

**INTERNAL REGULATIONS OF THE INTERNATIONAL OIL POLLUTION COMPENSATION FUND  
ESTABLISHED UNDER THE 1971 FUND CONVENTION**

(as amended by the Administrative Council at its 23rd session held from 13 - 17 October 2008)

Regulation 1

*Definitions*

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| 1.1  | The "1971 Fund Convention" means the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1971.   |
| 1.2  | The "1969 Civil Liability Convention" means the International Convention on Civil Liability for Oil Pollution Damage, 1969.  |
| 1.3  | The "1971 Fund" means the International Oil Pollution Compensation Fund, established pursuant to Article 2.1 of the 1971 Fund Convention.  |
| 1.4  | The "1992 Fund Convention" means the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1992.   |
| 1.5  | The "1992 Fund" means the International Oil Pollution Compensation Fund, established pursuant to Article 2.1 of the 1992 Fund Convention.  |
| 1.6  | "Member State" means a State for which the 1971 Fund Convention is in force.   |
| 1.7  | "Ship", "Person", "Owner", "Oil", "Pollution Damage", "Preventive Measures", "Incident", "Contributing Oil", "Guarantor" and "Terminal Installation" have the same meaning as in Article 1 of the 1971 Fund Convention.  |
| 1.8  | "Tonne" in relation to oil means a metric ton.   |
| 1.9  | "Assembly" means the Assembly referred to in Article 17 of the 1971 Fund Convention or, where appropriate, the Executive Committee referred to in Article 21 of that Convention when it performs functions in accordance with Article 26 of the 1971 Fund Convention.  |
| 1.10 | "Director" means the Director referred to in Article 16 of the 1971 Fund Convention.   |
| 1.11 | "Claim" means any application for compensation for pollution damage made to or against an owner, his guarantor or the 1971 Fund and, except for the purpose of Internal Regulation 7, any application for indemnification made by an owner or his guarantor to or against the 1971 Fund pursuant to Article 5.1 of the 1971 Fund Convention. |
| 1.12 | "Claimant" means any person making a claim.  |
| 1.13 | "SDR" means the Special Drawing Right as defined by the International Monetary Fund.   |

Regulation 2

*Conversion of SDRs*

Where an amount is expressed in SDRs in these Internal Regulations, such an amount shall be converted into Pounds Sterling in accordance with the method of valuation applied by the International Monetary Fund in effect for its operations and transactions at the date applicable under these Internal Regulations.

### Regulation 3

#### *Contributions*

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| 3.1 | The fixed sum on the basis of which initial contributions shall be calculated under Article 11.1 of the 1971 Fund Convention shall be 0.003145 SDRs. The relevant date for conversion shall be the date of the entry into force of the 1971 Fund Convention for the Member State in question.   |
| 3.2 | The fixed sum on the basis of which annual contributions shall be calculated under Article 12.2 of the 1971 Fund Convention shall be determined in Pounds Sterling.   |
| 3.3 | Initial contributions shall be payable in Pounds Sterling.  |
| 3.4 | Annual contributions shall be payable in Pounds Sterling. However, the Director may require a contributor to pay his annual contribution or a portion thereof in the national currency of the State within whose territory the relevant quantities of contributing oil were received. In the latter case, conversion from Pounds Sterling to the currency in which payment is to be made shall be at the mid-market rate of exchange applied by the Bank of England on the first day of the month of the invoice.   |
| 3.5 | For the purposes of calculating the annual contributions, the relevant date for conversion of the figure of 1 million SDR laid down in Article 12.1(i)(b) and (c) of the 1971 Fund Convention as amended by the 1976 Protocol thereto, or of the figure of 15 million francs laid down Article 12.1(i)(b) and (c) of the 1971 Fund Convention in its original version, as the case may be, shall be the date of the incident in question.   |
| 3.6 | In respect of any State for which the 1971 Fund Convention is not in force for the whole of a particular calendar year, the annual contribution to be paid to the General Fund by each person in that State for that year, in accordance with Article 12.2(a) of the 1971 Fund Convention, shall be calculated pro rata for that part of the calendar year for which the Convention is in force for that State.   |
| 3.7 | <p>The Director shall promptly issue to every person liable to pay contributions under Articles 10, 11, 12 and 14 of the 1971 Fund Convention an invoice in respect of the sums for which he is liable. A copy of each invoice shall also be sent to the State within whose territory the relevant quantities of contributing oil were received. An invoice shall state:</p> <ul style="list-style-type: none"><li>(a) the amount of the contribution due and the currency in which payment shall be made;</li><li>(b) the data on the basis of which the amount of contribution has been calculated;</li><li>(c) the date by which payment is due;</li><li>(d) the bank account to which payment shall be made;</li><li>(e) that interest is payable in respect of overdue annual contributions;</li><li>(f) any other relevant information.</li></ul> <p>If the payment due is less than 30 SDRs, the amount shall be waived and no invoice shall be issued in respect of the person in question.</p> |
| 3.8 | Payment of annual contributions shall be due on 1 March of the year following that in which the Assembly decides on the levy of annual contributions, unless the Assembly decides otherwise.  |
| 3.9 | If a contributor is in arrears with the payment of an initial or annual contribution, the Director may notify the State within whose territory the relevant quantities of contributing oil were received and request advice on the action to be taken to ensure that the obligations of that contributor are fulfilled.   |

3.10	Interest shall be charged on unpaid annual contributions from the date on which payment is due at an annual rate which for each period of twelve months from 1 March shall be 2% higher than the lowest London clearing bank base rate prevailing on 1 March.
3.11	Any credit balance on a contributor's account with the 1971 Fund shall bear interest at the rate of the lowest London clearing bank base rate, taking into account any changes in the London clearing bank base rates.
3.12	Any bank charges which arise in connection with the payment of contributions or of interest on overdue contributions shall be borne by the contributor.
<u>Regulation 4</u>	
<i>Reports on Contributing Oil Receipts</i>	
4.1	Each Member State shall forward annually to the Director reports on contributing oil receipts, using the form annexed to these Internal Regulations. The reports shall reach the Director not later than 30 April each year. They shall specify the names and addresses of all persons who, in the preceding calendar year, received within the territory of the Member State concerned oil in respect of which contributions are liable to be paid in accordance with Article 10 of the 1971 Fund Convention, together with details of the quantities of contributing oil received by all such persons during that year.
4.2	The reports shall be completed by the contributors concerned, taking into account the explanatory notes attached to the form referred to in Internal Regulation 4.1. The reports shall be signed by a competent officer of the entity which received the oil and by a Government official.
4.3	Each State in respect of which the Convention enters into force after 30 April of any year shall, on or before the date of entry into force of the 1971 Fund Convention for that State, submit a report in the terms stipulated in this Internal Regulation in respect of contributing oil received within its territory during the preceding calendar year.
4.4	If no person in a Member State has received contributing oil in sufficient quantities for a report to be submitted, the State shall notify the Director accordingly.
4.5	The Director shall, not later than 15 January of each year, invite Member States to submit the reports referred to in Internal Regulation 4.1. He shall send these States an appropriate number of the forms mentioned in that Regulation.
4.6	The Director shall provide Member States with a list of the States in respect of which the 1971 Fund Convention was in force on 1 January of that year, with a indication of the date on which the 1971 Fund Convention entered into force for any State during the course of the previous year. The Director shall also notify Member States of the date on which the 1971 Fund Convention ceased to be in force for any State during the course of that year.
4.7	The Director shall ascertain whether, as a result of the coming into force of the 1971 Fund Convention for a State during the course of any given year, some quantities of contributing oil have been reported to the 1971 Fund under Internal Regulation 4.1 by more than one State. Where any such double reporting is found, the Director shall amend the reports submitted by the Member States concerned accordingly and inform these States.
4.8	Where amendments are made to the quantities of contributing oil reported in accordance with Internal Regulation 4.1, whether or not as a consequence of action on the part of the Director under Internal Regulation 4.7, the Director shall recalculate the annual contributions for the contributors whose reported quantities have been amended in accordance with Article 12 of the 1971 Fund Convention utilising the amended quantities. If invoices have already been sent to the contributors concerned, corrected invoices shall be issued. Where the contributions have been paid on the basis of the original invoices, any differences between the contributions paid or invoiced and the recalculated contributions shall be taken into account in preparing the invoices for the persons concerned for the next year in respect of which annual contributions are raised. If no contributions are due from that person in the following year, the Director shall inform the contributor of his right to reimbursement of the balance on his account.
4.9	Where, pursuant to Article 14 of the 1971 Fund Convention, a Member State assumes itself the

obligations of any person who is liable to contribute to the 1971 Fund in respect of oil received within the territory of that State, such a State shall, when submitting its reports on contributing oil received, specify therein the names and addresses of the persons in respect of which the State assumes such obligation and the quantities of contributing oil received by such persons.

#### Regulation 5

##### *Filing of Claims*

5.1 A claim presented to the 1971 Fund shall be made in writing, containing the following particulars:

- (a) the name and address of the claimant and of any representative;
- (b) the identity of the ship involved in the incident;
- (c) the date, place and specific details of the incident;
- (d) the type of pollution damage sustained;
- (e) the amount of the compensation claimed.

5.2 The Director shall request any claimant to provide such further information and such documents as he deems necessary to determine the admissibility of the claim.

5.3 The Director shall periodically publish a Claims Manual containing information on claims presentation.

#### Regulation 6

##### *Intervention in Legal Proceedings*

6.1 Where the Director considers that the 1971 Fund may be liable to meet claims arising out of a particular incident, he shall arrange to have the 1971 Fund intervene as a party in any legal proceedings against the owner or his guarantor, if the Director considers that such intervention is required to safeguard the interests of the 1971 Fund. If he is satisfied that the interests of the 1971 Fund and those of the owner and/or his guarantor are not in conflict, he may arrange for the 1971 Fund to join the owner and/or his guarantor in any legal proceedings or arbitration.

6.2 The provisions of Internal Regulation 6.1 shall apply to any arbitration concerning claims arising out of an incident, provided that the applicable national law permits intervention by the 1971 Fund.

6.3 Where the 1971 Fund has joined the owner and/or his guarantor, the 1971 Fund may share the costs incurred in such proceedings or procedures on a basis agreed between the Director and the owner and/or his guarantor, unless a court or arbitration tribunal decides otherwise. In case of dispute, the Director may agree with the other parties concerned to submit to arbitration the question of how the costs should be shared.

6.4 The provisions of Internal Regulations 6.1-6.3 shall also apply *mutatis mutandis* to joint intervention by the 1971 Fund and the 1992 Fund.

#### Regulation 7

##### *Settlement of Claims*

7.1 The Director shall promptly take all appropriate and necessary measures for dealing with claims.

7.2 The Director shall promptly satisfy any claims for pollution damage under Article 4 of the 1971 Fund Convention which have been established by judgement against the 1971 Fund enforceable under Article 8 of the 1971 Fund Convention.

7.3 The Director may agree with any claimant to submit a claim to binding arbitration. Claims established by such arbitration shall be promptly satisfied by the Director.

7.4	Where the Director is satisfied that the 1971 Fund is liable under the 1971 Fund Convention to pay compensation for pollution damage, he may, without the prior approval of the Assembly, make final settlement of any claim, if he estimates that the total cost to the 1971 Fund of satisfying all claims arising out of the relevant incident is not likely to exceed 2.5 million SDRs. The Director may in any case make final settlement of claims from individuals and small businesses up to an aggregate amount of 666 667 SDRs in respect of any one incident. The relevant date for conversion shall be the date of the incident in question.
7.5	The Assembly may authorise the Director to settle claims in respect of a particular incident beyond the limit established in Internal Regulation 7.4.
7.6	As a condition for making a final settlement of any claim under Internal Regulation 7.4 or 7.5, the Director shall obtain a full and final release in favour of the 1971 Fund from the claimant in respect of the claim in question.
7.7	Subject to Internal Regulation 7.4, where a claim has been submitted to the 1971 Fund and agreement has been reached between the 1971 Fund and the claimant as to the value of the majority of items of the claim, but further investigation is considered necessary with respect to the remaining items, the Director may make payment in respect of the agreed items. Internal Regulation 7.6 applies correspondingly.
7.8	All agreements to submit claims to arbitration under Internal Regulation 7.3 and all claims settled under Internal Regulation 7.4 or 7.5 shall be reported by the Director at the next session of the Assembly.
7.9	Where the Director is satisfied in respect of an incident that the 1971 Fund will be liable under the 1971 Fund Convention to pay compensation to victims of pollution damage arising from the incident, the Director may make provisional payments to such victims. Provisional payments, which shall be at the discretion of the Director, may be made if this is necessary in the Director's view to mitigate undue financial hardship to them. The Director shall endeavour to ensure that no person receiving such payment receives more than 60% of the amount which he is likely to receive from the 1971 Fund in the event of claims being abated pro rata. Total payments under this paragraph shall not exceed 6 million SDRs in respect of any one incident. The relevant date for conversion shall be the date of the incident in question.
7.10	Where, in respect of a particular incident, the Director considers the level of provisional payments permitted under Internal Regulation 7.9 is insufficient to mitigate undue financial hardships to victims, he may bring the matter to the attention of the Assembly. The Assembly may decide, in respect of such incident, that provisional payments may be made beyond the limit of 6 million SDRs laid down in Internal Regulation 7.9.
7.11	As a condition of making a provisional payment in respect of a claim, the Director shall obtain from the claimant concerned a transfer to the 1971 Fund of any right that such a claimant may enjoy under the 1969 Civil Liability Convention against the owner or his guarantor, up to the amount of the provisional payment to be made by the 1971 Fund to that claimant.
7.12	Where a person who is in arrears in respect of any payment due to the 1971 Fund is entitled to receive payment from the 1971 Fund for the satisfaction of a claim, the Director shall, unless this is not permitted under the applicable national law, deduct the amount of the arrears from the amount of the payment to be made to such person by the 1971 Fund.

7.13	<p>The Director may authorise another officer or other officers to make final or partial settlement of claims or to make provisional payments. Such authority shall:</p> <p>(a) in respect of the Deputy Director, the Head of the Claims Department and the Technical Adviser/Claims Manager be limited to approvals not exceeding £500 000 for a particular claim; and</p> <p>(b) in respect of other officers:</p> <p style="padding-left: 40px;">(i) be given only in respect of claims arising out of a specific incident and only to an officer who is responsible for dealing with claims arising out of that incident;</p> <p style="padding-left: 40px;">(ii) be limited to approvals not exceeding £75 000 for a particular claim.</p> <p>The conditions and extent of such delegation shall be laid down in Administrative Instructions issued by the Director.</p>
7.14	<p>Any settlements made under Internal Regulation 7.13(a) shall be reported to the Director and those made under Regulation 7.13(b) to the Head of the Claims Department.</p>
7.15	<p>In respect of the settlement of claims arising from incidents to which persons in States Parties which have denounced the 1971 Fund Convention have to make contributions in accordance with Article 41.5 of the 1971 Fund Convention, no decisions on matters of principle with regard to the admissibility of claims shall be made without those former States Parties having been heard in the Assembly or the Executive Committee.</p>
<p><u>Regulation 8</u></p> <p><i>Indemnification of the Shipowner</i></p>	
8.1	<p>The Director shall promptly take all appropriate and necessary measures for dealing with applications by an owner or his guarantor for indemnification under Article 5 of the 1971 Fund Convention.</p>
8.2	<p>The Director shall promptly indemnify an owner or his guarantor to the extent provided in Article 5.1 of the 1971 Fund Convention in respect of any amount which has been established by a judgement against the 1971 Fund enforceable under Article 8 of the 1971 Fund Convention.</p>
8.3	<p>Where, in respect of any incident referred to in Article 3.2 of the 1971 Fund Convention, an owner or his guarantor has paid compensation for pollution damage to satisfy a judgement enforceable under Article X of the 1969 Civil Liability Convention, the Director shall promptly indemnify the owner or his guarantor to the extent that the aggregate amount of such compensation thus paid falls within the limits laid down in Article 5.1 of the 1971 Fund Convention. However, the Director shall not indemnify the shipowner if he considers that the 1971 Fund may be exonerated, under Article 5.3 of that Convention, from its obligation in this respect.</p>
8.4	<p>The Director may agree with an owner or his guarantor to submit to binding arbitration the question of whether and to what extent the 1971 Fund is under an obligation to indemnify such an owner or his guarantor under Article 5.1 of the 1971 Fund Convention. Any amount established by such arbitration to be payable by the 1971 Fund shall be promptly satisfied by the Director.</p>
8.5	<p>Where the Director is satisfied that the 1971 Fund is liable under the 1971 Fund Convention to indemnify an owner or his guarantor for compensation for pollution damage paid to victims or for such expenses or sacrifices as are referred to in Article 5.7 of the 1971 Fund Convention, he may, without the prior approval of the Assembly, indemnify such a person within the limits laid down in Article 5.1 of the 1971 Fund Convention, if the total amount of indemnification to be paid in respect of the incident in question does not exceed 1 666 667 SDRs. The relevant date for conversion shall be the date of the incident in question.</p>
8.6	<p>The Assembly may authorise the Director to indemnify an owner or his guarantor beyond the limit established in Internal Regulation 8.5, in respect of a particular incident.</p>

8.7	As a condition of indemnifying an owner or his guarantor under Internal Regulation 8.5 or 8.6, the Director shall obtain a full and final release in favour of the 1971 Fund from such an owner or his guarantor in respect of the 1971 Fund's liability in relation to that incident.
8.8	All agreements to submit disputes to arbitration under Internal Regulation 8.4 and all indemnification payments made under Internal Regulation 8.5 or 8.6 shall be reported by the Director at the next session of the Assembly.
8.9	Where a person who is in arrears in respect of any payment due to the 1971 Fund is entitled to receive indemnification payment from the 1971 Fund, the Director shall, unless this is not permitted under the applicable national law, deduct the amount of the arrears from the amount of the payment to be made to such person by the 1971 Fund.
<u>Regulation 9</u>	
<i>Assistance to States in Emergency Situations</i>	
9.1	At the request of a Member State the Director shall, to the extent that he deems it practicable and reasonable, endeavour to assist that State in obtaining the materials, equipment, services or personnel required for preventing or mitigating pollution damage if he is satisfied that the 1971 Fund may be called upon to pay compensation under the 1971 Fund Convention in respect of pollution damage arising from the incident in question.
9.2	The Director shall, as appropriate, assist such a Member State to identify specialist organisations and to enlist their services for these purposes.
<u>Regulation 10</u>	
<i>Extension of Credit Facilities in Respect of Preventive Measures</i>	
10.1	On the application of a Member State which is in imminent danger of substantial pollution damage arising from a particular incident, the Director may, if he estimates that the 1971 Fund will be called upon to pay compensation under the 1971 Fund Convention in respect of that incident, provide that State with reasonable credit facilities to enable it to initiate or continue with the taking of adequate preventive measures.
10.2	Subject to conditions specified by the Assembly regarding, <i>inter alia</i> , the data and supporting justifications to be provided by a State requesting credit facilities, the Director shall determine whether in the light of all the circumstances of the case the provision of credit facilities by the 1971 Fund in respect of a particular incident is justified.
10.3	An application for credit facilities under this Regulation shall include: <ul style="list-style-type: none"> <li>(a) full particulars of the incident;</li> <li>(b) the nature and extent of pollution damage which has already occurred, including preventive measures already taken;</li> <li>(c) the preventive measures envisaged as well as the estimated cost thereof.</li> </ul> <p>Particulars in respect of preventive measures taken or envisaged shall be presented in a manner which will enable the Director to determine the measures which can be taken with personnel, material and equipment available locally and which measures should, in the interest of speed and efficiency, involve personnel, material or equipment to be procured from elsewhere.</p>

10.4	<p>Credit facilities provided by the 1971 Fund to a State may be given in the form of:</p> <p>(a) a guarantee by the 1971 Fund in respect of an advance to that State from a specified person, whose principal place of business is outside such a State; or</p> <p>(b) a guarantee by the 1971 Fund to make payment of the cost of preventive measures in respect of which the State concerned has entered into a contract with a specified person whose principal place of business is outside such a State.</p>
10.5	<p>Credit facilities provided by the 1971 Fund with respect to any one incident may not exceed 60% of the total amount which the Director estimates the 1971 Fund will ultimately be liable to pay in respect of the cost of preventive measures under the Fund Convention in respect of such incident, or 3 million SDRs, whichever is the less. The relevant date for conversion shall be the date of the incident in question.</p>
10.6	<p>All expenses incurred by the 1971 Fund as a consequence of providing credit facilities to a State shall be reimbursable to the 1971 Fund by such a State. The Director shall, in consultation with the State concerned, stipulate the manner in and the time within which such reimbursement shall be made.</p>
10.7	<p>Before providing credit facilities to any State under Article 4.8 of the 1971 Fund Convention, the Director shall require such a State to agree in writing that the expenses incurred by the 1971 Fund in providing such credit facilities, including any amount which the 1971 Fund has paid in consequence of a guarantee referred to in Internal Regulation 10.4, may be deducted from any sums which that State may be entitled to receive from the 1971 Fund for the satisfaction of claims under the 1971 Fund Convention.</p>
<p><u>Regulation 11</u></p> <p><i>Right to Direct Correspondence</i></p> <p>The Director and other members of the Secretariat acting under his instructions may correspond or otherwise communicate directly with any person in the performance of their functions.</p>	
<p><u>Regulation 12</u></p> <p><i>Designation of Competent Authority</i></p> <p>Any Member State may designate an authority to act on behalf of that State with regard to a particular aspect of the 1971 Fund's activities. Any Member State having made such designation shall notify the Director of that designation.</p>	
<p><u>Regulation 12bis</u></p> <p><i>Delegation of authority in the absence of the Director</i></p> <p>The Director may authorise the Deputy Director, the Legal Counsel or the Head of the Claims Department to act on his behalf in the fulfilment of the functions set out in Article 29 of the 1971 Fund Convention, and to be the legal representative of the 1971 Fund. The conditions and extent of such delegation shall be laid down in Administrative Instructions issued by the Director. Delegation made in accordance with this Regulation overrides any limitation on the authority of the above-mentioned officers contained elsewhere in these Regulations or in the Financial Regulations.</p>	
<p><u>Regulation 13</u></p> <p><i>Amendments</i></p>	
13.1	<p>These Internal Regulations may be amended by the Assembly.</p>

13.2 Any amendment adopted in accordance with Internal Regulation 13.1 shall enter into force one month after its adoption, unless the Assembly decides, in a particular case, that it shall enter into force immediately or after a period of time other than the aforementioned period.

13.3 Amendments adopted in accordance with Internal Regulation 13.1 shall be communicated by the Director to all Member States.

Regulation 13bis

The Director may authorise other officers to make commitments on behalf of the 1971 Fund in connection with the procurement of goods and services. The conditions and extent of such delegation, which shall not exceed 50 000, shall be laid down in Administrative Instructions issued by the Director.