



## TRANSITION PERIOD INSTRUCTIONS

These instructions are supplemental to the GATS guidance materials updated on a quarterly basis by the Aviation Working Group and published through the GATS Platform (together with its Annexes, the **Guidance Materials**). It is highly recommended that these instructions and the Guidance Materials are read and understood prior to using the GATS Transition Period GATS Forms. Capitalized terms shall have the meaning given to such terms in the Guidance Materials.

### The Transition Period

The period commencing on 15 July 2019 and ending on the date on which the AWG announces that the GATS electronic ledger is available for use by GATS Parties (the **Ledger Launch Date**), will be referred to in these instructions as the **Transition Period**. During the Transition Period, the AWG will make available for use (online through [www.awg.aero](http://www.awg.aero) and (if possible) <https://e-gats.aero/> (the **GATS Platform**)) standard form instruments to be used during the Transition Period (the **Transition Period GATS Forms**) by parties intending to use GATS, in order to maximise efficiency in converting a trust into a GATS Trust.

### The Transition Period GATS Forms

Until the Ledger Launch Date, the GATS Platform directs users to standard forms of the following instruments for each of (i) the United States (Delaware common law trust), (ii) the United States (Utah common law trust), (iii) Ireland and (iv) Singapore, designed to facilitate efficient conversion into GATS:

- GATS Trust Instrument [Transition Period]
- GATS Trust Instrument Master Terms [Transition Period]
- GATS Transfer Instrument (Full Beneficial Interest) [Transition Period]
- GATS Transfer Instrument (Partial / Residual Beneficial Interest) [Transition Period]
- GATS Security Instrument [Transition Period]
- GATS Security Instrument Master Terms [Transition Period]

The GATS Template Transfer Clause (Lease Agreement) designed for use with the GATS standard form instruments also works well with the Transition Period GATS Forms.

Each of the Transition Period GATS Forms:

- (a) explicitly contemplates migration of the applicable trust into GATS and should only be used by parties intending to use GATS;
- (b) is intentionally drafted to be substantially similar to the corresponding GATS Form available for use on and after the Ledger Launch Date; and

(c) may be executed manually, unlike the GATS Forms which must be executed electronically using the GATS Platform after the Ledger Launch Date.

### **Editing the Transition Period GATS Forms**

Each Transition Period GATS Form will be available for download in Microsoft Word format. Manual amendments to the body of the Transition Period GATS Forms are possible but they are strongly discouraged.

To maximize the efficient transition of the trust on to the GATS Platform after the Ledger Launch Date, users should limit their edits to populating the required information in the schedules to the Transition Period GATS Forms being used. This information replicates the details which users of GATS will be prompted by the GATS electronic ledger to provide and which will be automatically populated into the GATS Forms. Further details of the information which will need to be populated can be found in the Guidance Materials.

Lessors and their financiers intending to use GATS should ensure that any description of the trust instrument in either the lease documents or financing documents is drafted so that any amendment and restatement of the trust instrument is also included.

### **GATS Trust Instruments [Transition Period]**

The execution of a GATS Form trust instrument using the GATS Platform will amend and restate the GATS Trust Instrument [Transition Period] and provided that there are no changes being made to the parties to the trust instrument on the migration of the trust into GATS, no bill of sale or metal transfer of the aircraft equipment will be required and no transfer taxes should arise. The process for execution of the GATS Forms through the GATS Platform is set out in the Guidance Materials.

### **Security Interests**

Although the security interest granted pursuant to the GATS Security Instrument [Transition Period] should remain valid notwithstanding the amendment and restatement of the GATS Trust Instrument [Transition Period] pursuant to a GATS Trust Instrument, we would expect that a secured creditor would want to avail of the ability to register its security interest on the GATS electronic ledger which would necessitate the execution of a new GATS Security Instrument through the GATS Platform. In order to protect the secured creditor against new hardening periods taking effect, the secured creditor may wish to leave the previously executed GATS Security Instrument [Transition Period] in place notwithstanding the later electronic execution of the GATS Security Instrument.

### **Trust Name - Unique Identification Numbers**

In order to avoid, among other things, having to make new national law filings, the name of the trust during the Transition Period should match what the trust will be named once it has been converted into a GATS Trust. See immediately below.

The naming convention for GATS Trusts will be standard format and will follow a common approach based on the Unique Identification Number (**UIN**) assigned to such trust (**'GATS Trust X'**, where **X** is the assigned UIN). To obtain a UIN in advance of the Ledger Launch Date, the beneficiary of the proposed trust may apply to the AWG requesting to reserve a UIN.<sup>1</sup> When the trust is ultimately converted into a GATS Trust on or after the Ledger Launch Date, the UIN (having previously been reserved) will be assigned to the same trust so neither the UIN nor the name of the trust will need to be amended and the amendment and restatement of the trust as part of its conversion into a GATS Trust should not result in a requirement to make new UCC filings or other name-based registries (including the FAA).

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<sup>1</sup> AWG will be updating these instructions prior to the Transition Period with directions on how to apply to AWG for a UIN.