

## **MEMORANDUM CIRCULAR NO.27**

**TO : ALL SHIPPING COMPANIES , OTHER MARITIME ENTITIES  
ALL CONCERNED , EXCEPT FISHING COMPANIES**

**SUBJECT : GUIDELINES FOR THE ISSUANCE OF TEMPORARY PHILIPPINE REGISTRY UNDER P. D. NO.866/1711**

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Henceforth , the following guidelines shall govern the issuance of Temporary Certificate of Philippine Registry (TCPR) for overseas vessels pursuant to P. D. 866/1711, to wit:

### **I. QUALIFICATION REQUIREMENTS**

1. Only Philippine nationals authorized to engage in overseas shipping with all other qualifications may charter and register any foreign –owned vessel under P. D. 866/1711.
2. Applicant’s principal officers , e.g. President , Vice President for Operations , General Manager , Freight / Chartering Managers or their equivalents have at least three (3) years ‘ experience in the both ship and shipping management .

### **II. PER APPROVAL CONDITIONS**

1. The applicants shall have owners ‘ equity or paid up capital of at least P1.5 M for the first three (3) chartered vessel and shall increase the same to P2.5 M for the charter of additional vessels in excess of three .
2. The applicant may bare boat charter vessels up to at most seven (7) vessels for every owned vessel of at least 5,000 DWT registered permanently under Philippine flag.
3. In cases where the applicant does not own any vessel it may initially bare boat charter five (5) vessels for a maximum of four (4) years per vessel. The bare boat contracts shall not be extended beyond the four (4) years ‘ maximum period unless the applicant acquires at least one (1) of at least 5,000 DWT vessel through direct purchase or through conversion of the bare boat contract from a pure bare boat charter into a lease – irrevocable purchase per financing scheme in which down payment of ,at least ten (10) percent is required and no “balloon” payments shall be allowed beyond the first half of the charter period . Thenceforth , the company may bare boat charter up to seven (7) vessels provided it has least one (1)

vessels of at least 5,000 DWT under permanent Philippine registry , that is , the ratio of bare boat chartered tonnage to owned tonnage shall be maintained at maximum 7:1 in terms of number of vessels

4. In cases where the applicant owns the vessels to be bare boat chartered where the vessels are registered under foreign flag it may bare boat charter such vessels without limitations provided the evidence of owner ship shall be submitted to MARINA.
5. The vessel shall be classed by a recognized international classification society shall have a valid Continuous Machinery Survey (CMS) and Continuous Hull Survey (CHS) at the time of application issued by the internationally accredited classification society.
6. The vessel to be chartered shall in no case be more than 25 years old.
7. The technical, management , financial and economic evaluation of the project shall be favorable . The applicants shall pay a filing fee of P4,000 per vessel. For an application involving vessels 16 years old and above , the applicant shall pay a filing fee of P5,000 per vessel. The age of the vessel shall be reckoned from the date of launching .
8. Pro-forma bare boat ( and time charter ) contracts shall be in accordance with the international chartering practices.

### **III. POST APPROVAL CONDITIONS**

1. A certification by an internationally accredited classification society that the vessels class is maintained shall be submitted to MARINA not later than thirty (30) days from execution of the document and in no case more than six (6) months from approval of the charter .
2. Vessel shall be submitted within thirty (30) days from execution. Copies of all duly executed and authenticated bare boat and time charter party shall be submitted to the MARINA not later than thirty (30) days from execution of the document and in no case more than six 6 months from approval of the charter.
3. Copies of the duly executed lease – financing agreements shall be submitted not later than thirty (30) days after the MARINA approval of the request.
4. Copies of all shipping articles covering the subject

5. An annual economic project performance evaluation report based on MARINA prescribed format shall likewise be submitted not later than 20 June of the following year.
6. The company shall comply with all laws , rules and regulations pertaining to Philippine flag vessels.

#### **IV. TRANSITORY PROVISIONS**

1. All existing bare boat contracts which have been duly approved by the MARINA prior to date of effectivity of this Memorandum Circular may not be renewed unless such contracts are in accordance with this Circular. All companies with existing bare boat contracts which have an owners' equity or paid up capital of less than the required minimum of P1.5 Million or P2.5 Million , at the case may be , shall be given one (1) year from the date of the effectivity of the Circular to comply with this capitalization requirement.

#### **V. SANCTIONS**

1. Any violations of the aforementioned post approval conditions shall be meted the corresponding fines, penalties , or for- feitures as follows:
  - 1.1 For the first violation, for neglecting or refusing without reasonable cause to comply with or submit any or all of post approval conditions and other documents , information or data requested by MARINA by a fine of not more than P10,000.00 .
  - 1.2 For the second violation , for willful neglect of duty to submit the data mentioned in the preceding paragraph , by a fine of not more than P20,000.00 .
  - 1.3 For the continued willful neglect or refusal to submit the within the period the foregoing reports, charter parties, or other relevant information and conditions as required by MARINA , by a fine of not more than P20,000.00. month(or a fraction of a month) of default or by revoking the approval of the bare boat charter contract or by cancellation of the Permanent Certificate of Philippine Registry (PCPR) of the vessel.
2. For failure to comply with the transitory provision requiring a minimum owners' equity of P1.5 Million or P2.5 Million , by a fine of P20,000.00 /month or fraction or a month default or by revoking the approval of the bare boat charter and consequently cancellation of the Permanent Certificate of Philippine Registry(PCPR) of the vessel or vessels.

3. For violations of other laws, rules and regulations pertaining to Philippine flag vessels, these shall be meted the same penalties and fines provided therein.
4. For purposes of imposing the fines, penalties, or forfeitures , the MARINA , through its Legal Office and the Office of Overseas Shipping shall conduct a hearing to enable the shipping entity to explain the circumstances of the violation . The same office shall adopt their own rules and procedures provided sufficient notice is given to all parties concerned .
5. The findings and recommendation of the office concerned shall be forwarded to the Administrator who shall render the decision . Said decision shall become final and executory after the lapse of fifteen (15) days from receipt of decision unless the same appealed within the said period to the Maritime Industry Authority Board , whose decision shall be final and immediately executory .

MARINA Memorandum Circular No. dated 4 September 1979 in so far as it is not consistent with this circular , shall remain in full force and effect .

This Circular shall take effect immediately

Manila, Philippines.