

Aircraft Finance

Spain: facing Cape Town aircraft protocol implementation

Since Spain acceded to the Cape Town Convention on October 4, 2013 there has been an intense debate among aircraft financiers, operators, public registries and regulators about the impact of the implementation of the Aircraft Protocol (to which Spain agreed to accede in July 2015) in the Spanish regulation and aircraft transactions.

Despite the lack of formal accession to the Aircraft Protocol, the General Directorate of Registrar and Notaries, together with recognized scholars, registrar and the Spanish Aviation Authority have been discussing during the last months the best procedure to implement the protocol within the Spanish regulation and adapt such regulation to the market needs.

The Spanish Aircraft Finance team at Dentons has taken part in such discussions, providing our view regarding the implementation of the protocol in Spain and also giving explanation about market concerns

about the current (and obsolete) regulation together with our point of view in order to adapt the new regulation to the Spanish market.

According to the different players, Spain should be formally acceding to the Aircraft Protocol in the course of this year, and, while the accession takes place, the relevant regulation affected by the protocol should be amended.

This is a no return point, as the new regulation on the Spanish Aircraft Matriculation Registry foresees the existence of an international registry and its coexistence with the Spanish Aircraft Matriculation Registry.

An experienced team in Spain

Our team is recognized by the Spanish market as the firm of choice for experienced advice on Spanish aircraft regulatory matters and structure finance. Our team has recent experience in:

- Spanish security eligible to be registered with the international registry
- Non-Spanish security granted by Spanish operators that is currently registered with the international registry

We have advised on the following types of transactions:

- Selling and purchasing aircraft portfolios (Iberia's purchase of Iberbond fleet in 2014, Avincis (formerly Inaer) fleet transfer to Babcock International in 2014)
- Restructuring (TAM and LAN fleet into LATAM in 2014)
- Structuring finance and finance leases (for AWAS, Macquarie, Apollo Aviation and GECAS in 2015)
- Operating leases involving the main Spanish operators (Iberia, Vueling, Iberia Express, Air Europa and Evelop in 2015)

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