

Act amending the merchant shipping act and the registration of property act

(Adjustment and clarification of the regulations on foreign owners' right to have ships registered under the Danish flag and simplified registration of rights in medium-sized recreational craft)

WE, MARGRETHE THE SECOND, by the Grace of God Queen of Denmark, hereby make known:
The Folketing has passed and we have given our Royal Assent to the following Act:

Section 1

In the merchant shipping act (*søloven*), cf. consolidated act no. 75 of 17 January 2014, as amended, inter alia, by section 1 of act no. 1384 of 23 December 2012 and section 3 of act no. 400 of 2 May 2016 and most recently by section 10 of act no. 670 of 8 June 2017, the following amendments shall be made:

1. *Section 2(1)* shall be as follows:

"With regard to merchant ships which cannot be considered Danish, cf. section 1, the Minister for Industry, Business and Financial Affairs may lay down provisions on the conditions for registration as a Danish ship, including requirements for the activities to be performed in Denmark. The Minister for Industry, Business and Financial Affairs may also lay down provisions stipulating that the owner shall designate an entity in Denmark which may be contacted for control purposes and the like and which it is possible to sue on behalf of the owner or the shipowner."

2. In *section 10(2)*, the following shall be inserted as *the second sentence*:

"This shall, however, not apply to recreational craft."

3. In *section 10(3)*, the following shall be inserted as *the second sentence*:

"Ships under construction for the purpose of being used for recreational purposes may, however, be admitted to the ship construction register only if its gross tonnage is estimated to be measured as at least 20."

4. In *section 13(1)*, ", except for leisure craft with a gross tonnage below 20," shall be deleted.

5. *Section 18* shall be as follows:

Section 18. If the register of shipping is informed that a fishing vessel or merchant ship or the like with a gross tonnage below 20 which has been admitted to the register of shipping is no longer used for commercial purposes, the ship shall be deleted from the register provided no mortgages, rights of use or other rights are registered on the ship.

Subsection 2. If a mortgage, rights of use or other rights are registered on the ship, it shall be noted on the ship's page in the register of shipping that it is not possible to register new rights or changes to existing rights on the ship. However, it is possible to register deletions, notifications of change of creditor, changed provisions on receipt of legal notices as well as information about bankruptcy or administration by the court of out of court or other conditions that limit the registered owner's right of disposal.

Subsection 3. If the owner of a ship informs that the ship has been transferred to another person, it shall be noted on the ship's page in the register of shipping that the registered owner is no longer entitled to have the ship at his disposal.

Subsection 4. If the register of shipping is informed that the ship is once again to be used for commercial purposes, this shall be considered equal to an application for registration in the register of shipping. Any rights created before the registration shall retain their validity vis-à-vis a third party if the regulations hereon have been observed.

Subsection 5. In the cases mentioned in subsection 1, the owner shall forward a declaration to the register of shipping stating that the distinctive number or letters have been carved out of the ship.

Subsection 6. The Registrar of Shipping may grant exemptions from the requirement stipulated in subsection 5."

Section 2

In the registration of property act, cf. consolidated act no. 462 of 14 May 2007, as amended most recently by section 4 of act no. 688 of 8 June 2017, the following amendment shall be made:

1. In *section 12(3)*, "Ships with a gross tonnage of no more than 5 tonnes" shall be amended to "Recreational craft with a gross tonnage of no more than 20 tonnes and other ships with a gross tonnage of no more than 5 tonnes".

Section 3

Subsection 1. This act shall enter into force on 1 January 2018, cf. however subsection 2.

Subsection 2. Section 1(ii)-(v) and section 2 shall enter into force on 1 March 2018.

Section 4

Subsection 1. Recreational craft with a gross tonnage of no more than 5 and below 20 in which no mortgage, rights of use or other rights are registered on 1 March 2018 shall be deleted from the register of shipping after this date.

Subsection 2. If any mortgage, rights of use or other rights are registered in a recreational craft with a gross tonnage of at least 5 and below 20, it shall be recorded in the register of shipping that it is not possible to register any new rights or changes to existing rights in the ship after 1 March 2018. However, it is possible to register deletions, notifications of change of creditor, changed provisions on receipt of legal notices as well as information about bankruptcy or administration by the court of out of court and other conditions that limit the registered owner's right of disposal.

Subsection 3. If the owner of a vessel informs after 1 March 2018 that it has been transferred to another person, it shall be noted in the register of shipping that the registered owner is no longer entitled to have the ship at his disposal.

Subsection 4. If the register of shipping is informed that the ship is to be used for commercial purposes, this shall be considered equal to an application for registration in the register of shipping. Any rights created before the registration shall retain their validity vis-à-vis a third party if the regulations hereon have been observed.

Section 5

Subsection 1. This act shall not apply to the Faroe Islands and to Greenland, cf. however subsections 2 and 3.

Subsection 2. Sections 1 and 4 may be put into force by royal decree in full or partly for Greenland with the amendments deriving from the Greenland conditions.

Subsection 3. Ships registered in Greenland shall be covered by sections 1 and 4 if the ship is fully or partly owned or has – after 1 March 2018 – been fully or partly owned by persons who are not domiciled in Greenland or by companies or the like that are not domiciled in Greenland.

Christiansborg Castle, 19 December 2017

MARGRETHE R. / Brian Mikkelsen