



## GLOBAL AIRCRAFT TRADING SYSTEM

On 16 May 2018, the Aviation Working Group agreed to establish a global, electronic aircraft trading system (**GATS**) to make the buying and selling of aircraft and engines on lease simpler and faster. GATS is designed to reduce the burden on airlines, lessors and financiers and to produce widespread benefits for the industry.

### HOW WILL GATS WORK

- Under GATS, each aircraft will be owned by a trust that can be created online in a branch located in the US, Ireland or Singapore. Trust structures have been used for decades covering a substantial part of the industry, and have proved effective and efficient.
- A sale of an aircraft would simply require a transfer of the beneficial interest in a trust, leaving in place the basic transaction documents, including the lease, and therefore minimizing the time, effort, and costs relating to trading.
- Each trust, ownership transfer, and related security interest will be recorded on an electronic ledger, and GATS will be based on electronic standard form documents and electronic processes, all designed to make everything as simple, inexpensive and efficient as possible.
- GATS will leverage latest blockchain and e-commerce technology for security / efficiency.
- Participation in GATS is wholly voluntary and would be open to all industry players.
- No commercial terms will be recorded on the electronic ledger.

### WHAT ARE THE BENEFITS OF GATS

- Avoiding lease novations and reducing time, cost and burden on airlines, lessors and financiers.
- Creating standard electronic form documents and a simple, consistent and streamlined trading process.
- Increased liquidity in aircraft trading markets, producing economic benefits for the industry as a whole, including those related to contract terms and asset values.
- Clarity of legal rights in aircraft and engines in an easy-to-use, efficient, book-entry type electronic ledger, based on secure blockchain technology.

### WHAT IS THE TIMING OF GATS

GATS is planned for launch on 1 December 2018, after which GATS form documentation may be used. The electronic ledger is planned to be operational by the end of Q2 2019. Existing trusts may be migrated into GATS by adopting GATS forms. All of this is subject to final documentation and agreement. Updates will be provided over the coming months.

Queries relating to GATS should be directed to [jeffrey.wool@awg.aero](mailto:jeffrey.wool@awg.aero)