

**[MIA MEMORANDUM CIRCULAR NO. 42-A, March
26, 1990]**

**AMENDING MEMORANDUM CIRCULAR NO. 42 ON THE
GUIDELINES GOVERNING APPLICATIONS FOR BAREBOAT
CHARTERING/REGISTRATION OF VESSELS UNDER PDS
760/866/1711**

In order to further encourage investments in the acquisition of vessels for overseas operations through importation or local purchase, thereby stimulating the development and growth of bona fide shipowning, Memorandum Circular No. 42 is hereby amended to wit:

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**Measures to Encourage Shipowning/Lease Irrevocable Purchase (LIP)
Arrangement**

1. Shipowning Companies

- a. A MARINA-accredited shipping company shall be allowed to bareboat charter additional seven (7) vessels on top of its existing chartered ships for every owned vessel; and
- b. A shipowning company shall have the option to allocate its quota of chartered vessels to qualified subsidiary companies.

2. Companies with LIP Contracts

- a. Any existing accredited overseas shipping company without any owned tonnage may be allowed to initially engage in the acquisition of a vessel for overseas operation through a Lease Irrevocable Purchase Scheme provided:
 - i. The company's paid-up capital shall be at least P7.0 Million;
 - ii. The vessel to be acquired shall not be less than 2,500 DWT; and
 - iii. The company or any of its affiliate companies shall not exercise the right to bareboat charter seven (7) additional vessels until full payment of the purchase price of the vessel shall have been effected and/or the vessel shall have been permanently registered under Philippine flag.

3. Penalties/Sanctions