

THE FEDERATION OF
NATIONAL ASSOCIATIONS OF SHIP
BROKERS AND AGENTS



FONASBA

FONASBA



**QUALITY STANDARD
FOR
SHIP BROKERS AND
AGENTS**

October 2007

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INTRODUCTION
By the President of FONASBA
Mario J.L. Froio



It is with great pleasure that I present to you the FONASBA Quality Standard for Ship Brokers and Agents.

In an ever-more regulated shipping industry, the fact that anyone — irrespective of their knowledge, experience, financial standing or background — can set up as an agent or broker is nothing short of astonishing. Perhaps more so, however, is that fact that shipowners decide, or in many cases are required, to place their multi-million dollar vessels, carrying cargoes that are sometimes worth more than the vessel itself, in the hands of an agent whose only assets may be a mobile phone and a laptop computer. Furthermore, in the course of a port call, the principal may send many thousands of dollars to the agent in settlement of port disbursements with little or no guarantee that those funds will be used for their intended purpose.

FONASBA has for many years campaigned for some form of regulation of our industry sector or, at the very least, a means to readily identify which brokers or agents maintain high standards in their operations, their financial controls and their commitment to education and training, all of which are vital to ensuring the interests of their principals are protected at all times. Although there are a number of quality standards already in use in our sector most have been adopted from pre-existing programmes. As an international, non-commercial organisation whose members are the national associations of brokers and agents rather than the companies themselves, however, FONASBA is uniquely positioned to develop a quality standard that is robust, enforceable, practical and above all directly relevant to the activities, responsibilities and liabilities of our members and this has been the driving force behind our actions to date.

This standard is the culmination of more than two years work by the FONASBA Secretariat, supported by colleagues from a number of our member associations, and they are to be congratulated on producing a document that we believe meets all the appropriate criteria. In due course we hope it will be recognised as the standard by which all companies operating in our field will be judged.

MARIO J.L. FROIO
PRESIDENT

DEFINING A STANDARD
Jonathan C. Williams, FICS
General Manager



As FONASBA has stated on any number of occasions, the responsibilities placed on the ship broker and ship agent have multiplied in recent years as a result of the increasing legislation and regulation of the shipping industry. Actions to prevent pollution, increase security and support quality shipping, amongst others, have all had an impact on the way our sectors do business. The issue of corporate liability in an increasingly litigious world is another factor. As our President mentioned on page 5, on a practical level a broker or agent is dealing with an asset worth many millions of dollars, earning tens, possibly hundreds, of thousands of dollars a day carrying multi-million dollar cargoes, some of which have the potential to cause massive environmental damage if not handled correctly.

With bodies such as IMO and the European Commission increasing the regulatory environment for the shipping industry, there is a clear need for the broking and agency industries to be able to demonstrate their quality credentials. We also realised that if FONASBA did not take action to develop a standard for our professions, someone else would and it was with these concerns in mind that in 2005 we started work on this project. Also in our thoughts was the extremely complex, time-consuming and very expensive process which a large number of broking and agency undertook in the mid 1990's in introducing the ISO 9000 series of quality programmes—many of which have now been discarded by brokers, agents and their principals as being too cumbersome and too expensive to maintain.

Before starting detailed work, we established a number of key criteria that would guide us through the rest of the process. These were:

- The standard must reflect the realities of our members work in terms of responsibilities, liabilities and the commercial realities of the industry today. In short, it must be relevant, appropriate and workable.
- It should recognise the high-level of service currently provided within the agency and broking industries worldwide,
- and acknowledge that a number of FONASBA member associations already have in place quality-based membership criteria or operate in accordance with national standards or regulatory regimes,
- It should also recognise that there is a wide variation in the provision of secretarial services across the FONASBA membership as a whole and this will impact on the ability to administer complex and time-consuming control procedures.

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Taking these criteria into consideration, we reviewed a number of pre-existing quality schemes in operation within our membership and it became apparent that they shared four common components, namely:

- A demonstrable confirmation of financial probity,
- An obligation to maintain separate accounts for its principal's funds,
- A commitment to staff education and training and
- A regular review and renewal process with robust procedures for withdrawal of membership if the criteria are not met

These formed the foundations of the FONASBA Quality Standard as it stands today, the full text of which is reproduced on pages 9, 10 and 11.

In the coming years FONASBA will monitor the implementation of, acceptance and support for the standard and make such modifications as may be required in order to maintain its relevance to the industry as a whole and to ensure that it continues to be appropriate to the needs of our members.

The current standard received the full support of FONASBA's members during the Council Meeting in Buenos Aires in October 2007 and we are now seeking the support, or better still endorsement, of the standard from our colleague associations and international regulatory authorities within the shipping industry in order to establish it as the quality standard within the shipbroking and agency sectors. Our member associations have already received the final version and are now working towards preparing their members for the application process and we expect the first grants of the Quality Standard will be awarded in early 2008.

FONASBA would like to take the opportunity of thanking all those associations that have provided copies of their membership criteria for review and also to those individuals that have assisted in the development of the Standard through the provision of input and comment.

FONASBA QUALITY STANDARD
Version 5.0 – Approved by Council October 2007

DEFINITIONS:

FONASBA:	The Federation of National Associations of Ship Brokers and Agents
FULL, ASSOCIATE, CLUB and CANDIDATE MEMBER, COUNCIL, EXECUTIVE COMMITTEE	The meaning of these terms shall be as defined by the Articles of Association and By Laws of FONASBA, as amended from time to time
CODE OF CONDUCT:	The FONASBA Code of Conduct as incorporated in the FONASBA Articles of Association and By Laws, as amended from time to time
SHIP BROKER:	An individual or company carrying on the profession of ship broking, that is acting as an intermediary for the purposes of arranging transportation of goods by sea
SHIP AGENT:	An individual or company carrying on the profession of ship agency, that is the representation of the interests of a shipowner or operator in a particular port or ports

ELIGIBILITY CRITERIA:

The FONASBA Quality Standard, hereinafter referred to as “the Standard” shall only be granted to companies that are members of a FONASBA member association, (a Full Member), or are themselves an Associate, Club or Candidate Member of FONASBA.

Companies that are granted the Standard shall be entitled to demonstrate the award by using the FONASBA Quality Standard logo on their stationery and to describe themselves as a FONASBA Quality Approved company. FONASBA will produce annually a list of those companies that have been awarded the Standard and this list shall be circulated to the FONASBA member associations and to such other external organisations as the FONASBA Executive Committee shall from time to time determine appropriate.

Should a company resign from membership of a FONASBA member association or, in the case of an Associate, Club or Candidate member, resign its own membership, the Standard shall be withdrawn and notification of withdrawal shall be circulated as an update to the annual list.

It is not a condition of FONASBA Membership, in whatever category, that a company shall be required to obtain the Standard, although they will be encouraged to do so.

COMPLIANCE:

Companies awarded the FONASBA Quality Standard shall be subject to at least a biennial audit by their own national association or, in the case of an Associate, Club or Candidate member, by the FONASBA Secretariat. A failure to maintain the appropriate criteria shall lead to withdrawal of the Quality Standard. Full Member associations shall be responsible for establishing the appropriate procedures for auditing company compliance and for notifying the FONASBA Secretariat of any withdrawal of the Standard, which withdrawal shall be notified as an update to the annual list.

RECOGNITION OF PRE-EXISTING QUALITY PROGRAMMES:

FONASBA recognises that some Full Member Associations have their own pre-existing quality standards, compliance with which is a condition of membership of that association, that some national government authorities set minimum statutory standards for the provision of ship broking or ship agency services and that ISO standards have been established for the ship broking and ship agency professions. Subject to a prior review of any such quality standards, the FONASBA Executive Committee, on determining that they meet, or exceed those of the FONASBA Standard, may award the FONASBA Quality Standard to the

members of that association or to individual companies without the need for further review from FONASBA, provided always that the association ensures that its members adhere at all times to its appropriate standards.

FONASBA shall publish annually a list of those association, national government and international standards that have been adjudged to meet or exceed the requirements of the FONASBA Quality Standard.

QUALITY STANDARD – MINIMUM REQUIREMENTS

1. The applicant company, “the company” shall be a current member of a FONASBA Full Member association or be an Associate, Club or Candidate Member of FONASBA
2. The company shall be bound by, and at all times act in accordance with, the FONASBA Code of Conduct
3. The company shall be in complete compliance with an approved pre-existing quality standard established by a FONASBA member association, as stated in the preceding paragraph, or, in case where such a quality standard is not already in place, the company shall provide annually to its appropriate national association:
 - A copy of its audited accounts or of its statutory companies return for the previous year or,
 - A report, certificate or other evidence of the company’s accounting procedures indicating compliance with appropriate national accounting standards provided by the company’s auditors, or
 - A financial report compiled in accordance with a national association’s current quality standards or
 - Evidence that the company has been audited – or its financial standing approved by – the national government or the appropriate national financial authority
4. Whilst not mandatory, the company should, as evidence of best practice, also have in place adequate and appropriate** insurance cover, provided by an internationally recognised mutual club or insurance company, in respect of professional indemnity risks and/or errors and omissions by the company. (** Adequate shall mean at or above any minimum limits of cover set by the association or national authorities and appropriate shall mean that the cover extends to all aspects of the company’s activities).
5. The company shall be able to prove to the satisfaction of the association that it:
 - Ensures that all its operations are carried out to the highest levels of professionalism and in accordance with all relevant national laws or regulations
 - Maintains appropriate accounting policies and appropriate controls, ensuring that principals’ funds are accounted separately from those of the company itself
 - Ensures that all members of its staff are trained to the appropriate level. Additionally it will encourage its staff to study for, and pass examinations based on the syllabi of recognised authorities or educational institutions and,
 - additionally encourages and supports its staff in obtaining and maintaining membership of an appropriate national or international professional body representing the shipping industry

PENALTIES FOR NON-COMPLIANCE

Where the company is a member of a FONASBA member association (a Full Member), the national association shall make every effort to ensure the activities of its members comply at all times with the standard and where necessary the association shall order the company to take appropriate remedial action to rectify any cases of non-compliance. Any failure by the company to rectify any case of non-compliance within one month of a remedial action order being issued by the association should be reported to reported by the

association to the FONASBA Secretariat, who will notify the Executive Committee. The national association will continue to monitor the non-compliance and notify the Secretariat if the remedial action has been taken. Where the company is an Associate, Club or Candidate Member of FONASBA, the Secretariat shall be responsible for ordering and monitoring remedial action.

Upon receipt of advice from the Secretariat, the FONASBA Executive Committee will suspend the standard, pending a full investigation. The Executive Committee will then consider the matter at its next meeting and determine whether the standard should be reinstated or withdrawn. Only the FONASBA Executive Committee may confer reinstatement of the standard.

Any suspension or withdrawal of the standard shall be notified to the FONASBA membership and external organisations in the aforementioned manner.

For further information on FONASBA,
this Quality Standard,
or the organisation's aims, objectives and membership,
please contact the London Secretariat

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