



APPLICATION & PROCESS: AIRCRAFT LEASING ARRANGEMENTS

SECTION 1 GENERAL

1.1 PURPOSE

This Advisory Circular (AC) provides general guidance to individuals, organizations and other entities regarding the policies that are applicable to aircraft leasing arrangements that may be acceptable to the Civil Aviation Authority of the Philippines (CAAP).

1.2 STATUS OF THIS ADVISORY CIRCULAR

This is an original issuance of this AC.

1.3 BACKGROUND

The leasing of aircraft, especially those involving aircraft registered in different States, has become an international focus. Given the international concern and focus, this advisory circular was developed to clarify the definitions and process that will be applied by CAAP.

1.4 APPLICABILITY

This AC is applicable to both Philippine and foreign AOC holders involved in the leasing of aircraft in support of Philippine AOC holders.

1.5 RELATED REGULATIONS

The following regulations are directly applicable to the guidance contained in this advisory circular—

- PCAR Part 9, AOC Certification and Administration

1.6 RELATED PUBLICATIONS

For further information on this topic, individuals are invited to consult the following publications—

1) International Civil Aviation Organization (ICAO)

- ◆ Annex 6, Part I, International Commercial Air Transport – Aeroplanes

- ◆ Document 8335, Manual of Procedures for Operations Inspection, Certification and Continued Surveillance

Copies may be obtained from Document Sales Unit, ICAO, 999 University Street, Montreal, Quebec, Canada H3C 5H7.

- Advisory Circulars are intended to provide advice and guidance to illustrate a means, but not necessarily the only means, of complying with the regulations, or to explain certain regulatory requirements by providing informative, interpretative and explanatory material.
- Where a regulation contains the words “prescribed by the Authority,” the AC may be considered to “prescribe” a viable method of compliance, but status of that “prescription” is always “guidance” (never regulation).

1.7 DEFINITIONS & ACRONYMS

A. The following definitions are used in this advisory circular—

- 1) **Lease** Any agreement by a person (the lessor) to provide an aircraft to another person (the lessee) who will use the aircraft for compensation or hire purposes.

- A lease is not an agreement for the sale of an aircraft or a contract of conditional sale.
- In this AC, the term “lease” applies to the operational lease of an aircraft, not a finance lease.

- 2) **Dry lease.** Any agreement in which a lessor such as an air operator, bank, or leasing company—

- (a) Leases an aircraft without any crewmembers to an air operator (the lessee); and
- (b) Which the lessee is clearly authorized to integrate into its operations; and
- (c) Where the lessee is expected to assume all key AOC-related responsibilities for operational and maintenance arrangements.

For the purposes of aircraft leasing arrangements, the key AOC-related responsibilities are—

- Operational control to make the final decisions related to route of flight, actual departure times and need for and implementation of necessary diversions and those functions associated with flight locating, flight following and/or flight watch.
- Flight preparation requirements, including flight planning; operational flight plan and minimum fuel loading, calculations of mass and balance and performance; provision of adequate flight documentation.
- Maintenance control, including planning, deferring and performing of maintenance.
- Crew scheduling, including responsibility for crew duty, flight and rest periods
- Crew qualification, including responsibility for training, proficiency and currency requirements.
- Ground handling responsibilities, ensuring the proper loading, fueling and servicing of the aircraft.

- 3) **Wet lease.** Any agreement in which an air operator (the lessee) leases an aircraft from an Philippine AOC holder, foreign air operator, or other entity (the lessor) where the lessor—

- (a) Provides the aircraft;
- (b) Provides all of the required qualified crew members; and
- (c) Operates the aircraft; and
- (d) Retains all key AOC-related responsibilities.

- 4) **Damp lease.** Any agreement in which an air operator (the lessee) leases an aircraft from an Philippine AOC holder, foreign air operator, or other entity (the lessor) where the lessor—

- (a) Provides the aircraft;
- (b) One or more of the required crew members; and
- (c) Operates the aircraft; but
- (d) Does not discharge one or more of the key AOC-related responsibilities.

- 5) **Charter.** Any arrangement in which an individual, operator or organization, having passengers or cargo—
- (a) Engages a properly authorized AOC holder to provide all necessary services to transport these from one location to another;
 - (b) Does not operate the aircraft; and
 - (c) Does not assume any AOC-related responsibilities
- 6) **Interchange agreement.** Any agreement in which the operational control of an aircraft is transferred. by legal agreement—
- (a) From one AOC holder to another AOC holder;
 - (a) For repetitive short periods of time;
 - (b) In which the latter AOC holder assumes all key AOC-related responsibilities, except for performance and recording of maintenance.
- 7) **Operational control, operation of aircraft, or operate aircraft.** As broadly defined PCAR Part 8 means the use of aircraft, for the purpose of air navigation and includes the navigation of aircraft.
- ◆ Any person who causes or authorizes the operation of aircraft, with or without the right of legal control (in the capacity of owner, lessee, or other wise) of the aircraft, shall be considered to be engaged in the operation of aircraft.
- B. The following acronyms are used in this advisory circular—
- 1) **AC** – Advisory Circular
 - 2) **AOC** – Air Operator Certificate
 - 3) **AOC Holder** – A person or organization that has been granted an AOC by the CAAP
 - 4) **CAAP** – Civil Aviation Authority of the Philippines
 - 5) **CAB** – Civil Aeronautics Board
 - 6) **PCAR** – Philippine Civil Aviation Regulations

- “Charter” assumes that the specified operations will be one or multiple flights over a short period of time.
- Chartering is permitted on an ad-hoc basis between Philippine AOC holders with the same operational authorizations.
- Chartering with foreign AOC holders is NOT permitted unless the foreign operator has been granted authorization by CAAP to conduct operations to and from the Philippines carrying passengers and property for remuneration or hire.

Determination of operational control rests with the CAAP and shall be made in accordance with PCAR Part 8.

SECTION 2 GUIDANCE REGARDING ALL LEASING ARRANGEMENTS

2.1 PROJECT COORDINATOR

Most of these leasing arrangements projects involve both the assigned operations and airworthiness inspectors. As in all requests for an authorization from the CAAP, one person will be the project coordinator to ensure that the project is completed in a quality and timely manner.

- The project coordinator will normally be the assigned operations inspector.
- The assigned airworthiness inspector will be the project coordinator on those leasing arrangements that involve the dry-leasing of foreign-registered aircraft.

2.2 PRIOR CAAP AUTHORIZATION IS REQUIRED

- A. All leasing agreements and arrangements involving transportation of passengers and property for hire must be submitted to the CAAP for approval or acceptance prior to executing and implementing these arrangements.
- B. Operators are expected to anticipate their possible leasing arrangements and obtain prior authorization as far in advance of a proposed implementation date as possible.

2.3 PRE-SUBMISSION DISCUSSIONS WITH PARTIES

- A. Operators should be encouraged to discuss their proposed arrangements as early in the leasing process as possible.
- B. These discussions will ensure that the operator is fully aware of both the operations and airworthiness submission requirements and timelines associated with the acceptance of the aircraft leasing arrangements.
- C. These discussions will include a full briefing of the involved operators that includes the—
 - 1) Provision of the applicable advisory circular;
 - 2) Review of the definitions that are applicable to leasing and interchange;
 - 3) Amplification of the key AOC-related functions that apply to aircraft leasing;
 - 4) Required contents of the leasing agreement;
 - 5) Required supporting documents that must be submitted;
 - 6) General flow of events that will occur during the process; and
 - 7) The approximate timelines for completion of the process.

At least one of the discussions before the submission of the leasing "package," must be a formal meeting attended by the assigned operations and airworthiness inspector.

2.4 TIMELINES BEFORE APPROVAL DECISION IS MADE

- A. Short-term "charters" between two Philippine AOC holders with compatible operations approvals will generally be processed within 2+ working days.
- B. Wet-leasing between two Philippine AOC holders with compatible operational approvals will also be processed within 5+ working days.
- C. Wet-leasing with a foreign AOC holder to perform flights on behalf of an Philippine AOC holder may have some issues that will require a protracted approval process.
 - 10+ working days for those foreign AOC holders with prior approval to operate to/from the Philippines and have compatible operational authorizations with the Philippine AOC holder
 - 30+ working days for those foreign AOC holders without prior approval to scheduled commercial air transport services to/from the Philippines.
- D. Dry-leasing of an Philippine-registered aircraft of the same make, model and series currently approved for the lessee's fleet can require, depending on the number of differences between those aircraft—
 - 10+ working days for smaller air taxi aircraft
 - 25+ working days for aircraft of more than 5700 kg

Foreign operators must receive economic authority from the CAB before conducting third, fourth or fifth freedom commercial air transport flights to or from Philippine aerodromes.

- E. Dry-leasing of an Philippine-registered aircraft of a different make and model not currently approved for operations for the Philippine AOC holder can require a formal certification project, with timelines—
- 20+ working days for small air taxi aircraft
 - 35+ working days for aircraft of more than 5700 kg
- F. Dry-leasing arrangements of a foreign-registered aircraft for a Philippine AOC holder can require—
- 30+ working days for aircraft of the same make, model and series
 - 45+ working days for aircraft of make, model and series that has not previously been operated by the Philippine operator.

- See the Airworthiness Inspector manual for more specific guidance regarding these arrangements.
- These particular projects will require prior coordination and written agreements to ensure that both governments are clear as to the safety oversight roles and responsibilities.

2.5 INITIAL APPLICATION REVIEW

- A. As soon as possible after the formal submission of the leasing arrangements application documents, the assigned CAAP inspectors will conduct an initial review of the submission to ensure all required documents have been submitted and are complete for document conformance processing.
- B. The assigned inspectors may choose to have a meeting with the applicant at the time of formal submission.
- This is advantageous in situations where the number of application documents are expected to be few and the package can be accepted or rejected with minimal review requirements.
 - This practice is not advantageous when a larger number of application documents are expected, such as in wet-leasing with a foreign AOC holder or dry-leasing of a foreign-registered aircraft. In these cases, a separate initial application review meeting should be held with only CAAP personnel.

2.6 DOCUMENT CONFORMANCE EVALUATION

- A. Evaluation of an aircraft leasing agreement to determine which party has operational control is a critical function assigned to an operations inspector.
- B. Philippine regulations provide that the CAAP shall determine that a person has operational control if that person exercises authority and responsibility for a specified number of operational functions, such as—
- Assigning crewmembers for particular flights
 - Directly paying crewmembers for services, and
 - Initiating, diverting and terminating flights.
- C. The CAAP determination of whether the lessor or lessee has operational control will be made by the assigned operations inspector. Such determination will be based on a careful review of the lease agreement, and any other circumstances regarding the actual operation
- D. The CAAP has taken the position (concerning the safety regulations) that if a person leases an aircraft to another person and also provides the flightcrew, fuel, and maintenance, the lessor of the aircraft is the operator.

In cases where doubt or controversy exists, the CAAP shall also consider each of the key AOC-related responsibilities to ensure there is no confusion by either party or the CAAP.

This is in concert with positions taken by both European aviation authorities and the United States..

2.7 INSPECTION & DEMONSTRATION

2.7.1 WET LEASES BETWEEN PHILIPPINE AOC HOLDERS

- A. There is no requirement for an inspection or demonstration prior to authorizing the aircraft leasing arrangements.
- B. The assigned inspectors conduct inspections of either the first flight or early in the first week of such operations to ensure that all elements of the agreement relative to the key AOC-related responsibilities are being implemented properly

2.7.2 WET LEASES WITH FOREIGN AOC HOLDERS

- A. Normally, an "orientation" visit is planned and conducted at the foreign AOC holder's primary facilities, including operational and maintenance control organizations, aircraft maintenance records and flight crew to ensure that the foreign AOC holder is at least in compliance with ICAO Annex 6 and their CAA is providing safety oversight.
- B. The assigned inspectors will conduct this orientation visit as soon as a determination has been made that the leasing arrangements are going to be acceptable.

2.7.3 DRY LEASES WITH PHILIPPINE-REGISTERED AIRCRAFT

- A. No additional inspection will be required if the aircraft is the same make, model and series as aircraft currently operated by the lessee and there are no appreciable differences.
- B. Where appreciable differences exist, the assigned operations inspector will plan and conduct inspections of training-in-progress and the use of the documentation.
- C. A full formal certification will be required if the aircraft is a make and model not previously operated by the AOC holder.

Refer to AC 09-001, AOC Certification, regarding the conduct of a full formal certification process.

2.7.4 DRY LEASES OF FOREIGN-REGISTERED AIRCRAFT

- A. Some time will be required to make determination of the acceptability of the maintenance arrangements and formalize the arrangements with the lessor's CAA.
- B. When the maintenance arrangements are determined to be acceptable and an official agreement is reached with the lessor's CAA, the guidance included in paragraph 2.7.3 of this AC will apply.

2.7.5 FINAL CERTIFICATION ACTIONS

After determining that the leasing arrangements and all submitted documentation are satisfactory, the CAAP shall amend the master operations specifications of that AOC holder. The amendment to the operations specifications will contain the following information—

- The names of the parties to the agreement and the duration of the agreement
 - The make, model, and series of each aircraft involved in the agreement
 - The kind of operation
 - The expiration date of the lease agreement
 - A statement specifying the party deemed to have operational control
 - Any other item, condition, or limitation the CAAP determines necessary
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SECTION 3 APPLICATION FOR APPROVAL OF LEASE ARRANGEMENTS

3.1 ALL APPLICATIONS

The following documents must be provided with all applications involving aircraft lease or interchange—

Operators are encouraged to use the checklist provided in Appendix A to this circular when preparing the application submission package.

- 1) A complete copy of the aircraft lease agreement; and
- 2) An operator analysis showing how this leasing arrangement conforms with PCAR requirements.

3.2 WET LEASE APPLICATIONS BETWEEN PHILIPPINE AOC HOLDERS

The requirements of paragraph 3.1 apply to applications involving wet leasing between Philippine AOC holders.

3.3 WET LEASE APPLICATIONS WITH FOREIGN AOC HOLDERS

In addition to the requirements of paragraph 3.1, the following documents must be provided with applications involving wet leasing with foreign AOC holders—

- 1) A complete copy of the foreign operator's AOC and Master operations specifications;
- 2) A copy of the foreign operator's Aircraft Display operations specifications for the aircraft type to be operated;
- 3) A copy of the Philippine economic authorization for commercial air transport flights to and from the Philippines;
- 4) Copies of the foreign crew member's licenses and other required documents;
- 5) A copy of the foreign crew members training and qualification records to show that they are qualified and current;
- 6) Copies of each required aircraft document (CofR, CofA, Noise & Radio) for each aircraft the foreign operators will use for this lease;
- 7) A completed copy of the PCAR Part 10 Conformance Checklist.

The wet lease arrangements will not be approved for foreign AOC holders that have not yet been granted economic authority by the Philippine CAAP.

3.4 DRY LEASE APPLICATIONS (PHILIPPINE-REGISTERED AIRCRAFT)

In addition to the requirements of paragraph 3.1, the following documents must be provided with applications involving dry leasing of Philippine-registered aircraft—

Where the aircraft is not a make and model currently operated by the AOC holder, a full formal certification process as described in the AOC Administration Manual will be initiated.

- 1) A operator-generated copy of the conformity documents for the aircraft involved;
 - 2) An operator-generated assessment of aircraft differences (variances) from the current fleet;
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- 3) A copy of the Maintenance Program (and any necessary bridging information) applicable to the aircraft to be used;
- 4) A copy of the approved MEL to be used

The official copy of the aircraft maintenance records must be available at the AOC holder's facilities for review before operations may begin.

3.5 DRY LEASE APPLICATIONS (FOREIGN-REGISTERED AIRCRAFT)

- A. In addition to the requirements of paragraph 3.1, the following documents must be provided with applications involving dry-leasing of foreign-registered aircraft—

Where the aircraft is not a make and model currently operated by the AOC holder, a full formal certification process as described in the AC-12-001 will be initiated.

- 1) Copies of the validated licenses and other required documents issued by the State to the Philippine crew members to be used;
 - 2) A copy of the approved Minimum Equipment List to be used;
 - 3) A copy of the approved Maintenance Program (and bridging documents) for the aircraft to be used;
 - 4) A copy of the applicable Maintenance Control Manual for the aircraft to be used;
 - 5) A operator-generated copy of the conformity documents for the aircraft involved;
 - 6) An operator-generated assessment of aircraft differences (variances) from the current fleet;
- B. This situation will require an official agreement between the governments of the two countries involved—
- 1) Outlining each CAA's responsibilities with respect to State of the Registry and State of the Operator ICAO obligations; and
 - 2) Providing the CAAP worldwide access for inspection to the aircraft and crews involved.

The official copy of the aircraft maintenance records must be available at the AOC holder's facilities for review before operations may begin.

SECTION 4 CONTENTS OF THE LEASING AGREEMENTS

The following elements will be a part of all leasing agreements submitted for CAAP evaluation—

Operators are encouraged to use the checklist provided in Appendix A to this circular when preparing aircraft lease agreement.

- 1) The official names of the parties;
- 2) The official addresses of the parties;
- 3) The duration of the agreement, with specific start and expiration dates;
- 4) The make, model, series and registration numbers of each aircraft involved in the agreement;
- 5) An explanation of the type of operations that will be conducted by the lessee
- 6) The interchange points (interchange agreements only);
- 7) The specifications regarding which party has responsibility and authority for operational control, including the final decisions for initiating, terminating or diverting a flight;

- 8) The specifications regarding which party has the responsibility and authority for provision of aeronautical data, weather and flight planning and operational flight plan for the operation of the aircraft;
- 9) The specifications regarding which party has the responsibility and authority for provision of aircraft loading, computation of mass and balance and performance associated with each flight of the aircraft;
- 10) The specifications regarding which party has responsibility and authority for crew scheduling including assignment to duty and compliance with duty, flight and rest period requirements;
- 11) The specifications regarding which party has responsibility and authority for ensuring that crew training, proficiency and line checks, and currency requirements are met;
- 12) The specifications regarding which party has responsibility and authority for maintenance control of the aircraft involved;
- 13) The specifications regarding which party has responsibility and authority for planning, arranging, performing and deferring maintenance for the aircraft;
- 14) The specifications regarding which party has responsibility and authority for maintaining the official maintenance records for the aircraft involved;

The CAAP may specify additional elements for specific leasing agreements depending on the extenuating circumstances.

SECTION 5 ADDITIONAL INSTRUCTIONS: DRY LEASE AGREEMENTS

5.1 GENERAL GUIDANCE

- A. From any operational standpoint, dry lease of an aircraft by a Philippine AOC holder does not normally present a significant problem. Operational control of any dry leased aircraft rests with the operator lessee.
- B. In most dry lease agreements, the lessor is either a bank, a leasing company, or a holding company which has neither the operational expertise and infrastructure nor the desire to assume responsibility and liability for controlling daily operations of the leased aircraft.
- C. The air operator leasing the aircraft applies for an amendment of its operations specifications to list the leased aircraft. If an aircraft is dry leased from another operator, the lease agreement must be explicit concerning the maintenance program and Minimum Equipment List to be followed during the term of the dry lease.

5.2 MINIMUM REQUIREMENTS

- A. An AOC holder may be approved by the CAAP to dry lease an aircraft for the purpose of commercial air transportation provided that the following minimum conditions are met—
 - 1) The AOC holder provides the Authority with a copy of the dry lease agreement to be executed;
 - 2) The AOC holder has operational control of the aircraft during the period of the lease;
 - 3) Dispatch and/or flight watch functions are performed by the AOC holder;
 - 4) The flight and cabin crewmembers are trained, qualified and scheduled by the AOC holder; and
 - 5) The maintenance arrangements are acceptable to the Authority.
- B. At a minimum, the dry lease agreement shall be explicit concerning the—

- 1) Entity that has operational control, with the authority for initiating and terminating flights;
- 2) Responsibility for crew training, qualification and scheduling;
- 3) Maintenance and servicing of aircraft, including the Maintenance Program that will be used;
- 4) Minimum Equipment List that will be used;

5.3 DRY LEASING OF FOREIGN REGISTERED AIRCRAFT

- A. An AOC holder may be approved by the Authority to dry-lease a foreign-registered aircraft for commercial air transport in accordance with the regulatory requirements.
- The assigned airworthiness inspector will be the project coordinator for situations involving dry leases of foreign-registered aircraft.
- B. To be eligible for dry lease the foreign registered aircraft shall—
- 1) Have an appropriate airworthiness certificate issued, in accordance with ICAO Annex 8, by the country of registration and meets the registration and identification requirements of that country.
 - 2) Be of a type design which complies with all of the requirements that would be applicable to that aircraft were it registered in the Philippines, including the requirements which shall be met for issuance of a Philippine standard airworthiness certificate (including type design conformity, condition for safe operation, and the noise, fuel venting, and engine emission requirements).
 - 3) Be maintained according to a maintenance program approved by the State of Registry and acceptable to the Authority.
 - 4) Be operated by qualified crew members employed by the AOC holder.
- C. The Authority has determined the extent of the State of Registry's arrangements for continuing airworthiness and find that these arrangements are adequate for the type of operation;
- D. The Authority will have free and uninterrupted access, both in the Philippines and at any international location, to the—
- 1) Aircraft on the ramp and during flight time,
 - 2) Maintenance and operations facilities,
 - 3) Maintenance and operations personnel,
 - 4) Training facilities and simulators used
- E. The aircraft must be operated in accordance with the regulations applicable to Philippine AOC holders, and
- F. The maintenance arrangements must result in the aircraft always being in compliance with the State of Registry requirements and the maintenance requirements applicable to Philippine AOC holders.

SECTION 6 ADDITIONAL INSTRUCTIONS: WET LEASE AGREEMENTS

6.1 GENERAL GUIDANCE

- A. The term "wet lease" is a leasing agreement whereby a AOC holder agrees to provide an aircraft and required crewmembers to another air operator.
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- B. Philippine regulations require that no Philippine AOC holder may allow others to conduct wet-lease operations on its behalf unless the CAAP is advised and has found the arrangements to be acceptable.

6.2 PROCESSING WET LEASE AGREEMENTS

- A. This agreement should be immediately reviewed by the assigned operations and maintenance inspectors to assure that it is complete.
- B. The wet lease agreement shall be explicit concerning the—
- 1) Entity that has operational control, with the authority for initiating and terminating flights;
 - 2) Responsibility for crew training, qualification and scheduling;
 - 3) Maintenance and servicing of aircraft, including the Maintenance program that will be used;
 - 4) Minimum Equipment List that will be used;
- C. Following this review, the principal inspectors should make a written operational assessment of whether the lessor or the lessee will have operational control under the terms of the lease.
- D. When a determination of operational control is made, the CAAP will advise the AOC holder without delay.
- E. The lessor may be asked to submit any clarifying or supplemental information regarding the lease needed for making proper determination of operational control.

This decision must be recorded in writing and maintained in the CAAP files.

6.3 ADDITIONAL INSTRUCTIONS: DAMP LEASE AGREEMENTS

- A. The term "damp lease" is a leasing agreement whereby a AOC holder agrees to provide an aircraft and usually at least one crewmember to another air operator.
- B. The only apparent damp lease arrangements will be the use of Philippine cabin crew members on a foreign AOC holder. But even in that case, the foreign AOC holder must train and qualify the cabin crew in accordance with their procedure manuals and competency requirements.
- This action would make the cabin crew an integral part of the foreign AOC holders crews and would not really be a "damp" situation.

Damp lease arrangements are generally discouraged due to the confusion associated with the key AOC responsibilities

SECTION 7 ADDITIONAL INSTRUCTIONS: INTERCHANGE AGREEMENTS

7.1 GENERAL

- A. An interchange agreement is a subset of a dry lease agreement. An interchange agreement permits an air carrier to dry lease aircraft to another air carrier for short periods of time.
- B. The aircraft may be listed on the operations specifications of both common carriage operators at the same time.
- The registration markings of each aircraft must be listed on the operations specifications of each AOC holder.
- C. Philippine regulations require that each AOC holder obtain prior approval from the CAAP before it conducts any operation using any aircraft.

7.2 APPROVAL PROCEDURES

- A. Matters which are commonplace in the normal operations of an air carrier frequently present major problems in an aircraft interchange. Therefore, special emphasis must be given to the review, approval, and monitoring of this type of operation.
- B. The following direction and guidance is relevant when an application is received for an aircraft interchange—
- 1) Each air carrier party to an interchange agreement will submit an application for amendment of its operations specifications to the CAAP.
 - ◆ Each air carrier will submit a copy of the interchange agreement or a written memorandum of its terms as part of the application.
 - 2) Assigned inspectors will review the application and conduct the necessary evaluations and/or inspections to assure compliance with the PCARs.
 - ◆ The results of these reviews and inspections by the CAAP will be communicated to parties to the interchange agreement.
 - ◆ Close coordination between the concerned principal operations, maintenance, and avionics inspectors must be maintained.
 - 3) Important details may be overlooked, unless interchange operations are closely monitored.
 - ◆ For example, life rafts and emergency radios have been found improperly stowed during overwater flights on aircraft which have no provisions for their stowage.
 - ◆ In another example, an emergency radio was found unsecured on the flight deck where it could have created a hazardous condition in turbulent weather.
 - ◆ Equipment variances such as this and nonstandard cockpit arrangements of switches, instruments, and controls can be potentially dangerous unless effective training or corrective changes are accomplished before operation and are closely monitored thereafter.

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APPENDIX A

Application Checklist: Aircraft Leasing Arrangements

INSTRUCTIONS FOR USE:

The following is a list of questions to assist the applicant in submitting leasing arrangements to CAAP for review and approval.

- 1) Check YES column if the document or supporting information is a part of application..
- Check NA (not applicable) column, if the document or supporting information is not necessary to this specific application. The words "AOC holder" refer to a Philippine person authorized to operate aircraft in commercial air transport.

YES	NA	1	DOCUMENTATION SUBMITTED TO CAAP
		1.1	A complete copy of the leasing agreement was provided?
		1.2	An operator analysis was provided detailing how the leasing arrangements, particularly those between two operators, will be in conformance with the PCARs.
		1.3	For foreign air operators: A copy of the applicable AOC and operations specifications was provided?
		1.4	For foreign air operators: A copy of the Philippine economic authorization allowing commercial air transport operations to and from the Philippines was provided?
		1.5	Copies of the licenses and other required documents for the crew members to be used were provided?
		1.6	A copy of the crew training and qualification records was provided?
		1.7	Copies of each required aircraft document (CofR, CofA, Noise & Radio) are available?
		1.8	A copy of the aircraft maintenance records is available?
		1.9	A copy of the approved Minimum Equipment List was provided?
		1.10	A copy of the approved Maintenance Program (and bridging documents, if applicable) for the aircraft was provided?
		1.11	A copy of the applicable Maintenance Control Manual for the aircraft was provided?
		1.12	A copy of the documents showing the aircraft's conformity with applicable airworthiness requirements for the aircraft involved was provided?
		1.13	An operator-generated assessment of aircraft differences (variances) from the current fleet is provided?
		1.14	The necessary documentation authorizing the CAAP worldwide access for inspection to the aircraft and crews involved is provided?
YES	NA	2	CONTENTS OF THE LEASING AGREEMENT
		2.1	The official names of the parties are included?
		2.2	The official addresses of the parties are included?
		2.3	The duration of the agreement are included with specific start and expiration dates?

		2.4	The make, model, series and registration numbers of each aircraft involved in the agreement are included?
		2.5	An explanation of the type of operations that will be conducted by the lessee are included?
		2.6	The interchange points are included?
		2.7	The specifications regarding which party has responsibility and authority for operational control are included?
		2.8	The specifications regarding which party has the responsibility and authority for provision of aeronautical data, weather and flight planning and release are included?
		2.9	The specifications regarding which party has the responsibility and authority for provision of aircraft loading, computation of mass and balance and performance associated with each flight of the aircraft are included?
		2.10	The specifications regarding which party has responsibility and authority for crew scheduling are included?
		2.11	The specifications regarding which party has responsibility and authority for maintaining crew training, proficiency and line checks, and currency requirements are included?
		2.12	The specifications regarding which party has responsibility and authority for maintenance control are included?
		2.13	The specifications regarding which party has responsibility and authority for arranging maintenance for the aircraft are included?
		2.14	The specifications regarding which party has responsibility and authority for maintaining the maintenance records for the aircraft current form are included?
		2.15	All other items, conditions or limitations specified by the CAAP as necessary for this particular agreement are included?

End of Advisory Circular



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Director General

Date of Issue : **23 September 2011**