# PART 201

## ECONOMIC OPERATING LICENSE

This part of the Jordanian Civil Aviation Regulations is hereby adopted under the authority and provisions of the Civil Aviation Law No. (41) 2007, and its amendments.

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**Chief Commissioner/CEO**
**Civil Aviation Regulatory Commission**

المملكة الاردنية الهاشمية
هيئة تنظيم الطيران المدني
CIVIL AVIATION REGULATORY COMMISSION
THE HASHEMITE KINGDOM OF JORDAN

## Contents

## Steps To Obtain An Economic Operating License (EOL)

Applicants submitting business plans for analysis and assessment are deemed to have read understood and accepted processing conditions, as detailed below:

**Step 1** Applicants shall familiarize themselves with EOL Regulations as well as the other economic requirements and all other associated Technical Regulations.

**Step 2** Applicants shall submit a letter of intent that contains information about the goals and reasons of their request, enhanced with a position paper or draft feasibility study together with information about the owners, potential shareholders, management effective control of the company and their nationalities.

**Step 3** The letter of intent together with the requested above information will be submitted to the CARC Council to be reviewed either for an initial acceptance or for additional information required or for rejection.

**Step 4** If the CARC Council had initially accepted the applicant request, Applicant shall accurately fill out the EOL application form ensuring that all the required information has been inserted and/or attached.

**Step 5** The application together with the required business plan shall be submitted to the CARC within 90 days from the date of the applicant's receipt of the CARC initial acceptance, otherwise the initial acceptance shall be considered automatically cancelled. The Chief Commissioner shall have the right to give a single extension for a maximum period of 30 days for a viable reason provided a written request is submitted before the end of the 90 days period. The Business plan shall be in accordance with the EOL Regulations plus initial non refundable charges for the analysis and assessment process in accordance with applicable Civil Aviation Fees & Charges Regulations as amended. Further charges may be applied where the business plan requires further analysis and assessment; in this case the applicant will be advised of any extra charges prior to the additional work being undertaken. The application should be submitted to CARC in both hard and electronic copies in the English language, and must include a comprehensive business plan in accordance with the requirements in Appendix A, including supporting assumptions.

**Step 6** The evaluation and assessment processes may be carried out by competent third party, on behalf of the CARC if CARC deems it necessary, This process shall be completed not later than three months after all the necessary information has been submitted to CARC.

**Step 7** Competent third party may communicate with the applicant, and require interviews and/or face-to-face meetings with the applicant for more clarification and justifications as necessary. In the case of face-to-face meetings, all costs will be the responsibility of the applicant and must be finalized before the process continues.

**Step 8** The Competent third party shall submit their recommendations on the application to the CARC, after which the CARC shall make a decision (Accept or Reject) the application. In cases an application has not been accepted, an assessment of the application highlighting the deficiencies shall be forwarded to the applicant. Where an application has been accepted subject to certain conditions, those conditions will be reflected in the Provisional EOL as contained in Step 9 below.

**Step 9** If the CARC accepts the application, a Provisional EOL will be issued to the applicant who should re-familiarize themselves with the technical requirements for the issuance of an AOC. A copy of the Provisional EOL, together with the business plan and the assessment report will be forwarded to the Flight Safety Directorate for the commencement of the AOC process.

**Step 10** In certain circumstances the CARC may issue a Conditional Provisional EOL to enable an applicant's business plan to proceed to the AOC stage, subject to the provision of certain information to be delivered within a specified timeframe and to a specified level of detail failure to meet these conditions will result in the automatic discontinuance of the AOC process and the cancellation of the Conditional Provisional EOL. If the required information is received after the specified timeframe, the application will be considered and processed as a new one.

**Step 11** After completing all the technical requirements for the issuance of an AOC, the applicant shall be required to provide proof of insurance and financial fitness, annual bank guarantee if required and any other requirements stipulated in the Provisional EOL. Once this proof has been provided and the applicable EOL charges paid, an Economic Operating License will be issued.

## 201.1 Applicability.

(a) These regulations relate to the requirements for the issuing and continued validity of an Economic Operating License (EOL) by the Civil Aviation Regulatory Commission (CARC) in relation to air carriers established in the Hashemite Kingdom of Jordan.

(b) The regulations apply to the carriage by air of passengers, mail and/or cargo for commercial operations either domestically within Jordan or on international flights.

(c) The legal basis for the imposition of these regulations is the Civil Aviation Law No. (41) of 2007.

## 201.3 Definitions.

For the purposes of these regulations:

**“Business Plan”.** means a detailed description of the Air Carrier's intended commercial activities for the period in question, in particular in relation to the market development and investments to be carried out, including the financial and economic implications of those activities.

**“Combi aircraft**” Refers to an aircraft configured to carry both passengers and cargo on the main deck..

**“Commercial”** means a service provided for hire or reward.

**“Economic Operating License”** or **“Operating License”** means an authorization issued by the CARC, for the carriage by air of passengers, mail and/or cargo, for hire or reward.

**“Effective Control”** means a relationship constituted by rights, contracts or any other means which, either separately or jointly and having regard to the considerations of fact or law involved, confer the possibility of directly or indirectly exercising a decisive influence on an undertaking, in particular by:

(1) The right to use all or part of the assets of an undertaking;

(2) Rights or contracts which confer a decisive influence on the composition, voting or decisions of the bodies of an undertaking or

otherwise confer a decisive influence on the running of the business of the undertaking.

**"External Auditor".** Means the natural or juridical person who holds a valid External Auditor Certification issued by the Jordanian Association of certified public accountants.

**"Financial Fitness".** Means an Air Carrier can meet at any time his actual and potential financial obligations.

**"Management accounts".** Means detailed financial statements for the period in question as required by the CARC.

**"Operating Revenues".** Means the revenues of the service provided for hire or reward.

### 201.5 Confidentiality.

(a) CARC acknowledges that all written and oral information furnished to it by an applicant and its officers, employees, advisers or agents in connection with an Economic Operating Licence is valuable and confidential.

(b) Other than for the purpose of evaluating the Business plan, the CARC agrees that:

(1) It will not use or disclose any information without the prior written consent of the applicant;

(2) It will only disclose the information on a "need to know" basis to its directors, officers, employees and professional advisers; and

(3) It will use its best endeavours to ensure that directors, officers, employees and professional advisers of the CARC will comply with the obligations imposed on the CARC by this section.

(c) The obligations of the CARC under 201.5 do not apply to any information which:

(1) The CARC is required by law to disclose;

(2) Is in or enters the public domain otherwise than by breach of 201.5;

(3) Is already known to the CARC; and

(4) Is acquired by the CARC from a person who was not under an obligation of confidentiality relating thereto.

## 201.7 Initial Approval Process.

(a) Before an applicant is issued an Economic Operating License for the first time, the Applicant must be able to demonstrate to the reasonable satisfaction of the CARC that:

(1) Applicant can meet at any time his/her actual and potential obligations, established under realistic assumptions, for a period of twenty-four months from the start of operations; and

(2) Applicant can meet the fixed and operational costs incurred from operations according to his/her Business Plan and established under realistic assumptions, for a period of three months from the start of operations, without taking into account any income from the operations;

(b) For the purpose of 201.7 (a)(1) above, each applicant shall submit a Business Plan for, at least, the first three years of operation within 90 days from the date of the applicant's receipt of the CARC initial acceptance, otherwise the initial acceptance shall be considered automatically cancelled. The Chief Commissioner shall have the right to give a single extension for a maximum period of 30 days for a viable reason provided a written request is submitted before the end of the 90 days period. The Business plan shall also detail the applicant's financial links with any other commercial activities in which the applicant is engaged either directly or through related undertakings. The applicant shall also provide all relevant information, in particular the data referred to in Appendix A.

## 201.9 Criteria for issuance an Economic Operating License.

(a) The CARC shall not issue an Economic Operating Licenses or approve their continued validity where the requirements of this part are not complied with.

(b) An Economic Operating License does not confer in itself any rights of access to specific routes or markets, nor does it constitute qualification for an Air Operator's Certificate. To enable the applicant to proceed to the AOC process a Provisional Economic Operating License (PEOL) will be issued to applicants who satisfy the requirements of this part. The PEOL is valid for six months, otherwise CARC may cancel the PEOL and the initial acceptance. In the case of justifiable technical and operational accomplishment CARC may accordingly decide the period of extension.

(c) No Air Carrier shall be issued an Economic Operating Licence by the CARC unless:

(1) Its principal place of business and, if any, its registered office are located in Jordan; and

(2) Its main occupation is air transport in isolation or combined with any other commercial operation of aircraft or repair and maintenance of aircraft; and

(3) The Air Carrier's Company shall be owned and continue to be owned directly or through majority *(Not less than 51%)* ownership by Jordanian nationals. It shall at all times be Effectively Controlled by such nationals. An Air Carrier shall at all times be able, on request, to demonstrate to the CARC that it meets the ownership requirements.

(4) An Air Carrier shall be able to satisfy the CARC that it has fit personnel who are capable to run such business.

## 201.11 Issuance and Validity of an Economic Operating License.

(a) An Economic Operating License will only be issued in writing. No CARC official is authorized to provide a verbal approval and an applicant should not take action based on any advice or approval given verbally.

(b) An Economic Operating License will only be issued, and remain valid if:

(1) The Air Carrier is insured to cover liability in case of accidents, in particular in respect of passengers, baggage, cargo, mail, war risk and third parties. A list of the minimum requirements shall be in accordance with JCAR Part 213; and

(2) The financial fitness requirements have been met.

(c)The validity at any time of an Economic Operating License shall be dependent upon :

( 1) The possession of a valid AOC specifying the activities covered by the Economic
Operating License, including proof that requirements of 201.7, 201.9 and app. D of this part are fully met; and

(2) The AOC holder complying with the criteria established in the relevant Jordanian Civil Aviation regulations

(d) An Economic Operating License, whether Provisional or otherwise, shall not be transferable.

**201.13 Reserved.**

**201.15 Continuing validity of an Economic Operating Licence.**

(a) An Air Carrier shall notify in advance to the CARC plans for:

(1) Operation of a new scheduled service or a non-scheduled service to a continent or world region not previously served;

(2) Changes in the type or number of aircraft used;

(3) A substantial change in the scale of its activities;

(4) Any intended mergers or acquisitions.

The submission of a twelve month feasibility study two months in advance of the period to which it refers shall constitute sufficient notice under this section for the purpose of changes to current operations and/or circumstances which are included in that study.

Additionally, the Air Carrier shall notify the CARC before fourteen working days of any change in the ownership of any single shareholding which represents 10 % or more of the total shareholding of the Air Carrier or of its parent or ultimate holding company.

(b) If the CARC deems the changes notified under section 201.15.a to have a significant bearing on the finances of the Air Carrier, it shall require the submission of a revised Business plan. The revised Business plan shall incorporate the changes in question and shall cover, at least, a period of twelve months from its date of implementation, as well as all the relevant information, including the data referred to in Appendix B, to assess whether the Air Carrier can meet its existing and potential obligations during that period of twelve months. The CARC shall take a decision on the revised Business plan not later than two months after all the necessary information has been submitted to it.

(c) The CARC may, at any time and in any event whenever there are clear indications that financial problems exist with an Air Carrier licensed by the CARC, assess its financial performance and may suspend or revoke the licence if the CARC is no longer satisfied that the Air Carrier can meet its actual and potential obligations for a 12-month period. The CARC may issue a temporary pending financial reorganization of the Air Carrier provided safety is not at risk.

(d) An Air Carrier shall provide to the CARC every financial year without undue delay the audited accounts relating to the previous financial year. At any time upon request of the licensing authority an air carrier shall provide the information relevant for the purposes of paragraph (c) of 201.15 and, in particular, the data referred to in Appendix- C.

(e) An Economic Operating Licence shall be valid as long as the Air Carrier meets the obligations of these Regulations.

(f) When an Air Carrier has ceased operations for six months or has not started operations for six months after the issuing of an Economic Operating Licence, the Chief Commissioner/ CEO of the CARC shall decide whether the Economic Operating Licence shall be revoked or suspended.

## 201.17 Control of aircraft.

(a) Control of Aircraft : Ownership of Aircraft should be a condition for issuing or continuing validity of an Operating License, consequently CARC shall require in relation to licensed Commercial operators , that they have a number of aircraft sufficient to meet the requirements of an Air Operator's Certificate issued by the CARC with a minimum requirements as follows .

(1) Passenger Air Carrier:

(i) Two aircraft of which at least one aircraft is owned and the second aircraft is either owned or dry leased for a period not less than 12 months, holding valid Certificates of Registration (C of R) and valid Standard Certificates of Airworthiness (C of A).

(ii) The payload or seat capacity variation between the two aircraft shall not exceed 20%.

(iii)The age of aircraft shall be in accordance with the terms and conditions of JCAR part 47 and less than or equal to 15 years from the year of manufacture for an initial AOC.

(2) Cargo Air Carrier:

(i) One aircraft holding a valid Certificate of Registration (C of R) and valid standard certificate of Airworthiness (C of A) with minimum payload of 14 tones, or

(ii) More than one aircraft holding valid Certificates of Registration (C of R) and valid standard certificates of Airworthiness (C of A) with a minimum total payload of 14 tones.

(iii) The above required aircraft shall be owned or at least acquired through an aircraft lease to purchase agreement, subject that terms and conditions of the agreement meet aircraft ownership fulfillment.

(iv) The age of aircraft shall be in accordance with the terms and conditions of JCAR part 47 and less than or equal to 20 years from the year of manufacture for an initial AOC .

(3) Passenger and Cargo Air Carrier:
Sections 201.17(a).(1) and 201.17(a).(2) requirements shall be applied.

(4) An Air Carrier intends to provide both passengers and cargo air transportation services on a combi Aircraft, Section 201.17(a).(1) requirements shall be applied.

(b) Air ambulance and or emergency evacuation Air Carrier:
Two aircraft owned or dry leased for a period not less than 12 months, holding valid Certificates of Registration (C of R) and valid standard certificates of Airworthiness (C of A).

(c) Section 201.17 applies on JCARs Part 21, Part 47, Part 138, OPS1 and OPS3 as amended.

## 201.19 Withdrawal or suspension of an Economic Operating License.

(a) The CARC may suspend or revoke an Economic Operating Licence where the licence holder fails to meet the conditions of the Licence. In the case of non-compliance with the regulations, the CARC may permit continued operation in order to facilitate any required changes, for a maximum period of six months from the date of notice of non-compliance, subject to meeting all safety related aspects of the Air Carrier's operation.

(b) An Air Carrier against which insolvency or similar proceedings are opened shall not be permitted to retain its Economic Operating Licence unless the CARC is convinced that there is a realistic prospect of a satisfactory financial reconstruction within six months.

(c) When an Economic Operating Licence has been suspended or withdrawn under the provision of 201.15(f), the Economic Operating Licence holder shall submit a new business plan in accordance with 201.7of this Regulation.

## 201.21 Timeframe and Appeals.

(a) The CARC shall take a decision on an application as soon as possible, and not later than three months after all the necessary information has been submitted, taking into account all available evidence, and shall be communicated in writing to the applicant within seven working days. Any refusal shall indicate the reasons for the decision.
(b) The issue of an Economic Operating Licence will only be valid if confirmed in writing by the Chief Commissioner/ CEO of the CARC.

(c) An Air Carrier whose application for an Economic Operating Licence has been refused or an Air Carrier whose Economic Operating Licence has been suspended or revoked may, within a period of thirty working days following receipt of the decision from the CARC, refer that decision to the Jordanian Minister of Transport.

## 201.23 License submission of data.

A holder of an Economic Operating Licence issued by the CARC is required to submit quarterly data reports covering the activities issued under the terms of the Economic Operating Licence. The list of data required is given in Appendix –E to these regulations; specific formats will be provided to licenses.

## 201.25 Fees & Charges.

The CARC will levy charges in connection with the application for, issue of and continued validity of an Economic Operating License. These charges will be levied in accordance with applicable Civil Aviation Fees & Charges Regulations as amended.

## Appendix - A
## Requirements for an initial Economic Operating Licence.

### A.1 Business Plan.
A submission for an initial Economic Operating Licence must be in both hard and electronic copies, and must include a Business Plan in sufficient detail, including supporting assumptions, for the CARC to undertake an assessment of the viability of the plan. The information below is representative of the level of detail required, but applicants are encouraged to supply more information if it facilitates the assessment of the plan.

### A.2 The Market.
Market potential detailed assessment. The following list highlights some of the areas that the CARC requires in order to consider an applicant's assessment of the market size and its ability to attract business from that market. Applicants should not regard this list as all-inclusive and are encouraged to add value to any of the areas requested.

1. A description of the services that are planned to be operated, including routes, sources of revenue, market segments.
2. Details on the size of each market segment, the market share anticipated and the justification for the market share.
3. A competitive analysis of the market. In this respect, Applicant shall provide specific justification on the price competitiveness of the applicant compared to incumbent air carriers.
4. A detailed marketing plan to achieve the planned market share, with full costs included in the financial analysis.

### A.3 Revenue Analysis.
The justification for the revenue assessments made in the plan. The list below indicates some of the areas that the CARC would expect to see in the revenue plan:

1. Numbers and demographics of passengers and/or cargo.
2. Competitive assessments for the revenue forecasts based on geography, price, strength of competitors and other parameters.
3. Revenue estimates for each category of market segment identified.
4. Indications from potential customers of their plans to use the airline (if available).

## A.4 Cost Analysis.

The justification for cost assumptions made in the plan. The list below indicates some of the areas that the CARC would expect to see in the cost plan:

1. A detailed break-down of start-up costs, clearly indicating all major items, including training, regulatory approvals, pre-payments and capital items.
2. Detailed costs for all fixed and variable cost elements, clearly identified and supported wherever possible by quotations and/or contracts, cross referenced to the revenue budget referred to earlier. Specific examples of the cost areas that need to be supplied in sufficient detail to permit verification by the CARC include, but are not limited to:
    a. Technical staff salaries and benefits, split by functional area and expertise, including pilots, engineers and cabin crew (where relevant);
    b. Other staff salaries and benefits;
    c. Aircraft acquisition costs, either through purchase or lease arrangements;
    d. Fuel costs, including any hedging policies;
    e. Maintenance costs, including, where available, quotations from qualified suppliers;
    f. Maintenance reserves for leased aircraft;
    g. Insurance quotations;
    h. Training costs;
    i. Marketing costs as identified in the marketing plan;
    j. Other variable costs pertinent to the operational plan, including landing and navigation charges, catering costs, passenger taxes, travel agent commissions and Computer Reservation System charges;
    k. Other fixed cost elements, including office facilities, audit charges and legal charges;
    l. Straight-line Depreciation: - Straight-line depreciation of an asset is a depreciation method where equal amounts of depreciation expense will be taken in each year of the asset's useful life.