SALEFORM 2025 – The Future Standard Form for the Sale and Purchase of Ships

The new SALEFORM 2025 modernises the well-established SALEFORM 2012, reflecting the need to align ship sale and purchase transactions with today's market practice, digital closings and heightened compliance and sanctions realities.

Most of us in the shipping industry are familiar with the SALEFORM 2012, which is a widely used standard form contract for the sale and purchase of ships. However, since 2012, both market practice and the regulatory landscape have evolved significantly. The newly launched SALEFORM 2025 updates and modernises the structure and mechanics of SALEFORM 2012 to reflect how transactions are commonly conducted today, while also responding to heightened compliance expectations and geopolitical uncertainty.

Together with other industry participants, Nordisk Defence Club has participated in the Norwegian committee established by the Norwegian Shipbrokers' Association and the subsequent BIMCO committee that have prepared and adopted SALEFORM 2025.

Key Updates from SALEFORM 2012

The key updates include the following, and some selected topics are addressed in more detail below:

- Modernised payment and closing mechanics to reflect common market alternatives.
- Increased focus on KYC, including an optional exit if KYC is not cleared within an agreed timeline.
- A new alternative allowing a vessel to be purchased without any physical inspection (commonly used in bareboat charterparties and purchase options).
- Updated regulatory provisions to reflect new operational realities, including EU ETS and FuelEU Maritime.
- A comprehensive sanctions framework reflecting geopolitical developments.
- General drafting clarifications and usability improvements across the form.

Modernised Transaction Mechanics and KYC

A key objective of SALEFORM 2025 is to capture transaction mechanics that parties routinely adopt in practice and incorporate them into the standard form, thereby reducing the need for bespoke clauses.

Payment and Escrow Structures

SALEFORM 2025 formalises the use of escrow structures for payment of the deposit and, where relevant, the balance payment of the purchase price. The payment clause now contains standard alternatives reflecting common settlement methods. The default remains a familiar delivery-based settlement structure, but parties can elect mechanisms, such as pre-funding the balance to an escrow agent or conditional SWIFT payments held to the buyer's order pending release.

Closing mechanisms

SALEFORM 2025 also updates the closing mechanics to reflect modern closing practices in the industry, including virtual closings and electronic exchange of documents (originals to follow where required). The revised form helps reduce the need for letters of undertaking by including the specific obligation in the contract itself.

KYC and Anti-Money Laundering

KYC and anti-money laundering documentation is given increased attention in SALEFORM 2025, reflecting the reality that escrow agents, banks and financiers typically require increasingly robust documentation both at the deposit stage and at the closing stage. The deposit clause also includes an optional mechanism allowing a party that has provided all required KYC documentation to the escrow agent to terminate if the other party's KYC is not confirmed within an agreed timeline.

Regulatory Updates and Compliance Protections

Since 2012, the regulatory and compliance landscape for ship sale and purchase has evolved significantly. Climate and emissions related regimes have become increasingly relevant to vessel operations and, in turn, to sale and purchase transactions.

In parallel, compliance expectations and enforcement risks have intensified, particularly in relation to sanctions and anti-bribery and corruption. SALEFORM 2025 responds by introducing clearer contractual protections and workable mechanisms for situations where compliance issues arise.

EU ETS and FuelEU Maritime

The revised form includes dedicated provisions aimed at clarifying responsibilities, allocation of risk and information handover in relation to the EU Emissions Trading System (EU ETS) and FuelEU Maritime, with a view to reducing the scope for post-delivery disputes.

Sanctions

To ensure that the standard form remains functional in an increasingly complex sanctions environment, SALEFORM 2025 introduces a comprehensive sanctions clause. The clause is designed to allocate risk through warranties and clear contractual consequences, and to confirm that neither party is required to do anything under the contract that would expose it to sanctions. Furthermore, the buyer's contractual warranties remain in force after delivery with the aim of preventing vessels from being flipped to sanctioned entities or dark fleet actors.

Anti-Bribery and Corruption

SALEFORM 2025 also introduces a new anti-bribery and corruption ("ABC") clause requiring compliance with applicable ABC laws, supported by contractual protections – including an indemnity and a termination right – where a counterparty's breach creates regulatory exposure for the compliant party.

A Practical Reminder: Pre-Signing Due Diligence Remains Essential

Contractual KYC and sanctions clauses are not a substitute for robust pre-signing due diligence. Before signing a contract, parties should continue to thoroughly assess counterparties, the vessel, and the transaction – including sanctions risks and any 'dark fleet' indicators like concerns relating to a vessel's ownership, control, trading patterns, and post-delivery plans. SALEFORM 2025 provides important contractual protection, but it cannot mitigate a heightened-risk transaction on its own - early diligence remains the first and most effective safeguard.

Closing Remarks

SALEFORM 2025 builds on the strong and well-tested foundations of SALEFORM 2012. The overall structure and core commercial balance of the standard form remain largely unchanged. The revisions in SALEFORM 2025 are therefore targeted and practical, focusing on areas where market practice and the legal landscape have moved on since 2012. For that reason, SALE-FORM 2025 is now recommended for use as the default standard form for new ship sale and purchase transactions.

Nordisk is available to assist members with queries relating to SALEFORM 2025, including negotiation support and practical guidance on sanctions and other compliance considerations in sale and purchase transactions.

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UK ETS Expansion to Include Maritime Emissions

The UK Government has confirmed that domestic maritime emissions will enter the UK ETS scheme from 1 July 2026, advancing the Government's decarbonisation agenda.

Scope and Applicability

- It will apply (for now) to **vessels of 5,000 GT and above** on domestic voyages and in-port emissions.
- The first surrender deadline is 30 April 2028, which applies to both the 2026 and 2027 reporting periods. Although the surrender deadline for the 2027 reporting period is deferred, annual reports must be submitted within the usual timeframe, by 31 March 2027.
- Threshold review planned for **2028**, with potential extension to smaller vessels (from **400 GT**).
- Of particular importance to Nordisk Members is the inclusion of off-shore vessels as from **1 January 2027.** This aligns with the EU ETS timeline.
- The responsible entity under the UK ETS mirrors that of the EU ETS, being the registered owner unless the ISM Company has agreed to assume responsibility for compliance.

Future Expansion

- Influenced by the delayed IMO decision on its Net Zero Framework, the UK Government confirmed its intention to move forward with its own measures to include international emissions. Thus, international voyages could be included from **2028**. A formal link between the UK ETS and EU ETS is under discussion, which if successful, will hopefully allow mutual recognition of allowances and harmonised reporting.

Key Provisions

- **Voyages between mainland UK and Northern Ireland** will count at **50%**, to avoid disparity between the carbon pricing of voyages from Great Britain to Northern Ireland and the Republic of Ireland.
- **Exemptions**: Ferry services to Scottish islands and peninsular communities, as well as fish catching and processing vessels, remain outside the scheme for now. A review is scheduled for 2028.
- No requirement for a **Document of Compliance** or port state control checks; instead, compliance will be managed through the UK ETS registry and management system.

Compliance and Monitoring

- Owners (i.e. the responsible entity) must monitor, report, and verify emissions under UK ETS rules, which will include **CO_2, methane, and nitrous oxide**. Methane and nitrous Oxide will be converted into CO2e based on their global warming potential. This mirrors the EU ETS which expanded to include methane and nitrous oxide from 1 January 2026.

• A simplified approach will apply for ships conducting more than 300 similar domestic voyages annually.

Why It Matters

The expansion of the UK ETS introduces carbon pricing for shipping in UK waters, creating cost incentives for cleaner fuels and operational efficiency.

With the delay to the vote on the IMO's Net Zero Framework, it is expected that more regional schemes such as the UK ETS will begin to emerge. Given the potential expansion of the UK ETS to international voyages, linkage to the EU ETS is important to reduce the administrative burden on owners and avoid double exposure.

The UK government has also committed to reviewing the interaction of the UK ETS with the IMO Net Zero Framework, once the IMO scheme is adopted.

For full details, see the UK Government's Authority Response.

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New incentive schemes for shipbuilding and recycling in India

India's latest shipbuilding reforms tie recycling and newbuild incentives together through tradable Shipbreaking Credit Notes, seeking to reshape the economics of both sectors.

On 26th December 2025, the Ministry of Ports, Shipping and Waterways in the government of India approved two schemes aimed at strengthening India's position as both a shipbuilding and ship-owning nation[1]. The two schemes are:

(i) Shipbuilding Financial Assistance Scheme ("**SBFAS**") and National Shipbuilding Mission Scheme ("**NSM**"); and
(ii) Scheme for Capacity & Capability to Development and credit risk coverage for Shipping in India – Shipbuilding Development Scheme ("**SbDS**")

The focus of this article is the SBFAS, and more specifically the recycling-related components within Chapter II of the SBFAS, which sets out a number of incentives aimed at reaching India's goal as set out above. One of these incentives are linked to recycling of vessels at Indian yards, whereunder the sellers/owners of such vessels that have been recycled at certain Indian yards are eligible for a Shipbreaking Credit Note ("**SCN**") that may be used to reduce the price for a newbuilding at Indian yards. We will in this article look more closely into the eligibility of the recycling part of this scheme.

Chapter II of the SBFAS deals with the SCN. This provides that that if an *eligible vessel* is recycled at an Indian shipbreaking / recycling yard, a SCN equivalent to 40 % of the *Fair Scrap Value* is issued to the owner of the Vessel. The SCN is then valid for three years and can also be transferred freely on the market.

There are certain requirements that must be met for the owner to be able to redeem the SCN:

(i) The Vessel must be recycled at a ship recycling yard in India, which is certified as Hong Kong Convention compliant by recognised organisations and approved by the applicable authorities in India.
(ii) The permit to recycle the Vessel must have been granted by the State Maritime Board / State Government on or after 24th September

1 By way of background, India's *Maritime Amrit Kaal Vision* (MAKV 2047) targets a top-10 global ranking in ship ownership and shipbuilding by 2030 and a top- five ranking by 2047. The Guidelines can be found here: Modified Guidelines for implementation of Shipbuilding Financial Assistance Scheme (SBFAS)_0.pdf

2025.
(iii) A certificate of Completion of Recycling has been issued by the State Maritime Board / State Government.

Given that most compliant recycling today takes place at Hong Kong Convention-certified yards, many owners of vessels commencing recycling after 24th September 2025 are likely to fall within the scope of the scheme. Application to the portal must be submitted *within three months* of the completion of the recycling as confirmed in the certificate of Completion of Recycling.

As regards the value of the SCN, this is meant to be set at "*40 % of the Fair Scrap Value*". The Fair Scrap Value is defined in the Guidelines as "*... the product of the price per Light Displacement Tonnage (LDT) of ship scrapping for the quarter (as published by the Competent Authority on a quarterly basis) in which Certificate of Recycling Certificate was issued and the LDT value of the Vessel as determined in Certificate of Recycling Completion*". The intention is for the Indian authorities to engage a third party to conduct a quarterly study to then make a recommendation for the price per LDT for recycling. This recommendation will again be considered by an appointed committee consisting of representatives from both the yards, shipping community and steel owners. Based on these recommendations, the price per LDT for ship recycling will be published. There is accordingly an element of averaging of the recycling prices on a quarterly basis being applied.

Once an SCN has been obtained, it may be redeemed within a period of three years, after which it will lapse and have no further effect. SCNs may be utilised up to a maximum ceiling of **5% of the fair price** of the new vessel, which must be built in Indian shipyards. Redemption of SCNs operates such that the buyer under the shipbuilding contract redeems the SCN value through the Directorate General of Shipping, which in turn pays the amount specified in the SCN directly to the relevant shipyard constructing the vessel (and not to the owner). This mechanism would need to be addressed in the drafting of the payment provisions of the relevant shipbuilding contract.

The application for an SCN must be done through an online portal with the Indian government, which will also be the place where a SCN is issued and then registered.

Lastly, and this may be of interest to many, an SCN may be sold on the open market, allowing the purchaser to utilise the value of the SCN under a new or an existing shipbuilding contract. The Indian government has expressly stated that it will not have any role in determining the price, which will instead be driven by what the market is willing to pay. Any transfer of the SCN will be effected through the same online portal on which the SCNs are initially registered.
Whether the scheme will materially expand India's shipbuilding base remains to be seen. However, given the scale of the country's ship recycling industry, there is potential for significant issuance of SCNs, which in turn may create a more competitive environment for newbuilding orders in India.

Nordisk Transaction Team remains ready to assist with both shipbuilding and recycling matters. If you have any questions or comments about these schemes, please do not hesitate to reach out to:

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WE WELCOME TWO NORWEGIAN ASSOCIATE LAWYERS TO THE TEAM IN OSLO

Martine Bjørneboe-Øhra
Martine just graduated from the University of Oslo. While studying, she wrote her master's thesis at leading litigation law firm Advokatfirmaet Hjort. She has also i.a. been an intern with Deloitte and worked for specialist litigation firm Fend advokatfirma.
She has previously studied Global History & Environmental Science in California. During this programme she spent two months at Massachusetts Institute of Technology and Harvard University, and a year studying in Korea and India.

Håkon Wiik Olsen
Håkon joins us from BAHR where for the last two years he has been working in the shipping and offshore department, with a focus primarily on transactional and M&A work. He also served for a period as legal counsel at HUB Ocean. Prior to joining BAHR, Håkon interned at various Norwegian law firms including here at Nordisk.
Håkon obtained a Master of law degree at the University of Oslo, during which time he spent a couple of months as an exchange student at Pennsylvania State University.

We look forward to involving Martine and Håkon in the interesting and varied work we handle at Nordisk.

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