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WINTER 2021

VOLUME 37, NUMBER 4

Ships accumulating in
the Gulf of Suez

*Neither the Ever Given nor Covid
Can Stop the Flow of Goods
The Year in Review*

BERMUDA AND THE CAYMAN ISLANDS: OPTIMAL JURISDICTIONS FOR SHIPOWNERS

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For ship or yacht owners, the selection of the optimal jurisdiction in which to register a vessel or fleet can be critical to both operations and profitability. As a global business, ship owners have a lot of flexibility in their choice of jurisdiction.

A number of jurisdictions worldwide offer registration services for vessels, with Bermuda and the Cayman Islands both having well established and highly regarded shipping registries that provide compelling choices for a variety of ship and yacht owners.

The Bermuda Shipping and Maritime Authority

The Bermuda Shipping and Maritime Authority (BSMA) administers the Bermuda Ship Registry (BSR). The BSR has been in existence since 1789, and has been an international

register since the 1980s. The BSMA is a highly regarded part of the offshore shipping industry.

The BSR is problem-solving and solution-focussed, with

registered in Bermuda include cruise and passenger ships, cargo ships, LNG tankers, gas carriers, tankers, bulk carriers, and vessels used in the offshore oil and gas industry, including platforms. Some of the world's

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highly knowledgeable technical experts offering a fast, effective response on a 24/7 basis.

The BSMA registers all types of ships. More than 300 vessels are registered on the BSR, including 114 commercial vessels and 205 yachts, totalling approximately 130 million gross tons. Commercial vessels

first Safe-Return-to-Port-compliant passenger ships are registered on the BSR.

The BSR has achieved the Paris MoU and the Tokyo MoU 'White List' status, which recognize the high quality of the flag state and the consistently low detention record of Bermuda-flagged vessels. Paris

MoU 2020 inspection results ranked 70 flags globally, of which Bermuda placed fourth.

The BSMA has highly qualified and experienced surveyors based in Bermuda, the UK, Singapore and the USA, who attend each Bermuda-registered vessel to conduct required audits, inspections and surveys. The BSMA does not, therefore, require additional annual Flag State inspections.

The BSMA does not issue certificates of competency for seafarers, but does issue endorsements (STCW I/10) recognising certificates issued by a range of other countries.

The BSMA delegates completion of the survey aspects of many statutory conventions to Bermuda-approved classification societies. Unlike some other flags, the BSMA does not

delegate responsibility for passenger ship safety, international safety management, or international ship and port security.

The BSMA also retains completion of survey aspects related to Maritime Labour Conventions to enable the BSMA to develop a thorough understanding of each ship and to enable the provision of the highest levels of support to Bermuda-registered shipowners.

The Maritime Authority of the Cayman Islands

The Maritime Authority of the Cayman Islands (MACI) is recognised as a leading maritime administration provider of exceptional service to the global shipping community. The Cayman Islands Shipping Registry (CISR), a division of MACI, was established in 1903.

The CISR aims to provide client-focussed maritime administration and related services to a select group of merchant ship owners/operators, pleasure vessel owners/managers, designers and builders, who value long-term relationships and operate and/or build a diversity of vessel types and sizes, worldwide.

The CISR provides a wide range of ownership structures with varied vessel registration options, including:

- vessel and mortgage registration services in addition to Convention and statutory requirements related to merchant vessels, via the three Ports of Registry – George Town, The Creek and Bloody Bay.
- vessel and mortgage registration services related to yachts

Any vessel registered in a member State of the Red Ensign Group is considered a “British ship” and is entitled to fly the Red Ensign flag.

(private and commercial/engaged in trade).

The Red Ensign Group

The Cayman Islands and Bermuda are both members of the Red Ensign Group, a community of British Shipping Registers. Registration under a flag of the Red Ensign Group, a community of British Shipping Registers, has been a mark of shipowners’ adherence to the maintenance of a large and diverse fleet without compromising the quality of operations.

Members of the Red Ensign Group offer registration of vessels in two categories:

- Category 1 is the register for ships of unlimited tonnage and type, with the exception of fishing vessels. Category 1 members of the Red Ensign

Group include the United Kingdom, Bermuda, the Cayman Islands, the British Virgin Islands, and the smaller jurisdictions of Gibraltar and the Isle of Man.

- Category 2 is the register for commercial ships and pleasure vessels of up to 150 gross tons, which can be

extended to 400 gross tons with an agreement in place with the UK. Category 2 Registers also include Bermuda, the Cayman Islands and a number of smaller Crown Dependencies, British Overseas Territories and Possessions.

Any vessel registered in a member State of the Red Ensign Group is considered a “British ship” and is entitled to fly the Red Ensign flag.

Ships listed on the registers of member states of the Red Ensign Group are entitled to the protection of the Royal Navy and British consular representation.

It is no longer necessary that a shipowner be located or incorporated in Bermuda or the Cayman Islands to register a

vessel in those jurisdictions. With a suitable shipping representative in either location, shipowners may accrue all the advantages of registering their vessels with one of the premium members of the Red Ensign Group.

Bermuda

In order for a ship or yacht to be registered in Bermuda, it must be majority-owned by a person qualified to do so under Bermuda’s Merchant Shipping Act 2002, as amended by the Merchant Shipping Amendment Act 2004 (collectively the “Bermuda Shipping Act”).

Persons qualified to own a Bermuda-flagged vessel under the Bermuda Shipping Act include, amongst others: British citizens; British Overseas Territories citizens and nationals; British Overseas citizens and nationals; bodies corporate incorporated in Bermuda, the UK or any UK territory; bodies corporate incorporated in any European Economic Area state; and bodies corporate incorporated in certain other countries deemed eligible.

Bermuda recently relaxed eligibility requirements, by significantly expanding the list of eligible countries, thus increasing the universe of vessels that can be registered in BSR. Currently the list of eligible countries includes:

Australia
 Bahamas
 Canada
 China PR
 Hong Kong
 India
 Japan
 Liberia
 Marshall Islands
 Monaco
 New Zealand
 Panama
 Singapore
 South Africa
 South Korea
 Switzerland
 United Arab Emirates
 United States of America

Where a Bermuda-registered vessel is owned by a majority interest that is not resident in Bermuda, the owners are required to appoint a local Representative Person, also known as a Principal Representative.

The Principal Representative can be an individual resident in Bermuda or a company incorporated in Bermuda with its principal place of business on the island. It is the responsibility of the non-resident owner to appoint the Principal Representative before applying for registration and, thereafter, to maintain the appointment for as long as the ship remains on the BSR.

To date, Principal Representatives have been appointed for a number of cruise ships,

commercial vessels and yachts. The Principal Representative performs all the functions of a representative person in accordance with the Shipping Act in respect of the vessel.

The Cayman Islands

Owners of a Cayman Islands-flagged ship or yacht who are not resident in, or do not otherwise have their principal place of business in the Cayman Islands, are required to appoint a local Representative Person in the Cayman Islands in connection with the vessel.

In order for a ship or yacht to be registered in the Cayman

in:

- the United Kingdom or any of its Overseas Territories or Crown Dependencies (including the Cayman Islands, Bermuda and the British Virgin Islands);
- a member State of the European Union or European Economic Area, including any overseas country, territory or dependency of such a member State; or
- an “approved country” being any jurisdiction that is designated as having measures for combatting money-lau-

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Islands, it must be majority-owned by a person qualified to do so under the Merchant Shipping Act (2021 Revision) of the Cayman Islands (the “Merchant Shipping Act”).

Persons qualified to own a Cayman Islands-flagged vessel under the Merchant Shipping Act include, amongst others: individuals and/or bodies corporate, and shipping entities or foreign companies incorporated, established or registered

dering and the financing of terrorism which are equivalent to that of the Cayman Islands under the Proceeds of Crime Act (2020) Revision, or any overseas country, territory or dependency of such “approved country.”

Where the owner of the ship or yacht is not resident in the Cayman Islands, the Merchant Shipping Act provides that the owner must appoint a Representative Person in relation to

the vessel before proceeding to register the vessel under the Cayman Islands flag. The Representative Person may be either an individual resident in the Cayman Islands or a company incorporated in the Cayman Islands and having a place of business there.

The owner of a Cayman-flagged vessel must maintain the appointment of a Representative Person as long as the vessel remains registered under the Cayman Islands flag.

Conclusion

Ship and yacht owners face complex and critical decisions regarding the registration of their vessels. With so many flags available, owners must look for the jurisdiction that offers the best mix of security, quality, convenience and international acceptance.

Bermuda and the Cayman Islands are widely recognized jurisdictions for the majority of vessel owners. Decades of experience, a detailed understanding of the needs of ship owners, experienced ship registry staff, the constant review of regulations to ensure maximum efficiency, and the availability of highly qualified professional service providers mark Bermuda and the Cayman Islands as the premier jurisdictions for ship registration.

