

GUIDANCE NOTE 14a/2004

**LARGE PRIVATE AND COMMERCIAL YACHTS:
COMPLIANCE WITH REGULATIONS**

To: OWNERS, MANAGERS AND MASTERS OF CAYMAN ISLANDS SHIPS

This Guidance Note was previously issued as Shipping Notice 14a/2004 (2010 Revision) and the content remains unchanged. A copy of Shipping Notice 14a/2004 (2010 Revision) is attached to, and forms part of, this Guidance Note.

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Shipping Notice 14a/2004 (2010 Revision)

LARGE PRIVATE AND COMMERCIAL YACHTS COMPLIANCE WITH REGULATIONS

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

1. BACKGROUND

The CISR receives 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 Merchant Shipping Law (2008 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 pleasure yacht that is engaged in trade must comply with the Cayman Islands Merchant Shipping (Vessels in Commercial Use for Sport and Pleasure) Regulations 2002 which, in respect of large yachts, give effect to the UK and Red Ensign Flag Administrations’ Large Commercial Yacht Code. This code is applicable to yachts of 24m or more in Load Line length and is also known as the MCA Code or, in revised form, the LY2 Code.

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

3. PRIVATELY OPERATED YACHTS

A privately operated yacht, operated without any commercial charter hire whatsoever, does not need to comply with any Cayman Islands legislation with respect to the Large Yacht Code LY2, 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 Large Yacht Code (LY2), as amended.

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.

A yacht that has been commercially operated and hence LY2 Code compliant but reverts to privately operated status, either permanently or temporarily, again does not need to comply with the Regulations and the LY2 Code, but again, the CISR reiterates its recommendation to remain in Code compliance.

There are quantifiable benefits in privately operated yachts complying with the Code in terms of resale, charter rate and insurance. Such compliance may also be of benefit with respect to compliance with local by-laws and may assist with respect to any Port State Control interventions.