



It's All 2-Easy – The Benefits of Using the Guernsey Aircraft Registry

10 April 2017

The Guernsey Aircraft Registry (the “Aircraft Registry”) was established in 2013 with the coming into effect of the Aviation Registry (Guernsey) Law (the “Aircraft Registry Law”) and since that time has grown significantly (and we expect it will continue to do so). The Aircraft Registry is operated as a public-private partnership by the States of Guernsey and SGI Guernsey under the brand name “2-REG”.

The name 2-REG reflects, amongst other things, the unique registration mark system offered by the Aircraft Registry, which is formulated with the prefix 2 followed by four letters, allowing unique and attractive letter combinations.

The Aircraft Registry provides owners, operators and lessors of aircraft with the ability to register aircraft or aircraft engines on the aircraft register or aircraft engine register respectively. On 17 March 2017 the Aircraft Registry reported that it had registered 176 aircraft in total since its establishment and, that as at that date there were currently 100 aircraft registered. Some of the registration marks include “2-COOL”, “2-HIGH”, “2-SEXY”, “2-LOVE” and “2-OFUS”.

Amongst other recent initiatives, the establishment of the Aircraft Registry has strengthened Guernsey's offering to financial services, as well as its position as a leading financial jurisdiction. Given the increasing number of registrations and growth of the Aircraft Registry and increasing work and questions in that regard, this briefing guide describes the Aircraft Registry and the benefits for choosing Guernsey as the place to register.

Aircraft Registers

The Aircraft Registry maintains three separate registers, one for aircraft (the “Aircraft Register”), aircraft engines (the “Engines Register”) and a register of charges (“Register of Charges”).

Aircraft and Engines Registers

Although the aircraft does not have to be physically situated or present in Guernsey in order for the aircraft or engine to be registered on the Aircraft Register or Engines Register (together, the “Registers” and each a “Register”) the following eligibility criteria need to be met:

1. The legal or beneficial owner of the aircraft must be a “qualified person” or, if applicable, the charterer by demise of the aircraft must be a qualified person (even where the owner of the aircraft is not). In that regard, a “qualified person” includes, any natural person resident in Guernsey but also includes any individual person or legal person who is:
 - (a) A national of an EEA State;
 - (b) A resident in the British Islands or in a British Overseas Territory;
 - (c) A financial services business supervised by the Guernsey Financial Services Commission (or certain other regulated activities); or
 - (d) Represented by a Guernsey resident agent (i.e. a person licensed in Guernsey under the Regulation of Fiduciaries, Administration Businesses, Company Directors, etc (Bailiwick of Guernsey) Law, 2000).



2. The aircraft must not be registered in any other country;
3. The aircraft must be eligible, namely:
 - (a) it must be an aeroplane or helicopter based in Guernsey or Jersey with a maximum take-off mass exceeding 750 kg, not amateur built or vintage; or
 - (b) in the case of an aeroplane or helicopter not based in Guernsey or Jersey, must in the case of an aeroplane be turbine powered and have a maximum take-off mass exceeding 2,700 kg and in the case of a helicopter, be turbine powered.

Recent amendments to the Air Navigation (Bailiwick of Guernsey) Law, 2012 have given the Aircraft Registry the authority to register aircraft used for commercial air transport. As a result, the Aircraft Registry is now able to issue aircraft operator certificates (required under international law for aircraft used for commercial air transport) to operators who have their principal place of business in Guernsey.

Register of Charges

As noted above, the Aircraft Registry also maintains a Register of Charges. Charges governed by Guernsey law over aircraft assets, and foreign law charges over registered aircraft assets, may be registered on the Charges Register.

The effect of registration of the charge is that the charge will rank ahead of any unregistered charge or debt, as well as ahead of any secondary or subsequent charge that is registered on the Charges Register in respect of that aircraft asset.

Upon registration of the charge on the Charges Register, the chargee has the benefit of the basic default and insolvency remedies available under the Aviation Registry Law, including those relating to de-registration and export of the aircraft on an insolvency or other default. Importantly, it is also possible to register a notice of intention to register a charge with the Aircraft Registry, which is referred to as a priority notice. The effect is that once the charge is registered the security is deemed to take effect from the date on which the priority notice was filed.

Cape Town Convention

On 27 July 2015, the UK ratified for itself as well as Guernsey and certain other overseas territories, the Convention on International Interests in Mobile Equipment as modified by the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment (the "Cape Town Convention"). Thereafter, on 2 November 2015, The Aviation Registry (Interests in Aircraft) (Guernsey) (Ordinance), 2015 (as amended) (the "Aviation Registry Ordinance") came into force which gives effect to the Convention in Guernsey.

For a financier or lessor of aircraft, the Cape Town Convention aims to bring speed, certainty and cost savings to repossession, deregistration and export of aircraft, helicopters and aircraft engines (referred to as aircraft objects in the Cape Town Convention) on an insolvency or other default where the aircraft object is in a country whose laws would or might not otherwise be creditor-friendly and protect creditors' interests in aircraft objects. The Cape Town Convention aims to do this by providing for the registration of "international interests" in those aircraft objects at a single, web-based, "International Registry" that is open 24/7 (the "International Registry"). The International Registry creates a priority between registered and unregistered interests over aircraft, by providing for registered international interests to rank ahead of unregistered interests and for earlier registrations of an international interest in an aircraft object to trump later registrations in the same aircraft object.

As Guernsey has given effect to the Cape Town Convention, it recognises validly created international interests over an aircraft object registered on the International Registry in accordance with the provisions of the Aviation Registry Ordinance.

What are the benefits of using Guernsey?

For private and corporate aircraft owners, lessors and financiers, registration in Guernsey offers the following advantages:

1. Guernsey is a well-established and well-regulated financial centre that has been offering professional services to clients all over the world for over 50 years. As well as having a strong reputation Guernsey has a long history of political and economic stability.
2. Guernsey is a British Crown Dependency and outside both the United Kingdom and the European Union. As a result, Guernsey has the right to raise its own taxes and offers a neutral tax environment to structure aircraft transactions with corporate tax rate of 0% corporate tax rate, and levies no VAT, GST, CGT or IHT.



3. The Aircraft Registry is unique in that it has been established as a public-private partnership with SGI Aviation, an aviation services provider with a track record and expertise in providing aviation services to national aviation authorities, regulators, aircraft owners (lessors and banks) and airlines. As a result, the Aircraft Registry via SGI Aviation is supported from permanent offices in Guernsey, Amsterdam and Singapore and can provide a 24 hour support system for urgent matters.
4. The aircraft and charges registration procedure is simple and is done by way of submitting the standard forms online in conjunction with support if necessary from the Aircraft Registry itself. In addition, unlike some other aircraft registries, applications for registration of an aircraft can be made on both an owner and operator basis which provides some flexibility in the registration process.
5. The Aircraft Registry is able to issue air operator certificates ("AOC") which enable Guernsey registered aircraft to operate for commercial air transport.
6. The Aircraft Registry also is unique in that it offers a choice of type certificates (a "TC") from four different major jurisdictions (Europe/EASA, US/FAA, Canada/TC, Brazil/ANAC). A TC is issued to signify the airworthiness of an aircraft manufacturing design or "type" in accordance with international standards per the certificate of airworthiness ("COA"). Usually a state only issues one TC per aircraft type, which then forms the mandatory basis for the COA of each aircraft type. The type of acceptance ("TAC") certificate issued by the Aircraft Registry validates the TC issued by the issuing state. As a result an applicant can choose between the TCs when first applying for a COA.
7. The Aircraft Registry provides a pragmatic and simple deregistration process, which is useful in the case of the registration of off-lease aircraft which have specific needs. Off-lease commercial aircraft can be registered on the Guernsey Register without the need for an AOC.
8. The Aircraft Registry permits the registration of personalised registration marks (that are out of sequence) with the prefix 2 followed by four letters (e.g. '2-ABCD'), allowing unique and attractive letter combinations.
9. The provisions of the Cape Town Convention have effect in Guernsey, making the creditor protections and enforcement provisions thereunder available to creditors with security over aircraft situated or registered in Guernsey.

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