

The Palau International Ship Registry

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POLICY FOR ACCEPTANCE OF VESSELS TO BE REGISTERED UNDER THE PALAU INTERNATIONAL SHIP REGISTRY

Revision	Revision Date	Prepared by	Approved By
Initial	1/6/2012	Mrs. Marisabel Arauz	Mrs. Leslie Mezzich
Revision 1	19/5/2015	Mrs. Marisabel Arauz	Mrs. Leslie Mezzich
Revision 2	16/9/2015	Mrs. Marisabel Arauz	Mrs. Leslie Mezzich
Revision 3	18/4/2017	Mrs. Leslie Mezzich	Mr. Panos Kirnidis
Revision 4	16/4/2018	Mrs. Leslie Mezzich	Mr. Panos Kirnidis
Revision 5	23/11/2019	Mrs. Hristina Cheneva	Mr. Panos Kirnidis

1. Overview

1.1 The Palau International Ship Registry in its constant pursuit of ensuring that vessels registered under the Palau Flag are of the highest standards has provided below the criteria for acceptance of vessels. This Policy should always be followed by the Palau International Ship Registry and any deviation from it should be informed to the Managing Director for further review.

Vessels that do not comply with the below conditions shall NOT be eligible for registration under the Palau International Ship Registry.

As per Palau Title 7, Section 702 (a) of the Palau National Code, vessels of the following classes, owned by a qualified person, at least twenty-five (25) feet (7.62 meters) or more in length, wherever built, are eligible to be documented or re-documented:

- a. Any vessel engaged in foreign trade;
- b. Any commercial yacht; and
- c. Any private yacht.

2. Vetting

All vessels will need to pass a satisfactory vetting which will cover the areas of: sanctions, detentions performance in all MOU's and casualties. If the result of the screening is found as "specially designated nationals" or SDNs or suspicious to violate any sanctions vessel will not be accepted under Palau Ship Registry. Subject to screening is not only the vessel, but also the ship-Owner, ship Manager, beneficiary Owner and DOC company of the vessel.





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2.1. U.N and USA Sanction

Due to the political condition in Syria and Iran, and due to the sanctions imposed by United Nations Security Council and U.S. Government against these nations, Palau International Ship Registry (PISR) must ensure that all vessels registered with the Palau Flag are free of any blocking or sanctions imposed by the UN or USA. Also, PISR will ensure that ship-Owners, ship Management companies, charterers and affiliated Owners or beneficiary group Owners are not listed in the UN or USA sanction list or are not considered suspicious of violating any sanctions.

2.2. In order to provide adequate evidence that all vessels registering with the Palau flag and their Owners, ship Management companies, charterers, affiliated Owners or beneficiary group Owners are not in the UN or USA sanction list, PISR will double check through the search engines provided by:

- Office of Foreign Assets Control (OFAC) - Treasury Department & Specially Designated Nationals and Blocked Persons List
- Purple Track, POLESTAR
- Lloyd's List Intelligence
- Bureau of International Security and Nonproliferation (ISN), Office of Cooperative Threat Reduction (ISN/CTR)

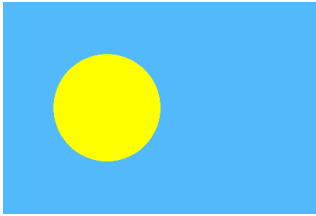
3. Detention and Inspection History

3.1. Any vessel with two (2) or more detention records within the last 36 months is not eligible for registration in the Palau International Ship Registry.

3.2. Vessels that show that have been inspected within the last 12 months and have deficiencies recorded, should show evidence through the Recognized Organization, that same deficiencies have been rectified.

3.3. PISR may request a Flag Inspection to any vessel that shows poor Port State Control inspection / detention history in order to be accepted for registration.





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4. Vessel's Age

4.1. As per Palau Title 7, Section 702 (b) of the Palau National Code, vessels which are over twenty (20) years of age, computed from completion of first construction, are not eligible for registration, unless a pre-entry flag inspection will be carried out with satisfactory results. Such vessels are surveyed by and inspected by a certified surveyor, appointed by the Palau International Ship Registry (PISR), and reported as seaworthy.

4.2. The 20-year maximum age limitation may be waived by the Flag Administration subject to below conditions:

- a. Submission of Application A.040 for PISR to evaluate and conclude to a decision;
- b. The vessel meets all other applicable requirements for registration;
- c. It has been satisfactorily demonstrated that there is a genuine need for such waiver;
- d. Ship is not older than 25 years.

In case that one or any of the abovementioned conditions are not fulfilled, the requests shall be evaluated on a case by case basis.

In order to proceed with waiver, the owner/manager shall officially request a waiving letter to PISR or any authorized Deputy Registrar. No waiver of any provision hereof shall be effective unless made in writing and signed by PISR.

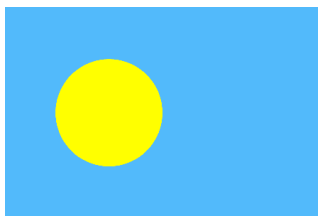
5. Vessel's Length

5.1. As per Palau Title 7, Section 702 (a) of the Palau National Code, vessels less than twenty-five (25) feet (7.62 meters) are not eligible for registration.

5.2. The twenty-five (25) feet (7.62 meters) minimum length limitation may be waived by the Flag Administration subject to below conditions:

- a. Submission of Application for Registration (A.001) for new registrations or Application for Waiver of Vessel Age (A.022) for existing registrations, in order PISR to evaluate and conclude to a decision;
- b. The vessel meets all other applicable requirements for registration;
- c. It has been satisfactorily demonstrated that there is a genuine need for such waiver;





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6. Pre-Registration Flag Inspection

Ship Registry Administrator can request confirmation from the Recognized Organization about the overall condition of the vessel and in some cases, when deemed necessary a pre- registration inspection may be requested.

A vessel may be requested to carry out a Pre-Inspection in order to assess the overall condition of the vessel and confirm that she is eligible for registration. The Pre-Registration inspection may be conducted when (except as stated in section 4 of this Policy):

- a. The vessel has a history of multiple inspections or detentions showing deficiencies.
- b. Further review of her previous Flag and/or Recognized Organization documentation including any outstanding deficiencies.

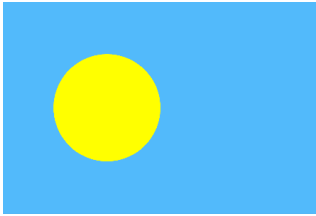
7. Vessel's Ownership

- a. According to the Palau Maritime Act, any natural person, being a citizen of Palau or not, can register a vessel under the Palau Flag.
- b. Good corporate standing under the laws of Jurisdiction is required. There are no restrictions with regard to the establishment and operation of the Corporation (either registered office or principle place of business). The Corporation is not deemed to be controlled by Palauan citizens, nor percentage of shares of Palauan is required.

8. Vessel Name

- a. An applicant states the name in the Application for registration and can declare an alternative name in case the first has already been assigned.
- c. No two (2) vessels under Palau can have the same name. An applicant can reserve the name for a period up to three (3) months prior to completing the registration. Fees are applicable for the name reservation.





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9. Banned Ports – Autonomous Republic of Crimea and City of Sevastopol

- a. Palau International Ship Registry vessels shall comply with the UN Resolution 68/262 of 2014, where all UN Member States are required to respect the sovereignty and territorial integrity of Ukraine within its international recognized borders.
- b. By the Note of the Ministry of Foreign Affairs of Ukraine No. 630/23-300-3716 of August 4th, 2014, the attention was drawn to the continuation of the call of ships under foreign flags at closed seaports at the temporarily occupied territory of Ukraine.
- c. After careful review of the situation, PISR registered vessels are strictly restricted and prohibited to enter the Autonomous Republic of Crime and the City of Sevastopol.
- d. PISR may remove a vessel from the registry or impose fines to vessels calling the abovementioned ports.

10. Compliance

The Palau International Ship Registry confirms that all above requirements shall be met in order to accept a vessel for registration. If any of the abovementioned conditions is not met by the vessel, registration or re-registration will not be effected. If a vessel is registered by providing false information and after registration it is noted that the vessel does not meet the requirements above, the registration of the vessel will be cancelled and no refunds of the registration fees shall be made.

