To: Shipowners / Ship Managers and Recognized Organization

Dear Sir/Madam,

**International Safety Management (ISM) Code**

**Transfer of Ship management of vessels**

Recently, there were cases which the ship management company transferred the management of its vessel to another company and the transferee company applied for the issuance of full term SMC for the vessel without undergoing the interim SMC certification process. The reason was the transferee company was under the same entity of the mother group with the transferor company.

ISM Code states that “An Interim Safety Management Certificate may be issued when a Company takes on responsibility for the operation a ship which is new to the Company”. The purpose of the interim certificate is to allow both the Company and the newly managed vessel to obtain sufficient shipboard management experience before the issuance of a full term SMC.

It is well understood that each company is a separate legal entity and its responsibility and liability are also independent. This also applies to management activities. And it is very important for the Administration to ascertain the company identity and to ensure its concerned activities, including ship management transfer, are all in compliance with ISM Code and other international or national legislation requirements. The introduction of identification number for company by IMO in 2009 signified the control of shipping company identity by flag administrations. And the administration would follow ISM Code and handle such cases with great caution.

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However if the transferee company believes that there are strong grounds for direct issuance of a full term SMC without the need of an interim SMC certification process, it should provide evidences to this Administration showing justifications to support its argument. These evidences should include information of the transferor and transferee companies’ structure, responsibility, operation, staffing situation, safety management system and PSC inspection performance of the managed vessels. Only after submission and vetting of evidences, a direct issue of a full term SMC application may then be considered by this Administration.

Should you have any query on this matter, please do not hesitate to contact us.

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Yours faithfully,

(S.H. Wan)
Senior Surveyor/International Safety Management Section
for Director of Marine