

Commercial flight operations for Cayman Islands registered aircraft

Last reviewed: September 2024

Introduction

Commercial aircraft registered in the Cayman Islands (**Cayman**) are permitted to conduct passenger and cargo flights both domestically and internationally. This guide summarises the application process to obtain an Air Operator Certificate (**AOC**) from the Cayman Islands Civil Aviation Authority (**CAACI**) to enable commercial flight operations.

The Cayman Aircraft Register is primarily a private use register and aircraft registered and operated in the private category are not permitted to be operated commercially or for hire or reward. However, in recent years, the CAACI has been successful in opening the Cayman Aircraft Register to commercially operated aircraft through the issuance of AOCs.

An AOC is a crucial authorisation required for any entity intending to operate commercial air transport services. It ensures that the operator has the professional ability and infrastructure to secure the operation of aircraft in accordance with the highest safety standards. This is not surprising as Cayman continues to play a key role in the aviation industry, being widely recognised as having a world-class aircraft registry, robust and sophisticated legal and regulatory regimes, flexible and versatile vehicles, a politically stable climate and tax neutrality.

AOCs and the Cayman Special Economic Zone

Cayman Enterprise City special economic zones are designed to promote the easy and cost-efficient establishment of a genuine physical presence in Cayman for businesses in specific industries. The aviation services of the Cayman Maritime & Aviation City special economic zone (the **SEZ**) are focused on assisting aviation service businesses, such as those involved in commercial air transport operations, manufacturing, aerospace-related activities, aircraft management, consulting and other specialised services to the aviation and aerospace development sector, to set up businesses in Cayman.

In May 2019, the CAACI issued the first AOC for fixed wing commercial operations in the SEZ to Cayman Bellawings, an affiliate of Hong Kong Bellawings business jet management company. This marked a very exciting milestone for the CAACI and the SEZ, allowing internationally recognised aircraft operators and management companies, such as Bellawings, to operate commercially under Cayman jurisdiction.

Since the first AOC to Bellawings in 2019, the CAACI has issued more AOCs in the SEZ to Cayman SEZ companies, including to global aviation services companies such as Phenix Jet, Gama Aviation, Global Wings, Asia Corporate Jet and TAG Aviation. As at June 2024, there were five offshore AOCs in place.

AOC application process

The CAACI is very selective with who they take on for commercial operations. There is a higher set of safety standards for commercial operations than for private use (for example, extensive training for crew, increased safety checks and higher inspection levels). The CAACI's standards are based on the regulatory codes applied by the UK Civil Aviation Authority, the US Federal Aviation Administration (**FAA**), the

European Union Aviation Safety Agency (EASA) and Transport Canada. It is also rated as a Category 1 Aviation Regulatory Authority by the FAA.

An applicant can either apply for an AOC by setting up a presence with the SEZ to satisfy certain requirements for obtaining a Cayman AOC (including, to have their 'principal place of business' in Cayman) or they can seek to apply through a manager that already has a Cayman AOC.

Application via the latter option is likely to be quicker as the manager will handle the application process and it can be completed in the same day, depending on the type of aircraft. Nonetheless, the application process could end up taking a few weeks depending on the applicant, the findings in the due diligence exercise, whether the aircraft manuals need to be modified for commercial operations and if the crew need to be re-trained.

We have set out below a high-level summary of the steps to obtaining a Cayman AOC:

Initial inquiry and pre-application meeting

When the CAACI is contacted by an applicant expressing their intention to apply for a Cayman AOC, the CAACI will schedule a briefing meeting with the applicant to understand, among other things, the type and location of the aircraft, the background of the applicant, whether the applicant has previously had an AOC anywhere else, whether the applicant has experience with commercial aircraft operations and the applicant's operational intentions. The CAACI will also set up a meeting with the aircraft manager to discuss their commercial operations experience.

Formal application submission

The applicant will then need to complete and submit the formal AOC application form provided by the CAACI, together with the necessary supporting documentation which includes the following:

- business plan
- details of the organisational structure
- manuals (operations manual, safety management system manual, etc.)
- aircraft details and registration information
- proposed schedules and routes.

The CAACI will conduct extensive due diligence on the applicant and, while they are willing to work with applicants to help them meet the AOC requirements, the CAACI's prime responsibility and focus is to satisfy safety regulations and uphold standards.

Document evaluation

The application and supporting documentation will be reviewed by the CAACI to ensure that it meets the regulatory requirements. The CAACI may request additional information or revisions to the submitted documents.

Demonstration and inspection phase

The CAACI will carry out a number of inspections to ensure the aircraft, operational and maintenance facilities meet the required standards. There will also be various tests and demonstrations required for the applicant to evidence their ability to comply with regulatory standards.

Approval process

If all requirements are met (including any applicable SEZ requirements where the applicant is applying through that route), the CAACI will issue the AOC, allowing the applicant to commence commercial operations.

Conclusion

Obtaining an AOC in Cayman is a detailed process that ensures aircraft operations meet the highest standards of safety and efficiency. The CAACI is willing to work closely with applicants to help them navigate the requirements to establish their aviation operations in Cayman.

Our asset finance team

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We specialise in advising on the financing and leasing of commercial aircraft, corporate jets and other related assets, including engines and helicopters. Our team have advised the world's leading financial institutions, airlines, operating lessors and private equity investors on a variety of structures, including debt financing, pre-delivery payment financing, cross border leasing, operating leasing, sale and leasebacks, export-import and export credit financings. We offer a 'one-stop shop' service, providing clients with a single point of contact for access to an integrated suite of legal and global corporate and SPV management services for the transaction, including registered office, professional directors, share trustee and Cape Town Convention services.

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Contacts

A full list of contacts specialising in Cayman asset finance law can be found [here](#).