




## **Aircraft Leasing**

December  
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Air Operators Certification and Surveillance  
Directorate

	Company Name □□□□□□ □□□ □□□□□ □□□□□□ <b>ETHIOPIAN CIVIL AVIATION AUTHORITY</b>	Document No. ECAA/OPS/AC/011	
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**1. GENERAL.** Advisory Circulars (ACs) are issued by the Civil Aviation Authority of Ethiopia (ECAA) and contain information about standards, practices and procedures acceptable to the Authority.

**2. PURPOSE.** This AC is issued to provide information and guidance related to aircraft leasing arrangements involving Ethiopian aircraft and Ethiopian AOC holders. It contains information for interested parties on continuing airworthiness and flight safety issues that need to be addressed.

**3. APPLICABILITY.** This AC applies to Ethiopian Air Operator Certificate (AOC) holders involved or intending to be involved in operational leasing arrangements. Operational leasing arrangements are leasing arrangements described in paragraph 10 of this AC. Finance or operating leases defined in Financial Reporting Standards (FRS), 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.

**4. EFFECTIVE DATE.** This AC is effective from 2 August 2013.

**5. REFERENCES.** Ethiopian Airworthiness Requirements, ICAO Doc 9734, ICAO Doc 8335, ICAO Doc 9760 and ICAO Circular 295.

**6. INTRODUCTION.** 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. Typical obligations expected by the State of Registry and the State of the Operator are described in this AC to provide an idea of the regulatory compliance that the lessor and lessee can expect.


**7. COMPLIANCE TO REGULATORY REQUIREMENTS**

7.1 The information in this AC does not override any applicable Ethiopian regulatory requirements.

7.2 When the leasing arrangement involves safety oversight by foreign Authority(s), the leasing arrangement should include information on compliance with relevant Rules and Standards of both ECAA and the foreign Authority(s).

**8. DEFINITIONS**

**Lease:** An agreement by a person (the lessor) to furnish an aircraft to another person (the lessee) to be used for compensation or hire purposes.

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- Lessor:** The party furnishing the aircraft under a lease.
- Lessee:** The party using the aircraft under the provisions of a lease.
- Dry Lease:** A lease arrangement whereby a lessor provides an aircraft without crew to the lessee.
- Wet Lease:** A lease arrangement whereby a lessor provides an aircraft with crew to the lessee.
- Damp Lease:** A lease arrangement whereby a lessor provides an aircraft with partial crew to the lessee.
- State of Registry:** The State on whose register the aircraft is entered.
- State of the Operator:** The State where the principal place of business of the operator is located, or if no such business exists, the permanent residence of the operator.
- Operator:** A person, organization or enterprise having an Air Operator Certificate (AOC) engaged in aircraft operations to carry out specific commercial air transport operations.
- Operational Control:** 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.
- Operational Leases:** Refers to leasing arrangements described in paragraph 10.

## 9. TYPES OF OPERATIONAL LEASING ARRANGEMENTS

9.1 This section describes the types of operational leases. Parties involved in a leasing arrangement should note the responsibilities of each party with respect to the airworthiness and operation of the leased aircraft.

9.2 In a **wet or damp lease arrangement**, the lessor assumes operational control of the aircraft operations. Aircraft operations must be in compliance with the requirements in the lessor's air operator certificate for the duration of the lease.

- a) Wet or damp Lease(out) of Ethiopia registered aircraft to a foreign operator (**“Wet Lease Out”**)

Regulatory requirements related to Ethiopia registered aircraft will apply. The Ethiopian AOC holder will be responsible for the operational control of the aircraft for the duration of

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the lease. In the case of a damp lease, the qualification and operational control of crew provided by the lessee should be addressed and aligned with the lessor’s operations policies.

b) **Wet or damp lease(in) a foreign registered aircraft by the Ethiopian AOC holder (“Wet Lease In”)**

Regulatory requirements related to the foreign Authority where the aircraft is registered will apply. The lessor will be responsible for the operational control of the aircraft for the duration of the lease. In the case of a damp lease, the qualification and operational control of crew provided by the lessee should be addressed and aligned with the lessor’s operations policies.

c) **Wet or damp lease of Ethiopian registered aircraft between Ethiopian AOC holders (“Intra State Wet Lease”)**

Regulatory requirements related to Ethiopian registered aircraft applies. The lessor will continue to be responsible for the operational control of the aircraft for the duration of the lease. In the case of a damp lease, the qualification and operational control of crew provided by the lessee should be addressed and aligned with the lessor’s operations policies.

9.3 In a **dry lease arrangement**, the lessee usually assumes operational control of the aircraft. The

aircraft is operated under the lessee’s air operator certificate. Compliance to other relevant regulatory requirements would depend on the civil aviation authority of the State where the aircraft is registered.

a) **Dry lease(out) of Ethiopian registered aircraft to a foreign operator without change of aircraft registration (“Dry Lease Out”)**

Regulatory requirements related to Ethiopian registered aircraft will apply. The lessee will be responsible for the operational control of the aircraft under its AOC for the duration of the lease.


b) **Dry lease(in) of foreign registered aircraft by Ethiopian AOC holder without change of aircraft registration (“Dry Lease-In”)**

The foreign regulatory requirements related to the foreign registered aircraft will apply.

The Ethiopian AOC holder will be responsible for the operational control of the aircraft for the duration of the lease.

**10. AIRCRAFT REGISTERED WITH THE AUTHORITY OF THE LESSEE**

10.1 Parties to a dry lease agreement may register the aircraft with the Authority of the lessee. This change of registration of the leased aircraft will result in the lessee being solely responsible for the operational control and the airworthiness of the aircraft.

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- a) Dry lease-(out) of Ethiopian registered aircraft to a foreign operator with change of aircraft registration.

Regulatory requirements related to Ethiopia registered aircraft will not be applicable when the aircraft is de-registered from the Ethiopia registry. The leased aircraft may be re-registered back onto the Ethiopia registry at the end of the lease provided it meets all applicable ECAA requirements at the time of re-registration.

- b) Dry lease-(in) of foreign registered aircraft by Ethiopian AOC Holder with change of aircraft registration. This is similar to registering an aircraft by the Ethiopian AOC holder. The Ethiopian AOC holder will comply with all regulatory requirements related to the Ethiopian registered aircraft and be responsible for the operational control of the aircraft for the duration of the lease.

## 11. RESPONSIBILITIES OF THE STATE OF REGISTRY AND STATE OF THE OPERATOR

11.1 Operators intending to engage in leasing arrangement should familiarize themselves with the responsibilities of the State of Registry and the State of the Operator, in the event that the aircraft is registered in a State different from the State responsible for oversight of its operations. It is important that the responsibilities of the lessor and lessee to be explicitly specified in the lease agreement between the lessor and lessee, to provide for proper airworthiness and operational oversight and control of the aircraft to be leased.

11.2 The **State of Registry** is the State on whose register the aircraft is entered. The State of Registry is responsible for the safety oversight and airworthiness standards for aircraft on its register, including those aircraft that are leased. The person or organization to which the aircraft is registered must ensure that the aircraft comply with all applicable requirements of the State of Registry. The responsibilities of the State of Registry include:


- a) Notifying the State of Design that it has entered such an aircraft type on its register.
- b) Ensuring that the aircraft airworthiness standards of the State of Registry are maintained.
- c) Issuing and validating the airworthiness certificate for aircraft (COA) on its register.
- d) Overseeing the continuing airworthiness of the aircraft according to the standards of the State of Registry, regardless of where it is operated in the world.
- e) Ensuring that personnel performing maintenance work on the aircraft meets the experience, knowledge and skill requirements in accordance with the requirements of the State of Registry.
- f) Ensuring that flight crew operating the aircraft meets the experience, knowledge and skill requirements to safely operate the aircraft in accordance with the requirements of the State of Registry.









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which address rules of the air, radio licensing, certificates of airworthiness, and personnel licences respectively.

13.2 Where the lease arrangement involves more than one Authority, the State of Registry may, if it is unable to discharge all or part of its responsibilities as a State of Registry, transfer part or all of these responsibilities to another State. This transfer is subject to the mutual agreement of the other State (usually the State of the Operator). The instrument used to effect the transfer is an Article 83 bis agreement between the two States.

13.3 ECAA transfers its safety oversight responsibilities to other Authorities. However, ECAA may accept the transfer of State of Registry responsibilities from another Authority, if it deems it necessary to maintain effective oversight of the aircraft.

ECAA will inform the affected Ethiopian AOC holders when ECAA has entered into an Article 83 bis agreement with the foreign Authority.

#### 14. INFORMATION REQUIRED IN THE LEASE AGREEMENT

14.1 Application for approvals of lease arrangements should be submitted in writing together with detailed descriptions of the party(s) responsible for the operational control and continuing airworthiness for the aircraft in the lease arrangement. Depending on the complexities of the lease arrangement, ECAA may require more information in order to determine that all airworthiness and operational issues are addressed.

The minimum information required is as follows :

- a) Parties involved in the lease arrangement
- b) Make, model the 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 (lease-in/out, wet, damp, dry)
- 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 :



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- c) A certified true copy of the Article 83 bis agreement, if applicable.
- d) Flight crew licenses issued or validated by the State of Registry.

