

The Red Ensign of the Cayman Islands – Still the Flag of Choice

Sherice Arman, July 2009

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The Cayman Islands flag, the prestigious British red ensign, continues to be the flag of choice for super yacht owners globally – and is quickly becoming the preferred choice for commercial vessel owners as well. There are many reasons for this.

The Cayman Islands Shipping Registry (CISR), established in 1903, enjoys the prestige of being a Category One British registry, a status granted to it in 1991 by the United Kingdom. This is the highest category awarded and it indicates that the CISR is equipped and qualified to register and maintain international safety convention status for vessels of all sizes and classes, ranging from pleasure yachts to super tankers. That red ensign fluttering in the breeze is no mere decoration; as British ships, all Cayman-flagged vessels are entitled to protection and assistance from the British Royal Navy.

Importantly, the CISR and the Maritime Authority of the Cayman Islands (MACI) have ensured that the register has a reputation for having the highest quality tonnage afloat. They have done so by ensuring that Cayman-registered vessels comply with applicable international maritime conventions that have been extended to Cayman

through legislation. They include the International Convention on the Safety of Life at Sea, the International Convention for the Prevention of Pollution from Ships (MARPOL), and the International Convention on Standards of Training, Certification and Watch keeping for Seafarers.

By so doing, the CISR has attained "White List" status under the Tokyo Memorandum of Understanding and the Paris Memorandum of Understanding currently in place under their respective regional Port State Control organisations. This recognises the confidence placed in the registry by the international shipping community.

CISR surveyors are well respected in the shipping industry worldwide and are extremely knowledgeable and service oriented. They maintain an active survey and audit programme for commercial vessels and will refuse to register vessels that do not comply with international standards. The CISR's affiliation with several global classification societies such as American Bureau of Shipping, Bureau Veritas, Det Norske Veritas, Germanischer Lloyd, Lloyds Register, Nippon Kaiji Kyokai and Registro Italiano Navale

adds to their survey capabilities in various jurisdictions.

The well-earned reputation of the Cayman register makes it popular with institutions around the world involved in financing the acquisition of vessels. The mortgage registration process is efficient and the registry will allow the registration of a mortgage on a vessel under construction. In order to accommodate lenders and owners in different time zones and on different continents, the CISR has nine offices – George Town (head office), Southampton, London, Ft. Lauderdale, Monaco, Athens, Hong Kong, Singapore and Tokyo. The CISR also offers express over-the-counter service as well as service out of regular hours, which prove to be very useful in situations where transactions are time sensitive.

In addition to the role played by the CISR, other factors make the Cayman Islands an attractive jurisdiction.

The Cayman legal system is based on the English system and with Cayman's final court of appeal being the Privy Council. This provides an added degree of comfort to banks and vessel owners.

Cayman has a stable economic and political environment and as a result of its tax neutral position, owners and lenders are not subject to income, capital gains or any other taxes.

The jurisdiction is one of the world's largest financial services centres. As a result, owners and

lenders can take advantage of some of the most advanced services and sophisticated legal structures available for the ownership and financing of vessels such as orphan structures or Shariah compliant structures.

New legislative changes contained in the Companies (Amendment) Law 2007 and the Companies Winding-Up Rules reinforce Cayman's reputation as a creditor-friendly jurisdiction and provide further evidence of the Government's commitment to a modern and effective legislative regime.

In conclusion, the excellent and efficient service from the Cayman Islands Shipping Registry and its surveyors, the sound international reputation of the flag and everything that is associated with the British red ensign, the quality of the legal, administration and banking services available in the Cayman Islands and the political and legal framework of the Cayman Islands all come together to make the Cayman Islands a very attractive jurisdiction for registration of a vessel whether for pleasure or commercial purposes.

Should you have any questions or requests for further information, please contact:

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