



Baltic
Exchange



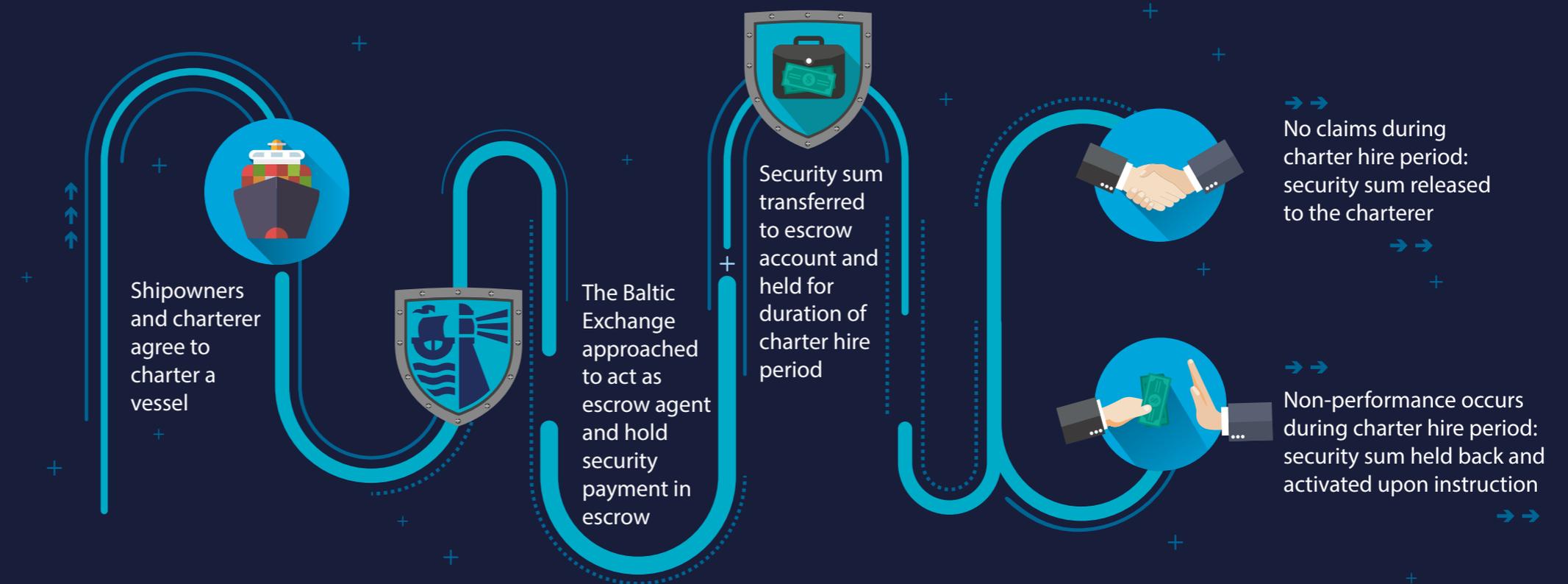
Baltic Exchange
Escrow Service
Security Payments

Using escrow in security payments for chartering

The chartering of vessels carries a degree of risk of non-performance for both shipowners and charterers. The stakes are higher when dealing with new or unfamiliar counterparties. The Baltic Exchange helps shipowners and charterers mitigate these risks during the chartering process by facilitating and holding a security payment relating to the charter in a dedicated escrow account.

The security payment typically represents a pre-agreed amount between the parties and is held as collateral to ensure that both parties fulfil their contractual obligations. Having the Baltic Exchange as the escrow agent gives all parties involved confidence that the service will be delivered with the highest level of professionalism, reliability and security.

Key features of the Baltic Exchange Escrow Security Payment Service



Examples of use cases

Time charters: Security sums paid by the charterer into an escrow account for the duration of the time charter, to be released after vessel redelivery.

Voyage charter: Prepayment of freight payment by the charterer into an escrow account as a security sum, to be released upon cargo discharge.

Benefits of using escrow service for chartering transactions

- Ensures that interests of all parties are protected.
- Provides assurance that contractual obligations are fulfilled before funds are released.
- Enables conditional release of the agreed security sum on pre-agreed, structured terms.
- Helps shipowners as well as charterers mitigate risks related to counterparty non-performance.
- Provides support for smaller, less well-known and/or new charterers to hire vessels.
- Allows shipowners to transact with a wider pool of charterers.
- Prompt onboarding and timely release of funds upon instructions from both parties.
- KYC onboarding process by the Baltic provides an added level of assurance to counterparties.

The Baltic Exchange

The Baltic Exchange represents a global community of shipping interests. These include shipowners, charterers and shipbrokers who are collectively responsible for handling a large proportion of the world's dry cargo and tanker fixtures, freight derivative trades as well as the sale and purchase of merchant vessels.

The Baltic Exchange is regulated by the UK's Financial Conduct Authority (FCA) pursuant to the EU Benchmark Regulation. It is the trusted provider of data for the settlement of physical and derivative freight contracts, underpinning risk management tools for the shipping and transportation markets.

Founded in 1744, the Baltic is headquartered in London with regional offices in Singapore, Shanghai, Athens, Stamford and Houston. In 2016 the Baltic Exchange was acquired by Singapore Exchange ("SGX").

Baltic Exchange services:

- Daily benchmarks for dry, wet, container and gas freight markets
- OPEX, S&P, ship recycling & forward assessments
- Escrow and dispute resolution support
- Executive training via the Baltic Academy
- Networking for shipping professionals

To learn more about the escrow security payments service and how we can support your escrow needs, please contact:

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