

MEMORANDUM CIRCULAR NO. 38

TO : ALL OVERSEAS SHIPPING COMPANIES AND OTHER CONCERNED MARITIME ENTITIES

SUBJECT : IMPOSITION OF BOND ON BAREBOAT CHARTERING APPLICATIONS UNDER P. D. 760 / 866 / 1711

Please be informed that the Maritime Industry Board, in its meeting on 20 April 1987, has approved the imposition of a cash / surety bond on all Bareboat chartering applications under P . D . 760 / 866 / 1711 in accordance with the following guidelines:

1. Amount Of Bond

The amount of bond shall be governed basically according to the Size of the vessel as follows:

	Size (DWT)	Amount of Surety/ Cash bond (f)
1.1	40,000 & below (below (Panamax size)	75,000/75,000
1.2	Over 40,000 to 70,000 (panamax Size)	100,000/100,000
1.3	Over 70,000 (above (Panamax size)	125,000/125,000

2. **Mode of Posting Cash bond**

The cash bond shall be deposited in any commercial bank of good Standing. Savings banks shall not be acceptable. The shipping company concerned shall execute an assignment of bank deposit in favor of Marina giving the latter full control over the amount of the cash bond to secure the payment of fines and penalties which may be come due to Marina and/or the 4.5% withholding tax due to BIR which amount cannot be withdrawn

by the assignor without the written consent of the assignee, except for the interest earnings on said deposit which is withdrawable at anytime by the assignor without the consent of the assignee. The assignment shall be automatically terminated upon the presentation to the depository bank by the assignor of the Deletion Certificate for the vessel duly approved by the assignee. For purposes of this memorandum circular a standard form for the assignment of Bank Deposit is hereto attached as Annex "A"

3. Mode of Posting Surety Bond

The surety bond to be posted shall be secured from any bonding company acceptable to Marina . the terms and condition for which the surety bond is posted shall be embodied in a standard form here to attached as Annex "B".

4. Exemptions form Bond Requirement

The following shall be exempted from the imposition of the bond requirement;

- 4.1 Shipping companies / entities with at least one (1) vessel permanently registered under Philippine Flag.
- 4.2 Applicants for renewal of existing previously approved bareboat charter.
- 4.3 Applications filed before the date of effectivity of this Memorandum circular.

5. Effects of Implementation of Bond Requirement

As a necessary consequence of the imposition of the bond requirement, some requirements under existing guidelines have been accordingly waived / modified as follows:

- 5.1 The undertaking of joint and several liability of the majority of the stockholders of applicant – company shall no longer be required .

5.2 The letter of guarantee required to be executed by the registered owners or managers / guarantors shall cover only the 4.5% with holding tax payable to the Philippine Government.

This Memorandum Circular shall take effect fifteen (15) days after its publication in the Official Gazette.

Manila , Philippines, 29 April 1987.

PHILIP S. TUAZON
Administrator

Approved:

RAINERION O. REYES
Secretary of Transportation & Communications