



Republic of the Philippines
DEPARTMENT OF TRANSPORTATION

MARITIME INDUSTRY AUTHORITY



SEP 22 2020

MEMORANDUM Circular No. MS-2020-01
Series of 2020

TO : ALL CLASSIFICATION SOCIETIES, DOMESTIC SHIPPING COMPANIES/ OPERATORS AND OTHER MARITIME ENTITIES CONCERNED

SUBJECT : REVISED RULES ON THE ACCREDITATION OF CLASSIFICATION SOCIETIES AND ENTITIES FOR THE PURPOSE OF CLASSIFICATION OF SHIPS IN THE DOMESTIC TRADE.

Pursuant to the pertinent provisions of PD 474, EO 125/125A and R.A. 9295, as amended, the following guidelines are promulgated to govern the accreditation and oversight of local classification societies and other entities to cater to the needs of the Philippine domestic fleet.

I. OBJECTIVE:

1. To enhance the implementation of the accreditation of Local Classification Societies (LCS) performing classification services for Philippine Domestic Ships
2. To monitor the performance of LCS on classification services to ensure the safe operation of all Philippine registered ships.
3. To adopt an oversight program to those accredited Local Classification Societies (LCS) and entities.

II. COVERAGE:

This Memorandum Circular shall apply to all companies/entities duly organized and authorized under existing Philippine laws to engage in the classification services to ships in the domestic trade.

MARINA Building
20th Street corner Bonifacio Drive
1018 Port Area (South), Manila

Tel. Nos: (632) 523-9078 / 526-0971
Fax No: (632) 524-2895
Website: www.marina.gov.ph

III. DEFINITION OF TERMS:

1. **Accreditation** refers to the official recognition of the local classification society to perform classification services for Philippine-registered ships engaged in the domestic trade after full compliance with the requirements of this Circular.
2. **Administration** refers to the Maritime Industry Authority (MARINA).
3. **Audit** refers to a systematic, independent and documented process of obtaining objective evidence to determine whether the LCS' activities and related results comply with the provisions of this Circular
4. **Certificate of Accreditation (COA)** – shall refer to the document issued by the Administration to qualified local classification societies authorized to conduct classification services for ships engaged in the domestic trade.
5. **Class Technical Committee** refers to technical experts in-charge of approving the Classification Rule Book.
6. **Classification Services** - refers to the issuance of a classification certificates attesting that the structural strength and integrity of essential parts of the ship's hull and its appendages, and the reliability and function of the propulsion and steering systems, power generation and those other features and auxiliary systems are in accordance with their published standard.
7. **Classification Society** refers to a non-governmental organization that establishes and maintains technical standards for the construction and operation of ships.
8. **Local Classification Society (LCS)** – refers to an organization authorized by the Administration to conduct classification services for ships engaged in the domestic trade.
9. **Oversight** - refers to the activities related to performance monitoring carried out by the Administration to ensure that the service of the Local Classification Societies (LCS) complies with national requirements for Philippine shipping companies and their Philippine registered ships.
10. **Professional Indemnity Insurance (PII)** is a form of liability insurance which helps protect professional advice- and service- providing individuals and companies from bearing the full cost of defending against a negligence claim made by a client, and damages awarded in such a civil lawsuit.
11. **Ship Record/Record of Ships** an official listing of ships classed by the LCS.
12. **Vessel Classification** – the process being performed by classification societies to ensure that a ship is properly designed, constructed and maintained in a safe condition through the imposition of rules governing vessel construction, carrying out of surveys during the building and/or



alteration and repair of a ship and throughout the vessel's subsequent trading life.

13. **Working Group** refers to the composition of technical personnel and experts from within the LCS performing classification services and technical advisory services, and providing technical opinions as may be necessary.
14. **Non Conformities** refers to any failure to meet a requirement.
15. **Major Non conformities** refers to an absence or a complete breakdown of the quality management system or one of its processes or failure to address a key requirement of this circular statutory or regulatory body which poses serious threat to the safety of personnel, ship, or the environment.

IV. GENERAL PROVISIONS:

1. The Local Classification Society (LCS) shall provide classification services to develop and administer the technical standards for the design, construction and periodical survey of ships and other marine structures such as mobile offshore unit.
2. The LCS shall perform Technical Advisory services related to Classification in terms of ship design, construction, development of technical/safety policy referred to by the Administration.
3. The LCS and its staff shall not engage in any activities that may conflict with their independence of judgement and integrity in relation to their Classification services.
4. The personnel of LCS shall be free from any pressures, which might affect their judgement in performing Classification services. Procedures shall be implemented to prevent persons or organizations external to the organization from influencing the results of services carried out.
5. LCS should be governed by principles of ethical behavior which should be contained in a Code of Ethics.
6. The classification society so established must, and shall at all times, be a non-governmental organization composed of committees representing associations of shipbuilders, ship owners, underwriters and maritime professional organizations like naval architects, marine engineers, electrical engineers, etc.
7. The LCS shall at all times be certified in accordance with the ISO 9000 series and its amendments. In the conduct of the audit process, MARINA technical personnel may observe the activity of the independent body auditors by being part of such audit as observers.



8. Certification issued by independent body auditors shall in no case preclude the Administration from verifying the compliance by the LCS with the Quality Management System.
9. A record of ships must be maintained and the types of ships classed by the LCS shall be reflected in the Certificate of Accreditation (COA). Such record shall include the ship's particulars and status of the vessel whether active, suspended, withdrawn or transferred to another LCS.
10. The issuance and validity of the COA shall require the conduct of appropriate audits including the conduct of performance monitoring through an oversight program by the MARINA.
11. The LCS shall allow participation in the development of its rules and/or regulations by qualified technical representatives from the Administration and other parties concerned. Likewise, the Administration may seek representatives from the LCS in the formulation of Administration's policies and capacity building.
12. The LCS may provide technical cooperation, upon request by the Administration in terms of training, seminar or workshop relating to maritime safety, and the prevention of marine pollution on matters relating to the design of ships, provided that all conditions including the scope of cooperation and the number of participants are mutually agreed.
13. The LCS shall provide in its organization, research and development relative to ship construction, maintenance and/or other related matters.

V. SPECIFIC PROVISIONS:

1. The Local Classification Society shall at all times observe due diligence and shall faithfully discharge their duties in ensuring compliance with approved standards. Any willful act, omission or gross negligence on the part of the LCS shall be subject to the penalties under this Circular.
2. Class Rule Books for all types of hull materials shall be approved by its Class Technical Committee and to be submitted to the Administration for validation taking into account the applicable IMO Instruments as standard. (SOLAS, MARPOL, Load Line, Stability Code, and associated Codes and its Annexes). The prospective LCS shall defend their Class Rule Books through oral examination and simulation of calculation.

Any revisions of the existing Class Rule Book shall be reviewed and approved by the Class Technical Committee or the Class approving body and shall be submitted for re-validation by the Administration.
3. The LCS management shall have the competence, capability and capacity to organize, manage and control the performance of survey functions in order to verify compliance with requirement relevant to the tasks accredited and should, *inter alia*, provide:

- .1 an adequate staff of competent supervisory, technical appraisal and survey personnel;
 - .2 for the development and maintenance of appropriate procedures and instructions;
 - .3 for the maintenance of up-to-date documentation on interpretation of the relevant instrument;
 - .4 technical and administrative support to field staff;
 - .5 for the review of survey reports and provision of experience feedback.
4. The LCS should have the appropriate competence, capability and capacity to perform the following technical evaluations and/or calculations pertaining to:
- .1 Hull Structure
 - .1 longitudinal strength;
 - .2 local scantling such as plates and stiffeners;
 - .3 structural stress, fatigue and buckling analyses;
 - .4 materials, welding and other pertinent methods of material-joining;

for compliance with relevant rules and convention requirements pertaining to design, construction and safety.
 - .2 Machinery Systems
 - .1 propulsion and auxiliary machinery and steering gear;
 - .2 piping;
 - .3 electrical and automation systems;

for compliance with relevant rules and convention requirements pertaining to design, construction and safety.
 - .3 Subdivision and stability
 - .1 intact and damage stability;
 - .2 inclining test assessment;
 - .3 grain loading stability;
 - .4 watertight and weathertight integrity.
 - .4 Load line
 - .1 freeboard calculation;
 - .2 condition of assignment of freeboard.
 - .5 Tonnage
 - .1 tonnage computation.
 - .6 Structural fire protection
 - .1 structural fire protection and fire isolation;



- .2 use of combustible materials;
 - .3 means of escape;
 - .4 ventilation systems.
- 5. The LCS shall have the appropriate competence, capability and capacity to perform the required surveys under controlled conditions as per the LCS Quality Management System (QMS) and representing as adequate geographical coverage and local representation as required.
- 6. The LCS shall implement a document system for qualification of personnel and continuous updating of their knowledge as appropriate to the tasks they are authorized to undertake. This system should comprise appropriate training courses, including, inter alia, international instruments and appropriate procedure connected to the classification process, as well as practical tutored training, and it should provide documented evidence of satisfactory completion of the training; Covering at least initial and renewal surveys.
- 7. The LCS shall provide access to the Administration to their records. The LCS shall furnish a copy of the Class Survey Report to all its classed ships.
- 8. The LCS shall post in their website the copy of the Class Certificate issued within forty eight (48) hours after issuance.

VI. QUALIFICATION REQUIREMENTS:

- 1. The LCS shall have a working group responsible for the functions and activities as specified under Section V.3-V.4 of this Circular particularly on Technical appraisal and survey.
- 2. The working group shall be composed of permanent personnel consist of at least one (1) registered Naval Architect one (1) Mechanical Engineer, one (1) Management Level Engine Officer, one (1) Management Level Deck Officer, and one (1) Electrical Engineer.
- 3. The above personnel shall have the following minimum qualifications:
 - 3.1 Registered Naval Architect with work experience for at least five (5) years;
 - 3.2 Management Level Deck Officer with work experience for at least five (5) years;
 - 3.3 Management Level Engine Officer with work experience for at least (5) years;
 - 3.4 Licensed Mechanical Engineer with at least five (5) years working experience as superintendent and/or division manager in a MARINA accredited shipyard or in any shipping operations;



- 3.5 Licensed Electrical Engineer with at least five (5) years working experience as superintendent and/or division manager in a MARINA accredited shipyard or in any shipping operations.
4. All surveyors shall be in possession of a training certificate for ship classing and shall work as an exclusive organic surveyor for that organization.

VII. DOCUMENTARY REQUIREMENTS:

1. SEC registration Certificate, Articles of Incorporation and by-laws
2. Business Permit and Barangay Certificate
3. Name of signatory(ies) to the Class Certificate
4. List of surveyors, technical, managerial and support staff, and Code of Ethics.
5. Classification Rule Books for the design, construction and certification of steel ships must be evaluated based on latest IMO Standards (SOLAS, MARPOL, Load Line, Stability Code, and associated Codes and its Annexes).
6. Documented system of the LCS' development, implementation and maintenance of an effective internal quality system based on appropriate recognized quality standards no less effective than ISO series, and which, inter alia, ensures that:
 - .1 the LCS' rules and/or regulation are establish and maintained in a systematic manner, and are reviewed and amended following a documented procedure;
 - .2 the LCS' rules and regulations are complied with;
 - .3 the responsibilities, authorities, and interrelation of personnel whose work affects the quality of the LCS' service are defined and documented;
 - .4 all works are carried out under controlled condition;
 - .5 a supervisory system is in place, which monitors the actions and work, carried out by the LCS;
 - .6 a system of qualification of surveyors and continuous updating of their knowledge is implemented;
 - .7 records are maintained, demonstrating achievement of the required standards in the items covered by the services performed as well as the effective operation of the quality systems;
 - .8 electronic copies of systems pertaining to ISO Certification, rules and standards for the construction and classing maybe maintained; the hard copies of ships file, approved plans and drawings together with ship survey reports shall be maintained and made available; and



- .9 a comprehensive system of planned and documented internal audits of the quality – related activities in all location is implemented.
7. ISO 9000 Series Certification and subsequent amendment thereto issued by internationally recognized certifying body/independent auditors.
8. Proof of Professional Indemnity Insurance or Liability Insurance secured by the LCS.

VIII. PROCEDURE FOR ACCREDITATION AS CLASSIFICATION SOCIETY

1. The applicant shall file with the Administration an application in writing duly supported by the above-mentioned documentary requirements.
2. Incomplete documentary requirements shall not be accepted. Mailed application with incomplete requirement shall be immediately returned to the applicant.
3. The Certificate of Accreditation shall be issued after evaluation of all documents submitted and after satisfactorily complying with the requirements of this circular.

IX. CERTIFICATION, AUDIT AND MONITORING

1. A Certificate of Accreditation (COA) shall be issued upon satisfactory result of the initial and renewal audit valid for a period of five (5) years subject to annual verification and endorsement of certificate. The certificate cannot be transferred or alienated in whatever manner and its use by another shall not be allowed.
2. The initial/renewal audit shall be conducted by the Administration, which includes among others verification of Section V.3-V.4 of this circular and the actual conduct of survey by class surveyors on ships.
3. In order to monitor compliance of the LCS, the Administration shall conduct an annual audit in addition to paragraph 2.
4. The conduct of audit by MARINA shall be guided by the LCS Accreditation and Oversight Procedure Manual I approved by the Administration.
5. Whenever the LCS decides to withdraw or suspend its operation;
 - .1 Notice shall be sent to the Administration six months prior to withdrawal or suspension
 - .2 LCS to submit exit/termination plan particularly with the affected ships.

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3. LCS to surrender the Certificate of Accreditation within three (3) days after cessation of operation.

X. OVERSIGHT / PERFORMANCE MONITORING

1. The Administration shall conduct random audit to LCS to verify compliance on the quality management system and national regulation.
2. The Administration shall conduct additional audit to the LCS whenever their classed ships are involved in a very serious maritime accident.
3. In case the COA is suspended/withdrawn/cancelled, ships issued with Class Certificate shall be given reasonable time, but not to exceed six (6) months, to transfer to another LCS with valid COA after failure of the said LCS to correct/rectify findings.
4. The LCS shall inform the MARINA at least three (3) days prior to the conduct of the activity of the independent body auditors.

XI. TRANSFER OF CLASS

1. The LCS shall have procedures with regard to transfer of class (losing and gaining). Should the company decide to transfer from one LCS to another, the losing LCS shall immediately turn over all the records of ship concerned to the gaining LCS.
2. The losing class shall, within fifteen (15) days from notice from shipowner, transmit to the gaining class the ships records including outstanding recommendation which was not yet complied.
3. New certificates for the ship shall be issued by the gaining LCS only after all overdue surveys have been satisfactorily completed and all overdue recommendations or overdue conditions of class previously issued in respect of the ship have been completed as specified by the losing LCS.

XII. SUBMISSION OF REPORT AND OTHER DOCUMENTS:

The LCS accredited under this Memorandum Circular shall submit the following quarterly reports and/or documents:

1. Updated listings of technical personnel involved in the following (if any);
 - a. Classification Services;
 - b. Technical Advisory Services;
 - c. Technical Committee or Class Rule Approving Body.



2. List of approving officers/signatory (ies) not related to item 1.c; and,
3. Accomplishment report to include the following:
 - a. Initial Survey Conducted;
 - b. Renewal Survey Conducted;
 - c. Annual Survey Conducted; and
 - d. Class Transfer (Gaining and Losing).
4. The LCS should immediately inform the Administration, through any means possible, of any dangerous occurrences, accidents, machinery or structural breakdowns, or failures requiring immediate repair or repair by a given due date that they are aware of on a ship.
5. Revisions of the Class Rule Book, if any.

The foregoing reports/documents shall either be the original or true copies of the original duly attested by an authorized representative of the company/entity.

XIII. GROUNDS FOR SUSPENSION/WITHDRAWAL OF CERTIFICATE OF ACCREDITATION (COA)

1. The COA is to be suspended if:
 - 1.1 Corrective actions are not completed within the agreed schedule which should not normally exceed three (3) months;
 - 1.2 An annual audit not undertaken three (3) months after the anniversary date;
 - 1.3 There is evidence of a major non-conformity; and
 - 1.4 Upon determination of failure to comply with qualification requirements under Section VI of this Circular.
2. The COA shall be withdrawn three (3) months after suspension under the following circumstances:
 - 2.1 No action was taken by the LCS on paragraph 1 of this Section; or
 - 2.2 After persistently failing to close out non conformances cited in paragraph 1.1 and 1.3 of this Section.



XIV. FEES AND CHARGES:

The fees and charges shall be as follows:

Accreditation fee P100,000.00/valid for five (5) years

Initial/Renewal/Annual Audit Fee: P50,000.00

The above fees shall be exclusive of the documentary stamps required by law to be affixed on the certificate.

XV. ADMINISTRATIVE SANCTIONS

After due notice and hearing the Administration shall impose the following penalties against LCS for:

1. Failure to comply with any provision of this Circular.
 - 1.1. First Offence = P100,000.00
 - 1.2. Second Offence = P100,000.00 + suspension of COA for six (6) months
 - 1.3. Third Offense = Cancellation of COA
2. For providing classification services without a valid COA = P300,000/ship

XVI. TRANSITORY PROVISION


All existing LCS shall comply within one (1) year after effectivity of this Circular.

XVII. REPEALING CLAUSE

MARINA Circular No. 165 is hereby repealed.

XVIII. SEPARABILITY CLAUSE

Should any provision or part of this Circular be declared by competent authority to be invalid or unconstitutional, the remaining provisions or parts hereof shall remain in full force and effect and shall continue to be valid and effective.



XIX PUBLICATION AND EFFECTIVITY:

This Memorandum Circular shall take effect fifteen (15) days after its publication once in the Official Gazette or in a newspaper of general circulation in the Philippines.

Manila, Philippines, 18 June 2020.

BY AUTHORITY OF THE BOARD:


VADM ROBERT A EMPEDRAD AFP (Ret)
Administrator

SECRETARY'S CERTIFICATE

This is to certify that MARINA Circular No. MS-2020-01 has been approved during the 277th Regular Meeting of the MARINA Board of Directors held on 18 June 2020.

Corporate Board Secretary


ATTY. EUSEBIA CADLUM-BOCO

