



GUERNSEY ADVISORY CIRCULARS (GACs)



GAC REG - 4

**CHARTER BY
DEMISE
ARRANGEMENTS**



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Director of
Civil Aviation

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First Issue

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Guernsey Advisory Circulars (GACs) are issued to provide advice, guidance and information on standards, practices and procedures necessary to facilitate the application and processing of applications for services related to the Guernsey Aircraft Register.

They are not in themselves law or a regulation but may amplify provisions of the laws and regulations, including the Guernsey Aviation Requirements, or provide practical guidance. Since GACs are non-binding, regulated persons may choose alternative means to comply with the guidance. In this case, however, they lose the presumption of compliance provided by the circular and need to demonstrate to the Office of the Director Civil Aviation (ODCA) that they do comply with the law.

The definitive version of GACs is on the States of Guernsey website www.cidca.aero which should be viewed to establish the latest issue.

Enquiries regarding the content of this publication should be addressed to the Office of the Director of Civil Aviation, Guernsey Airport, Airport Terminal Building, La Villiaze, Forest, Guernsey, GY8 ODS.

Processing of applications will be done by the Guernsey Aircraft Registry, which operates as '2-REG'. For further information consult www.2-reg.com or send a message to info@2-reg.com.

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1 Purpose

This guidance provides the requirements for recognising and registering an aircraft under a Charter by Demise Agreement. It ensures clarity and consistency in assessing applications where operational control is transferred from the registered owner to a charterer.

2 Related laws, regulations and requirements

This Circular relates to GAR Parts **47**.

No rights can be derived from this document. For exact details please refer to The Air Navigation (Bailiwick of Guernsey) Law, 2012 and Aviation Registry (Guernsey) Law 2013. In case of conflict between this guidance document and the Law, the latter shall prevail.

3 Definitions

Definitions, in the context of this GAC shall have the meanings listed in GAR Part 1 (Definitions, Abbreviations and Units of Measurement).

4 Introduction - Legal Context and Definition

A Charter by Demise Agreement is a long-term lease (minimum 12 months) where the registered owner transfers full possession and operational control of the aircraft to the charterer. The charterer becomes the operator and employer of crew, assuming all responsibilities and liabilities. It should be considered like a lease of property, where the owner receives rent, and the tenant has peaceful occupation of the property.

Under a charter by demise the owner retains only the right to lease payments and repossession at the end of the lease (or if there is any breach), while the charterer is otherwise fully responsible for the aircraft during the lease. It would not be expected that the owner would have any operation control during the period of the charter by demise.

It is not an operating agreement under which an aviation service provider takes responsibility for the operation of the aircraft, but the owner decides how the aircraft is used and for what purposes.

It is also not an arrangement that should obscure legal ownership of an aircraft, as in all situations the name of the legal owner will need to be provided to the Registrar.

5 Minimum Required Content of a Charter by Demise Agreement

5.1 Parties to the Agreement

- Full legal names and addresses of:
 - Registered owner(s)
 - Charterer(s)

5.2 Aircraft Details

- Type, model, manufacturer's serial number, and registration mark
- Confirmation that the aircraft is subject to the agreement in its entirety
- Explicit reference to Guernsey as the State of Registry

5.3 Term of the Agreement

- Minimum duration: 12 months
- Start and end dates
- Conditions for renewal, early termination, or extension

5.4 Transfer of Possession and Control

- Clear statement of full transfer of possession and operational control
- Charterer to act as sole operator under applicable aviation laws

5.5 Responsibilities of the Charterer

- Obtain and maintain all necessary licences and approvals
- Responsible for maintenance, airworthiness, crewing, and compliance
- Insurance obligations: hull and liability cover in charterer's name, with owner as additional insured

5.6 Responsibilities of the Owner

- Confirmation of relinquishment of operational control
- No liability to third parties during the charter period

5.7 Return of Aircraft

- Conditions and standards for return
- Notification to the State of Registry upon termination with notice given in advance of the intended termination if earlier than the end of term.

5.8 Governing Law and Jurisdiction

- Agreement must recognise Guernsey as the State of Registry

5.9 Execution

- Signed by authorised representatives of both parties

5.10 Charterer Eligibility and Sanctions Compliance

- The charterer must be a qualified person in accordance with Section 12 of the Aviation Registry (Guernsey) Law, 2013.
- The Registrar may register an aircraft in the name of the charterer even if an unqualified person holds a legal or beneficial ownership interest, provided the charterer is qualified and the aircraft may otherwise be properly registered
- The charterer must demonstrate that:
 - No person with a legal or beneficial interest in the aircraft is subject to sanctions.
 - The aircraft is not being used in a manner that would breach Guernsey's sanctions regime or in any way cause a breach of Guernsey's anti-money laundering, proceeds of crime, terrorist financing or proliferation of weapons of mass destruction regulations.
- The Registrar may require enhanced due diligence, including:
 - Disclosure of beneficial ownership
 - Use of a Guernsey-based Resident Agent who is a licensed fiduciary
 - Confirmation of compliance with AML/CFT obligations

6 Registry Considerations

- The Registry will assess whether, in the Registrar's view, the agreement meets the threshold for a Charter by Demise Agreement, including by considering the extent of control transferred
- The concept is not applicable to engines or smaller components, which are not real property.

END