



The Federation of National Associations of Ship Brokers and Agents
FONASBA

SUB-AGENCY AGREEMENT

First Edition Adopted OCTOBER 1998 Approved by The Baltic and International Maritime Council (BIMCO)

It is hereby agreed between:

..... of (hereinafter referred to as the General Agent)
for (hereinafter referred to as the Line)

and
..... of (hereinafter referred to as the Agent)

dated the day of

that:

- 1.00 The General Agent, with the authority of the Line, hereby appoints the Agent as its sub-agent for all the Line's owned and/or chartered vessels including any space or slot charter agreement serving the trade between and
1.01 This Agreement shall come into effect on and shall continue until Thereafter it shall continue until terminated by either party giving to the other notice in writing, in which event the Agreement shall terminate upon the expiration of a period of months from the date upon which such notice was given.
1.02 The territory in which the Agent shall perform its duties under the Agreement shall be (hereinafter referred to as the "Territory"?)

2.00 General Conditions

- 2.01 This Agreement covers the Port and/or Inland Agency work within the Territory. It includes the duties of marketing the Line's services and of handling all types of cargo entering or leaving the Territory whether direct or by transshipment. It also includes the handling of vessels owned, chartered (including any slot or space charter agreement) or otherwise operated by the Line within the port(s) of the Territory.
2.02 The Agent undertakes not to accept the representation of other shipping companies nor to engage in the NVOCC or freight forwarding activities in the Territory which are in direct competition to the Line without prior written consent which shall not be unreasonably withheld.
2.03 The General Agent undertakes not to appoint any other party in the Agent's Territory for the services defined in this Agreement.
2.04 Where any of the activities of the Agent in the Territory are not covered by this Agreement, then the local general conditions in the latest version or established custom of the trade and/or port shall apply and form part of this Agreement, unless otherwise agreed. The Agent undertakes to acquaint the General Agent with any relevant local custom or practice and to furnish the General Agent with a copy of the local general conditions if any.
2.05 In countries where the position of the Agent is in any way legally protected or regulated, the Agent shall have the benefit of such protection or regulation, unless otherwise agreed.

- 2.06 All aspects of the General Agent's business, including that of the Line, are to be treated confidentially and all files and records pertaining to this business are the property of the General Agent.
- 2.07 The Agent shall indemnify the General Agent at all times from and against all charges, losses, damages and expenses which the General Agent may incur as a result of the Agent's negligence, misconduct or failure to comply with the General Agent's instructions.

3.00 Duties of the Agent

- 3.01 On behalf of the General Agent, to undertake those duties which are identified and set out in the annexed extract of the Agency Agreement entered into between the Line and the General Agent dated.....,

3.10 Accounting and Finance

- 3.11 To provide for appropriate records of the Line's financial position to be maintained in the Agent's books, which shall be available for inspection as required and to prepare periodic financial statements as may be reasonably required.
- 3.12 To check all vouchers received for services rendered and to prepare a proper disbursement account in respect of each voyage or accounting period.
- 3.13 To advise the General Agent of all amendments to port tariffs and other charges as they become known.
- 3.14 To calculate freight and other charges according to the tariffs supplied by the General Agent and to exercise every care and diligence in applying all terms and conditions of such tariffs or other freight agreements.
- 3.15 To collect freight and related accounts and remit to the General Agent all freights and other moneys belonging to the Line at such periodic intervals as the General Agent may require. The Agent shall advise the General Agent of the customary credit terms and arrangements. If the Agent is required to grant credit to customers due to commercial reasons, the risk in respect of outstanding collections is for the General Agent's account unless the Agent has granted credit without the knowledge and prior consent of the General Agent.
- 3.16 The Agent shall have authority to retain money from the freight collected to cover all past and current disbursements, subject not providing regular cash position statements to the General Agent.

4.00 Duties of the General Agent

- 4.01 To provide all documentation necessary to fulfil the Agent's task.
- 4.02 To give full and timely information regarding the vessel's schedules, ports of call and line policy in so far as it affects the port and sales agency activities.
- 4.03 To provide the Agent immediately upon request with all necessary funds to cover advance disbursements unless the Agent shall have sufficient funds from the freights collected.
- 4.04 The General Agent shall at all times indemnify the Agent against all claims, charges, losses, damages and expenses, which the Agent may incur in connection with the fulfilment of his duties under this Agreement. Such indemnity shall extend to all acts, matters and things done, suffered or incurred by the Agent during the duration of this Agreement, notwithstanding any termination thereof, provided always, that this indemnity shall not extend to matters arising by reason of the wilful misconduct or the negligence of the Agent.
- 4.05 Where the Agent provides bonds, guarantees and any other forms of security to Customs or other statutory authorities to cover the movement of cargo on behalf of the Line or the Line's containers, stores or other equipment, then the General Agent shall indemnify and reimburse the Agent immediately such claims are made, provided they do not arise by reason of the wilful misconduct or the negligence of the Agent.
- 4.06 If mutually agreed the General Agent shall take over the conduct of any dispute which may arise between the Agent and any third party as a result of the performance of the Agent's duties.

5.00 Remuneration

- 5.01 The General Agent agrees to pay the Agent and the Agent accepts, as consideration for the services rendered, the commissions and fees set forth on the schedule attached to this Agreement. Any fees specified in

- 5.02 Should the General Agent require the Agent to undertake full processing and settlement of claims, then the Agent is entitled to a separate remuneration as agreed with the General Agent and commensurate with the work involved.
- 5.03 The remuneration specified in the schedule attached is in respect of the ordinary and anticipated duties of the Agent within the scope of this Agreement. Should the Agent be required to perform duties beyond the scope of this Agreement then the terms of which the Agent may agree to perform such duties will be subject to express agreement between the parties.
- 5.04 If the Tariff currency varies in value against the local currency by more than 10% after consideration of any currency adjustment factor existing in the trade the basis for calculation of remuneration shall be adjusted accordingly.
- 5.05 If the Agent utilises computers and computer systems, any extra expenses occasioned by specific additional requirements of the Line in the use of such computer equipment for the performance of the Agent's duties shall be borne by the Line.

6.00 Insurance

- 6.01 The Agent shall arrange and pay at its own expense for insurance against errors and omissions of its officers and employees.

7.00 Duration

- 7.01 This Agreement shall remain in force as specified in clause 1.01 of this Agreement. Any notice of termination shall be sent by registered or recorded mail.
- 7.02 The Agent shall have a general lien on amounts payable to the General Agent in respect of any undisputed sums due and owing to the Agent including but not limited to commissions, disbursements and duties.

8.00 Jurisdiction

- 8.01 a) This Contract shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Contract shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment hereof save to the extent necessary to give effect in the provisions of this Clause.

The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement.

Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

In cases where neither the claim nor any counterclaim exceeds the sum of US\$50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

- 8.01 b) This Contract shall be governed by and construed in accordance with Title 9 of the United States Code and the Maritime Law of the United States and any dispute arising out of or in connection with this Contract shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgement may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.

In cases where neither the claim nor any counterclaim exceeds the sum of USD50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc. current at the time when the arbitration proceedings are commenced.

- 8.01 c) This contract shall be governed by and construed in accordance with the laws of the place mutually agreed by the parties and any dispute arising out of or in connection with this Contract shall be referred to arbitration at a mutually agreed place, subject to the procedures applicable there.