

**(Translation. Only the Faroese version has legal validity.)**

## **Act on Registration of Ships**

Parliamentary Act No 9 of 5 March 1970

as last amended by Parliamentary Act No 173 of 20 December 2017

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### **Chapter 1<sup>1)2)3)</sup>**

#### **Registration of vessels and vessels under construction<sup>3)</sup>**

**Section 1.** <sup>1) 2) 3)</sup> Faroese vessels of 15 GT or more and that are completed are obliged to apply for registration. The Minister of Maritime Affairs may in special circumstances permit the registration of vessels even though the conditions stipulated in subsections 2-3 are not fulfilled.

*Subsection 2.* In order for a ship to be considered Faroese and fly Faroese flag, the owner of the ship shall be Faroese. To be considered Faroese an owner shall be:

- a. a Faroese national.
- b. a Faroese state institution and municipality.
- c. a governmental agency fund and company in which only Faroese are in the management.
- d. part-owner shipping undertakings in which Faroese owners own at least two-thirds and in which the managing owner is Faroese.
- e. public limited companies and other companies with limited liability which have selected a board of directors in which at least two-thirds of the board members are Faroese.
- f. other companies in which at least two-thirds are Faroese.

*Subsection 3.* If governmental agency funds, companies or enterprises are participants in a part-owner shipping undertaking, or in two of the enterprises mentioned in paragraph f, each

individual participant shall meet the requirements above for being considered a Faroese owner.

*Subsection 4.* <sup>1)4)</sup> In this Act, the following definitions shall apply:

- 1) Fishing vessel: Any vessel or boat that is equipped for or is used for commercial fishing
- 2) Merchant ship: Any ship or boat with the exception of fishing vessels and pleasure vessels.
- 3) Pleasure vessel: Any ship or boat not used for commercial purposes.

*Subsection 5.* <sup>1)</sup> The obligation to register a vessel, according to subsection 1, does not apply to pleasure vessels that have a gross registered tonnage/ gross tonnage of less than 15.

*Subsection 6.* <sup>1)4)</sup> Vessels included in regional fisheries management organisations lists of vessels identified as taken part in illegal, unreported or unregulated fishing, or have been engaged in such fishing, may not be registered in the Ship Register.

**Section 1 a.** <sup>5)</sup> For vessels that are considered not to be Faroese according to section 1, but wherein the owner is a natural or legal person covered by the Hoyvík Treaty and is domiciled or is registered within the territory governed by the treaty, the Minister of Maritime Affairs may stipulate regulations governing the conditions for registration of the vessel as Faroese, given that the vessel shall be administered by and inspected by the Faroese authorities.

*Subsection 2.* A vessel that is registered in the Faroese Ship Register according to subsection 1 shall be deemed equal to other Faroese vessels and has the right to sail under the Faroese flag.

**Section 2.** <sup>1)2)</sup> Vessels that are registered in a foreign ship register cannot be registered in the Faroe Islands, cf, however, the provisions stipulated in section 56, subsection 2.

*Subsection 2.* Floating docks, cable barges, floating containers and similar equipment are not considered ships according to this Act.

*Subsection 3.* <sup>3)</sup> Barges, lighters, dredgers, floating cranes, floating drilling rigs and the like shall be deemed to be vessels even though they are not outfitted with engines for propulsion. A vessel or boat that is comprised by item 1 and has a gross tonnage of 15 or more is obliged to register the vessel in the Ship Register.

**Section 3.** <sup>3)</sup> A newbuild vessel shall be reported for registration no later than 30 days after the newbuilding is completed, and a vessel that is purchased, no later than 30 days after the purchase.

*Subsection 2.* <sup>3)</sup> The Ship Register may extend the deadline.

**Section 4.** <sup>1)2)</sup> A newbuilding under construction in Faroe Islands may, upon request to the Ship Register, be registered in a special section of the Ship Register (ship construction register), provided that the authorities can certify that the vessel is sufficiently completed as to be identifiable.

*Subsection 2.* <sup>1)</sup> If the ship's builder shall be registered as the owner, written permission from the shipyard shall accompany the registration notice.

*Subsection 3.* If the shipyard shall be registered as the owner, written permission from the ship's builder is required.

*Subsection 4.* <sup>2)</sup> (Repealed)

**Section 5.** <sup>3)</sup> The application for registration shall contain information on the vessel and the owner.

*Subsection 2.* <sup>3)</sup> The necessary documentation shall accompany the application proving that the applicant is the owner of the vessel, and shall prove compliance with the conditions stipulated in section 1, except when the application relates to a vessel under construction.

*Subsection 3.* <sup>3)</sup> Building year of the vessel, shipyard and type of vessel shall be stated.

*Subsection 4.* <sup>3)</sup> When the final registration is requested, the name of the vessel and its Faroese homeport shall be stated.

*Subsection 5.* <sup>3)</sup> The name of the vessel may only be registered if it is so distinct that it cannot be mixed with another registered vessel name.

*Subsection 6.* <sup>3)</sup> The Ship Register shall refuse to register the name of the vessel if the name conflicts with a name used by another shipowner.

*Subsection 7.* <sup>3)</sup> Application for registration of a name for a vessel under construction may be made when the vessel is registered according to section 4, or if the conditions for such registration are met.

**Section 6.** <sup>2)3)</sup> If an association is the owner of a vessel, the application shall identify who can sell or mortgage the vessel. If a management or a corresponding owner is appointed, this information shall be noted in the application. A management shall be considered a corresponding owner, and in these cases a special corresponding owner cannot be notified for registration. If the shipowners are a part-owner shipping undertaking, a managing owner who meets the requirements stipulated in section 1 shall be selected and notice shall be provided regarding this fact.

*Subsection 2.* <sup>3)</sup> If a public limited company owns the vessel, the applicant shall prove that the company is registered at the Company Registration Authority.

*Subsection 3.* <sup>3)</sup> If there is a difficulty with the owners in that the owner is domiciled in a foreign country or for other reasons, the Ship Register may require that a process agent is appointed who is domiciled in the Faroe Islands and who has the authority to represent the owner in matters of registration and has the responsibility to ensure that the obligations of the owners according to this Act are met.

**Section 7.** <sup>1)2)</sup> If the vessel is obtained from abroad, the applicant must present certification from the foreign ship register authority that the vessel is not registered in the foreign ship

register or ship construction register or that the vessel is to be deleted on the day that the vessel is certified to be registered in another country.

*Subsection 2.* <sup>1)3)</sup> The Ship Register may, in special circumstances, register a ship even though documentation from the foreign ship register authority has not been submitted. Registration may, however, only take place provided the country from which the ship has been acquired, or in whose ship register or ship construction register the ship has been registered has neither acceded to the 1967 International Convention for the Unification of Certain Rules relating to Maritime Liens and Mortgages nor the 1967 International Convention relating to Registration of Rights in respect of Vessels under Construction.

*Subsection 3.* <sup>1)</sup> If a vessel has been obtained from abroad, the mortgage stated in the certificate of deletion mentioned in subsection 1 or whose existence is confirmed by the mortgagor and which fulfils the conditions in the Maritime Act, shall be transferred to the Ship Register at the same time as the ship is registered. The Minister of Maritime Affairs shall lay down further regulations on this.

**Section 8.** <sup>1)2)3)</sup> The Minister of Maritime Affairs shall stipulate more detailed regulations on the administration of the Ship Register and on fees for registration and services. Persons with a Master's degree in law take the final decision in issues on the Ship Register.

*Subsection 2.* <sup>3)</sup> The Minister of Maritime Affairs may stipulate more detailed regulations on an annual fee for each vessel registered in the Faroese Ship Register in order to finance the Ship Register's tasks. The annual fee is determined by the size of the vessel.

*Subsection 3.* <sup>3)</sup> The Minister of Maritime Affairs may stipulate more detailed regulations on methods of payment, deadlines for payment, reminders, fees and interests etc.

*Subsection 4.* <sup>3)</sup> Payment of the annual fee may be enforced via lien.

*Subsection 5.* <sup>3)</sup> Vessels that have been endorsed by the Faroese National Heritage as worthy of preservation according to Parliamentary Act on culture-historical ships, are not subject to pay the annual fee.

**Section 9.** <sup>3)</sup> Documents that are submitted to the register shall be recorded the same day in a digital daybook. After entry in the digital daybook, the document shall have attestation of when the entry was made.

**Section 10.** <sup>3)</sup> After the document has been recorded in the daybook, it shall be examined if the vessel can be registered and if the information required according to sections 5-7 has been submitted.

*Subsection 2.* <sup>3)</sup> If the vessel cannot be registered based on the documentation submitted, the application shall be denied. If necessary information is missing, the Ship Register may request the additional information be submitted within the deadline stipulated in section 3.

**Section 11.** <sup>3)</sup> Each vessel has its own page in the digital ships registry. The registry page shall indicate type of the vessel, call sign, measurements and power of engine, and a short summary of the information according to sections 5 – 7.

**Section 12.** <sup>3)</sup> Transcript or copy of the registered documents shall be kept in a special document folder (ship's folder) together with the same attestation as the registered documents.

**Section 13.** <sup>3)</sup> In addition to the ships registry, a digital shipowners registry shall be made. In this registry, the shipowners who have vessels in the ships registry shall be logged with information about which vessel each shipowner has. Each vessel shall be cross-referenced to the digital page in the ships registry.

**Section 14.** <sup>1)</sup> The Ship Register is compound of a registry for merchant vessels, a registry for fishing vessels and a registry for pleasure vessels.

*Subsection 2.* When a vessel has been registered in one of the registries mentioned in subsection 1, each vessel shall have an endorsement thereof on the certificate of nationality (merchant vessel, fishing vessel or pleasure vessel).

*Subsection 3.* The port sign shall be noted on the certificate of nationality for fishing vessels. The certificate shall not be issued before the port sign has been painted on the vessel.

**Section 15.** <sup>3)</sup> Repealed.

**Section 16.** <sup>13)</sup> The most important information in the Ship Register shall be published on the Ship Register's homepage.

**Section 17.** <sup>1)</sup> A vessel that is registered or shall be registered according to section 1, cf section 2, shall not sail without a certificate of nationality.

**Section 18.** <sup>13)</sup> When the vessel has been measured and is fully recorded in the Ship Register, a certificate of nationality will be issued. The certificate of nationality shall contain information on gross and net tonnage, type of vessel, name, home port, call sign, propulsion power and name of owner. Furthermore, the certificate shall contain information on the IMO No for vessels where it is a requirement according to international regulation. The certificate of nationality shall not be issued until the call sign has been carved into the vessel, and the name and home port of the vessel are painted on the vessel.

*Subsection 2.* <sup>1)</sup> The certificate of nationality and the call sign carved into the vessel are proof of the vessel's identity.

**Section 18 a.** <sup>3)</sup> The Ship Register may, in cases considered necessary adjust the requirements in this chapter to smaller vessels below 5 GT.

**Section 19.** <sup>1)</sup> Repealed.

**Section 20.** <sup>1)</sup> When a vessel is obtained from abroad and is to be taken over in a foreign port, the vessel may be granted a provisional certificate of nationality from the local Danish Embassy that shall grant the right for the vessel to sail under Faroese flag until it arrives in a Faroese port, however, only for a specific period of time.

**Section 21.** <sup>13)</sup> Repealed.

**Section 22.** <sup>1)3)</sup> The certificate of nationality shall be kept onboard the vessel and shall be produced at the request of the authorities.

*Subsection 2.* The Ship Register may withdraw a provisional certificate of nationality in event of misuse.

## **Chapter 2** <sup>3)</sup>

### **Changes in the registration** <sup>3)</sup>

**Section 23.** <sup>1)2)</sup> Any change in the information submitted to the Ship Register in accordance with sections 4-5, shall be submitted within 30 days after the change occurs. The Ship Register may extend the deadline.

*Subsection 2.* <sup>1)</sup> Application shall be submitted to the Ship Register.

*Subsection 3.* The duty of notification rests with the owner. For changes in the ownership, the duty shall rest upon both the transferor and the transferee.

*Subsection 4.* A person who through conditional title acquires rights in a ship shall be deemed the owner of the ship in relation to public authorities.

*Subsection 5.* <sup>3)</sup> Transfer to private administration of an estate shall be deemed a change in the ownership. The same shall apply for retention of undivided possession of an estate with regard to ships of which the deceased spouse was the registered owner of the ship.

*Subsection 6.* <sup>1)</sup> Commencement of bankruptcy proceedings or estate administered by the court shall not be deemed a change in ownership, but the court(executor) is obliged to notify the Ship Register immediately.

**Section 24.** <sup>3)</sup> No vessel may sail under a new name or homeport, prior to the recording of the changes and a new certificate of nationality has been issued.

*Subsection 2.* <sup>1)</sup> Mortgage holders shall receive notice of a vessel's change of name from the Ship Register.

**Section 25.** <sup>1)</sup> If changes are made with regard to the information specified on the certificate of nationality, said changes shall be made consistent with the regulations promulgated by the Minister of Maritime Affairs.

## **Chapter 3** <sup>3)</sup>

### **Deletion from the Ship Register** <sup>3)</sup>

**Section 26.** <sup>2)</sup> A vessel shall be deleted from the Ship Register when the owner no longer is deemed to be a Faroese owner according to section 1, or when a vessel is transferred to or becomes the property of someone who is not deemed to be a Faroese owner, cf, however, section 29 subsection 3.

*Subsection 2.* <sup>4)</sup> Vessels included in regional fisheries management organisations lists of vessels identified as taken part in illegal, unreported or unregulated fishing, or have been

engaged in such fishing, may upon request from Vørn (the Faroese Fisheries Inspection) be deleted from the Ship Register.

*Subsection 3.*<sup>4)</sup> If a vessel is deleted from the Ship Register this shall be done with regard to section 51.

*Subsection 4.*<sup>4)</sup> Furthermore, a vessel shall be deleted from the register when the vessel is scrapped, lost at sea, lost or the vessel is declared irreparable by appointed marine surveyors and appraisers, of an approved classification society, or in some other manner similar to these, cf however, section 29, subsection 3.

*Subsection 5.*<sup>4)</sup> A vessel that is sold at a forced sale abroad to one who is deemed not to be a Faroese owner according to section 1, shall only be deleted from the Ship Register, if the vessel, when it was sold, was actually present in the country where the forced sale took place and conditioned on that the sale was carried out consistent with the legislation of the relevant country and the 1967 International Convention for the Unification of Certain Rules Relating to Maritime Liens and other Mortgages.

*Subsection 6.*<sup>4)</sup> A vessel that is registered in the ship construction register shall be deleted when the vessel is released from the shipyard, cf, however, section 29 subsection 3. In addition, the vessel shall be deleted from the ship construction register, if the vessel is destroyed while the vessel is under construction, cf subsection 2.

**Section 27.**<sup>1)</sup> The owner is obliged to submit an application to the Ship Register on any circumstances which cause deletion of a vessel from the Ship Register, immediately after learning of the situation. If a lost ship is not recovered, the application for deletion shall be submitted when the insurance payment can be paid pursuant to the provisions of the legislation regarding insurance policies.

*Subsection 2.*<sup>1)</sup> At the same time as the application for deletion is submitted with the relevant required documentation, the certificate of nationality shall be forwarded to the Ship Register or a written explanation as to why the certificate cannot be returned.

**Section 28.** Upon deletion of the vessel, the right to fly the Faroese flag and the right to the vessel's name is forfeited.

*Subsection 2.*<sup>3)</sup> The right to the name may, however, be retained upon request by the owner for a 2-year period following the deletion.

*Subsection 3.*<sup>1)</sup> The Ship Register may defer the deletion when the national circumstances may be corrected or it is expected that the vessel will be recovered, rescued, or repaired within a specific period of time stipulated by the Ship Register.

**Section 29.**<sup>1)2)</sup> Deletion from the Ship Register shall not take place before notification of this has been sent by the Ship Register to the holders of notified rights and a period of 30 days has passed from issue of the notification, unless the notified rights holders give written consent to deletion or it has been documented that the rights have lapsed.

*Subsection 2.* Deletion shall, however, not take place if there is information that a notified rights holder has taken legal steps to exercise his rights over the ship, unless the legal

proceedings do not continue without undue delay or when the final decision is that the right cannot be exercised.

*Subsection 3.* <sup>1)</sup> Neither may deletion take place if there are registered mortgages on the ship, unless the holders of the mortgages provide written consent for deletion. Instead, the circumstances giving rise to deletion shall be noted on the ship's registry page and after this no rights in the ship shall be registered. The right to allow the ship to fly the Faroese flag and the right to the ship's name are lost. The ship's certificate of nationality shall be delivered to the Ship Register in accordance with section 27 subsection 2.

*Subsection 4.* <sup>3)</sup> If a vessel is notified for deletion in order to be transferred to a foreign ship registry and if the conditions for deletion are fulfilled, the Ship Register shall issue a certificate of deletion that the vessel is deleted. When a certificate of deletion is issued, rights may no longer be requested to be registered.

*Subsection 5.* If rights are registered on the ship's registry page in the Ship Register, when the vessel is deleted, the certificate of deletion shall contain information on the registered rights.

**Section 30.** <sup>1)2)</sup> (Repealed)

#### **Chapter 4** <sup>3)</sup> **Registration of rights** <sup>2)3)</sup>

**Section 31.** <sup>3)</sup> Rights in the vessels registered in the Ship Register shall be registered in order to obtain protection against agreements regarding the vessel and against legal proceedings.

*Subsection 2.* <sup>3)</sup> The right which is to defeat an unregistered right shall be registered itself, and the acquirer under an agreement shall be in good faith.

*Subsection 3.* <sup>6)3)</sup> Decisions regarding withdrawal of the legal capacity to exercise rights under section 6 in the Guardianship Act shall be registered in order to be valid with regard to agreements regarding the ship which are entered into in good faith with the party lacking legal capacity.

**Section 32.** <sup>3)</sup> In order for a document to be registered, its contents shall involve stipulating, establishing, amending or cancelling a property right, a mortgage, a right of use or a right which restricts the owner's ability to act in one or more specified ways.

*Subsection 2.* <sup>3)</sup> When a mortgage deed is registered that is deemed to be a negotiable instrument, there is no need to re-register the mortgage when it is transferred.

**Section 33.** <sup>2)</sup> Maritime liens and rights of retention shall not be registered and without registration they shall have the legal status stated in the Maritime Act.

**Section 34.** <sup>3)</sup> Registration of arrest, execution, judgment or any other public judicial act regarding a ship shall require that the notifier submits a declaration from the authority which has carried out said act or a transcript of its records, and the act shall relate to the person who, according to the register, is authorized to have charge over the ship.



**Section 35.** <sup>1)</sup> The contents of a document which is requested to be registered shall be final. Regarding letters of indemnity, however, it is sufficient to state a largest amount for the debt.

*Subsection 2.* Any private document regarding a registered ship shall appear as issued by the person who, according to the register, or for mortgages according to assignment, is authorised to have the right, or as issued with said person's consent.

**Section 36.** <sup>1)3)</sup> The Minister of Maritime Affairs may lay down more detailed regulations on the requirements for evidence of the issuer's identity and majority, for the authenticity of documents, for the format of documents, and on the number of duplicates or photocopies of documents which shall be notified or submitted on registration.

**Section 37.** Registration will be carried out in accordance with the regulations in sections 8-12 and section 16, cf, however, following regulations.

*Subsection 2.* If a document does not fulfil the conditions for registration laid down in sections 32-36, it shall be rejected.

*Subsection 3.* <sup>3)</sup> If something is missing which is expected to be rectified, the Ship Register may, however, stipulate a deadline to submit the necessary documentation so that registration may be carried out, so that dismissal is not made prior to the deadline and that the documentation has not been submitted. However, the deadline must not exceed 5 weekdays.

*Subsection 4.* <sup>3)</sup> At the same time as registration is carried out, a short notation shall be made regarding the content of the documents submitted on the digital ship's registry page which is in three sections:

- 1) ownership rights,
- 2) mortgage rights and
- 3) usage rights and other.

*Subsection 5.* If a document has not stated the entitled person's priority ranking, or if this has been stated in a manner which contradicts the register, or if there are minor inconsistencies between the contents of the document and the evidence submitted, a remark to this effect shall be notified and the contents of the remark shall be entered in the register.

**Section 38.** <sup>1)2)</sup> Deletion of registered rights may be carried out provided there is written consent from the person who is entered in the register as so entitled, or provided there is evidence that the right has lapsed pursuant to its contents or by order of the court or other court decision.

*Subsection 2.* <sup>3)</sup> Deletion of mortgage deeds which are negotiable instruments shall require submission of the mortgage deed duly receipted, proof of cancellation or cessation pursuant to a decision of the courts. Mortgage deeds to the Treasury, the National Treasury and the lending institutions established by the state may, however, be deleted against receipt by the person so entitled according to the Ship Register.

**Section 39.** <sup>3)</sup> Deletion according to section 38 shall be carried out in such a way that the deletion will be registered on the page for the vessel concerned in the digital Ship Register.

**Section 40.** In the absence of any other decision, the legal effect of the registration shall be counted from the day the document is notified to the Ship Register.

*Subsection 2.* <sup>1)</sup> Documents notified on the same day shall be considered to rank equally at registration. If this leads to uncertainties regarding the title, the documents shall be registered and then deleted again in the event that the notifiers do not clarify the title conditions within a time limit laid down by the Ship Register.

*Subsection 3.* <sup>2)</sup> Rights that are transferred from a foreign ship register according to section 7 subsection 3, shall maintain the same priority interest ranking they had prior to transfer.

*Subsection 4.* <sup>2)</sup> (Repealed.)

**Section 41.** <sup>3)</sup> When a document has been registered in the register of shipping, no challenge to the document's validity shall be made to an acquirer according to registered agreements acting in good faith. The same shall apply for any acquirer according to assignment of a mortgage deed which is a negotiable instrument.

*Subsection 2.* <sup>6)3)</sup> A challenge to such an acquirer acting in good faith that the document is a forgery or counterfeit or that its issue has been procured unlawfully through physical force or threat of immediate use of such, or that the issuer of the document was legally incompetent in accordance with section 6 in the Guardianship Act for the issue shall, however, be retained.

*Subsection 3.* <sup>2)3)</sup> The provisions in subsection 1 and 2 shall not be applicable regarding rights that are transferred from a foreign ships registry in accordance with section 7 subsection 3.

**Section 42.** <sup>1)3)</sup> Upon request, the Ship Register shall issue a certified copy of the digital ship's registry page. The copy shall only include notified rights which have not been deleted.

## Chapter 5 <sup>1)2)3)</sup>

### Registration in the Boat Register <sup>3)</sup>

**Section 43.** <sup>1)2)3)</sup> Vessels below 15 GT are obliged to apply for registration in the Boat Register. Boats that are exempted from registration in the Ship Registry according to section 2 subsection 3, shall apply for registration in the Boat Register in the Faroese Ship Register. In order to be registered in the Boat Register, it is a condition that the vessel is fully built and is under Faroese ownership, cf section 1.

*Subsection 2.* <sup>3)</sup> The Minister of Maritime Affairs shall stipulate more detailed regulations on the Boat Register, below 15 GT, and on annual fees for registration and services. The annual fee is determined in accordance with the stipulation in section 8 subsections 2-5.

*Subsection 3.* <sup>3)</sup> (Repealed).

*Subsection 4.* <sup>3)</sup> (Repealed).

*Subsection 5.* <sup>3)</sup> (Repealed).

**Section 44.** <sup>1)2)3)</sup> Vessels or boats of 5 GT or more, but below 15 GT may upon request from the owner be registered in the Ship Registry.

*Subsection 2.* <sup>3)</sup> If the vessel or boat previously has been registered in the Boat Register, the vessel shall be deleted from this register and a notation shall be recorded in the Boat Register that the vessel has been registered in the Ship Registry.

*Subsection 3.* <sup>3)4)</sup> Registration in the Ship Register is based upon that the vessel or boat may later be transferred to the Boat Register ,cf, however, the stipulations in section 1 subsection 6 and section 46 a.

**Section 45.** <sup>1)3)</sup> (Repealed).

**Section 46.** <sup>1)3)</sup> Rights that have been registered with the Land Registration shall have the validity towards third parties, if compliance is with the provisions in force.

*Subsection 2.* <sup>3)</sup> (Repealed).

**Section 46 a.** <sup>3)</sup> If mortgages or other rights have been deleted on a vessel or boat below 5GT registered in the Ship Registry, and no rights are registered longer, the Ship Registry may transfer the vessel or boat to the Boat Register.

**Section 47.** <sup>1)</sup> The registration of rights according to the rules in the Land Registration Act, which pursuant to section 44 may be recorded in the Ships Registry, shall not be permitted after this Act enters into force.

## **Chapter 6** <sup>2)3)</sup>

### **General obligations** <sup>3)</sup>

**Section 48.** <sup>1)</sup> Unless otherwise agreed, a registered right in a ship shall include machinery, boilers, motors, radio equipment, echo sounders, fishing equipment, instruments and other accessories which are procured at the cost of the owner of the ship for installation on the ship, even in the event they are temporarily detached from the ship.

*Subsection 2.* <sup>2)</sup> Furthermore, a registered right in a ship which has been registered in the ship construction register shall include the materials procured for the ship which have been individualised within the shipyard area and which have been labelled as relating to the ship. If parts of the ship are being built at another enterprise in the Faroe Islands, Denmark or Greenland and if the parts have been individualised at the enterprise and labelled as relating to the ship, it may be agreed that said parts shall be included in the registered right. Such agreement shall only have effect if it is approved by the shipyard, the enterprise and the owner.

*Subsection 3.* Special rights shall not be established or reserved in the components of a ship or the accessories mentioned, except for fishing equipment.

**Section 49.** <sup>1)</sup> If a registered mortgage on a ship ceases in part or in full or if it turns out not to have been validly established, notwithstanding any agreement to the contrary with a subordinate mortgagee or others, the owner of the ship shall be entitled to possess, either immediately or later, the resulting available priority with a new mortgage unless the owner of the ship waives this right when the mortgage lapses or later. If the mortgage is deleted without the owner exploiting his right to possess the available priority with a new mortgage, on request it shall be noted in the register of shipping that the previous mortgage is now

accorded to the owner. If the note is not made in the register of shipping, the subordinate parties entitled shall move up to the available priority. In the event of a forced sale, available priority shall fall to the other parties holding rights in the ship. The same shall apply if the ship is sold by some other means than a forced sale by a bankruptcy or an estate in which the heirs disclaim liability.

*Subsection 2.* The same regulation shall also apply to a priority reserved by the owner to establish a mortgage at a later date.

*Subsection 3.* <sup>1)</sup> It shall, however, be possible in a subordinate mortgage deed to decide validly that the mortgage pursuant to this mortgage deed moves up as a priority mortgage is repaid or when this priority mortgage right is completely realised at a specific date stated in advance. In these circumstances, a reduction in the amount to be repaid or any other suspension of repayment of the loan shall not be agreed without the consent of the subordinate mortgagee. A postponement of the payment of instalments by the priority mortgagee shall not mean that the capital of the subordinate mortgagee becomes due, whereas the subordinate mortgagee may in such case demand that the amount due be paid to him as repayment of the debt. In the event that more than one subordinate mortgagee applies this right, the repayment shall fall to the mortgagee with the best priority.

**Section 49 a.** <sup>2)</sup> If the mortgage deed stipulates that the principal amount and the debt outstanding be adjusted in line with a specific index (index-linked mortgage deed), notwithstanding section 49 subsection 3, item 1, in a subordinate mortgage deed, it may be decided validly that the mortgage pursuant to this move up as the index-linked mortgage deed is repaid or discharged in accordance with the time schedule stipulated in the mortgage deed. Section 49 subsection 3, items 2-4, shall apply correspondingly.

**Section 49 b.** <sup>2)</sup> If an available priority in the ranking is taken over by an index-linked mortgage deed and if the index adjustments mean that the mortgage exceeds the available priority, the surplus part of the mortgage shall rank after all the subordinate and equal rights holders in the ship at the time the index-linked mortgage deed was established. The owner may reserve another specific available priority to expand the index-linked mortgage.

*Subsection 2.* The subordinate rights holders mentioned in subsection 1, item 1, which according to section 49 subsection 3 or section 49 a have a right to move up after a previously higher ranked mortgage, shall move up after registration of the index-linked mortgage deed to the extent they are entitled pursuant to the contents of the previous mortgage. The part of the index-linked mortgage which is then displaced from the higher ranked mortgage priority shall have the same priority as the surplus parts of the mortgage pursuant to subsection 1.

*Subsection 3.* If an available priority in the ranking is taken over by an index-linked mortgage deed, one of the subordinate or equal rights holders mentioned in subsection 1, item 1, who does not receive full cover from the bid given in a forced sale may demand the ship to be resold on new terms that the index adjustment shall be disregarded in the future. The index adjustment shall not, however, be disregarded to the extent that extension of the index-linked mortgage could fill priorities which are reserved for such extension in priority to the rights holders previously mentioned and which have been covered by the auction bid. Item 1 shall not apply if the index adjustment stipulated cannot allow the mortgage to exceed the priority available.

*Subsection 4.* Subsections 1-3 shall not apply in relation to the subordinate or equal rights holders mentioned in subsection 1, item 1, who have given consent for the index-linked mortgage deed to take over the available priority.

**Section 50.** A mortgagee shall not, after giving the debtor an extension of the time for payment of interest or similar, retain his mortgage to these in priority to the subordinate or equal mortgagees for more than one year from the due date. If a mortgagee is entitled to a higher interest rate or other special payment due to late payment, such entitlement shall also, when the mortgage shall be covered, rank behind other mortgagees' rights. These regulations shall not, however, apply to letters of indemnity.

*Subsection 2.* A mortgagee shall not, without the consent of the subordinate or equal rights holders in the ship, enter into an agreement with the debtor for a longer period in which the mortgage may not be terminated by the debtor than was originally agreed when the rights were established. Neither shall a mortgagee enter into an agreement with the debtor on a higher rate of interest than that which applied at this time, without the consent of the previously mentioned rights holders such that the annual rate of interest exceeds six per cent.

*Subsection 3.* Other changes in the terms of the mortgage or its effect need not have the consent of the previously mentioned rights holders. Decisions to the contrary shall be void.

**Section 51** <sup>1)</sup> If it is claimed that a right in a vessel, which has been registered in or notified to the Ship Register, has been established, changed or brought to cessation, and said claim can be rendered probable but not proved, the Ship Register may, if necessary with securitization, summon the persons who may have an interest in opposing the registration or deletion.

*Subsection 2.* <sup>1)</sup> The summons shall be as one insert in a newspaper that is legally authorised to carry legal announcements. The notice period shall be no less than four weeks from the announcement. As far as possible separate notification shall be sent in registered letters to those who, according to the information available, may have an interest in the matter. At the discretion of the Ship Register, interested parties may also be summoned in a widely read newspaper or by some other appropriate manner.

*Subsection 3.* The costs of the summons shall be paid by the party making the request.

*Subsection 4.* In the event that the claim is unopposed, the Ship Register shall decide the matter in accordance with the claim.

**Section 52.** <sup>1)2)3)</sup> If, over a period of ten years, no reports are received on a vessel that is registered in the Ship Register or in the Boat Register and it is considered that the vessel no longer exists, the Ship Register may decide to delete the vessel from the Ship Register or the Boat Register. With regard to the Ship Register, however, deletion may not take place prior to the issuance of a summons according to section 51.

## Chapter 7 <sup>3)</sup>

### Appeal <sup>3)</sup>

**Section 53.** <sup>1)2)</sup> Decisions taken by the Ship Register pursuant to this Act may be brought before the Eastern High Court within 4 weeks from the day the decision was notified to the relevant recipient. If circumstances so warrant, the Ministry of Justice may allow the decision of the Ship Register to be brought before the court, but no later than 6 months after the previous deadline and no later than 4 weeks after permission is subsequently granted to bring the action. If specialist knowledge of maritime matters is deemed to be of significance, the court may summon two maritime judges selected from amongst the judges appointed by the Ministry of Justice in accordance with section 6 subsection 4 of the Administration of Justice Act. The relevant regulations on appeals in civil cases shall apply correspondingly, with the necessary relaxations, to bringing the case before and procedures by the High Court.

*Subsection 2.* <sup>1)</sup> The Ministry of Justice may grant that decisions of the High Court may be appealed to the applicable Supreme Court under the same conditions pertaining to appeals from a lower court decision.

*Subsection 3.* <sup>1)</sup> The Ship Register may review a decision, if new information becomes available or if the original decision was not to allow the request. The decision shall not have retroactive effect to the original notification.

*Subsection 4.* <sup>1)</sup> Decisions taken by the government authorities pursuant to section 43 subsection 2 relative to the registration in the Boat Register, may be appealed to the Ship Register within the same period as stipulated in subsection 1. Decisions of the Ship Register may be appealed to the High Court pursuant to the provisions referenced in subsection 1.

**Section 54.** <sup>1)</sup> If a document has been reproduced incorrectly in the Ship Register or the ship's folder, or if it has not been registered in the register, or if it has been registered with an incorrect date of notification, the person wronged shall have a right to demand correction and compensation from the National Treasury for the loss suffered.

*Subsection 2.* <sup>1)</sup> If, before the correction has been made, anyone in reliance on the contents of the Ship Register or the ship's folder acquires a right in the ship through agreement, the courts shall decide whether the right shall be awarded to the wronged party or to the acquirer acting in good faith such that compensation is awarded to the other party. The case shall be brought against the Ship Register on behalf of the public authorities.

**Section 55.** <sup>3)</sup> In addition to the circumstances mentioned in section 54, the National Treasury shall provide compensation for losses suffered as a consequence of a right being defeated according to section 41 subsection 2, section 51 or section 52.

*Subsection 2.* <sup>3)</sup> In addition to this, the National Treasury shall provide compensation for losses due to the negligence of any person who works at the Ship Registry.

**Section 56.** <sup>1)</sup> The Minister of Maritime Affairs shall stipulate more detailed regulations as to how the Act shall be implemented, including regulations as to how the registries shall be constructed and administered, the issuance of certificates of nationality and the marking of vessels.

*Subsection 2.* <sup>1)</sup> The Minister of Maritime Affairs shall, in an executive order stipulate regulations on bareboat registration of ships.

## Chapter 8 <sup>3)</sup>

### Penalty <sup>3)</sup>

**Section 57.** <sup>1)2)</sup> Violation of sections 1-7, 17, 22-25 and 27 shall be punished by fine. The same punishment is applicable to any person who is responsible for a vessel sailing under a Faroese flag without being entitled to do so.

*Subsection 2.* <sup>1)</sup> The Minister of Maritime Affairs may stipulate in the regulations promulgated pursuant to this Act that a violation of the regulation may be punished by fine.

*Subsection 3.* If a public limited company, co-operative society or the like is found to be in violation, the company may be punished by fine.

*Subsection 4.* If anyone refuses to undertake the responsibilities required to ensure proper registration, as a coercive measure, running fines may be imposed by referral of the matter to the police.

*Subsection 5.* <sup>1)</sup> The right to have, or have issued a certificate of nationality, or an endorsement according to section 14 subsection 2, may be revoked by the Court by a time-certain pursuant to the provisions of the general civil penal code.

## Chapter 9 <sup>3)</sup>

### Entry into force <sup>3)</sup>

**Section 58.** This Act comes into force immediately.

At the same time Parliamentary Act No. 57 af 1/4 1892 pursuant to kgl. an. nr. 220 af 16 /9 1893, bek nr. 103 af 4 maj 1927, nr. 391 af 4/12 1933, handelsm skr. af 1/7 1947, uttanr. m. cirk. 6/1 1950, Executive Order No 33 of 29/10 1954, are made void.

### Notes

<sup>1)</sup> Amended by Parliamentary Act No. 75 of 23 May 1997. Section 2 in this Act is as follows: “This Act enters into force the day after it is promulgated. At the same time, the Danish text in Parliamentary Act No. 9 of 5 March 1970 regarding registration of vessels, etc., as amended, is made void.”

<sup>2)</sup> Amended by Parliamentary Act No. 79 of 10 March 1992.

<sup>3)</sup> Amended by Parliamentary Act No. 63 of 15 May 2014, section 2 amended as follows: “*Subsection 1.* This Parliamentary Act enters into force the day after it is promulgated. *Subsection 2.* Mortgages and other rights registered in small boats below 5GT that are registered in the Ship Register, before this Act entered into force, shall only retain their validity 2 years after this Act enters into force unless these rights, prior to the time limit is noticed to be registered at the Land Registration. *Subsection 3.* Section 46 is valid for rights, registered prior to Parliamentary Act No. 75 of 23 May 1997 on registration of ships entered into force.”

<sup>4)</sup> Amended by Parliamentary Act No. 173 of 20 December 2017.

<sup>5)</sup> Amended by Parliamentary Act No. 24 of 12 April 2006. Section 2 amended as follows: “This Parliamentary Act enters into force as of the day the Treaty enters into force, 31 August

2005, between the Government of Iceland, of the first part, and the Government of Denmark and the Government of the Faroe Islands of the other part.”

<sup>6)</sup> Amended by Parliamentary Act No. 75 of 25 May 2009. Section 13 subsection 1 amended as follows: “This Parliamentary Act enters into force 1 January 2010.