

## ICS Examinations November 2025: Examiners' Report

### Subject: SSP

#### General Comments

A question all students should ask of themselves before taking this exam is "What is the examiner looking for?" This Examiner's Report should provide some guidance.

The examiner does not expect the student to be a Ship Sale and Purchase broker, nor will the student be able to walk straight into a shipbroking company and start working immediately after passing the exam. The examiner does, however, expect the student to know the basics so that, when he or she comes across the business of buying and selling ships in their career, they will know more than others. This means having a wide basic knowledge of the disciplines involved, newbuilding, secondhand and demolition, the product itself, i.e. ship types and how they trade, and detailed knowledge of the contracts used, and the issues raised by their use.

The syllabus is the basic guide to this knowledge and should be used as a checklist for learning and revision: all questions are based only on the syllabus.

This session's results showed a pleasing improvement in the overall pass mark, showing that students' basic knowledge is improving and they are better prepared. Attention should continue to be paid to the structure of the essay and asking the question the examiner has asked, and not repeating material learnt off by heart. The questions are designed to test the students' knowledge and understanding of the subject matter, and students will struggle unless they have both and are able to show them in a well-structured manner.

#### **1. The Sellers of a secondhand vessel will usually have to provide a written Notice of Readiness when the vessel is at the place of delivery and physically ready for delivery. Using a Saleform of your choice, describe the Sellers' obligations prior to tendering a valid written Notice of Readiness.**

This was an essay question testing knowledge of two specific clauses (using NSF 2012 as a guide). You should have been able to identify both these clauses and describe what the Sellers' obligations are, what they contain:

#### **Clause 5. (a) and (b)**

*(a) The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage at/in \_\_\_\_\_ (state place/range) in the Sellers' option.*

*Notice of Readiness shall not be tendered before: \_\_\_\_\_(date)*

*Cancelling Date (see Clauses 5(c), 6 (a)(i), 6 (a) (iii) and 14): \_\_\_\_\_*

*(b) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall provide the Buyers with twenty (20), ten (10), five (5) and three (3) days' notice of the date the Sellers intend to tender Notice of Readiness and of the intended place of delivery.*

***When the Vessel is at the place of delivery and physically ready for delivery in accordance with this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.***

This means that it is the vessel's physical – not legal – readiness for delivery, i.e. being in the right place, at the right time, in the condition agreed. What is the condition agreed? This is as follows:

**Clause 11:**

*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 Vessel shall be delivered free of cargo and free of stowaways with her Class maintained without condition / recommendation\*, free of average damage affecting the Vessel's class, and with her classification certificates and national certificates, as well as all other certificates the Vessel had at the time of inspection, valid and unextended without condition/recommendation\* by the Classification Society or the relevant authorities at the time of delivery.*

Although this was a popular question, many students struggled, confusing physical readiness with legal readiness (i.e Freedom from encumbrances, Clause 9) which is not the same thing. The vessel does not need to be free of encumbrance to give a Notice of Readiness as per Clause 5.

Those that did well were not only able to identify Clause 6 – that NOR cannot be given until the underwater inspection is finished and its consequences have been dealt with – and also Clause 8 (issuing of Class Maintenance Certificate).

**2.**

**Answer ALL parts of the question.**

- a) Provide a detailed written description of a Medium Range product carrier, paying particular attention to size, dimensions, tank configuration, cargo carrying features and the main machinery.**
- b) Draw a profile and cross-section of a typical Medium Range product carrier, labelling your drawing with the dimensions, cargo and ballast tank configuration and other areas of interest to a buyer.**
- c) On the world map provided, for THREE different cargoes of your choice, show THREE typical trading routes for this vessel, using different loading and discharge ports in each case.**

This was a simple ship type question.

An MR tanker should be generally described along the following lines:

40-55,000 dwt

Loa 175 -190.00m  
Beam 27- 32.26m  
Draft 11.5-12.5m  
10, 12 or 14 tanks  
Epoxy coated cargo tanks  
Coiled (optional)  
COW, IGS, SBT  
Cargo pumps (pump room or deepwell)  
IMO 2/3 or IMO 3  
5, 6 or 7 grades  
Main Engine: around 10,000 bhp  
Generators: 3

Those that did well were able to give an accurate description, draw a profile and cross section that corresponded to the description, correctly labelled, and produce a map that showed relevant and accurate trade routes.

Marks were lost – apart from inaccuracies – by failing to label the dimensions, cargo and ballast tank configuration on the drawings, and not using three different load and discharge ports on the map.

**3. Identify and briefly explain the purpose of the documents Sellers should provide to Buyers both at the documentary closing meeting and on board the vessel on delivery.**

This was a delivery documentation question, which required the candidate to identify the most important documents during delivery at the closing meeting and on board the vessel:

At the closing meeting:

- Bill of Sale
- Board of Director minutes
- Power of Attorney
- Articles of Incorporation or bye-laws
- Transcript of Registry showing Ownership and Freedom of Encumbrances
- Class Maintenance Certificate
- Certificate of Deletion or Letter of Undertaking
- Continuous Synopsis Record
- Commercial invoice for the bunkers and lubricating oils
- Commercial invoice for the Vessel
- Letters of warranty that not blacklisted or touched bottom since last drydocking

On the vessel:

- classification certificate(s)
- all plans, drawings and manuals (excluding ISM/ISPS manuals), which are on board the Vessel

Extra marks were awarded for more detailed explanations and identification of the various certificates.

Students who simply listed the documentation without briefly explaining their origin and purpose did not do as well.

**4. Using a Saleform of your choice, identify the situations when a Classification Society is involved in the sale of a secondhand ship from pre-purchase inspection until delivery, and explain the role of Class at those times.**

The examiners were looking for essays that showed an understanding of the Classification Society's role in the sale of a secondhand ship. The situations that should have been identified are:

- Inspection of Class records: the explanation should include how Class collects and records these records, and the relevance to the Buyers before they decide to definitely buy the ship (Clause 4 in NSF 2012)
- Divers inspection/drydocking (Clause 6) : the role of class during the underwater inspection includes:
  - a) Determining that the underwater parts are free of damage that results in a condition of class/recommendation
  - b) That Class is the sole arbiter in deciding whether
- Issuing a Class Maintenance certificate on delivery (Clauses 8 and 11) showing the vessel is free of conditions of class/recommendations on delivery unless otherwise agreed

The classification society's role at these times is different, and Class should not be confused with Registry, or pre-purchase inspection (Clause 4) with underwater inspection (Clause 6). Some students lost marks in these cases, as well as being unable to explain sufficiently what Class as an organisation, as well as the individual survey, is doing. Sometimes the best way of explaining something is to give examples.

**5. Explain the usual downpayments by buyers under newbuilding contracts and analyse why the timing and proportions may vary under different market conditions.**

This was, in fact, a two-part question.

The first part dealt with the standard down payments as follows:

- a) Contract signing
- b) Steel cutting
- c) Keel Laying
- d) Launching
- e) Delivery

The explanation didn't need to be in too much depth, but should have been at least a sentence or two accurately illustrating why what the payments are for.

The second part of the question was asking for an understanding of how and why the proportions and timing of each payment can change depending on the market – and other conditions at the time, including:

- The freight market of the sector being considered
- The size of the orderbook
- The availability of newbuilding berths
- Overall demand for newbuilding berths
- Availability of full refund guarantee cover for pre-delivery instalments
- Availability of finance

The payments will vary in timing and proportion, for example from 5/5/5/5/80% when shipyards are trying to attract customers, to more upfront payments for example in some cases to 20/20/10/10/40% when buyers are trying to find berths and willing to offer more up front. The timing of the payments can therefore be brought forward or delayed due to the:

- Size of the orderbook
- Time of delivery
- Cash flow of the yard
- Construction schedule

The question did not necessarily have to be answered in two parts, but unless both parts were addressed adequately, it was difficult for a student to obtain a pass.

**6. You have successfully arranged for your client to physically inspect an Ultramax bulk carrier and the Classification Society records online. Your client now wants to make an offer for the vessel on an outright basis. Draft a full terms offer for their approval.**

This question tested knowledge of a full terms offer, including the correct termination and the language used in such an offer.

The following essential terms should have been included in clause form:

1. Price
2. deposit
3. payment
4. inspection declaration
5. notices (time)
6. delivery range/date and cancelling
7. underwater inspection whether diving inspection or drdocking
8. Spares, exclusions and bunkers/lubs
9. Documentation
10. Condition on delivery
11. Law/jurisdiction/arbitration

This was the bare minimum.

In addition, extra marks were available for the inclusion of clauses that addressed the fact that the vessel in question was an ultramax bulk carrier, e.g. that the vessels will be delivered with holds swept clean of cargo.

It was important that the candidates presented this as an offer, not an essay, and in terms that are recognisable to market practitioners. Many students regrettably struggled with this.

**7. Identify and describe FOUR different methods of raising finance for the purchase of a secondhand vessel.**

This was a fairly straight forward ship financing question. Students could have chosen from the following (although not necessarily limited to them):

- cash/own resources
- tradition mortgage bank financing
- private investors
- joint ventures
- credit lines
- IPOs
- Bonds
- BBHP
- Private Equity Funds
- Hedge Funds

The descriptions should have included who lends the money, on what terms. The highest marks were awarded for those answers that showed a deeper understanding on where and how different methods are used, and why. Some students unfortunately identified finance options that can only be used for newbuildings i.e. export credit, or confused mortgage financing with lease finance. However despite these rare cases the question was mostly answered well.

**8. Giving appropriate examples, describe the legal relationship between the broker and their principal in all stages of a secondhand sale, and explain how brokers can protect their right to a commission.**

This was two-part question examining the knowledge and understanding of legal issues facing a ship sale and purchase broker.

The first part required a description of the relationship between broker and principal as one of agency, where the broker acts implicitly on the authority and instructions of their principal, whether buyer or seller, and includes appropriate actions in:

- marketing
- requesting and obtaining permission for inspection
- negotiations / drawing up contracts
- giving notices, including notice of readiness

The second part of the question should have explained who pays the commission (the sellers), when it is paid (on successful delivery of the vessel), and how brokers can protect their right to it (by ensuring it is included in the recap of terms agreed, or a commission agreement).

Again, it was not expected that the essay should have been presented in two parts, but unless both parts were addressed properly, it was hard for the examiners to award a pass. Highest marks were awarded to those that included all the above elements, and showed a thorough understanding of the role of the broker in S&P deals.