

## Vessel Registration in the Cayman Islands

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The yachting industry, like many other travel related industries, was initially hit hard by the Covid-19 pandemic. However, we are now beginning to see signs of recovery in the area of yacht sales and charters and the Cayman Islands continues to be a key player in the vessel registration space in these unprecedented times.

At Ogier, we have extensive experience in registering vessels with the Cayman Islands Shipping Registry (the CISR). This briefing note summarises the registration process and sets out some of the key reasons for registering vessels in the Cayman Islands.

### Why Register?

There are a number of reasons for registering a vessel including:

- to prove its nationality (an essential requirement for overseas voyages);
- to secure title to a movable asset for the owner of the asset; and
- to allow the vessel to be used as security to obtain a marine mortgage.

### Why Register in Cayman?

Opting to register a vessel in the Cayman Islands has a number of advantages, which include the following:

- **Category 1 British Registry:** The CISR is a member of the Red Ensign Group with Category 1 status and is authorised to certify all sizes and types of vessel (other than fishing vessels except those owned locally and operating in Cayman waters).
- **Favourable Operating Environment:** The Cayman Islands is a politically-stable British overseas territory. It is an efficiently regulated international finance jurisdiction at the leading edge of global best practice.

- **Efficient:** With Category 1 status the CISR is an effective and efficient registry, which is very responsive to enquiries and looks to facilitate smooth and efficient vessel registrations (and has continued to do so notwithstanding the recent challenges presented by Covid-19). Vessel and mortgage registrations can be completed within 24 hours of the provision of all required documentation to the CISR.
- **Experienced global team:** With offices in the Cayman Islands, the UK, the United States and Southeast Asia, the CISR can process registrations in various time zones in a prompt and efficient manner.
- **Tax-neutral:** Given the significant expenditure involved in the purchase and maintenance of modern vessels, the tax neutrality of the Cayman Islands minimises the tax leakage involved in any deals.
- **Modern maritime legislation:** As a jurisdiction which actively seeks new vessel registrations, the Cayman Islands has enacted maritime legislation to streamline the processes involved.
- **Several types of registration available:** The CISR offers different types of vessel registration including full, interim, under construction and demise charter registrations (also known as "bareboat charter").

## The Registration Process

**Qualifying Vessel:** The first step is to establish whether the vessel name is available and whether the vessel qualifies for registration with the CISR. Name availability can now be searched and name reservations made online on the CISR's website. A name can be reserved for a period of 12 months and may be renewed.

For existing commercial vessels (merchant ships or commercial yachts) it is established if the vessel would be accepted for registration by contacting the CISR.

For pleasure yachts in private use and not engaged in trade, there are minimum convention and statutory certification requirements that apply. The precise requirements depend upon the vessel's size. A pleasure yacht in private use (not engaged in trade) may opt to voluntarily comply with the Large Yacht Code. In these cases, whilst registration does not require such compliance, the vessel will be surveyed for compliance at the time of registration and if found compliant, then the appropriate convention and statutory certificates will be issued accordingly.

**Qualifying Ownership:** The next step is for the CISR to satisfy itself that the owner is bona-fide and qualifies to own a Cayman-flagged vessel. This involves a determination of whether the owner has legal title and checking that there are no pre-existing conditions which prohibit the vessel from being registered with the CISR.

The CISR will accept the following ownership structures for a Cayman-flagged vessel:

- individual or joint owners; and
- companies and shipping entities.

**Cayman Company:** The CISR accepts applications for vessel registration on behalf of companies/entities that are in the process of being incorporated in order to allow the registration of the owning company/entity and registration of the vessel to be progressed simultaneously. If a proposed owning company is to be a Cayman company, Ogier can also assist with the incorporation of such a company.

**Registration Process:** The registration forms and supporting documentation required to be submitted and the fees paid vary, depending upon the particular transaction being carried-out. Typically, the CISR requires the following documentation in order to complete full registration of a vessel and to issue a certificate of British registry for such a vessel:

- CISR 855 and CISR 856 registration forms;
- builder's certificate if a new vessel or bill of sale if the vessel is an existing one;
- the certificate of good standing (or its equivalent if the owning company/entity is incorporated in another qualified jurisdiction) for the owning company;
- certificate of survey;
- international tonnage certificate; and
- a closed transcript or deletion certificate if the vessel was previously registered elsewhere.

**Agents:** An owner may act in registration matters on his own behalf or may appoint an authorised person to do so. If the owner (individual or body corporate) is not resident or incorporated in the Cayman Islands then a resident representative person must also be appointed to act on behalf of the owner. These appointments must be made before or at the same time as submitting the vessel registration application to the CISR. Ogier can assist with these appointments and/or act in these roles.

**Issue of a Carving and Marking Note:** Once the CISR has received all forms, supporting documentation, IMO number (if applicable), relevant fees, and the survey and audit requirements are met, the CISR then assigns an official number to the ship and issues to the

owner (or their authorised or representative persons) a carving and marking note and assigns the signal letters for the vessel's radio station call sign.

Any of these parties may then arrange for the vessel to be first permanently marked and then inspected (normally by a class surveyor) for verification with the carving and marking note. If satisfied, the surveyor will sign the carving and marking note and return it to the CISR.

The completed carving and marking note may be submitted electronically within the allotted 21 days, however, the original should be returned 7 days thereafter.

## **Radio Licensing**

Radio licensing applications are handled by the Utility Regulation and Competition Office of the Cayman Islands (**OfReg**) rather than the CISR. The operators of the radio equipment are required to have a radio operator's certificate appropriate to the equipment fitted for the vessel. We regularly deal with OfReg in order to satisfy the radio licence requirements of registered vessels.

## **Completed Registration**

The effect of registration with the CISR is that the port of registry for the vessel in question will be one of (i) George Town, (ii) the Creek or (iii) Bloody Bay. In addition, a vessel registered with the CISR is a "British ship" and is entitled to fly the red ensign flag and, as a British ship, come under the protection of the British Royal Navy.

## **About Ogier**

Ogier is a professional services firm with the knowledge and expertise to handle the most demanding and complex transactions and provide expert, efficient and cost-effective services to all our clients. We regularly win awards for the quality of our client service, our work and our people.

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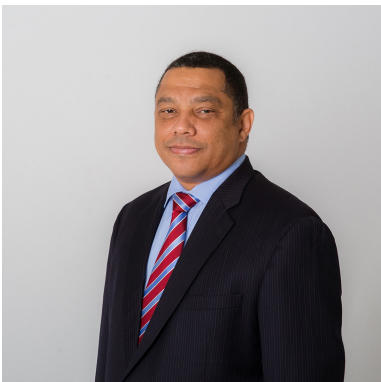
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