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PRIVATE AND COMMERCIAL YACHTS COMPLIANCE WITH REGULATIONS

To: OWNERS, MANAGERS, CHARTERERS AND MASTERS OF LARGE
PRIVATE AND COMMERCIALY OPERATED YACHTS

1. BACKGROUND

CISR have received repeated requests for clarification of the distinction between private and commercial yachts.

The purpose of this Shipping Notice therefore is to distinguish between private and commercial operation and to detail the requirements of the Regulations.

2. APPLICATION

Section 2 of the 1997 Law (2001 Revision) states that "Yachts engaged in trade by transporting merchandise or carrying passengers for reward or remuneration (other than as a contribution to the actual cost of the vessel or its operation for the period of the voyage or excursion) and offered to the public for "use" are commercially operated.

A yacht that is chartered is a commercial yacht and at the time it is under charter must comply with the Cayman Islands Merchant Shipping (Vessels in Commercial Use for Sport and Pleasure) Regulations 2002 which in turn require the yacht to comply with the MCA's Large Commercial Yacht Code.

There are many yachts that are predominantly private and occasionally charter. Those yachts must comply with the aforementioned Regulations during the period of the charter.

3. PRIVATELY OPERATED YACHTS

A privately operated yacht, operated without any charter hire whatsoever, does not have to comply with any Cayman Islands legislation with respect to the MCA Large Yacht Code, manning or operations.

The CISR policy however is to strongly recommend that private yachts comply with the Vessels in Commercial Use Regulations 2002 and the MCA Large Yacht Code.

The reason for this recommendation is essentially to provide greater safety, by virtue of the construction, equipment, operation and manning requirements of the Large Yacht Code.

There are quantifiable benefits in complying with the Code in terms of resale, charter rate and insurance.

A yacht that has been commercially operated and reverts to privately operated status does not have to comply with the Regulations, but again, the CISR reiterates its recommendation to remain in Code compliance.