



Aircraft registration in the Cayman Islands: temporary registration of aircraft in transition

Service area / [Banking and Finance](#)

Location / [Cayman Islands](#)

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The Cayman Islands aircraft register is maintained by the Civil Aviation Authority of the Cayman Islands (CAACI) pursuant to the Air Navigation (Overseas Territories) Order, 2013 (as amended). Aircraft may be registered in the commercial category or in the private use category. Secondary legislation, the Air Navigation (Fees) Regulations, 2010, expressly contemplates the short-term registration of aircraft in the Cayman Islands i.e. at the time of registration the registered owner expects to transition the aircraft to a new operator or owner within a short period (typically less than 12 months) that will result in cancellation of the registration in order to re-register the aircraft in another jurisdiction. This registration option is commonly used by leasing companies for interim registrations of aircraft between leases including for cases in which aircraft are returned early or re-possessed as a result of an unanticipated event such as the insolvency of the lessee.

Who is eligible to register an aircraft in the Cayman Islands?

Natural and legal persons that fall in the following categories are eligible to register an aircraft in the Cayman Islands:

- the Crown in right of Her Majesty's Government in the United Kingdom or in right of the Government of the Territory (Cayman Islands);
- United Kingdom nationals;

- Commonwealth citizens (which includes citizens of the Cayman Islands);
- nationals of any European Economic Area State;
- bodies incorporated in any part of the Commonwealth and which have their registered office or principal place of business in any part of the Commonwealth; or
- undertakings formed in accordance with the law of an European Economic Area State and which have their registered office, central administration or principal place of business within the European Economic Area.

An aircraft can be registered either on the basis that an eligible person is the legal owner of the aircraft or on the basis that such a person is the lessee (a charterer by demise) of the aircraft. If the existing ownership or leasing arrangements do not satisfy the eligibility requirements then a common solution is to lease (or sub-lease) the aircraft to a Cayman Islands limited company that is incorporated solely for such purpose. Such a company can be incorporated within 1-2 business days upon payment of government fees and associated costs of approximately US\$1,000. The annual costs to keep such a company in existence can be limited to the annual government fee (approximately US\$854) and the cost of contracting a corporate services provider to act as the registered office for the company (typically US\$1,400 – 1,800 per year).

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Regulatory oversight and return to service

The CAACI, in coordination with Air Safety Support International (a wholly-owned, subsidiary company of the UK Civil Aviation Authority that is responsible for supporting local authorities with respect to aviation safety regulation in the British Overseas Territories) administers a code of aviation regulation that has been structured to take into account the structure of the regulatory codes promulgated by EASA, Transport Canada Civil Aviation and the US FAA. This facilitates return to service of the aircraft at the end of the transition period as the CAACI is able to manage aircraft certification (including approval of modifications required for re-configuring aircraft between leases) for reliable acceptance by those other regulatory authorities and by the authorities of other jurisdictions that have developed codes based on the EASA, Transport Canada Civil Aviation or US FAA models.

Process for registration

The CAACI uses an online portal through which applicants may file a registration application. For the first phase of the application process the application is filed containing details of the aircraft together with due diligence information concerning the prospective registered owner including, in the case of a corporate entity, information as to the ultimate beneficial owner/s and an overview of its business. Once the CAACI has assessed the information provided and is satisfied that the application can proceed then for phase 2 of the process the applicant will be required to submit technical records and information in respect of the aircraft and its operations. The applicant will also need to coordinate with the CAACI for a survey of the aircraft to be completed and that survey will generally be completed by a surveyor employed by the CAACI. Upon satisfactory completion of the survey, payment of all fees due to the CAACI and subject to cancellation of the registration of aircraft in the existing state of registry the CAACI will issue the certificate of registration for the aircraft, the certificate of airworthiness and all other documents and approvals to enable the flight operations of the aircraft.

Registration fees

The fees payable to register an aircraft in the Cayman Islands are set out in the Air Navigation (Fees) Regulations, 2010 (the "**Regulations**"). With respect to the registration of an aircraft during a transition period the Regulations provide that the fees may differ from the fees that would be payable in respect of a permanent registration and may be such amount as is agreed between the owner and the Director-General of Civil Aviation.

Based on our experience of assisting lessor clients with the interim registration of aircraft in the period between the redelivery from one lessee until the delivery to a new lessee the CAACI has demonstrated that in appropriate cases (having regard to factors such as the aircraft type, estimated transition

period and the CAACI's familiarity with the business of the applicant) the fees applicable to such "in transition" registration can reflect a discount to the fees that are set out in the Regulations for permanent registration.

Protection of interests pursuant to the Cape Town Convention

The Convention on International Interests in Mobile Equipment concluded in Cape Town, South Africa on 16 November 2001 and the aircraft protocol to the Convention on matters specific to aircraft equipment (together, the "**Convention**") came into force in the Cayman Islands on 1 November 2015.

In the context of an interim registration of an aircraft in the Cayman Islands, the implementation of the Convention in the territory means that any party who has an interest or right in an aircraft pursuant to the Convention prior to such period of registration should continue to have the same rights and remedies pursuant to the Convention in respect of that interest or right as that party would have had prior to such period. In addition, as a declaration has been made under Article XXX(1) of the Convention that Article XIII will apply with respect to the Cayman Islands, a debtor (as defined in the Convention) may issue an irrevocable de-registration and export request authorisation (an "**IDERA**") in respect of an aircraft that is registered in the Cayman Islands. The CAACI is required to record an IDERA that is submitted to it for recording and the person in whose favour the IDERA is issued (the "**authorised person**") will have the rights and remedies described in the Convention (which will typically include being the sole person that is entitled to procure the cancellation of the registration of the aircraft). The CAACI has demonstrated on a number of occasions that it will promptly respond to appropriate requests from the authorised person with respect to an aircraft registered in the territory.

Proposed tailored solutions for leasing companies

The CAACI has announced that it intends to develop its existing online portal to offer increased functionality to aircraft leasing companies to facilitate such companies registering their aircraft on the Cayman Islands register. One key proposed feature is that qualifying leasing companies will be able to pre-clear legal and financial due diligence requirements for the registration of aircraft with the objective that aircraft registration should be achieved within 1-2 business days provided all necessary documents are submitted and fees paid.

Please note that this article is part of the Carey Olsen Aviation Bulletin 2019/2020 series.

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Key contacts

For further information or professional advice please contact our lawyers below:



Richard Munden

Partner

D +1 345 749 2026

E richard.munden@careyolsen.com

Richard advises on a wide range of corporate and finance transactions with particular expertise in aviation finance, including ABS and EETC transactions, and other asset finance matters. He also specialises in financing for hedge funds and private equity funds, debt capital market transactions, equity issues and joint venture and shareholder arrangements across a wide range of industries.

Career

Richard joined Carey Olsen in 2018 and has practised in the Cayman Islands since 2008. He previously worked as a partner at another offshore law firm in the Cayman Islands where he headed up the asset finance practice.

Prior to moving to the Cayman Islands, he was general counsel and Head of Fleet of Vueling Airlines, responsible for leading the airline's aircraft finance and leasing program and manufacturer negotiations. Before his in-house role Richard was part of the finance group at Freshfields Bruckhaus Deringer in London and Madrid. He specialized in cross-border asset finance, bilateral and syndicated lending and project finance for clients including banks, airlines, leasing companies and other large corporates.

Richard was admitted as a solicitor of the Supreme Court of England and Wales in 1999 and as an attorney in the Cayman Islands in 2008.



FIND US

Carey Olsen
PO Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands

T +1 345 749 2000

E cayman@careyolsen.com



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