

Soundings

Update: Lien over sub-freight, sub-hire or bill of lading freight now exempt from registration under Singapore law

Following a recent significant change to the Singapore Companies Act, it is no longer necessary to register a shipowner's lien over sub-freight, sub-hire or bill of lading freight in Singapore.

The July 2018 issue of Soundings discussed the requirement to register liens over sub-freight within the statutory period stipulated in Singapore's Companies Act. The decision of the Singapore courts in *Diablo Fortune Inc v Duncan, Cameron Lindsay and another* [2018] SGCA 26 revealed the significant consequences of failing to register a shipowner's lien.

The Singapore legislature moved swiftly to remedy this "particularly burdensome" requirement and, on 6 August 2018, amended the Singapore Companies Act to remove the requirement for registration.

Although a shipowner's lien is no longer registrable, it remains a security and takes priority over unsecured creditors and secured creditors whose security is created later in time.

This is considered by many to be a welcome amendment. It removes the administrative burden and costs of registering a lien and recognises the impracticalities of the previous statutory requirement, which required such liens to be registered within 30 days of the formation of the charterparty.

However, this amendment is only relevant when a lien is granted by a Singaporean company and Members are advised to continue taking the necessary steps in other jurisdictions where the requirement to register a lien still exists.

If Members have any queries relating to this change in Singaporean law please contact the Managers.