

IMPOSITION OF BOND ON BAREBOAT CHARTERING APPLICATIONS UNDER P.D. 760/866/1711

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Please be informed that the Maritime Industry Board, in its meeting on 20 April 1987, has approved the imposition of a cash/surety bond on all bareboat chartering applications under P.D. 760/866/1711 in accordance with the following guidelines:

1. Amount of Bond — The amount a of bond shall be governed basically according to the size of the vessel as follows:

Size (DWT)

Amount of Surety/Cash Bond (r)

- a. 40,000 and below (below Panamax size

75,000/75,000

- b. over 40,000 to 70,000 (Panamax size)

100,000/100,000

- c. over 70,000 (above Panamax size)

125,000/125,000

2. Modes of Cash Bond — The cash bond shall be deposited in any commercial bank of good standing. Savings banks shall not be acceptable. The shipping company concerned shall execute an assignment of bank deposit in favor of MARINA giving the latter full control over the amount of the cash bond to secure the payment of fines and penalties which may become due to MARINA and/or the 4.5% withholding tax due to BIR, which amount cannot be withdrawn by the assignor without the written consent of the assignee, except for the interest earnings on said deposit which is withdrawable at any time by the assignor without the consent of the assignee. The assignment shall be automatically terminated upon presentation to the depository bank by the assignor of the Deletion Certificate for the vessel duly approved by the assignee. For purposes of this Memorandum Circular, a standard form shall be "Assignment of Bank Deposit."

3. Mode of Posting Surety Bond — The surety bond to be posted shall be secured from any bonding company acceptable to MARINA. The terms and conditions for which the surety bond is posted shall be embodied in a standard form.

4. Exemptions from Bond Requirement — The following shall be exempted from the imposition of the bond requirement:

- a. Shipping companies/entities with at least one (1) vessel permanently registered under Philippine flag.
- b. Applicants for renewal of existing previously-approved bareboat charter.
- c. Applications filed before the date of effectivity of this Memorandum Circular.

5. Effects of Implementation of Bond Requirements. — As a necessary consequence of the imposition of the bond requirement, some requirements under existing chartering guidelines have been accordingly waived/modified as follows:

- a. The undertaking of joint and several liability of the majority of the stockholders of applicant-company shall no longer be required.
- b. The letter of guarantee required to be executed by the registered owners and beneficial owners or managers/guarantors shall cover only the 4.5% withholding tax payable to the Philippine Government.

This Memorandum Circular shall take effect fifteen (15) days after its publication in the Official Gazette.

Adopted: 29 April 1987 .

(SGD.) PHILIP S. TUAZON

Administrator

(SGD.) RAINERIO O. REYES

Secretary of Transportation and Communications

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