

the trust or similar arrangement) makes the certification in § 68.65.

(4) The person that owns the vessel has transferred to a qualified U.S. citizen under 46 U.S.C. app. 802 full possession, control, and command of the vessel through a demise charter in which the demise charterer is considered the owner *pro hac vice* during the term of the charter.

(5) The charterer must certify to the Director, National Vessel Documentation Center, that the charterer is a citizen of the United States for engaging in the coastwise trade under 46 U.S.C. app. 802.

(6) The demise charter is for a period of at least 3 years, unless a shorter period is authorized by the Director, National Vessel Documentation Center, under circumstances such as—

(i) When the vessel's remaining life would not support a charter of 3 years; or

(ii) To preserve the use or possession of the vessel.

(b) To apply for a coastwise endorsement for a vessel under a demise charter, see § 68.70 and, for a barge, see § 68.75.

NOTE TO § 68.60: Section 608(b) of Public Law 108-293 provides special requirements for certain vessels in the Alaska trade.

#### § 68.65 Annual ownership certification.

(a) At the time of initial application for documentation and at the time for annual renewal of the endorsement as required by § 67.163 of this chapter, the person that owns a vessel with a coastwise endorsement under § 68.60 must certify in writing to the Director, National Vessel Documentation Center—

(1) That the person who owns a vessel with a coastwise endorsement under § 68.60—

(i) Is a leasing company, bank, or financial institution;

(ii) Owns, or holds the beneficial interest in, the vessel solely as a passive investment;

(iii) Does not operate any vessel for hire and is not an affiliate of any person who operates any vessel for hire; and

(iv) Is independent from, and not an affiliate of, any charterer of the vessel or any other person who has the right,

directly or indirectly, to control or direct the movement or use of the vessel.

(2) For vessels under paragraph (b) of this section, that—

(i) The aggregate book value of the vessels owned by that person and United States affiliates of that person does not exceed 10 percent of the aggregate book value of all assets owned by that person and its United States affiliates;

(ii) Not more than 10 percent of the aggregate revenues of that person and its United States affiliates is derived from the ownership, operation, or management of vessels;

(iii) At least 70 percent of the aggregate tonnage of all cargo carried by all vessels owned by that person and its United States affiliates and documented under 46 U.S.C. 12106 is qualified proprietary cargo;

(iv) Any cargo other than qualified proprietary cargo carried by all vessels owned by that person and its United States affiliates and documented under 46 U.S.C. 12106 consists of oil, petroleum products, petrochemicals, or liquified natural gas;

(v) No vessel owned by that person or any of its United States affiliates and documented under 46 U.S.C. 12106 carries molten sulphur; and

(vi) That person owned one or more vessels documented as of August 9, 2004, under § 67.20, as that section was in effect on that date.

(b) Paragraph (a)(2) of this section applies only to—

(1) A tank vessel having a tonnage of not less than 6,000 gross tons, as measured under 46 U.S.C. 14502 (or an alternative tonnage measured under 46 U.S.C. 14302 as prescribed under 46 U.S.C. 14104); or

(2) A towing vessel associated with a non-self-propelled tank vessel that meets the requirements of paragraph (b)(1) of this section, where the two vessels function as a single self-propelled vessel.

NOTE TO § 68.65: The Secretary of Transportation may waive or reduce the qualified proprietary cargo requirement of § 68.65(a)(2)(iii) for a vessel if the person that owns the vessel (or, if the vessel is owned by a trust or similar arrangement, the beneficiary of the trust or similar arrangement) notifies the Secretary that circumstances beyond the direct control of the person that owns the vessel or

## § 68.70

its affiliates prevent, or reasonably threaten to prevent, the person that owns the vessel from satisfying this requirement, and the Secretary does not, with good cause, determine otherwise. The waiver or reduction applies during the period of time that the circumstances exist.

### **§ 68.70 Application procedure for vessels other than barges to be operated in coastwise trade without being documented.**

(a) The person that owns the vessel (other than a barge under § 68.75) and that seeks a coastwise endorsement under § 68.60 must submit the following to the National Vessel Documentation Center:

(1) Application for Initial Issue, Exchange, or Replacement of Certificate of Documentation; or Redocumentation (form CG-1258);

(2) Title evidence, if applicable;

(3) Mortgagee consent on form CG-4593, if applicable;

(4) If the application is for replacement of a mutilated document or for exchange of documentation, the outstanding Certificate of Documentation;

(5) The certification required by § 68.65(a)(1) or, if a vessel under § 68.65(b), the certification required by § 68.65(a)(2);

(6) A certification in the form of an affidavit and, if requested by the Director, National Vessel Documentation Center, supporting documentation establishing the following facts with respect to the transaction from an individual who is authorized to provide certification on behalf of the person that owns the vessel and who is an officer in a corporation, a partner in a partnership, a member of the board of managers in a limited liability company, or their equivalent. The certificate must certify that the person that owns the vessel has transferred to a qualified United States citizen under 46 U.S.C. app. 802 full possession, control, and command of the U.S.-built vessel through a demise charter in which the demise charterer is considered the owner *pro hac vice* during the term of the charter.

(7) A copy of the charter, which must provide that the charterer is deemed to be the owner *pro hac vice* for the term of the charter.

## 46 CFR Ch. I (10-1-12 Edition)

(b) The charterer must submit the following to the National Vessel Documentation Center:

(1) A certificate certifying that the charterer is a citizen of the United States for the purpose of engaging in the coastwise trade under 46 U.S.C. app. 802.

(2) Detailed citizenship information in the format of form CG-1258, Application for Documentation, section G, citizenship. The citizenship information may be attached to the form CG-1258 that is submitted under paragraph (a)(1) of this section and must be signed by, or on behalf of, the charterer.

(c) Whenever a charter submitted under paragraph (a)(7) of this section is amended, the vessel owner must file a copy of the amendment with the Director, National Vessel Documentation Center, within 10 days after the effective date of the amendment.

(d) Whenever the charterer of a vessel under paragraph (a) of this section enters into a sub-charter that is a demise charter with another person for the use of the vessel, the charterer must file a copy of the sub-charter and amendments to the sub-charter with the Director, National Vessel Documentation Center, within 10 days after the effective date of the sub-charter and the sub-charterer must provide detailed citizenship information in the format of form CG-1258, Application for Documentation, section G, citizenship.

(e) Whenever the charterer of a vessel under paragraph (a) of this section enters into a sub-charter other than a demise charter with another person for the use of the vessel, the charterer must file a copy of the sub-charter and amendments to the sub-charter with the Director, National Vessel Documentation Center, within 10 days after a request by the Director to do so.

(f) A person that submits a false certification under this section is subject to penalty under 46 U.S.C. 12122 and 18 U.S.C. 1001.

### **§ 68.75 Application procedure for barges to be operated in coastwise trade without being documented.**

(a) The person that owns a barge qualified to engage in coastwise trade must submit the following to the National Vessel Documentation Center: