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Update on Tank Car Regulations for Transportation of Crude Oil and Other Flammable Liquids

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Accelerated Phase-Out of Certain Tank Cars Used for Crude Oil Transportation

Transport Canada has announced that both jacketed and non-jacketed DOT-111 tank cars built prior to the introduction of safety standard CPC-1232¹ must be taken out of service prior to November 1, 2016. This announcement accelerates the previous phase-out timeline which required the phase-out of legacy DOT-111 tank cars by May 1, 2017 for non-jacketed cars and March 1, 2018 for jacketed cars.

The timeframe for phase-out of DOT-111 tank cars built in compliance with safety standard CPC-1232 remains unchanged and such tank cars must be phased out by April 30, 2025. Similarly, the timeframe for phase out of other tank cars involved in the transportation of dangerous goods remains unchanged.

Reminder re: Impact on Documents Previously Deposited Under the Canada Transportation Act

Where an existing tank car is replaced by a new tank car in compliance with the *Regulations Amending the Transportation of Dangerous Goods Regulations (TC-117 tank cars)*², and where a security interest has been granted in the tank car being replaced, the underlying lease or security agreement must be examined to determine if such replacement is permitted.

If the underlying lease or security agreement provides for substitution of collateral, then the tank car can be replaced (generally with the consent of the secured party). Although the lease or security agreement may contain language that allows for substitution and extends the security interest to any replacement or substitution collateral, an amendment to the corresponding deposit under the *Canada Transportation Act*³ (CTA) may also be required to ensure that the collateral is sufficiently described for the purposes of the CTA.

For further information regarding this matter, please contact [Jennifer Wasylyk](#) or any other member of the [Banking & Specialty Finance Group](#).

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¹ CPC-1232 - Requirements for Cars Built for the Transportation of Packing Group I and II Materials with the Proper Shipping Names "Petroleum Crude Oil", "Alcohols, n.o.s." and "Ethanol and Gasoline Mixture"

² Regulations Amending the Transportation of Dangerous Goods Regulations (TC 117 Tank Cars),SOR/2015-100

³ S.C. 1996, c. 10

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