



## **GACA Regulation Circular No. R-20A-2014**

TO : GACA AIR OPERATOR CERTIFICATE HOLDER  
SUBJECT : AIRCRAFT LEASING

EFFECTIVE DATE: 01 July 2014

### **1. INTRODUCTION**

In accordance with the Civil Aviation Law of the Kingdom of Saudi Arabia (KSA) as approved by the Council Of Ministers Resolution No.185 dated 17/07/1426H and issued by the Royal Decree No. M/44 dated 18/07/1426H (23/08/2005G), and based on the authority granted in Article 179 of the Civil Aviation Law, the General Authority of Civil Aviation (GACA) of KSA has promulgated Civil Aviation Safety Regulations. The following Regulation is issued under the authority of the President of General Authority of Civil Aviation, as a duly delegated representative of the GACA Board of Directors, in accordance with Order No.T-41, dated 30/12/1429H (28/12/2008G).

### **2. PURPOSE**

- a. The purpose of this Regulation Circular (RC) is to provide the requirements for leased aircraft operations by a GACA Air Operator Certificate (AOC) holder issued under GACA regulations (GACARS).
- b. This RC specifically allows relief from GACA/FAR Section 119.53 (b) which states that:

*“No certificate holder under this part may wet lease from a foreign air carrier or any other foreign person or any person not authorized to engage in common carriage”*



### **3. GENERAL REQUIREMENTS**

- a. Unless authorized by the President, no holder of GACA AOC may conduct operations involving a wet or dry lease arrangement.
- b. Prior to conducting lease operations, the Lessee must provide the President—
  - (1) A copy of the lease agreement to be executed; or in case of dry lease, a power of attorney must be provided.
  - (2) The names of the parties to the agreement and the duration thereof; and
  - (3) The nationality and registration markings and aircraft serial number of each aircraft involved in the agreement.
- c. Unless otherwise authorized by the President, only leasing arrangements described in this RC are eligible for authorization.
- d. For lease arrangements involving foreign-registered aircraft, the AOC holder certificated under GACARS must provide the President with:
  - (1) All materials required under paragraph 3.b. of this section;
  - (2) A statement specifying which air operator (the Lessee or the Lessor) has operational control of all operational functions;
  - (3) A statement specifying which air operator (the Lessee or the Lessor) will be discharging all of the applicable airworthiness and maintenance responsibilities; and
  - (4) A statement of acknowledgement and consent to the lease agreement by the Civil Aviation Authority of the State of the Lessor. It should also state that GACA is authorized to conduct surveillance of leased aircraft operations within the Kingdom of Saudi Arabia.
- e. The President may refuse to authorize any lease agreement where he determines air safety may be adversely affected or if the lease agreement is not deemed to be in the public interest.
- f. Upon approval of the lease agreement, the President issues amendments to Operations Specifications for AOC or Operating Certificate (OC) holder issued under GACARs.



#### **4. DRY LEASE**

- a. A GACA AOC holder may dry lease a Saudi Arabian registered aircraft to or from another GACA AOC holder. In this case, the Lessee must become the operator of the aircraft and be qualified and authorized by GACA to conduct operations with that aircraft type.
- b. A GACA AOC holder certificated under GACAR Part 119 may dry lease a foreign registered aircraft from an entity/holder of an AOC issued by an ICAO Contracting State. In this case, the Lessee must become the operator of the aircraft and be qualified and authorized by GACA to conduct operations with that aircraft type.
- c. A GACA AOC holder certificated under GACAR Part 119 may dry lease an aircraft from an ICAO contracting state AOC holder and has an option to operate under the ICAO Article 83bis agreement if mutually agreed between the State of Registry and GACA.
- d. A GACA AOC holder must ensure that, with regard to aircraft that are dry leased—
  - (1) The aircraft complies with and is equipped with all applicable requirements for the intended commercial operations;
  - (2) The aircraft is maintained in accordance with the applicable airworthiness requirements; and
  - (3) The aircraft is operated in compliance with the applicable regulations.

#### **5. WET LEASE**

- a. A GACA AOC holder certificated under GACAR Part 119 may wet lease an aircraft to or from another AOC holder certificated under GACAR Part 119. In this case, the Lessor must remain the operator of the aircraft.
- b. A GACA AOC holder certificated under GACAR Part 119 may not wet lease an aircraft to any foreign air operator.



c. A GACA AOC holder certificated under GACAR Part 119 may wet lease an aircraft from an ICAO Contracting State AOC holder provided that:

- (1) No holder of an AOC issued by the GACA may be authorized to base its operations entirely on wet leasing;
- (2) Except as provided in c.(3) of this section, no holder of an AOC issued by the GACA may be authorized to engage in any wet-lease arrangement unless two years have elapsed since the date of initial issuance of the AOC. The AOC holder must have been active during the two years with no major deficiencies related to safety standards applicable to its operations;
- (3) When authorized by the President; the two years limitation stated above may be waived and the AOC holder may be allowed to wet lease from any AOC holder under the following circumstances:
  - i. For a maximum of one hundred and twenty (120) days during Hajj season;
  - ii. For a maximum of thirty (30) days, when seasonal demands or Government Directive dictates an increase in lifting capacity; or
  - iii. Upon showing acceptable evidence to the GACA President that wet leasing would be most desirable to avoid operational constraints against public interest.
- (4) Damp leases shall not be allowed. Only Lessor's employed crewmembers (Cockpit and Cabin) may operate the Lessor's aircraft that is subject to the lease agreement;
- (5) The Lessor must be the direct operator of the leased aircraft; the Lessor must not use an aircraft, under a lease agreement with a GACA AOC holder, which is wet-leased to it from another operator or party;



- (6) The Lessor, the Lessor's aircraft and/or the State of the Lessor must not have any outstanding records of significant safety findings/major deficiencies reported by ICAO or an ICAO Contracting States, i.e. GACA, EASA, FAA,... Etc.
- (7) With regard to aircraft used in wet lease operations, all aircraft must be registered with the State of the Operator (Lessor);
- (8) With regard to aircraft used in wet lease operations, the aircraft must not be more than twenty (20) years of age during the leased period;
- (9) Leased aircraft cannot be included in two different AOC holders Operations Specifications at the same time; and
- (10) Wet leased aircraft must comply with GACA's Signs and Placards Language Requirements.

## **5.1 OBLIGATION OF THE LESSOR**

- a. The Lessor, when conducting operations on behalf of the Lessee, must conduct such operations in accordance with the applicable rules and regulations of its AOC, Operations Specifications, limitations of the approved lease agreement, and the applicable GACARs whichever is more restrictive.
- b. For the purpose of the initial positioning, repositioning for maintenance or at the termination of the lease contract of an aircraft, the Lessor, through the Lessee, must obtain applicable permissions/authorizations from GACA to fly subject aircraft to/from the Kingdom of Saudi Arabia.
- c. The request should be addressed to the Principal Operations Inspector.

## **5.2 OBLIGATION OF THE LESSEE**

- a. Before engaging in a wet lease agreement, the national air carrier (Lessee) must ensure the following:
  - (1) The Lessor holds a valid AOC issued by an ICAO Contracting State that authorizes operations specified in the lease agreement;



- (2) The safety standards and their implementation by the Lessor and its State CAA with respect to aircraft operations and maintenance are equivalent to those of GACA;
  - (3) The Lessor must have been a commercial air operator for a minimum of three years and must have conducted that type of operation within the preceding ninety (90) days to the lease operation;
  - (4) The Lessor's Operations Specifications contain approvals/authorizations to conduct operations to airports, routes and area of operation required by the Lessee;
  - (5) The designated aircraft have the necessary approvals and equipment required to operate the proposed routes;
  - (6) The Lessor is implementing the Lessee Aviation Security Program;
  - (7) Assigned cockpit crewmembers are route qualified, where applicable; and
  - (8) The Lessee restricts the wet leased aircraft to non-scheduled operations.
- b. The Lessee must conduct pre-audits/inspections of the Lessor's base facilities and systems to ensure that safety standards of the Lessor with respect to maintenance and operations are at least equivalent to the GACA requirements.
- c. The Lessee shall ensure that the Lessor's operations personnel, involved in operations under a lease agreement, receive training or familiarization in at least the following:
- (1) Applicable sections of the Lessee's Operations Specifications; specifically operations to designated special airports and operations at uncontrolled airspace/airports; and
  - (2) Applicable sections of the Saudi Arabian Aeronautical Information Publication (AIP).

NOTE:

Compliance with the c.(1) and c.(2) requirements above must be documented and kept with the Lessee.

- d. The lessee clearly designates a manager who is responsible for the entire wet lease operations.





## **6. GACA APPROVAL PROCEDURES**

At least twenty (21) calendar days prior to the intended wet lease operations, the Lessee must submit the following to the Principal Operations Inspector:

- a. A certified true copy of the lease agreement with details of the lease, including a clear statement that the Lessor maintains operational control. Additionally, the agreement should contain at least the following:
  - (1) The Lessor and Lessee are properly identified;
  - (2) Each aircraft make, model, registration and serial number;
  - (3) The applicable airworthiness code and the regulations under which the aircraft will be maintained;
  - (4) The maintenance/inspection program that will be utilized;
  - (5) The organization which will maintain the aircraft;
  - (6) The routes on which it is proposed to operate, including a description of the operation; and
  - (7) The period (s) and start/termination dates of each period.
- b. An official statement from the Lessor's CAA addressing to the GACA its consent to the leasing arrangements and indicating that it would continue to perform its oversight responsibilities of the Lessor's operations under the lease agreement;
- c. A certified true copy of the Lessor's Air Operator Certificate;
- d. A copy of the Lessor's Operations Specifications;
- e. A copy of C of A, C of R, Radio License, Noise Certificate;
- f. Appropriate Insurance coverage for the contract period;
- g. A list of pilots names, license numbers and license validity date;
- h. A list of names of all maintenance personnel, license numbers and license validity date who will be maintaining the aircraft during the period of the lease;
- i. Name and contact details of the Lessor's CAA official who is responsible for the oversight functions of the Lessor;
- j. The result of pre-contractual agreement audits/inspections;



- k. The Lessee's method for conducting pre-audits, and continued surveillance on the Lessor operations including reporting intervals to GACA; and
- l. Any other document/data that may be requested by GACA Principal Operations Inspector or Principal Maintenance Inspector.

## **7. REMOVAL FROM OPERATIONS SPECIFICATIONS**

The Lessee must submit the following to the Principal Operations Inspector;

- a. A request to remove the aircraft from the AOC holder Operations Specifications indicating the reason for termination at least ten (10) days before terminating the lease agreement;
- b. A statement declaring that the Lessee LOGO and marking will be removed from the aircraft before departing out; and
- c. Within ten (10) days after leased aircraft is removed from AOC holder Operations Specifications, the Lessee must provide statement that aircraft has departed out.

## **8. CONTINUED RESPONSIBILITY OF THE LESSEE**

The Lessee must show that it will:

- a. Maintain liaison with the Lessor and monitor its performance and overall safety records;
- b. Perform Continued Monitoring and Surveillance Program to ensure Lessor's continuous compliance with applicable regulations and standards;
- c. Maintain copies of trip records, load manifests, General Declarations and maintenance records which relate to flight operations and maintenance. These records must be made available for GACA inspections and reviews when requested;
- d. Monitor the overall safety status of the Lessor;
- e. Provide feedback to GACA on:
  - (1) The result of Continued Monitoring and Surveillance Program;
  - (2) Operational constraints;
  - (3) Incidents, accidents or occurrences; and





- (4) Whenever a decision is taken to remove an aircraft on the basis of observed deficiencies or short comings in the Lessor's performance.

## **9. GACA OVERSIGHT OF THE LEASED AIRCRAFT OPERATIONS**

The GACA Operations and Airworthiness Inspectors will perform oversight activities including flight observations if deemed necessary after coordination with the lessor's civil aviation author. Findings, if any, will be communicated to designated persons of the Lessor, Lessee and the concerned CAAs.

Based on the nature of the finding, corrective actions and/or preventive measures; GACA may accept or reject continued operations of the Lessor or any of its personnel or designated aircraft involved in the lease agreement.

This Circular supersedes Circular R-20-2010 and is published at GACA official website:

**<http://www.gaca.gov.sa>**

Any inquiries or feedback concerning GACA Regulations shall be addressed to Asst. Vice President Safety & Air Transport, Fax No. +966 12 685 5284.

Fahad Bin Abdullah M. AlSaud  
President of General Authority of Civil Aviation  
Kingdom of Saudi Arabia