



Barbados Civil Aviation
Department

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AIRWORTHINESS

ADVISORY

CIRCULAR

WET LEASE ARRANGEMENTS

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PURPOSE

1. (1) The purpose of this Advisory Circular (AC) is to provide guidance on the requirements for wet lease operations by a national air operator. This AC is specific to wet lease operations and deals generally with all lease and interchange arrangements.

GENERAL

2. (1) Under the Civil Aviation (Air Operator Certification & Administration) (AOC&A) Regulations, a wet lease is defined as a contractual agreement where a leased aircraft is operated by the flight crew members of the lessor. In a wet lease the lessor normally exercises operational control of the aircraft. Usually the wet lease situation means the aircraft should be operated under an AOC issued by the civil aviation authority (CAA) of the State of Registry of the aircraft.

(2) Where an aircraft is operated under an AOC of a particular State but is under wet lease by an operator who also holds an AOC from another State, serious questions arise in determining whether the lessor or the lessee is actually responsible for the operation and for compliance with the applicable safety regulations.

(3) Normally the decision on whether the lessor or the lessee is responsible for the safety of the operation would be made by the Civil Aviation Authority (CAA) responsible for the lessee's AOC. Consultation and coordination with CAA counterparts assigned to work with the lessor of the aircraft are important factors in this decision process. The decision must be made on whether the aircraft should remain on the lessor's AOC and related operations specifications or be removed and placed under the operating authority of the lessee.

(4) Even when it is determined that the lessor is in fact the responsible party under the lease, the CAA of the State of Registry may conclude that it is unable to carry out its oversight responsibilities under its national laws or the Convention for the operation of a wet leased aircraft utilized under the authority of an AOC issued by another State.

(5) In some instances the registered owner of an aircraft involved in a wet lease may not possess an AOC from the State of Registry or may have no experience or knowledge about aircraft operations. Difficult questions arise when such an owner wishes to lease his aircraft to an operator of another State who has been granted an AOC by his State to operate, using the leased aircraft. In such cases the same questions and problems regarding the responsibilities of the operator and State need to be addressed and resolved.

(6) Other practical safety problems can develop in wet lease operations with respect to whether the lessee's cabin crew can be used in the operations. In such a situation, the lessee's cabin crew may not be familiar with the aircraft and associated emergency equipment and would not have received necessary training including coordination training with the lessor's flight crew, with respect to their emergency duties on such aircraft. In addition, they may have no idea of the State of Registry's requirements with respect to duty time limitations and the performance of their duties and responsibilities aboard the wet leased aircraft.

WET LEASE AGREEMENTS

General Requirements

3. (1) AOC&A Regulation 28 and Standard 3.7 prescribe the requirements for wet lease operations. Under AOC&A Regulation 28 a national air operator is prohibited from conducting wet lease operations on behalf of another air operator except in accordance with the applicable laws and regulations of the country in which the operation occurs and the conditions imposed by the BCAD. Furthermore, a national air operator is prohibited from allowing another air operator to conduct wet lease operations on his behalf unless this is approved by the BCAD. Such approval is conditional upon the following:

- (a) The safety standards of the lessor with respect to maintenance and operations are at least equivalent to the Barbados Civil Aviation Regulations;
- (b) The air operator holds an Air Operator Certificate or its equivalent from a Contracting State that authorizes those operations; and
- (c) The aircraft has an Airworthiness Certificate issued in accordance with Annex 8 to the Chicago Convention.

(2) Before embarking on a wet lease agreement, an operator should establish that:

- (a) The lessor's operations specifications include the area of operation required by the operator;
- (b) The designated aircraft have the necessary approvals and equipment required to operate the proposed routes;
- (c) Assigned crews are route qualified where applicable.

(3) The lessee is required to submit a copy of the lease agreement or a written memorandum of the terms of the lease to the BCAD for processing. Where the wet lease agreement involves only flight crew, the lessee must ensure that his cabin crew receive the required training with respect to their cabin safety and emergency duties on such aircraft by the lessor's AOC holder who will also provide training records of such training. This training must include crew coordination training with the lessor's flight crew. In addition, cabin crew must be made aware of the State of Registry's requirements with respect to duty time limitations and the performance of their duties and responsibilities aboard the wet leased aircraft. Because of these complications, the preferred option is a wet lease with a complete crew. The lessee may arrange for a cabin crew member or other airline representative to act as a public relations person on the wet lease operations to represent the image of the airline as required. That person will not be considered a member of the cabin crew.

(4) The lease agreement or written memorandum, will be reviewed by the BCAD to ensure completeness. The BCAD inspectors will also make an operational assessment of the ability of the lessor to maintain operational control under the terms of the lease.

(5) The lessor will be asked to submit the following information regarding the lease for a proper determination to be made on operational control:

- (a) A copy of his Air Operator Certificate;
- (b) A copy of his Operations Specifications;
- (c) A list of the aircraft registration of all the aircraft which will be used in the wet lease operations;
- (d) A list of pilots names, licence numbers and licence validity date;
- (e) A list of names of all maintenance personnel who will be maintaining the aircraft during the period of the lease;
- (f) Name of contact person at lessor's CAA;
- (g) An official letter from the lessor's CAA to the BCAD that they are aware of the leasing arrangements and assume oversight responsibility for the operations under ICAO Annexes 1, 6 and 8;
- (h) A copy of the lease agreement with details of the lease, including a clear statement that the lessor maintains operational control.

Pre-Approval Wet Lease By The BCAD

4. (1) An operator may apply to the BCAD for pre-approval of a wet lease. This has the advantage of operating flexibility for the operator and minimum delay in obtaining approval in the event of an actual requirement for extra lift or for a substitute aircraft. The operator may be able to have wet lease agreement with other operators for seasonal extra lift, or a short notice request for flights. In such situations a pre-approval may be granted by the BCAD subject to the operator submitting an application with details of the operator and the required supporting documents described in this AC. A pre-requisite is that the State of the lessor should be an FAA Category One State. Where the State of the lessor is the USA, an EASA State or Canadian, the process may be simply a table-top exercise. On the other hand, where there is any doubt about the safety standards of a State, the BCAD may require a full assessment of the safety standards of the State of the lessor, which may include a formal audit of the lessor's AOC holder.

Determination of Operational Control

5. (1) AOC&A Regulations provide that the BCAD will determine which party to a wet lease agreement has operational control considering the extent and control of certain operational functions such as-

- (a) Initiating and terminating flights;
- (b) Maintenance and servicing of aircraft;
- (c) Scheduling crew members;
- (d) Paying crew members; and
- (e) Training crew members;

(2) The BCAD has taken the position (concerning the safety regulations) that if a person leases an aircraft to another person and also provides the crew, fuel, and maintenance, the lessor of the aircraft is the operator and therefore should maintain operational control.

Amending Operations Specifications

6. After it has been determined which party has operational control, each AOC holder shall have his operations specifications amended (see example paragraph D13 of operations specifications at Appendix A). The amendment to the operations specifications will contain the following information:

- (a) The names of the parties to the agreement and the duration of the agreement;
 - (b) The make, model, and series of each aircraft involved in the agreement;
 - (c) The kind of operation;
 - (d) The expiration date of the lease agreement;
 - (e) A statement specifying the party deemed to have operational control; and
 - (f) Any other item, condition, or limitation the BCAD determines necessary.
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APPENDIX A

EXAMPLE OPERATIONS SPECIFICATIONS

D13. Aircraft Wet Lease Arrangements (AOC&A Reg. 28 and Standard 3.7)

a. When the holder of these operations specifications has operational control: The air operator shall conduct operations with the aircraft in accordance with the wet lease agreements identified in the following table. All operations conducted under the wet lease agreements shall be conducted in accordance with the authorizations, limitations, and provisions of these operations specifications and the terms and conditions of the appropriate wet lease agreement. The air operator shall at all times be responsible for and maintain the operational control and airworthiness of the aircraft identified in the lease agreements. The nationality and registration numbers of the aircraft to be used in the wet lease agreement shall be identified in Paragraph A004 of these operations specifications. Except as provided in subparagraph b. below the air operator shall not conduct, nor be a party to, operations under these operations specifications with aircraft under any other wet lease agreement.

Names of the Parties to the Wet Lease Agreement(s)		Aircraft Type	Aircraft Registration No.	Aircraft Serial Number	Date of BCAD Approval	BCAD Approval Expiry Date	Date Lease Executed	Date Lease Expires
Lessor	Lessee							

b. When the holder of these operations specifications does not have operational control: For the purpose of this subparagraph, the other party to the wet lease agreement has operational control. The other party shall at all times be responsible for and maintain the operational control and airworthiness of the referenced aircraft for each wet lease agreement identified in the aircraft list in the table below. The air operator does not have operational control of any operation conducted by the other party under this subparagraph. The air operator is authorized to exercise the wet lease agreements identified in the following table. Except as provided in subparagraph a. above the air operator shall not conduct, nor be a party to, operations under these operations specifications with aircraft under any other wet lease agreement.