
TP 13090E

AIRCRAFT LEASING PROCEDURES MANUAL

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Chapter 1 – GENERAL INFORMATION

1.1 Purpose

The purpose of this manual is to provide administrative procedures to staff who are involved in the process of issuing leasing authorizations and who track or review leasing advisories. Aircraft leasing operations, depending on the application, may involve any combination of the functions of General Aviation, Aircraft Maintenance and Manufacturing, Commercial and Business Aviation, Airline Inspection, and Aircraft Certification.

1.2 Scope

This manual covers all aspects Subpart 203 of the *Canadian Aviation Regulations - Operation of Leased Aircraft by a Non-Registered Owner* and the accompanying Standard 223 - *Standards Respecting the Operation of a Leased Aircraft by a Non-Registered Owner*. Subpart 203 leasing operations include air operators operating under Part IV (flight training unit operators), Part VI (private air operators), and Part VII (commercial air operators).

1.3 Format

Each chapter covers a specific leasing situation set out in Subpart 203 as follows:

- Chapter 2: A Canadian air operator that leases a Canadian aircraft from another Canadian air operator – no authorization required - advisory
- Chapter 3: A Canadian air operator that leases a Canadian aircraft from another Canadian air operator – authorization required
- Chapter 4: A foreign operator that leases a Canadian aircraft from a Canadian air operator that is operating under Part IV, VI or VII
- Chapter 5: A Canadian air operator that is operating under Part IV, VI or VII and that leases an aircraft registered in a foreign state
- Chapter 6: A foreign operator that leases a Canadian aircraft from a Canadian aircraft manufacturer.

A record of amendments page is provided to enable the holder to maintain a record of all future amendments.

Checklists are provided in the Appendices to assist both Transport Canada staff and our clients meet the regulatory requirements.

1.4 Quality Assurance Reviews (QAR)/Functional Reviews

Following the procedures set out in this manual should ensure a consistent approach, nationally, to administering aircraft leasing transactions. Discrepancies with these procedures and best practices that can form the basis for improving these procedures will be discussed during headquarters (HQ) visits to regional offices and Transport Canada Centres (TCCs) as part of the QAR and/or functional review process.

1.5 Functional Guidance

Aircraft leasing activities are administered primarily from regional offices and TCCs. If problems arise, or if there are questions about how to interpret the regulations or standards or any sections of this manual, HQ functional specialists are available to provide guidance and seek legal opinions. TCC staff are welcome to contact HQ directly but may wish to first consult with their respective regional offices. The HQ Aircraft Registration and Leasing division's leasing specialist can be reached at (613) 998-3600. This number can also be used if referral to another Transport Canada Civil Aviation (TCCA) branch is required for questions requiring the assistance of a subject matter expert.

1.6 Delegation of Authority to Issue a Leasing Authorization

Delegation with respect to the issuance of leasing authorizations is set out in the Delegation of Authority document #150346 (June 4, 2000) under Schedule C-9 - Civil Aviation Licensing Officers. Approval and sign-off of the leasing application forms by representatives from the various regional Civil Aviation divisions is required prior to the issuance of a leasing authorization. Regional Aircraft Registration and Leasing staff with delegated authority will authorize and issue the leasing authorization to the appropriate applicant after review and approval of the leasing forms are completed.

1.7 Role of the Regional Aircraft Registration and Leasing Division

The regional Aircraft Registration and Leasing division is responsible for managing the processing of all leasing applications and leasing advisories. The duties are as follows:

- a) receiving incoming communications, e.g. leasing applications and advisory forms, telephone calls, e-mails, facsimile transmissions;
- b) liaising with regional records to set up a leasing file;
- c) forwarding applications and advisories, leasing files, documents, etc., to the appropriate Civil Aviation divisions for their action;
- d) coordinating with other divisions as necessary for confirmation that the applicant has met all regulatory requirements;
- e) managing the routing and tracking the status of the leasing application or advisory through the administrative process from the beginning to the end;
- f) producing the leasing authorization (LF-6) in final format through the Canadian Civil Aircraft Register Computer System – Evolution (CCARCS-E); and
- g) providing HQ Aircraft Registration and Leasing division with copies of the applicable documents (see section 1.14 of this manual).

Note: At times there will be delays in the issuance of a leasing authorization for technical or other reasons. When this occurs and an applicant is enquiring into the delay, the

applicant should be referred to the division or section where the delay has occurred. Applicants and TCCA subject matter experts should discuss technical issues directly.

1.8 Leasing Authorization Term

The leasing authorization will expire (or be cancelled) on the earliest of:

- a) the date on which the lease is terminated;
- b) the date specified by the Minister in the authorization;
- c) the date on which the certificate of registration of the aircraft is cancelled;
- d) the date on which the air operator certificate is suspended or cancelled; or
- e) the date on which there is a change in any of the information that was submitted in support of the application and on which the issuance of the authorization was based.

CARs reference: 203.03(3)

Note: In most cases, the term of the leasing authorization will correspond with the termination date specified in the lease.

1.9 The Lease

A lease means an agreement in respect of the operation of an aircraft that:

- a) specifies a commencement and termination date;
- b) gives the lessee legal custody and control, and the right to exclusive possession and use of the aircraft during its term; and
- c) may include provisions respecting the operation of the aircraft for hire or reward.

CARs reference: 203.01

Therefore, at the minimum, a lease would contain:

- a) the lessor's and lessee's legal name and address;
- b) a description of the aircraft (mark, manufacturer, model, and serial number);
- c) a commencement and termination date of the lease; and
- d) a statement that the aircraft will be in the legal custody and control of the lessee for the duration of the lease.

This definition does not place any restrictions on the type of legal instrument document used to transfer legal custody and control of the aircraft.

A Canadian air operator that has been issued a leasing authorization must submit to the Minister a signed copy of the lease within 7 days of the authorization being issued.

CARs reference: 203.09

1.10 Certificate of Registration of Leased Aircraft / Lease Interchange

The certificate of registration of a leased aircraft operated under a leasing authorization will remain valid despite any change of legal custody and control of the aircraft both:

- a) at the beginning and end of the lease; and
- b) at any other time during the term of the lease that is specified in the leasing authorization for that aircraft.

CARs reference: 203.05

This means that the custody and control of an aircraft can change during the term of the lease and the certificate of registration of the aircraft will remain valid. Therefore, if an applicant submits a lease that details use of the aircraft by both the lessor and lessee (interchanged), there is nothing in the regulations that prohibit a change of custody and control during the term of a lease; however, the interchange would need to be approved through a leasing authorization, after careful consideration of the details of the interchange by TCCA subject matter experts.

In a lease interchange complete custody and control must pass back and forth between the lessor and the lessee while the aircraft is being interchanged.

The times of the interchange should be noted in the “conditions of issue” section on the leasing authorization. Where the times cannot be pre-defined, it is acceptable for the lease and the leasing authorization to use words similar to, “on an as-required basis”. When this occurs, an additional condition of issue should set out a requirement for the lessor/lessee to track, during the validity period of the leasing authorization, who was operating the aircraft at any given time. This information is to be recorded in the aircraft journey log.

1.11 Complex Leasing Transactions

Some leasing operations may have very complex business transactions supporting them. A copy of these transactions must be submitted in order to verify legal custody and control of the aircraft before a leasing authorization is issued.

1.12 Access to Information

Access to, and release of information contained on aircraft files and the Canadian Civil Aircraft Register is subject to the Access to Information and Privacy (ATIP) Acts. Not all information may be made public. For example, this could include “third party” information or the name of a lessor or the status of an aircraft. All requests for such information should be directed to your regional ATIP Coordinator to ensure that the provisions of the above-mentioned acts are respected.

1.13 ICAO Contracting States

Standard 223 requires that a foreign aircraft leased to a Canadian air operator be registered in a contracting state and an entity leasing a Canadian aircraft be incorporated or formed by or under the laws of a contracting state. An up-to-date list of contracting states is available through a link on the ICAO web site at: <http://www.ICAO.org>.

1.14 File Keeping

Editorial Note: Profiling to RDIMS will eventually be a requirement. This manual will be amended as soon as RDIMS business rules are developed nationally.

1.14.1 File Keeping - Region

A leasing file will be opened for any leasing operations in the name of each Canadian applicant. All leases for this company are held in this file in order to determine compliance with the maximum number of leased aircraft allowed and time limitations. Any documentation related to Canadian aircraft should also be placed on the aircraft's file as well.

1.14.2 File Keeping - Headquarters

Headquarters will retain copies of all documents, including leasing application forms, leasing advisory forms, leasing authorization forms, and leases or other documentation related to legal custody and control of the aircraft. These will be placed on file by date and type of leasing form.

1.14.3 File Content - More than one Region

If a leasing operation spans more than one region, ensure that all relevant parties are forwarded copies of the applicable documents to put on their own regional files.

1.14.4 Forwarding Documents to Headquarters

Regions shall forward to HQ copies of all applicable forms: leasing application, leasing advisory, leasing authorization, as well as leases or other documentation related to legal custody and control of the aircraft. The relevant regions shall also forward copies of all international communications sent or received by another region.

1.15 Leasing Forms

There are six leasing forms pertinent to administering Subpart 203. They are commonly referred to as the:

LF-1 - Application to authorize a leasing operation involving a Canadian air operator lessee and a Canadian air operator lessor;

LF-2 - Application to authorize a leasing operation involving a foreign air operator lessee and a Canadian air operator lessor;

LF-3 – Application to authorize a leasing operation involving a Canadian air operator lessee operating a foreign registered aircraft;

LF-4 – Application to authorize a leasing operation involving a foreign operator lessee and a Canadian aircraft manufacturer;

LF-5 – Advisory – Aircraft Leasing Operation; and

LF-6 – Authorization to conduct a leasing operation.

Forms LF-1 to LF-5 are accessible to Transport Canada staff on the Intranet and are also available for external users on the Internet. Both internal and external forms can be filled in on-line. Regional Aircraft Registration and Leasing staff with delegated authority generate the LF-6 through CCARCS-E.

1.16 Availability of the Manual

The Aircraft Leasing Procedures Manual is available on-line to Transport Canada users by accessing the Aircraft Registration and Leasing home page at:

<http://tcinfo/CivilAviation/general/CCARCS/menu.htm>.

It is also available to external users at the following Internet address:
<http://www.tc.gc.ca/CivilAviation/general/CCARCS/menu.htm>.

1.17 **Activity Reporting and Standards System (ARASS) Tasks**

Administering Subpart 203 leasing transactions requires regional staff to produce scheduled ARASS reports. Contact your ARASS Coordinator for information on relevant task numbers and descriptions. The CCARCS-E system is able to produce ARASS statistical reports.

1.18 **Fees**

1.18.1 **Fee Schedules**

The fee schedules for aircraft leasing services are contained in CARs Subpart 104 – Schedule III. Schedule I contains the fee for replacement of a mutilated, lost or destroyed Canadian aviation document.

1.18.2 **Fee Payment Procedures**

The regulations require that the applicant pay a fee for a leasing authorization. The fee must be submitted at the outset of providing the service. It is not dependent upon whether an applicant is successful in being issued an authorization.

1.19 **Cost Recovery Agreements**

A cost recovery agreement signed by the applicant for TCCA services provided inside and/or outside of Canada may be necessary before the issuance of a leasing authorization. For example, an agreement could be required where an inspection of an air operator's facility or aircraft is necessary prior to the issuance of an authorization and for subsequent inspections during the leasing operation. TCCA Directive No. 3 (CAD 3) refers to this issue.

1.20 **Air Operator Certificate Validity**

Certain leasing operations require that the lessor and/or lessee hold an air operator certificate (OC). A condition of holding an OC is to have legal custody and control of an aircraft. If an air operator leases their only aircraft, they would lose their OC, therefore, they could not enter into a Subpart 203 lease. Similarly, a lessee must have legal custody and control of at least one aircraft to be a valid OC holder. Operator certificate requirements are noted below:

- a) Canadian lessor / Canadian lessee (advisory and with authorization) – OC required for both parties;
- b) Canadian lessor/ foreign lessee – OC required for both parties;
- c) Foreign lessor / Canadian lessee - Foreign lessor doesn't require OC / Canadian lessee requires OC; and
- d) Canadian aircraft manufacturer lessor / foreign lessee – Aircraft manufacturer doesn't require OC / foreign lessee requires OC.

1.21 **Canada's Legal International Responsibilities re: ICAO Article 83 bis**

On October 6, 1980, the Aircraft Lease Protocol relating to an amendment to the Convention on International Civil Aviation was signed. The amendment, Article 83 bis, provides for the state of registry of an aircraft leased to an operator in another state, to transfer to the state of the operator (by agreement between the two states), all or part of its functions and duties in respect of that aircraft under Articles 12, 30, 31, and 32(a) of the Convention. The state of registry would then be relieved of responsibility for the functions and duties transferred, and all other states would recognize the transfer of responsibility.

A summary of the articles is as follows:

Article 12 – Rules of the Air

Article 12 makes states responsible for ensuring the every aircraft flying over or manoeuvring within its territory shall comply with the rules and regulations relating to the flight and manoeuvre of aircraft there in force; and ensuring that every aircraft carrying its nationality mark, wherever such aircraft may be, shall comply with the rules and regulations relating to the flight and manoeuvre of the aircraft there in force.

Article 30 – Aircraft Radio Equipment

Aircraft radios must be licensed by the state of registry if they are to be carried in or over the territory of other contracting states. The use of radio apparatus must be in accordance with the regulations of the states flown over. Radios can only be used by members of the flight crew licensed for that purpose by the state of registry.

Article 31 – Certificates of Airworthiness

Every aircraft engaged in international navigation must be provided with a certificate of airworthiness issued or rendered valid by the state of registry.

Article 32(a) - Licenses of Personnel

The pilot and crew of aircraft engaged in international navigation must be provided with certificates of competency issued or rendered valid by the state of registry.

1.22 **Definitions - Types of Leases and Extended Charter**

There are 2 lease types as described below:

1) Dry Lease

“Dry Lease” means a lease where the lessor does not provide, either directly or indirectly, the crew member(s) to operate the aircraft.

2) Wet Lease

“Wet Lease” means a lease where the lessor does provide, either directly or indirectly, the crew member(s) to operate the aircraft. All crew members are those of the lessor.

Extended Charter

An extended charter is utilized to provide a service that is commonly recognized as a wet lease. An extended charter is normally approved for a Canadian commercial operator to

operate an aircraft on behalf of another air operator for a period of 21 days or more in order to supplement the fleet of the charterer. The registered owner of the aircraft retains legal custody and control of the aircraft, provides the crew members and is responsible for the maintenance of the aircraft.

CARs reference: 700.06 and 720.06

Chapter 2 - A CANADIAN AIR OPERATOR THAT LEASES A CANADIAN AIRCRAFT FROM ANOTHER CANADIAN AIR OPERATOR - ADVISORY - NO AUTHORIZATION REQUIRED

2.1 Regulatory Reference

The regulatory reference for a Canadian air operator that leases a Canadian aircraft from another Canadian air operator is paragraph 203.02(1)(a).

2.2 Leasing Advisory -No Authorization Required

Leasing a Canadian aircraft from another Canadian air operator does not require an authorization when the regulatory requirements are met.

CARs reference: 203.03(1)

Refer to the checklist in Appendix A of this manual.

2.3 Registered Owner to Advise Minister

The registered owner is required to inform the Minister in writing that the lease has taken place no later than seven days after the term of the lease commences. An air operator may submit the information required by the *Canadian Aviation Regulations* in a written format other than the LF-5, e.g. a letter, as long as all the pertinent information is included.

2.4 Receipt of Advisory Information

The regional Aircraft Registration and Leasing division is the appropriate recipient of the LF-5.

2.5 Leasing Advisory Distribution/Review

The regional Aircraft Registration and Leasing division will distribute a copy of the LF-5 to the regional Aircraft Maintenance and Manufacturing division for their review of maintenance equivalency requirements. Regional Aircraft Maintenance and Manufacturing will notify Aircraft Registration and Leasing after their review whether maintenance equivalency requirements have been met so that CCARCS-E can be updated.

Copies for information purposes will also be sent to the following regional/TCC divisions:

- 1) Commercial & Business Aviation (for an air operator);
- 2) General Aviation (for a flight training unit); and
- 3) Airline Inspection Division (if an Airline Inspection Division operator is involved).

A copy of the LF-5 shall be placed on the regional leasing and aircraft files. A copy of the LF-5 shall be sent to the Chief, Aircraft Registration and Leasing (AARRC).

2.6 Maintenance Equivalency Requirements

There is a regulatory requirement that the maintenance control system and the maintenance schedules must be equivalent for the lessor and the lessee in order for an LF-5 to be valid. If the regional Aircraft Maintenance and Manufacturing division has any concerns regarding the maintenance arrangements resulting from an LF-5, further investigation may be warranted. Consultation with the regional Aviation Enforcement division is also an option.

CARs reference: 203.03(1)(c)

2.7 Fee

There is no fee associated with a leasing advisory, in accordance with the requirements of Subpart 104.

2.8 Maximum Number of Leased Aircraft/Limitations

There are no limitations on the number of aircraft that Canadian air operators may lease to or from other Canadian air operators, in this type of leasing operation.

2.9 Time/Limitations

There are no time limitations on the period of time Canadian air operators may lease aircraft to or from other Canadian air operators, in this type of leasing operation. There is no minimum time or frequency for an advisory, as long as an advisory is submitted for each leasing transaction.

Chapter 3 - A CANADIAN AIR OPERATOR THAT LEASES A CANADIAN AIRCRAFT FROM ANOTHER CANADIAN AIR OPERATOR – AUTHORIZATION REQUIRED

3.1 Regulatory Reference

The regulatory reference for a Canadian air operator that leases a Canadian aircraft from another Canadian air operator is paragraph 203.02(1)(a).

3.2 Leasing Authorization Required

If a Canadian air operator does not meet the requirements for an LF-5 advisory, application may be made for a leasing authorization.

3.3 Applicant Submissions

The applicant, i.e. the Canadian registered owner, shall submit a completed LF-1, the fee, a copy of the lease agreement, and other documentation that confirms compliance with Subpart 203 and Standard 223.03(1). A signed copy of the lease must be submitted to the Minister within seven days of the authorization being issued.

3.4 Evidential Requirements

The applicant for a leasing authorization must provide evidence about the leasing operation that may:

- a) be specified within the lease;
- b) be supplied through other documentation; or
- c) be established through a TCCA review of the proposed leasing operation.

Refer to the checklist in Appendix B of this manual.

3.5 Application Review and Approval

The regional Aircraft Registration and Leasing division will distribute the LF-1 and all other relevant documentation to the following regional/TCC divisions for review and approval:

- 1) Commercial and Business Aviation (for an air operator); or General Aviation (for a flight training unit operator)
 - 2) Aircraft Maintenance and Manufacturing
- OR: in the case of an Airline Inspection Division operator:
- 1) Airline Inspection Division
 - 2) Aircraft Maintenance and Manufacturing

The LF-1 has a signature coordination block on the bottom. Sign-off by the appropriate divisions is required prior to the issuance of the leasing authorization.

3.6 Issuance of Leasing Authorization

The Minister will issue a leasing authorization when the applicant has demonstrated that the requirements of Subpart 203 and Standard 223 are met. The leasing authorization shall be issued to the Canadian registered owner by regional Aircraft Registration and Leasing staff who hold Delegation of Authority C-9 (Civil Aviation Licensing Officers). *CARs reference: 203.03(2)*

3.7 Conditions of Issue

The Minister will specify in the authorization those conditions governing the operation that are necessary to ensure aviation safety. Where TCCA subject matter experts have specified conditions, they will be added to the leasing authorization under the “conditions of issue” section. In addition, if TCCA and the applicable foreign civil aviation authority have agreed to any mutual obligations, commitments, special conditions or requirements to be fulfilled as part of the lease arrangement, they shall be included or referenced in the leasing authorization.

CARs reference: 203.03(2)

3.8 Leasing Authorization Fee

The fee to process an LF-1 is \$520.00, in accordance with the requirements of Subpart 104. Cost recovery fees (see section 1.19 of this manual) may also be involved.

3.9 Fee Collection

The fee shall be submitted with the application. The fee applies whether or not the applicant is ultimately successful in obtaining a leasing authorization.

3.10 Document Copy/Distribution

Copies of the LF-1 and LF-6 shall be placed on the regional leasing and aircraft files. Copies must also be forwarded to the Chief, Aircraft Registration and Leasing (AARRC).

3.11 Maximum Number of Leased Aircraft/Limitations

There are no limitations on the number of aircraft that Canadian air operators may lease to or from other Canadian air operators, in this type of leasing operation.

3.12 Time/Limitations

There are no time limitations on the period of time Canadian air operators may lease aircraft to or from other Canadian air operators, in this type of leasing operation, however a termination date must be specified on the leasing authorization (see section 1.8 of this manual).

3.13 Individual Aircraft/Limitations

There are no limitations on the number of leasing authorizations that may be consecutively issued to a Canadian aircraft.

Chapter 4 - A FOREIGN AIR OPERATOR THAT LEASES A CANADIAN AIRCRAFT FROM A CANADIAN AIR OPERATOR

4.1 Regulatory Reference

The regulatory reference for a foreign air operator that leases a Canadian aircraft from a Canadian air operator that is operating under Part IV, VI or VII is paragraph 203.02(1)(b).

Note: See Appendix F for proposed regulatory amendments.

4.2 Leasing Authorization Required

A leasing authorization is required under this type of leasing operation.

4.3 Applicant Submissions

The applicant, i.e. the Canadian registered owner, shall submit a completed LF-2, the fee, a copy of the lease agreement, and other documentation that confirms compliance with Subpart 203 and Standard 223.03(2). A signed copy of the lease must be submitted to the Minister within seven days of the authorization being issued.

4.4 Evidential Requirements

The applicant for a leasing authorization must provide evidence about the leasing operation that may be:

- a) be specified within the lease;
- b) be supplied through other documentation; or
- c) be established through a TCCA review of the proposed leasing operation.

Refer to the checklist in Appendix C of this manual.

4.5 Application Review and Approval

The regional Aircraft Registration and Leasing division will distribute the LF-2 and all other relevant documentation to the following regional/TCC divisions for review and approval:

- 1) Aircraft Maintenance and Manufacturing
- 2) General Aviation
- 3) Commercial and Business Aviation

The LF-2 has a signature coordination block on the bottom. Sign-off by the appropriate divisions is required prior to the issuance of the leasing authorization.

4.6 Issuance of Leasing Authorization

The Minister will issue a leasing authorization when the applicant has demonstrated that the requirements of Subpart 203 and Standard 223 are met. The leasing authorization shall be issued to the Canadian registered owner by regional Aircraft Registration and Leasing staff who hold Delegation of Authority C-9 (Civil Aviation Licensing Officers).
CARs reference: 203.03(2)

4.7 Conditions of Issue

The Minister will specify in the authorization those conditions governing the operation that are necessary to ensure aviation safety. Where TCCA subject matters experts have specified conditions, they will be added to the leasing authorization under the “conditions of issue” section. In addition, if TCCA and the applicable foreign civil aviation authority have agreed to any mutual obligations, commitments, special conditions or requirements to be fulfilled as part of the lease arrangement, they shall be included or referenced in the leasing authorization.

CARs reference: 203.03(2)

4.8 Leasing Authorization Fee

The fee to process an LF-2 is \$1,200.00, in accordance with the requirements of Subpart 104. Cost recovery fees (see section 1.19 of this manual) may also be involved.

4.9 Fee Collection

The fee shall be submitted with the application. The fee applies whether or not the applicant is ultimately successful in obtaining a leasing authorization.

4.10 Document Copy/Distribution

Copies of the LF-2 and LF-6 shall be placed on the regional leasing and aircraft files. Copies must also be forwarded to the Chief, Aircraft Registration and Leasing (AARRC).

4.11 Maximum Number of Leased Aircraft/Limitations

A Canadian air operator is restricted to leasing no more than 25 percent of the aircraft registered in its name to a foreign air operator, rounded to the next higher whole number, as follows:

- 1 to 4 registered aircraft = 1 aircraft that can be leased;
- 5 to 8 registered aircraft = 2 aircraft that can be leased;
- 9 to 12 registered aircraft = 3 aircraft that can be leased; and
- 13 to 16 registered aircraft = 4 aircraft that can be leased, etc.

CARs reference: 203.07(2)

4.12 Time/Limitations

There are no limitations on the period of time that Canadian air operators may lease Canadian aircraft to foreign air operators, in this type of leasing operation, however a termination date must be specified on the leasing authorization (see section 1.8 of this manual).

4.13 Individual Aircraft/Limitations

There are no limitations on the number of leasing authorizations that may be consecutively issued to a Canadian aircraft.

4.14 Consent of Foreign Civil Aviation Authority

The consent of the applicable foreign Civil Aviation Authority is required before a leasing authorization can be issued. This consent should be in writing.

CARs reference: 203.04(1)

4.15 Airworthiness Eligibility Requirements

The following clarifies the requirements of the regulations and standards and is necessary to ensure the safe operation of a Canadian registered aircraft by a foreign air operator:

- a) where the aircraft is to be maintained by or under the authority of the foreign air operator, the organization that will perform and certify the work must have a valid maintenance approval or equivalent document, for the aircraft type that is the subject of the leasing operation, issued by the airworthiness authority of the country of the lessee. This approval will ensure that an evaluation of the maintenance organization has been carried out by the foreign civil aviation regulatory authority; and
- b) TCCA inspectors must assess the foreign air operator's ability to maintain the aircraft to Canadian airworthiness standards by:
 - i) inspecting the proposed maintenance facility, if required;
 - ii) reviewing the qualifications of personnel who are assigned maintenance supervision and certification responsibilities;
 - iii) ensuring that the operator is aware of and can comply with Canadian requirements in all respects; and
 - iv) reviewing foreign maintenance rules to determine that they are acceptable and do not conflict with Canadian maintenance rules.

4.16 Responsibility for Airworthiness Surveillance

Responsibility for airworthiness surveillance will remain with the regional branch where the aircraft is normally based. A surveillance schedule for the leasing operation will be developed based on a risk assessment of the safety of the operation.

4.17 Delegation of Airworthiness Responsibility

The responsibility for airworthiness may be delegated to the foreign airworthiness authority where there is an agreement in force between Canada and the foreign authority that provides for this delegation.

4.18 Long Term Airworthiness Requirements

Certain airworthiness requirements have long term implementation times that are subject to additional compliance action. These include, but are not limited to, Airworthiness Directives (ADs) that address corrosion prevention and control programs. Aircraft that are subject to these ADs must be inspected and maintenance records reviewed to determine compliance with the provisions of the ADs, paying particular attention to the following:

- a) corrosion and structural related service bulletins;
- b) structural modifications and repairs, including major and multiple site damage repairs and damage tolerant repair;
- c) application of Supplemental Structural Inspection Programs (SSIPs);
- d) fatigue quality of multiple repairs; and
- e) major repair documentation, such as drawings, procedures and related technical data.

Chapter 5 - A CANADIAN AIR OPERATOR THAT LEASES AN AIRCRAFT REGISTERED IN A FOREIGN STATE

5.1 Regulatory Reference

The regulatory reference for a Canadian air operator that is operating under Part IV, VI or VII and that leases an aircraft registered in a foreign state is paragraph 203.02(1)(c).

5.2 Leasing Authorization Required

A leasing authorization is required under this type of leasing operation.

5.3 Applicant Submissions

The applicant, i.e. the Canadian air operator who is leasing and operating the foreign registered aircraft shall submit a completed LF-3, the fee, a copy of the lease agreement, and other documentation that confirms compliance with Subpart 203 and Standard 223.03(3). A signed copy of the lease must be submitted to the Minister within seven days of the authorization being issued.

5.4 Evidential Requirements

The applicant for a leasing authorization must provide evidence about the leasing operation that may:

- a) be specified within the lease;
- b) be supplied through other documentation; or
- c) be established through a TCCA inspector's review of the proposed leasing operation.

Refer to the checklist in Appendix D of this manual.

5.5 Application Review and Approval

The regional Aircraft Registration and Leasing division will distribute the LF-3 and all other relevant documentation to the following regional/TCC divisions for review and approval:

- 1) Aircraft Certification
- 2) Aircraft Maintenance and Manufacturing
- 3) Commercial and Business Aviation (for an air operator); or General Aviation (for a flight training unit operator)

OR: in the case of an Airline Inspection Division operator:

- 1) Airline Inspection Division
- 2) Aircraft Certification
- 3) Aircraft Maintenance and Manufacturing

The LF-3 has a signature coordination block on the bottom. Sign-off by the appropriate divisions is required prior to the issuance of the leasing authorization.

5.6 Issuance of a Leasing Authorization

The Minister will issue a leasing authorization when the applicant has demonstrated that the requirements of Subpart 203 and Standard 223 are met. The leasing authorization shall be issued to the Canadian air operator lessee by regional Aircraft Registration and Leasing staff who hold Delegation of Authority C-9 (Civil Aviation Licensing Officers).
CARs reference: 203.03(2)

5.7 Conditions of Issue

The Minister will specify in the authorization those conditions governing the operation that are necessary to ensure aviation safety. Where TCCA subject matters experts have specified conditions of issue, they will be added to the leasing authorization under the “conditions of issue” section. In addition, if TCCA and the applicable foreign civil aviation authority have agreed to any mutual obligations, commitments, special conditions or requirements to be fulfilled as part of the lease arrangement, they shall be included or referenced in the leasing authorization.

CARs reference: 203.03(2)

5.8 Leasing Authorization Fee

The fee to process an LF-3 is \$995.00, in accordance with the requirements of Subpart 104. Cost recovery fees (section 1.19 of this manual) may also be involved.

5.9 Fee Collection

The fee shall be submitted with the application. The fee applies whether or not the applicant is ultimately successful in obtaining a leasing authorization.

5.10 Document Copy/Distribution

Copies of the LF-3 and LF-6 shall be placed on the regional leasing file. Copies must also be forwarded to the Chief, Aircraft Registration and Leasing (AARRC).

5.11 Maximum Number of Leased Aircraft/Limitations

There is a limit to the number of foreign aircraft that a Canadian air operator may lease. The number of foreign aircraft leased by a Canadian air operator must not exceed more than 25 percent of the Canadian aircraft registered in its name, rounded to the next higher whole number, as follows:

1 to 4 registered aircraft = 1 aircraft that can be leased;
5 to 8 registered aircraft = 2 aircraft that can be leased;
9 to 12 registered aircraft = 3 aircraft that can be leased; and
13 to 16 registered aircraft = 4 aircraft that can be leased, etc.

CARs reference: 203.07(1)

5.12 Time/Limitations

There is a limit of 24 months in any consecutive 30-month period that Canadian air operators may be issued with a leasing authorization. This means that in any 30-month

period the air operator must go a minimum of 6 months without being issued any leasing authorizations for foreign aircraft.

CARs reference: 203.08(a)

5.13 Individual Aircraft/Limitations

The use of any particular foreign aircraft by Canadian air operators is limited to 24 months in any 30-month period. This means that once a foreign aircraft has been in use by a Canadian air operator for 24 months, it may not be the subject of another leasing authorization by any other Canadian air operator for a minimum of 6 months.

CARs reference: 203.08(b)

5.14 Consent of Foreign Civil Aviation Authority

The consent of the applicable foreign civil aviation authority is required before a leasing authorization can be issued. This consent should be in writing.

CARs reference: 203.04(1)

5.15 Aircraft Certification Eligibility Requirements

To be eligible for certification, an aircraft must be listed by serial number on a Canadian type certificate or where applicable, on a United States, Federal Aviation Administration (FAA) type certificate accepted by the Minister, as referenced in Airworthiness Notice B038.

Note - Where a Canadian type certificate exists for the associated aircraft type, the FAA type certificate will not be considered in determining the eligibility of the leased aircraft.

5.16 Compliance With CARs Chapter 507/Foreign Aircraft

For a foreign registered aircraft to be leased by a Canadian air operator, the aircraft must comply with all the conditions for the issuance of a certificate of airworthiness in the standard or special (restricted) category and be eligible for inclusion on a Canadian operator certificate. The lessor does not need to hold an air operator certificate.

5.17 Maintenance Records Inspection

Prior to operation in Canada, the aircraft and its maintenance records must be inspected by TCCA inspectors to ensure that the aircraft has been maintained to a standard equivalent to that contained in CARs Chapter 571.

5.18 Foreign Inspection Program

If the inspection program to be used is one that is required by the foreign air operator's regulatory authority, it must be evaluated and where necessary, supplemented by additional tasks to meet Canadian airworthiness requirements.

Note - Canadian air operators leasing aircraft registered in the United States should be aware of the requirements of Federal Aviation Regulations (FAR) Part 129. FAR Part 129.14 requires that any person leasing a U.S. registered aircraft used in common carriage (commercial service) receive approval of FAA Flight Standards district office having geographical responsibility for the air operator (see section 5.19 below).

5.19 **FAA Facilitation**

To facilitate the approval process for Canadian air operators wishing to lease a U.S. registered aircraft, two FAA offices have been designated:

- a) for air operators located east of longitude 100 degrees west, contact the FAA eastern regional office; Manager, Flight Standards division, at (718) 553-3200; and
- b) for air operators located west of longitude 100 degrees west, contact the FAA northwest mountain regional office; Manager, Flight Standards division, at (425) 227-2200.

5.20 **Long Term Airworthiness Requirements**

Certain airworthiness requirements have long term implementation times that are subject to additional compliance action. These include, but are not limited to airworthiness directives that address corrosion prevention and control programs. Aircraft that are subject to these airworthiness directives must be inspected and maintenance records reviewed to determine compliance with the airworthiness directive provisions, paying particular attention to the following:

- a) corrosion and structural related service bulletins;
- b) structural modifications and repairs, including major and multiple site damage repairs and damage tolerant repair;
- c) application of Supplemental Structural Inspection Programs (SSIPs);
- d) fatigue quality of multiple repairs; and
- e) major repair documentation such as drawings, procedures and related technical data.

5.21 **Modifications and Repairs – Review and Acceptance**

A TCCA Aircraft Certification Engineer will review the modifications and repairs on foreign aircraft in accordance with Aircraft Certification Policy Letter 50 (ACPL 50), Aircraft Certification Staff Instruction 23 (ACSI 23), and Airworthiness Notice B004.

Following a review of embodied modifications and repairs, the acceptance should be recorded by attaching the list of the accepted modifications and repairs (including all supporting documentation) to the leasing file.

Chapter 6 - A FOREIGN OPERATOR THAT LEASES A CANADIAN AIRCRAFT FROM A CANADIAN AIRCRAFT MANUFACTURER

6.1 Regulatory Reference

The regulatory reference for a foreign operator that leases a Canadian aircraft from a Canadian aircraft manufacturer is paragraph 203.02(1)(d).

Note: See Appendix F for proposed regulatory amendments.

6.2 Leasing Authorization Required

A leasing authorization is required under this type of leasing operation.

6.3 Applicant Submissions

The applicant, i.e. the Canadian aircraft manufacturer, as the Canadian registered owner shall submit a completed LF-4, the fee, a copy of the lease agreement, and other documentation that confirms compliance with Subpart 203 and Standard 223.03(4). A signed copy of the lease must be submitted to the Minister within 7 days of the authorization being issued.

6.4 Evidential Requirements

The applicant for a leasing authorization must provide evidence about the leasing operation that may:

- a) be specified within the lease;
- b) be supplied through other documentation; or
- c) be established through a Civil Aviation Inspector's review of the proposed leasing operation.

Refer to the checklist in Appendix E of this manual.

6.5 Application Review and Approval

The regional Aircraft Registration and Leasing division will distribute the LF-4 and all other relevant documentation to the following regional/TCC divisions for review and approval:

- 1) Aircraft Maintenance and Manufacturing
- 2) General Aviation
- 3) Commercial and Business Aviation

The LF-4 has a signature coordination block on the bottom. Sign-off by the appropriate divisions is required prior to the issuance of the leasing authorization.

6.6 Purpose of Leasing Authorization

The purpose for permitting this type of leasing operation is to help promote the export sales of Canadian manufactured aircraft. At times, export sales of Canadian manufactured aircraft are contingent upon the foreign air operator being able to operate aircraft with Canadian registration pending the certification of the aircraft in their country. Once the aircraft type certification is completed and the aircraft is eligible for a certificate of airworthiness, it is expected that the aircraft will be registered in the country of the foreign lessee. This type of leasing operation may be used for the purpose of product support.

6.7 Issuance of Leasing Authorization

The Minister will issue a leasing authorization when the applicant has demonstrated that the requirements of Subpart 203 and Standard 223 are met. The leasing authorization shall be issued to the Canadian registered owner by regional Aircraft Registration and Leasing staff who hold Delegation of Authority C-9 (Civil Aviation Licensing Officers). *CARs reference: 203.03(2)*

6.8 Conditions of Issue

The Minister will specify in the authorization those conditions governing the operation that are necessary to ensure aviation safety. Where TCCA subject matters experts have specified conditions of issue, they will be added to the leasing authorization under the “conditions of issue” section. In addition, if TCCA and the applicable foreign civil aviation authority have agreed to any mutual obligations, commitments, special conditions or requirements to be fulfilled as part of the lease arrangement, they shall be included or referenced in the leasing authorization.

CARs reference: 203.03(2)

6.9 Leasing Authorization Fee

The fee to process an LF-4 is \$1200.00, in accordance with the requirements of Subpart 104. Cost recovery fees (see section 1.19 of this manual) may also be involved.

6.10 Fee Collection

The fee shall be submitted with the application. The fee applies whether or not the applicant is ultimately successful in obtaining an authorization.

6.11 Document Copy/Distribution

Copies of the LF-4 and LF-6 shall be placed on the regional leasing and aircraft files. Copies must also be forwarded to the Chief, Aircraft Registration and Leasing (AARRC).

6.12 Maximum Number of Leased Aircraft/Limitations

There are no limitations on the number of aircraft that a Canadian aircraft manufacturer may lease to a foreign air operator, in this type of leasing operation.

6.13 Time/Limitations

There are no limitations on the period of time that Canadian aircraft manufacturers may lease Canadian aircraft to foreign air operators, in this type of leasing operation, however,

a termination date must be specified on the leasing authorization (see section 1.8 of this manual).

6.14 Individual Aircraft/Limitations

There are no limitations on the number of leasing authorizations that may be consecutively issued to a Canadian aircraft.

6.15 Consent of Foreign Civil Aviation Authority

The consent of the applicable foreign civil aviation authority is required before a leasing authorization can be issued. This consent should be in writing.

CARs reference: 203.04(1)

6.16 Airworthiness Eligibility Requirements

The following clarifies the requirements of the regulations and standards and are necessary to ensure the safe operation of a Canadian registered aircraft by a foreign air operator:

- a) where the aircraft is to be maintained by or under the authority of the foreign air operator, the organization that will perform and certify the work must have a valid maintenance approval or equivalent document, for the aircraft type, that is the subject of the leasing operation, issued by the airworthiness authority of the country of the lessee. This approval will ensure that the foreign civil aviation regulatory authority has carried out an evaluation of the maintenance organization; and
- b) TCCA inspectors must assess the foreign air operators ability to maintain the aircraft to Canadian airworthiness standards by:
 - i) inspecting the proposed maintenance facility, if required;
 - ii) reviewing the qualifications of personnel who are assigned maintenance supervision and certification responsibilities;
 - iii) ensuring that the operator is aware of and can comply with Canadian requirements in all respects; and
 - iv) reviewing foreign maintenance rules to determine that they are acceptable and do not conflict with Canadian maintenance rules.

6.17 Responsibility for Airworthiness Surveillance

Responsibility for airworthiness surveillance will remain with the regional branch where the aircraft is normally based. A surveillance schedule for the leasing operation will be developed based on a risk assessment of the safety of the operation.

6.18 Delegation of Airworthiness Responsibility

The responsibility for airworthiness may be delegated to the foreign airworthiness authority where there is an agreement in force between Canada and the foreign authority that provides for this delegation.

6.19 Long Term Airworthiness Requirements

Certain airworthiness requirements have long term implementation times that are subject to additional compliance action. These include, but are not limited to airworthiness directives that address corrosion prevention and control programs. Aircraft that are subject to these airworthiness directives must be inspected and maintenance records

reviewed to determine compliance with the airworthiness directive provisions, paying particular attention to the following:

- a) corrosion and structural related service bulletins;
- b) structural modifications and repairs, including major and multiple site damage repairs and damage tolerant repair;
- c) application of Supplemental Structural Inspection Programs (SSIPs);
- d) fatigue quality of multiple repairs; and
- e) major repair documentation, such as drawings, procedures and related technical data.

Appendix A

A CANADIAN AIR OPERATOR THAT LEASES A CANADIAN AIRCRAFT FROM ANOTHER CANADIAN AIR OPERATOR – NO AUTHORIZATION REQUIRED

- _____ An LF-5 - Leasing Advisory is completed by the registered owner of the aircraft and sent to the regional Aircraft Registration and Leasing division (ARL).
CARs reference -203.03(1)(e)
- _____ ARL will ensure that the registered owner has informed them in writing (via the LF-5) no later than seven days after the term of the lease commences of:
- _____ the registration mark, manufacturer model designation and serial number of the aircraft;
 - _____ the names, addresses and telephone numbers, and facsimile numbers, if any, of the registered owner and the lessee;
 - _____ the Canadian operator certificate number and the approved maintenance organization certificate numbers of the lessor and the lessee;
 - _____ the commencement and termination dates of the lease;
 - _____ the name of the person who is responsible for the maintenance of the aircraft during the term of the lease; and
 - _____ the address of the main maintenance base for the aircraft.
CARs reference -203.03(1)(e)(i)-(vi)
- _____ ARL will distribute the LF-5 to the regional Aircraft Maintenance and Manufacturing division for their review of the following requirements:
- _____ That the maintenance control systems referred to in section 406.35, 604.48 or 706.02 and the maintenance schedule approved by the Minister under subsection 605.86(2) are, during the term of the lease, equivalent for the lessor and the lessee.
CARs reference 203.03(1)(c):
- _____ ARL will distribute the LF-5 to the following regional/TCC divisions for their information:
- _____ Commercial and Business Aviation (for an air operator)
 - _____ General Aviation (for a flight training unit)
 - _____ Airline Inspection Division (if an Airline Inspection Division operator is involved)
- _____ ARL will update CCARCS-E.
- _____ The LF-5 will be placed on the leasing and aircraft files by ARL and a copy forwarded to AARRC.

Appendix B

A CANADIAN AIR OPERATOR THAT LEASES A CANADIAN AIRCRAFT FROM ANOTHER CANADIAN AIR OPERATOR – AUTHORIZATION REQUIRED

_____ An LF-1 – Application to authorize a leasing operation involving a Canadian air operator lessee and a Canadian air operator lessor is completed by the registered owner of the aircraft and sent to the applicable regional Aircraft Registration and Leasing division (ARL).

_____ ARL will ensure that the LF-1 has been duly completed and signed in ink.
CARs reference: 223.03(1)(e)

_____ Payment of \$520.00 will be received from the registered owner of the aircraft to the Minister.
CARs reference: Subpart 104 – Schedule III

_____ ARL will distribute the LF-1, a copy of the lease, and any other documentation received to the following regional/TCC divisions:

- _____ Commercial and Business Aviation (for an air operator); or General Aviation (for a flight training unit operator)
- _____ Aircraft Maintenance and Manufacturing

OR: in the case of an Airline Inspection Division operator:

- _____ Airline Inspection Division
- _____ Aircraft Maintenance and Manufacturing

_____ The above-noted divisions will review the LF-1, other relevant documentation, and conduct any inspection(s) necessary to determine compliance with Subpart 203 and Standard 223 as follows:

Provide evidence establishing that throughout the term of the lease, the aircraft:

_____ will be in the legal custody and control of the lessee; and
CARs reference: 223.03(1)(a)

_____ will not be made the subject of another lease during the term of the lease authorized by the Minister for that aircraft.
CARs reference: 223.03(1)(a)

_____ Evidence establishing that the lessor and the lessee each hold a Canadian operator certificate.
CARs reference: 223.03(1)(b)

- _____ Evidence establishing that the lessee is responsible for the maintenance of the aircraft in accordance with the applicable standards of airworthiness and the maintenance control system referred to in section 406.35, 604.48 or 706.02, and the maintenance schedules approved by the Minister pursuant to subsection 605.86(2), and in accordance with any requirements set out in the authorization issued pursuant to subsection 203.03(2) of the *Canadian Aviation Regulations*.
CARs reference: 223.03(1)(c)

- _____ Evidence establishing that the aircraft crew members are in the employ of the lessee.
CARs reference: 223.03(1)(d)

- _____ The LF-1 will be routed back to ARL after all relevant divisions have reviewed and signed-off on it (with any additional conditions of issue, as required).
CARs reference: 203.03(2)

- _____ ARL will update CCARCS-E.

- _____ ARL will issue the LF-6 authorization to the registered owner of the aircraft.
CARs reference: 203.03(2)

- _____ ARL will place the LF-1 and LF-6 on the regional leasing and aircraft files, and distribute copies of all relevant documentation to AARRC.

- _____ The Canadian air operator that has been issued an LF-6 authorization must submit a signed copy of the lease within 7 days of receiving the LF-6 authorization.
CARs reference: 203.09

Appendix C

A FOREIGN AIR OPERATOR THAT LEASES A CANADIAN AIRCRAFT FROM A CANADIAN AIR OPERATOR THAT IS OPERATING UNDER PART IV, VI OR VII

_____ An LF-2 – Application to authorize a leasing operation involving a Canadian air operator lessor and a foreign air operator lessee is completed by the registered owner of the aircraft and sent to the applicable regional Aircraft Registration and Leasing division (ARL).

_____ ARL will ensure that the LF-2 has been duly completed and signed in ink.
CARs reference: 223.03(2)(h)

_____ Payment of \$1200.00 will be received from the registered owner of the aircraft to the Minister.
CARs reference: Subpart 104 – Schedule III

_____ ARL will check the company leasing file to ensure compliance with the requirement that no Canadian air operator shall lease to a foreign air operator a number of aircraft that exceeds 25 per cent of the total number of Canadian aircraft registered to that Canadian air operator, rounded to the next highest whole number.
CARs reference: 203.07(2)

_____ ARL will distribute the LF-2, a copy of the lease and other documentation received to the following regional/TCC divisions:

- _____ Aircraft Maintenance and Manufacturing
- _____ General Aviation
- _____ Commercial and Business Aviation

_____ The above-noted divisions will review the LF-2, other relevant documentation, and conduct any inspection(s) necessary to determine compliance with Subpart 203 and Standard 223 as follows:

Provide evidence that throughout the term of the lease, the aircraft:

_____ will be registered to the lessor as a commercial aircraft;
CARs reference: 223.03(2)(a)(i)

_____ will be in legal custody and control of the lessee; and
CARs reference: 223.03(2)(a)(ii)

_____ will not be made the subject of another lease during the term of the lease authorized by the Minister for that aircraft.
CARs reference: 223.03(2)(a)(iii)

_____ Evidence establishing that the Canadian lessor holds a Canadian operator certificate issued in respect of the aircraft type being leased.
CARs reference: 223.03(2)(b)

Provide evidence establishing that the lessee:

- _____ is a citizen or subject of a foreign state or an entity incorporated or formed by or under the laws of a foreign contracting state;
CARs reference: 223.03(2)(c)(i)
- _____ holds an air operator certificate or equivalent document, issued by the foreign contracting state in respect of the aircraft type being leased;
CARs reference: 223.03(2)(c)(ii)
- _____ will operate the aircraft on a unit toll service, a charter service, or other commercial air service approved by Canada; and
CARs reference: 223.03(2)(c)(iii)
- _____ has demonstrated the ability and qualification to maintain the aircraft in accordance with the applicable standards of airworthiness and the maintenance control system referred to in section 406.35, 604.48 or 706.02, and the maintenance schedules approved by the Minister pursuant to subsection 605.86(2).
CARs reference: 223.03(2)(c)(iv)
- _____ Evidence establishing that the lessee's main operations base, during the lease, will be located in the state of the lessee
CARs reference: 223.03(2)(c)(e)

Evidence establishing that the aircraft:

- _____ has a valid certificate of airworthiness;
CARs reference: 223.03(2)(c)(f)(i)
- _____ will not undergo modification unless it is authorized by the Minister;
CARs reference: 223.03(2)(c)(f)(ii)
- _____ will continue to meet the maintenance control system referred to in section 406.35, 604.48 or 706.02 and the maintenance schedules approved by the Minister pursuant to subsection 605.86(2) are, during the term of the lease, equivalent for the lessor and the lessee, prescribed in the *Canadian Aviation Regulations*;
CARs reference: 223.03(2)(c)(f)(iii)
- _____ will be maintained during the term of the lease, in a configuration that complies with its type certificate or such other equivalent document; and
CARs reference: 223.03(2)(c)(f)(iv)
- _____ will be maintained in accordance with an inspection program approved by the Minister and any additional requirements set out in the authorization issued pursuant to subsection 203.02(2) of the *Canadian Aviation Regulations*.
CARs reference: 223.03(2)(c)(f)(v)

Evidence establishing that every crew member assigned to the aircraft by the lessee:

_____ where the aircraft will be operated solely within the state of the lessee, holds the licence appropriate to the crew member's duties, issued by Canada or the state of the lessee;

CARs reference: 223.03(2)(c)(g)(i)

_____ where the aircraft will be operated outside the state of the lessee, holds the licence appropriate to the crew member's duties issued by Canada or issued by the state of the lessee and validated by Canada;

CARs reference: 223.03(2)(c)(g)(ii)

_____ where the aircraft will be operated outside the state of the lessee and that foreign state is not a contracting state, holds the licence appropriate to the crew member's duties issued by Canada; and

CARs reference: 223.03(2)(c)(g)(iii)

_____ in the case of a large aircraft, every crew member other than a flight crew member has received training equivalent to that described in Chapter 12, Part I, of Annex 6 to the *Convention on International Civil Aviation*.

CARs reference: 223.03(2)(c)(g)(iv)

Note: "large" aircraft - means an aeroplane with a maximum permissible take-off weight in excess of 5,700 kg (12,566 pounds).

_____ Written consent of the foreign civil aviation authority of the state of the lessee has been obtained.

CARs reference: 203.04(1)

_____ The LF-2 will be routed back to ARL after all relevant divisions have reviewed and signed-off on it (with any additional conditions of issue, as required).

CARs reference: 203.03(2)

_____ ARL will update CCARCS-E.

_____ ARL will issue the LF-6 authorization to the registered owner of the aircraft.

CARs reference: 203.03(2)

_____ ARL will place the LF-2 and LF-6 on the regional leasing and aircraft files, and distribute copies of all relevant documentation to AARRC.

_____ The Canadian air operator that has been issued an LF-6 authorization must submit a signed copy of the lease within 7 days of receiving the LF-6 authorization.

CARs reference: 203.09

Appendix D

A CANADIAN AIR OPERATOR THAT IS OPERATING UNDER PART IV, VI OR VII AND THAT LEASES AN AIRCRAFT REGISTERED IN A FOREIGN STATE

_____ An LF-3 – Application to authorize a leasing operation involving a Canadian air operator lessee operating a foreign registered aircraft is completed by the Canadian air operator lessee and sent to the applicable regional Aircraft Registration and Leasing division (ARL).

_____ ARL will ensure that the LF-3 has been duly completed and signed in ink.
CARs reference: 223.03(3)(f)

_____ Payment of \$995.00 will be received from the registered owner of the aircraft to the Minister.
CARs reference: Subpart 104 – Schedule III

_____ ARL will check the company leasing file to ensure compliance with the requirement that no Canadian air operator shall, pursuant to section 203.03, operate a number of leased aircraft registered in a foreign state that exceeds 25 percent of the total number of aircraft registered to that Canadian air operator, rounded to the next highest whole number.
CARs reference: 203.07(1)

_____ ARL will check the company leasing file to ensure compliance with the requirement that no authorization shall be issued to a Canadian air operator, pursuant to subsection 203.03(2) with respect to the operation of an aircraft registered in a foreign state that would result in:

_____ the Canadian air operator being issued with one or more such authorizations for 24 months or more during any period of 30 consecutive months; or
CARs reference: 203.08(a)

_____ the aircraft being the subject of one or more such authorizations issued to a Canadian air operator for 24 months during any period of 30 consecutive months.
CARs reference: 203.08(b)

_____ ARL will distribute the LF-3, a copy of the lease and other documentation received to the following regional/TCC divisions:

- _____ Aircraft Certification
- _____ Aircraft Maintenance and Manufacturing
- _____ Commercial and Business Aviation (for an Air Operator) or General Aviation (for a flight training unit)

OR: in the case of an Airline Inspection Division operator:

_____ Airline Inspection Division
_____ Aircraft Certification
_____ Aircraft Maintenance and Manufacturing

_____ The above-noted divisions will review the LF-3, other relevant documentation, and conduct any inspection(s) necessary to determine compliance with Subpart 203 and Standard 223 as follows:

Provide evidence establishing that the aircraft:

_____ is of a type and model designation to be eligible for a Canadian certificate of airworthiness and complies with all environmental and operational requirements;

CARs reference: 223.03(3)(a)(i)

Other references: ACPL 50, ACSI 23, AN B004

_____ is registered in a foreign contracting state;

CARs reference: 223.03(3)(a)(ii)

_____ has a valid certificate of airworthiness issued in respect of the aircraft by the state of registration; and

CARs reference: 223.03(3)(a)(iii)

_____ will not be made the subject of another lease during the term of the lease authorized by the Minister for that aircraft.

CARs reference: 223.03(3)(a)(iv)

_____ Evidence establishing that the lessee holds an operator certificate for the specific aircraft type to be leased or has applied to the Minister in accordance with the *Canadian Aviation Regulations* to have the specific aircraft type added to their operator certificate.

CARs reference: 223.03(3)(b)

The lessee provides the Minister with evidence establishing that:

_____ the aircraft complies with the type certificate issued in respect of the aircraft or other equivalent document and meets the applicable standards of airworthiness and maintenance control system referred to in section 406.35, 604.48 or 706.02, and the maintenance schedules approved by the Minister pursuant to subsection 605.86(2);

CARs reference: 223.03(3)(c)(i)

_____ the lease will not affect the registration of the aircraft or the certificate of airworthiness issued in respect of the aircraft by the state of registration; and

CARs reference: 223.03(3)(c)(ii)

_____ in the case of an aircraft registered in the United States, the certificated weight of which is more than 12,500 pounds, the registered owner is a United States entity other than described in the *United States Code of Federal Regulations 47.9*.
CARs reference: 223.03(3)(c)(iii)

_____ Evidence establishing that the aircraft crew members are in the employ of the lessee.
CARs reference: 223.03(3)(d)

Evidence establishing that, during the term of the lease authorized by the Minister, the aircraft:

_____ will be in the legal custody and control of the lessee;
CARs reference: 223.03(3)(e)(i)

_____ will be maintained in accordance with the applicable standards of airworthiness and maintenance control system referred to in section 406.35, 604.48 or 706.02 and the maintenance schedules approved by the Minister pursuant to subsection 605.86.(2); and
CARs reference: 223.03(3)(e)(ii)

_____ will be maintained in accordance with an inspection program approved by the Minister and any requirements set out in the authorization issued pursuant to subsection 203.03(2) of the *Canadian Aviation Regulations*.
CARs reference: 223.03(3)(e)(iii)

_____ Written consent of the foreign civil aviation authority of the state of the lessor has been obtained.

_____ The LF-3 will be routed back to ARL after all relevant divisions have reviewed and signed-off on it (with any additional conditions of issue, as required).
CARs reference: 203.03(2)

_____ ARL will update CCARCS-E.

_____ ARL will issue the LF-6 authorization to the Canadian air operator lessee.
CARs reference: 203.03(2)

_____ ARL will place the LF-3 and LF-6 on the regional leasing file, and distribute copies of all relevant documentation to AARRC.

_____ The Canadian air operator that has been issued an LF-6 authorization must submit a signed copy of the lease within 7 days of receiving the LF-6 authorization.
CARs reference: 203.09

Appendix E

A FOREIGN AIR OPERATOR THAT LEASES A CANADIAN AIRCRAFT FROM A CANADIAN AIRCRAFT MANUFACTURER

_____ An LF-4 – Application to authorize a leasing operation involving a foreign air operator lessee and a Canadian aircraft manufacturer is completed by the registered owner of the aircraft sent to the applicable regional Aircraft Registration and Leasing division (ARL).

_____ ARL will ensure that the LF-4 has been duly completed and signed in ink.
CARs reference: 223.03(4)(i)

_____ Payment of \$1200.00 will be received from the registered owner of the aircraft to the Minister.
CARs reference: Subpart 104 – Schedule III

_____ ARL will distribute the LF-4, a copy of the lease, and other documentation received to the following regional/TCC divisions:

- _____ Aircraft Maintenance and Manufacturing
- _____ General Aviation
- _____ Commercial and Business Aviation

_____ The above-noted divisions will review the LF-4, other relevant documentation, and conduct any inspection(s) necessary to determine compliance with Subpart 203 and Standard 223 as follows:

_____ Provide evidence establishing that the leasing operation is for the purpose of providing a commercial aircraft registered in Canada to the lessee pending the type certification of that aircraft type and model designation number by the state of the lessee or for the purpose of product support; and
CARs reference: 223.03(4)(a)

_____ evidence establishing that the aircraft type and model designation will be undergoing the process of airworthiness certification by the foreign state of the lessee.
CARs reference: 223.03(4)(b)

Evidence establishing that, throughout the term of the lease, the aircraft:

_____ will be registered to the lessor as a commercial aircraft;
CARs reference: 223.03(4)(c)(i)

_____ will be in the legal custody and control of the lessee; and
CARs reference: 223.03(4)(c)(ii)

_____ will not be made the subject of another lease during the term of the lease authorized by the Minister for that aircraft.

CARs reference: 223.03(4)(c)(iii)

Evidence establishing that the lessor is:

_____ a Canadian manufacturer of aircraft; and
CARs reference: 223.03(4)(d)(i)

_____ the holder of an aircraft type certificate in respect of the type and model designation of the leased aircraft.
CARs reference: 223.03(4)(d)(ii)

Evidence establishing that the lessee:

_____ is a citizen or subject of a foreign state or an entity incorporated or formed by or under the laws of a foreign contracting state;
CARs reference: 223.03(4)(e)(i)

_____ holds an air operator certificate or equivalent document, issued by the foreign contracting state in respect of the aircraft type being leased;
CARs reference: 223.03(4)(e)(ii)

_____ will operate the aircraft on a unit toll service, a charter service, or other commercial air service approved by Canada; and
CARs reference: 223.03(4)(e)(iii)

_____ has demonstrated the ability and qualification to maintain the aircraft in accordance with the applicable standards of airworthiness and the maintenance control system referred to in section 406.35, 604.48 or 706.02, and the maintenance schedules approved by the Minister pursuant to subsection 605.86(2).
CARs reference: 223.03(4)(e)(iv)

Evidence establishing that the aircraft:

_____ has a valid certificate of airworthiness;
CARs reference: 223.03(4)(f)(i)

_____ will be maintained in accordance with the applicable standards of airworthiness and the maintenance control system referred to in section 406.35, 604.48 or 706.02 and the maintenance schedules approved by the Minister pursuant to subsection 605.86(2);
CARs reference: 223.03(4)(f)(ii)

_____ will be maintained in a configuration that complies with its Canadian type certificate or other equivalent document; and
CARs reference: 223.03(4)(f)(iii)

_____ will not undergo modification unless it is authorized by the Minister.

CARs reference: 223.03(4)(c)(iv)

Evidence establishing that every crew member assigned to the aircraft by the lessee:

_____ where the aircraft will be operated solely within the state of the lessee, holds the licence appropriate to the crew member's duties issued by Canada or the state of the lessee and validated by Canada;

CARs reference: 223.03(4)(g)(i)

_____ where the aircraft will be operated outside the state of the lessee and the foreign state is a contracting state, holds the license appropriate to the crew member's duties issued by Canada or issued by the state of the lessee and validated by Canada;

CARs reference: 223.03(4)(g)(ii)

_____ where the aircraft will be operated outside the state of the lessee and that state is not a contracting state, holds the licence appropriate to the crew member's duties issued by Canada; and

CARs reference: 223.03(4)(g)(iii)

_____ in the case of a large aircraft, every crew member other than a flight crew member has received training equivalent to that described in Chapter 12, Part I, of Annex 6 to the *Convention on International Civil Aviation*.

CARs reference: 223.03(4)(g)(iv)

Note: "large" aircraft - means an aeroplane with a maximum permissible take-off weight in excess of 5,700 kg (12,566 pounds).

_____ Evidence establishing that the aircraft crew members are in the employ of the lessee.

CARs reference: 223.03(4)(h)

_____ Written consent of the applicable foreign civil aviation authority of the state of the lessee has been obtained.

CARs reference: 203.04(1)

_____ The LF-4 will be routed back to ARL after all relevant divisions have reviewed and signed-off on it (with any additional conditions of issue, as required).

CARs reference: 203.03(2)

_____ ARL will update CCARCS-E.

_____ ARL will issue the LF-6 authorization to the registered owner of the aircraft.

CARs reference: 203.03(2)

_____ ARL will place the LF-4 and LF-6 on the regional leasing and aircraft files, and distribute copies of all relevant documentation to AARRC.

_____ The Canadian air operator that has been issued an LF-6 authorization must submit a signed copy of the lease within 7 days of receiving the LF-6 authorization.
CARs reference: 203.09