

# Bird & Bird & GATS

*Quick Reference Guide*



May 2019

## GATS key terms

The following are key defined terms within GATS e-documents

Advance Requirements	<ul style="list-style-type: none"><li>• Conditions precedent to assignment under the lease agreement, and/or the conditions precedent to release of existing security interests</li><li>• Copied onto the GATS Platform and the beneficiary of the conditions confirms electronically when satisfied</li></ul>
GATS e-Ledger	<ul style="list-style-type: none"><li>• The computer system which records the name of each GATS Beneficiary each GATS Trustee and each GATS transaction</li><li>• Fully searchable for an administrative fee</li></ul>
GATS Beneficiary	<ul style="list-style-type: none"><li>• The beneficiary of a GATS Trust</li><li>• Each GATS Beneficiary will need to set up a user account and accept the GATS e-Terms</li></ul>
GATS Platform	<ul style="list-style-type: none"><li>• The portal, the website and the related computerised systems, including the GATS e-Ledger</li><li>• On 29 March 2019, AWG and Fexco announced their agreement to collaborate on the GATS Platform</li></ul>
GATS Secured Party	<ul style="list-style-type: none"><li>• The person who is a secured party under a GATS Security Instrument i.e. the security trustee</li><li>• Such secured party may also hold security interests in the GATS Trust outside of the GATS Platform</li></ul>
GATS Trust	<ul style="list-style-type: none"><li>• A trust created on the GATS Platform</li><li>• The name of the trust will be "GATS Trust [###]"</li><li>• Created under the laws of USA (Delaware/Utah), Singapore or Ireland</li></ul>
GATS Trustee	<ul style="list-style-type: none"><li>• The trustee of the GATS Trust, which will be a professional trust company established in one of Delaware (USA), Utah (USA), Singapore or Ireland</li><li>• The GATS Trustee acts as lessor under the lease</li></ul>
Servicer	<ul style="list-style-type: none"><li>• The servicer/lease manager under the lease</li><li>• There will be a Servicer as the lessor is an owner trustee</li><li>• The Servicer will need to be replaced outside of GATS as part of a GATS trade</li></ul>

## GATS key e-documents

The following are non-negotiable standard forms

### GATS e-Terms

Between: (1) all users; and (2) the GATS Platform

Overarching standard terms that apply to users of the GATS Platform (i.e. GATS Trustee, GATS Beneficiary, GATS Secured Party)

Similar to website "standard terms", each user accepts the e-Terms one-time-only when they set up an account with the GATS Platform

The e-Terms set out the framework for:

- establishment of GATS Trusts
- migration of existing trusts into GATS
- entry of transactions into the e-Ledger
- transfers outside of GATS

# GATS Trust Instrument Master Terms

Long-form master terms applicable to each GATS Trust Instrument covering:

- ownership/administration of the trust estate
- distribution of income and proceeds
- actions by GATS Trustee upon instructions
- duties of the GATS Trustee
- representations, warranties and covenants
- disclaimers and limitation of liability
- assignment and transfer

# GATS Trust Instrument

Between (1) Trustee and (2) Beneficiary

Short-form document incorporating the GATS Trust Instrument Master Terms

Creates the GATS Trust for the relevant Aircraft Equipment

The following need to be completed:

- Description of GATS Trust
- Parties and Notice Details
- Aircraft Equipment
- Description of Trust Documents

# GATS Transfer Instrument (Full Beneficial Interest Transfer)

Between (1) Existing Beneficiary, (2) New Beneficiary and (3) Trustee

Short-form document incorporating the GATS Trust Instrument Master Terms

Transfers the beneficial interest in a GATS Trust

This replaces the lease novation agreement and contains:

- assignment and transfer mechanics (giving a "clean break" at the effective time, so the buyer only takes on liabilities thereafter)
- title warranty in relation to the GATS Trust and (subject to Permitted Encumbrances) the Aircraft Equipment

The following need to be completed:

- Description of GATS Trust
- Parties and Notice Details
- Transfer Details (Aircraft Equipment, Ownership of Aircraft Equipment Representation, Permitted Encumbrances, Transferred Related Documents)
- Amendments to Description of GATS Trust Documents

There is a separate form for a partial/residual beneficial interest transfer

# GATS Amendment Instrument (GATS Trust Instrument)

Between (1) Beneficiary and (2) Trustee

Short-form document incorporating the GATS Trust Instrument Master Terms

Effects a list of permitted administrative amendments to a GATS Trust:

- Amendments to Aircraft Equipment
- Amendments to Description of Previous Trust Documents
- Amendments to Description of GATS Trust Documents

# GATS Termination Instrument

Between (1) Beneficiary and (2) Trustee

Short-form document incorporating the GATS Trust Instrument Master Terms

Terminates a GATS Trust as of a specified effective time and transfers the trust estate to a specified transferee

# GATS Security Instrument Master Terms

Long-form master terms applicable to each GATS Security Instrument covering:

- representations, warranties and covenants
- enforcement remedies
- application of proceeds
- assignment and transfer
- amendments and waivers
- typical security boilerplate provisions

## GATS Security Instrument

Between (1) Beneficiary, (2) Secured Party and (3) Trustee

Short-form document incorporating the GATS Security Instrument Master Terms

Assignment and charge of all interest in the trust estate under a GATS Trust and proceeds thereof in favour of the relevant GATS Secured Party

The following need to be completed:

- Description of GATS Trust
- Parties and Notice Details
- Principal Finance Document
- Principal Security Agreement
- Priority of Payment Provisions
- Limited Purpose Covenants
- Description of GATS Security Documents

# GATS Security Transfer Instrument

Between (1) Existing Secured Party and (2) New Secured Party

Short-form document incorporating the GATS Security Instrument Master Terms

Effects a change in the GATS Secured Party under a GATS Security Instrument, avoiding the need to release and re-take the security interest in favour of the new secured party

The following need to be completed:

- Description of GATS Trust
- Parties and Notice Details
- Amendments to Description of GATS Security Documents

# GATS Release, Discharge & Reassignment

Between (1) Beneficiary and (2) Secured Party

Short-form document incorporating the GATS Security Instrument Master Terms

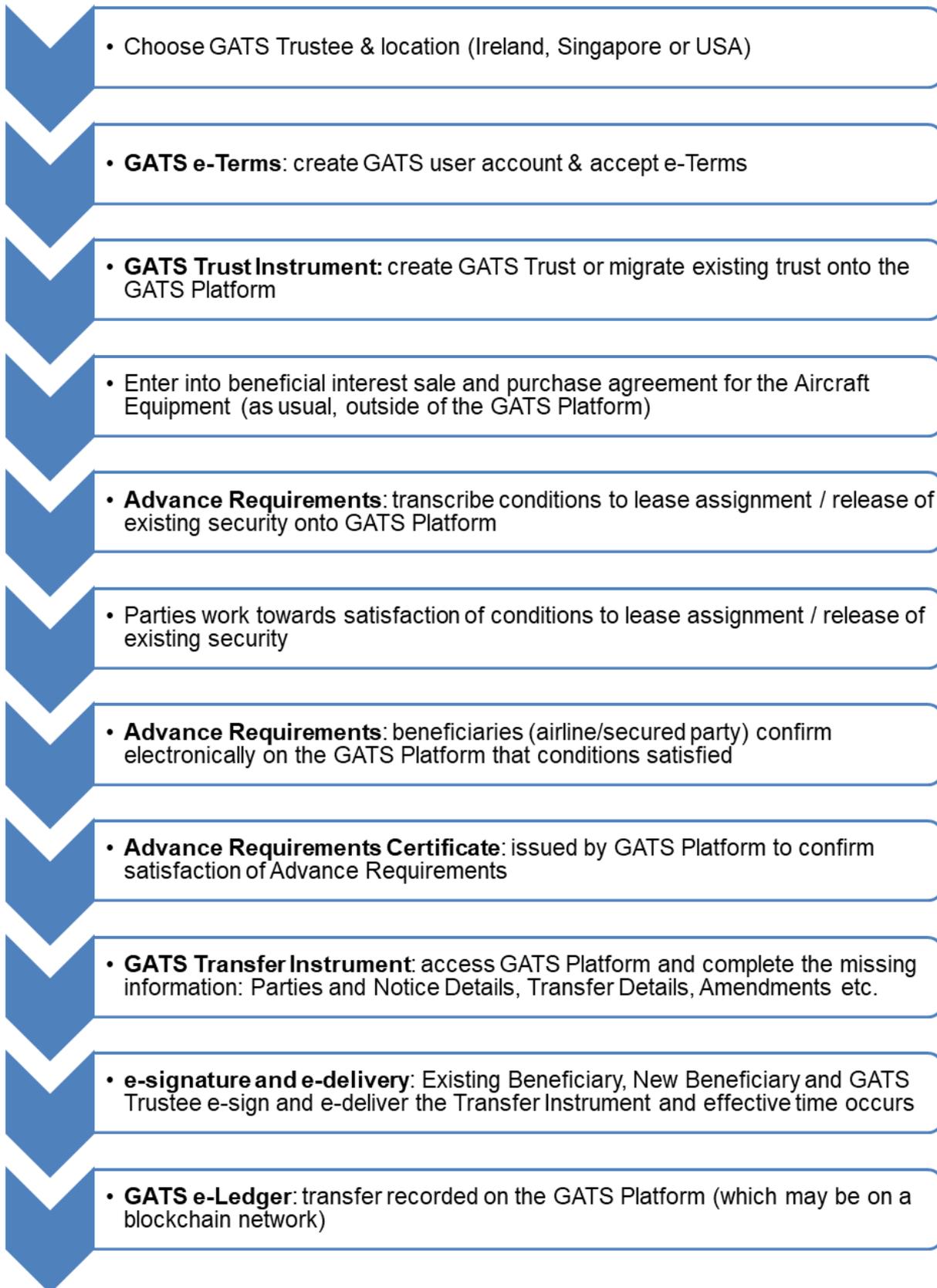
Releases and re-assigns (without recourse or warranty) the security created by a GATS Security Instrument and terminates the same

The following need to be completed:

- Description of GATS Trust
- Parties and Notice Details
- Description of GATS Security Documents

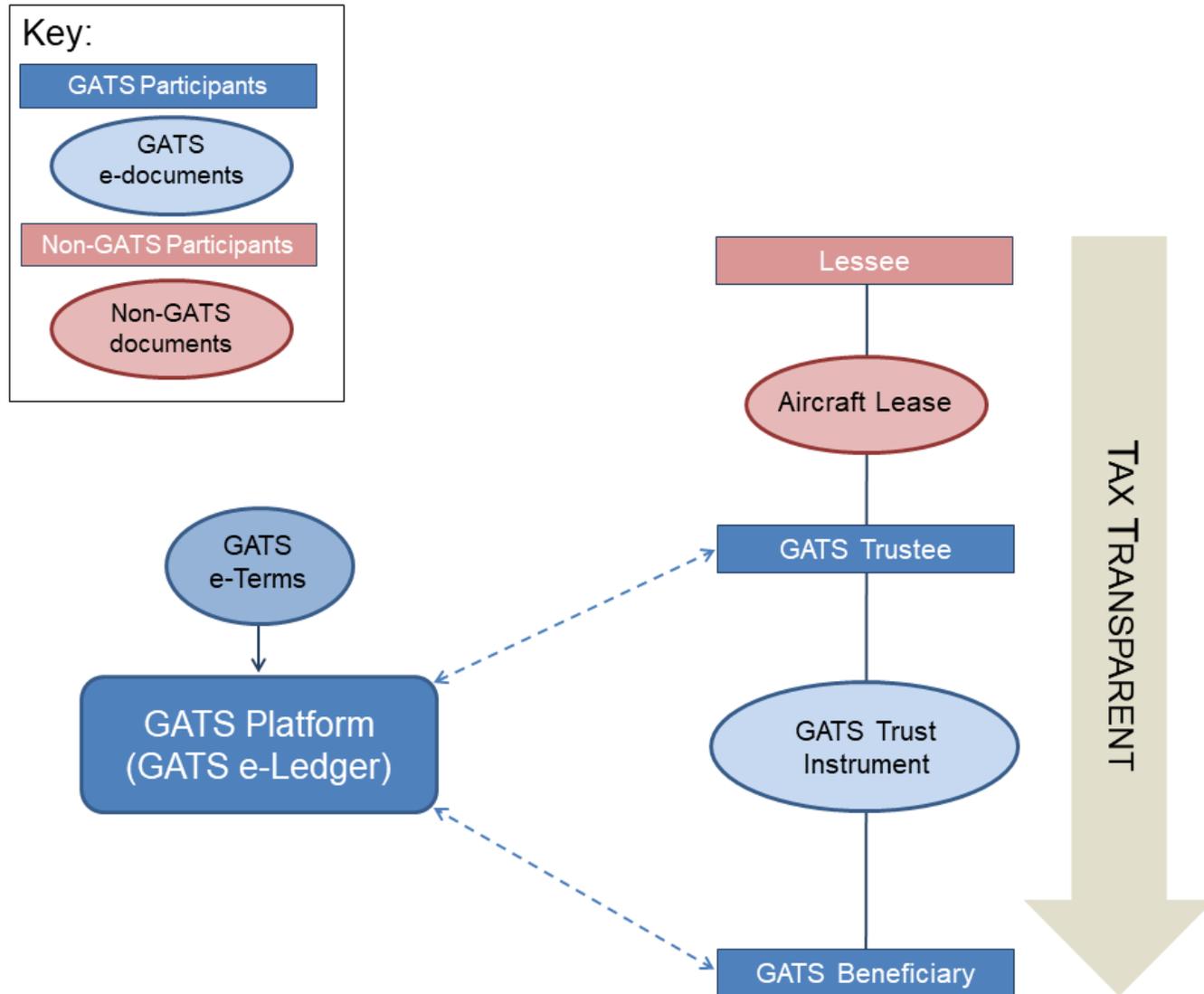
## GATS transaction timeline

The flow chart below sets out the main steps from creation of the trust through to trade

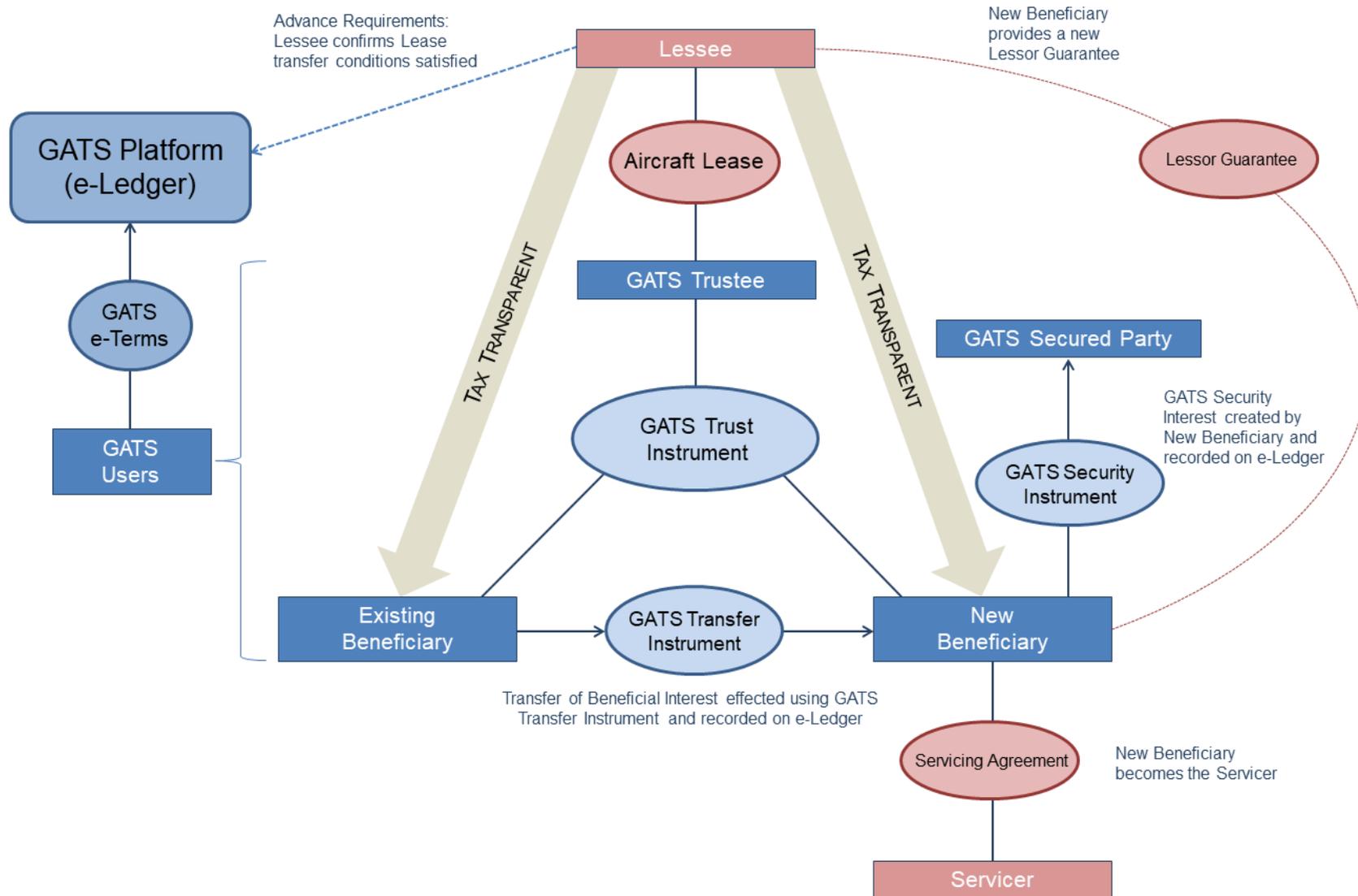


## GATS structure diagrams

The structure chart below shows a GATS Trust



The structure chart below shows the trade of a beneficial interest in a GATS Trust



# twobirds.com

Abu Dhabi & Amsterdam & Beijing & Bratislava & Brussels & Budapest & Copenhagen & Dubai & Dusseldorf & Frankfurt & The Hague & Hamburg & Helsinki & Hong Kong & London & Luxembourg & Lyon & Madrid & Milan & Munich & Paris & Prague & Rome & San Francisco & Shanghai & Singapore & Stockholm & Sydney & Warsaw

The information given in this document concerning technical legal or professional subject matter is for guidance only and does not constitute legal or professional advice. Always consult a suitably qualified lawyer on any specific legal problem or matter. Bird & Bird assumes no responsibility for such information contained in this document and disclaims all liability in respect of such information.

This document is confidential. Bird & Bird is, unless otherwise stated, the owner of copyright of this document and its contents. No part of this document may be published, distributed, extracted, re-utilised, or reproduced in any material form.

Bird & Bird is an international legal practice comprising Bird & Bird LLP and its affiliated and associated businesses.

Bird & Bird LLP is a limited liability partnership, registered in England and Wales with registered number OC340318 and is authorised and regulated by the Solicitors Regulation Authority. Its registered office and principal place of business is at 12 New Fetter Lane, London EC4A 1JP. A list of members of Bird & Bird LLP and of any non-members who are designated as partners, and of their respective professional qualifications, is open to inspection at that address.