

Merchant Marine Circular

Panama Maritime Authority
General Directorate of Merchant Marine
Control and Compliance Department

MERCHANT MARINE CIRCULAR MMC-176

- To:** Ship-owners/Operators, Company Security Officers, Legal Representatives of Panamanian Flagged Vessels, Panamanian Merchant Marine Consulates and Recognized Organizations (ROs)
- Subject:** International Safety Management (ISM) Code Panama Policy
- Reference:**
- **Law No. 7 of 27 October 1977**, No.12 of 9 November 1981 and No. 31 of 11 July 2007 – SOLAS Convention and its Protocols,
 - **Resolution No.106-OMI-09-DGMM** date 27 November 2007 – Adoption of Amendments to SOLAS IX – Management for the safe operation of ships, ISM Code – Rule 3.1,
 - **Resolution No.106-OMI-56-DGMM** dated 30 October 2008 amendments to the ISM Code,
 - **Resolution No.107-OMI-198-DGMM** of 6 August 2018 adoption of Res. A.1118 (30) – Revised Guidelines on the implementation of the ISM Code by Administrations, dated 6 December 2017,
 - **MSC/Circ.1059 - MEPC/Circ.401** - Procedures Concerning Observed ISM Code Major Non-Conformities dated 16 December 2002 (as recommendation),
 - **MSC-MEPC.7/Circ.6** - Guidance on the qualifications, training, and experience necessary for undertaking the role of the designated person under the provisions of the international safety management (ISM) Code dated (as recommendation) dated 19 October 2007 (as recommendation),
 - **MSC-MEPC.7/Circ.7** - Guidance on near-miss reporting dated 10 October 2008 (as recommendation),
 - **MSC-MEPC.7/Circ.8** - Revised Guidelines for the Operational Implementation of the International Safety Management (ISM) Code by Companies dated 28 June 2013, revokes MSC-MEPC.7/Circ.5 (as recommendation)
 - **MSC-MEPC.7/Circ.9** - Guidelines for the reactivation of the safety management Certificate following an operational interruption of the safety management system due to Lay-up over a certain period dated 14 July 2014 (as recommendation).

This Merchant Marine Circular replaces **MMC-95, MMC-97, MMC-100, MMC-115, MMC-160, MMC-176 and MMC-213.**

1. Purpose

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- 1.1 The purpose of this Merchant Marine Circular is to communicate the policy that shall be followed in case of ships subject to the International Safety Management (ISM) Code according to the guidelines and guidance issued by the International Maritime Organization (IMO), and primarily focusing on the additional verifications related to the ISM Code and reminds to all concern parties on the urgency of accomplishing the objectives of the Code.

2. Background

- 2.1 The International Safety Management (ISM) Code was adopted by the Assembly of the International Maritime Organization (IMO) on 4 November 1993 through Resolution A.741 (18). It aims to foster the Safe Operation of Ships and for Pollution Prevention. The 1994 Amendments to the International Convention for the Safety of Life at Sea, 1974, included a new chapter "CHAPTER IX" - Management for the safe operation of ships, making the application of the Code mandatory to ships, regardless of the date of construction.

3. Scope

- 3.1 Since this Flag State Administration is the ultimate responsible for the implementation of the ISM Code for its vessels, this Merchant Marine Circular applies to vessels subject to the application of the ISM Code.

4. Definitions

- 4.1 Observation means a statement of fact made during a safety management audit and substantiated by objective evidence.
- 4.2 Non-conformity means an observed situation where objective evidence indicates the non-fulfillment of a specified requirement.
- 4.3 Major non-conformity means identifiable deviation that poses a serious threat to the safety of personnel or the ship or a serious risk to the environment that requires immediate corrective action or includes the lack of effective and systematic implementation of a requirement of this Code.
- 4.4 Near-miss is defined as a sequence of events and/or conditions that could have resulted in loss. This loss was prevented only by a fortuitous break in the chain of events and/or conditions. The potential loss could be human injury, environmental damage, or negative business impact (e.g., repair or replacement costs, scheduling delays, contract violations, loss of reputation).

5. ISM Additional verifications Procedure:

- 5.1 According to the Revised guidelines on the implementation of the International Safety Management (ISM) Code by Administrations Res. A.1118(30) paragraph 4.7, the

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additional verification may be required by the Administration to check if the safety management system (SMS) still functions effectively, where there are clear grounds of situations beyond normal procedures such as:

- 5.1.1 Port State control detentions, or
 - 5.1.2 in the case of reactivation after the interruption of operations due to a period out of service, or
 - 5.1.3 in case of reporting on deficiencies possibly affecting the implementation of the ISM Code on board, or
 - 5.1.4 in case of non-conformities found during ISM verifications, or
 - 5.1.5 in order to verify that effective corrective actions have been taken and/or are being properly implemented.
- 5.2 **In case of Port State control detentions**
- 5.2.1 The additional verifications shall be carried out at the port where the ship is detained and the scope and depth of the verification shall be as initial verification,
 - 5.2.2 Port State Control report shall be presented in case of Ship's detentions or ISM related deficiencies,
 - 5.2.3 Request for additional verification due to Port State Control detentions shall be sent to ism@amp.gob.pa or to the nearest SEGUMAR Office. Please refer to the [MMN018/2021](#) - SEGUMAR offices contact points (24/7 coverage).
 - 5.2.4 On satisfactory completion of the shipboard assessment, the Safety Management Certificate should be endorsed for additional verification.
 - 5.2.5 The Class Society/RO shall submit copy of the additional verification report as soon as possible to the Administration along with the corrective actions based on the non-conformities once is approved by the PSCO to the following email addresses: ism@amp.gob.pa, internationaloffices@segumar.com and, authorizations@segumar.com.
 - 5.2.6 Corrective actions and any subsequent audits should be completed within the time period agreed but should not normally exceed three (3) months; at least one (1) additional verification (follow-up audit) should be carried out within the time frame indicated in the agreed corrective action plan to verify that **effectiveness** of the actions taken. The Class Societies/ROs shall ensure that the company apply for the follow-up audits as agreed. Follow-up audits authorizations shall be requested to ism@amp.gob.pa and confirmation of closing and correction of deficiencies shall be informed to the Navigation and Maritime Safety Department ism@amp.gob.pa or to the

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nearest SEGUMAR Office. Please refer to the [MMN018/2021](#) - SEGUMAR offices contact points (24/7 coverage).

- 5.2.7 Failure to take adequate corrective actions in compliance with the ISM Code, including measures to prevent recurrence, may be considered as **a major non-conformity** affecting the validity of the Document of Compliance and related Safety Management Certificates (Reference is made to MSC/Circ.1059 MEPC/Circ.401 Procedures Concerning Observed ISM Code Major Non-Conformities dated 16 December 2002).
- 5.2.8 For further information related to ships under high risk assessment please refer to MMC-380.
- 5.3 **In the case of reactivation after the interruption of operations of the ship and its SMS due to a period out of service (Refer to MSC-MEPC.7/Circ.9)**
- 5.3.1 Request for additional verification due to reactivations after the interruption of operations of the ship and its SMS shall be sent to authorizations@segumar.com or to the nearest SEGUMAR Office. Please refer to the [MMN018/2021](#) - SEGUMAR offices contact points (24/7 coverage).
- 5.3.2 The Company should, after interruption of the SMS on board a ship, review the SMS. In case that a Company manages a ship, which only operates seasonally, the Company should establish specific procedures for the lay-up period and reactivation, based on their commercial activities.
- 5.3.3 The Company should notify further the above indicated to the port State or coastal State (if applicable) about the reactivation of the ship. This should include information about the time needed for reactivation of the vessel, any change of ownership or change of Company and the next intended destination after reactivation, e.g. normal trade, repair yard or scrap yard.
- 5.3.4 If the interruption period of the SMS on board the ship is more than three (3) months but less than six (6) months, an additional verification shall be carried out before the ship re-start its operations under the scope of an intermediate verification. On satisfactory completion of the shipboard assessment, the Safety Management Certificate (SMC) should be endorsed for additional verification. In case that non-conformities are found the Class Society/RO shall submit copy of the additional verification report as soon as possible to the Administration along with the corrective action plan approved by them to the email address authorizations@segumar.com or to the nearest SEGUMAR Office. Please refer to the [MMN018/2021](#) - SEGUMAR offices contact points (24/7 coverage).
- 5.3.5 If the interruption period of the SMS on board the ship is more than six (6) months, then the Company should request to its Class Societies/ROs an interim verification before the ships re-start its operations.

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5.4 in case of reporting on deficiencies possibly affecting the implementation of the ISM Code on board

5.4.1 Please refer to the MMC-307 for Class Societies /RO's reporting deficiencies possibly affecting the implementation of the ISM Code on board.

5.4.2 The responsible SMC Recognized Organization shall carry out the additional verification after authorization is given by SEGUMAR Offices due to deficiencies possibly affecting the implementation of the ISM Code on board.

5.4.3 On satisfactory completion of the shipboard assessment, the Safety Management Certificate should be endorsed for additional verification.

5.4.4 The Class Society/RO responsible for the SMC shall submit copy of the additional verification report as soon as possible to the Administration along with the corrective actions based on the non-conformities to the following email addresses: internationaloffices@segumar.com and, authorizations@segumar.com.

5.4.5 Corrective actions and any subsequent audits should be completed within the time period agreed but should not normally exceed three (3) months; at least one (1) additional verification (follow-up audit) should be carried out within the time frame indicated in the agreed corrective action plan to verify that **effectiveness** of the actions taken (refer to paragraph 5.6). The Class Societies/ROs shall ensure that the company apply for the follow-up audits as agreed.

5.4.6 Failure to take adequate corrective actions in compliance with the ISM Code, including measures to prevent recurrence, may be considered as a **major non-conformity** affecting the validity of the Document of Compliance and related Safety Management Certificates (Reference is made to MSC/Circ.1059 MEPC/Circ.401 Procedures Concerning Observed ISM Code Major Non-Conformities dated 16 December 2002).

5.5 in case of non-conformities found during ISM verifications

5.5.1 Request for additional verification in case of non-conformities found during ISM verifications by the Class Society/RO shall be sent to authorizations@segumar.com or to the nearest SEGUMAR Office. Please refer to the [MMN018/2021](#) - SEGUMAR offices contact points (24/7 coverage).

5.5.2 On satisfactory completion of the shipboard assessment, the Safety Management Certificate should be endorsed for additional verification.

5.5.3 The Class Society/RO responsible for the SMC shall submit copy of the additional verification report as soon as possible to the Administration along with the

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corrective actions based on the non-conformities to the following email addresses: internationaloffices@segumar.com and, authorizations@segumar.com.

- 5.5.4 Corrective actions and any subsequent audits should be completed within the time period agreed but should not normally exceed three (3) months; at least one (1) additional verification (follow-up audit) should be carried out within the time frame indicated in the agreed corrective action plan to verify that **effectiveness** of the actions taken (refer to paragraph 5.6). The Class Societies/ROs shall ensure that the company apply for the follow-up audits as agreed.
- 5.5.5 Failure to take adequate corrective actions in compliance with the ISM Code, including measures to prevent recurrence, may be considered as a **major non-conformity** affecting the validity of the Document of Compliance and related Safety Management Certificates (Reference is made to MSC/Circ.1059 MEPC/Circ.401 Procedures Concerning Observed ISM Code Major Non-Conformities dated 16 December 2002).
- 5.6 **To verify that effective corrective actions have been taken and/or are being properly implemented (excluding PSC deficiencies).**
- 5.6.1 Request for additional verification (follow-up) to ensure the effectiveness of corrective actions have been taken and/or are being properly implemented shall be sent to authorizations@segumar.com or to the nearest SEGUMAR Office. Please refer to the [MMN018/2021](#) - SEGUMAR offices contact points (24/7 coverage).
- 5.6.2 Corrective actions and any subsequent audits should be completed within the time period agreed but should not normally exceed three (3) months.
- 5.6.3 At least one (1) additional verification (follow-up audit) should be carried out within the time frame indicated in the agreed corrective action plan to verify that effectiveness of corrective actions has been taken and/or are being properly implemented.
- 5.6.4 The Class Societies/ROs are instructed to ensure that the company apply for the follow-up audits as agreed.
- 5.6.5 Failure to take adequate corrective actions in compliance with the ISM Code, including measures to prevent recurrence, may be considered as a **major non-conformity** affecting the validity of the Document of Compliance and related Safety Management Certificates (Reference is made to MSC/Circ.1059 MEPC/Circ.401 - Procedures Concerning Observed ISM Code Major Non-Conformities dated 16 December 2002).
6. **Companies' responsibilities with regard to reporting and analyzing of non-conformities, observations, accidents and hazardous occurrences (near-misses)**

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- 6.1.1 The Company responsible of the operation of ship shall ensure that the SMS contain procedures to guarantee that non-conformities, observations and hazardous occurrences are reported, recorded, investigated, evaluated, reviewed and analyzed, and that appropriate actions are taken.
- 6.1.2 These procedures shall involve the responsible person of the management (DPA) who shall properly monitor the follow-up and closing-out of the non-conformities/deficiency reports. The receipt of reports should be acknowledged to those persons who have raised the reports. This should include the status of the report and any decisions made. (Refer to MSC-MEPC.7/Circ.8 - Revised Guidelines for the operational implementation of the International Safety Management (ISM) Code by Companies dated 28 June 2013).
- 6.1.3 This Administration encourages Companies responsible of ship's operation to report near-misses occurrences in their fleet to maintain and improve safety awareness. The report and analysis of such occurrences are essential for an effective risk assessment by the Company, especially where accident information is not available. (Refer to MSC-MEPC.7/Circ.7 Guidance on Near-Miss Reporting, dated 10 October 2008).
- 6.1.4 The system should ensure such reports are reviewed and evaluated by the responsible person(s) in order to determine appropriate corrective action and to ensure that recurrences are avoided.
- 7. Qualifications, training and experience of the Designated Person (MSC-MEPC.7/Circ.6 dated 19 October 2007)**
- 7.1 To ensure the safe operation of each ship and to provide a link between the Company and those on board, every company, as appropriate, should designate a person or persons ashore having direct access to the highest level of management.
- 7.2 Considering that the Designated person has a key role in the development and implementation of the safety management system within a shipping company with a view of ensuring safety at sea, prevention of human injury, loss of life, damage to the environment, in particular to the marine environment, the International Maritime Organization has provided guidance on the qualifications, training and experience for undertaking the role of Designated Person under provisions of the International Safety Management Code.
- 7.3 This Administration instruct shipowners/operators of Panamanian flag vessels to comply the guidance on the qualifications, training and experience for undertaking the role of Designated Person under provisions of the International Safety Management Code as set out in the Annex of the **MSC-MEPC.7/Circ.6** dated 19 October 2007.

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- 7.4 We remind Companies to provide training courses covering qualification, training and experience and the appropriate procedures connected to compliance with the ISM Code including practical training and continuous updating.
- 7.5 The Company are also instructed to maintain documentary evidence (records) that the Designated Person has the relevant qualification, training and experience to undertake the duties under the provisions of the ISM Code.

8. Endorsement of ISM Code Declarations

All Company Operators/Owners/Masters shall send the Declaration of Company (DC) for the Company Operator, as per ISM Code 3.1, and the Declaration of Designated Person Ashore (DPA) for the respective endorsement to authorizations@segumar.com or to the nearest SEGUMAR Office. Please refer to the [MMN018/2021](#) - SEGUMAR offices contact points (24/7 coverage).

- 8.1 It is important to instruct all the Class Societies/RO's that they shall verify, during the initial, renewal, annual-DOC and intermediate-SMC verifications, that every DPA and DC has been endorsed by this Administration.
- 8.2 To obtain the required endorsement of the declaration of Designated Person Ashore and the Declaration of the Operating Company, copy of the Interim or Short-Term Safety Management Certificate shall be presented.

9. Companies operating multi-flagged fleets (MSC/Circ.762, of 1996)

- 9.1 For companies with multi-fleets (vessels under different flags), duplication of DOCs can be avoided by agreement of the Flag State Administrations involved.
- 9.2 Companies should approach the relevant flag Administrations, proposing a plan of action and requesting agreement by all parties to facilitate the auditing and certification process. This plan should clearly state which entity (the Administration itself; a recognized organization authorized by the Administration; or at the request of the Administration, by another Contracting Government, according to SOLAS IX/4.1) is to conduct which part of the process.
- 9.3 This approach by companies should be taken at least 12 months prior to the mandatory application date for the particular ship type or types involved.
- 9.4 In order to facilitate the auditing and certification process and to avoid unnecessary duplication of work, a Company operating a multi-flagged fleet may approach this Administration with the purpose to enter into a positive dialogue with other involved Administrations. Relevant agreements may be reached with other involved Administrations.



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In case of Companies operating multi-flagged fleet and its major number of ships is under a DOC issued by a Recognized Organization already approved by this Administration, a concurrence letter shall be requested to this Administration. Request shall be made to authorizations@segumar.com or to the nearest SEGUMAR Office. Please refer to the [MMN018/2021](#) - SEGUMAR offices contact points (24/7 coverage).

- 9.5 The need for establishing a clear link between the shore-based part of the Safety Management System of the company and the shipboard parts should be clearly recognized; following the procedure indicated in point 9 above.

10. Penalty

- 10.1 Panama strongly believes that the implementation of the ISM Code is crucial for the safety, development, and future of the world's fleet. As a consequence, after July 1, 1998 (1st phase for the implementation of the Code) all Panamanian flag vessels not in possession of a valid SMC and DOC for its company will be subject to a severe fine, as set forth in Panama's Law No. 2 from 1980. In addition, the vessel could be deleted from the Registry.

11. Contact Points

- 11.1 ISM station and Port State Control Section of Navigation and Maritime Safety Department: Monday to Friday from 8:30 am to 8:00 p.m.
Phone: (507) 501-5031 / 501-5033 / 501-5094 / 501-5092
Fax: (507) 501- 5083
Email: ism@amp.gob.pa; psc@amp.gob.pa
- 11.2 Segumar Offices: Monday to Fridays (according to local time and regular Office hours). Please refer to the [MMN018/2021](#) - SEGUMAR offices contact points (24/7 coverage).
- 11.3 Segumar Panama: Monday to Friday (0600 to 2200 Panama local time GMT-5).
Phone: (507) 501- 5352 / 501- 5353 / 501 – 5361
Email: authorizations@segumar.com; segumar.headoffice@segumar.com

September, 2023 – Merge of Merchant Marine Circulars 95, 97, 100, 115, 160, 176, and 213.

December, 2015 – amendment to: Subject, paragraph 3, reference 1 added, word audit replaced for “verification” through the circular, point 5 re-numbered to 4.5, point 6 added, 6.1 amended to include SEGUMAR Offices, 6.2 amended, 6.3 added.

August, 2008.

Inquiries concerning the subject of this Circular or any request should be directed to:



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