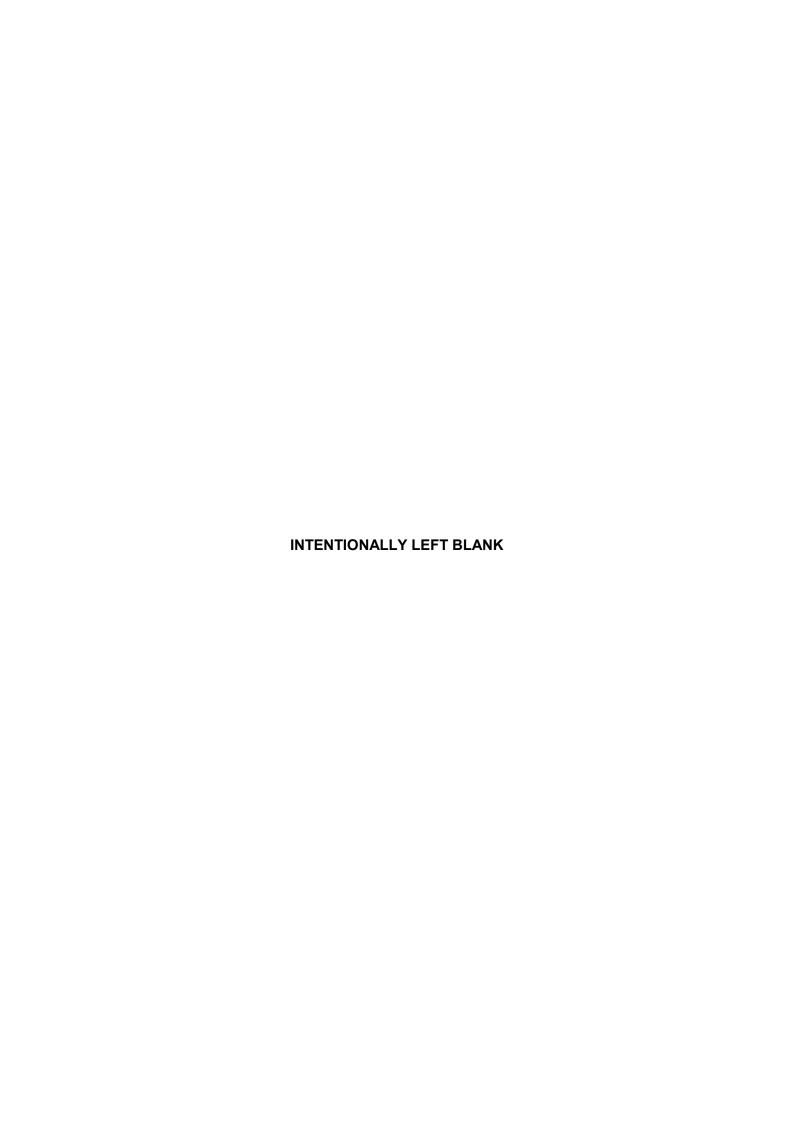


CIVIL AVIATION DIRECTIVE - 6014

AIRCRAFT LEASING

CIVIL AVIATION AUTHORITY OF MALAYSIA





Introduction

In exercise of the powers conferred by Section 24O of the Civil Aviation Act 1969 [Act 3], the Chief Executive Officer makes this Civil Aviation Directive 6014 – Aircraft Leasing ("CAD 6014 – LEASE), pursuant to Regulation 115 (1) and (2) and Regulation 116 (1), (2) and (3) of the Malaysian Civil Aviation Regulation 2016 (MCAR 2016).

This Civil Aviation Directive 6014 – Aircraft Leasing ("CAD 6014 – LEASE") is published by the Chief Executive Officer under Section 24O of the Civil Aviation Act 1969 [Act 3] and comes into operation on 15th November 2022.

Non-compliance with this CAD

Any person who contravenes any provision in this CAD commits an offence and shall on conviction be liable to the punishments under Section 24O (2) of the Civil Aviation Act 1969 [Act 3] and/or under Malaysia Civil Aviation Regulation 2016.

(Datuk Captain Chester Voo Chee Soon)

Chief Executive Officer Civil Aviation Authority of Malaysia



Civil Aviation Directive components and Editorial practices

This Civil Aviation Directive is made up of the following components and are defined as follows:

Standards: Usually preceded by words such as "shall" or "must", are any specification for physical characteristics, configuration, performance, personnel or procedure, where uniform application is necessary for the safety or regularity of air navigation and to which Operators must conform. In the event of impossibility of compliance, notification to the CAAM is compulsory.

Recommended Practices: Usually preceded by the words such as "should" or "may", are any specification for physical characteristics, configuration, performance, personnel or procedure, where the uniform application is desirable in the interest of safety, regularity or efficiency of air navigation, and to which Operators will endeavour to conform.

Appendices: Material grouped separately for convenience but forms part of the Standards and Recommended Practices stipulated by the CAAM.

Definitions: Terms used in the Standards and Recommended Practices which are not self-explanatory in that they do not have accepted dictionary meanings. A definition does not have an independent status but is an essential part of each Standard and Recommended Practice in which the term is used, since a change in the meaning of the term would affect the specification.

Tables and Figures: These add to or illustrate a Standard or Recommended Practice and which are referred to therein, form part of the associated Standard or Recommended Practice and have the same status.

Notes: Included in the text, where appropriate, Notes give factual information or references bearing on the Standards or Recommended Practices in question but not constituting part of the Standards or Recommended Practices;

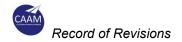
Attachments: Material supplementary to the Standards and Recommended Practices or included as a guide to their application.

It is to be noted that some Standards in this Civil Aviation Directive incorporates, by reference, other specifications having the status of Recommended Practices. In such cases, the text of the Recommended Practice becomes part of the Standard.

The units of measurement used in this document are in accordance with the International System of Units (SI) as specified in CAD 5. Where CAD 5 permits the use of non-SI alternative units, these are shown in parentheses following the basic units. Where two sets of units are quoted it must not be assumed that the pairs of values are equal and interchangeable. It may, however, be inferred that an equivalent level of safety is achieved when either set of units is used exclusively.

Any reference to a portion of this document, which is identified by a number and/or title, includes all subdivisions of that portion.

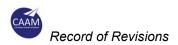
Throughout this Civil Aviation Directive, the use of the male gender should be understood to include male and female persons.

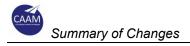


Record of Revisions

Revisions to this CAD shall be made by authorised personnel only. After inserting the revision, enter the required data in the revision sheet below. The 'Initials' has to be signed off by the personnel responsible for the change.

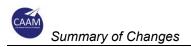
ISS/REV No.	Revision Date	Revision Details	Initials
ISS02/REV00	15 November 2021	-	CAAM
ISS02/REV01	15 November 2022	Refer to summary highlights	CAAM





Summary of Changes

ISS/REV no.	Item no.	Revision Details
ISS/REV IIU.	item no.	Revision Details
ISS02/REV01	Subchapter 1.7	Adding new and simplified definition
	Subchapter 2.1	Restructure of the chapter and adding general info in subchapter 2.1. paragraph 2.1.3 removed and inserted in subchapter 2.1.1
	Paragraph 2.2	Restructure of subchapter and content changes.
	Paragraph 2.3	Restructure of subchapter and content changes.
	Chapter 3	Chapter title change to "Types of aircraft leases"
	Subchapter 3.1	Restructure of subchapter and content changes.
	Subchapter 3.2	Restructure of subchapter and content changes.
	Subchapter 3.3	Restructure of subchapter and content changes.
	Subchapter 3.4	Restructure of subchapter.
	Subchapter 3.5	Restructure of subchapter and naming of Table 1.
	Subchapter 4.5	Restructure of subchapter.
	Paragraph 7.1.1	Restructuring the paragraph using list format for better presentation of the content and content changes.
	Subchapter 7.2	Restructure of subchapter and content changes.



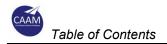
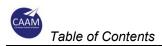


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1 General

1.1 Citation

- 1.1.1 These Directives are the Civil Aviation Directive 6014 Aircraft Leasing (CAD 6014 LEASE), Issue 02/Revision 01, and comes into operation on 15th November 2022.
- 1.1.2 This CAD 6014 Aircraft Leasing, Issue 02/Revision 01 will remain current until withdrawn or superseded.

1.2 Applicability / Purpose

- 1.2.1 This CAD applies to all Malaysian operators intending to commence leasing operations.
- 1.2.2 The purpose of this CAD is to provide clear and definitive provisions to Malaysian operators when intending to act as a lessor or lessee, when cooperating with another operator, whether local or foreign.
- 1.2.3 Entering into a lease agreement between operators without conducting proper due diligence may result in the operators being forced to deal with a number of legal and practical operational problems after the implementation of the lease.
- 1.2.4 Moreover, although this practice is economically advantageous for the operators, the CAAM is ultimately responsible for ensuring that safety takes precedence over any economic benefit presented by the operator.

1.3 Revocation

1.3.1 This CAD revokes Civil Aviation Directive 6014 – Aircraft Leasing, Issue 02/Revision 00, dated 15th November 2021.

1.4 Background

- 1.4.1 The practice of leasing aircraft with or without crew has come into wide usage. Many of these leases involve aircraft owned by individuals or companies and registered in one State and leased to operators of another State.
- 1.4.2 Unless suitable arrangements are made between the concerned States, a lease may create complex legal, safety, enforcement and practical problems for both the State of Registry and/or the State of the Operator.
- 1.4.3 This is because of possible uncertainties that may arise concerning which party is responsible for the safe operation and airworthiness of the aircraft and which States' regulations are applicable.

1.5 Responsibilities

- 1.5.1 When entering into a lease agreement, it is the responsibility of the operators to provide to the CAAM information on the lease agreement before entering into it.
- 1.5.2 Upon receipt of the information from the operator, the CAAM will consider the next steps in order to proceed and approve or otherwise the lease agreement.
- 1.5.3 The operator shall ensure the aircraft intended to be leased:
 - a) complies with the Aircraft Maintenance Program including Human Factor Principle approved by State of Registry.
 - b) complies with the Mandatory Continuing Airworthiness Instruction as per requirements of State of Registry.
 - c) the modifications and repairs are carried out in accordance with the airworthiness requirements as prescribed by the State of Registry.
 - the required substantiating data supporting compliance with the airworthiness requirements be retained in accordance with the airworthiness requirements of State of Registry.
 - e) the Continuing Airworthiness activities are carried out in accordance with the airworthiness requirements as prescribed by the State of Registry.
 - f) the Aircraft Maintenance activities are carried out in accordance with the airworthiness requirements as prescribed by the State of Registry including signing of Maintenance Release.
 - g) Aircraft Maintenance Record been retained in accordance with airworthiness requirements as prescribed by the State of Registry.
 - h) validity of Noise Certificate issued by State of Registry.
 - i) validity of Station Radio License issued by State of Registry.

1.6 Regulatory and Guidance References

- 1.6.1 Regulation 115 (1) and (2) of the MCAR for Lease-In of a Foreign Registered aircraft.
- 1.6.2 Regulation 116 (1), (2) and (3) of the MCAR for Lease-Out of a 9M Registered aircraft.
- 1.6.3 Regulation 63 (1) and (2) of the MCAR on validation of foreign licences issued by an ICAO Contracting State.
- 1.6.4 Regulation 189 of the MCAR for application of Licenses, certificates, permits etc.
- 1.6.5 Article 83 bis of the Chicago Convention.

- 1.6.6 ICAO Circular 295 Guidance on the Implementation of Article 83 *bis* of the Convention on International Civil Aviation.
- 1.6.7 ICAO Document 8335-AN/879, Part V & Part VI on lease charter and interchange of equipment.
- 1.6.8 UK CAA Leasing Procedures.
- 1.6.9 UAE GCAA Leasing Procedures.

1.7 Definitions

Damp Lease is an arrangement where the aircraft is leased with partial crew.

Dry Lease is an arrangement where the aircraft is leased without crew.

Financial or capital lease means a lease used by air operators to avoid the otherwise substantial capital outlays/debt required in purchasing aircraft directly from the manufacturer, or to reduce taxation or other costs.

Interchange means an aircraft interchange or interchange flight is a regularly scheduled, single-plane through service linking a route of one air operator at the interchange point to a route of a second air operator, with the same aircraft being crewed by and under the operational control of the respective authorized air operator on each route.

Lease means contractual arrangement whereby a properly licensed air operator gains commercial control of an entire aircraft without transfer of ownership.

Lessee means the party to which the aircraft is being leased.

Lessor means the party from which the aircraft is leased.

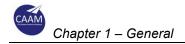
Operating lease is designed to meet an air operator's need for additional aircraft, often on a seasonal or short-term basis.

Operational control means the exercise of authority over the initiation, continuation, diversion or termination of a flight in the interest of the safety of the aircraft and the regularity and efficiency of the flight.

Operations specification means the authorisations, including specific approvals, conditions and limitations associated with the air operator certificate and subject to the conditions in the operations manual.

State of Operator means the State in which the operator's principal place of business is located or, if there is no such place of business, the operator's permanent residence.

State of Registry means the State on whose register the aircraft is entered.



Wet Lease is an arrangement where the aircraft is leased with crew.

When not specifically mentioned a "Malaysian Operator" means any organisations to which the MCAR and CAD 6 Part 1 and Part 3 apply.

2 Terms of leases

2.1 The terms of leasing

2.1.1 The terms of leasing are divided into one two general criteria. There are short term lease and long-term lease. Pursuant to Regulations 115 and 116 of the MCAR, for all types of leases, with the exception of a short-term lease of less than 5 days, prior approvals must be obtained from the Chief Executive Officer of the CAAM.

2.2 Short term lease.

- 2.2.1 A short-term lease is normally for an urgent and immediate unplanned event such as to cover an Aircraft on Ground (AOG).
- 2.2.2 A short-term lease is defined as a lease no longer than 5 consecutive days. The operator may immediately use this provision without prior approval from the CAAM, however, in keeping with Regulation 115 of the MCAR, the CAAM shall be notified of the lease arrangement prior to beginning such operations.
- 2.2.3 A detailed agreement on the short-term leases shall be provided to CAAM. The operator shall determine the call sign to be used during the short-term lease.
 - Note. The operator must be mindful to the fact that repetitive short-term leases may be identified as a shortfall of the operator in running his own operations.

2.3 Long term lease.

- 2.3.1 A long-term lease may be applicable in the scenarios as follows:
 - unavailability or limited availability of aircraft for a Malaysian operator who
 has just started operations (e.g. delivery delays, initial lease purchase
 condition by specific requirements e.g. financer, manufacturer, etc.).
 - b) A Malaysian operator with no experience on type who wishes to carry out a market feasibility study or a lease for a certain period.
 - c) To obtain experience from another operator especially when operating a new aeroplane to gain technical experience from that operator about the new aircraft type to be introduced in the fleet.
 - d) Any other ways that the operator proposed to seek lease as interim temporary measure and acceptable to the CAAM such as to cover Haj flights of certain charter with known period (peak seasons), or some other factor such as performance limited aircraft.

3 Types of aircraft leases

3.1 General

- 3.1.1 There are various types of aircraft leases that can be characterized by their purpose. A financial or capital lease is used by air operators to avoid the otherwise substantial capital outlays/debt required in purchasing aircraft directly from the manufacturer, or to reduce taxation or other costs. For example, an air operator may sell all or part of its fleet to a bank or other financial institution and then lease the aircraft back. Financial leases are long-term arrangements which give the outward appearance of ownership, e.g. the aircraft bears the air operator's name/logo and is usually registered in the air operator's State.
- 3.1.2 In contrast, an operating lease is designed to meet an air operator's immediate need for additional aircraft, often on a seasonal or short-term basis. An air operator with excess or under-utilised aircraft can lease them to other air operators.
- 3.1.3 For regulatory purposes, there are two basic types of aircraft leases, namely, a dry lease and wet lease.

3.2 Dry lease:

- 3.2.1 A dry lease is understood to be the lease of an aircraft where the aircraft is operated under the AOC of the lessee. It is normally a lease of an aircraft without crew, operated under the custody and the operational and commercial control of the lessee, and using the lessee's airline designator code and traffic rights.
- 3.2.2 For a dry lease-out of Malaysian-registered aircraft to a foreign operator without change of aircraft registration ("Dry Lease-Out"), the regulatory requirements related to Malaysian-registered aircraft will apply. The lessee will be responsible for the operational control of the aircraft under its AOC for the duration of the lease.
- 3.2.3 For dry lease-in of foreign-registered aircraft by Malaysian operator without change of aircraft registration ("Dry Lease-In"), the foreign regulatory requirements related to the foreign-registered aircraft will apply. The Malaysian operator will be responsible for the operational control of the aircraft for the duration of the lease.
- 3.2.4 Malaysian to Malaysian operator Dry Lease where Malaysian air operator utilises another Malaysian operator's aircraft (Dry lease within Malaysian operators) may be allowed for specific purposes.

3.3 Wet lease/ damp lease:

3.3.1 A wet lease is generally understood to be a lease of an aircraft where the aircraft is operated under the AOC of the lessor. It is normally a lease of an aircraft with crew, operated under the commercial control of the lessee and using the lessee's airline designator code and traffic rights. Depending upon the arrangement between the lessor and the lessee, the lease of an aircraft maybe utilise either



both the flight crew or one crew member, or with an entire aircraft crew (flight and cabin crew members).

- 3.3.2 There are variations that can be encountered in aircraft wet lease arrangements. For example, a damp lease is generally understood to be a wet lease of an aircraft where the aircraft is operated under the AOC of the lessor, with partial crew. In a damp lease, the lessor provides the aircraft with partial crew (e.g. flight crew) and the lessee provides the rest of the crew (e.g. cabin crew). In this case, the State of the Operator should ensure that both the flight and cabin crew are trained to use common communications and emergency procedures and that the cabin crew receives appropriate training.
- 3.3.3 In a wet or damp lease arrangement, the lessor assumes operational control of the aircraft operations. Aircraft operations must be in compliance with the requirements in the lessor's air operator certificate for the duration of the lease.
- 3.3.4 Wet or damp Lease-out of Malaysian-registered aircraft to a foreign operator ("Wet Lease-Out")
- 3.3.4.1 Regulatory requirements related to Malaysian-registered aircraft will apply. The Malaysian operator will be responsible for the operational control of the aircraft for the duration of the lease. In the case of a damp lease, the qualification and operational control of the crew provided by the lessee should be addressed and aligned with the lessor's operations policies.
- 3.3.5 Wet or damp lease-in a foreign-registered aircraft by a Malaysian operator ("Wet Lease-In")
- 3.3.5.1 Regulatory requirements related to the foreign Authority where the aircraft is registered will apply. The lessor will be responsible for the operational control of the aircraft for the duration of the lease. In the case of a damp lease, the qualification and operational control of the crew provided by the lessee should be addressed and aligned with the lessor's operations policies.
- 3.3.6 Wet or damp lease of Malaysian-registered aircraft between Malaysian operators
- 3.3.6.1 Regulatory requirements related to Malaysian-registered aircraft apply. The lessor will continue to be responsible for the operational control of the aircraft for the duration of the lease. In the case of a damp lease, the qualification and operational control of the crew provided by the lessee should be addressed and aligned with the lessor's operations policies.

3.4 Interchange

3.4.1 An interchange agreement is a form of a dry lease agreement. Hence each operator shall also comply with all applicable requirements for dry-leased aircraft.



- 3.4.2 An interchange agreement permits two air carriers to connect two or more points on a route using the same aircraft but each operator's crewmembers (all flight crew and cabin crew). For example, an aircraft can perform its first flight of the day from State A to State B operated by airline A, then continue from State B to State C operated by airline B, and eventually return to State A with the flight being operated by airline A.
- 3.4.3 For each route leg, the aircraft is operated under the AOC of the respective airline. Accordingly, when the operator uses its own aircraft, the interchange of aircraft bears the characteristics of a dry lease since the consecutive flights are conducted under the AOC of the respective operators, which provide the corresponding crews.

3.5 Duration for operational leases

3.5.1 CAAM will set limits to the duration of operational leases in order to maintain effective safety oversight. The maximum duration for the operational leases is detailed in Table 1 below. For operators that require an extension to the operational leases, justifications shall be provided to the CAAM for the requested extended lease duration.

3.5.2 Table 1: Maximum Duration for Leases Agreement

Type of Lease	Duration	
Wet Lease – In	12 months	
Dry Lease – In	12 months	
Wet Lease – Out	12 months	
Dry Lease – Out	12 months, subject to a one-time extension of an additional 12 months	
Wet or damp lease of Malaysian- registered aircraft between Malaysian operators	12 months, subject to a one-time extension of an additional 12 months	
Interchange	12 Months	

4 Leasing applications

4.1 Application for approvals

4.1.1 Application for approvals of lease arrangements should be made in writing to CAAM together with detailed descriptions of the party(s) responsible for the operational control and continuing airworthiness for the aircraft in the lease arrangement. Depending on the complexities of the lease arrangement, CAAM may require more information in order to determine that all airworthiness and operational issues are addressed

4.2 Dry Leases

4.2.1 Dry Lease-In

- 4.2.1.1 Applications for the Dry Lease-in of a Foreign registered aircraft shall include the following minimum information:
 - a) aircraft type, model and serial number.
 - b) name and address of the registered owner.
 - c) registration marks, nationality and state of registration of the aircraft.
 - d) routes to be flown.
 - e) the period of the lease (start and end date) and whether or not it is proposed to put the aircraft on the Malaysian register in the future.
 - f) copy of the lease agreement or description of lease provisions.
 - g) the design standard of the aircraft and, in particular, any failure to comply with the applicable airworthiness requirements for certificate.
 - The proposed arrangements for the continued airworthiness/maintenance of the aircraft. Advice can be obtained from the CAAM Airworthiness Department.
 - items of equipment not fitted or not in compliance with requirements shall be identified and exemptions applied for. There is no guarantee that such exemptions will be granted.
 - j) name and address of the Lessor, if different from the registered owner.
 - k) the name of the department or a contact in the Lessor's State of Registry CAA dealing with the lease. The foreign operator may have this information, and
 - the name of the individual who will act as co-ordinator for the Malaysian operator.



4.2.3 Dry Lease-Out

- 4.2.3.1 Applications for the Dry Lease-out of a 9M registered aircraft shall include the following minimum information:
 - a) aircraft type, model, and serial number.
 - b) registration of the aircraft.
 - c) name and address of the registered owner and/or Lessor.
 - d) name and address of the foreign operator (Lessee).
 - e) the period of the lease including ferry flights, if these are done by the foreign operator.
 - f) routes on which it is proposed to use the aircraft.
 - g) copy of the lease agreement or description of the lease provisions.
 - h) MAVCOM Approval.
 - the arrangements for the maintenance and airworthiness management, during the period of the lease, shall be defined by the Lessor. Any modification required by the foreign operator or regulatory authority will require CAAM approval; and
 - j) the number of foreign pilots or flight engineers who require a Validation for their flight crew licence.
 - k) The Lessor co-ordinator for the lease and a contact in the foreign regulatory authority who will be dealing with the lease arrangements.

4.3 Wet Leases

Note. –The same requirements apply for Damp Lease applicant's.

- 4.3.1 Wet Lease-In
- 4.3.1.1 In order to wet lease-in from a Foreign Operator, the Lessee must first obtain prior approval as follows:
 - a) Provide all the information as in Paragraph 4.1.1.
 - b) Lease approval from the Chief Executive Officer of the CAAM issued under Regulation 115 (1) and (2) of the MCAR.
 - c) The Lessor's pilots will be required to hold an ICAO Contracting State pilot licence to be validated in accordance with Regulation 63 (1) and (2) of the MCAR.



- 4.3.2 Wet Lease Out
- 4.3.2.1 Regulation 116 (1) of the MCAR requires a Malaysian AOC holder who intends to lease a 9M registered aircraft to a foreign operator shall obtain an approval from the Chief Executive Officer of the CAAM.
- 4.3.2.2 Thereby, the following requirements apply:
 - a) Before the aircraft is wet leased-out, the Malaysian Operator must submit an application to the CEO of the CAAM.
 - b) The Malaysian Operator's AOC must cover the areas of operation.

4.4 Interchange

4.4.1 Before interchange operations are conducted, special emphasis must be given to the review, approval, and monitoring of this type of operation. The following directions and guidance are relevant when preparing for interchange operations:

Note. – Matters that are commonplace in the normal operations of an air carrier frequently present major problems in an aircraft interchange.

- a) Submit a Letter of Request
 - 1) Each operator of the interchange agreement will submit a letter of request to the CAAM for the approval of intended operations and provide all information as per 4.1.1. A copy of the interchange agreement or a written memorandum of its terms must be attached to the application.
 - 2) Interchange Points. The complete set of routings with the interchange points must be provided in the letter. The transfer of flight crews and operational control (exercise of authority over initiating, conducting, or terminating a flight) responsibility must take place only at the airports specified in the "interchange points".

b) Application review

 Assigned CAAM inspectors will review the application and conduct the necessary evaluations and/or inspections to assure compliance with the applicable CADs.

c) Aircraft review

 All aspects of the proposed interchange operation will be closely scrutinised, for example: the means of displaying the name or AOC number of the certificate holder operating the aircraft

Note. — The review of the aircraft to be used in the interchange may reveal equipment variances and non-standard cockpit arrangements of switches, instruments, and controls that could pose a danger to the interchange operator unless it is required to implement a training program or adopt other corrective changes designed to address such issues.



- d) EDTO Authorisation
 - 1) The primary operator has maintenance control of the interchanged aircraft. The interchange operator must comply with the primary operator's maintenance program, including EDTO authorisation.
 - 2) The interchange operator shall also have EDTO authorisation.
- 4.5 Lease Application Responsibility for Conduct of Operations.
- 4.5.1 For all types of leases, the applications will be reviewed as appropriate, and the CAA of the State of Registry or Operator will be contacted as necessary to verify accuracy and completeness.
- 4.5.2 The CAAM will make the determination as to which party is responsible for the conduct of the operation under the lease agreement. To determine this, the responsibilities of the parties under the lease agreement will be considered as follows:
 - a) flight crew member licensing and training.
 - b) cabin crew member training.
 - c) airworthiness of the aircraft and the performance of maintenance.
 - d) operational control, including dispatch and flight following.
 - e) scheduling of flight crew and cabin crew members; and
 - f) signing the maintenance release

Note. – Item(s) for cabin crew requirements will only apply to a Damp Lease applicant if partial cabin crew is part of the agreement.

- 4.5.3 In the case of a dry lease, but no delegation of responsibility has been agreed between the CAAM and the CAA of the State of Registry or State of the Operator, the lessee will be required to show that:
 - the flight crew holds current and valid and appropriate certificates or licenses issued or validated by the State of Registry.
 - b) the aircraft will be maintained in accordance with the airworthiness requirements of the State of Registry; and
 - c) the aircraft will be operated in compliance with the applicable regulations of the State of Registry and the CAAM, the operator's AOC, the associated operations specifications and the operations manual and CAME.
- 4.5.4 The applicant shall forward to CAAM an Aircraft Status Report as supporting documents to the applications.



- 4.5.5 Aircraft Status Report shall contain at least as follows and has been endorsed by CAMO post holders of the applicant:
 - a) Section A
 - Applicant shall reflect the type of lease intended either Dry Lease, Wet Lease or Damp Lease / Lease in or Lease Out.
 - Applicant shall clearly define the application been made for initial application or extension of previous application and reflect the period of lease clearly.
 - 3) Applicant shall clearly define the status of aircraft Type Acceptance by CAAM unless otherwise agreed.
 - b) Section B
 - 4) Applicant shall reflect the information of Lessor such as:
 - i) AOC Holder Name
 - ii) AOC Approval Number
 - iii) Validity of the AOC Approval
 - iv) AOC Address and Location
 - v) NAA issuing AOC
 - vi) CAMO responsible on behalf of AOC Holder with the validity of approval
 - vii) Consent from State of Registry of the aircraft intended to be lease if applicable
 - viii) Route of Operation
 - c) Section C
 - 5) Applicant shall reflect the information of Lessee such as:
 - i) AOC Holder Name
 - ii) AOC Approval Number
 - iii) Validity of the AOC Approval
 - iv) AOC Address and Location
 - v) NAA issuing AOC
 - vi) CAMO responsible on behalf of AOC Holder with the validity of approval
 - vii) Consent from State of Registry of the aircraft intended to be lease if applicable
 - viii) Route of Operation
 - d) Section D
 - 6) Applicant shall reflect the information of Aircraft involved as follows:
 - i) Aircraft Type / Model
 - ii) Aircraft Registration Number
 - iii) Aircraft Serial Number



- iv) Engine/s Type and Serial Number
- v) Propeller/s Type and Serial Number
- vi) APU/s Type and Serial Number
- vii) AMO responsible for aircraft maintenance and validity of approval

e) Section E

- 7) CAMO of the applicant to provide copy of documents and verify the eligibility of the elements as below:
 - i) Certificate of Registration and validity
 - ii) Certificate of Airworthiness and validity
 - iii) Lease Agreement Engineering Support Arrangement been clearly define. Responsibility of Lessor and Lessee in regards to Continuing Airworthiness and Aircraft Maintenance such as Maintenance Programme, Maintenance Record, Modification and Repair, Mandatory Occurrence Reporting, Maintenance Release, Compliance Airworthiness Directives. to Maintenance Organisation Procedure Manual, Operator's Maintenance Control Manual and other elements required to establish the safe operation of the aircraft. Due to economic reason CAAM may accept the draft copy of the agreement at this point of time however technical elements shall not be defer prior to the agreement been formalise by both party. Applicant shall forward the formalise copy of the agreement to CAAM as soon as it been formalise by both party prior to first commercial flight been engaged.
 - iv) Noise Certificate and Validity
 - v) Radio Station License, validity and area of coverage.
 - vi) Operational Specification for Lessee and Lessor. As per ICAO Doc 9760 EDTO approval shall be approve by State of Operator. Applicant to ensure the arrangement been made for the specific aircraft to obtain EDTO approval from State of Operator prior to operation of the aircraft.
 - vii) Aircraft Insurance, validity and area of coverage. Ensure the insurance coverage reflected CAAM personnel on board performing oversight function on the particular aircraft.
 - viii) Mass and Balance Status. Applicant to ensure the Mass and Balance Report / Schedule is applicable to the aircraft configuration and valid as per State of Registry requirements.
 - ix) Minimum Equipment List. Applicant to ensure the current MEL approved by State of Registry requirements applicable to aircraft configurations and make necessary arrangement for Minimum Equipment List to be approve by State of Operator and does not adversely affect the State of Registry airworthiness requirements
 - x) Aircraft Maintenance Programme. Applicant to ensure the Aircraft Maintenance Programme is applicable to aircraft configuration



- and been approved in accordance with State of Registry requirements.
- xi) Aircraft Schedule Maintenance Record. Applicant to ensure all Schedule Maintenance Record is available and eligible in accordance with State of Registry requirements.
- xii) Aircraft Un-Schedule Maintenance Record. Applicant to ensure all Un-Schedule Maintenance Record is available and eligible in accordance with State of Registry requirements.
- xiii) Airworthiness Directives Compliance. Applicant to ensure the aircraft complied with all applicable Airworthiness Directives in accordance with State of Registry requirements. Airworthiness Directives compliance listing is required.
- xiv) Aircraft Modification Record. Applicant to ensure all previous Modification and Major Repair been perform in accordance with State of Registry requirements. List of previous modification, approved data and accomplishment is required.
- xv) Aircraft Major Repair Record. Applicant to ensure all previous Major Repair been perform in accordance with State of Registry requirements. List of Major Repair, approved data and accomplishment is required.
- xvi) Mandatory Occurrence Report / In-Service Difficulties Report. Applicant to ensure all MOR/ISDR issued previously been closed accordingly in accordance with State of Registry requirements. List of previous Occurrence Report and closure is required.
- xvii) Life Limited Parts Status. Applicant to ensure the LLP status are valid and the arrangement for LLP due within period of lease been made accordingly.
- xviii) Flight Manual and Supplements Status. Applicant to ensure the AFM/POH and associate supplements are available and in accordance with State of Registry requirements.
- xix) Maintenance Arrangement. Applicant to ensure the Maintenance Arrangement for the specific aircraft been made in accordance with Lease Arrangement covers Schedule and unscheduled maintenance required as per Aircraft Maintenance Program.
- xx) 4.2.3.5.5.1.20 AMO Certifying Staff. Applicant to ensure the adequacy of Certifying Personnel in order to perform Line Maintenance and Base Maintenance during period of lease. The competency of Certifying personnel shall meets the requirements of State of Registry.
- xxi) 4.2.3.5.5.1.21 CAMO Personnel . Applicant to ensure the adequacy of CAMO personnel to manage the aircraft Continuing Airworthiness during period of lease in accordance with State of Registry Requirements.
- xxii) Specific Approval. Applicant to ensure the aircraft been issued with required Specific Approval by State of Registry. EDTO approval shall be issue by State of Operator as define in ICAO

- Docs 9760. The necessary arrangement been made accordingly in order to obtain the EDTO approval from State of Operator.
- xxiii) Arrangement of Schedule Maintenance. Applicant to ensure all required Schedule Maintenance (Base or Line) been arrange accordingly during period of lease and the Maintenance Planning is visible.
- xxiv) Continuing Airworthiness Management Exposition. Applicant to ensure the exposition has been amended to include the leasing arrangement such as capability, location, aircraft serial number and other elements deem necessary.
- xxv) Maintenance Organisation Exposition. Applicant to ensure the exposition has been amended to include the Leasing Arrangement such as capability, location, aircraft serial number and other elements deem necessary.
- xxvi) Operator Due Diligence. Applicant to provide evidence the due diligence has been conducted on Continuing Airworthiness and Aircraft Maintenance in order to support the Aircraft Leasing Operations.
- 4.5.6 Applicant CAMO Post Holders to Declare the Airworthiness Status of the aircraft meet the operational requirements as well as State of Operator and State of Registry requirements of the aircraft and endorse the Aircraft Status Report accordingly.
- 4.5.7 If any discrepancy is found during the CAAM review CAMO of the applicant shall revise the Aircraft Status Report accordingly.

5 Due Diligences

5.1 Wet Lease-In

- 5.1.1 For Wet lease in, the Operator shall perform their due diligence including an audit. The audit report shall cover at least the following items:
 - Lessor area of operations meets or exceed the lessee intended area of operations.
 - b) Lessor FTL (Flight Time Limitation) meets or exceed the lessee FTL.
 - c) Lessor Training meets or exceed the lessee training requirements.
 - d) Appropriate aircraft Insurance.
 - e) Maintenance arrangements.

5.2 Dry Lease-In

- 5.2.1 For Dry lease in, the Operator Audit report shall cover at least the following items:
 - a) Lessor Aircraft Instrument and Equipment meets or exceed the lessee aircraft Instrument and Equipment requirements.
 - b) Maintenance arrangements.
 - c) Continuing Airworthiness requirements shall meet the existing Airworthiness Code.

5.3 Liability and Protection

- 5.3.1 When evaluating the leases, the liability of the CAAM and the protection of the financial interests and assets of the lessor shall be addressed as appropriate.
- 5.3.2 During the evaluation, the operator having operational control and maintenance control (where applicable) over the aircraft must be determined.
- 5.3.3 For dry leased aircraft, the Lessee is made responsible for operational control and for wet leased aircraft, the Lessor is made responsible for operational control, unless a written agreement has been entered into by both the CAAM and the CAA of the State of Operator.

5.4 Amendments to Operations Specifications

5.4.1 If the operator plan to lease-in the aircraft for more or equal to 3 months, then the operator shall submit an application for Ops Specs amendment to amend the Paragraph on Leasing.

- 5.4.2 Whenever dry lease in/out is involved and the Malaysian operator is responsible for operational control, all operations shall be conducted in accordance with the Malaysian operator's Operations Specifications.
- 5.4.3 Scheduled operations conducted under a wet lease arrangement shall not be planned to be conducted to any aerodrome other than those listed in the Malaysian Operator's Operations Specifications.
- 5.4.4 Non-scheduled or charter operations may be conducted into any suitable aerodrome in accordance with the AOC and Operations Specifications issued by the appropriate State of the Operator.
- 5.4.5 Names of Involved Parties. When all items have been found satisfactory, the operations specifications of both the primary and interchange operators must be amended to reflect the operations. The primary operator is the operator who would normally operate the aircraft if the interchange agreement were not in effect. The interchange operator is the other party to the interchange agreement.
- 5.4.6 Additional Details. Additional conditions, limitations, and safety-related requirements, if any, must be included in operations specifications of the primary and interchange operator'.

Note. – Both primary and interchange operators must not conduct any operations that is not listed in the interchange agreement.

5.5 Other Conditions

- 5.5.1 The operator shall ensure that the lease agreement approval and a certified true copy of the agreement (if Technical Agreement or Article 83 *bis* involved) to be carried on board the aircraft during the term of the lease.
- 5.5.2 The operator shall ensure that all relevant documentation affected by the approval of the lease agreement is updated accordingly.
- 5.5.3 Aircraft Maintenance Program and Minimum Equipment List.
- 5.5.3.1 The interchange agreement must specify that the primary operator's maintenance program, MEL, and associated procedures, must be used during the interchange operation. The primary operator must be responsible for the maintenance control of the aircraft at all times. The interchange operator is the other party to the interchange agreement. Differences in maintenance programs, MELs and associated procedures must be reconciled prior to the approval being granted.

5.5.4 If the interchange involves:

- a) A Malaysian and a foreign air operator, and the Malaysian air operator is the primary, then it would be up to the State of the Operator of the foreign air operator to review and issue an appropriate authorisation.
- b) A Malaysian and a foreign air operator, and the foreign air operator is the primary, then the CAAM shall review and issue an appropriate authorisation.
- c) Two Malaysian air operators, then the CAAM shall review and issue an appropriate authorisation to the both operators.

6 Leases Requiring Technical Agreement or Transfer of Responsibilities under Article 83 *bis* of the Convention

6.1 Leases requiring Technical Agreement

- 6.1.1 For Long Term Wet and Dry Lease Out, a Technical Agreement between the CAAM and the CAA of the State of the Operator may be required.
- 6.1.2 The purpose of the signing of a Technical Agreement with the CAA of the State of the Operator is to coordinate the safety oversight and support of the airworthiness of 9M registered aircraft which are being utilised/based in the territory and airspace of the State of the Operator and maintenance organisation approved by the CAAM based in the State of the Operator.
- 6.1.3 However, the lease agreement may be implemented in accordance with the lease agreement prior to the finalisation and signing of the Technical Agreement which may take time to complete.

6.1.4 The following shall apply:

- a) Before the aircraft is wet leased-out, the Malaysian Operator must notify the CAAM of its intention to wet lease an aircraft to a foreign operator. The notification shall be forwarded to the Principle FOI.
- b) The Malaysian Operator's AOC must cover the areas of operation.
- c) Submission of an application letter to the CAAM detailing the following information:
 - 1) aircraft type and model.
 - 2) registration(s) of the aircraft.
 - 3) name and address of the foreign operator (Lessee).
 - 4) the period of the lease; and
 - 5) routes to be flown.
- d) In addition, the following documentation shall accompany the application letter:
 - 1) Copy of the lease agreement or description of the lease provisions.
 - 2) A copy of the report on the safety assessment/audit carried out by the lessor on the foreign operator.
 - 3) Air Operator Certificate (AOC) and/or Operating Licence and/or Certificate of Competency issued by the CAA of the State of Operator;
 - 4) Certificate of Registration of the aircraft.
 - 5) Certificate of Airworthiness of the aircraft.
 - 6) Aircraft Noise Certificates.
 - 7) Certificate of Insurance.

- 6.1.5 The contents of the Technical Agreement shall include, but not limited, to the following sub-paragraphs:
- 6.1.5.1 The CAAM and the CAA of the State of the Operator shall assume the responsibilities to fulfil the agreement.
- 6.1.5.2 There shall be no transfer of responsibilities (licensing, rules of the air, maintenance and operations) between the CAAM and the CAA of the State of the Operator.
- 6.1.5.3 The responsibilities of the CAA of the State of the Operator shall include at least the following:
 - a) accept licences issued by the CAAM to the flight and maintenance personnel. Attestation of the 'Type Certificate' with specification cards, approved by the CAAM to be acknowledged by the CAA of the State of the Operator.
 - b) depending upon satisfactory compliance with requirements of ICAO Standard and Recommended Practices, meeting requirements of Civil Aviation Regulations of the State of the Operator and Malaysia, issue authorisation to the Malaysian operator and maintenance organisation.
 - c) conduct periodic safety oversight inspections including security arrangements of the Malaysian operator and maintenance organisation in accordance with ICAO Standards and Recommended Practices.
 - d) have the right to monitor and conduct ground (ramp) and cabin inspections as and when required (with prior notice in case of cabin inspections), in order to ensure compliance with relevant Regulations; and
 - e) exchange of report findings with the CAAM for purpose of continuing airworthiness and flight operations requirements.
- 6.1.5.4 The responsibilities of the CAAM shall include at least the following:
 - a) provide all possible support to the CAA of the State of the Operator in the investigation of accidents/incidents involving the 9M registered aircraft within the territory of the State of the Operator.
 - b) on the request of the CAA of the State of the Operator, extend all possible consultation and necessary information concerning 9M registered aircraft on maintenance and flight operations.
 - c) provide when requested by the CAA of the State of the Operator with information on results of regular safety oversight inspections performed in respect of the Malaysian operator, maintenance organisation and aircraft airworthiness based in the State of the Operator.

- d) ensure that the Malaysian operator comply with security arrangements according to the State of the Operator and Malaysian Regulations and ICAO Annex 6 and 17 provisions applicable in the State of the Operator and Malaysia.
- e) provide to the CAA of the State of the Operator upon request, the required assistance and consultations on maintenance and flight operations.
- f) the maintenance of 9M registered aircraft in the territory of the State of the Operator shall be carried out by a maintenance organisation certified by the CAAM.
- g) inform the CAA of the State of the Operator prior to the conduct of any audits/inspections on the Malaysian operator and maintenance organisation in the territory of the State of the Operator.
- h) consult the CAA of the State of the Operator for no objection prior to certifying Malaysian operator and/or maintenance organisation intending to be based in the State of the Operator.
- 6.1.6 For the purpose of coordination, meetings should be conducted between the CAAM and the CAA of the State of the Operator to discuss both operations and airworthiness matters resulting from inspections that have been conducted by respective inspectors. The following subjects may be reviewed during these meetings:
 - a) Flight Operations;
 - b) Continuing airworthiness surveillance and aircraft maintenance;
 - c) Operator Maintenance Control Manual procedures as applicable;
 - d) Licensing;
 - e) Security;
 - f) Flight safety;
 - g) Accident and incident investigation; and.
 - h) Any other significant matters arising from inspections.
- 6.1.7 The operator and the maintenance organisation shall be subject to a surveillance schedule on a case by case basis because the CAAM remains responsible for ongoing surveillance and needs to ensure that the aircraft is operated and maintained in accordance with CAAM standards, except for cases where a transfer agreement under Article 83 *bis* as described in 6.2 has been reached.
- 6.1.8 Subject to the transfer agreement being agreed and formalised between 2 States involved, State of Registry may recognise the certificate and license issued / renewed by State of Operator in accordance with:

- a) a. ICAO Article 12 Rules of Air
- b) b. ICAO Article 30 Aircraft Radio Equipment
- c) c. ICAO Article 31 Certificate of Airworthiness
- d) d. ICAO Article 32(a) License of Personnel

6.2 Leases requiring the signing of a MOU involving the transfer of responsibilities under Article 83 *bis* of the Convention

- 6.2.1 Article 83 *bis* gives ground for the transfer of certain functions and duties to another State. Nevertheless, before agreeing to transfer any functions, it is the prerogative of the CAAM to decide whether the CAA of the State of the Operator is fully capable of carrying out the functions to be transferred.
- 6.2.2 To accomplished this determination, the CAAM may need to conduct a safety oversight audit by the Departments of Flight operations and Airworthiness on the CAA of the State of the Operator.
- 6.2.3 For a simple lease and limited period, this determination may be accomplished through a review of reports of safety oversight audits conducted either by ICAO, under the Universal Safety Oversight Audit Programme (USOAP), or by another Contracting State.
- 6.2.4 There may be occasions where States are unable to reach agreement on the delegation and acceptance of responsibilities as provided for in Article 83 *bis* or where delegation is not an alternative that is acceptable to the parties involved. In such circumstances the CAAM would retain (respectively refuse) responsibility for maintaining proper surveillance of the leased aircraft.
- 6.2.5 The development of transfer agreement could be very long, it is essential to determine if the agreement can be reached within the time required.
- 6.2.6 The development of a transfer agreement under Article 83 *bis* between the CAAM and a foreign State shall be dependent on the following:
- 6.2.6.1 The interests of the CAAM and Malaysia are to be upheld and secured when entering into Article 83 *bis*.
- 6.2.6.2 The establishment of such transfer agreement under Article 83 *bis* will only be done if it is deemed as feasible by the CAAM. CAAM will only enter into any technical agreement if the CAA of the other State has the appropriate legal capability to enter any agreement on its own capacity.

- 6.2.6.3 A transfer of functions and duties can only be initiated with an ICAO contracting State which is a party to Article 83 bis. 6.2.6.4 If a transfer agreement between Malaysia and the other State already exist, this agreement will be evaluated to determine whether it satisfies the requirements for the new lease agreement approval under processing. 6.2.6.5 The transfer agreement shall meet Regulations 115 and 116 of the MCAR. 6.2.7 Upon confirmation of the agreement: 6.2.7.1 In case of lease-out, the draft of the transfer agreement and a letter of request will be sent to the CAA of the State of the Operator (Lessee) to accept the transfer of certain CAAM functions and duties. 6.2.7.2 In case of lease-in, the transfer agreement from the State of Registry will be reviewed accordingly for the CAAM to accept the transfer of certain functions. 6.2.7.3 Upon satisfactory review, the transfer agreement will be signed by the CEO of the CAAM and a copy will be sent to the CAA of the State of Registry or State
- 6.2.7.4 The Department of Flight Operations and Airworthiness will retain a copy of the transfer agreement.

of Operator.

- 6.2.7.5 The operator shall ensure that a reference to the transfer agreement is made in the aircraft lease agreement.
- 6.2.7.6 The transfer agreement will be registered with ICAO (as per the terms of Article 83 *bis*).
 - Note. Transfer agreements registered with ICAO can be found on the ICAO Net, searching for "all signatories" and "Article 83 bis" as the subject.
- 6.2.8 If a transfer agreement is not reached, the operator will be informed that the lease agreement conditions are not acceptable to the CAAM.

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7 Termination or extension of lease agreements.

7.1 A lease agreement approval termination

- 7.1.1 A lease agreement approval terminated
 - a) as stated in/by the lease agreement; or
 - b) when the maximum duration for leases agreement is reached as specified in Table 1 in paragraphs 3.5.2; or
 - c) upon the suspension or cancelation of the aircraft nationality and registration markings; or
 - d) upon the lessee and lessor certificate's (e.g. AOC) covering the aircraft type are suspended or cancelled; or
 - e) upon violation of any of the leasing regulations or conditions as specified in the lease approval.

7.2 Extension of Lease Agreements

7.2.1 The lease agreements are up to a maximum of 12 months; however, the extension of additional 12 months shall be based on a case by case basis and require an approval from the Chief Executive Officer of the CAAM. The extension only applicable for dry lease-out arrangement and wet or damp lease of Malaysian registered aircraft between Malaysian operators.

Note: Refer to 3.1.2 - Table 1 Maximum Duration for Leases Agreement.

7.2.2 After approval of the extension of the lease agreement, the operator shall be subject to surveillance schedule where CAAM remains responsible for on-going surveillance and needs to ensure that the aircraft is operated and maintained in accordance with the required standards, except for cases where a transfer agreement under Article 83 bis has been reached.



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8 Appendices

8.1 Appendix 1 – Sample Letter for No Objection of Lease Out

Mr. xxxxx

Chairman of xxAC,

xxxx Civil Aviation Authority

City, Country

Email:

SUBJECT: No Objection Letter to Malaysian Air Operator to operate in [Other State of Operator]

With regards to Malaysian Air Operator agreement with [Foreign State of Operator] AOC Holder to operate the aircraft mentioned below, after reviewing the documents relevant to the Operations and airworthiness aspects, the CAAM would like to express No Objection to the lease agreement, with the following details:

Operating Wet Lease Out:

Between: (Lessor & Lessee)

Period of lease

Proposed Aircraft

Area of Operations: The authorisation will be reflected in Operations Specifications or in Operations Manual part C for Unscheduled operator.

This no objection letter is subject to your acceptance. The CAAM is not delegating its operational control and safety oversight. However, this does not restrict [Foreign State of Operator] to perform inspection as required, for safety related and relevant to area of operations.

Regards,

Xxxxxx xxxxx

CEO

CAAM

8.2 Appendix 2 – Sample Technical Agreement

The Civil Aviation Authority of Malaysia

(Civil Aviation Authority)

(The State of the Operator)

TECHNICAL AGREEMENT

between

THE CIVIL AVIATION AUTHORITY
(MALAYSIA)

and

(THE CIVIL AVIATION AUTHORITY)
(THE STATE OF THE OPERATOR)

concerning safety oversight and support

of

the airworthiness of civil aircraft
registered in Malaysia which are being utilised/based
in the territory of the (State of the Operator)

and

maintenance organisations approved by Malaysia based in the (State of the Operator)

I. PREMISES

The Civil Aviation Authority of Malaysia (CAAM) and the Civil Aviation Authority (CAA) of the (State of the Operator);

Desiring to conduct combined regulatory oversight of aircraft registered in Malaysia and operated in the airspace and territory of the (State of the Operator) and maintenance organisations based in the (State of the Operator);

Have agreed as follows:

II. GENERAL

- 1. The CAA of the (State of the Operator) and the CAAM shall assume responsibilities to fulfil this agreement.
- 2. There shall be no transfer of responsibilities (licensing, rules of the air, maintenance and operations) between the CAA of the (State of the Operator) and the CAAM of civil aircraft registered in Malaysia operated under this agreement in the (State of the Operator).

III. SCOPE OF APPLICATION

- 3. The scope of this agreement shall be limited to:
- a) aircraft on the register of civil aircraft of the CAAM and operated in commercial air transportation in the airspace and territory of the (State of the Operator); and
- b) Maintenance organisation approved by the CAAM.

IV. RESPONSIBILITIES OF THE CAA OF MALAYSIA

4. Under this agreement, the parties agree that the CAAM shall exercise safety oversigh responsibilities in respect of the aircraft specified above and shall ensure that those operations are conducted in accordance with applicable Malaysian Civil Aviation Regulations and Directives:
a) Personnel Licensing;
b) Operational Control;
c) Continuing Airworthiness and Maintenance of Aircraft; and
d) Accident/Incident Investigation.
5. To this effect, the CAAM shall:
 provide all possible support to the CAA of (State of the Operator) in the investigation of accidents/incidents involving aircraft registered in Malaysia within the territory of the (State of the Operator);
 b) on the request of the CAA of the (State of the Operator), extend all possible consultation and necessary information concerning aircraft registered and/or manufactured in Malaysia on maintenance and flight operations;
c) periodically conduct inspections and provides to the CAA of the (State of the Operator with information on results of regular safety oversight inspections performed in respect o Malaysian operators, maintenance organisations and aircraft airworthiness based in the (State of the Operator);
d) ensure that the operator comply with security arrangements according to Annexes 6 and 17 of the Chicago Convention, the (State of the Operator) and Malaysian Regulations applicable in the (State of the Operator) and Malaysia;

- e) give all possible support to the CAA of the (State of the Operator) in order to determine the airworthiness of those aircraft registered in Malaysia and are now based in the (State of the Operator);
- f) provide to the CAA of the (State of the Operator) upon request, the required assistance and consultations on maintenance and operations of the aircraft registered in Malaysia based in the (State of the Operator);
- g) inform the CAA of the (State of the Operator) prior to the conduct of any audits/inspections on the Malaysian operator and maintenance organisation in the territory of the (State of the Operator).
- V. RESPONSIBILITIES OF THE CAA OF THE (STATE OF THE OPERATOR)
- 6. Under this agreement, the parties agree that the CAA of the (State of the Operator) shall:
- a) accept certificates issued by the CAAM to the flight and maintenance personnel. Attestation of the 'Type Certificate' with specification cards, approved by the CAAM would be acknowledged to by the CAA of the (State of the Operator);
- b) depending upon satisfactory compliance with requirements of ICAO Standard and Recommended Practices, meeting requirements of Civil Aviation Regulations of the (State of the Operator) and Malaysia, issue authorisation to the Malaysian operator and maintenance organisation;
- c) conduct safety oversight inspections including security arrangements of the Malaysian operator and maintenance organisation in accordance with ICAO Standards and Recommended Practices;
- d) conduct periodic random inspections of all facets of operations of the Malaysian operator and maintenance organisation;
- e) have the right to monitor and conduct ground (ramp) and in-flight inspections and audits as and when required, in order to ensure compliance with relevant Regulations; and

f) exchange of report findings with the CAAM for purpose of continuing airworthiness and flight operations requirements.

VI. COMBINED RESPONSIBILITIES

- 7. Under this agreement, the parties agree that the CAAM and the CAA of the (State of the Operator) shall:
- a) participate in joint actions (combined audits) having the objective of ensuring the safety oversight of those aircraft registered in Malaysia and now based in the (State of the Operator); and
- b) coordinate effort in the field of safety, airworthiness and aviation security in respect of those aircraft registered in Malaysia.

VII. CO-ORDINATION

- 8. Meetings between the CAAM and the CAA of the (State of the Operator) will be arranged as necessary to discuss both operations and airworthiness matters resulting from inspections that have been conducted by respective inspectors. The following subjects may be reviewed during these meetings:
- Flight Operations;
- Continuing airworthiness surveillance and aircraft maintenance;
- Operator Maintenance Control Manual procedures as applicable;
- Licensing;
- Security;
- Any other significant matters arising from inspections.

VIII. FINAL

- 9. This agreement shall enter into force on its date of signature, and shall be valid until its cancellation. The Parties shall agree any modification to this agreement in writing.
- 10. The content of the general arrangement and their appendices may be amended by written agreement signed by the two Parties and shall be an integral part of this agreement.
- 11. This agreement is done in duplicate in Putrajaya, Malaysia on (date) in Bahasa Malaysia and the English language. All texts are equal. In case of divergence of interpretation of the provisions of this agreement, the parties will use the version in English.
- 12. This agreement is accepted and signed by:

MALAYSIA (STATE OF THE OPERATOR)

For the CAAM For the Civil Aviation Authority

XXX

Chief Executive Officer Director General

Dated: (date) Place: Putrajaya Dated: (date) Place: XXX

Attachments: Schedule 1 – Aircraft affected by this Agreement

Schedule 1

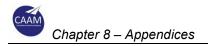
List of Malaysian Aircraft and Operators Authorised to be based in the (State of the Operator)

Operator	Aircraft Type	Registration Mark	Serial Number
XXX	XXX	9M-XXX	XXX

Schedule 2

List of Maintenance Organisations

Maintenance Organisation	Principle Base
XXX	XXX



8.3 Appendix 3 – Sample MOU under Article 83 bis

WHEREAS the Protocol relating to Article 83 *bis* of the Convention on International Civil Aviation (Chicago, 1944) (hereinafter referred to as "the Convention"), to which [State 1] and [State 2] are parties, entered into force on (date);

WHEREAS Article 83 *bis*, with a view to enhanced safety, provides for the possibility of transferring to the State of the Operator all or part of the State of Registry's functions and duties pertaining to Articles 12, 30, 31 and 32 a) of the Convention;

WHEREAS, in line with Doc 9760 (Airworthiness Manual), Volume II, Part B, Chapter 10, and in light of Doc 8335 (Manual of Procedures for Operations Inspection, Certification and Continued Surveillance), Chapter 10, it is necessary to establish precisely the international obligations and responsibilities of [State 1] (State of Registry) and [State 2] (State of the Operator) in accordance with the Convention;

WHEREAS, with reference to the relevant Annexes to the Convention, this Agreement organises the transfer from [State 1] to [State 2] of responsibilities normally carried out by the State of Registry, as set out in Sections 3 and 4 below;

The Government of [State 1], represented by its [Civil Aviation Authority], and

The Government of [State 2], represented by its [Civil Aviation Authority],

Hereinafter referred to as "the Parties", have agreed as follows on the basis of Articles 33 and 83 *bis* of the Convention:

Article I: Scope;

Section 1;

[State 1] shall be relieved of responsibility in respect of the functions and duties transferred to [State 2], upon due publicity or notification of this Agreement as determined in paragraph (b) of Article 83 *bis*.

Section 2;

The scope of this Agreement shall be limited to [types of aircraft] on the register of civil aircraft of [State 1] and operated under leasing arrangement by [operator], whose principal place of business is in [State 2].

The list of aircraft concerned, identified by type, registration number and serial number, is reproduced in Attachment 1, which also indicates the term of each leasing arrangement.

Article II: Transferred responsibilities

Section 3:

Under this Agreement, the Parties agree that [State 1] transfers to [State 2] the following functions and duties, including oversight and control of relevant items contained in the respective Annexes to the Convention:

☐ Annex 1: Personnel	licensing,	issuance	and	validation	of	licenses

□ Annex 2: Rules of the Air, enforcement of compliance with applicable rules and regulations relating to the flight and manoeuvre of aircraft.

□ Annex 6: Operation of Aircraft (Part I; International Commercial Air Transport/Airplanes), all responsibilities which are normally incumbent on the State of Registry. Where responsibilities in Annex 6, Part I, may conflict with responsibilities in Annex 8: Airworthiness of Aircraft, allocation of specific responsibilities is defined in Appendix 2.

Section 4;

Under this Agreement, while [State 1] shall retain full responsibility under the Convention for the regulatory oversight and control of Annex 8 "Airworthiness of Aircraft", the responsibility for the approval of line stations used by the [operator], which are located away from its main base, is transferred to [State 2]. The procedures related to the continuing airworthiness of aircraft to be followed by the [operator] shall be contained in the operator's maintenance control manual (MCM). Appendix 2 hereunder describes the responsibilities of the Parties regarding the continuing airworthiness of aircraft.

Article III: Notification

Section 5:

Responsibility for notifying directly any States concerned of the existence and contents of this Agreement pursuant to Article 83 *bis* (b) rests with [State 2] as the State of the Operator, as needed. This Agreement, as well as any amendments to it, shall also be registered with ICAO by [State 1] as the State of Registry or [State 2] as the State of the Operator, as required by Article 83 of the Convention and in accordance with the Rules for Registration with ICAO of Aeronautical Agreements and Arrangements (Doc 6685).

Section 6;

A certified true copy of this Agreement shall be placed on board each aircraft to which this Agreement applies.

Section 7;

A certified true copy of the air operator certificate (AOC) issued to [operator] by [State 2], in which the aircraft concerned shall be duly listed and properly identified, shall also be carried on board each aircraft.

Article IV: Coordination

Section 8;

Meetings between [State 1-CAA] and [State 2-CAA] shall be held at one month intervals to discuss both operations and airworthiness matters resulting from inspections that have been conducted by respective inspectors. For the sake of enhanced safety, these meetings shall take place for the purpose of resolving any discrepancies found as a result of the inspections and in order to ensure that all parties are fully informed about the [operator's] operations. The following subjects shall be among those reviewed during these meetings:

☐ Flight operations
□ Continuing airworthiness and aircraft maintenance
□ Operator's MCM procedures, if applicable

Chapter 8 – Appendices
□ Flight and cabin crew training and checking
□ Any other significant matters arising from inspections
Section 9;
Subject to reasonable notice, [State 1-CAA] shall be permitted access to [State 2-CAA] documentation concerning [operator] in order to verify that [State 2] is fulfilling its safety oversight obligations as transferred from [State 1].
Section 10;
During the implementation of this Agreement, and prior to any aircraft subject to it being made the object of a sub-lease, [State 2], remaining the State of the Operator, shall inform [State 1]. None of the duties and functions transferred from [State 1] to [State 2] may be carried out under the authority of a third State without the express written agreement of [State 1].
Article V: Final Clauses
Section 11;
This Agreement shall enter into force on its date of signature, and come to an end for aircraft listed in Attachment 1 at the completion of the respective leasing arrangements under which they are operated. Any modification to the Agreement shall be agreed by the parties thereto in writing.
Section 12;
Any disagreement concerning the interpretation or application of this Agreement shall be resolved by consultation between the Parties.
Section 13;
In witness thereof, the undersigned directors of civil aviation of [State 1] and [State 2] have signed this Agreement.

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For the Government of [State 1]	For the Government of [State 2]		
Signature;	Signature;		
Name:	Name:		
Title, place and date	Title, place and date		

Schedule 1

Aircraft Type	Registration	Serial Number	Leasing Term
XXX	XXX	XXX	XXX

Schedule 2

Responsibilities of States

ICAO Doc	Subject	State of Registry	State of the Operator
XXX	XXX	XXX	XXX