



Canadian  
Transportation  
Agency

Office  
des transports  
du Canada

# Applying for Wet-Lease Approval: A Guide

Canadian Transportation Agency



Canada 

# Table of contents

|  |    |
|--|----|
| 1. Introduction.....   | 3  |
| 2. Knowing when to apply .....   | 4  |
| 3. Application information .....   | 6  |
| 4. How the CTA processes wet-lease applications .....                    | 9  |
| 5. Notification for temporary and unforeseen circumstances.....          | 11 |
| 6. Information for passengers on wet-lease flights .....                 | 12 |
| 7. Contact information.....  | 12 |
| Annex A – Information required to apply for a wet-lease arrangement..... | 13 |
| Annex B – The Wet-Lease Policy's 20% cap.....                            | 14 |
| Annex C – Notification for temporary and unforeseen circumstances .....  | 15 |

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[Alternate formats](#) are available. Une [version française](#) est disponible.

# 1. Introduction

This guide is for all airlines operating in Canada that want to enter into a wet-lease arrangement. In wet-leasing, there is an airline that markets the flight and an airline that operates the flight. The marketing airline sells and provides services to customers under its own licence. However, it uses the aircraft and flight crew of the other airline. The legal terms for the marketing airline and the airline operating the flight are the "lessor" and "lessee". Airlines can make wet-lease arrangements for both scheduled and charter flights, and to transport passengers or cargo.

In most cases, an airline must apply to the Canadian Transportation Agency (CTA) for approval before operating a flight to, from or within Canada under a wet-lease arrangement.

This guide explains:

- when you need to apply for approval and when you don't;
- additional requirements for Canadian airlines that wet-lease from foreign airlines;
- how to complete and send us your application;
- how the CTA processes applications; and
- what information you must give to passengers on flights operated under a wet-lease arrangement.

The guide also covers what to do if you need a wet-lease on an urgent basis because of unexpected events.

## 2. Knowing when to apply

Generally speaking, you need CTA approval to operate a flight to, from, or within Canada under a wet-lease arrangement. This applies to:

- passenger and cargo flights; and
- scheduled and charter flights.

Either airline in a proposed wet-lease (or both airlines) can apply to us for approval.

The airlines involved in the wet-lease must always have the required licence, charter permit, and Air Operator Certificate (AOC), as applicable. They must also carry the applicable liability insurance.

### Exceptions

You do not need to apply to us for approval for very short-term wet-leases **to respond to a temporary and unforeseen event**. The process for notifying the CTA of these events is covered in [Part 5](#).

You also do not need to apply for approval to wet-lease for flights operated within Canada, or between Canada and the United States (US), if you meet **both** of the following conditions:

1. Both airlines are either a Canadian or a US airline; and
2. Each airline holds a licence issued by the CTA.

### Policy for Canadian airlines in wet-lease arrangements with foreign airlines

Any Canadian airline that wants to wet-lease aircraft from a foreign airline for more than 30 days must follow Canada's Policy for Wet-leasing of Aircraft (Wet-Lease Policy).

The policy sets out certain conditions, including a limit on the number of aircraft that the Canadian airline can wet-lease from foreign airlines at one time. In particular:

- The Canadian airline must consider the number of aircraft registered on its AOC when it makes a wet-lease application. An AOC is the Canadian aviation document authorizing a company to operate a commercial air service.
  - At any one time, the number of aircraft a Canadian airline is wet-leasing from foreign airlines cannot be more than 20% of the total number of aircraft on the Canadian airline's AOC (see example below).
  - [Annex B](#) includes more information about applying the 20% cap.
- The Canadian airline should also consider whether the home country of the foreign airline allows airlines to wet-lease aircraft from Canadian airlines.
  - In determining whether to approve this type of application, the CTA must consider if Canadian airlines are given similar wet-lease opportunities in the foreign airline's country.

### **Example: Wet-Lease Policy 20% cap**

A Canadian airline wants to apply to wet-lease aircraft from a foreign airline for 35 days.

The Canadian airline checks its AOC. At the time the airline makes its wet-lease application, its AOC lists 10 Canadian-registered aircraft. Because of the 20% cap, this means the Canadian airline can wet-lease up to two aircraft from the foreign airline. It cannot wet-lease more than two aircraft at any point in time.

A Canadian airline does not need to consider the 20% cap for arrangements of 30 days or less, because the Wet Lease Policy does not apply. However, Canadian airlines will only be allowed to renew these short-term arrangements in exceptional circumstances and only as long as they are not being used to bypass the 20% cap in the Wet-Lease Policy.

### 3. Application information

To apply for a wet-lease approval, one or both of the airlines involved must fill out the [Wet-Lease Application Form](#) and e-mail it to the CTA **at least 15 business days** before the first planned flight. If you cannot meet the deadline, your application should explain why. We will only consider late applications in extraordinary circumstances, such as an emergency or other unique situation.

The application form asks for contact and other information that we need to evaluate the wet-lease proposal (see [Annex A](#) for the regulations listing the information that applicants must provide). This includes:

- the CTA licence number of both airlines (if applicable);
- the type of AOC (Canadian or foreign) held by the airline operating the flight (or its exemption from the Minister of Transport);
- the type of service (scheduled or non-scheduled) that is to be offered;
- the type(s) and capacity of aircraft that will be used;
- the start date of the arrangement; and
- the period of time the arrangement will cover.

Applicants must also provide proof of insurance. The marketing airline must continue to hold the passenger and third-party liability coverage required for the air service being offered through the wet-lease, either:

- through its own insurance policy; or
- by being named as an "additional insured" under the policy of the airline operating the flight.

For detailed information on insurance requirements, see [Air carrier liability insurance requirements for wet-leasing, block space and code-sharing arrangements.](#)

## Additional information needed from Canadian marketing airlines

The application form asks Canadian airlines for additional information, if they are applying to wet-lease an aircraft from a foreign airline **for more than 30 days**. These Canadian airlines must demonstrate that they are complying with the [Wet-Lease Policy](#) by providing:

- the number of aircraft they will be wet-leasing;
- the number of aircraft they have on their AOC;
- the number of foreign wet-leased aircraft that would be on their AOC during the wet-lease arrangement; and
- why they need the wet-lease arrangement (justification).

Canadian airlines should also provide additional information if they are applying to renew a wet-lease arrangement **of 30 days or less** with a foreign airline. As the CTA only renews these arrangements in exceptional situations, the airline must show that:

- the need for the wet-lease is still short term in nature;
- the need continues due to an unexpected event; and
- there are no reasonable alternatives to renewing the arrangement.

## How to apply

You can send us your application and any supporting documents by e-mail to: [licence@otc-cta.gc.ca](mailto:licence@otc-cta.gc.ca). You are not required to send us a paper copy.

We accept submissions in either English or French. If you send information in another language, you must provide a translation in English or French, and a sworn statement that the translation is accurate.

If possible, send all the required information when you apply. Missing information may delay the process. However, we can still start processing an application if the only missing information is the operator's AOC or proof of insurance. You must provide these as soon as you can.

We process most **complete** wet-lease applications within 10 business days.

## Confidentiality

The information provided as part of the wet-lease application will be kept in our internal files. However, information will be made public if we need to consult on your application (see [Part 4](#)). We will also release information that is not protected under the *Access to Information Act* or the *Privacy Act*, on request from the public.

## Withdrawing an application

You may withdraw your application at any time before the CTA issues its determination.



## 4. How the CTA processes wet-lease applications

The CTA will review your complete application to see whether it meets Canada's laws, regulations and policies. We will also check that the arrangement would have a fixed duration – the CTA will only approve wet-lease applications that have both a start and end date.

You can find the CTA's determinations on past air service applications in the [Decisions and determinations section of the CTA's website](#).

### Additional considerations for Canadian applications

When a Canadian airline applies to wet-lease an aircraft from a foreign airline for more than 30 days, the CTA will consider whether the application meets the [Wet-Lease Policy](#).

As noted in [Part 2.1](#), the CTA will reject an application if it would cause the Canadian airline to go above the Wet-Lease Policy's 20% cap. The CTA must also make sure that an application to renew a short-term arrangement of 30 days or less is not being used to bypass the Policy and the 20% cap.

If there are concerns as to whether Canadian airlines have similar wet-leasing rights in the home country of the foreign airline, we may decide to consult the Canadian air industry to help determine if such issues exist. If we decide to consult, we will issue a Notice to Industry that:

- states the reason for the notice;
- sets a deadline for comments; and
- includes a copy of the application.

We may reject or put additional conditions on this type of wet-lease arrangement between Canadian and foreign airlines if there are reciprocity issues with the other country.

# Approval's conditions

If the CTA approves your wet-lease arrangement, the following conditions will apply for the duration of the approval.

The marketing airline must:

- keep its licence valid;
- have commercial control of the flights (market and sell the fares, and keep any profits from the flight); and
- comply with all [Canadian public disclosure requirements](#) to make it clear to passengers which airline is operating the flight.

The airline operating the flight must:

- maintain operational control of the flights; and
- be paid only for providing the aircraft and crew – not based on the amount of traffic carried or the revenue earned for the flight, for example.

Both airlines must:

- comply with all [insurance requirements](#);
- tell us without delay if there are any changes to information set out in the application or supporting documents.

## 5. Notification for temporary and unforeseen circumstances

Sometimes airlines need to enter into a short-term wet-lease arrangement quickly, to respond to temporary and unforeseen events. For example, if an unexpected mechanical failure makes an aircraft unavailable for several days, the airline may need to wet-lease a replacement aircraft for that period.

You **do not** need CTA approval for a wet-lease arrangement if:

- a temporary and unforeseen circumstance occurs within 72 hours before the planned departure time of a flight;
- you need to wet-lease an aircraft and flight crew to manage the situation; and
- the wet-lease arrangement will last no more than one week.

In these cases, you **do** need to let us know, before the first wet-leased flight takes place, and airlines involved in these arrangements have to meet the requirements described in [Part 4.1](#). The marketing airline should send a notification with all the information in [Annex C](#) to [licence@otc-cta.gc.ca](mailto:licence@otc-cta.gc.ca). No additional documents (for example, proof of insurance) need to be sent to the CTA. We will send you an acknowledgement once we have verified that your notification includes the required information.

## 6. Information for passengers on wet-lease flights

If you are the marketing airline in a wet-lease arrangement, you must keep passengers informed – from the time they book until the time they travel – as to what airline will be operating the flight and what type of aircraft will be used. If you enter into a wet-lease arrangement between the booking and departure dates, you must inform the passengers as soon as possible.

You must make this information available on all:

- service (flight) schedules;
- timetables;
- electronic displays and any other public advertising of the air service; and
- trip-related documents that you provide to the passenger for each segment of the journey, including any itineraries.

For wet-lease arrangements to address temporary and unforeseen circumstances, you must:

- tell passengers at check-in which airline is operating the flight; and
- make every effort to follow all other information requirements in [Part 6](#) of this guide.

## 7. Contact information

For further information, or if you have any questions about this Guide, please send an e-mail to: [licence@otc-cta.gc.ca](mailto:licence@otc-cta.gc.ca).

# Annex A – Information required to apply for a wet-lease arrangement

## Air Transportation Regulations

### Provision of Aircraft with Flight Crew

**8.2 (3)** The application shall include the following:

- (a)** in respect of the proposed air service, evidence that the appropriate licence authority, charter permit and Canadian aviation document and the liability insurance coverage referred to in subsection (4) and, where applicable, subsection (5) are in effect;
- (b)** the name of the licensee;
- (c)** if applicable, the name of the charterer or charterers and the charter permit number;
- (d)** the name of the person providing the aircraft with flight crew;
- (e)** the aircraft type to be provided;
- (f)** the maximum number of seats and the cargo capacity of the aircraft to be provided and, where applicable, the maximum number of seats and the cargo capacity to be provided for use by the licensee;
- (g)** the points to be served;
- (h)** the frequency of service;
- (i)** the period covered by the proposed air service; and
- (j)** an explanation of why the use by the licensee of all or part of an aircraft with a flight crew provided by another person is necessary.

# Annex B – The Wet-Lease Policy's 20% cap

The following formula is used to calculate the maximum number of aircraft that a Canadian airline can wet-lease from a foreign airline, based on the 20% cap. Note that small aircraft (aircraft that have a maximum seating capacity of 39 passengers or fewer) are **not** included in this calculation.

## Formula

Maximum number of aircraft that can be considered for wet-lease approval =  $[A \times 0.2] - B$

## Formula elements:

- a. The total number of medium and large aircraft (i.e., aircraft that have a maximum seating capacity of 40 or more passengers) on the AOC of the Canadian airline at the time of application.
- b. The total number of aircraft wet leased from foreign airlines for which Agency approval was previously granted for the same time period as the proposed new wet-lease service.

**Note:** Rounding - The CTA applies basic mathematical rounding (up from 0.5) in all cases.

# Annex C – Notification for temporary and unforeseen circumstances

If you are wet-leasing an aircraft and flight crew to respond to a temporary, unforeseen event (as outlined in [Part 5](#)), you must send us a notification with the following information:

1. a description of the temporary and unforeseen circumstance, and an explanation of why you require the use of aircraft with flight crew provided by another airline;
2. for the air service to be provided, either:
  - a. a statement that the appropriate licence authority, charter permit (if applicable) and Canadian aviation document and liability insurance coverage are in effect, and that the liability insurance coverage is available for inspection by the Agency on request; or
  - b. where use of the aircraft and flight crew does not require an Agency licence, a copy of the Canadian aviation document and the certificate of liability insurance;
3. if applicable, where the aircraft to be used is larger than that authorized in a charter permit, a statement that the number of seats sold will not be greater than the number authorized in the charter permit;
4. the name of the marketing airline;
5. the name of the airline operating the flight;
6. the make(s) and model(s) of the aircraft to be provided;
7. the number of seats and the cargo capacity of the aircraft to be provided;
8. the date of each flight; and
9. the routing of each flight.

**Reminder:** Your wet-lease arrangement may not last more than one week.