

Advisory Circular

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 11 of the Air Navigation Act 1966 (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 2018 (ANR-119).

RELATED REGULATIONS

This AC relates specifically to regulation 29 of ANR-119, regulation 22 of ANR-121, regulation 22 of ANR-135.

RELATED ADVISORY CIRCULARS

Nil.

CANCELLATION

Revision 2 of AC 119-3-2 supersedes Revision 1. This revision 2 provides additional guidance on information that should be submitted to support CAAS' evaluation of an AOC holder's operational control and continuing airworthiness oversight in wet and damp lease arrangements.

EFFECTIVE DATE

This AC is effective from 1 April 2026.

OTHER REFERENCES

Nil.

1 INTRODUCTION

1.1 A Singapore AOC holder intending to be involved in aircraft leasing 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, such as operating, financial or capital leases (e.g. sale and leaseback 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 not registered in Singapore should note 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 wet or damp lease arrangements on an exceptional basis and only where the Singapore operator retains full operational control of the aircraft, regardless of whether the operator is the lessor or lessee (see Appendix A for requirements for demonstrating effective operational control). Dry leases without change of aircraft registration will not be considered.

1.3 A Singapore AOC holder involved in lease arrangements must comply with the requirements of ANR-119 and other applicable aviation legislation. Where the lease arrangement involves aircraft registered in another state, the Singapore AOC holder should also be familiar and comply with the requirements of the state of registry.

1.4 Whilst this AC focuses on lease-in arrangements, Singapore AOC holders involved in lease-out or other types of leasing structures should consult with CAAS.

2 DEFINITIONS

Lessor is the party from which the aircraft is leased.

Lessee is the party to which the aircraft is leased.

Dry lease is when an operator leases an aircraft without any crew. The lessee operates it under its own Air Operator Certificate and is responsible for all operational decisions and commercial use of the aircraft.

Wet lease is when an operator leases an aircraft with crew (flight and cabin crew). The lessor operates the aircraft under its own Air Operator Certificate and is responsible for flight operations, whilst the lessee has commercial control and uses its own airline designator code and traffic rights.

Damp lease is when an operator leases an aircraft with partial crew. The lessor provides flight crew and operates the aircraft under its own Air Operator Certificate, whilst the lessee provides the remaining crew (such as cabin crew) and has commercial control, using its own airline designator code and traffic rights.

Operational control is the exercise of authority over the initiation, continuation, diversion or termination of a flight in the interest of the safety of the aircraft and the regularity and efficiency of the flight.

3 APPLICATION FOR APPROVAL

3.1 Application for approval of lease arrangements should be made in writing to CAAS at least six months before the intended lease commencement date. Depending on the complexities of the lease arrangement, CAAS may require additional time to assess all airworthiness and operational issues are addressed between both States.

3.2 An applicant seeking approval for a damp/wet lease arrangement should submit at least the following documents and information:

(a) A covering letter containing information specified below:

(i) Full details of all parties involved in the lease arrangement (lessor and lessee), including company names, addresses, and contact information;

(ii) Complete aircraft specifications for each aircraft to be leased

- Make, model and serial number of each aircraft to be leased;
- Current State of Registry and registration marks;
- Maximum Certificated Take-Off Mass (MCTOM)
- Engine type and model
- Passenger seating capacity and class configuration
- Year of manufacture
- Total flight hours and cycles
- Any significant modifications or STC installations

(iii) Name and address of the registered owner of the aircraft;

(iv) Type of lease arrangement (wet lease or damp lease);

(v) Duration of the lease arrangement;

(vi) Area of operations for the aircraft including where it will be based; and

(vii) Whether the aircraft's registration will change during the lease.

(b) Documents pertaining to aircraft airworthiness, including:

(i) A copy of the current Certificate of Airworthiness; and

- (ii) Proof of maintenance schedule approval from the State of Registry's Civil Aviation Authority.
- (c) A copy of the signed lease agreement. The lease agreement must explicitly state that the Singapore AOC holder retains full operational control over all flight operations. The lease agreement or description of the provisions should include information on:
 - (i) continuing airworthiness arrangements for the aircraft during the lease period. This would include use of up-to-date maintenance approved data, State of Registry's 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) operational arrangements 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.
- (d) Proposed amendments to sections of all manuals affected by the lease arrangement, including:
 - (i) Operations Manual;
 - (ii) Safety Management System Manual; and
 - (iii) Quality Management System Manual.
- (e) Proposed amendments to the operations specifications for the AOC holder, as applicable, as a result of the lease agreement.
- (f) Documentation demonstrating compliance with the requirements specified in detailed in Appendix A.
- (g) Letter of acceptance or no-objection from the State of Registry's civil aviation authority (where aircraft remains on foreign register).
- (h) Detailed justification demonstrating the exceptional business need for the wet or damp lease arrangement.
- (i) Any other information that CAAS may require.

4 GRANT OF APPROVAL

- 4.1 CAAS evaluates each application on strength of evidence provided, including whether:
- (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.

- (c) The Singapore AOC holder is able to maintain effective operational control over the leased aircraft and, where applicable, leased crew throughout the lease period.
- (d) Adequate coordination arrangements are established and maintained between the relevant State authorities to support effective safety oversight.
- (e) The lease arrangement complies with all applicable Singapore regulations, particularly regulation 8 of ANR-119 and regulation 22 of ANR-121.
- (f) Justification for the lease arrangement demonstrates a genuine and exceptional business need.

4.2 After evaluation as mentioned in paragraph 4.1, CAAS may:

- (a) approve the lease arrangement, amend the relevant AOC's operations specifications as required to reflect the approved lease arrangement and issue an acceptance letter detailing the approved lease operation, including technical details and conditions of approval; or
- (b) reject the application and issue a letter to the operator stating the reasons for the rejection.

4.3 Wet and damp lease arrangements will initially be approved for a maximum period of 6 months. Extensions up to a total of 12 months may be granted where the operator demonstrates satisfactory compliance with all operational control requirements, continued exceptional business need.

4.4 The following changes to approved lease arrangements require submission of a new lease application under paragraph 3:

- (a) change of lessor or aircraft;
- (b) change in type of lease arrangement (wet to damp or vice versa).

APPENDIX A

The Singapore AOC holder should provide the following details to demonstrate effective operational control over the operations of the leased aircraft and, where applicable, leased crew.

A. Lease Agreement

A.1 The lease agreement must explicitly state that the Singapore AOC holder exercises full operational control over all flight operations of the leased aircraft and crew, including but not limited to:

- (a) Flight dispatch
- (b) Crew assignment and scheduling
- (c) Flight planning and operational matters
- (d) Flight delay, disruption, diversion and cancellation
- (e) Reportable safety matters and incident investigation

B. Operations Manual

B.1 The Singapore AOC holder must include in its Operations Manual:

- (a) Detailed description of how operational control is exercised over wet/damp leased aircraft, consistent with regulation 22 of ANR-121 requirements
- (b) Procedures for integrating leased aircraft and crew into existing operations of the AOC holder
- (c) Crew management of the leased crew, including:
 - Crew qualification
 - Crew training
 - Crew planning
 - Scheduling and duty time management
- (d) Flight operations procedures specific to the lease arrangement, including:
 - Flight dispatch and release procedures
 - Operational control communication protocols
 - Emergency response procedures
- (e) Safety management system addressing lease-specific operations
- (f) Coordination protocols with the State of Registry (if aircraft remains on foreign register) and the other party's State authority

C. Operational Control System Documentation

C.1 The Singapore AOC holder must provide:

- (a) Organisational chart showing:
 - Personnel responsible for operational control of leased aircraft

- Reporting lines and authorities
 - Interface points with lessor/lessee organisation
- (b) Position descriptions for key personnel involved in operational control of leased aircraft
- (c) Evidence that designated personnel have appropriate qualifications, experience, and authority
- (d) Communication protocols and contact procedures for 24/7 operational control

D. Quality system

D.1 The Singapore AOC holder must establish:

- (a) Internal audit procedures for monitoring compliance with lease arrangement requirements
- Performance monitoring system tracking:
 - Leased crew performance and compliance
 - Operational irregularities
 - Safety incidents and occurrences
 - Regulatory compliance
- (b) Reporting procedures to CAAS on lease arrangement performance
- (c) Procedures for corrective action when deficiencies are identified

E. Crew Management (Applicable when the lessor provides crew)

E.1 Crew Qualification Verification

- (a) Procedures for verifying leased crew licences, ratings, and medical certificates
- (b) Process for validating leased crew training records, competency and recency requirements
- (c) System for ensuring leased crew meet Singapore regulatory requirements (ANR-91, ANR-121)
- (d) Documentation of equivalency assessments where foreign crew qualifications differ from Singapore standards

E.2 Crew Integration Programme

- (a) Comprehensive familiarization training for the leased crew covering:
- Singapore AOC holder's standard operating procedures
 - AOC holder's policies and operational requirements
 - Safety management system and reporting procedures
 - Emergency and abnormal procedures specific to the AOC holder's operations
- (b) Differences training where lessor's procedures differ from Singapore AOC holder's procedures

- (c) Assessment and competency evaluation before the leased crew operate under Singapore AOC
- (d) Recurrent training and checking requirements of the leased crew

E.3 Crew Supervision and Monitoring

- (a) Designated management personnel responsible for the leased crew
- (b) Line checks and proficiency monitoring programme
- (c) Performance evaluation and feedback mechanisms
- (d) Procedures for addressing crew performance deficiencies
- (e) System for monitoring the leased crew compliance with Singapore regulations

E.4 Crew Assignment Authority

- (a) Demonstration that the Singapore AOC holder has authority over the leased crew's assignment to flights
- (b) Procedures for crew scheduling and rostering
- (c) Fatigue risk management
- (d) Process for crew removal from service if necessary

F. Maintenance Control (Applicable when aircraft remains on foreign register)

F.1 Continuing Airworthiness Arrangements

- (a) Written agreement with the State of Registry's approved maintenance organisation or the lessor (if lessor holds maintenance control)
- (b) Clear delineation of maintenance responsibilities between parties
- (c) Procedures for ensuring aircraft airworthiness compliance with both State of Registry and Singapore requirements
- (d) Access to aircraft maintenance records and technical documentation

F.2 Defect Reporting and Management

- (a) Procedures for reporting defects to both the State of Registry and CAAS
- (b) System for tracking defect rectification
- (c) Authority to ground aircraft for safety reasons
- (d) Communication protocols with maintenance organisations

F.3 Pre-flight and Post-flight Procedures

- (a) Technical log management procedures

- (b) Minimum equipment list (MEL) application
- (c) Procedures for handling aircraft technical issues during operations

G. Coordination with State Authorities

G.1 State of Registry Coordination (if aircraft remains on foreign register)

- (a) Letter of acceptance or no-objection from the State of Registry's civil aviation authority acknowledging the operational arrangement
- (b) Evidence of coordination arrangements for safety oversight
- (c) Procedures for information sharing with State of Registry
- (d) Agreement on incident/accident investigation responsibilities

H. Safety Management System

H.1 Comprehensive risk assessment identifying hazards specific to the wet/damp lease arrangement, including but not limited to:

- (a) Crew confusion of AOC holder's procedures with the lessor's procedures
- (b) Communication and coordination
- (c) Maintenance control (if applicable)
- (d) Regulatory compliance
- (e) Cross-jurisdictional oversight gaps

H.2 Risk mitigation strategies for each identified hazard

H.3 Safety performance indicators for monitoring the lease arrangement