



Republic of the Philippines
DEPARTMENT OF TRANSPORTATION

MARITIME INDUSTRY AUTHORITY



SEP 13 2021

MEMORANDUM CIRCULAR NO. DS-2021-02
Series of 2021

**TO : ALL PHILIPPINE-REGISTERED SHIPS APPLYING FOR
TEMPORARY SUSPENSION OF PHILIPPINE REGISTRY**

**SUBJECT : RULES AND REGULATIONS ON THE TEMPORARY
SUSPENSION OF REGISTRY OF PHILIPPINE-REGISTERED
SHIPS**

Pursuant to Presidential Decree No. 474, Executive Order Nos. 125/125-A, and Section 10 of Republic Act No. 9295, the Rules and Regulations on the Temporary Suspension of Philippine-registered Ships are hereby prescribed.

I. OBJECTIVES:

- a. This Memorandum Circular aims to provide rationalized guidelines in the implementation of policy on the temporary suspension of registry of Philippine-registered ships.
- b. To provide the Philippine shipping companies commercial opportunities to lease out their ships overseas under the prevailing international chartering of ships.

II. COVERAGE:

This Circular shall apply to the Philippine-registered ships applying for temporary suspension of Philippine registry for purposes of operating outside the Philippines through the Bareboat Charter - Out arrangement.

III. DEFINITION OF TERMS:

1. **ADMINISTRATION** refers to the Maritime Industry Authority.
2. **BAREBOAT CHARTER** refers to an arrangement for the hiring of a vessel whereby no administration or technical maintenance is included as part of the agreement. The charterer obtains possession and full control of the vessel along with the legal and financial responsibility for it.

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

3. **BAREBOAT CHARTER REGISTRY** refers to the state whose flag the vessel is flying during the charter period.
4. **BAREBOAT CHARTER OUT** means that a ship registered in the Philippines is permitted to fly a flag other than Philippines for a specified bareboat charter period.
5. **CONSENT** refers to the document issued by the Administration, effectively authorizing the temporary suspension of Philippine-registered ships from the registry.
6. **DELETION** refers to the cancellation of a ship's temporary registry and termination of its trading status from the other country.
7. **REVERSION** refers to the resumption or reactivation of the ship's Philippine Registry upon the termination of the Bareboat Charter Out Contract/Arrangement.
8. **SUSPENSION OF REGISTRY** means the right to fly the original registry's flag is temporarily suspended until it is resumed and reactivated.
9. **SHIP REGISTRATION** refers to the documentation and authorization of a ship to sail under Philippine flag.

IV. GENERAL PROVISIONS:

1. Companies/ entities which intend to bareboat charter out must secure a Consent from the Administration, in accordance with the rules prescribed under this Circular.
2. The application for approval of the Consent shall be submitted/filed online by the owner or by his authorized representative at the Domestic Shipping Service (DSS).
3. The Consent will be issued by the Administration after compliance with all the documentary requirements and payment of the processing fee, and it shall be valid for the duration of the charter period not exceeding a maximum of five (5) years.
4. The Consent may be renewed for another five (5) years but in no case shall the aggregate total of extension/s exceed to a maximum period of ten (10) years. The application for extension must be filed within sixty (60) days before the expiration of the Consent.



5. All documents in foreign language shall be translated in English language and authenticated by the Philippine Embassy/Consulate General of the foreign country where the documents originated
6. A certified true copy of the registry or similar document showing the bareboat charter registry of the ship shall be submitted within ninety (90) days from the date of suspension of the registry. If the document is not submitted within the prescribed period, the suspension shall be automatically terminated and ceases to have effect.
7. The temporary suspension of registry of Philippine registered ships shall be lifted upon filing the application for Reversion to Philippine flag and submission of Deletion Certificate from the current registry.

V. SPECIFIC PROVISIONS

1. The applicant shall surrender the original Certificate of Philippine Registry (CPR) and the Ship Station License of the ship to the Domestic Shipping Service (DSS).
2. The domestic ship operator/ship owner intending to bareboat charter ships under this circular, must be duly accredited under MARINA Circular No. 2006- 03/2020-02 or its subsequent amendment.
3. The shipping company is required to continuously pay the Annual Tonnage Fee (ATF) of the ship for the duration of the Bareboat Chartering Out arrangement or while the temporary suspension of the Philippine registry is still in effect.
4. All the preferred ship mortgages and financing charter recorded in the dorsal part of the Certificate of Philippine Registry (CPR) shall remain in full force and effect, pursuant to the Philippines Ship Mortgage Law for the duration of the period of bareboat charter registration in the foreign country.
5. Pre-termination of the bareboat charter contract may be allowed upon written notice and submission of the documentary requirements indicated in this Circular. The company must immediately notify MARINA in writing when the charter party has terminated, for whatever reason, or when the ship owner has otherwise retaken the possession of the vessel.



VI. DOCUMENTARY REQUIREMENTS

A. Issuance/renewal of the Consent

1. Pre-Approval requirements

The following documentary requirements must be submitted with the Domestic Shipping Service (DSS) for the issuance of the Consent to temporarily suspend the ship's registration in the Philippine Registry:

1. Letter of Application indicating the following:
 - a. The name and official number of the ships
 - b. The name, address, email and telefax or telephone numbers of the bareboat charterer
 - c. The ship's intended service, the nature of the cargo and geographical regions in which it will navigate
 - d. The dates contemplated for commencement of the charter party and for its earliest termination; and
 - e. A request for the submission of a certified copy of the vessel's CSR File to the bareboat charter registry
2. Copy of the Bareboat Charter Party Agreement/Contract showing the name of the ship; the name of the charterer and the name of the owner of the ship; the date of the charter party; and the charter period.
3. Copy of Certificate of Ownership (CO) and original Certificate of Philippine Registry (CPR).
4. Legal Clearance of no outstanding obligation from Central Office (CO) / MARINA Regional Office (MRO).
5. Notarized letter of Consent from the Mortgagee (if the ship has mortgage recorded on it).
6. Original copies of Power of Attorney / Secretary's Certificate and/or Board Resolution authorizing the signatory to the Charter Agreement.
7. Copy of the valid government issued identification cards of the signatories to the Deed of Sale, Charter Agreement and/or Memorandum of Agreement affixing three original signatures in the said copies.
8. Notarized Deed of Undertaking to the effect that that the applicant is the lawful owner and that no issue or controversy of vessel's ownership.
9. Proof of payment of Documentary Stamp Tax.
10. Pictures of the Vessel in all angles.



II. Post-Approval requirements

The following post-approval requirements must be submitted to the Domestic Shipping Service (DSS) within Ninety (90) days from issuance of the Consent or date of suspension of the registry.

1. Certified true copy of the registry or similar document showing the bareboat registry of the ship in other country and the period of charter hire.
2. Certified true copy of Certificate of Registry or similar document issued to the disponent owner of the ship or a document showing Permission for Foreign Bareboat Charter Registration.
3. Copy of the statutory certificates issued by the receiving flag.

B. Termination of Bareboat Charter Registry in a Foreign Country

1. Letter application or Notice of Reversion to Philippine Registry with request for the withdrawal of the Consent and issuance of clearance for resumption/reactivation of the ship's Philippine registry;
2. Affidavit of the Owner advising that the charter has been terminated
3. Evidence of satisfactory completion of:
 - a. A change of flag survey by the vessel's Classification Society
 - b. A safety inspection of the vessel conducted by the Maritime Safety Service (MSS)
 - c. A current CSR File copy, certified by the bareboat charter registry and submitted to the Administrator along with a CSR Amendment Form upon owner's retaking of possession.

C. Pre-termination of Bareboat Charter Contract Requirements

1. Letter of Application with request for the Cancellation or Withdrawal of the Consent issued by the Administration;
2. Letter of concurrence/confirmation of the registered owners of the ship to pre-terminate the bareboat charter out contract;
3. Copy of Deletion Certificate

Upon termination of the Bareboat Charter or when the ship owner retakes possession, the following documents are to be submitted to the DSS for purposes of issuance of clearance for ship re-registration in the Philippines.

VII. REPORTORIAL REQUIREMENTS DURING THE PERIOD OF CHARTER HIRE

1. Proof of payment of Annual Tonnage Fee (ATF)
2. Certified true copy of the registry of the ship of other country (each year)

VIII. SCHEDULE OF FEES

| No. of Years | Issuance of Consent | Renewal of Consent |
|--------------|---------------------|--------------------|
| One (1) | P 100,000.00 | P 200,000.00 |
| Two (2) | 150,000.00 | 300,000.00 |
| Three (3) | 200,000.00 | 400,000.00 |
| Four (4) | 250,000.00 | 500,000.00 |
| Five (5) | 300,000.00 | 600,000.00 |

Maximum fee of P300,000.00 for Fishing vessels which are exempted from payment of Annual Tonnage Fee (ATF)

IX. SANCTIONS AND PENALTIES

Violations of any provisions of this Circular shall be subject to the following administrative fines and penalties:

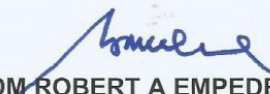
| VIOLATION | PENALTY |
|--|------------------------------|
| 1. Bareboat Charter out of a Ship without securing the required Consent | Php1,000,000.00 |
| 2. Non-compliance with the post-approval conditions imposed in the Consent | Php 200,000.00 per condition |
| 3. Submission of fraudulent documents in the Application for Approval of the Consent to Bareboat Charter Out Ships | Php 1,000,000.00 |

X. EFFECTIVITY

This Circular shall take effect after fifteen (15) days from its publication in a newspaper of general circulation and will be reviewed after two (2) years of implementation to determine its effectivity.

Manila, Philippines, SEP 13 2021

BY AUTHORITY OF THE BOARD:


VADM ROBERT A EMPEDRAD AFP (Ret)
Administrator

SECRETARY'S CERTIFICATE

Memorandum Circular No. DS-2021-02 has been approved by the MARINA Board in its 286th Regular Board Meeting held on August 19, 2021.


ATTY. MAXIMO I. BAÑARES, JR.
Board Secretary

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