

Freeport of Riga Authority

RESOLUTION OF THE BOARD

13.03.2014.

No.24

(Minutes No. 3, p.6.)

On Approval of the “Procedure for Entering into Contracts on Ship Agency” and template of the contract “On Ship Agency at the Freeport of Riga”

Pursuant to the “Law on Ports”, “Law on the Freeport of Riga”, Cabinet Regulations No 378 “By-Laws of the Freeport of Riga Authority” of May 29, 2012, and taking into account

- 1) the report of the Legal Department of the Freeport of Riga Authority Nr. JD/70-N of 04.03.14. “On Approval of the Draft of the “Procedure for Entering into Contracts on Ship Agency” and a template of the contract “On Ship Agency at the Freeport of Riga ”
- 2) the letter of the Freeport of Riga Authority No. 1-12/153 of January 23, 2014 to Latvian National Association of Ship Brokers and Agents;
- 3) the letter of the Latvian National Association of Ship Brokers and Agents Nr.01 of March 6. 2014;
- 4) the report of the Legal Department of the Freeport of Riga Authority Nr. JD/80-N of 07.03.14.

The Board of the Freeport has taken the following decision:

1. To approve the “Procedure for Entering into Contracts on Ship Agency” with corrections in compliance with suggestions provided in the framework of debates (ref. to 13.03.14. Board Meeting Minutes No, 3, p.6).
2. To approve a template of the contract “On Ship Agency at the Freeport of Riga ”, taking into account the report of the Legal Department of the Freeport of Riga Authority Nr. JD/80-N of 07.03.14. (ref. to 13.03.14. Board Meeting Minutes No, 3, p.6).

Chairman of the Board

A. Ameriks

Approved by
The Freeport of Riga Board
Decision Nr.24
Of March 13, 2014

Procedure for entering into contracts on ship agency

I. General Provisions and Terms Used

1. The present *Procedure* shall stipulate the order of considering applications of commercial companies carrying out ship agency services, with the aim to conclude a contract on providing ship agency services at the Freeport of Riga.
2. The decision on concluding the contract “On Ship Agency at the Freeport of Riga” shall be made by the Freeport of Riga Board.
3. A commercial company, that has concluded a contract with the Freeport of Riga Authority on carrying out the relevant commercial activity and complies with the requirements of the legislative acts, shall be entitled to operate as a ship agency.
4. The terms, used in the “Law on Ports”, the “Maritime Code”, “The Freeport of Riga Law” are used in the present Procedure.

II. Consideration of the applications, submitted by commercial companies carrying out ship agency services and concluding Ship Agency Contract with the Freeport of Riga Authority

1. In compliance with the p.1 and p.2 of part 5, Section 112 of the “Maritime Code” ship agency services in the ports of Latvia may be carried out by a commercial company, which shall comply with the following minimum requirements:

1) it is of good repute, that is, the employees of the ship agent have not been sentenced for intentional criminal offences against property or in the field of national economy and the conviction has not been set aside or extinguished, no written justified unfavourable opinions from port, State or local government institutions regarding their professional activity during the previous year have been received;

2) it is financially secure:

a) its fixed capital is not less than 7114 EUR, financial resources comply with the activities to be performed (certified with an annual account, an auditor’s report or statements issued by credit institutions), as well as all payments to the State budget have been made,

b) it has entered into a ship agent’s professional activity civil liability insurance contract.

2. A commercial company carrying out ship agency services, that applies for providing ship agency services at the Freeport of Riga, shall submit the following documents to the Freeport of Riga Board:

2.1. An application of a commercial company carrying out ship agency services with a description of the planned activities and projected number of vessels to be served;

2.2. A certified copy of the registration certificate of a commercial company carrying out ship agency services, if the relevant commercial company is not registered in the Republic of Latvia;

2.3. The certified valid copy of the Statutes of a commercial company carrying out ship agency services;

2.4. Copies of certificates of the ship agents, working at the commercial company, that are issued by *Latvijas Kuģu brokeru un aģentu nacionālās asociācijas* (Latvian National Association of Latvian Ship Brokers and Agents) valid for the term of the contract. Certificates shall be valid for the operation at the Freeport of Riga;

2.5. Notifications of the Ministry of the Interior of the Republic of Latvia, certifying that employees are not penalized for intentional offenses against property or in the field of national economy and the conviction has not been set aside or extinguished;

2.6. A copy of the annual report for the previous financial year, approved by the sworn auditors, provided the commercial activity has been carried out previously;

2.7. Documents, certifying the fact that founders and participants of a commercial company are of good reputation and sound financial position (*such as a bank certificate confirming the availability of funds, cooperation partners' letters of recommendation or a description of previous activities of the commercial company's owners (shareholders)*);

2.8. A certified copy of a ship agent's professional activity civil liability insurance contract (*provided there is a positive decision of the Freeport of Riga Authority on entering into a contract*);

2.9. In regards of a commercial company that provides ship agency services only for fishing vessels entering the Freeport of Riga, a ship agent's professional activity civil liability insurance contract, mentioned in p.2.8, can be substituted by a security deposit in the amount of 100 EUR, that should be transferred by a commercial company carrying out ship agency services to the account of the Freeport of Riga Authority.

3. The Legal Department of the Freeport of Riga Authority shall examine the following publicly available information:

3.1. Information on founders and shareholders of a commercial company, provided by Lursoft data base (whether insolvency of a physical person was declared or not, whether insolvency of commercial companies, in which a founder or a shareholder is the founder /shareholder of the relevant commercial company, was declared or not);

3.2. The State Revenue Service's information in regards of the state tax payments and debt absence.

4. Provided it is determined that any specified document or information were not submitted to the Freeport of Riga Authority, it is required that a commercial company carrying out ship agency services shall submit missing documents or information.

5. The Departments of the Freeport of Riga Authority shall examine the submitted documents, prepare the opinion and submit it to the Freeport of Riga Board for decision making.

6. Reviewing opinions of the Departments of the Freeport of Riga Authority the Freeport of Riga Board shall take decision on entering into a contract with a particular commercial company or a decision to refuse to conclude a contract.

7. Provided the Freeport of Riga Board takes positive decision, the Freeport of Riga Authority shall enter into a contract with a commercial company carrying out ship agency services for 1 year till the end of the calendar year, with the right to extend it for another year, without concluding a separate agreement, if a commercial company carrying out ship agency services complies with the contract provisions.

8. A contract with a commercial company carrying out ship agency services shall be concluded in compliance with the contract template “On Ship Agency at the Freeport of Riga”, provided in the annex to the present Regulations.

III. The activities to be carried out by the Freeport of Riga Authority after concluding the contract “On Ship Agency at the Freeport of Riga”

1. The Freeport of Riga Authority pursuant to concluding a contract with a commercial company carrying out ship agency services shall:

1.1. Inform the Vessel Traffic Service Center of the Freeport of Riga Authority about concluding a contract with a particular commercial company carrying out ship agency services;

1.2. Register a commercial company carrying out ship agency services in the information system “VELKONIS” and issue an access code to the system;

1.3. Issue passes to the employees and vehicles of the commercial company for the contract term.

2. The Department of Finance of the Freeport of Riga Authority on the basis of national SSN system information, nomination submitted by agents and pilot receipts, shall calculate port fees and shall send invoices to a commercial company carrying out ship agency services for the serviced vessels and the vessels that left the Freeport of Riga during the previous 10 days. The relevant company shall execute those payments in compliance with the invoices submitted by the Freeport of Riga Authority and payment deadlines, stated in the invoice.

3. After the contract term expiration or in case of early termination of the contract, a commercial company carrying out ship agency services shall submit to the Freeport of Riga Authority the passes granting access to the Freeport of Riga.

IV. Extension of the term of a contract on ship agency services at the Freeport of Riga

1. In order to extend the term of a contract for carrying out ship agency services at the Freeport of Riga, a commercial company carrying out ship agency services shall submit to the Freeport of Riga Authority an application and the following documents:

1.1. A list of the certified ship agents working at the commercial company carrying out ship agency services and certified copies of valid certificates of ship agents (physical persons) for the next calendar year. Provided the validity term of the submitted certificate is shorter than the contract term, a commercial company carrying out ship agency services shall submit to the Freeport of Riga Authority a new certificate for the next term in regards of a ship agent (a physical person) within one month from the date of expiry of the certificate;

1.2. A copy of the annual report for the previous financial year, approved by the sworn auditors;

1.3. A certified copy of a ship agent's professional activity civil liability insurance contract for the next calendar year;

1.4. Changes in signature rights of a commercial company carrying out ship agency services, if any;

1.5. Name, last name, phone number, e-mail address of a contact person to contact in regards of the extension of the contract and handling the necessary issues.

2. The Legal Department of the Freeport of Riga Authority shall examine the following publicly available information:

2.1. Information on founders and shareholders of a commercial company, provided by Lursoft data base (whether insolvency of a physical person was declared or not, whether insolvency of commercial companies, in which a founder or a shareholder is the founder /shareholder of the relevant commercial company, was declared or not);

2.2. The State Revenue Service's information in regards of the state tax payments and debt absence.

3. The contract period shall be extended to the next calendar year provided a commercial company carrying out ship agency services:

3.1. has made all payments to the Freeport of Riga Authority and tax payments to the state budget;

3.2. if no justified negative opinion in writing has been submitted by the Departments of the Freeport of Riga Authority, public and municipal institutions in regards of professional activities of a commercial company carrying out ship agency services and its employees;

3.3. has performed ship agency services within the last year.

4. The Freeport of Riga Chief Executive Officer is entitled to extend the term of the contract on ship agency by concluding the relevant agreement with a commercial company carrying out ship agency services.

5. After extension of the contract term, the Freeport of Riga Authority shall issue passes to the employees and vehicles of the commercial company for the contract term.

V. Early termination of the contract with a commercial company carrying out ship agency services or refusal to extend the contract

1. The contract with a commercial company carrying out ship agency services shall not be extended to the next calendar year if one of the following conditions occurs:
 - 1.1. a commercial company carrying out ship agency services did not perform ship agency services at the Freeport of Riga within the last calendar year;
 - 1.2. a commercial company carrying out ship agency services failed to pay port fees in accordance with the terms of the contract;
 - 1.3. a tax debt of a commercial company carrying out ship agency services was detected;
 - 1.4. a commercial company carrying out ship agency services is declared insolvent by the court decision;
 - 1.5. a justified negative opinion in writing has been provided by the Departments of the Freeport of Riga Authority, public and municipal institutions in regards of professional activities of a commercial company carrying out ship agency services and its employees;
 - 1.6. a commercial company carrying out ship agency services has violated contract terms and has not remedied the deficiencies in due time in compliance with the Freeport of Riga Authority's written warning.
2. Provided the contract term is not extended, the Freeport of Riga Authority shall send a letter of refusal to a commercial company carrying out ship agency services, notifying it about the refusal to extend the contract.
3. Provided a commercial company carrying out ship agency services has remedied the detected deficiencies, has taken the necessary measures to stabilize its financial situation and provide professional improvement and submits a request to review the notice about the refusal to extend the contract to the Freeport of Riga Authority, within one month after receipt of all documents the Freeport of Riga Authority shall prepare paperwork for taking decision at the next meeting of the Freeport of Riga Board, in compliance with p.25 of the "Regulations on the Freeport of Riga Authority" in regards of document preparation and submission term.
4. The Freeport of Riga Authority shall propose early termination of the contract in case of failure to comply with the contract provisions or requirements of the legislative acts. The Freeport of Riga Authority shall prepare issue of early termination of the contract for discussion at the Freeport of Riga Board meeting.
5. Decisions in regards of p.3 and p.4 of Section V of the *Procedure* shall be taken by the Freeport of Riga Board.

CONTRACT Nr. A - _____
On Ship Agency at the Freeport of Riga

Riga, _____

The Freeport of Riga Authority, that operates on the basis of the Regulations, represented by its CEO L. Loginovs, hereinafter referred to as the **Authority**, and _____, reg. Nr. _____, represented by its Board member _____, that is acting on the basis of the Statutes, hereinafter referred to as the **Agent**, the two together – the Parties, agree on the following:

1. THE SUBJECT OF THE CONTRACT

1.1. Concluding the present contract the Agent is entitled to carry out ship agency services at the Freeport of Riga. The Contract stipulates relations between the Authority and the Agent, the Agent representing the Principal.

1.2. The Principal within the meaning of the present Contract is a ship-owner, a charterer, a Master and an operator or other person in charge of the vessel, whose instructions and orders are executed by the Agent at the Freeport of Riga.

2. OBLIGATIONS OF THE PARTIES

2.1. The Agent shall:

2.1.1. Fulfill its professional duties in accordance with the Principal's instructions and to an extent, stipulated by the Principal, in compliance with the legislative acts and subject and the present Contract.

2.1.2. Observe the procedure of dealing with the formalities (the port formalities) in regards of ships' arriving and departing from the port in compliance with the LR Cabinet Regulations Nr.339 of 15.05.2012 "Regulations on the Port Formalities".

2.1.3. Take responsibility for accuracy of the information introduced into the national SSN system as well as for correctness of the documents submitted to the Authority.

2.1.4. Enter information on ships into Management Information System "Velkonis" and make payment of port dues to the Authority in accordance with the "Riga Port Dues and Charges".

2.1.5. Submit to the Authority a shore maintenance (disbursement) invoice with the Master's signature and the ship's stamp in compliance with the Shore Maintenance Invoice template attached to the present Contract. Upon the Authority's request and subject to the provisions of Paragraph 23 of the Freeport of Riga Regulations the Agent shall submit further documents required, as well as payment certificates in regards of the invoiced amounts for shore maintenance.

2.1.6. Within its competence provide acceptance-delivery of the ship-generated waste and polluted waters in accordance with the "The Ship-generated Waste Management Plan at the Freeport of Riga". Before the ship leaves the port the Agent shall check

actually delivered waste and polluted water amounts' compliance with the amount specified by the "Notice on Waste Delivery".

2.1.7. Submit to the Authority copies of the Agent authorization (nomination) contract from ships' owners, charterers, Masters or operators in regards of authorizing the Agent to carry out ship agency services prior to the ship's entering the Freeport of Riga. In regards of the ships, for which ships' owners, charterers, Masters or operators do not have a contract, the Agent shall electronically submit to the Authority a copy of nomination signed by the ships' owner, charterer, Master or operator for each ship's call separately in compliance with the template "AGENCY NOMINATION", provided in the Annex 1. The contract copies or nomination copies shall be sent by the Agent to e-mail address: kaspars.broks@rop.lv; sarmite.kalnina@rop.lv.

2.1.8. Shall not cooperate with the enterprises, with whom the Authority has not concluded the contract on carrying out commercial activities at the Freeport of Riga in regards of bunkering, providing tug boat services and acceptance/delivery of the ship-generated waste.

2.1.9. In case of the contract termination shall immediately submit to the Freeport of Riga passes issued by the Authority.

2.1.10. Within ten working days after expiry date of the previous insurance policy the Agent shall submit to the Authority the Agent's professional liability insurance contract for the next term.

2.1.11. Within one month the Agent shall submit to the Authority a new Certificate for a shipping agent (a physical person), provided the previously issued certificate expired during the contract term.

2.1.12. For extending the term of the contract to the next (_____) year, the Agent shall submit to the Authority the following documents till November 1 of the current year:

- A list of the Agent's employees - operating certified ship agents and certified copies of the certificates of the ship agents (physical persons), valid at the Freeport of Riga for the next calendar year;
- A copy of an annual report for the previous financial year, approved by the sworn auditors or a copy of an annual report, approved by the Agent's Board members, if the Agent's turnover does not exceed at least two criteria, set in part 2, section 24 of "The Law on Annual Report";
- A certified copy of the ship agent's professional liability insurance contract for the following calendar year;
- Changes in the Agent's signature rights, if any;
- Name, last name, phone number, e-mail address of a contact person to contact in regards of the extension of the contract and handling the necessary issues.

2.1.13. The Agent plans to provide ship agency services to _____ ships till December 31, 20____ in compliance with the Agent's application.

2.2. The Agent is entitled to:

2.2.1. Receive the Authority's information on legal persons and their activities at the Freeport that is necessary for the Agent to perform its duties.

2.2.2. Submit to the Authority information on persons, who unreasonably interferes with the Agent while it is performing its duties.

2.2.3. Free access to the whole Freeport territory and freedom of movement around it (incl. by automobile transport) to perform its duties.

2.2.4. Inform the Authority in writing about ships that do not pay port dues or other invoices, submitted by the Agent.

2.3. The Authority shall:

- 2.3.1. Promote competition and avoid creating any advantage for the Agent in regards of a particular service or a site, as well as within its competence monitor that other commercial companies, working at the Freeport of Riga, comply with the above mentioned requirements.
- 2.3.2. Within its competence provide the Agent with information necessary for the Agent's operational functions.
- 2.3.3. Inform the Agent about amendments to "Riga Port Dues and Charges" and other payment changes within 45 days prior to their entry into force.
- 2.3.4. Issue the Freeport of Riga passes.

2.4. Authority is entitled to:

- 2.4.1. Receive from the Agent information and documents, that refer to performance of the present contract in compliance with the contract provisions.
- 2.4.2. Provided the Agent violates statutory or contractual commitments and does not rectify the breach within thirty days or continues to do so, the Authority is entitled to early termination of the contract, to request the direct damages and to inform the public and local authorities thereof.

3. PAYMENT PROCEDURE

3.1. Port dues' invoices in regards of the vessels that departed from the Freeport of Riga are issued 3 times a month for the following periods:

- In regards of the vessels, that departed from the Freeport of Riga from the 1st till the 10th date of the month;
- In regards of the vessels, that departed from the Freeport of Riga from the 11th till the 20th date of the month;
- In regards of the vessels, that departed from the Freeport of Riga from the 21st till the last date of the month.

Port dues invoices shall be issued after each period and paid in accordance with the deadlines specified in the invoices.

3.2. Payments for services rendered for the ships shall be executed by the Agent in accordance with the invoices, submitted by the Authority, and the deadlines specified in the invoices. .

3.3. For delay of payment deadlines, stipulated by the present Contract, the Agent shall pay a penalty of 0.05% of the unpaid amount for each day of delay.

3.4. The money is considered as having been paid on the date of its receipt on the Authority's account.

3.5. The Agent shall pay for the Freeport of Riga Authority passes to the Authority according to the tariff, determined by the Authority.

3.6. All mutual settlements between the parties to the contract shall be carried out by means of transferring the amounts to the account, specified by the Authority.

3.7. Provided the Authority signs an invoice with a secure electronic signature, the invoice can be sent to the e- mail address: _____.

4. LIABILITIES OF THE PARTIES

4.1. The Agent is fully responsible for the payment of dues to the Authority in compliance with the tariffs and payment procedures, approved by the Freeport of Riga.

4.2. The Agent's professional liability insurance is determined in accordance with the contract - _____ insurance policy Nr. _____ - attached to the contract as Annex 4.

4.3. For failure to perform contractual obligations or their improper performance the guilty party shall compensate the other party for damages caused. Termination of the present Contract does not relieve the guilty party from the obligation to pay these damages.

5. TERM OF THE CONTRACT

5.1. **The Contract is valid from January 1 201__ till December 31 201__.**

5.2. The parties may agree on the early termination of the Contract.

5.3. Contractual arrangements between the Authority and the Agent in respect of all transactions that are underway but not yet completed prior to termination of the contract shall remain in force until their execution. This provision does not apply to the Principal's and Agent's mutually signed agreements or transactions.

5.4. Provided the Agent complies with the contract provisions and no negative opinions from the public and local authorities are received, the contract shall be extended for another year till December 31, 201__.

5.5. The Authority shall terminate the contract before term by giving written notice to the Agent, provided the Agent violates statutory or contractual commitments and does not eliminate the violation within thirty days after receipt of the written notice from the Authority.

6. ADDITIONAL PROVISIONS

6.1. The Parties undertake to protect, not to disseminate and without mutual written consent to disclose to third parties the content of documents related to the execution of the present Contract, as well as commercial and any other information about the activities of the other Party, which are not public in nature and became available to them in the course of carrying out the contractual obligations, except the cases, stipulated by the Latvian Republic legislation.

6.2. The Parties shall submit to each other in a timely manner the documents and certificates required to perform the contract as well as complete information on the circumstances that may affect the party's obligations.

6.3. The Authority shall not be liable for Agent's obligations to the third parties, and the Agent shall not be responsible for the Authority's obligations to the third parties, including state and local government institutions, except cases, when it is arising from contractual obligations.

6.4. The rights granted by the present Contract shall not be transferred to a third party.

6.5. Each party shall guarantee that its address and economic details, provided in Section 8, are true.

6.6. All contract amendments and supplements shall be executed in writing pursuant to agreement of the Parties and shall be attached to the contract. All contract annexes shall be binding for the Parties.

6.7. All the mutual disputes related to the Contract, shall be resolved by mutual agreement in good faith. If such an agreement is not possible, the dispute shall be settled in accordance with Latvian legislation in force by the judicial authority according to the jurisdiction.

6.8. The contract is drawn on four pages, in two original copies, each party is provided with a copy.

7. Annexes:

- Annex 1. – A shore maintenance (disbursement) invoice template and “AGENCY NOMINATION” template 2 p.
- Annex 2. – Agent _____ application _____ p.
- Annex 3. – A list of the ship agents and certified copies of the certificates of _____ the ship agents _____ p.
- Annex 4. – A copy of the Agent’s professional civil liability insurance policy, certified by the Agent _____ p.

8. LEGAL ADDRESSES AND OPERATING DETAILS OF THE PARTIES

AUTHORITY

AGENT

The Freeport of Riga Authority
 Legal adr. Kalpaka bulv.12, Riga,
 LV-1010
 tel. 67030800; fax 67030835
 VAT Reg. No.: LV90000512408
 Account:
 AS “SEB bank ” Rīdzenes branch.
 EUR Account Nr.
 LV93UNLA0050007873152
 code UNLALV2X

Address
 LV-
 tel: _____ ; fax
 VAT Reg. No.: LV
 Account:
 Account Nr.
 code

AUTHORITY

AGENT

L. Loginovs
 Stamp

 Stamp