

**(Seal of the Panama Maritime Authority)
MERCHANT MARINE GENERAL BUREAU
Resolutions and Consulting Department**

Resolution N° 106-13-DGMM

Panama, 8 March 2012

**THE UNDERSIGNED, DIRECTOR GENERAL
OF THE MERCHANT MARINE GENERAL BUREAU, ACTING UNDER
AND PURSUANT TO THE POWERS AND AUTHORITY CONFERRED BY LAW,**

CONSIDERING:

That by means of Decree Law No. 7 of 10 February 1998 it was created the Panama Maritime Authority and were unified the different maritime competencies of the Public Administration.

That according to numeral 1 of Article 30 of Decree Law 7 of 10 February 1998 modified by article 187 of Law No. 57 of 6 August 2008, it was established that the functions of the General Directorate of the Merchant Marine are to execute the administrative acts related to the registration of vessels at the Merchant Marine, to authorize changes related to said registration and to resolve its loose due to the causes established in the Law and, to ensure the strict compliance and the effective application of the laws in force in the Republic of Panama, International Conventions, Codes or guidelines regarding the Maritime Safety, Pollution Contamination and Maritime Protection of its vessels.

That, also, numeral 16 of article 30 of Decree Law 7 of 10 February 1998 modified by article 187 of Law No. 57 of 6 August 2008, establishes that it is competency of the General Directorate of the Merchant Marine to sanction who infringes legal and lawful rules referred to the Merchant Marine.

That additionally numeral 3 of article 30 of Decree Law 7 of 10 February 1998 modified by article 187 of Law No. 57 of 6 August 2008, establishes that the General Directorate of the Merchant Marine will study, propose, coordinate and implement the measures, actions and strategies that will be necessary to maintain the competitiveness of the Merchant Marine.

That by means of article 114 of Law No. 57 of 6 August 2008, the General Directorate of the Merchant Marine may execute and implement the measures and the controls they consider necessary, with the objective to ensure the compliance of the regulations relative to the maritime security, to the Panamanian vessels wherever they are and of any other nationality within the jurisdictional waters of Panama.

That the Republic of Panama adopted the International Convention for the Safety of Human Life at Sea (SOLAS for its stands in English) 1974 by Law of 27 October 1977 and its Protocol of 1978 by Law 12 of 9 November 1981; as it was also adopted the Protocol related to the International Convention for the Safety of Human Life at Sea 1974, made at London on 11 November 1988 by Law No. 31 of 11 July 2007,

That the Diplomatic Conference on Maritime Protection held at London, England on December 2002, adopted new regulations to increase the maritime protection in the form of a new Chapter XI-2 of the International Convention for the Safety of Human Life at Sea (SOLAS 74/78) that to the new dispositions included in Part A of the current Code. These new regulations, together with the orientations included in Part B of the current Code, integrate the International Code for the Protection of Ships and the Port Facilities (ISPS Code, for its stands in English) and constituted the international framework which allows that the ships and port facilities can cooperate to detect and prevent acts of maritime terrorism.

That by means of Law 38 of 4 June 1995 the Republic of Panama ratified the Convention on the Law at Sea, 1982 that on its article 100 states that all the States will cooperate to the fullest extent possible in the repression of the piracy at high sea or in any other place that is not under the jurisdiction of any State.

That the Security Council of the United Nations is making efforts to achieve peace and stability in Somalia, recognizing that the increase in acts of piracy and armed robbery against ships off the Coast of Somalia have had adverse effects on international maritime trade.

That by means of Resolutions No. 1814 of 15 May 2008 and No. 1816 (2008) of 2 June 2008, the Security Council of the United Nations requested the States that are members to take the necessary actions to protect the navigation, transportation and the flow of humanitarian assistance in areas of high risk of piracy attacks and armed robbery, whereas piracy in this area constitute a threat to international peace and security.

That the International Maritime Organization (OMI) recognizes the serious danger that constitutes the piracy acts and armed robbery against ships for the safety of human life at sea, the security, the maritime protection and the protection of the marine environmental.

That the International Maritime Organization (OMI) issued Circulars MSC.1/Circ 1405/Rev.1 and MSC.1/Circ.1406/Rev.1 both of 16 September 2011, which established interim Recommendations for the ship-owners, owners and flag states regarding the use of Private Security Companies on board the ships, with the objective of give protection to the vessels that sail within high risk areas from the piracy attack and armed robbery.

That this General Directorate by means of Resolution No. 106-14-DGMM of 18 March 2008, created the Technical Evaluation Committee which has, among other functions, to resolve technical applications of the General Directorate, to recommend regulations, technical requirements and internal and external procedures for the different applications; in addition to recommend to the General Directorate the approval or rejection of companies that are required to provide an specific service on board Panamanian flag vessels or any other vessel that is in the national territory.

That the General Directorate of the Merchant Marine in its commitment to fight against the piracy requires to maintain a control and to provide the ships of the Merchant Marine more security, hence, it is necessary to approve regulations that will authorize the service to the private security companies that grant the service of voluntary use of armed personnel on board the Panamanian flag vessels, therefore,

RESOLVED:

FIRST: TO ISSUE A REGULATION that rules the private security companies that grant the service of voluntary use of armed personnel on board Panamanian flag vessels, to transit exclusively in high risk areas from the piracy attack and armed robbery.

For the purposes of the present Resolution it will be understood by “PRIVATE SECURITY COMPANIES”, local or international private security companies approved by the General Directorate of the Merchant Marine of the Panama Maritime Authority to grant the use of security, armed or unarmed personnel on board the Panamanian flag vessels.

SECOND: TO ESTABLISH a system for the use of the private security companies on the Panamanian flag vessels in order to ensure compliance of the minimum requirements established by the International Maritime Organization (OMI) in the MSC.1/Circ.1405/Rev.1 of 16 September 2011.

THIRD: The General Directorate of the Merchant Marine of the Panama Maritime Authority will grant the local or international private security companies, with experience and suitability in the maritime field, the approval to give the service of armed and unarmed personnel on board the Panamanian flag vessels, according to the national and international regulations and the requirements established in this Resolution.

The General Directorate of the Merchant Marine will grant upon requirement from the local or international private security companies, all the necessary instruments of the national legislation by which the dispositions of the International Code for the Protection of Ships and Port Facilities (ISPS Code for its stands in English) come into force. These instructions or instruments may be disclosed through the resolutions or circulars of the General Directorate of the Merchant Marine.

The private security companies should keep actualized with the national and international regulations through any electronic device the Administration has.

FOURTH: The private security companies interested in being approved for the service of voluntary use of armed or unarmed personnel on board the Panamanian flag vessels should submit their application before the General Directorate of Merchant Marine attaching the following documents:

1. Formal application before the General Directorate of Merchant Marine of the Panama Maritime Authority through a competent lawyer.
2. Power of Attorney duly authenticated and legalized in favour of a competent lawyer to practice in the Republic of Panama
3. Certificate of Registry of the company or, where it is attested the existence and the persons, legal representatives or power of attorney authorized to act on its behalf. In the case of companies abroad, the documents must be duly authenticated by the Panamanian Consul or by Apostille.
4. Copy of the insurance policy for damages to third parties.
5. Number, technical formation and experience of the security personnel of the company in the management of arms or protection equipment as well as the provisions of the International Code for the Protection of Ships and the Port Facilities (ISPS Code, for its stands in English), the International Safety Management Code (ISM Code) and the Best Practices on Board (BMP for its stands in English) in its actualized version. For said purpose,

a copy of the certificates or diplomas that credit the suitability of the security personnel with their respective curriculum vitae should be attached.

6. Procedures for the handling and inventory of weapons on board ships, transport, shipment and disembarkation.
7. Introduction and maintenance of quality standards that are recognized internationally.
8. To prove that the Company has the necessary resources which includes technical, management and administration procedures to carry out the work for the security and protection of the ships that transit within the high risk areas.
9. Any other document the Administration may require.

FIFTH: TO REQUEST all the private security companies that give the service of voluntary use of armed personnel on board the Panamanian flag vessels to submit all the documents described in article fourth in order to formalize their authorization by the General Directorate of the Merchant Marine.

SIXTH: The applications will be evaluated by the Resolutions and Consulting Department and then by the Maritime Protection of Ships of this General Directorate, which will issue their observations to the Technical Evaluation Committee created by means of Resolution No. 106-14-DGMM of 18 March 2008.

The Technical Evaluation Committee will evaluate the applications of the private security companies and will recommend the General Directorate of the Merchant Marine by means of a Minute of approval or not of the application and, the General Directorate of Merchant Marine will proceed to issue the Resolution whereby the application is approved or rejected.

SEVENTH: The private security companies approved by the General Directorate of the Merchant Marine, in order to give the service of voluntary use of armed or unarmed personnel on board the Panamanian flag vessels, may only give the service for which they are duly authorized.

EIGHTH: The private security company approved by the General Directorate of Merchant Marine has the obligation to coordinate with the owner, operator and/or captain of the vessel, the responsibilities and actions to be taken on board the vessel, before and during the transit through the high risk areas of piracy, in accordance with what it is established by the International Maritime Organization in MSC.1/Circ.1405/Rev.1 and MSC.1/Circ.1406/Rev.1 of 16 September 2011.

NINTH: It is essential that the private security companies approved to maintain an updated data base of the Panamanian flag vessels that has the service of voluntary use of armed or unarmed personnel as well as the hired personnel with the purpose that complying with what is described in the article tenth.

TENTH: The private security company should complete and send to the General Directorate of the Merchant Marine at the end of the service rendered to each vessel, a Report with the information required by this Directorate.

ELEVENTH: The approvals to the private security companies, may be revoked or suspended by the General Directorate of the Merchant Marine by means of a motivated resolution in case they do not fulfill the regulations contained in this Resolution, or by dissolution or bankruptcy of the authorized company, or when said company unattended the instructions of the General Directorate of the

Merchant Marine, or when there is a justified cause that allow a change in the system.

TWELFTH: The General Directorate of the Merchant Marine may establish, clear up concepts and additional details regarding the requirements and procedures for the authorization of the private security companies by means of Circulars of the Merchant Marine.

THIRTEENTH: **TO INFORM** the contents of this Resolution to all the Departments of the General Directorate of the Merchant Marine, the International Offices authorized by the Panama Maritime Authority and the Consulates.

FOURTEENTH: This Resolution will be in force six (6) months after its promulgation in the Official Gazette.

Legal Basis: Decree Law N° 7 of 10 February 1998
Law N° 57 of 6 August 2008
Resolution 1814 (2008) of ONU of 15 May 2008
Circular MSC.1/Circ.1405/Rev.1 of 16 September 2011
Circular MSC.1/Circ.1406/Rev.1 of 16 September 2011
Resolution 106-14-DGMM of 18 March 2008

BE IT NOTIFIED AND COMPLIED WITH:

(sgd. Illegible)
ENG. ALFONSO CASTILLERO C.
General Director

AC/JLC/KP

The above is a translation into English of the document in Spanish presented to me.

Panama, 4 April 2012.