

# Understanding Ship Sale & Purchase & Its Complexities

Singapore 28 March 2011



# Outline of Presentation

Introduction

Essentials  
of an S&P  
contract

Singapore  
Ship Sale  
Form (SSF)

Conclusion



# I. Introduction



- Buying & Selling of second-hand ships are done using standard form contracts – SALE FORMS
- Only 2 Sale Forms in existence (Norwegian & Nippon Sale Forms)
  - Norwegian (NSF)- 1993 version
  - Nippon (Ni SF)- 1999 version



## II. Essentials of an S&P deal



- Parties (Sellers & Buyers)
- Subject matter of sale (Vessel)
- Consideration for the sale (purchase price/payment)
- Conditions of sale

**dated & signed CONTRACT**



# Sale Contract



Once the contract is in place;

- Buyers pays deposit (10%)
- Buyers agrees to pay the full purchase price
- Buyers inspects the ship & responds
- Buyers starts processes for ship registration & use (flagging arrangements, crew confirmation)

# Sale Contract



The Sellers agrees the following;

- Sellers agrees to provide advance notices and notice of readiness (NOR) regarding vessel delivery
- Sellers promises that vessel is free from all encumbrances
- Sellers promises to deliver the vessel “as it was” at the time of inspection and with Class maintained
- Sellers agrees to provide all required documents

# Other Terms of Sale Contract



## Other Clauses that caters to breach of the provisions in sale contract

1. Default clauses (a) Sellers Default (b) Buyers default
2. Dispute settlement

# What can go wrong?



**Anything!**



**Once there's a disagreement between the parties, even a misplaced comma in the contract can cause millions to the losing party.**

# MEMORANDUM OF AGREEMENT

Norwegian Shipbrokers' Association's Memorandum of Agreement for sale and purchase of ships. Adopted by The Baltic and International Maritime Council (BIMCO) in 1996.  
Code-name  
**SALEFORM 1993**  
Revised 1966, 1983 and 1996/97.

Dated: [REDACTED] 2010

[REDACTED] hereinafter called the Sellers, have agreed to sell, and [REDACTED] 1  
[REDACTED] or its nominee, [REDACTED] to remain

responsible and guaranteed the performance of any nominee.

hereinafter called the Buyers, have agreed to buy

Name: mv [REDACTED]

Classification Society/Class: NK

Built: 1986

By: Imabari Shipbuilding Co., Ltd, Japan

Flag: [REDACTED]

Place of Registration: [REDACTED]

Call Sign: [REDACTED]

Grt/Nrt: [REDACTED]

Register IMO Number: [REDACTED]

hereinafter called the Vessel, on the following terms and conditions:

## Definitions

"Banking days" are days on which banks are open both in the country of the currency stipulated for the Purchase Price in [Clause 1](#) and in the place of closing stipulated in [Clause 8](#).

"In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a registered letter, telex, telefax or other modern form of written communication.

"Classification Society" or "Class" means the Society referred to in [line 4](#).

1. Purchase Price US\$ [REDACTED] ([REDACTED] Million [REDACTED] Thousand and [REDACTED] Hundred United States Dollars) cash

## 2. Deposit

As security for the correct fulfilment of this Agreement the Buyers shall pay a deposit of 10% 20% (ten twenty per cent) of the Purchase Price within 3 banking days from the date of this after MOA being signed by the Sellers and the Buyers in faxed/emailed forms. Both parties shall sign the MOA by fax within 24 hours after main terms agreed.

~~Agreement. This deposit shall be placed with [REDACTED]~~

~~and held by them in a joint account as Stakeholder for the Sellers and the Buyers, to be released in accordance~~

~~with joint written instructions of the Sellers and the Buyers' authorised representatives only or as per final arbitration award. Interest, if any, to be credited to the~~

~~Buyers. Any fee charged for holding the said deposit shall be borne equally by the Sellers and the Buyers.~~

## 3. Payment

The said Purchase Price shall be paid in full free of bank charges to [REDACTED]

[REDACTED]  
on delivery of the Vessel, but not later than 3 banking days after the Vessel is in every respect physically ready for delivery in accordance with the terms and conditions of this Agreement and

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good by the Sellers at their expense to the satisfaction of the Classification Society without condition/recommendation\*. In such event the Sellers are to pay also for the cost of the underwater inspection and the Classification Society's attendance.

(iii) If the Vessel is to be drydocked pursuant to Clause 6 b) (iii) and no suitable dry-docking facilities are available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities are available, whether within or outside the delivery range as per Clause 5 b). Once drydocking has taken place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5 b) which shall, for the purpose of this Clause, become the new port of delivery. In such event the cancelling date provided for in Clause 5 b) shall be extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of 14 running days.

c) If the Vessel is drydocked pursuant to Clause 6 a) or 6 b) above

(i) the Classification Society may require survey of the tailshaft system, the extent of the survey being to the satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the Buyers shall have the right to require the tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey being in accordance with the Classification Society's rules for tailshaft survey and consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, those parts shall be renewed or made good at the Sellers' expense to the satisfaction of the Classification Society without condition/recommendation\*.

(ii) the expenses relating to the survey of the tailshaft system shall be borne by the Buyers unless the Classification Society requires such survey to be carried out, in which case the Sellers shall pay these expenses. The Sellers shall also pay the expenses if the Buyers require the survey and parts of the system are condemned or found defective or broken so as to affect the Vessel's class\*.

(iii) the expenses in connection with putting the Vessel in and taking her out of drydock, including the drydock dues and the Classification Society's fees shall be paid by the Sellers if the Classification Society issues any condition/recommendation\* as a result of the survey or if it requires survey of the tailshaft system. In all other cases the Buyers shall pay the aforesaid expenses, dues and fees.

(iv) the Buyers' representative shall have the right to be present in the drydock, but without interfering with the work or decisions of the Classification surveyor.

(v) the Buyers shall have the right to have the underwater parts of the Vessel cleaned and painted at their risk and expense without interfering with the Sellers' or the Classification surveyor's work, if any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in progress when the Sellers have completed the work which the Sellers are required to do, the additional docking time needed to complete the Buyers' work shall be for the Buyers' risk and expense. In the event that the Buyers' work requires such additional time, the Sellers may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and the Buyers shall be obliged to take delivery in accordance with Clause 3, whether the Vessel is in drydock or not and irrespective of Clause 5 b).

\* Notes, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.

\*\* 6 a) and 6 b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 6 a) to apply.

**7. Spares/bunkers, etc.**

The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of inspection used or unused, whether on board or not shall become the Buyers' property, but spares on order are to be excluded. Forwarding charges, if any, shall be for the Buyers' account. The Sellers are not required to replace spare parts including spare tail - end shaft(s) and spare propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the property of the Buyers. The radio installation and navigational equipment shall be included in the sale

without extra payment if they are the property of the Sellers. Unused stores and provisions shall be included in the sale and be taken over by the Buyers without extra payment.

The Sellers have the right to take ashore crockery, plates, cutlery, linen and other articles bearing the Sellers' flag or name, provided they replace same with similar unmarked items. Library, forms, etc., exclusively for use in the Sellers' vessel(s), shall be excluded without compensation. Captain's, Officers' and Crew's personal belongings including the slop chest are to be excluded from the sale, as well as the following additional items (including items on hire): **Gas Bottles, Videotel library plus other similar educational materials etc, and computers/cameras not affecting safe operation of the Vessel.**

The Buyers shall take over the remaining bunkers and unused lubricating oils **which have not been used/passed through Vessel's system and which are in designated** storage tanks and sealed drums. **For bunkers, Buyers to pay the current net market at Platts Oilgram mean price** (excluding barging expenses) at the **Fujairah** port and date of delivery of the Vessel. **For lubricating oils, Buyers to pay at Sellers nett purchased prices, excluding taxes and barging expenses, which prices to be evidenced by copies of the relevant invoices/ vouchers/ documents.**

Payment under this Clause shall be made at the same time and place and in the same currency as the Purchase Price.

**8. Documentation**

The place of closing: **Singapore**

In exchange for payment of the Purchase Price, at the time of delivery the Sellers shall furnish the Buyers with delivery **documentation that is reasonably required for the legal transfer of title and registration under the Buyers' flag. A list of such delivery documents shall be mutually agreed by the Buyers and the Sellers and listed in an Addendum to the MoA. The issuance and signing of the aforementioned Addendum to the MoA shall not in any way delay the signing of the MoA by both parties and the payment of the 20% deposit as per Clause 2 herein.** documents, namely:

a) Legal Bill of Sale in a form recordable in (the country in which the Buyers are to register the Vessel), warranting that the Vessel is free from all encumbrances, mortgages and maritime liens or any other debts or claims whatsoever, duly notarially attested and legalized by the consul of such country or other competent authority.

b) Current Certificate of Ownership issued by the competent authorities of the flag state of the Vessel.

c) Confirmation of Class issued within 72 hours prior to delivery.

d) Current Certificate issued by the competent authorities stating that the Vessel is free from registered encumbrances.

e) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the registry does not as a matter of practice issue such documentation immediately, a written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and furnish a Certificate or other official evidence of deletion to the Buyers promptly and latest within 4 (four) weeks after the Purchase Price has been paid and the Vessel has been delivered.

f) Any such additional documents as may reasonably be required by the competent authorities for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement.

At the time of delivery the Buyers and Sellers shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

At the time of delivery the Sellers shall hand to the Buyers the classification certificate(s) as well as all plans etc., which are on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless the Sellers are required to retain same, in which case the Buyers to have the right to take copies. Other technical documentation which may be in the Sellers' possession shall be promptly forwarded to the Buyers at their expense, if they so request. The Sellers may keep the Vessel's log books but the Buyers to have the right to take copies of same.

**9. Encumbrances**

The Sellers warrant that the Vessel, at the time of delivery, is free from all charters, encumbrances,

Notice of Readiness has been given in accordance with Clause 5. The Sellers confirm that ~~\_\_\_\_\_~~ 29  
~~\_\_\_\_\_~~ are agents for the Sellers and are fully authorised by the 30  
Sellers to receive the purchase price on the Seller's behalf and that the Buyers have no 31  
responsibility whatsoever for the further transfer of the purchase monies from ~~\_\_\_\_\_~~ 32  
~~\_\_\_\_\_~~ to the Sellers. 33

#### 4. Inspections 30

a)\* The Buyers have inspected and accepted the Vessel's classification records on 18<sup>th</sup> 31  
October 2009 including her Ultrasonic Measurements on 26<sup>th</sup> October 2009. The Buyers 32  
waived their right to physically inspect the Vessel have also inspected the Vessel at/in 33  
~~\_\_\_\_\_~~ on 34  
and have accepted the Vessel following this inspection and the sale is outright and definite, 35  
subject only to the terms and conditions of this Agreement. 36

b)\* The Buyers shall have the right to inspect the Vessel's classification records and declare 35  
whether same are accepted or not within \_\_\_\_\_ 36  
The Sellers shall provide for inspection of the Vessel at/in \_\_\_\_\_ 37  
The Buyers shall undertake the inspection without undue delay to the Vessel. Should the 38  
Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred. 39  
The Buyers shall inspect the Vessel without opening up and without cost to the Sellers. 40  
During the inspection, the Vessel's deck and engine log books shall be made available for 41  
examination by the Buyers. If the Vessel is accepted after such inspection, the sale shall 42  
become outright and definite, subject only to the terms and conditions of this Agreement, 43  
provided the Sellers receive written notice of acceptance from the Buyers within 72 hours 44  
after completion of such inspection. 45  
Should notice of acceptance of the Vessel's classification records and of the Vessel not be 46  
received by the Sellers as aforesaid, the deposit together with interest earned shall be 47  
released immediately to the Buyers, whereafter this Agreement shall be null and void. 48

\* 4 a) and 4b) are alternatives; delete whichever is not applicable. In the absence of deletions, 49  
alternative 4a) to apply. 50

#### 5. Notices, time and place of delivery 51

a) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall 52  
provide the Buyers with 20/14/7, and 3 days approx notice of expected readiness for 53  
delivery, and 1 days definite notice of the estimated time of arrival at the expected readiness 54  
for delivery. 55

~~intended place of drydocking/underwater inspection/delivery.~~ When the Vessel is at the place 54  
of delivery and in every respect physically ready for delivery in accordance with this 55  
Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery. 56

b) The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or 57  
anchorage at/in India 58  
in the Sellers' option, intention in Kandla. However should the Vessel have to undertake a 59  
further voyage then Buyers to take delivery after completion discharge such further trip 60  
with LayCan extended by such voyage duration. The Sellers shall nominate the actual 61  
delivery port latest when giving aforementioned 14 days approximate notice. 62  
Expected time of delivery: ~~\_\_\_\_\_~~ 2010 in Sellers' option 63

Date of cancelling (see Clauses 5 c), 6 b) (iii) and 14): ~~\_\_\_\_\_~~ 2010 in Buyers' option 61

c) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the 62  
Vessel will not be ready for delivery by the cancelling date they may notify the Buyers in 63  
writing stating the date when they anticipate that the Vessel will be ready for delivery and 64  
propose a new cancelling date. Upon receipt of such notification the Buyers shall have the 65  
option of either cancelling this Agreement in accordance with Clause 14 within 7 running 66  
days of receipt of the notice or of accepting the new date as the new cancelling date. If the 67  
Buyers have not declared their option within 7 running days of receipt of the Sellers' 68  
notification or if the Buyers accept the new date, the date proposed in the Sellers' notification 69  
shall be deemed to be the new cancelling date and shall be substituted for the cancelling 70  
date stipulated in line 61. 71

If this Agreement is maintained with the new cancelling date all other terms and conditions 72  
hereof including those contained in Clauses 5 a) and 5 c) shall remain unaltered and in full 73  
force and effect. Cancellation or failure to cancel shall be entirely without prejudice to any 74  
claim for damages the Buyers may have under Clause 14 for the Vessel not being ready 75

by 76  
the original cancelling date. 77

d) Should the Vessel become an actual, constructive or compromised total loss before delivery 77  
the deposit together with interest earned shall be released immediately to the Buyers 78  
whereafter this Agreement shall be null and void. 79

#### 6. Drydocking/Divers Inspection 80

a)\*\* ~~The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the 81  
Classification Society of the Vessel's underwater parts below the deepest load line, the 82  
extent of the inspection being in accordance with the Classification Society's rules. If the 83  
rudder, propeller, bottom or other underwater parts below the deepest load line are found 84  
broken, damaged or defective so as to affect the Vessel's class, such defects shall be made 85  
good at the Sellers' expense to the satisfaction of the Classification Society without 86  
condition/recommendation". 87~~

b)\*\* (i) The Vessel is to be delivered without drydocking. However, the Buyers shall 88  
have the right at their expense to arrange for an underwater inspection by a diver approved 89  
by the Classification Society as soon as practically possible after arrival at the last 90  
discharge port, prior to the delivery of the Vessel. The Sellers shall at their 91  
cost make the Vessel available for such inspection. The extent of the inspection and the 92  
conditions under which it is performed shall be to the satisfaction of the Classification 93  
Society. If the conditions at the port of delivery are unsuitable for such inspection, the 94  
Sellers shall make the Vessel available at a suitable alternative place near to the delivery 95  
port. If it is known that conditions at the last discharge port prior to delivery are 96  
unsuitable for such inspection, the Buyers have option to organise underwater 97  
inspection at an earlier agreed location, and Sellers at the time of closing shall hand to 98  
the Buyers a Letter of Undertaking that to the best of their knowledge the Vessel has not 99  
touched bottom or suffered underwater damage from the date of such underwater 100  
inspection till the delivery to the Buyers. 101

If any damage is found to the rudder, propeller, bottom or other underwater part below 102  
the deepest load line which in the opinion of Class would impose a Class condition, but 103  
Class agrees to postpone the necessary repairs until next scheduled Class dry-docking, 104  
Buyers and Sellers shall agree to an amount of compensation to be deducted from the 105  
purchase price and Buyers shall accept delivery of the Vessel "as is" including the 106  
condition(s) raised by the divers inspection. 107

If Sellers and Buyers cannot agree a compensation figure within 1 working day, then the 108  
figure to apply is to be the average quotes of estimated costs of repairs obtained from 2 109  
first class yards in China, one appointed by the Sellers and one appointed by the 110  
Buyers. Compensation is to be the direct actual costs of repairs excluding dry-dock 111  
time, services and off-hire and/or any other cost. 112

If any damage is found to the underwater parts which in the opinion of Class would 113  
impose a Class condition and the Vessel's Class do not agree to postpone the 114  
necessary repairs until the Vessels' next scheduled Class dry docking, then dry- 115  
docking arrangements as per Clause 6.B(ii) and 6.B(iii) below shall apply with Buyers 116  
right to attend same as observers only without interference to Sellers work or Class'. 117  
However, the Buyers have the right to have the underwaters parts of the Vessel cleaned 118  
and painted at their risk and expense without interfering with the Sellers' or the 119  
Classification surveyor's work and without delaying the timely delivery of the Vessel. If, 120  
however, the Buyers' work in dry dock is still in progress when the Sellers have 121  
completed the work that the Sellers are required to do, the additional docking time 122  
needed to complete the Buyers' work shall be for the Buyers risk and expense. In the 123  
event that the Buyers' work requires additional time, the Sellers may upon completion of 124  
the Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in dry 125  
dock and the Buyers shall be obliged to take delivery in accordance with Clause 3, 126  
whether the Vessel is in drydock or not and irrespective of Clause 5 b). 127

(ii) ~~If the rudder, propeller, bottom or other underwater parts below the deepest load line 96  
are found broken, damaged or defective so as to affect the Vessel's class, then unless 97  
repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers 98  
shall arrange for the Vessel to be drydocked at their expense for inspection by the 99  
Classification Society of the Vessel's underwater parts below the deepest load line, the 100  
extent of the inspection being in accordance with the Classification Society's rules. If the 101  
rudder, propeller, bottom or other underwater parts below the deepest load line are found 102  
broken, damaged or defective so as to affect the Vessel's class, such defects shall be made 103~~

# Singapore Ship Sale Form (SSF)



**Response to a growing and recognized need to have an alternative, updated and simple ship sale form.**

**Coming from Asia, it ensures that the needs of the Asian shipping community is well addressed.**



# SSF (Dual structured & updated sale form)

## Boxes

- Front page
- All essential details on 1 page
- Easy to use
- Result in valid contract

## Descriptive Clauses

- 17 Clauses
- In line with S&P practices
- Cater to Asian shipping community



**One-ship Seller “S” intends to sell his trading Vessel “V” to a Buyer “B” in exchange for payment of price “P” subject to the terms of a ship sale form.**

**Scenario (1): Ideal – all goes well , ships is transacted**

# Hypothetical S&P Case



(2) B lodges 10% deposit with a Sing bank (S), signs the NSF contract and before the vessel is ready for delivery, agrees to pay the balance 90% to a bank in Vienna (V). S takes the view that B has breached a contractual condition by not paying the “full” purchase price (deposit + bal. P) in one bank.

**NSF: Payment of “full” price- judgment will favour Seller**  
*Aktor* (2008)

SSF: Judgment will favour Buyer

# SSF Provision



## Deposit (Clause 1)

10% of the purchase price, to be held in a joint escrow account of both parties and to be released as part payment of the purchase price to the Sellers

The notable features in the SSF are:

- (i) Clarification on the effect of bank remittance charges imposed on the deposit
- (ii) Explicit stipulation that the deposit shall be released as part payment of the purchase price and,
- (iii) Ensuring that the opening of joint account is facilitated by imposing shared obligations on both parties, taking into account the changed banking rules



**(3) S tenders a NOR but is not ready with documents needed for sale. Is the NOR valid? What are the documents required under NSF?**

**NSF: Valid NOR= Physical readiness of Vessel; Docs required:  
From Sellers - 4; From Buyers- Nil**

**SSF: Valid NOAR= physical readiness + legal readiness of Vessel;  
Docs required: From Sellers - 14; From Buyers- 4**



## SSF Notice of Actual Readiness (Clause 5 (b))

- Marked deviation from the existing NOR concept in existing Sale Forms
- Sellers shall tender NOAR only if both physical and legal readiness is achieved



## Documentation (Clause 8) A distinctive Clause in the SSF

Identifies a comprehensive list of all essential documents required to form a valid contract (from both the Sellers and the Buyers)

- After deposit is lodged, Sellers required to forward scanned or photocopies of all requested Plans, Registry, Class, Safety/Trading certificates and other docs required for Buyers registration and management documentation
- 14 days prior to NOAR, Parties required to exchange by fax or email, documents listed in the clause for review & comments
- 3 days prior to delivery, copies of executed versions in strict conformity with drafts are to be circulated
- At the time of delivery, Class certificates, Plans, drawings, record books and instruction manuals to be delivered to the Buyers



**(4) After sale, B finds that the cargo space of the vessel is unclean**

**NSF: Favour Seller as NSF is silent**

**SSF: Favour Buyer as SSF provides for this situation**

# Condition on Delivery (Clause 4)

SSF reflects current market practice



The Sellers obligations are to deliver the vessel:

- (a) substantially in the same condition as the Vessel was at the time of inspection (except fair wear and tear)
- (b) with present Class maintained free from any outstanding Class conditions and/or recommendations
- (c) with clean and valid national and international trading certificates
- (d) with cargo spaces clean and free of any cargo
- (e) free from damage affecting Class



**(5) After sale, when the vessel reaches a port in London, it is detained for previous violations of port state environmental laws**

**NSF: No remedy for Buyer under NSF**

**SSF: Remedy to Buyer under SSF**

## Encumbrances (Clause 9)

Another discernible Clause of the SSF



The SSF explicitly makes the encumbrance's clause a condition of the Agreement

The SSF Clause 9 also clarifies the scope of the encumbrances by including writs, port state detentions, stowaways, trading commitments and other debts along with commercial claims (encumbrances, charters, mortgages, debts, maritime liens)



## **(6) B finds a stowaway in the ship**

**NSF: No remedy to the Buyer**

**SSF: Remedy to Buyer, included in Encumbrances clauses which is made a condition of the contract**

## **(7) Dispute - arbitration- where? which law?**

**NSF: London/New York; English law**

**SSF: Singapore**

# Arbitration (Clause 15)

Asian-centric provision in the SSF



2 alternative clauses

## (1) Default

Singapore & SCMA Rules

## (2) Open

English law

Choice of the Parties as to the  
venue, applicable rules &  
governing law



**(8) Buyer succeeds in arbitration, but unable to recover the awarded damages as S is a one-ship shell company**

**NSF: No remedy to Buyer as Seller disposed off his only available asset**

**SSF: Buyer can go after the Sellers' guarantor**



## Structural Difference

### Improved Deposit & Payment Clauses

Clarifies the scope of physical inspection, encumbrances clauses

New and practically relevant NOAR concept

Detailed & effective documentation clause

Distinctive pro-Asian arbitration clause

New clauses on confidentiality & implied terms



## Relevance of the SSF

- The SSF is discernibly simple, unambiguous, easy to use
- The SSF is up-to-date with changes in maritime & banking regulations
- The SSF is a balanced, alternative sale form drafted in line with the latest S&P practices
- The SSF caters to the needs of the Asian shipping community by providing an Asian venue for arbitration

## IV. Conclusion



SSF or any other standard form contract is only meant to provide a general and fast track means to conclude an S&P agreement.

The terms in these standard forms have to be carefully and thoughtfully changed with changes in the parties, vessel and other factors (market fluctuations).

Otherwise, **ANYTHING** in the signed contract can result in costly disputes.



Questions &  
Thoughts

Thank you