



## Campbell Johnston Clark

### **Recent Changes to the UK Ship Register implemented by The Merchant Shipping (Registration of Ships) (Amendment) (EU Exit) Regulations 2019 (the "Regulations")\***

#### A. Changes to the "Qualifying Owner" Requirements

The following persons are now qualifying owners for the purpose of registering a vessel on Part 1 (i.e. Merchant and Pleasure vessels) of the UK Ship Register (new additions are in red):

- UK citizen;
- British dependent territories citizen;
- British overseas citizen;
- Company incorporated in one of the European Economic Area (EEA) countries;
- Citizen of a EU member state exercising its rights under articles 48 or 52 of the EU Treaty in the UK;
- Company incorporated in any British overseas possession which has its principal place of business in the UK or those possessions;
- Company in an European Economic Interest Grouping;
- Commonwealth citizens;
- Citizens of a country listed in Schedule 6;
- Non-United Kingdom nationals who are settled in the United Kingdom;
- Bodies corporate incorporated in a Commonwealth state; and
- Bodies corporate incorporated in a country listed in Schedule 6.

If none of the qualified owners are resident in the UK, a representative must be appointed who is either of the following:

- an individual resident in the UK; or
- a company incorporated in one of the EEA countries with a place of business in the UK.

#### Schedule 6 of the Regulations

Argentina	Aruba	Bahrain	Brazil
Canary Islands	China	Faroe Islands	Haiti
Israel	Japan	Liberia	Madeira
Marshall Islands	Monaco	Panama	South Korea
Switzerland	Suriname	UAE	USA

**London**

**Newcastle**

**Singapore**

These changes are intended to expand the ownership eligibility of the UK flag in order to attract shipping companies from around the world, as well as to align the UK with the requirements of the Red Ensign Group.

Director of the UK Ship Register Richard Parkes said, *“This change will now allow the UK flag to attract first class ships and owners who have their company based outside of the UK. They too will be able to benefit from exceptional service and a global reputation”*.

B. Introduction of a new bareboat charter-out system

Where a vessel is on bareboat charter, the bareboat charterer may decide (normally for operational reasons) to select a secondary flag for the vessel. This has the effect of suspending the owner's preferred "primary" choice of flag whilst the vessel is being bareboat chartered. This does not have an impact on a mortgage registered over the primary flag of the vessels as the two flags must be compatible so that title, mortgages and encumbrances are governed by the underlying registry, whilst the operation of the vessel falls under the jurisdiction of the bareboat charter registry.

It is a matter of policy for each of the various ship registries as to whether they allow vessels registered on their flag to be temporarily "bareboat chartered-out" to a secondary flag or enable vessels to "bareboat chartered-in" to their flag from the underlying registry.

Historically, the UK Ship Register only permitted vessels which were registered on a flag from a dependent territory to "bareboat charter-in" to the UK. However, it is now possible under the Regulations for a vessel registered under the UK flag to be "bareboat chartered-out" to a dependent territory flag. This is permitted for the period of the bareboat charter party.

This change, coupled with the relaxation of ownership requirements, should help to make flagging a vessel in the UK a much more attractive and flexible option for ship owners.

**\*The Regulations came into force on 29 March 2019.**

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For further information, please feel free to contact:

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