

# Advisory Circular

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## AIRCRAFT LEASING

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### GENERAL

Advisory Circulars (ACs) are issued by the Director-General of Civil Aviation (DGCA) from time to time to provide practical guidance or certainty in respect of the statutory requirements for aviation safety. ACs contain information about standards, practices and procedures acceptable to CAAS. An AC may be used, in accordance with section 3C of the Air Navigation Act (Cap. 6) (ANA), to demonstrate compliance with a statutory requirement. The revision number of the AC is indicated in parenthesis in the suffix of the AC number.

### PURPOSE

This AC provides guidance to demonstrate compliance with and information related to the requirements on aircraft leasing.

### APPLICABILITY

This AC is applicable to the operator holding an AOC under the Air Navigation (119 – Air Operator Certification) Regulations (ANR-119).

### RELATED REGULATIONS

This AC relates specifically to regulation 29 of ANR-119.

### RELATED ADVISORY CIRCULARS

Nil.

### CANCELLATION

This revision 1 to AC 119-3-2 supersedes revision 0. This revision 1 clarifies that operating leases may only be considered on an exceptional basis.

### EFFECTIVE DATE

This AC is effective from 14 September 2021.

**OTHER REFERENCES**

- ICAO Doc 9734 Safety Oversight Manual
- ICAO Doc 8335 Manual for Procedures for Operations
- ICAO Doc 9760 Airworthiness Manual
- ICAO Circular 295 Guidance on Implementation of Article 83 bis of the Convention on International Civil Aviation

## **1 INTRODUCTION**

- 1.1 A Singapore AOC holder intending to be involved in operating lease arrangements should refer to this AC when seeking an approval under regulation 29 of ANR-119 from CAAS. Leases defined in Financial Reporting Standards (FRS) 17, including for example financial or capital leases (e.g. sale and lease back arrangements between an operator and financial institutions) are not addressed in this AC.

Note: A Singapore AOC holder involved or intending to be involved in leasing and operating aircraft registered outside of Singapore must comply with regulation 11 of ANR-119 pertaining to the proportion of its aircraft registered in Singapore versus those registered outside of Singapore.

- 1.2 As a matter of policy, owing to oversight obligations by different States involved, CAAS will only consider approving an operating lease on an exceptional basis. Dry leases without change of aircraft registration will not be considered.
- 1.3 A Singapore AOC holder may refer to the following for further guidance:
- (a) ICAO Doc 9734 Safety Oversight Manual
  - (b) ICAO Doc 8335 Manual for Procedures for Operations
  - (c) ICAO Doc 9760 Airworthiness Manual
  - (d) ICAO Circular 295 Guidance on Implementation of Article 83 bis of the Convention on International Civil Aviation

## **2 COMPLIANCE WITH REGULATORY REQUIREMENTS**

- 2.1 In a lease arrangement, the leased aircraft may be registered in a State which is different from the State which issues the Air Operator Certificate. It is therefore essential, for regulatory reasons, that the lessor and lessee are familiar with the requirements of the State of Registry and the State of the Operator.
- 2.2 When the leasing arrangement involves safety oversight by a foreign authority, the leasing arrangement should include information on compliance with relevant regulations of both CAAS and the foreign authority.

## **3 CAAS' LEASING POLICY**

- 3.1 The AOC holder should demonstrate the need to enter aircraft operating lease arrangements. Notwithstanding, as stated in paragraph 1.2, CAAS may not process the application.
- 3.2 Upon CAAS' acceptance of the application, the applicant should demonstrate how both lessee and lessor fulfill the applicable obligations.
- 3.3 The lease will be limited to the minimum period necessary. CAAS may also specify additional requirements relating to the lease arrangement.

## **4 APPLICATION FOR APPROVAL**

- 4.1 Application for approvals of lease arrangements should be made in writing to CAAS together with detailed descriptions of the party(s) responsible for the operational control and continuing airworthiness for the aircraft in the lease arrangement. An

application for a lease approval should be submitted to CAAS as early as possible before the effective date of the lease agreement. Depending on the complexities of the lease arrangement, CAAS may require more time to determine that all airworthiness and operational issues are addressed between both States.

4.2 The minimum information required is as follows:

- (a) Parties involved in the lease arrangement
- (b) Make, model and serial number of the aircraft involved in the lease arrangement
- (c) In the case of a lease-in arrangement:
  - (i) the State of Registry and registration marks
  - (ii) name and address of the registered owner of the aircraft
  - (iii) a copy of the Certificate of Airworthiness
  - (iv) proof of the maintenance schedule approval from the foreign authority
- (d) Type of lease
- (e) Duration of the lease arrangement
- (f) Whether the aircraft's registration will change during the lease
- (g) Copy of the lease agreement or description of the lease provisions. The lease agreement or description of the provisions should include information on:
  - (i) Arrangements for the continuing airworthiness of the aircraft during the lease period. This would include, but is not limited to, pre- and post-lease airworthiness standards, availability of up-to-date maintenance approved data, acceptable qualifications and training of certifying staff, reporting of defects and incidents that may affect the airworthiness of the aircraft and handling of mandatory airworthiness information.
  - (ii) Arrangements to address any operational matters during the lease period. This would include but not limited to acceptable qualifications and training of operational personnel like pilots and cabin crew, details of how operational deficiencies will be addressed, reporting of incidents, etc.
- (h) Changes to the operations specifications for the AOC holder, as applicable, as a result of the lease agreement
- (i) Area of operations for the aircraft including where it will be based

The above information is necessary for CAAS to determine whether proper operational control and continuing airworthiness oversight for the aircraft are in place for the duration of the lease.

4.3 Approval of the lease arrangement is dependent on the applicant's demonstration of the following:

- (a) all the necessary changes arising from the lease arrangement are identified and addressed.
  - (b) all parties involved in the lease arrangement have sufficient knowledge and adequate resources to fulfill their roles and responsibilities regarding the continuing airworthiness and operational control of the aircraft for the duration of the lease.
- 4.4 Where appropriate, the attachments to the AOC (Maintenance of Leased Aircraft and Aircraft Leasing Operations) will be amended to reflect the approval of the lease arrangement.