

REGISTRATION CHOICES & PRACTICALITIES: A FLAG STATE VIEW

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International Registries, Inc.
in affiliation with the Marshall Islands Maritime & Corporate Administrators

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AGENDA

- Flag State Duties and Responsibilities
- Registration Choices and Practicalities
- Port State Control
- Republic of the Marshall Islands Yacht Registry Overview



QUESTION:

What are the criteria owners / consultants should use in determining the choice of registration?

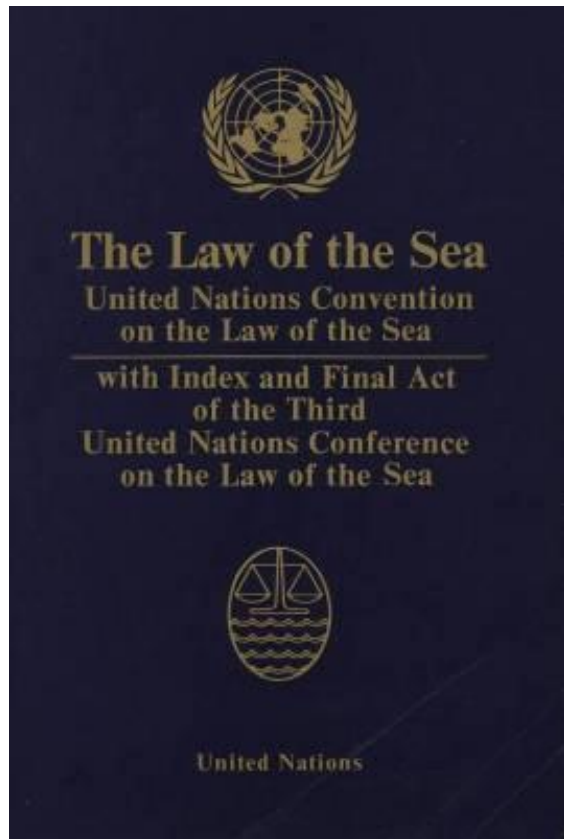


DUTIES OF A FLAG STATE

- Records ownership
- Establishes legal framework
- Imparts nationality
- Ensures national and international statutory and regulatory controls
- Establishes rights and privileges of the yacht

The duties of flag States are laid down in the United Nations Convention on the Law of the Sea (UNCLOS)

UNCLOS



32

Convention: arts. 94-95

Article 94

Duties of the Flag State

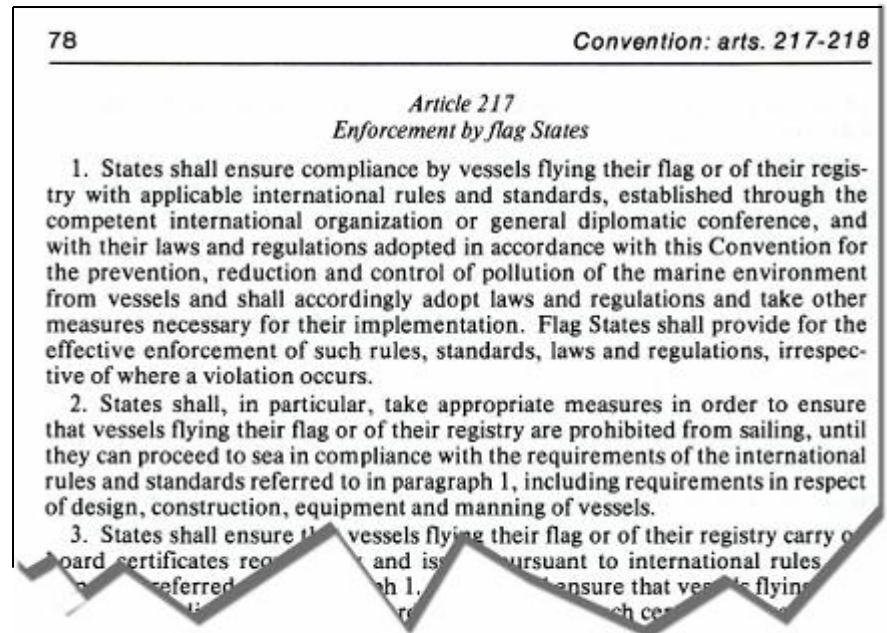
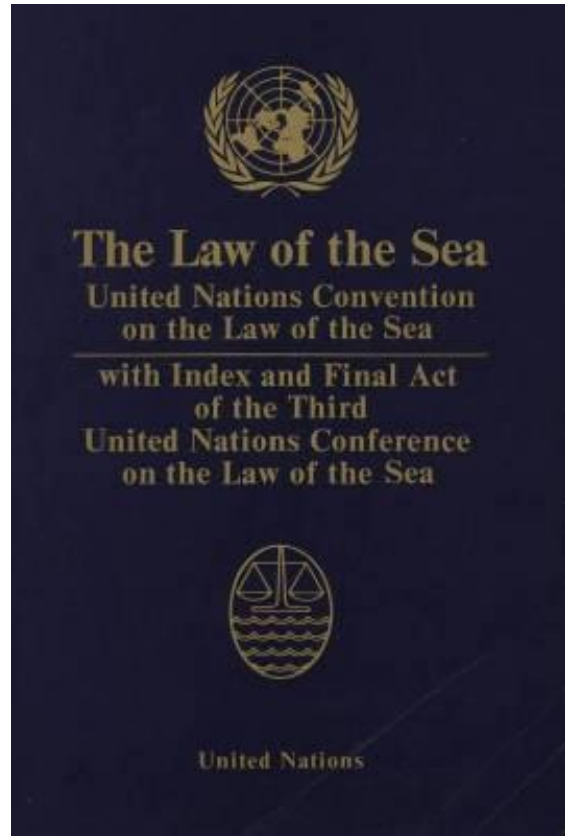
3. Every State shall take such measures for ships flying its flag as are necessary to ensure safety at sea with regard, *inter alia*, to:

- (a) the construction, equipment, and seaworthiness of ships;
- (b) the manning of ships, labour conditions and the training of crews, taking into account the applicable international instruments;
- (c) the use of signals, the maintenance of communications and the prevention of collisions.

ARTICLE 94

Duties of the Flag State

UNCLOS (continued)



ARTICLE 217

Enforcement by flag States

FLAG STATE – PRACTICAL CONSIDERATIONS

- Exercises regulatory control
- Well-resourced worldwide offices and easily accessible
- Quality customer service
- Understanding of the industry
- Internationally recognized
- Vessel screening and pre-registration vetting
- IMO / ILO proactive participation

QUESTION:

What are the criteria owners / consultants should use in determining the choice of registration?



KEY DRIVERS FOR REGISTRATION CHOICES

- Owner's nationality / residence
- Activity (charter / pleasure)
- Trading zone
- Technical compliance

- Taxation
- VAT
- Crew qualification (MSMC)
- Captain nationality
- Administrative constraints

Registry and flagging?

KEY DRIVERS FOR REGISTRATION CHOICES (continued)

Criteria owners / consultants should use in determining choice of a flag State:

- Stability of jurisdiction
- Efficiency and ease of registration
- Costs
- Lender's acceptance
- Mortgage security
- Familiarity with yachts
- Economic (taxation / VAT)
- Commercial use
- Easily accessible and well-resourced worldwide
- Image and reputation

PORT STATE CONTROL (PSC)

Port State Control (PSC) is the inspection of foreign ships in national ports to verify that the condition of the ship and its equipment comply with the requirements of international regulations and that the ship is manned and operated in compliance with these rules.

PSC ON YACHTS – WHAT HAS CHANGED?

Yachts have traditionally enjoyed a “low profile” with PSC authorities around the world and have generally been considered a low priority for inspections.

- **Paris MoU**
 - Since **1 January 2011** - Paris MoU introduced the New Inspection Regime (NIR)
 - **NIR** evaluates a vessel's risk profile, and thereby determines the frequency of inspections
 - NIR is supported by the Hybrid European Targeting and Inspection System (**THETIS**)

PARIS MOU ON YACHTS



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RISK PROFILE

Vessels are categorized into three risk profiles:

- **Priority 1** – High Risk (HRS)
- **Priority 2** – Standard Risk (SRS)
- **Priority 3** – Low Risk (LRS)



INSPECTIONS

*Based on the Risk Profile, the Inspection and Selection Scheme, determines the **scope, frequency and priority** of inspections*

- Ships become due for periodic inspection within the Paris MoU region in the following time frame after their last inspection:
 - **Priority 1 (HRS)** → between 5-6 months
 - **Priority 2 (SRS)** → between 10-12 months
 - **Priority 3 (LRS)** → between 24-36 months
- Overriding or unexpected factors may trigger an inspection in between periodic inspections

INSPECTIONS (continued)

There are 2 important caveats:

- **NIR** applies to all **COMMERCIAL YACHTS** as well as **certain PRIVATE YACHTS** where International Conventions apply
- **Yachts with no inspection history** will be automatically assigned a **Priority I** (Unknown Ship) rating, requiring a more detailed inspection at the earliest opportunity

INSPECTIONS (continued)

Annex I of the Paris MoU describes the following guidance to PSC for vessels that are below a convention size:

- The PSC determines whether the ship is of an acceptable standard in regard to safety, health or the environment
- PSC Officer will take several factors into account such as the length and nature of the intended voyage, the size and type of the yacht, the equipment provided and the nature of the cargo
- The PSC Officer will be guided by any certificates and other documents issued by the flag State Administrator or an Appointed Representative or Classification Society on its behalf

THE MARSHALL ISLANDS ON YACHTS



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MARSHALL ISLANDS APPROACH

- Due to the large size of the Marshall Islands fleet (2,600 ships), the Marine Safety Department deals on a daily basis with PSC officials and procedures
- The RMI uses this expertise to proactively assist owners and captains by:
 - Promulgating Marine Notices, Marine Safety Advisories and Yacht Safety Advisories to inform about latest developments, safety issues and upcoming requirements
 - Performing risk analysis about the most issued deficiencies on all yachts within the Paris MoU, for educational purposes
 - Updating captains and crew about the latest developments through seminars held in strategic locations
 - Liaising between PSC and yacht's crew in case of uncertainties

MARSHALL ISLANDS EXPERTISE

- 100+ Technical, Marine Safety, Seafarers' and Regulatory personnel:
 - Masters / Chief Officers with active sea careers
 - Chief Engineers with active sea careers
 - Consultants (Ex-Classification)
 - Naval Architects
 - Yacht industry members
- This combination translates into a broad knowledge and expertise with a practical approach

MARSHALL ISLANDS REGISTRY OVERVIEW

SERVICE

- Global decentralization
- Rapid registration procedures

EXPERIENCE

- Third largest registry with over 60 years of experience
- Servicing 25 major maritime cities with over 220 employees
- Practicing professionals to solve technical issues on a 24/7 basis

QUALITY

- International confidence in registration and recordation procedures
- Highest safety and operational standards as evidenced by outstanding port State records

OPTIONS

- Private and commercial yacht registration
- Class not required but encouraged for commercial yachts under 500 GT

THANK YOU!



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