

SSP May 2025

Examiners' Report:

GENERAL COMMENTS

The key to passing this examination is to identify what the examiner is looking for and then provide it in a structured and well-presented way. This means that the student not only has to possess the required knowledge before sitting the exam, but they should also understand it; this is not a memory test. Knowing what you are talking about and being able to explain it to others to advise and persuade is essential in shipbroking. It is also a prerequisite for passing this exam.

Some questions – for example, in this paper – are relatively easy to answer as long as the information provided is accurate and relevant. Ship type questions (like Question 2) spell out what the examiner wants, i.e. a description, some drawings of the ships, and trade routes drawn on the map. These questions can be advantageous – in terms of marks awarded – if they are answered correctly.

Other questions, what could be called 'essay questions', require a more structured approach and need some thought before writing begins. An essay plan would assist the student in these cases, so that they can think about what the question is actually asking. 'Explain' is different from 'analyse', for example, just as 'discuss' is different from 'describe'. Paying attention to these key words, and planning an essay beforehand will assist in making sure that the essay is well structured, well written and answers the question being asked over the course of two or more pages. A pass can rarely be given in those cases where an essay question is answered by half a page of text.

As mentioned above, in real life, shipbrokers will have to present information and knowledge, and their understanding of a particular situation quickly, concisely and clearly so that it can then be acted on. This includes good presentation and the ability to convince the other person that you have the knowledge and the understanding required in order to execute the task at hand.

The professional examination process is also asking the student to be able to present their knowledge and understanding quickly, concisely and clearly under time pressure. Those who obtain the highest marks in these examinations have understood this and, consequently, presented the examiner with accurate and relevant answers, and in the most successful cases, actually educated the examiner and made them think. This is what the best shipbrokers do.

1. Explain why a Buyer would need to register their vessel on delivery and discuss the different factors that may influence a Buyers choice of flag, giving examples.

This was a two-part question. It is safe to assume, therefore, that the two parts have equal marks, more or less, apportioned to them. Those who concentrated more on one part than the other, therefore, cannot gain as many marks as those who gave both parts equal attention. Many students who attempted this question tended to favor part one to part two, and therefore did not get as many marks as they may have done.

The first part tested the student's knowledge on registered ownership, as far as ship sale and purchase is concerned, and should have included:

- the need for registered corporate (as opposed to individual) ownership of a vessel in a country so it can trade in international waters
- the identification of the vessel's "nationality"
- the need for a register where ownership can be recorded, together with registered mortgages and other encumbrances
- the ability for the entire ownership of a vessel to be transferred completely, with title, risk and liability
- compliance with IMO regulations, particularly SOLAS, MARPOL and ISM

Other issues, such as insurance, minimum manning requirements and other ship management issues related to flag were largely irrelevant for this part of the question.

The second part was looking for awareness and understanding that different flags have different regimes for:

- registering beneficial ownership
- taxation
- manning requirements, including employment of a minimum number of national (or in the case of EU flags, EU nationals) officers, crew and cadets
- specific environmental requirements
- certain flags required for local or cabotage trades, e.g. passenger services in Philippines
- sanctions, or the threat of sanctions, e.g. Iran, Russia, North Korea
- blacklisting, e.g. Arab League/Israel, Cyprus/Turkey

Highest marks were awarded to those who understood that flag decisions not only affect running costs and taxation, but have an effect on future trading patterns and corporate structures.

There were no marks available for discussions on the differences between national, open and offshore flags because this is what the question asked.

2. Answer all parts of the question:

- a) Provide a detailed written description of a panamax container carrier stating size, cargo capacity, dimensions, machinery and other significant features.**
- b) Draw a profile and cross-section of the vessel showing the layout of the vessel clearly labelling the dimensions and other significant parts of the vessel.**
- c) On the world map provided show one typical trading route showing ports of call.**

When attempting this type of question, it is worth noting the following:

- Use the world map in the centre pages of the examination book
- When drawing profiles and cross sections, use the graph paper on either side of the centre pages
- Use the whole page for your drawings, in landscape orientation and use a pencil and a ruler
- Take care to label all the things that you have highlighted in your vessel description in the drawing, i.e. Length Overall (Loa), Beam and draft
- This is not an essay question, and does not need much, if any explanatory text

- a) Full written description including dimensions, engine, and teu capacity. As this is an S&P exam, the details should include age and shipyard, main engine type and capacity, as well as dimensions and cargo carrying capacity. An example is as follows:

TBN

52,300 deadweight on 12.5 m Draft

Built: 10/2010 at CSBC Corp Taiwan - Kaohsiung, Taiwan

Loa 268.8 m, Beam 32.2 m

4,178 TEU / 2,882 TEU homog at 14t

700 reefer plugs
Gearless
M/E: 1 x Wartsila 40,000 kW
max. speed: 21 knots on 87,5 mts VLSFO
min. speed: 12 knots on 27 mts VLSFO

The above example would have achieved full marks.

b) An acceptable ship drawing is one well drawn, showing profile and cross-section with all relevant spaces identified. Top marks were given to those showing dimensions. A good guide is to make sure everything in the description is labelled in the drawing.

c) Very few Panamax container vessels trade simply between one port and another. The best marks awarded in this section were to students who realised these vessels trade on liner services that include more than two ports – often a series of ports in a circular service – and were accurate in their placing of ports and canals, where used.

This is a question that can award many marks to a candidate who follows the instructions in the question, but there are not many marks available for those who are unable to provide accurate details, or present poorly executed drawings and maps

3. Your client physically inspected a secondhand vessel during which they noted a spare propeller on board. Following negotiations the Buyers and Sellers both signed a Memorandum of Agreement which included the following wording:

“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 excluded.”

The Buyers subsequently lodged the desposit, but prior to delivery their representatives discovered that the spare propeller was no longer on board the vessel.

Referring to a Saleform of your choice, write an email to your client outlining their rights and suggest what course of action they should take.

This again was a two-part question. The first part tested the student's knowledge of three basic clauses, e.g. NSF 2012 Clauses 4, 7 and 11. Marks were awarded for those answers that made the following points:

- The wording (which comes from clause 7 of NSF 2012) says that all spares on board at the time of inspection (Clause 4) are included in the sale

- Clause 11 states further that:

"The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be delivered and taken over as she was at the time of inspection, fair wear and tear excepted."

- However, the burden of proof should be with buyers, in the form of photographic or other evidence

Therefore, the Sellers should deliver the vessel to the Buyers with a spare propeller on board.

The second part asks for suggested (sensible) courses of action, which could include:

- Presenting the sellers with photographic evidence and asking them to deliver the vessel with a spare propeller

- Putting the sellers on notice that they are in breach of contract and asking them how they will resolve the situation, but reserving the buyer's rights

- Asking for compensation for the lack of the propeller being on board

Obviously, this is not exhaustive, and can be presented in many different ways. But students should be careful not to create their own legal opinion. Sometimes during a ship sale a situation arises which is not always completely covered by the terms of the saleform. This question examined just such a case. What was required was a knowledge of the whole of the Saleform to use as a basis to resolve this problem. Some answers were very constructive and were able to use that knowledge well, however many candidates jumped to nuclear options such as Buyers cancelling the contract, or arresting the ship, which would in many cases lead the Buyers into more trouble than the loss of a spare propeller was worth.

4. Identify and briefly explain the function of the documentation that the Sellers would be reasonably required to provide at the documentary closing meeting of the sale of a secondhand kamsarmax bulk carrier.

This was a straightforward documentation question, requiring a brief explanation of the function of each document:

Required documentation:

- a) Bill of Sale (document of title, freedom of encumbrances)
- b) Power of Attorney (identifying who is authorised to act on behalf of the sellers, and the limits of their authority)
- c) Minutes of BoD (showing that the sellers have authorised the sale in accordance to company regulations, and that they authorise the issuing of a Power of Attorney)
- d) Transcript of Registry showing freedom of encumbrances and certificate of ownership (this can be in two different documents)
- e) Certificate of Deletion and/or Letter of Undertaking (showing that no outstanding fees are payable to the Registry by the sellers)
- f) Class Maintenance Certificate (showing the vessel is in class and free of conditions of class)
- g) Commercial Invoices for the Vessel and the bunkers and lubs RoB
- h) Letter of guarantee that vessel is not blacklisted
- i) Some form of document, e.g. guarantee that vessel is free of gypsy moth, grain clean, or similar to show that the student has realised the vessel is a supramax bulk carrier

There were no marks awarded for documents not needed in the documentary closing, i.e. certificates on board, plans, etc., or for buyers' documentation.

5. Buyers and Sellers have agreed all terms for the sale of a secondhand vessel on an outright basis, and both parties have signed and exchanged a Memorandum of Agreement, and the Buyers have lodged the deposit. Prior to delivery however the Sellers notify the Buyers that the vessel will be delayed and will miss her cancelling date. Using a Saleform of your choice explain the Buyers options and rights.

To answer this question, the student should be able to combine the knowledge (using NSF 2012 as an example) of both Clauses 5 and 14.

Clause 5 c (using NSF 2012) states:

“If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready for delivery by the Cancelling Date they may notify the Buyers in writing stating the date when they anticipate that the Vessel will be ready for delivery and proposing a new Cancelling Date. Upon receipt of such notification, the Buyers shall have the option of either cancelling this Agreement in accordance with Clause 14 (Sellers’ Default) within three (3) Banking Days of receipt of the notice or of accepting the new date as the new Cancelling Date.

If the Buyers have not declared their option within three (3) Banking Days of receipt of the Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers' notification shall be deemed to be the new Cancelling Date and shall be substituted for the Cancelling Date stipulated in line 79.

If this Agreement is maintained with the new Cancelling Date all other terms and conditions hereof including those contained in Clauses 5(b) and 5(d) shall remain unaltered and in full force and effect.”

Clause 14 states:

“Should the Sellers fail to give Notice of Readiness in accordance with Clause 5(b) or fail to be ready to validly complete a legal transfer by the Cancelling Date the Buyers shall have the option of cancelling this Agreement. If after Notice of Readiness has been given but before the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again by the Cancelling Date and new Notice of Readiness given, the Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this Agreement, the Deposit, together with interest earned, if any, shall be released to them immediately.

Should the Sellers fail to give Notice of Readiness by the Cancelling Date or fail to be ready to validly complete a legal transfer as aforesaid, they shall make due compensation to the Buyers for their loss and for all expenses together with interest if their failure is due to proven negligence and whether or not the Buyers cancel this Agreement”

Marks were awarded to those students that were able to identify and explain these two options, i.e. to maintain or cancel.

The second part of the question dealt with the buyers rights. This is detailed in Clause 5 (d):

“Cancellation, failure to cancel or acceptance of the new Cancelling Date shall be entirely without prejudice to any claim for damages the Buyers may have under Clause 14 (Sellers’ Default) for the Vessel not being ready by the original Cancelling Date.”

Students that did well do not just repeat the wording of the Saleform – however precisely - but showed their understanding through explaining the relevant issues, and by stating that the whether or not the Buyers cancel the sale, this does not stop them claiming for damages.

The students who achieved the highest marks were those who were able to address all of these points and present a well-structured, coherent and well-written essay. Those that simply repeated the wording of the saleform were unlikely to pass.

6. Answer ALL parts of the question:

- a) Identify the five main countries that carry out ship recycling.**
- b) Explain how the price of a ship sold for demolition is calculated and list what documentation is normally required as proof.**
- c) Detail what technical information about the vessel the Buyers would require from Sellers in a demolition sale, prior to offering on a full terms basis.**
- d) Explain why the price offered for dry bulk carriers is usually less than the price offered for tankers.**

This was a fairly simply question, and students that did well answered along the following lines:

- a) India, Pakistan, Bangladesh, China and Turkey
- b) Usually the price of a ship sold for recycling is US\$ (or other currencies) per light displacement ton. The answer required a definition of light displacement tonnage, i.e.

the total weight of the vessel, excluding bunkers, lubricating oils and other constants and material. The examiner was looking for the documentation as follows:

- Trim and stability book
- Capacity plan and deadweight scale
- c) The following technical details are usually required by the Buyers:
 - Type, size and dimensions of vessel
 - Main engine and other machinery/equipment make and type
 - Spares (including propeller/material etc)
 - Type/make of cargo handling equipment (pumps/gear etc)
 - Special materials (stainless steel, brass coils/manifolds)
- d) Because the quality and condition of the materials, including the hull, are lower, and usually in worse condition for recycling, due to the trades and the cargoes the vessel has been undertaking.

7. Your client is showing interest in investing in either an ultramax bulk carrier or an MR product tanker. Write a report for your client highlighting the advantages and disadvantages for ONE of these types of vessel, referring to current market conditions, concluding with your own personal recommendations.

The examiners were looking for:

- Knowledge of the current market conditions
- Ability to write a coherent market report

This is, obviously, a “no right answer” question, but students should have been aware of prevailing market conditions and trends in values etc. The highest marks were awarded to those with accurate market knowledge and convincing arguments.

The analysis should therefore have ideally included:

- The current state and prospects as well as recent trends in the dry bulk or product carrier markets
- The demand for dry bulk commodities (grain, coal, steel products and other appropriate minor bulks) or petroleum products (including easy chemicals and vegoils)
- Geopolitical situation
- The structure of the fleet and the newbuilding orderbook
- Decarbonisation trends
- New technology and innovations
- The different running costs and technical and challenges of each

The examiners had the discretion to award the highest marks to those with an understanding of the issues written in a well-structured and argued way. However, a candidate who submitted an essay with in-depth knowledge of the dry commodities or petroleum product market without a corresponding analysis of the relevant freight, secondhand and newbuilding markets would have found it difficult to pass. Therefore, the highest marks were awarded to those who presented a well-argued report – including accurate market knowledge – as well as justifiable and convincing arguments.

8. Describe the provisions of Clause 18 of Saleform 2012, and discuss its implications.

The examiners were looking for a description of the clause and a discussion, again a two-part question. The clauses provisions state:

- a) The agreement is the entire agreement, and supersedes all previous agreements, whether oral or written, between the Parties in relation thereto.
- b) The Parties have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than expressly set out in the MOA
- c) Any terms implied into this Agreement by any applicable statute or law are excluded to the extent that such exclusion can legally be made.

The implications are that no other legislation or evidence, or statement can be used to challenge the MOA except to that agreed within the contract. In the event of a dispute, therefore, the arbitrators or courts can only rely on what is written in the MOA.

Although this may seem a challenging question, the clause is now standard (amended or otherwise) in most S&P contracts, and although this was the least popular question, those who attempted it overall did well. The best answers were those who were able to discuss what the implications of excluded statutes, for example, the Sale of Goods Act, and were able to refer to the case law involved – in this case, UNION POWER.