Key Takeaways

The amendments outlined above provide much needed clarity in Alberta for determining the location in which registration is necessary to perfect a security interest. The new rules seek to mitigate the previous uncertainty and consequent transaction costs related to identifying the chief executive office of a business debtor. Secured creditors should familiarize themselves with the new rules as there will certainly be situations where historical approaches to registering against borrower groups will need to be adjusted to accord to the new regime.

In addition to the changes noted above, the Amendments will also introduce new provisions respecting:

- the treatment of electronic chattel paper and electronically transferred funds,
- registration and registry search rules for cross-jurisdictional debtors, and
- the cross-collateralization and refinancing of purchase money debt.

For more information regarding the Amendments and their potential impact on secured transactions, please contact the authors of this article.