

Ships Act No. 66 of 11 June 2021

CHAPTER I

Purpose, scope, etc.

Article 1

Purpose

The purpose of this Act is to promote safety of Icelandic ships, their crews and passengers, provide the necessary protection against pollution from ships and ensure efficient registration, marking, ship measurements and ship surveys.

Article 2

Scope

This Act applies to Icelandic ships.

To the extent that provisions of international law do not prescribe otherwise, this Act applies to foreign ships when they are within territorial waters, within economic jurisdiction or on the continental shelf of Iceland.

Article 3

Definitions

For the purpose of this Act the following definitions shall apply:

1. A foreign ship is a ship that is not considered an Icelandic ship.
2. Detention is when a ship is detained in port.
3. Passenger ship is a ship which carries more than 12 passengers.
4. A fishing vessel is a vessel intended for fishing.
5. Classified ship is a ship that is classified by a recognized classification society (recognized organization).
6. Port State Control is an inspection carried out by the Icelandic Transport Authority (ICETRA) on foreign ships in Icelandic ports in accordance with international law.
7. The port of registry of a registered ship is where the owner or charterer decide to register the ship.
8. An Icelandic ship is a ship registered in Iceland and has the right to fly the flag of Iceland.
9. A Permit to sail is a certificate issued by the Icelandic Transport Authority, which authorizes a ship to sail without having issued a Certificate of Nationality and Certificate of Registry.
10. A Tonnage Certificate is a certificate that shows the measured length of a ship and its tonnage.

11. A ship is any floating craft unless otherwise stated.
12. Unscheduled inspection is an unannounced inspection of a ship by the Icelandic Transport Authority or the Icelandic Coast Guard.
13. A recognized classification society is a company that has been recognized in the European Economic Area and has entered into a co-operation agreement with the Icelandic Transport Authority, which handles the classification of ships in accordance with technical requirements.
14. Bareboat chartering is a temporary registration of a ship chartered without crew.

CHAPTER II

Registration of ships

Article 4

Ship registry

The Icelandic Transport Authority maintains a Ship Register of all ships registered pursuant to this Act.

The Minister shall, by means of a regulation, prescribe the information that are to be registered in the ship register, as well as the manner in which vessel or floating craft, but are not powered by motor power, shall be registered in the ship register.

The ship register shall be electronic. The Icelandic Transport Authority may provide access to and disseminate information from the ship register, including information on owners, occupiers and operators of ships, provided that the conditions of the Act on Personal Data Protection and Processing of Personal Data are met.

Article 5

Obligation to register

All ships of six metres in length and over, measured between stem and stern, are subject to registration.

Provisional registration may be carried out on ships which are under construction or at an otherwise incomplete state.

Ships in Iceland owned by Icelandic citizens, Icelandic legal entities domiciled in Iceland, nationals of other states of the European Economic Area, nationals of member states of the European Free Trade Association and Faroese citizens may be registered.

The Minister shall prescribe registration in more detail by regulation.

Article 6

Initial registration

New ships built in Iceland and are intended to be registered in Iceland must notify the Icelandic Transport Authority on the registration before they are taken into use. Other ships that are subject to registration shall be notified as soon as they become the property of an Icelandic party if the intention is to register the ship in Iceland, provided that no provisional registration has taken place.

The owner or owners of a ship shall send a request for registration to the Icelandic Transport Authority. The Minister shall, by means of a regulation, prescribe the relevant ship information which shall be included in the registration request.

The registration application must be accompanied by a ship construction certificate or other certificate of ownership from the registration applicant. If a used ship is imported into Iceland from abroad, a certificate from the relevant foreign registration authority shall be submitted, stating that the ship has either not been registered there or has otherwise been deregistered from the foreign ship register.

Article 7

Registration of fishing vessels

It is not permitted to register fishing vessels in the ship register unless the conditions on ownership of Act No. 22/1998 on Fishing and Processing by Foreign Vessels in Iceland's Exclusive Fishing Zone are fulfilled.

Article 8

Bareboat chartering abroad

The Icelandic Transport Authority may authorize a ship which is registered on the Icelandic Ship Register to be registered for bareboat chartering on a foreign ship register, provided that the conditions in paragraph 3 of Article 5 on ownership are fulfilled. The ICETRA can decide that a permit for bareboat chartering is restricted to the register of ships of particular States. Ships may be registered this way for a period of up to five years and at the end of that period the bareboat charter registration may be extended for a period of one year at a time.

The Minister shall, by means of a regulation, prescribe the information that shall accompany an application for authorization for bareboat charter registration.

Before the Icelandic Transport Authority authorizes the dry lease registration of a fishing vessel, the Ministry responsible for fisheries shall confirm that the following conditions are met:

- a) a vessels flying the Icelandic flag would not be able to engage in the fisheries that the vessel will engage in while the bareboat charter registration is in effect,

- b) the fisheries that the vessel will engage in, while the bareboat charter registration is in effect, will not undermine international management and conservation measures decided and applied under international law,
- c) the fisheries that the vessel will engage in while the bareboat charter registration is in effect are not inconsistent with conservation considerations,
- d) the fisheries that the vessel will engage in while the bareboat charter registration is in effect are in conformity with the rules provided for in the relevant international Conventions,
- e) it is clear that the State where the vessel will be registered for bareboat chartering will perform its duties as a flag State,
- f) the fisheries that the vessel will engage in while the bareboat charter registration is in effect will not provide the State, where the bareboat charter registration will be effected, with fishing experience (catch performance) which it might use later in concluding any agreements with the Icelandic State on the distribution of harvest rights or is otherwise contrary to Icelandic interests,
- g) other conditions that the Minister in charge of fisheries matters may provide for in a regulation.

A vessel registered on the Icelandic Ship Register and which is also registered for bareboat charter on a foreign register of ships, will fly the flag of the foreign State and shall fulfil the provision of laws and regulations of that State, including provisions on ship survey, equipment survey and manning while the bareboat charter agreement is in force. The encumbrances of a vessel which is registered in this way shall be registered at the relevant Registrar of Mortgages in Iceland.

The permission for bareboat chartering according to paragraph 1 expires when:

- a) the bareboat charter agreement expires,
- b) in the opinion of the Icelandic Transport Authority, the preconditions for an authorization for bareboat charter registration have been breached,
- c) conditions for authorization for bareboat charter registration according to paragraph 3 are no longer fulfilled in the opinion of the Ministry in charge of fisheries,
- d) the bareboat charterer wishes so,
- e) paragraph 1 of Article 17 applies to the ship.

When a vessel's permission for bareboat charter registration expires, the Icelandic Transport Authority shall request that the foreign register of ships immediately remove the vessel from its registry. If the vessel fails to fulfil the conditions of Icelandic laws and regulations on ship survey, its operators shall see to it that this is carried out within three days from the time that a notice is received stating that the vessel has been removed from the foreign registry of ships. The Icelandic Transport Authority shall be notified when conditions have been met.

The bareboat charter registration of a ship is considered completed when a notification is received from the foreign ship register that it has been deregistered from it.

Article 9

Bareboat charter registration in Iceland

Ships may be registered for bareboat chartering in the ship register when parties pursuant to paragraph 3 of Article 5 only have custody of the ship according to an agreement and if the conditions provided for in paragraph 3 of Article 5 on ownership are not fulfilled. Ships may be registered this way for a period of five years and at the end of that period registration may be extended for a period of one year at a time.

A ship registered for bareboat chartering shall sail under the Icelandic flag and shall fulfil the requirements of Icelandic laws and regulations on the ship surveys, including provisions on marine equipment and manning. Encumbrances of a ship so registered shall be registered in the State of initial registration.

The Minister shall, by means of a regulation, provide in more detail for the conditions for such registration.

Ships registered for bareboat charter registration shall be deregistered from the ship register when:

- a) the bareboat charter agreement expires,
- b) the conditions for registration are no longer met,
- c) the charterer requests deregistration,
- d) a ship is no longer authorized by the State of initial registration to fly the flag of another State, and
- e) points 2 to 5 of paragraph 1 of Article 16 apply to the ship.

Article 10

Exclusive right to ship names and distinctive letters and numbers

The Icelandic Transport Authority may grant the owner of a ship the exclusive right to the name of a ship registered in Iceland. The same applies to the exclusive right to funnel markings and other identity markings of the ship, including special flags. This right may be granted even if the conditions for registration do not yet exist.

If an exclusive right has been granted pursuant to paragraph 1, others are not permitted to use that ship name or identity markings or which are so similar to the name or identity marking that this may cause an error. However, the name and identity markings of a vessel that has been registered before the granting of an exclusive right may remain unchanged while it remains owned by the same party.

The exclusive right to a name or identity markings expires three years after a ship has been deregistered from the ship register if the owner of the name or identity markings has not renewed it on another ship.

The Icelandic Transport Authority maintains a register of the names and identity markings of vessels to which an exclusive right has been granted and publishes it immediately in the ship register.

Article 11

Flag

Ships which satisfy the conditions of paragraph 3 of Article 5 or have been registered according to Article 7 or 9, are considered Icelandic ships and have the right to fly the national flag of Iceland. They are not allowed to fly the national flag of another State.

A ship registered in the Icelandic Ship Register and is registered for bareboat chartering in a foreign ship register is not, however, considered an Icelandic ship and does not have the right to sail under the Icelandic national flag during the bareboat charter registration.

Article 12

Certificate of Nationality and Registration

The Icelandic Transport Authority issues a Certificate of Nationality and Registration for registered vessels of 15 metres in length overall and over and a Certificate of Registration for ships of less than 15 meters in length overall. If a vessel, which is less than 15 meters in length overall, navigates between Iceland and other countries, a Certificate of Nationality and Registration shall be issued for the vessel.

Certificate of Nationality and Registration must always accompany the vessel. A certificate shall be presented to the authorities upon request.

No party other than the Icelandic Transport Authority may write or amend the certificates.

It is not permitted to change the nationality registration of a ship during a voyage or in a port of call, unless the actual transfer of ownership has taken place or a change in registration has taken place during the ship's voyage.

The Minister prescribes in a regulation for provisions on the content of the Certificate of Nationality and Registration.

The Icelandic Transport Authority may issue a new Certificate of Nationality and Registration in the following circumstances, in which case an older certificate shall be returned to the Authority unless it has been lost:

1. If the name of the ship is changed.
2. If the ship's address is changed.
3. If a ship is modified so that it no longer corresponds to what is stated in the Certificate of Nationality and Registration on its type, main dimensions or gross tonnage/tonnage.
4. In the event of a change of ownership of a ship.
5. If the Certificate of Nationality and Registration has been lost.

Article 13

Provisional Certificate of Nationality and Registration

If a ship is built abroad for a party who is authorized to register his ship in Iceland or he becomes the owner of a ship abroad in another way, the Icelandic Transport Authority can then issue a Certificate of Nationality and Registration for the ship on a temporary basis. The Certificate shall always accompany the ship and be presented to the relevant authorities when required.

The Minister prescribes in a regulation for the content of the provisional Certificate of Nationality and Registration. A request for the issue of a provisional Certificate of Nationality and Registration shall be accompanied by adequate documentation of the items to be identified in the certificate, as well as a certificate from the relevant foreign registration authority stating that the ship was either not registered there or otherwise deregistered from that ship register.

The provisional Certificate of Nationality and Registration shall be valid as an ordinary Certificate of Nationality and Registration, but not longer than one calendar month from the date of issue, unless a special authorization from the Icelandic Transport Authority is provided.

If a ship that is located abroad has lost its Certificate of Nationality and Registration, the Icelandic Transport Authority may issue a Provisional Certificate of Nationality and Registration, provided that, as far as possible, rules of paragraphs 1-3 are complied with.

The Icelandic Transport Authority may entrust a representative of the Icelandic Foreign Affairs Service with the provisional issuance of a Certificate of Nationality and Registration.

Article 14

New owner of a registered ship or part of a ship

When the new owner of a registered ship or part of a ship has had his/her certificate of ownership registered, he/she shall submit a request for registration to the Icelandic Transport Authority together with a copy of the registered certificate of ownership.

The new owner is not permitted to register the crew of the ship in his/her name until the registration request has been received by the Icelandic Transport Authority, the ship has been registered in the ship register and statutory documents have been issued for it.

In the event of a change of ownership, the previous owner is responsible for the fees for the vessel until the transfer of ownership has taken place.

Article 15

Change of name and address of ship

If the owner of a registered ship wishes to give it a new name or new address, he/she shall submit a notification to that effect to the Icelandic Transport Authority, cf. paragraph 2 of Article 17. It is not permitted to change the name or address until the Icelandic Transport Authority has registered the new name or address in the ship register.

If the name of the ship or address is changed in the ship register and the Icelandic Transport Authority notifies the Registrar of Mortgages in the registration district where the ship has or had an address, the Registrar of Mortgages shall immediately notify the mortgagees or other indirect holders of rights in the ship, if they are known.

In case the new address causes a ship to be moved between registration districts, access to the ship register of the Registrar of Mortgages in the district to which the ship is transferred will then be active after transfer of ownership of the ship to the ship register. The legal effect of registration is not interrupted by the transfer.

Article 16

Deregistration

Ships shall be deregistered from the ship register:

1. When the planned registration in another ship's register is announced.
2. If the ship no longer satisfies the conditions of Articles 5, 7 or 9.
3. If the ship has foundered and such loss is known or if the ship has disappeared without trace for six months.
4. If the ship is scrapped, deemed unusable or damaged beyond repair.
5. If the ship has not been inspected for five consecutive years.

The above points must be proved by an official certificate, inspection or by other means that the Icelandic Transport Authority deems satisfactory.

If the owner of a ship becomes aware of any grounds for deleting the ship from the register according to paragraph 1 he shall immediately notify the Icelandic Transport Authority. If the ship has received a Certificate of Nationality and Registration, the owner shall hand over the certificate to the Icelandic Transport Authority unless it is lost.

If the rights are registered in a ship, it shall not be deleted from the ship register unless the holder of rights agrees. Despite the fact that the consent of the holder of rights is not available, a ship may be removed from the ship register if the provisions of points 3 to 5 of paragraph 1 apply and there is satisfactory confirmation that the ship will not be seaworthy again or the value of the rights is insignificant in light of the events and interests at stake. If the ship is not removed from the Register of Mortgages, deregistration from the ship register shall be specified there on the ship's sheet and also on mortgage certificates related to the ship.

Article 17

Notifications and requests for change of registration

In case of any changes in the items that must be registered in the ship register in accordance with regulatory acts on the basis of Article 4, the owner or owners of the ship shall immediately notify the Icelandic Transport Authority of the change.

Registration requests and notifications shall be electronic or on appropriate forms provided by the Icelandic Transport Authority and registration directors.

Article 18

Permit to Sail

The Icelandic Transport Authority may, when there is a special reason, provide a ship located in Iceland with a Permit to sail before it is registered in the ship register. The Permit to sail then has the same force in Iceland as the Certificate of Nationality and Registration.

The Icelandic Transport Authority can also provide a ship with a Permit to sail when it is built in Iceland and intended for registration abroad.

The Icelandic Transport Authority may also, if it is necessary for a ship to sail abroad immediately, issue a Provisional Certificate of Nationality and Registration for that voyage.

The Minister shall, by means of a regulation, prescribe in more detail the conditions for the issuance of a Permit to Sail.

CHAPTER III

Marking and measurement of ships

Article 19

Marking of ships

Each ship shall be marked in an appropriate manner in accordance with a regulation issued by the Minister.

It is forbidden to conceal markings according to paragraph 1 or remove markings. A ship may not be marked with a name other than that under which it is registered.

Article 20

Tonnage measurement of ships

Each ship with a registered length of 24 metres or over shall be measured and its tonnage calculated in accordance with the International Convention on Tonnage Measurement of Ships (TM), as amended, adopted in London on 23 June 1969. The Minister shall prescribe further such measurements in a regulation.

Each ship with a registered length of up to 24 metres shall be measured and its tonnage calculated in accordance with regulation adopted by the Minister.

It is permissible to measure each ship and calculate its gross registered tonnage in accordance with international rules on tonnage measurement of ships published by the League of Nations on

30 June 1939 as provided for in an Agreement signed in Oslo on 10 June 1947, as amended, according to further provisions adopted by the Minister in a Regulation.

When a ship is registered in the Icelandic Ship Register, its owner shall send the calculations of its tonnage to the Icelandic Transport Authority as well as drawings and other essential documents to determine its tonnage measurement. It is permitted to accept calculations and measurements which have been approved by foreign state if that state is a party to the International Convention on Tonnage Measurement of Ships, 1969.

The Icelandic Transport Authority may, whenever it deems necessary, revise a ship's measurements. Also, shipowners may request their ships to be re-measured.

Article 21

Tonnage Certificate

Ships that have been measured according to paragraph 1 of Article 20 and rules issued by the Minister shall receive an international tonnage certificate.

A ship which is measured in accordance with rules adopted by the Minister pursuant to paragraph 2 of Article 20 shall be issued the Icelandic Tonnage Certificate.

The Minister shall prescribe in a regulation the form of a tonnage certificate.

It is permitted to measure a foreign ship which upon arrival to an Icelandic port if it does not have a valid Tonnage Certificate in pursuance of the International Convention on Tonnage Measurement of Ships, 1969.

Article 22

Notification of shipbuilding

The owner of a ship shall notify the Icelandic Transport Authority of the newbuilding of the ship. Before construction begins, the shipbuilder or his representative shall send the Icelandic Transport Authority a notification of the construction of the ship, which is intended for registration in Iceland, construction details, drawings, calculations of tonnage and drawings and other documents that the Icelandic Transport Authority deems necessary for measurement and monitoring pursuant to Article 26. Furthermore, the same party shall notify the Icelandic Transport Authority when it is time to inspect and measure the ship.

Article 23

Modification of ship

If a ship is modified in such a way that its tonnage is altered, the owner of the ship is required to inform the Icelandic Transport Authority of that and new tonnage calculations and drawings as well as other necessary information shall be submitted to the Authority to determine the ship's tonnage measurement. The Tonnage Certificate shall then be issued.

CHAPTER IV

Ship Survey

Article 24

Shipbuilding, marine equipment, pollution prevention, etc.

Each ship shall be constructed and equipped in such a way as to ensure safety as far as possible with regard to its use and the tasks assigned to it at any given time.

To ensure the safety of the crew, passengers, ship and cargo, as well as the prevention of pollution, the ship shall at all times meet the conditions for construction, equipment and safe operation of the ship, including its structure, hull, watertight subdivision, piping system, machinery installations, electrical equipment, fire protection, navigation equipment, radio communication equipment, rescue and safety equipment, pollution prevention equipment, medicines and medical equipment, markings and other equipment. Ships shall be adequately manned to ensure safety. The Minister shall issue a regulation stipulating these aspects in more detail.

The Minister stipulates in a regulation which law, administrative provisions, certificates and log books shall be available on board ships.

Ships shall be built and equipped in accord with legislation on marine and coastal pollution control.

Article 25

Living and working conditions

Work areas and crew accommodation shall be designed and equipped with safety and well-being of the crew in mind. The Minister shall issue a regulation setting further rules on work areas, accommodation, living and working conditions of crew members, including the design and marking of work areas and processing equipment, safety equipment, use and maintenance of work equipment and safety equipment and health and hygiene on board ships.

Article 26

Survey and inspection of newbuilding

The newbuilding of a ship is subject to supervision by the Icelandic Transport Authority in accordance with a regulation issued by the Minister. If the Regulation does not prescribe specific matters, the requirements of approved classification societies for the building of a corresponding type of ship or rules approved by the Icelandic Transport Authority as comparable shall be complied with.

The owner of a ship may entrust a recognized classification society with supervision of the construction of a ship, provided that the ship is built in accordance with rules that apply in Iceland or rules approved by the Icelandic Transport Authority as comparable.

Article 27

Monitoring ship modifications

No major modifications may be made to a ship, such as cargo space expansion or superstructure, main engine replacement or changes affecting ship measurement, seaworthiness and stability, safety and/or crew and passenger living conditions, without the approval of the Icelandic Transport Authority or another party the agency has granted a power of attorney. Modifications shall be carried out subject to control by the Icelandic Transport Authority, and the same rules apply concerning control and notification, as in the case of the construction of a new ships.

The same rules on notification and control shall also apply to major repairs which may affect the safety of the ship, seaworthiness and stability of the ship and the living conditions of the crew and passengers.

Article 28

Import of ships

A ship which is bought or leased from abroad for Icelandic registration shall be built according to rules of a recognized classification society or comparable rules. Such a ship shall also meet the requirements of Icelandic laws and regulations issued by the Minister regarding strength, equipment and seaworthiness. The Icelandic Transport Authority shall be informed of the planned import and shall be provided with the necessary information on the ships. The ship shall be inspected prior to import.

Article 29

Responsibility

The master shall ensure that the ship is seaworthy when leaving port and carries valid statutory certificates on board. The owner of the ship, the operator, the master and the chief engineer officer shall ensure that statutory inspections are carried out on the ship as appropriate.

The duties of officers during an inspection and division of tasks are governed by Chapter III the Seamen's Act, No. 35/1985.

Article 30

Inspection of ships

All ships used for commercial purposes shall be subject to inspection by the Icelandic Transport Authority in accordance with the provisions of a regulation issued by the Minister on the scope, frequency and implementation of inspections of ships. The Minister may decide that ships which are not used for commercial purposes shall be inspected by the Icelandic Transport Authority at regular intervals.

When inspecting ships, it must be ascertained that they comply with the provisions of laws, regulations and international conventions on the construction, equipment and safe operation of a ship, including its structure, watertight subdivision, piping system, hull, rescue and safety equipment, hardware, telecommunication equipment, electrical equipment, fire protection equipment, pollution control equipment, navigation equipment, markings, medicines and medical equipment and other equipment and safe manning of the ship to ensure the safety of the crew, passengers, ship and cargo and the prevention of pollution from ships.

The Icelandic Transport Authority is authorized to delegate to other parties the responsibility of carrying out inspections and issues operating licenses. The Minister shall issue a regulation on the activities of approved inspection bodies.

If a ship is classed by an approved classification society and a valid classification certificate is presented, the inspection carried out for the maintenance of the classification shall be considered satisfactory regarding the strength of the hull, steam boilers and mechanical and electrical equipment, provided that the ship also complies with the provisions specifically laid down in Icelandic laws or regulations regarding the matters covered by the classification, as well as obligations under international convention that Iceland has ratified and have entered into force.

Article 31

Exercise of control

When employees of the Icelandic Transport Authority or those authorized by the Authority are at work, they have the right to board any ship in an Icelandic port, within Icelandic territorial waters or an Icelandic ship in a foreign port to investigate what they are tasked to do according to their position. The same applies to ships under construction.

If it is found that a ship, its equipment or its operation are not in accordance with this Act, rules or other instructions, the Icelandic Transport Authority may order that this be rectified immediately or within a certain time limit.

The employees of the Icelandic Transport Authority and others who carry out inspections shall not cause unnecessary delays to the ship or to hinder work beyond what is necessary. They must present certificates of employment on request.

Owners, operators, masters, marine engineer officers and others acting on their behalf shall provide the Icelandic Transport Authority and other inspectors with any assistance and information requested regarding the inspection and safety of the ship, as well as information on

the condition of the ship, concerning the present Act and rules, adopted subject to them. The owner or operator shall ensure that the ship is accessible for inspection.

Article 32

Intermediate survey

Intermediate survey shall be carried out on a ship as follows:

1. When a ship has been repaired due to issues concerning the safety of the ship and/or crew.
2. When modifications or improvements have been made to a ship that concern or affect the safety of the ship and crew or the risk of pollution from the ship.
3. When a ship has suffered damage which may be regarded as likely to affect the safety of ship and crew or the risk of pollution from the ship.
4. When a shipowner, operator, master, chief engineer officer, crew member, trade union board or a body with a legitimate interest in the safe operation of a ship, living and working conditions on board or pollution prevention requires inspection or submits a complaint unless the Icelandic Transport Authority considers such a claim or complaint not reasonable. The Icelandic Transport Authority is not permitted to provide information on who has submitted such a claim or complaint.
5. When the Icelandic Transport Authority sees reason to investigate the safety of certain parts of the ship or its equipment or matters concerning the safe operation of the ship.

Article 33

Port State control

The Icelandic Transport Authority shall inspect foreign ships arriving at a port in Iceland in accordance with the rules of the Paris Memorandum of Understanding on Port State Control from 1982, with subsequent amendments, and other international obligations. The Minister shall lay down rules on the implementation of port state control, control of arrival notifications of foreign ships and on the qualification requirements of the inspectors of the Icelandic Transport Authority who carry out the control.

Article 34

Unscheduled inspections

The Icelandic Transport Authority and the Icelandic Coast Guard may subject a ship to which this Act applies to an unscheduled inspection without notice to check whether the ship's condition and equipment are in accordance with laws and regulations as well as other matters concerning the ship's safe operation, such as whether the provisions of laws and regulations on the number of the ship's crew, its certificates, limited area of operation and duration of voyage, the crew's certificates of competency, legal registration of the crew and the number of passengers on passenger ships are observed.

The Icelandic Transport Authority and the Icelandic Coast Guard enter into a co-operation agreement on the arrangement of the inspection pursuant to paragraph 1.

Article 35

Certificate of seaworthiness and other certificates

Following an inspection, the Icelandic Transport Authority shall decide whether it considers that the provisions of laws and regulations on the construction, equipment and safe operation of a ship have been complied with and whether certificates shall be issued, signed or renewed.

Appropriate certificates shall be issued to ships to which the requirements of international instruments and regulations issued by the Minister apply.

Certificates of seaworthiness or other equivalent certificates shall be issued to ships not covered by international conventions in accordance with a regulation issued by the Minister, which shall, inter alia, provide for the form and period of validity of such certificates.

Article 36

Unseaworthy ships

A ship shall be considered unseaworthy:

1. If it does not have a valid certificate or certificate of seaworthiness in accordance with a regulation issued by the Minister or the provisions of international conventions.
2. If the ship lies deeper in the water than the load line allows according to a regulation issued by the Minister or the provisions of international conventions.
3. If the hull, equipment, including anti-pollution equipment, machinery, equipment or crew are so deficient or the condition of the ship is for other reasons in such a way with regard to the safety of the ship and the persons on board the ship that the intended voyage of the ship is more dangerous than usual.

Article 37

Damage to a ship

If a ship has been involved in a collision, has grounded or involved in other incidents so that there is reason to believe that the ship is unseaworthy, the master is obliged to have the ship inspected at a place where practicable at the earliest opportunity. The staff of the Icelandic Transport Authority or other bodies approved by the Authority shall carry out that inspection.

If an unseaworthy ship needs to be moved from a casualty site or from a port for repairs or further inspection, the Icelandic Transport Authority or other bodies approved by the Authority shall decide what measures shall be taken with regard to the ship's safety, persons on board and the risk of pollution from the ship. The Icelandic Coast Guard, the Environment Agency and the

Harbour Master and other competent authorities shall be consulted, as appropriate, on what measures shall be taken.

Article 38

Reporting requirement

Law enforcement officers, port authorities, offshore and harbour pilots, customs officers, union representatives or insurance company employees who become aware that the provisions of this Act or regulations issued in accordance with them have been violated or have reason to believe that a ship is not seaworthy, shall immediately notify the Icelandic Transport Authority. The same applies to employees of shipyards and workshops when they are at work, but in such a way that they must notify their superior who notifies the Icelandic Transport Authority immediately.

Article 39

Old ships and museum ships

The Minister may determine that new regulations shall not apply to old ships and to ships whose keel has already been laid or which are at a comparable stage of construction. However, protection against pollution, safety and living conditions on board shall be taken into account, as well as the type and intended use of the vessels. If the intention is that the provisions of new regulations shall apply to old vessels, this shall be specially provided for. Owners of such ships shall normally be allowed a reasonable period of time to comply with new provisions.

The Minister may decide through regulation to set provisions that exempt museum ships, i.e. vessels 50 years and older that are operated for cultural purposes, from certain requirements of this Act and regulations.

Article 40

Regulatory permit

The Minister may decide in a regulation that the safety of other ships at sea, rivers and lakes shall be monitored and how such monitoring shall be conducted.

The Minister may also issue regulations on ship survey insofar as this is necessary due to obligations under the Agreement on the European Economic Area, cf. Act No. 2/1993.

Article 41

Commercial passenger carriage

Commercial passenger carriage, including sightseeing and fishing trips by tourists, on ships to which this Act applies are subject to a license from the Icelandic Transport Authority. Such license shall be issued when it is established that the provisions of this Act and regulations issued

in accordance with it, as well as the provisions of other laws and regulations that apply to ships engaging in passenger carriage, are complied with. The Minister may adopt a regulation on the issue and conditions of a license in accordance with this paragraph, the permitted number of passengers on board passenger ships and the areas of operation of passenger ships.

CHAPTER V

Detention

Article 42

Detention

If a ship is to depart from a port without a Certificate of Seaworthiness or valid appropriate certificates subject to this Act and regulations or under the terms of international conventions or if a ship is otherwise unseaworthy on a voyage, it shall be detained

Furthermore, a detention shall be imposed on a ship if the employees of the Icelandic Transport Authority are obstructed in carrying out inspections in accordance with this Act.

If the reasons for detention no longer exist, the detention shall be lifted immediately.

Article 43

Notification of detention

A decision on detention shall be notified immediately to the master and the shipowner in writing. The reasons for the detention shall be specified, as well as the conditions for the lifting of the ban. If necessary, the Icelandic Transport Authority may request police commissioners, the local port and customs authorities and personnel of the Icelandic Coast Guard to assist in effecting a detention, and they shall comply with such a request.

CHAPTER VI

Fees and penalties

Article 44

Service fees

The Icelandic Transport Authority is authorized to collect service fees pursuant to this Act in accordance with Article 13 of the Act on the Icelandic Transport Authority, administrative institution for transport affairs, No. 119/2012. The Service Fees of the Icelandic Transport Authority are enforceable without adjudication or settlement, cf. Article 15 the same Act.

Article 45

Administrative fines

The Icelandic Transport Authority may impose administrative fines on an individual or legal entity that violates or does not fulfil the conditions of the following provisions and rules adopted in accordance with them:

- a) paragraph 1 of Article 5 on the obligation to register,
- b) paragraph 1 of Article 11 on flying the Icelandic flag,
- c) Article 19 on the marking of ships,
- d) Article 20 on the tonnage measurement of ships,
- e) Article 22 on the notification of shipbuilding,
- f) Article 24 on shipbuilding, marine equipment, pollution prevention, etc.
- g) Article 25 on living and working conditions,
- h) Article 27 on the monitoring ship modifications
- i) Paragraph 1 Article 29 on responsibility for seaworthiness and statutory inspections,
- j) Paragraphs 1 and 4 Article 31 on the conduct of inspection,
- k) Article 33 on port State control,
- l) Article 36 on unseaworthy ships,
- m) Paragraph 1 Article 37 on damage to a ship,
- n) Article 38 on reporting requirement,
- o) Article 41 on Commercial passenger carriage.

Administrative fines imposed on individuals can range from the amount of ISK 100,000 to ISK 500,000. Fines imposed on legal entities can range from the amount of ISK 200,000 to ISK 2,000,000.

In determining fines, account shall be taken, among other things, to how long the offence has lasted, the co-operation of the offender and whether there has been a repeated offence. The Icelandic Transport Authority may decide on higher fines if a party has benefited from an offence. The amount of the administrative fine shall then be determined as up to twice the profit that a party has earned by violating this Act, however within the framework of paragraph 2.

The due date for administrative fines is 30 days after the decision on the fine was made. The determination and calculation of interest on overdue payment is governed by the Act on Interest and Indexation.

The decision of the Icelandic Transport Authority on administrative fines is enforceable without a previous judgement or settlement. Administrative fines accrue to the Treasury, less the cost of levy and collection.

Administrative fines shall be imposed regardless of whether the offences are committed intentionally or negligently.

A party in dispute may appeal the decision of the Icelandic Transport Authority on administrative fines to the Minister within three months of the party being notified of the decision. An appeal to the Minister postpones enforcement. The Minister's rulings on administrative fines are enforceable.

Article 46

Penalties

Violations of this Act and regulations adopted hereunder are subject to fines or imprisonment for up to two years. If an offence is committed by an act, such as forgery, which is punishable under the General Penal Code, the relevant provisions thereof shall also be applied. An attempt and complicity in infringements is punishable according to Chapter III of the General Penal Code No. 19/1940.

In case of a violation according to paragraph 1 committed in the activities of a legal entity and the legal entity may then be fined in accordance with Chapter II A of the General Penal Code, No. 19/1940.

The present Act does not in any way disturb the provisions of the Alcohol Act with regard to penalties if people are under the influence of alcohol in the course of their work.

Article 47

Complaint to the police

The Icelandic Transport Authority and the Icelandic Coast Guard may report violations of this Act and regulations issued in accordance with it to the police.

In the case the alleged violations is subject to both administrative fines and penalties, the Icelandic Transport Authority assesses whether a case should be reported to the police or concluded with an administrative decision by the Authority. In case of major violence, the Icelandic Transport Authority shall refer them to the police. An offence is considered major if the act is committed in a particularly reprehensible manner or in circumstances that greatly increase the culpability of the offence. Furthermore, at any stage of the case, the Icelandic Transport Authority may refer a case for violation of this Act or regulations issued on the basis thereof for public investigation. Care must be taken in resolving similar cases.

If a violation of this Act concerns both criminal liability for an individual and a legal entity, the Icelandic Transport Authority assesses, with regard to the seriousness of the violation and administration of justice considerations, whether a case shall be reported to the police in part or in full.

The complaint from the Icelandic Transport Authority shall be accompanied by a copy of the documents on which the suspicion of a violation is supported. Provisions of Chapter IV – VII of the Administrative Procedure Act does not apply to the decision of the Icelandic Transport Authority to report a case to the police.

The Icelandic Transport Authority may provide the police and the prosecuting authority with information and documents that the agency has obtained and are related to offences under investigation by the police and the prosecuting authority, and participate in police actions in other respects.

The police and the prosecuting authority may provide the Icelandic Transport Authority with information and data that they have obtained and are related to offences that are being processed by the agency and participate in its actions in other respects.

If the prosecutor considers that there are no grounds for legal action for alleged criminal conduct which also concerns administrative sanctions, the prosecutor may send or return the case to the Icelandic Transport Authority for processing and decision.

Article 48

The right of individuals not to accept guilt

In a case which is directed at an individual and may end with the imposition of an administrative fine or a complaint to the police for violations of the provisions of this Act or administrative directives issued on the basis thereof, the person who is reasonably suspected of having committed a violation has the right to refuse to answer questions or hand over data or will do that unless it can be ruled out that it may be relevant to the decision on his offence. The Icelandic Transport Authority and the Icelandic Coast Guard shall instruct the suspect about this right.

Article 49

Entry into force

This Act enters into force on 1 July 2021

Upon the entry into force of this Act, the Act on the Identification of Fishing Vessels, No. 31/1925, Act on the Registration of Ships, No. 115/1985, Act on Tonnage Measurements, No. 146/2002, Ship Survey Act, No. 47/2003, Act authorizing the Government to permit Olúmöl, Ltd. to import oil barge, No. 4/1977, an Act authorizing the Government to permit Köfunarstöðin, Ltd., Dýpkunarfélagið Ltd., National Life-Saving Association of Iceland and Icelandic Deep Sea Fisheries Company, Ltd. to import ships, No. 27/1989, Act authorizing the Government to allow the National Life-Saving Association of Iceland to import a lifeboat, No. 23/1993, and a law authorizing the government to allow Sveinbjörn Runólfsson, sf. to import an excavator barge, No. 24/1993.

Approved by Althingi on 31 May 2021.