

ROYAL MONETARY AUTHORITY OF BHUTAN

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Rules and Regulations for Central Registry for Secured Transaction in Bhutan 2019

These Rules and Regulations for Central Registry for Secured Transactions in Bhutan are hereby amended by the Board of Royal Monetary Authority of Bhutan under the powers delegated by the Government vide Order dated 22nd August 2012 and as per Section 3(p) of Movable and immovable Property Act 1999.

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CHAPTER I

Preliminary

Short Title and Commencement

1. These Rules and Regulations shall:
 - (a) Be called the **Rules and Regulations for Central Registry for Secured Transaction in Bhutan 2019**;
 - (b) **Come into force on the (date of the Board's endorsement) and repeal the Regulation for Functioning of Central Registry in Bhutan 2013; and**
 - (c) Extend to the whole Kingdom of Bhutan

Power to make rules and procedures

2. Pursuant to the powers conferred on the Royal Government of Bhutan under **Section 92** of Moveable and Immovable Property Act of Bhutan, 1999, the Royal Government of Bhutan have authorized the Royal Monetary Authority of Bhutan, through **Government** order to establish such limits and prescribe such rules and procedures from time to time for the effective implementation of these **Rules and Regulations**.
3. Pursuant to **Section 102** of the Movable and Immovable Property Act 1999, the executive power issued by the Royal Government of Bhutan hereby declares that Part VI of the said Act shall become effective on day these Rules and Regulation comes into force. However, this declaration shall not apply in respect of **Sections 93(1); 93(3); 94(2) and 95** of Part VI of Moveable and Immovable Property Act of Bhutan **1999**.

Interpretation

4. The power to interpret any provision of these Rules and Regulations are vested with the **Management/Board based on the nature of issues**.

Amendment

5. These Rules and Regulations may be amended in part, or in whole, by the Board thereof.

Proviso

6. Any violation to these Rules and Regulations shall be subjected to penalties as per the decision of the Management.

Waiver

7. Depending on the appeal and gravity of violation, the Management shall have the discretionary power to waive the penalty or the Management may submit a proposal for waiver of penalty to the Executive Committee/ Board.

General Provision

8. All collaterals registered with the Registrar of Companies shall be registered with the CRST upon enforcement of these Rules and Regulations.

Definitions

9. The definitions specified under Section 3 of Moveable and Immovable Property Act 1999 shall apply to these Rules and Regulations subject to the following additions:
 - (a) “**Act**” means the Moveable and Immovable Property Act,1999;
 - (b) “**Account Receivable**” means a right to receive value arising from an obligation owned by a third party to the debtor including books debt but excluding negotiable instrument. The term negotiable instrument means as defined under the Negotiable Instruments Act of the Kingdom of Bhutan 2000.
 - (c) “**Address**” means:
 - (i) A physical address, including a Dzongkhag, Gewog, and Village or
 - (ii) An address that purports to be a mailing address, and in addition may include fax, email and telephone number;
 - (d) “**Business debtor name index**” as mentioned in Section96(1) of the Act means the identification number associated to a legal person debtor;
 - (e) “**Board**” means the Board of Royal Monetary Authority established under Section 28 of the Royal Monetary Authority Act of Bhutan 2010.
 - (f) “**Certified Search Report**” means a certificate issued by Registry confirming the registration number, date and time of registration of collateral.
 - (g) “**Delivery**” as mentioned in Section 97 of the Act includes the entry of data in an electronic form and electronic submission of that data to the registry data base;

(h) “**Individual debtor name index**” as mentioned in Section 96(1) of the Act means the identification number associated to a non-legal person debtor;

(i) A reference to an “**Identification Number**” in these Rules and Regulations is a reference to the identification criteria mentioned in Sections 22, 23 and 24 of these Rules and Regulations:

(j) “**Individual**” means a natural person who holds an identification number/passport number/work permit.

(k) “**Institution**” means a juridical person holding a company license and is registered with the Registrar of Companies, MoEA.

(l) “**Management**” means Governor and Dy. Governor.

(m) “**Plants and machinery**” mean machinery or other capital goods used in the operation of the debtor’s business.

(n) “**Registration change statement**” means a statement that records any change in the registration particulars of a security interest, including:

- (i) The continuation of a registration;
- (ii) The deletion of a secured party or debtor where two or more secured parties or debtors are identified in the registration;
- (iii) The addition of a secured party or debtor;
- (iv) The addition, deletion or change of collateral;
- (v) Property identified by a serial number;
- (vi) The change of the name of the debtor;
- (vii) The change of the name of the secured party;
- (viii) The change of the address of the debtor or secured party;
- (ix) The change in the amount secured by the collateral;
- (x) The assignment of the secured obligation by the secured party;

- (xi) Adding the serial number of a motor vehicle or equipment when it becomes known to the secured party; and
- (xii) Discharge of debt and security interest.
- (n) “**Registrant/ Secured Party**” means the person that presents a registration statement under
Section 30 of the Act for registration;
- (o) “**Registrar**” means the person appointed under Section 92 of the Act;
- (p) “**Registration**” means information provided in the initial registration statement and registration change statement, related to a security interest that is entered in the Registry;
- (q) “**Registration statement**” includes an electronic screen for entering registration information to be submitted to the Registry;
- (r) “**Registration number**” means a unique number allocated to each registration by the Registry;
- (s) “**Registry**” means Central Registry for Secured Transactions of collaterals established under the Movable and Immovable Property Act 1999.
- (t) “**Registry data base**” means the data base created and maintained by the registry;
- (u) “**Serial based/Serial number**” means:
 - (i) In the case of a motor vehicle, machinery and equipment, the relevant registration number provided by the Road Safety and Transport Authority of Bhutan or the chassis number marked on or attached to the property by the manufacturer;
 - (ii) In the case of an aircraft frame and an aircraft engine, the serial number marked on or attached to the property by the manufacturer; and
 - (iii) In the case of a boat or a boat motor, the serial number marked on or attached to the property by the manufacturer.
- (v) “**Transition Period**” will be for six months with effect from the date on which this Rules and Regulations will come into force.

CHAPTER II

General rules and objective of the Registry

The objective of the Registry

10. In addition to the objective of the Registry specified in Part VI of the Act, the Registry is established for the purposes of receiving, storing and making available to the public registration information relating to security interests in movable property pursuant to the Act and these Rules and Regulations.

Establishment and Operational of Central Registry for Secured Transaction (CRST)

11.

- a) An Office of CRST shall be entrusted with the responsibilities of establishing a simple, cost effective and efficient method of recording the existence of security interests in movable property thereby affording lenders, borrowers and third parties with the protection and certainty that the substantive parts of Act provides.
- b) The **CRST under the Royal Monetary Authority of Bhutan (RMA)** for the purpose of effective and efficient function, worthy of public trust and confidence.
- c) The Office of the CRST shall provide the highest standard of Registry services to the financial institutions and clients.
- d) The RMA shall provide adequate facilities for the smooth functioning of the Office.
- e) Except for the Board, the service conditions of the employees of the Office shall be governed by the RMA Amended Staff Regulations, 2013.
- f) The powers of the CRST shall be vested in the Board which shall be responsible for the policy and corporate governance of the CRST.
- g) The **Management** shall be responsible for management of **CRST** and assist the Board in implementation of policy and the management of the **CRST**.

Operating hours of the Registry

12.

- (a) The Registry is open to the public during regular business hours;
- (b) Electronic access to the Registry services is generally available 24 hours a day, 7 days a week; and
- (c) Notwithstanding Section 12(a) and (b), the Registrar may suspend access to the Registry services in whole or in part for maintenance purposes or when circumstances arise that make it impossible or impractical to provide access. Notification of the suspension of access to the Registry services and its expected duration is published as soon as reasonably possible on the Registry's website [www.crst.bt] and posted at the offices of the Registry.

User Account

- 13. Applicants (individual) who want to create account with CRST shall fill up Form Number I as prescribed in Annexure III" or online form available on the website under the heading "register as secured party";
- 14. Applicants (institution) who want to create account with CRST shall fill up Form Number II as prescribed in Annexure IV;
- 15. Applicants (individual) who want to make any changes in Form Number I shall fill up Form Number III as prescribed in Annexure V;
- 16. Applicants (institution) who want to make any changes in Form Number II shall have to fill up Form Number IV as prescribed in Annexure VI; and
- 17. All the Forms are available on the Registry's website [www.crst.bt].

Registration of security interests

- 18.
 - (a) A person is entitled to register a security interest in accordance with the Act, these Rules and Regulations and the terms and conditions of use of the Registry, if that person has:
 - (i) Identified itself as the registrant/ secured party;
 - (ii) Made arrangements for the payment for the registration specified in Section 32 of these Rules and Regulations; and
 - (iii) Provided the registration information required by the Act and these Rules and Regulations.

- (b) A person is entitled to register a security interest electronically by complying with the requirements referred to in sub section (c) of this Section.
- (c) A person that wishes to register a security interest electronically shall establish a user account with the Registry.

Failure to register during transition

- 19. Where a secured party fails to register a security interest which existed prior to these Rules and Regulation within the transition period, the security interest created by the secured party shall be lower in priority to the intent of any person without knowledge of security interest who subsequently acquired rights in the movable property.

Obligation of Registrant/Secured Party

20.

- (a) Provide information about security interests to those persons seeking information;
- (b) Ensure that the information entered into the Registry is accurate and up- to-date;
- (c) Discharge security interests when the loan has been paid off or when the security interest no longer exists; and
- (d) Abide by the notification, circular and directives issued by RMA from time to time.

Search

21.

- (a) Any person may conduct a search as per sub section (b) and (c) of this section, provided that the person fills up **Form Number V as prescribed in Annexure VII** along with non-refundable fee prescribed in Annexure II of this Rules and Regulation **or any person can conduct a search under heading “ public search” through our website;**
- (b) Any person may conduct a search by reference to the identification number of a debtor and request a search certificate without having to provide any reasons for conducting the search or requesting the search certificate, **subject to furnishing a copy of valid citizen identity card/work permit/passport/driving license; and**
- (c) A search of a motor vehicle or equipment identification number as mentioned in Section 96(1) of the Act shall be made by reference to the serial number of the motor vehicle or equipment or by the identification number of a debtor.

CHAPTER III

Functions of the Registry

The role and functions of the Registry

21.

- (a) In addition to the functions specified in Part VI of the Act, the Registry shall:
 - (i) Index all registrations according to the identification number of the debtor;
 - (ii) Remove registrations from the Registry record that is available to the public upon the discharge of the security interest or expiry of the term of registration or pursuant to a judicial or administrative order; and
 - (iii) Archive registrations removed from the Registry record that is accessible to the public.
- (b) The Registry shall not change, delete or add any information in the Registry record.

Rejection of a registration form or search request

22.

- (a) The Registry may reject a registration statement or registration change statement or search request under Section 96(1) of the Act if:
 - (i) It is not communicated to the Registry in one of the authorized media and form of communication; or
 - (ii) The information in the registration statement or registration change statement or the search request is incomplete or illegible; or
 - (iii) Otherwise does not comply with the requirements of the Act and these Rules and Regulations, including where arrangements for the payment have not been made.

- (b) A message and grounds for rejection shall be provided to the registrant/ secured party or searcher as soon as practicable.

Date and time of registration

23.

- (a) The Registry shall indicate the date and time and assign a registration number to each registration statement or registration change statement;
- (b) The Registry shall index registrations in the order they were received; and
- (c) For the purposes of Section 38 and any other relevant Sections of the Act, a registration is effective from the date and time it is entered into the Registry record so as to be available to searchers.

Indexing of registrations

24.

- (a) The Registry shall index all registrations according to the identification number of the debtor.
- (b) All amendments shall be indexed in a manner that associates them with the initial registration.

CHAPTER IV

Administration

Organizational structure and Management of CRST

25.

- a) **CRST** shall be one of the Divisions under the Governor's Office until such time it is delinked as separate entity; and
- b) The organizational structure of CRST shall be put in place as per Annexure I.

CHAPTER V

Registration information

Debtor name and identification number (Individual)

26.

- (a) If the debtor is an individual, the registrant/ secured party must state the name of the debtor as specified in this Section.
- (b) For the purposes Section 22(a), the name and identification number of the debtor is determined as follows:
 - (i) If the debtor was born in Bhutan, the name and identification number of the debtor is the name and identification number as stated in the national CID; and
 - (ii) If the debtor was not born in Bhutan, the name of the debtor is the name as stated in a valid passport issued to the debtor and the identification number is the number of that passport.

Debtor name and identification number (Institution)

27. If the debtor is a institution, the name of the debtor is the name that appears in the document constituting the institution and the identification number is the tax payer number assigned to that person.

Secured party name

28. For the purposes of this Section:

- (a) If the secured party is an individual, the registrant/ secured party shall provide the name of the secured party in accordance with Section22; or
- (b) If the secured party is a institution, the registrant/ secured party shall provide the name of the secured party in accordance with Section23 and the identification number by reference to the lending license number of the secured party.

Description of the collateral

29.

- (a) For the purposes of Section 21, the description of the collateral, including proceeds, in the registration statement may be specific or generic as long as it reasonably identifies the collateral;
- (b) A generic description that refers to all collateral within a generic category of movable property includes collateral within the specified category to which the borrower acquires rights at any time during the period of effectiveness of the registration;
- (c) If the registration covers serial number property as defined in Section 4(p) of these Rules and Regulations that is not held by the debtor as inventory, a serial number, the type of serial number property description of the property must be indicated in the appropriate field in the registration form; and
- (d) If a secured party has registered a security interest in respect of a motor vehicle or equipment prior to the serial number of such motor vehicles or equipment being known, the secured party must, when the serial number is made known to the secured party, immediately register a registration change statement in which the serial number of the motor vehicle or equipment is entered.

Amount secured

30. For the purposes of Section 21:

- (a) It shall be sufficient if the amount secured is stated as a maximum amount;
- (b) Interest charges and possible recovery charges as a result of default are not required to be included in any calculation of the amount secured; and
- (c) A registration shall not be invalid or in any way affected by a misstatement of the amount secured.

CHAPTER VI

Registration of Amendments

Amendment of registration

- 31.
- (a) Subject to Sections 28-29 in order to amend a registration, a registrant/ secured party shall select the relevant registration change statement and provide in the appropriate field the following information:
 - (i) The initial registration number of the registration to which the amendment relates or any registration number related to the initial registration number;
 - (ii) If information is to be added, the additional information as provided by these Rules and Regulations for entering information of that kind; and
 - (iii) If information is to be changed or deleted, the information to be deleted, and in the case of a change, the current and new information as provided by these Rules and Regulations for entering information of that kind.
 - (b) If the purpose of the amendment is to disclose an assignment of the secured obligation, the registrant/ secured party shall provide the name and identification number of the assignee as required by Section 24 of these Rules and Regulations.
 - (c) An amendment that adds a new debtor and additional charged property is effective from the date and time when it was entered into the Registry record so as to be available to searchers.

Duration and renewal of the period of effectiveness of registration

32. The term of a registration shall be for an initial maximum period of seven years which may be continued for incremental terms of seven years each.

Registration change statement discharging a debt and collateral

- 33.
- (a) To register a full discharge of a debt and a full discharge of collateral, the registrant/secured party shall provide in a registration change statement the initial registration number of the relevant registration or any registration number related to the initial registration number; and
 - (b) To register a discharge of a debtor or a partial discharge of collateral, the registrant/secured party shall provide in a registration change statement the initial registration number of the relevant registration or any registration number related to the

initial registration number and state the identify the debtor removed or the collateral that is discharged.

Copy of initial registration and amendment

34. When an initial registration or registration amendment is registered electronically, the registry shall provide to the registrant/ secured party an electronic copy of the registration or amendment as soon as it is entered into the Registry record.

CHAPTER VII

Searches

Search criteria

35. A person may conduct a search by using one of the following search criteria:

- (a) The identification number (**individual and institution**);
- (b) The registration number; or
- (c) **The serial based/serial number.**

Search results

- 36.

- (a) A search result shall either indicate that no registrations were retrieved against the specified search criterion or return all registrations that exist in the Registry record with respect to the specified search criterion at the date and time when the search was conducted;
- (b) A search result indicates registrations in the registry record that match the search criterion; and
- (c) The Registry shall issue a search certificate as provided for in Section 96(1) of the Act reflecting the search result.

CHAPTER VIII

Fees

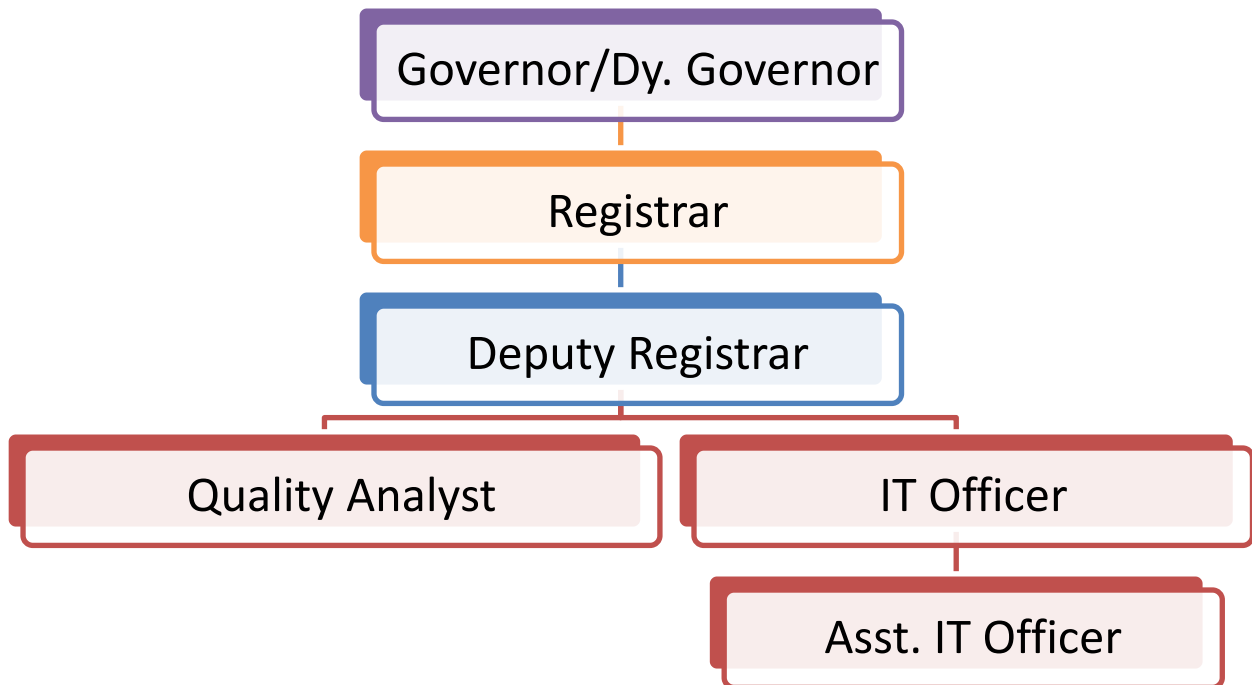
Fees for Registry services

37.

- (a) The CRST shall determine the fees and other charges as maybe applicable for the service provided by CRST from time to time, provided that it is approved by the Board.
- (b) The current fees payable for the service provided by the CRST is provided in Annexure II.

ANNEXURE I

ORGANIZATIONAL STRUCTURE OF CRST



ANNEXURE II

CHARGES APPLIED FOR THE SERVICES PROVIDED BY CRST

Registrant/ Secured party	Services	Loan Amount Slabs (Nu.)	Charges (Nu.)
Individual	Registration	Upto 500,000	200
		Above 500,000	400
	Amendment	Upto 500,000	100
		Above 500,000	200
	Continuation	Upto 500,000	200
		Above 500,000	400
	Discharge	-----	0
Search	-----	100	
Companies/Institutions	Registration	Upto 500,000	300
		Above 500,000	500
	Amendment	Upto 500,000	150
		Above 500,000	250
	Continuation	Upto 500,000	300
		Above 500,000	500
	Discharge	-----	0
Search	-----	200	
Joint Owner	Registration	Upto 500,000	300
		Above 500,000	500
	Amendment	Upto 500,000	150
		Above 500,000	250
	Continuation	Upto 500,000	300
		Above 500,000	500
	Discharge	-----	0
Search	-----	200	

