

# The Cayman Aircraft Register: A Transition Register - A Safe Place for Temporary Registration of Commercial Aircraft

## Register of Private Aircraft

The Cayman Islands aircraft register has become well known as a register for aircraft which are privately owned and operated. Their high standards and insistence on compliance with international safety standards have served them well and they can boast a quality fleet on their register comprising owners and managers of corporate aircraft which include Airbus and Boeing Business Jets, Cessna Citation, Gulfstream and Embraer.

## Register of Commercial Aircraft

Although primarily known as a register of privately owned and operated aircraft, the registry has also had significant success in relation to the registration and oversight of commercial aircraft (used for scheduled airline services and charters) where they have built up a strong reputation in certain specific circumstances.

The Civil Aviation Authority of the Cayman Islands (the "CAACI") has been able to open its register to commercial operators in addition to private owners of aircraft, to allow the registration of commercial aircraft through the issuance of Cayman Islands air operators' certificates and also pursuant to its agreement with the General Authority of Civil Aviation of Saudi Arabia, in place since 2006, also known as an Article 83bis Agreement.

## Register of Aircraft in Transition

The CAACI offers an innovative solution to lessors and financiers requiring a reputable register to facilitate the temporary registration of aircraft which are in between leases or which have been repossessed. The CAACI will facilitate the temporary registration of an aircraft on the Cayman Islands aircraft register (the "Aircraft Register") until the lessor or financier is ready to return the aircraft to operational service, be that by remarketing of the aircraft, sale, storage or otherwise.

Many lessors welcome this offering as an attractive option to protect the asset on a highly respected aircraft register, by a registry which will work proactively with the lessor or the financier to ensure that the aircraft is maintained and its certificates kept up to date thereby preserving the value of the asset. Such a process will also ensure a smooth and efficient deregistration process as well. The seamless transition both on and off the register is crucial for the CAACI.

The Maples Group can advise in relation to the registration process and we have an excellent working relationship with the CAACI which ensures quality service and a seamless registration and deregistration process.

The CAACI offers a quick and efficient registration service which is cost competitive and provides robust security to financiers and most importantly understands the significance of an

efficient deletion process as well.

At the conclusion of the registration process a Certificate of Registration is issued to the registered owner of the aircraft, who must be a "Qualified Person" (as defined in the Air Navigation (Overseas Territories) Order 2013). A Qualified Person includes companies or undertakings formed in the European Economic Area State and the typical Cayman Islands exempted limited liability company or Cayman Islands limited liability company set up for asset finance transactions.

For aircraft under a repossession scenario, the aircraft will remain on the Aircraft Register during the repossession period and may be to the financier's registered security interest. In support of this interest the CAACI will make arrangements for appropriate flight authorities to enable any required repositioning ferry flights.

One of the most attractive features of the Aircraft Register is the dual system for registration of aircraft mortgages. Registration under the Convention on International Interests in Mobile Equipment signed in Cape Town on 16 November 2001 (the "Convention") and the Protocol to the Convention on Matters Specific to Aircraft Equipment (the "Protocol") adopted by the Secretariats of International Civil Aviation Organisation ("ICAO") and the International Institute for the Unification of Private Law ("UNIDROIT"), and adopted pursuant to Resolution No. 1 of the Final Act of the Diplomatic Conference to adopt the Convention and the Protocol under the auspices of ICAO and UNIDROIT at Cape Town from 29 October to 16 November 2001 ("Cape Town Convention"). The Convention and the Protocol are read and interpreted together as a single document as required by Article 6(1) of the Cape Town Convention and reference to the Convention in this article includes the Protocol is permitted as the Cape Town Convention now applies to the Cayman Islands.

Where the Cape Town Convention applies (i.e. the aircraft meets the minimum requirements and

the international interest constituted under the mortgage is registrable under the Cape Town Convention), filings may be made with the [International Registry] in the usual way.

Alternatively, registration on the Mortgages Register maintained by the CAACI (the "Mortgages Register") pursuant to the Mortgaging of Aircraft Regulations 2015 (the "Regulations") may be effected. The Regulations, among other things, offer a system for obtaining priority for a security interest and protection from de-registration of an aircraft without the registered mortgagee's consent. An interest on the Mortgages Register would be trumped by a Cape Town registered interest and certain other interests (such as possessory liens) as outlined in the Regulations. However a mortgagee can take comfort from the fact that in the event a Cape Town registration is unavailable, a fallback regime for priority and perfection exists and is well established. In addition some financiers take advantage of the dual registration system and make filings on the International Registry, where this is possible, in concert with filings with the CAACI in relation to aircraft mortgages.

Once the aircraft is remarketed or parties are otherwise able to proceed to the next phase following repossession, the aircraft may be de-registered from the Aircraft Register and re-registered on an alternate register as may be required for commercial operation. The de-registration process is simple and low cost and can be completed on a same day basis.

For the above reasons, the Aircraft Register provides a welcome solution to lessors and financiers looking for a practical, cost effective and secure register on which to park title to aircraft during repossessions.

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## About the Maples Group

The Maples Group is a leading service provider offering clients a comprehensive range of legal services on the laws of the British Virgin Islands, the Cayman Islands, Ireland, Jersey and Luxembourg and is an independent provider of fiduciary, fund services, regulatory and compliance, and entity formation and management services. We advise on the ownership structuring, registration and delivery of corporate and private jets and helicopters and offer dynamic, customised fiduciary and corporate administration solutions for every business need. Our aviation finance specialists also have extensive experience in commercial aviation transactions, including leasing, acquisition, financing, sale and leaseback, securitisation, IPO and the establishment of leasing platforms. Our global network of lawyers and industry professionals are strategically located in the Americas, Europe, Asia and the Middle East to ensure that clients gain immediate access to expert advice and bespoke support, within convenient time zones.

## About CAACI

The CAACI has full designation for safety oversight as a UK OT, and is one of only three OTs to enjoy such delegation. The CAACI is responsible for both technical and economic regulation of the Cayman Islands' aviation industry. In addition, the Cayman Islands is classified as Category 1 by the USA Federal Aviation Administration under their "International Aviation Safety Assessments" programme that evaluates a country's civil aviation authority's ability to effectively regulate its aviation industry. The requirement for such rating lies with the CAACI being assessed as having technically qualified and highly experienced staff to effectively

oversee the aviation industry in accordance with established standards and recommended practices of the International Civil Aviation Organisation (ICAO).

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