

GENERAL INFORMATION REGARDING THE OCEAN SHIPPING REFORM ACT OF 1998 (OSRA)

IMPORTANT NOTICE AND DISCLAIMER

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SUMMARY

On March 1, 1999, the U.S. Federal Maritime Commission (FMC) issued regulations implementing changes mandated by the Ocean Shipping Reform Act of 1998 (OSRA), partially deregulating the ocean shipping business in the foreign commerce of the U.S. The details of these regulations can be found at the FMC's web site, www.fmc.gov, published under Dockets 98-26, 98-27, 98-28, 98-29, 98-30. See Code of Federal Regulations, 46 CFR Parts 515, 520, 530, 535 and 572. Copies of dockets are also available from Dart Maritime upon request for \$10.00 each.

CHANGES IN THE REGULATIONS

License Requirements

Effective May 1, 1999, all companies wishing to do business in the foreign trade of the U.S., transporting or arranging transportation services by water, as either a NVOCC or Ocean Freight Forwarder, will be required to be licensed by the U.S. Federal Maritime Commission. These two entities are being reclassified as Ocean Transportation Intermediaries (OTIs) under the provisions of OSRA. Ocean Freight Forwarders who presently hold a valid license may continue to operate under their existing license after May 1, 1999, as long as there are no changes that would require an amended application to be filed.

Who must be licensed:

All OTIs in the United States. A separate license application is required for each branch office separately incorporated from the main office which holds the license.

Exemptions:

- Employees.
- Unincorporated branch offices as long as additional financial (bonding) requirements are met and the office has been reported to the FMC.
- Ocean Freight Brokers
- Licensed NVOCCs performing own forwarding services under B/L.
- Foreign based OTIs with proper bonding.

Qualifications:

- Three (3) years of actual experience and character reputation.
- Sole Proprietor, Partner, Corporate Officer as qualifying individual.

Limitations:

- Individual can not be the qualifying person for more than one organization unless each company is separately incorporated.
- License will be issued to applicant only, regardless of number of trade names.
- Changes for applicant must be reported within 30 days to FMC.
- Bond must be in force at all times.
- License number must appear of all shipping documents and permanent affixed to letterhead and other shipping related company documents.

Bonding Requirements

Who must be bonded:

All OTIs in providing services in the foreign commerce of the U.S. whether domiciled in the U.S. or not.

Coverage:

- OFFs in U.S.- \$ 50,000.00
- NVOCCs in U.S. - \$ 75,000.00
- Foreign, unlicensed OTIs - \$150,000.00
- Unincorporated Branches - \$ 10,000.00 each

Separately incorporated branch offices must secure their own license and bonding. Group bonds will continue to be permitted.

NOTE: Foreign, unlicensed OTIs may reduce the bond amount to the schedule above as long as their U.S. office has secured a license. Otherwise an independently licensed agent in the U.S., with the required bond coverage, would have to be utilized to ship cargo to or from the United States.

The company name on all documents filed with the FMC, i.e. the license and bond, must be the same. The published tariff, if applicable, must be in the same name as the license and bond.

Tariff Filing Requirements

After May 1, 1999, the FMC will no longer accept tariff filings into its ATFI system. All OTIs with active tariffs after May 1, 1999 must publish their rates and charges in an automated tariff system, with no limit on public access, provide search capabilities, a commodity index, tariff and organizational information and up to two (2) years of on-line history, starting on May 1, 1999. Tariff Publishing agents will be permitted to “host” OTI tariff information in compliance with OSRA. In connection with these new requirements, Dart Maritime Service has partnered with a local ISP to provide web hosting services for all of our tariff publishing clients.

As long as DMS remains the designated publishing agent, we will provide on-line access of tariff information to meet the requirements of OSRA and continue to represent you before the FMC in tariff related matters. Other tariff services, procedures, methods, distribution, or other services presently offered will be unaffected by this change. Changes are restricted to the filing and publishing of rates with the FMC. Daily requests for tariff amendments received after May 1, 1999, will be published on the DMS web site instead of being transmitted to the FMC’s ATFI system.

Who must publish:

All OTIs (NVOCCs) holding themselves out for common carriage in the foreign commerce of the U.S. by issuance of a Bill of Lading to the shipper.

Requirements:

A valid license and bond for U.S. based companies. A valid bond and a licensed and bonded U.S. agent for foreign based companies.

Web Hosting and Maintenance Fees

DMS publishing customers will be automatically provided hosting services as long as their account is current and the proper license (if required) and bonding remains in place. Fees will accrue monthly and will be billed quarterly as per our most recent price

schedule. All fees are subject to change without notice, although we will endeavor to give plenty of notice concerning increases in fees. These fees are in addition to present tariff publishing fees now in place.

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