

WATSON FARLEY
&
WILLIAMS

THE MARITIME STANDARD TANKER CONFERENCE

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CREATING SUPPORT STRUCTURES AND SERVICES TO SUPPORT LONG TERM MARKET GROWTH AND DEVELOPMENT



Replacement LIBOR

- When will LIBOR cease to exist?
- What will replace LIBOR?
- RFR calculation
 - Lookback
 - Adjustment
 - Simple vs compounding
 - Cumulative or non-cumulative
 - Rounding conventions
- Hedging

Replacement LIBOR

- Documentation issues
 - Market fragmentation and multi-currency facilities
 - Market disruption
 - Break costs
 - Rate unavailability
- Documentation approaches
 - Document now using an RFR from day one or with a switch mechanism using the LMA suggested drafting
 - ARRC hardwired approach
 - Provide for the agreement to be amended at a later date
- Documentation issues
 - Amending existing facilities
 - Ship mortgages

Poseidon Principles

- What are the Poseidon Principles?
- To whom do they apply?
- How does it work?
 - Assessment
 - Accountability
 - Enforcement
 - Transparency

Poseidon Principles

- What is the impact on documentation
- Covenant clause

The [Owner] shall, upon the request of [any Lender] and at the cost of the [Owner], on or before [31st July] in each calendar year, supply or procure the supply to [the Facility Agent] [such Lender] of all information necessary in order for [any Lender] to comply with its obligations under the Poseidon Principles in respect of the preceding year, including, without limitation, all ship fuel oil consumption data required to be collected and reported in accordance with Regulation 22A of Annex VI and any Statement of Compliance, in each case relating to the [Vessel] for the preceding calendar year 3 [provided always that [no Lender] shall publicly disclose such information with the identity of the [Vessel] without the prior written consent of the [Owner]/[.For the avoidance of doubt, such information shall be [“Confidential Information.”][“Information”] for the purposes of [Clause [•] (Confidential Information)][Section [•] (Treatment of Certain Information; Confidentiality)]] but the [Owner] acknowledges that, in accordance with the Poseidon Principles, such information will form part of the information published regarding the [relevant] [Lender’s] portfolio climate alignment.

Ship Recycling

- The EU Ship Recycling Regulation
- The Hong Kong Convention
- Inventory of Hazardous Materials (IHM)

From 31 December 2020 all EU flagged and non-EU flagged vessels that call at a port or anchorage in an EU member state must have an Inventory of Hazardous Materials on board.

- Responsible Ship Recycling Standard (RSRS)

Ship Recycling

- Covenants

Inventory of Hazardous Materials

The Borrower shall procure that the Ship owned by it has, from the [Delivery Date and/or next dry dock] of that Ship, obtained an Inventory of Hazardous Material, in respect of such Ship which shall be maintained until the Loan has been fully repaid.

Sustainable and socially responsible dismantling of Ships

Each of the Borrower and the Guarantor confirms that as long as it is in a lending relationship with [the Lender], it will procure that: (i) any Ship controlled by it is recycled at a recycling yard which conducts its recycling business in a socially and environmentally responsible manner, in accordance with the provisions of The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 and/or EU Ship Recycling Regulation, or; (ii) where any Ship controlled by it is sold to an intermediary (whether or not with the intention of being recycled) it shall provide the intermediary with any ship-relevant information in its possession which it considers necessary for the development of a ship recycling plan in accordance with the EU Ship Recycling Regulation.

Ship Recycling

- Condition precedent

Inventory of Hazardous Materials

A copy of the inventory certificate or statement of compliance (as applicable), pursuant to the requirements of the EU Ship Recycling Regulation

- Completing an IHM during COVID-19

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