

"TRANSLATION"

PANAMA MARITIME AUTHORITY  
GENERAL DIRECTORATE OF MERCHANT MARINE  
RESOLUTIONS AND CONSULTATIONS

RESOLUTION N° 106-AC-01-DGMM

Panama, February 12, 2007.

THE UNDERSIGNED, DIRECTOR GENERAL OF  
THE DIRECTORATE GENERAL OF MERCHANT MARINE,  
in exercise of the powers conferred thereto by law,

WHEREAS:

That this Directorate General issued Resolution No. 106-48-DGMM of April 4, 2005, in regards the Regulation for the authorization and regulation by the Panama Maritime Administration of the entities in charge of the accounting of the maritime mobile telecommunication service of the vessels of the Panamanian Registry.

That it is necessary to clarify, simplify, modify and add some articles of the Resolution No. 106-48-DGMM of April 4, 2005.

That this Directorate General is the one in charge of watching for the regulation of all those companies that want to be recognized as accounting authorities and all those companies that as of today offer their services as such.

RESOLVES

ARTICLE 1: It LIMITS to twenty five (25) as per the recommendation of the International Telecommunication Unit (ITU) the number of entities in charge of the accounting of the maritime mobile telecommunication services to the vessels of the Panamanian registry.

Additional authorizations shall be granted provided always that the entity applying confirms that it has a minimum of thirty (30) vessels registered or to be registered in our Registry which are willing to hire their services, therefore, it should submit together to its application the name and identification of said vessels.

This authorization shall be provisional with effect of one (1) year, term when it should evidence that it has seventy five (75) vessels hired to which it offers its services, otherwise it can be revoked.

The Accounting Authorities authorized as of today by the Administration, with more than two (2) years as of the date of said authorization, shall keep a minimum of twenty five (25) active vessels or more, represented, in order to keep the authorization valid.

The Accounting Authorities authorized as of today that do not have the number of vessels represented mentioned in the previous paragraph, shall have a term of three (3) months as of the validity of this resolution, to evidence that they comply with said requirement. Said obligation shall be verified by the Shipping Registry Department, Maritime Telecommunication Section, of the General Directorate of Merchant Marine.

When for this and other reasons the authorizations are canceled, the owner or legal representatives of the vessel shall be informed with the purpose that, in a period not longer than sixty (60) days, they name a new Accounting Authority, for which no documentary fees shall be charged. Once the sixty (60) days have passed without a new Accounting Authority being named, a note shall be included in the file of the same with the purpose that before any administrative assignment is processed it proceeds to the designation of a new qualified Accounting Authority.

An Accounting Authority that does not comply with this requirement, shall be able to trespass, before its authorization is canceled, the vessels to another Authority totally or partially, for which it shall grant a power of attorney (specifying by means of Affidavit that it has the approval of the owners of the vessels), to a lawyer; when not a legal representative of the vessel, who shall submit the request; the Legal Attorney shall inform the Legal Representatives of the vessels of said change in order to coordinate the delivery of the new documentation to its representatives.

**ARTICLE 2:** The authorities in charge of the accounting of the radio accounts recognized by the Panamanian Maritime Administration shall comply with the regulations established in the Recommendation of the ITU, regarding the valuation, invoicing, international accounting and cancellation of the accounts in the mobile service of maritime telecommunication.

**ARTICLE 3:** As per Recommendation ITU.90 (A.3.2.2), the National Accounting Authorities approved as of the validity of this rule and identified with the acronym PG shall have operative offices located in the Republic of Panama, and those previously approved as (PG) as of the date of validity of this regulation but that do not have operative locations in Panama, shall, in the term of 12 months establish operative offices in Panama; in the interim they shall have a permanent Legal Representative in Panama, who will receive notifications and shall respond for the obligations of the Accounting Authorities before this Institution or third parties.

It is understood as operative location the office with the equipment and trained staff and necessary to execute the labors of an Accounting Authority, in said location the documentation and relevant files of each vessel shall be kept as contracts, invoices, etc.

The foreign Accounting Authorities, that is those with acronyms different of PG, recognized by the Panamanian Maritime Administration shall keep in every moment their authorities operating in their countries of origin having to submit yearly the certification in said regards and keep a Legal Representative in Panama, who shall receive notifications and shall respond for the obligations of the Accounting Authority before this Institution and third parties.

As per Law No. 58, of December 12, 2002, there shall be reciprocity in the countries of origin of the foreign Accounting Authorities authorized and that do not have operative offices in Panama, in regards to the authorizations for the National Accounting Authorities (PG), in said jurisdictions.

In regards to this matter, the same operative requirements requested in those jurisdictions shall be demanded to the National Accounting Authorities (PG).

**ARTICLE 4:** Every company that wants to apply to obtain authorization of the Panamanian Maritime Administration to do the accounting of the accounts of the mobile service of maritime telecommunications, in the capacity as Accounting Authority, shall present a request with the Law stamps, accompanied by:

- a. Date (day, month, year) of the submission of the application
- b. Name of the applicant company
- c. Activity to which it is dedicated
- d. Main address
- e. State telephone(s), fax, P.O. Box and zone
- f. State e-mail and internet web site
- g. Legal representative of the company, Position in the company, Telephone(s) and fax.
- h. Signature of the legal representative, identification card number or number of passport and nationality (copy of identification card or passport).
- i. Recent evidence of the existence and legal representation of the company registered in the Panamanian Public Registry, whereby the data of its directors and dignitaries, resident agent, address, social capital and duration are stated.
- j. Power of attorney granted to a lawyer in the Republic of Panama, who will represent it before the Panama Maritime Administration.
- k. Certified check in favor of the Panama Maritime Authority in the amount of five hundred dollars (USD.500.00) for processing expenses non reimbursable.
- l. Submission of the recent Financial Statements that credit its financial viability.
- m. Detail of its professional experience in the field of the maritime telecommunications.
- n. List of the vessels of the Panamanian registry that plan to contract its accounting services.
- o. When it is an Accounting Authority abroad, certification of said authorization by the relevant entity of that jurisdiction.

**ARTICLE 5:** The Accounting Authorities must have enough and qualified staff for the exercise of their functions; must have at least a General Manager, an Accountant or Authorized Public Accountant, and Accounts Officer and link with INMARSAT and Services Providers (LES).

In order to confirm that the Accounting Authority complies with the requirements established in this regulation, the General Directorate of Merchant Marine (DGMM) of the Panama Maritime Authority can order audits to the Accounting Authorities identified with acronyms PG. In those cases where the Accounting Authorities does not have operative location in Panama, the same

must bear the costs originated from said audit, for that reason the amount of the same will be informed to the Accounting Authority duly broken down in order to send the relevant remittance to the Maritime Safety Office of the General Directorate of Merchant Marine, located in New York, United States of America.

**ARTICLE 6:** The General Directorate of Merchant Marine, after evaluating the content of each application, taking in consideration the disposition of Articles 1 and 4 of this resolution, shall resolve by means of motivated resolution about the merit of the same.

**ARTICLE 7:** The Accounting Authorities shall request in written to the GDMM to be provided of the assistance to avoid the incompliance of the obligations before the service providers, for which they shall state the name of the vessel, number of Patent, identification call letter, telephone number, fax and e-mail address. In these cases the GDMM shall include a note in the file of the vessel with the purpose of informing the Accounting Authority of any request of change of Patent or deletion of the registry so that the Accounting Authority inform about the existence of debt or its approval of the change or deletion of the registry.

The Accounting Authorities shall request from time to time to the GDMM certification of the vessels represented by them as per the records of this Directorate represent in order to update the data, having to inform the differences and/or mistakes between the information of the Accounting Authority and the one of the GDMM.

**ARTICLE 8:** As long as it is within the contract conditions or due to incompliance of the payment obligations of the owner of the vessel, the Accounting Authorities that cancel their contracts unilaterally, shall inform it to the GDMM, submitting evidence that they have informed the intention of proceeding with said deletion to the owners and legal representatives of the vessels with at least thirty (30) calendar days of anticipation to the cancellation of the contract.

Once the contract is canceled the GDMM shall not process any documentation of said vessel until a new Accounting Authority is named and a new Telecommunication license and Navigation Patent are issued, for which the Accounting Authority that renounces shall provide its consent with the purpose of guarantying the payments for services under its responsibility.

**ARTICLE 9:** Every change of name or of jurisdictional condition of the Accounting Authority shall be previously authorized by this General Directorate. The violation of this disposition can originate sanctions as per the dispositions of Law No. 2 of January 17, 1980 of the GDMM and even the ones stated in Articles No. 13 and 15 of this Resolution. In case of merge of more or more Accounting Authorities the survival entity must assume the obligations of the one(s) that disappear and once the navigation patent is expired and/or radio license of the vessel, the relevant change shall be made.

In case of consolidation or merge of the Accounting Authorities authorized by Panama, the new resulting company shall inform the GDMM, under which code it shall operate; in the case that its consolidation is given between Accounting Authorities validated in Panama and that operate with acronyms different to PG, the new entity shall submit certification of the Authority of its registry

country about the existence and authorization to operate as Accounting Authority as well as the acronyms under which they shall operate.

**ARTICLE 10:** Every company that has been designated as authority in charge of the accounting of the radio accounts shall provide the Section of Maritime Telecommunications of the Shipping Registry Department of the General Directorate of Merchant Marine, every six (6) months, a list of the vessels with whom it has subscribed representation contract, besides the information requested as follows:

- . Name of the applicant company
- . Main Address
- . State telephone(s), fax, P.O. Box and zone
- . E-mail and Web Site
- . Legal representative of the company, Position in the company, Telephone(s) and fax.
- . Signature of the legal representative, identification card number or number of passport and nationality (copy of identification card or passport).

Also, it shall inform the Directorate General of Merchant Marine any change, modification or cancellation of said representation contract with the vessel.

Those Accounting Authorities that do not have acronyms (PG), shall send every year a certificate of goodstanding and operation as Accounting Authority issued by the Authority corresponding to the country where they are registered.

**ARTICLE 11:** The traffic of communications of maritime mobile stations (MES) with GMDSS characteristics mandatory in vessels of more than three hundred (300) tons of gross tonnage, such as, but not limited to, stations of INMARSAT A-B-C-D, and mini M, must be handled by the Accounting Authorities. In the case of the MES that combine one sole GMDSS equipment and INMARSAT and voice transmission and/or data such as fleet 77, the traffic can be handled by providers of Satellite service duly registered and operative in Panama. In case that one vessel not reported as inactive stops having communications for more than thirty (30) days, it must be reported to the GDMM and INMARSAT in order to assure that in case of operating it has an active terminal and able to generate communications and then comply with the international conventions. The legal representative of the vessel must be informed of any traffic of communication by entities not authorized in order that the same adopt the necessary measures to stop said practice.

**ARTICLE 12:** The Providers of Satellite Service of communications on board the vessels of Panamanian Registry whether INMARSAT (ISP) or any other, are authorized as per what is established in the previous article, to account the traffic of equipment combined in one sole GMDSS terminal and transmission of voice and/or data as well as voice equipment and data onboard the vessels of Panamanian Registry provided that the service provider is registered in the GDMM and has offices operative in Panama as defined in this regulation; besides submitting evidence that they have the duly authorization of INMARSAT or another provider of said satellite services to deal with accounting traffic.

The registry application shall be presented by means of a competent lawyer together with evidences of the existence of the society and authorization to act as Service Provider by the entity represented, as well as the address of its operative location. Against the submission of the application shall be granted a provisional authorization for a period of 3 months before conducting an audit to the operative location that if satisfactory shall automatically convert the provisional permit to permanent.

**ARTICLE 13:** The Directorate General of Merchant Marine shall confirm in the relevant licenses of telecommunications of the vessels, the name of the relevant authorities in charge of the accounting of the radio accounts.

**ARTICLE 14:** The Directorate General of Merchant Marine shall be able to revoke the authorizations granted to any accounting entity or Inmarsat Service Provider (ISP) or of another Satellite Company in the following cases:

- a. Due to the inactivity in the period of one (1) year of not conducting the accounting of radio account to any vessel.
- b. Due to the lack of submission of the report about the change of name or jurisdictional condition.
- c. For clear incompliance of the services to which it has been authorized.
- d. Due to the violation of the articles No. 1, 2, 3, 4, 5, 8, 9 and 10 of this Resolution.
- e. Due to the submission of the documentation and false evidences.
- f. Due to any other incompliance considered by this Directorate General as serious.
- g. In the specific case of the Satellite Services Providers of telecommunications that want to have communication traffic of vessels, the points a); b); and c) shall be applied in the Articles 5 and 10 of this Resolution.

**ARTICLE 15:** The lack and/or false information submitted by the applicant or Accounting Authority, will originate a fine of three hundred (USD.300.00) to one thousand five hundred (USD.1,500.00) dollars, depending on the seriousness of the violation, without prejudice of the Directorate General of Merchant Marine to opt for the cancellation of the authorization granted.

**ARTICLE 16:** In those cases where the Directorate General of Merchant Marine proceeds to apply any of the sanctions mentioned in the previous articles, it shall dictate a motivated resolution and notify the legal attorney or the legal representative of the company.

**PARAGRAPH:** the affected party shall have a period of five (5) working days as of the notification of said Resolution to interpose a Recourse of Reconsideration before this Directorate General or Recourse of Appeal before the Administrator of the Maritime Authority.

**ARTICLE 17:** The owners of the Panamanian registry vessels that as of the date of validity of this Resolution do not have Accounting Authorities of Radio Accounts recognized by the Panama Maritime Authority, Directorate General of Merchant Marine, shall have a period of six (6) months, as of the date of this Resolution, to celebrate the relevant contracts for the care of the radio accounts, with any of the authorized entities by the Panama Maritime Administration, to do the accounting of the radio accounts. In that sense every vessel of Panamanian registry shall

- operate with Accounting Authorities of Radio Accounts recognized by the Panama Maritime Authority.

**ARTICLE 18:** The Maritime Authority shall periodically publish in its website w.w.w.amp.gob.pa the list of authorized entities to handle the accounting of the radio accounts of every vessel registered in the Panamanian Registry.

**ARTICLE 19:** The Board of Directors shall approve the rate to be charged for operative licenses granted to the Accounting Authorities and Inmarsat Service Providers (ISP) and other Service Providers of Satellite Communications submitted to the consideration of the DGMM.

**ARTICLE 20:** This Resolution derogates Resolution No. 106-48-DGMM of April 14, 2005, published in the Official Gazette No. 25, 285 of April 25, 2005.

**ARTICLE 21:** This Resolution shall be effective as of its publication in the Official Gazette.

**LAW BASIS:** Law Decree 7 of February 10, 1998  
Law 2 of January 17, 1980  
Law 38 of July 31, 2000.

**BE IT INFORMED, PUBLISHED AND COMPLIED**

Given in the City of Panama on the twelfth (12) day of the month of February of two thousand seven (2007).

(Sgd.) Fernando A. Solorzano A.  
Director General  
Directorate General of Merchant Marine

**IT IS A TRUE AND LAWFUL TRANSLATION INTO ENGLISH OF THE ATTACHED DOCUMENT WRITTEN IN SPANISH.**

Panama, February 16, 2007

  
KATHIA CASTILLO  
Official Translator  
Res. 371  
5 August 2003