

Approved by the International Ship Managers' Association (ISMA)

Approved by the Documentary Committee of The Japan Shipping Exchange Inc., Tokyo

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1. Date of Agreement	
2. Owners (name, place of registered office and law of registry) (Cl. 1) <hr/> Name <hr/> Place of registered office <hr/> Law of registry	3. Managers (name, place of registered office and law of registry) (Cl. 1) <hr/> Name <hr/> Place of registered office <hr/> Law of registry
4. Day and year of commencement of Agreement (Cl. 2)	
5. Crew Management (state "yes" or "no" as agreed) (Cl. 3.1)	6. Technical Management (state "yes" or "no" as agreed) (Cl. 3.2)
7. Commercial Management (state "yes" or "no" as agreed) (Cl. 3.3)	8. Insurance Arrangements (state "yes" or "no" as agreed) (Cl. 3.4)
9. Accounting Services (state "yes" or "no" as agreed) (Cl. 3.5)	10. Sale or purchase of the Vessel (state "yes" or "no" as agreed) (Cl. 3.6)
11. Provisions (state "yes" or "no" as agreed) (Cl. 3.7)	12. Bunkering (state "yes" or "no" as agreed) (Cl. 3.8)
13. Chartering Services Period (only to be filled in if "yes" stated in Box 7) (Cl. 3.3(i))	14. Owners' Insurance (state alternative (i), (ii) or (iii) of Cl. 6.3)
15. Annual Management Fee (state annual amount) (Cl. 8.1)	16. Severance Costs (state maximum amount) (Cl. 8.4(ii))
17. Day and year of termination of Agreement (Cl. 17)	18. Law and Arbitration (state alternative 19.1 , 19.2 or 19.3 ; if 19.3 place of arbitration must be stated) (Cl. 19)
19. Notices (state postal and cable address, telex and telefax number for serving notice and communication to the Owners) (Cl. 20)	20. Notices (state postal and cable address, telex and telefax number for serving notice and communication to the Managers) (Cl. 20)

It is mutually agreed between the party stated in [Box 2](#) and the party stated in [Box 3](#) that this Agreement consisting of [PART I](#) and [PART II](#) as well as [Annexes "A"](#) (Details of Vessel), ["B"](#) (Details of Crew), ["C"](#) (Budget) and ["D"](#) (Associated vessels) attached hereto, shall be performed subject to the conditions contained herein. In the event of a conflict of conditions, the provisions of [PART I](#) and [Annexes "A"](#), ["B"](#), ["C"](#) and ["D"](#) shall prevail over those of [PART II](#) to the extent of such conflict but no further..

Signature(s) (Owners)	Signature(s) (Managers)
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**ANNEX "A" (DETAILS OF VESSEL OR VESSELS) TO
THE BALTIC AND INTERNATIONAL MARITIME COUNCIL (BIMCO)
STANDARD SHIP MANAGEMENT AGREEMENT - CODE NAME: "SHIPMAN 98"**

Date of Agreement:

Name of Vessel(s):

Particulars of Vessel(s):

Sample Copy

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**ANNEX “B” (DETAILS OF CREW) TO
THE BALTIC AND INTERNATIONAL MARITIME COUNCIL (BIMCO)
STANDARD SHIP MANAGEMENT AGREEMENT - CODE NAME: “SHIPMAN 98”**

Date of Agreement:

Details of Crew:

Numbers

Rank

Nationality

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**ANNEX "C" (BUDGET) TO
THE BALTIC AND INTERNATIONAL MARITIME COUNCIL (BIMCO)
STANDARD SHIP MANAGEMENT AGREEMENT - CODE NAME: "SHIPMAN 98"**

Date of Agreement:

Managers' Budget for the first year with effect from the Commencement Date of this Agreement:

Sample Copy

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**ANNEX “D” (ASSOCIATED VESSELS) TO
THE BALTIC AND INTERNATIONAL MARITIME COUNCIL (BIMCO)
STANDARD SHIP MANAGEMENT AGREEMENT - CODE NAME: “SHIPMAN 98”**

**NOTE: PARTIES SHOULD BE AWARE THAT BY COMPLETING THIS ANNEX “D”
THEY WILL BE SUBJECT TO THE PROVISIONS OF SUB-CLAUSE 18.1(i) OF THIS
AGREEMENT.**

Date of Agreement:

Details of Associated Vessels:

Sample Copy

PART II
"SHIPMAN 98" Standard Ship Management Agreement

1. Definitions

In this Agreement save where the context otherwise requires, the following words and expressions shall have the meanings hereby assigned to them.

"Owners" means the party identified in [Box 2](#).

"Managers" means the party identified in [Box 3](#).

"Vessel" means the vessel or vessels details of which are set out in [Annex "A"](#) attached hereto.

"Crew" means the Master, officers and ratings of the numbers, rank and nationality specified in [Annex "B"](#) attached hereto.

"Crew Support Costs" means all expenses of a general nature which are not particularly referable to any individual vessel for the time being managed by the Managers and which are incurred by the Managers for the purpose of providing an efficient and economic management service and, without prejudice to the generality of the foregoing, shall include the cost of crew standby pay, training schemes for officers and ratings, cadet training schemes, sick pay, study pay, recruitment and interviews.

"Severance Costs" means the costs which the employers are legally obliged to pay to or in respect of the Crew as a result of the early termination of any employment contract for service on the Vessel.

"Crew Insurances" means insurances against crew risks which shall include but not be limited to death, sickness, repatriation, injury, shipwreck unemployment indemnity and loss of personal effects.

"Management Services" means the services specified in sub-clauses 3.1 to 3.8 as indicated affirmatively in [Boxes 5](#) to [12](#).

"ISM Code" means the International Management Code for the Safe Operation of Ships and for Pollution Prevention as adopted by the International Maritime Organization (IMO) by resolution A.741(18) or any subsequent amendment thereto.

"STCW 95" means the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978, as amended in 1995 or any subsequent amendment thereto.

2. Appointment of Managers

With effect from the day and year stated in [Box 4](#) and continuing unless and until terminated as provided herein, the Owners hereby appoint the Managers and the Managers hereby agree to act as the Managers of the Vessel.

3. Basis of Agreement

Subject to the terms and conditions herein provided, during the period of this Agreement, the Managers shall carry out Management Services in respect of the Vessel as agents for and on behalf of the Owners. The Managers shall have authority to take such actions as they may from time to time in their absolute discretion consider to be necessary to enable them to perform this Agreement in accordance with sound ship management practice.

3.1 Crew Management

(only applicable if agreed according to [Box 5](#))

The Managers shall provide suitably qualified Crew for the Vessel as required by the Owners in accordance with the STCW 95 requirements, provision of which includes but is not limited to the following functions:

- (i) selecting and engaging the Vessel's Crew, including payroll arrangements, pension administration, and insurances for the Crew other than those mentioned in [Clause 6](#);
- (ii) ensuring that the applicable requirements of the law of the flag of the Vessel are satisfied in respect of manning levels, rank, qualification and certification of the Crew and employment regulations including Crew's tax, social insurance, discipline and other requirements;
- (iii) ensuring that all members of the Crew have passed a medical examination with a qualified doctor certifying that they are fit

- for the duties for which they are engaged and are in possession of valid medical certificates issued in accordance with appropriate flag State requirements. In the absence of applicable flag State requirements the medical certificate shall be dated not more than three months prior to the respective Crew members leaving their country of domicile and maintained for the duration of their service on board the Vessel;
- (iv) ensuring that the Crew shall have a command of the English language of a sufficient standard to enable them to perform their duties safely;
- (v) arranging transportation of the Crew, including repatriation;
- (vi) training of the Crew and supervising their efficiency;
- (vii) conducting union negotiations;
- (viii) operating the Managers' drug and alcohol policy unless otherwise agreed.

3.2 Technical Management

(only applicable if agreed according to [Box 6](#))

The Managers shall provide technical management which includes, but is not limited to, the following functions:

- (i) provision of competent personnel to supervise the maintenance and general efficiency of the Vessel;
- (ii) arrangement and supervision of dry dockings, repairs, alterations and the upkeep of the Vessel to the standards required by the Owners provided that the Managers shall be entitled to incur the necessary expenditure to ensure that the Vessel will comply with the law of the flag of the Vessel and of the places where she trades, and all requirements and recommendations of the classification society;
- (iii) arrangement of the supply of necessary stores, spares and lubricating oil;
- (iv) appointment of surveyors and technical consultants as the Managers may consider from time to time to be necessary;
- (v) development, implementation and maintenance of a Safety Management System (SMS) in accordance with the ISM Code (see sub-clauses [4.2](#) and [5.3](#)).

3.3 Commercial Management

(only applicable if agreed according to [Box 7](#))

The Managers shall provide the commercial operation of the Vessel, as required by the Owners, which includes, but is not limited to, the following functions:

- (i) providing chartering services in accordance with the Owners' instructions which include, but are not limited to, seeking and negotiating employment for the Vessel and the conclusion (including the execution thereof) of charter parties or other contracts relating to the employment of the Vessel. If such a contract exceeds the period stated in [Box 13](#), consent thereto in writing shall first be obtained from the Owners.
- (ii) arranging of the proper payment to Owners or their nominees of all hire and/or freight revenues or other moneys of whatsoever nature to which Owners may be entitled arising out of the employment of or otherwise in connection with the Vessel.
- (iii) providing voyage estimates and accounts and calculating of hire, freights, demurrage and/or despatch moneys due from or due to the charterers of the Vessel;
- (iv) issuing of voyage instructions;
- (v) appointing agents;
- (vi) appointing stevedores;
- (vii) arranging surveys associated with the commercial operation of the Vessel.

3.4 Insurance Arrangements'

(only applicable if agreed according to [Box 8](#))

The Managers shall arrange insurances in accordance with [Clause 6](#), on such terms and conditions as the Owners shall have instructed or agreed, in particular regarding conditions,

PART II
“SHIPMAN 98” Standard Ship Management Agreement

insured values, deductibles and franchises.	132	6. Insurance Policies	193
3.5 Accounting Services	133	The Owners shall procure, whether by instructing the Managers	194
<i>(only applicable if agreed according to Box 9)</i>	134	under sub-clause 3.4 or otherwise, that throughout the period of	195
The Managers shall:	135	this Agreement:	196
(i) establish an accounting system which meets the	136	6.1 at the Owners' expense, the Vessel is insured for not less	197
requirements of the Owners and provide regular accounting	137	than her sound market value or entered for her full gross tonnage,	198
services, supply regular reports and records,	138	as the case may be for:	199
(ii) maintain the records of all costs and expenditure incurred	139	(i) usual hull and machinery marine risks (including crew	200
as well as data necessary or proper for the settlement of	140	negligence) and excess liabilities;	201
accounts between the parties.	141	(ii) protection and indemnity risks (including pollution risks and	202
		Crew Insurances); and	203
		(iii) war risks (including protection and indemnity and crew risks)	204
3.6 Sale or Purchase of the Vessel	142	in accordance with the best practice of prudent owners of	205
<i>(only applicable if agreed according to Box 10)</i>	143	vessels of a similar type to the Vessel, with first class insurance	206
The Managers shall, in accordance with the Owners' instructions,	144	companies, underwriters or associations ("the Owners'	207
supervise the sale or purchase of the Vessel, including the	145	Insurances");	208
performance of any sale or purchase agreement, but not	146	6.2 all premiums and calls on the Owners' Insurances are paid	209
negotiation of the same.	147	promptly by their due date,	210
		6.3 the Owners' Insurances name the Managers and, subject	211
3.7 Provisions <i>(only applicable if agreed according to Box 11)</i>	148	to underwriters' agreement, any third party designated by the	212
The Managers shall arrange for the supply of provisions.	149	Managers as a joint assured, with full cover, with the Owners	213
		obtaining cover in respect of each of the insurances specified in	214
3.8 Bunkering <i>(only applicable if agreed according to Box 12)</i>	150	sub-clause 6.1 :	215
The Managers shall arrange for the provision of bunker fuel of the	151	(i) on terms whereby the Managers and any such third party	216
quality specified by the Owners as required for the Vessel's trade.	152	are liable in respect of premiums or calls arising in connection	217
		with the Owners' Insurances; or	218
4. Managers' Obligations	153	(ii) if reasonably obtainable, on terms such that neither the	219
4.1 The Managers undertake to use their best endeavours to	154	Managers nor any such third party shall be under any	220
provide the agreed Management Services as agents for and on	155	liability in respect of premiums or calls arising in connection	221
behalf of the Owners in accordance with sound ship management	156	with the Owners' Insurances; or	222
practice and to protect and promote the interests of the Owners in	157	(iii) on such other terms as may be agreed in writing.	223
all matters relating to the provision of services hereunder.	158	<i>Indicate alternative (i), (ii) or (iii) in Box 14. If Box 14 is left</i>	224
Provided, however, that the Managers in the performance of their	159	<i>blank then (i) applies.</i>	225
management responsibilities under this Agreement shall be entitled	160	6.4 written evidence is provided, to the reasonable satisfaction	226
to have regard to their overall responsibility in relation to all vessels	161	of the Managers, of their compliance with their obligations under	227
as may from time to time be entrusted to their management and	162	Clause 6 within a reasonable time of the commencement of	228
in particular, but without prejudice to the generality of the foregoing,	163	the Agreement, and of each renewal date and, if specifically	229
the Managers shall be entitled to allocate available supplies,	164	requested, of each payment date of the Owners' Insurances.	230
manpower and services in such manner as in the prevailing	165		
circumstances the Managers in their absolute discretion consider	166	7. Income Collected and Expenses Paid on Behalf of Owners	231
to be fair and reasonable.	167	7.1 All moneys collected by the Managers under the terms of	232
4.2 Where the Managers are providing Technical Management	168	this Agreement (other than moneys payable by the Owners to	233
in accordance with sub-clause 3.2 , they shall procure that the	169	the Managers) and any interest thereon shall be held to the	234
requirements of the law of the flag of the Vessel are satisfied and	170	credit of the Owners in a separate bank account.	235
they shall in particular be deemed to be the "Company" as defined	171	7.2 All expenses incurred by the Managers under the terms	236
by the ISM Code, assuming the responsibility for the operation of	172	of this Agreement on behalf of the Owners (including expenses	237
the Vessel and taking over the duties and responsibilities imposed	173	as provided in Clause 8) may be debited against the Owners	238
by the ISM Code when applicable.	174	in the account referred to under sub-clause 7.1 but shall in any	239
		event remain payable by the Owners to the Managers on	240
5. Owners' Obligations	175	demand.	241
5.1 The Owners shall pay all sums due to the Managers punctually	176	8. Management Fee	242
in accordance with the terms of this Agreement.	177	8.1 The Owners shall pay to the Managers for their services	243
5.2 Where the Managers are providing Technical Management	178	as Managers under this Agreement an annual management	244
in accordance with sub-clause 3.2 , the Owners shall:	179	fee as stated in Box 15 which shall be payable by equal	245
(i) procure that all officers and ratings supplied by them or on	180	monthly instalments in advance, the first instalment being	246
their behalf comply with the requirements of STCW 95;	181	payable on the commencement of this Agreement (see Clause	247
(ii) instruct such officers and ratings to obey all reasonable orders	182	2 and Box 4) and subsequent instalments being payable every	248
of the Managers in connection with the operation of the	183	month.	249
Managers' safety management system.	184	8.2 The management fee shall be subject to an annual review	250
5.3 Where the Managers are not providing Technical Management	185	on the anniversary date of the Agreement and the proposed	251
in accordance with sub-clause 3.2 , the Owners shall procure that	186	fee shall be presented in the annual budget referred to in sub-	252
the requirements of the law of the flag of the Vessel are satisfied	187	clause 9.1 .	253
and that they, or such other entity as may be appointed by them	188	8.3 The Managers shall, at no extra cost to the Owners, provide	254
and identified to the Managers, shall be deemed to be the	189	their own office accommodation, office staff, facilities and	255
"Company" as defined by the ISM Code assuming the responsibility	190	stationery. Without limiting the generality of Clause 7 the Owners	256
for the operation of the Vessel and taking over the duties and	191	shall reimburse the Managers for postage and communication	257
responsibilities imposed by the ISM Code when applicable.	192	expenses, travelling expenses, and other out of pocket	258
		expenses properly incurred by the Managers in pursuance of	259

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the Management Services.	260	11.1 Force Majeure - Neither the Owners nor the Managers	326
8.4 In the event of the appointment of the Managers being	261	shall be under any liability for any failure to perform any of their	327
terminated by the Owners or the Managers in accordance with	262	obligations hereunder by reason of any cause whatsoever of	328
the provisions of Clauses 17 and 18 other than by reason of	263	any nature or kind beyond their reasonable control.	329
default by the Managers, or if the Vessel is lost, sold or otherwise	264	11.2 Liability to Owners - (i) Without prejudice to sub-clause	330
disposed of, the "management fee" payable to the Managers	265	11.1, the Managers shall be under no liability whatsoever to the	331
according to the provisions of sub-clause 8.1, shall continue to	266	Owners for any loss, damage, delay or expense of whatsoever	332
be payable for a further period of three calendar months as	267	nature, whether direct or indirect, (including but not limited to	333
from the termination date. In addition, provided that the	268	loss of profit arising out of or in connection with detention of or	334
Managers provide Crew for the Vessel in accordance with sub-	269	delay to the Vessel) and howsoever arising in the course of	335
clause 3.1:	270	performance of the Management Services UNLESS same is	336
(i) the Owners shall continue to pay Crew Support Costs during	271	proved to have resulted solely from the negligence, gross	337
the said further period of three calendar months and	272	negligence or wilful default of the Managers or their employees,	338
(ii) the Owners shall pay an equitable proportion of any	273	or agents or sub-contractors employed by them in connection	339
Severance Costs which may materialize, not exceeding	274	with the Vessel, in which case (save where loss, damage, delay	340
the amount stated in Box 16.	275	or expense has resulted from the Managers' personal act or	341
8.5 If the Owners decide to lay-up the Vessel whilst this	276	omission committed with the intent to cause same or recklessly	342
Agreement remains in force and such lay-up lasts for more	277	and with knowledge that such loss, damage, delay or expense	343
than three months, an appropriate reduction of the management	278	would probably result) the Managers' liability for each incident	344
fee for the period exceeding three months until one month	279	or series of incidents giving rise to a claim or claims shall never	345
before the Vessel is again put into service shall be mutually	280	exceed a total of ten times the annual management fee payable	346
agreed between the parties.	281	hereunder.	347
8.6 Unless otherwise agreed in writing all discounts and	282	(ii) Notwithstanding anything that may appear to the contrary in	348
commissions obtained by the Managers in the course of the	283	this Agreement, the Managers shall not be liable for any of the	349
management of the Vessel shall be credited to the Owners.	284	actions of the Crew, even if such actions are negligent, grossly	350
9. Budgets and Management of Funds	285	negligent or wilful, except only to the extent that they are shown	351
9.1 The Managers shall present to the Owners annually a	286	to have resulted from a failure by the Managers to discharge	352
budget for the following twelve months in such form as the	287	their obligations under sub-clause 3.1, in which case their liability	353
Owners require. The budget for the first year hereof is set out	288	shall be limited in accordance with the terms of this Clause 11.	354
in Annex "C" hereto. Subsequent annual budgets shall be	289	11.3 Indemnity - Except to the extent and solely for the amount	355
prepared by the Managers and submitted to the Owners not	290	therein set out that the Managers would be liable under sub-	356
less than three months before the anniversary date of the	291	clause 11.2, the Owners hereby undertake to keep the Managers	357
commencement of this Agreement (see Clause 2 and Box 4).	292	and their employees, agents and sub-contractors indemnified	358
9.2 The Owners shall indicate to the Managers their acceptance	293	and to hold them harmless against all actions, proceedings,	359
and approval of the annual budget within one month of	294	claims, demands or liabilities whatsoever or howsoever arising	360
presentation and in the absence of any such indication the	295	which may be brought against them or incurred or suffered by	361
Managers shall be entitled to assume that the Owners have	296	them arising out of or in connection with the performance of the	362
accepted the proposed budget.	297	Agreement, and against and in respect of all costs, losses,	363
9.3 Following the agreement of the budget, the Managers shall	298	damages and expenses (including legal costs and expenses on	364
prepare and present to the Owners their estimate of the working	299	a full indemnity basis) which the Managers may suffer or incur	365
capital requirement of the Vessel and the Managers shall each	300	(either directly or indirectly) in the course of the performance of	366
month up-date this estimate. Based thereon, the Managers shall	301	this Agreement.	367
each month request the Owners in writing for the funds required	302	11.4 "Himalaya" - It is hereby expressly agreed that no	368
to run the Vessel for the ensuing month, including the payment	303	employee or agent of the Managers (including every sub-	369
of any occasional or extraordinary item of expenditure, such as	304	contractor from time to time employed by the Managers) shall in	370
emergency repair costs, additional insurance premiums, bunkers	305	any circumstances whatsoever be under any liability whatsoever	371
or provisions. Such funds shall be received by the Managers	306	to the Owners for any loss, damage or delay of whatsoever kind	372
within ten running days after the receipt by the Owners of the	307	arising or resulting directly or indirectly from any act, neglect or	373
Managers' written request and shall be held to the credit of the	308	default on his part while acting in the course of or in connection	374
Owners in a separate bank account.	309	with his employment and, without prejudice to the generality of	375
9.4 The Managers shall produce a comparison between	310	the foregoing provisions in this Clause 11, every exemption,	376
budgeted and actual income and expenditure of the Vessel in	311	limitation, condition and liberty herein contained and every right,	377
such form as required by the Owners monthly or at such other	312	exemption from liability, defence and immunity of whatsoever	378
intervals as mutually agreed.	313	nature applicable to the Managers or to which the Managers are	379
9.5 Notwithstanding anything contained herein to the contrary,	314	entitled hereunder shall also be available and shall extend to	380
the Managers shall in no circumstances be required to use or	315	protect every such employee or agent of the Managers acting	381
commit their own funds to finance the provision of the	316	as aforesaid and for the purpose of all the foregoing provisions	382
Management Services.	317	of this Clause 11 the Managers are or shall be deemed to be	383
10. Managers' Right to Sub-Contract	318	acting as agent or trustee on behalf of and for the benefit of all	384
The Managers shall not have the right to sub-contract any of	319	persons who are or might be their servants or agents from time	385
their obligations hereunder, including those mentioned in sub-	320	to time (including sub-contractors as aforesaid) and all such	386
clause 3.1, without the prior written consent of the Owners which	321	persons shall to this extent be or be deemed to be parties to this	387
shall not be unreasonably withheld. In the event of such a sub-	322	Agreement.	388
contract the Managers shall remain fully liable for the due	323	12. Documentation	389
performance of their obligations under this Agreement.	324	Where the Managers are providing Technical Management in	390
11. Responsibilities	325	accordance with sub-clause 3.2 and/or Crew Management in	391
		accordance with sub-clause 3.1, they shall make available,	392
		upon Owners' request, all documentation and records related	393

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to the Safety Management System (SMS) and/or the Crew	394	in the reasonable opinion of the Managers is unduly	457
which the Owners need in order to demonstrate compliance	395	hazardous or improper,	458
with the ISM Code and STCW 95 or to defend a claim against	396	the Managers may give notice of the default to the Owners,	459
a third party.	397	requiring them to remedy it as soon as practically possible.	460
		In the event that the Owners fail to remedy it within a	461
13. General Administration	398	reasonable time to the satisfaction of the Managers, the	462
13.1 The Managers shall handle and settle all claims arising	399	Managers shall be entitled to terminate the Agreement	463
out of the Management Services hereunder and keep the Owners	400	with immediate effect by notice in writing.	464
informed regarding any incident of which the Managers become	401	18.2 Managers' Default	465
aware which gives or may give rise to claims or disputes involving	402	If the Managers fail to meet their obligations under Clauses 3	466
third parties.	403	and 4 of this Agreement for any reason within the control of the	467
13.2 The Managers shall, as instructed by the Owners, bring	404	Managers, the Owners may give notice to the Managers of the	468
or defend actions, suits or proceedings in connection with matters	405	default, requiring them to remedy it as soon as practically	469
entrusted to the Managers according to this Agreement.	406	possible. In the event that the Managers fail to remedy it within a	470
13.3 The Managers shall also have power to obtain legal or	407	reasonable time to the satisfaction of the Owners, the Owners	471
technical or other outside expert advice in relation to the handling	408	shall be entitled to terminate the Agreement with immediate effect	472
and settlement of claims and disputes or all other matters	409	by notice in writing.	473
affecting the interests of the Owners in respect of the Vessel.	410	18.3 Extraordinary Termination	474
13.4 The Owners shall arrange for the provision of any	411	This Agreement shall be deemed to be terminated in the case of	475
necessary guarantee bond or other security.	412	the sale of the Vessel or if the Vessel becomes a total loss or is	476
13.5 Any costs reasonably incurred by the Managers in	413	declared as a constructive or compromised or arranged total	477
carrying out their obligations according to Clause 13 shall be	414	loss or is requisitioned.	478
reimbursed by the Owners.	415	18.4 For the purpose of sub-clause 18.3 hereof	479
		(i) the date upon which the Vessel is to be treated as having	480
14. Auditing	416	been sold or otherwise disposed of shall be the date on	481
The Managers shall at all times maintain and keep true and	417	which the Owners cease to be registered as Owners of	482
correct accounts and shall make the same available for inspection	418	the Vessel;	483
and auditing by the Owners at such times as may be mutually	419	(ii) the Vessel shall not be deemed to be lost unless either	484
agreed. On the termination, for whatever reasons, of this	420	she has become an actual total loss or agreement has	485
Agreement, the Managers shall release to the Owners, if so	421	been reached with her underwriters in respect of her	486
requested, the originals where possible, or otherwise certified	422	constructive, compromised or arranged total loss or if such	487
copies, of all such accounts and all documents specifically relating	423	agreement with her underwriters is not reached it is	488
to the Vessel and her operation.	424	adjudged by a competent tribunal that a constructive loss	489
		of the Vessel has occurred.	490
15. Inspection of Vessel	425	18.5 This Agreement shall terminate forthwith in the event of	491
The Owners shall have the right at any time after giving	426	an order being made or resolution passed for the winding up,	492
reasonable notice to the Managers to inspect the Vessel for any	427	dissolution, liquidation or bankruptcy of either party (otherwise	493
reason they consider necessary.	428	than for the purpose of reconstruction or amalgamation) or if a	494
		receiver is appointed, or if it suspends payment, ceases to carry	495
16. Compliance with Laws and Regulations	429	on business or makes any special arrangement or composition	496
The Managers will not do or permit to be done anything which	430	with its creditors.	497
might cause any breach or infringement of the laws and	431	18.6 The termination of this Agreement shall be without	498
regulations of the Vessel's flag, or of the places where she trades.	432	prejudice to all rights accrued due between the parties prior to	499
		the date of termination.	500
17. Duration of the Agreement	433		
This Agreement shall come into effect on the day and year stated	434	19. Law and Arbitration	501
in Box 4 and shall continue until the date stated in Box 17 .	435	19.1 This Agreement shall be governed by and construed in	502
Thereafter it shall continue until terminated by either party giving	436	accordance with English law and any dispute arising out of or	503
to the other notice in writing, in which event the Agreement shall	437	in connection with this Agreement shall be referred to arbitration	504
terminate upon the expiration of a period of two months from the	438	in London in accordance with the Arbitration Act 1996 or	505
date upon which such notice was given.	439	any statutory modification or re-enactment thereof save to	506
		the extent necessary to give effect to the provisions of this	507
18. Termination	440	Clause.	508
18.1 Owners' default	441	The arbitration shall be conducted in accordance with the	509
(i) The Managers shall be entitled to terminate the Agreement	442	London Maritime Arbitrators Association (LMAA) Terms	510
with immediate effect by notice in writing if any moneys	443	current at the time when the arbitration proceedings are	511
payable by the Owners under this Agreement and/or the	444	commenced.	512
owners of any associated vessel, details of which are listed	445	The reference shall be to three arbitrators. A party wishing	513
in Annex "D" , shall not have been received in the Managers'	446	to refer a dispute to arbitration shall appoint its arbitrator	514
nominated account within ten running days of receipt by	447	and send notice of such appointment in writing to the other	515
the Owners of the Managers written request or if the Vessel	448	party requiring the other party to appoint its own arbitrator	516
is repossessed by the Mortgagees.	449	within 14 calendar days of that notice and stating that it will	517
(ii) If the Owners:	450	appoint its arbitrator as sole arbitrator unless the other party	518
(a) fail to meet their obligations under sub-clauses 5.2	451	appoints its own arbitrator and gives notice that it has done	519
and 5.3 of this Agreement for any reason within their	452	so within the 14 days specified. If the other party does not	520
control, or	453	appoint its own arbitrator and give notice that it has done so	521
(b) proceed with the employment of or continue to employ	454	within the 14 days specified, the party referring a dispute to	522
the Vessel in the carriage of contraband, blockade	455	arbitration may, without the requirement of any further prior	523
running, or in an unlawful trade, or on a voyage which	456	notice to the other party, appoint its arbitrator as sole	524

PART II
“SHIPMAN 98” Standard Ship Management Agreement

arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement. Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

In cases where neither the claim nor any counterclaim exceeds the sum of USD50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

19.2 This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the Maritime Law of the United States and any dispute arising out of or in connection with this Agreement shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgement may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.

In cases where neither the claim nor any counterclaim exceeds the sum of USD50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in

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accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc. current at the time when the arbitration proceedings are commenced.

19.3 This Agreement shall be governed by and construed in accordance with the laws of the place mutually agreed by the parties and any dispute arising out of or in connection with this Agreement shall be referred to arbitration at a mutually agreed place, subject to the procedures applicable there.

19.4 If [Box 18](#) in Part I is not appropriately filled in, sub-clause [19.1](#) of this Clause shall apply.

Note: [19.1](#), [19.2](#) and [19.3](#) are alternatives; indicate alternative agreed in [Box 18](#).

20. Notices

20.1 Any notice to be given by either party to the other party shall be in writing and may be sent by fax, telex, registered or recorded mail or by personal service.

20.2 The address of the Parties for service of such communication shall be as stated in [Boxes 19](#) and [20](#), respectively.

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