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# 1.1 GENERAL

## 1.1.1.1 AUTHORITY

- (a) The authority for these Regulations is drawn from the Kingdom's Civil Aviation Act.
- (b) Where appropriate, the specific Article of the Act providing the authority for the action mandated in these Regulations is cited in the particular Regulation Part, Subpart or Section drawing on that authority.

## 1.1.1.2 SCOPE OF APPLICATION

The provisions of these Regulations shall apply to any person desiring to provide scheduled or non-scheduled air transportation services as specified within these Regulations within the Kingdom or between points in the Kingdom and an international destination.

## 1.1.1.3 REGULATIONS

No entity may undertake any aviation or air transportation activities described in the Act or in these Regulations unless specifically authorized by the Authority or these Regulations.

## 1.1.1.4 ORGANISATION OF REGULATIONS

- (a) These Regulations are subdivided into five hierarchical categories:
  - (1) *Part* refers to the primary subject area.
  - (2) *Subpart* refers to any subdivision of a Part.
  - (3) *Section* refers to any subdivision of a Subpart.
  - (4) *Subsection* refers to the title of a regulation and can be a subdivision of a Subpart or Section.
  - (5) *Paragraph* refers to the text describing the regulations. All paragraphs are outlined alphanumerically in the following hierarchical order: (a), (1), (i), (A).
- (b) Definitions used throughout these regulations are organised as follows:
  - (1) Definitions applicable to two or more Parts appear in this Part 1;
  - (2) Definitions applicable only to one Part appear at the beginning of that Part or at the beginning of the relevant Subpart of that Part.

## 1.1.1.5 RULES OF CONSTRUCTION

Throughout these Regulations the following word usage applies:

- (a) "*Shall*" indicates a mandatory requirement.
- (b) The words "*no person may...*" or "*a person may not...*" mean that no person is required, authorised, or permitted to do an act described in a regulation.
- (c) "*Should*" indicates that discretion can be used when performing an act described in a regulation.
- (d) "*Will*" indicates an action incumbent upon the Authority.
- (e) "*Includes*" means "includes but is not limited to."
- (f) "*Approved*" means the Authority has reviewed the application, filing, method, procedure, or policy in question and issued a formal written approval.
- (g) "*Acceptable*" means the Authority has reviewed the application, filing, method, procedure, or policy in question and has neither objected to nor approved its proposed use or implementation.

- (h) *"Prescribed"* means the Authority has issued a written policy or methodology which imposes either a mandatory requirement, if the written policy or methodology states "shall," or a discretionary requirement if the written policy or methodology states "may."

#### 1.1.1.6 AMENDMENT

Pursuant to Article 175 of the Act, any changes to these regulations must first be recommended by the President of Civil Aviation, and then approved by the Board.

#### 1.1.1.7 DEFINITIONS

- (a) As used throughout these Regulations, unless the context requires otherwise:
- (1) "Act" means The Civil Aviation Act of the Kingdom of Saudi Arabia adopted by Royal Decree m/44 dated 18/07/1426 corresponding to 23/08/2005 as it may be amended from time to time.
  - (2) "Aerial works" means any aerial works other than transportation of passengers and merchandize such as fire fighting, agricultural irrigation, air photography and air publicity.
  - (3) "Air carrier" means the holder of a national or foreign air carrier license issued by the Authority under Article 9 of the Act authorizing the carriage of persons, property and/or cargo.
  - (4) "Air traffic" means traffic of all aircraft flying over or operating in the airport maneuver zone.
  - (5) "Air transportation" means domestic or international air transportation of persons or property for compensation or hire.
  - (6) "Air Transport Department" means the department of the Authority that oversees civil aviation economic matters in the Kingdom, as set forth in the Act and the Kingdom's Civil Aviation Economic Regulations.
  - (7) "Aircraft" means any machine that derives its capacity to remain in the air from air reactions other than those reflected from the earth surface.
  - (8) "Aircraft accident" means any accident related to the aircraft functioning that occurs within the period between the moment when any person goes onboard for the purpose of flying and the moment all persons onboard leave the plane, and that leads to the following consequences:
    - (i) serious injury or death of any person due to his presence onboard or to direct contact with it or with any part of it or due to his exposition to the plane injecting exhaust;
    - (ii) serious damage to the plane; or
    - (iii) loss of plane or impossible access to it.The following instances of damage or injury do not comprise an aircraft accident within the meaning of these regulations: Damages incurred due to natural causes or the injuries incurred by the person to himself or by other persons or the damages occurring on clandestine persons who hide outside the zones usually reserved for passengers and crew.
  - (9) "Aircraft incident" means any incident to which the definition of aircraft accident does not apply, that is linked to the aircraft functioning and affects or might affect the safety of its functioning.
  - (10) "Airport" means a delimited space on land or water including buildings, installations and equipment partly or fully reserved to aircraft arrival, movement or departure.
  - (11) "Airworthiness certificate" means a document issued by the Civil Aviation Authority of the Registration State by virtue of which the airworthiness of the aircraft is adopted for a specific period of time provided the operator commits to the conditions stipulated in the certificate.
  - (12) "All-cargo air carrier" means an air carrier holding an all-cargo air service license issued under Subpart 3.3 of these Regulations, authorizing the transportation by aircraft of only property or only mail, or both.
  - (13) "AOC" means an Air Operator's Certificate issued by the Authority's Flight Standards Department.
  - (14) "Approved", unless used with reference to another person, means approved by the Authority.
  - (15) "Authority" means the General Authority of Civil Aviation, the competent authority officially in charge of civil aviation affairs in the Kingdom.

- (16) "Authorization" means a certificate, license or permit given or adopted by the Authority for the people working in civil aviation such as the aircraft crews, maintenance staff, air traffic controllers and others whose work requires, by its nature, certificates or licenses according to international standards.
- (17) "Baggage" shall mean both checked and unchecked baggage.
- (18) "Beneficial Ownership." A person or entity shall be deemed to "beneficially own" or "beneficially hold" or "beneficially control" and be a "beneficial owner" or "beneficial holder" of any equity securities for which that person or entity, through any contract, arrangement, or other agreement of any kind, has or shares investment authority (meaning decision-making power relating to the purchase, sale, or retention of a security) or voting authority relating to those securities, regardless of the actual legal ownership of the securities. If a group of persons or entities or any combination thereof act together for the purposes of acquiring, holding, disposing of, or voting equity securities, each person or entity in that group shall be deemed to be the beneficial owner of all securities beneficially owned by the group or any of its members.
- (19) "Board" means the Board of Directors of the Authority.
- (20) "Calendar day" means any day of the week, including weekends and holidays.
- (21) "Charter Air Transportation" or "charter flight" or "charter" means non-scheduled commercial air transportation of persons and their accompanied baggage, and of property, on a time, distance, or trip basis where the entire planeload capacity of one or more aircraft has been engaged.
- (22) "Citizen of the Kingdom" means:
- (i) An individual who is a citizen of the Kingdom;
  - (ii) A partnership each of whose partners is an individual who is a citizen of the Kingdom; or
  - (iii) A corporation or association organized under the laws of the Kingdom where:
    - (A) The chief executive officer and at least two-thirds of the board of directors and other key personnel are citizens of the Kingdom;
    - (B) At least fifty-one percent (51%) of the voting interest is owned or controlled by persons that are citizens of the Kingdom; and
    - (C) The corporation or association is effectively owned and controlled by citizens of the Kingdom. The absence of such effective ownership and control is determined on a case-by-case basis by examining the totality of the corporation's or association's circumstances, including but not limited to the following factors:
      - 1. Maximum total foreign equity ownership of the corporation or association is greater than forty-nine percent (49%);
      - 2. Contracts with a foreign citizen(s), such as those comprising a significant portion of corporation's or association's revenue, are used to control the corporation or association;
      - 3. Debt-instrument clauses or bankruptcy agreements allow a foreign citizen(s) to control the corporation or association;
      - 4. Close business, employment or personal relationships between a foreign citizen(s) and the corporation's or association's leadership permit the foreign citizen(s) to exert control over the corporation or association;
      - 5. Foreign citizens own or control significant portions of the corporation's or association's stock such that they exert disproportionate influence with their voting rights;
      - 6. Minority foreign citizens possess veto rights over major corporate decisions concerning the corporation or association, or control other fundamental corporate actions, such as the exercise of buy-out clauses, which would jeopardize the corporation's or association's financial or operational ability to continue in business;
      - 7. The corporation or association is a direct successor to a foreign entity and/or continues to do business as part of a system of foreign-controlled entities; and

8. Multiple and important links exist between the corporation or association and a foreign citizen(s).
- (23) "Common Carrier" means a carrier prepared to provide transport of passengers and cargo for anyone who wishes to engage its services and is prepared to pay its charges.
- (24) "Day" as used to describe any period of time in these Regulations shall mean "working day," thereby excluding weekends and holidays, unless specified as a "calendar day."
- (25) "Departure" means takeoff from an airport.
- (26) "Domestic air transportation" means the carriage by aircraft of persons or property as a common carrier for compensation or hire, or the carriage of mail by aircraft in commerce, between two or more places within the Kingdom, whether that commerce moves wholly by aircraft or partly by aircraft and partly by other forms of transportation
- (27) "Entity" means a firm, partnership, corporation, company, association, joint-stock association, or governmental entity. The term includes a trustee, receiver, assignee, or similar representative of any of them.
- (28) "FAOC" means a Foreign Air Operator's Certificate issued by the Authority's Flight Standards Department.
- (29) "Flight" means:
- (i) with regard to passengers and unchecked baggage, the period of transport of the passengers by aircraft including their boarding and disembarkation;
  - (ii) with regard to cargo and checked baggage, the period of transport of baggage and cargo from the moment the baggage or cargo is handed to the air carrier until the moment of delivery to the entitled recipient,
  - (iii) with regard to third parties—
    - (A) the use of an aircraft from the moment when power is applied to its engines for the purpose of taxiing or actual take-off until the moment when it is on the surface and its engines have come to a complete stop; or
    - (B) the moving of an aircraft by towing and push-back vehicles or by powers which are typical for the drive and the lift of aircraft, particularly air streams;
- (30) "Flight Standards Department" means that department of the AUTHORITY that oversees civil aviation safety matters in the Kingdom, as set forth in the Act and the Kingdom's Civil Aviation Economic Regulations.
- (31) "Force Majeure" means circumstances beyond an air carrier's control, including acts of God, governmental interference, riots, public disturbance or civil unrest, war, hostility, acts of terrorism, labor disputes involving complete or partial stoppage of work, failure or interruption of utilities, epidemic, fire, flood, earthquake, storm, tidal wave or other catastrophic act of nature, unavoidable mechanical breakdown of aircraft or other necessary machinery, disruptions of communications networks, or similar events which disrupt, interrupt, or prevent normal air carrier operations.
- (32) "Foreign air carrier" means any air carrier that is a citizen of a foreign country and is not a citizen of the Kingdom.
- (33) "Foreign air carrier license" means a license issued to a foreign air carrier licensed under Part 4 of these Regulations.
- (34) "Foreign citizen" means a citizen of a country other than the Kingdom.
- (35) "Hold" shall, as it relates to equity securities, mean to beneficially own.
- (36) "International air transportation" means the carriage by aircraft of persons or property for compensation or hire, or the carriage of mail by aircraft, or the operation or navigation of aircraft in the conduct or furtherance of a business or vocation, in commerce between a place in the Kingdom and any place outside thereof; whether such commerce moves wholly by aircraft or partly by aircraft and partly by other forms of transportation.
- (37) "Kingdom" means the Kingdom of Saudi Arabia.

- (38) "Large aircraft" means any aircraft designed to have a maximum passenger capacity of more than forty (40) seats or a maximum payload capacity of more than 18,000 pounds.
- (39) "License" means an approval issued by the Authority for a physical or moral person to undertake a specific activity within the Authority competence.
- (40) "Maximum passenger capacity" means the maximum number of passenger seats for which an aircraft is configured.
- (41) "National air carrier" means a citizen of the Kingdom that is the holder of a national air carrier license issued by the Authority under Part 3 of these Regulations, authorizing the carriage of persons and/or cargo in domestic or international air transportation.
- (42) "On-demand Operator" means a national air carrier authorized by the Authority to conduct on-demand operations under Subpart 3.4 of these Regulations.
- (43) "On-time" means a flight that arrives less than fifteen (15) minutes after its published arrival time.
- (44) "Operator" means the physical or moral person who operates one aircraft or more on his account, its command crew being subjected to his orders.
- (45) "Party" includes the entity or individual initiating a proceeding, such as an applicant, complainant, or petitioner; any entity or individual filing an answer to such proceeding; and any other entity or individual identified by the Authority.
- (46) "Passenger" means any person who purchases, or who contacts a ticket office or travel agent for the purpose of purchasing, or considering the purchase of, air transportation. It does not include on-duty members of the flight crew or cabin crew;
- (47) "Permit" means the authorization that is given to an aircraft for crossing the Kingdom airspace or landing in one of its airports for commercial or diplomatic or similar purposes. It can be a permit for scheduled flights or a temporary permit for non-scheduled flights.
- (48) "Point" means any airport or place where aircraft may be landed or taken off, including the area within a five (5) kilometer radius of such airport or place.
- (49) "President" means the chief executive officer of the Authority or whoever acts on his behalf in terms of the civil aviation affairs of the Kingdom.
- (50) "Registration State" means the State where the aircraft is registered
- (51) "Register" means the National Saudi Register for registering the aircraft and prepared by the Authority to register national civil aircraft.
- (52) "Regulations" means these Civil Aviation Economic Regulations and includes any orders, directives and interpretations issued thereunder.
- (53) "Revenue traffic" means persons, property or mail carried for compensation or hire.
- (54) "Scheduled air carrier" means an air carrier open for public and functioning according to an announced schedule or regularly or in a clearly repetitive way within regular noticeable flights.
- (55) "Scheduled air service" means any flight scheduled in the current edition of the Official Airline Guide, the carrier's published schedule, or the computer reservation system used by the carrier.
- (56) "Slot" means the operational authority to conduct one landing or takeoff operation each day during a specific hour or thirty (30)-minute period at one of the high density traffic airports designated pursuant to Subsection 3.6.1.2.
- (57) "State" means the State of the operator or air carrier, or a country recognized by the Kingdom as a sovereign state.
- (58) "Substantial change" "substantial change in operations, ownership, or management" includes, but is not limited to, the following events: (i) changes in operations from charter to scheduled service, cargo to passenger service, short-haul to long-haul service, or small-aircraft to large-aircraft operations; (ii) the acquisition by a new shareholder or the accumulation by an existing shareholder of beneficial control of ten percent (10%) or more of the outstanding voting stock in the corporation; and (iii) a change in the president, chief executive officer or chief operating officer, and/or a change in at least

half of the other key personnel within any twelve (12)-month period or since its latest fitness review, whichever is the more recent period.

(59) "Territory" means the Kingdom territory and territorial water under the Kingdom's sovereignty and their airspace.

(60) "Wet lease" means an agreement under which one carrier leases an aircraft with flight crew to another carrier.

(b) Unless specifically defined in this Part or any other Part of these Regulations, other words and phrases have the meaning defined in the Act.

#### **1.1.1.8 ACRONYMS**

The following acronyms are used throughout these Regulations and have the following meanings, unless otherwise specified:

(a) "IATA" means the International Air Transport Association

(b) "ICAO" means the International Civil Aviation Organization

(c) "GACA" means the General Authority of Civil Aviation.

## 2.1 RULES OF PRACTICE IN PROCEEDINGS

### 2.1.1 *Rules of General Applicability*

#### 2.1.1.1 APPLICABILITY

This Part governs the conduct of all aviation economic proceedings before the Authority whether instituted by order of the Authority or by the filing with the Authority of authorized or required documents.

#### 2.1.1.2 DEFINITIONS

As used throughout this Part, Authority decisionmaker" means the official authorized to issue final decisions of the Authority.

#### 2.1.1.3 FILING OF DOCUMENTS

(a) *Filing: date of filing.*

- (1) Documents required by these Regulations to be filed with the Authority must be filed with the Authority's Air Transport Department.
- (2) Documents shall be filed either on paper, or by electronic means.
- (3) Such documents will be deemed filed on the date on which they are actually received by the Air Transport Department. Documents must be filed during the Authority's official business hours on official business days. Electronic filings may be made as prescribed by the Authority.

(b) *Number of copies.* Unless otherwise specified, an executed original and one (1) copy must be filed with the Authority's Air Transport Department. The copies filed need not be signed, but the name of the individual signing the original document must be typed or printed on all copies below the space provided for signature.

(c) *Official docket copy.* With respect to all documents filed under these Regulations, the electronic or physical record produced by the Authority shall comprise the official docket copy of the document and any subsequent copies generated by the Authority's electronic or physical records system will be usable for admission as record copies in any proceeding before the Authority.

#### 2.1.1.4 GENERAL REQUIREMENTS AS TO DOCUMENTS

*Contents.*

- (a) In the event there is no rule, regulation, or order of the Authority that prescribes the contents of documents required to be filed with the Authority, the document shall contain a proper identification of the parties concerned, and a concise but complete statement of the facts relied upon and the relief sought.
- (b) Each document must include or provide on its first page:
  - (1) The relevant branch or office of the Authority to whom the document is addressed;
  - (2) The number and title assigned to the document by the Authority branch or office receiving the document;
  - (3) The identity of the agent, entity or individual filing the document;
  - (4) The name and mailing address of the designated agent, entity or individual for receipt of any documents filed in the proceeding, along with the telephone and facsimile numbers and, if available, electronic mail address of the agent, entity or individual; and
  - (5) The specific Authority action being requested.
- (c) All documents filed under this Part consisting of twenty (20) or more pages must contain a subject index of the matter in the document, with page references.

#### **2.1.1.5 NOTIFICATION OF PROCEEDING OR FILING OF DOCUMENTS**

- (a) *The Authority.* Formal complaints, notices, orders, and similar documents issued by the Authority will be provided by the Authority to all parties to the proceeding.
- (b) *The Parties.*
  - (1) Any other documents filed by any party with the Authority shall be provided by the party to all parties to the proceeding in which it is filed.
  - (2) The Authority may specify:
    - (i) to whom the delivery must be made;
    - (ii) the method of delivery, whether by mail, courier or otherwise;
    - (iii) the location where the delivery must be made;
    - (iv) the deadline for making the delivery; and
    - (v) proof of the delivery.
  - (3) The Authority may require parties to provide additional copies of filed documents to parties to the proceeding.

#### **2.1.1.6 COMPUTATION OF TIME**

- (a) The Gregorian Calendar shall be the official calendar for the purposes of measuring time under these Regulations.
- (b) In computing any period of time prescribed or allowed by this Part, by notice, order or regulation or by any applicable law, the day of the act, event, or default after which the designated period of time begins to run is not to be included.

#### **2.1.1.7 EXTENSIONS OF TIME**

- (a) Whenever a party has the right or obligation to take action within a period prescribed by this Part, by a notice given thereunder, or by an order or regulation, the Authority decisionmaker assigned to the proceeding, as appropriate, may:
  - (1) Before the expiration of the prescribed period, with or without notice, extend such period, or
  - (2) Upon request, permit the act to be done after the expiration of the specified period, where good cause is clearly shown.
- (b) Requests for extensions of time, as described in Paragraph (a) of this Subsection, shall be directed to the Authority decisionmaker.

#### **2.1.1.8 PUBLIC DISCLOSURE OF INFORMATION**

- (a) There shall be no public disclosure of any information submitted to or received by the Authority unless specifically requested by a party and approved by the Authority.
- (b) Parties may request that any submitted information be treated confidentially by the Authority, and the Authority shall notify a party before releasing any such confidential information.
- (c) The Authority shall, in its discretion, decide whether information shall be treated confidentially or disclosed to the public or other parties.

#### **2.1.1.9 INITIAL DECISIONS AND APPEALS**

- (a) All initial decisions in matters of economic licensing shall be made by senior Authority staff, as directed by the President of the Authority from time to time.

- (b) Any interested entity or individual may appeal any order or decision issued by the Authority on a matter addressed in these Regulations, such as the grant of air carrier licenses or any other matter, to the President of the Authority.
- (c) The President's resolution of any appeal must be ratified by the Authority's Board of Directors in order to become a final decision.

## ***2.1.2 Rules Applicable to National and Foreign Air Carrier License Proceedings***

### **2.1.2.1 APPLICABILITY**

- (a) This Section sets forth the specific rules applicable to proceedings on:
  - (1) National air carrier licenses under Part 3 of these Regulations, including renewals, amendments, modifications, and suspensions.
  - (2) Foreign air carrier licenses under Part 4 of these Regulations, including renewals, amendments, modifications, and suspensions.
- (b) Except as modified by this Section, the provisions of Section 2.1.1 of this Part apply.

### **2.1.2.2 CONTENTS OF APPLICATIONS**

- (a) National air carrier license applications filed under this Section shall contain the information required by Part 3 of these Regulations, and foreign air carrier license applications shall contain the information required by Part 4 of these Regulations, along with any other information that the applicant desires the Authority to notice officially.
- (b) Applications shall include a list of the names and addresses of all entities and/or individuals who have been notified of the application in accordance with Subsection 2.1.1.5.

### **2.1.2.3 ECONOMIC DATA AND OTHER FACTS**

Whenever economic data and other facts are provided in any pleading, such information shall include enough detail so that final results can be obtained without further clarification. Sources, bases, and methodology used in constructing exhibits, including any estimates or judgments, shall be provided.

### **2.1.2.4 CASES TO BE DECIDED ON WRITTEN SUBMISSIONS**

Applications under this Section will be decided on the basis of written submissions.

### **2.1.2.5 PROCEDURES IN FOREIGN AIR CARRIER LICENSE CASES**

- (a) *Applicability.* This Subsection applies to cases involving foreign air carrier licenses under the Act and these Regulations, including applications for new authority, renewals, amendments, modifications, and suspensions.
- (b) Executive departments. In addition to other information specified by these Regulations, the views of other executive agencies of the Kingdom, and the Authority's evaluation of the applicant's operational fitness, may be sought in determining the appropriate action on applications filed under Part 4.

## ***2.1.3 Rules Applicable to Exemption Proceedings***

### **2.1.3.1 APPLICABILITY**

This Section sets forth the specific rules applicable to proceedings for exemptions from these Regulations as well as applications for frequency allocations and other limited authority under international agreements. Except as modified by this Section, the provisions of Section 2.1.1 apply.

### 2.1.3.2 FILING OF APPLICATIONS

- (a) Except as provided in this Section, applications for exemption shall conform to the requirements of Subsections 2.1.1.3 and 2.1.1.4.
- (b) Applications for exemption from tariffs, or from Authority regulations concerning tariffs, may be submitted by letter.
- (c) Applications under this Section shall be filed with the Authority's *Communications: Incoming and Outgoing Section*.

### 2.1.3.3 EXEMPTIONS NOT PERMITTED

Exemptions from the following regulatory requirements are not permitted nor will any requests for the same be accepted or considered by the Authority:

- (a) Any requirement for an Air Operator's Certificate (AOC) from the Authority;
- (b) Any requirement for an FAOC;
- (c) Any requirement regarding the approval of Schedules and Routes;
- (d) Fitness requirements and approvals; and
- (e) Any requirements pertaining to penalties and the enforcement of these Regulations.

### 2.1.3.4 CONTENTS OF APPLICATIONS

- (a) *Title.* An application filed under this Section 2.1.3 shall be entitled "Application for Exemption," and shall state whether the application is an initial exemption application or involves renewal and/or amendment of existing exemption authority.
- (b) *Factual statement.* Each application shall state:
  - (1) The specific provision of the Act or Regulation from which the exemption is requested;
  - (2) The proposed effective date and duration of the exemption; and
  - (3) Any other facts the applicant relies upon to establish that the proposed exemption will be consistent with the interest of the Kingdom.
- (c) *Supporting evidence.*
  - (1) Each application shall be accompanied by:
    - (i) Any documents, statements or evidence that the applicant wants the Authority to rely upon, and;
    - (ii) Information showing the applicant is qualified to perform the proposed service(s).
  - (2) In addition to the information required by Paragraph (c)(1) of this Subsection, an application for exemption from Part 4 (except exemptions relating to emergency air transportation by foreignair carriers) shall state whether the exemption or authority requested is governed by a bilateral agreement.
    - (i) Applications by foreign carriers shall state whether the applicant's homeland government grants Kingdom carriers authority similar to that requested.

### 2.1.3.5 POSTING OF APPLICATIONS

A copy of every docketed application for exemption shall be retained by the Authority's Communications: Incoming and Outgoing Section.

### 2.1.3.6 DISMISSAL OR REJECTION OF INCOMPLETE APPLICATIONS

- (a) *Dismissal or rejection.* The Authority may dismiss or reject any application for exemption that does not comply with the requirements of this Part.

- (b) *Additional data.* The Authority may require the filing of additional data with respect to any application for exemption.

#### **2.1.3.7 RULING ON EXEMPTION APPLICATIONS FILED BY THE PUBLIC**

- (a) Requests for exemptions filed by the public shall only be granted where both the President and the Board of Directors approve the exemption.
- (b) The President and Board of Directors shall not approve those exemptions specifically prohibited by Subsection 2.1.3.3.

#### **2.1.3.8 EXEMPTIONS INITIATED BY THE AUTHORITY AND EMERGENCY EXEMPTIONS**

- (a) *Authority Initiated Exemptions.*
  - (1) The Authority may grant exemptions on its own initiative when it finds that such exemptions are required by the circumstances and consistent with the interest of the Kingdom.
  - (2) Any such exemption must be specifically approved by the President and Board of Directors.
  - (3) The Authority may not grant exemptions specifically prohibited by Subsection 2.1.3.3.
- (b) *Emergency Exemptions*
  - (1) *Applications.* Applications for emergency exemption need not conform to the requirements of this Section, but normally must be in writing and state the facts and evidence that support the application, the grounds for the exemption, and the public interest basis for the authority sought. In addition, the application shall state specific reasons that justify departure from the normal exemption application procedures. The Authority may require additional information from any applicant before acting on an application.
  - (2) *Oral requests.* The Authority will consider oral requests, including telephone requests, for emergency exemption authority under this section in circumstances that do not permit the immediate filing of a written application. All oral requests must, however, provide the information required in paragraph (1) of this Subsection, except that actual evidence in support of the application need not be tendered when the request is made. All oral requests must be confirmed by written application, together with all supporting evidence, within three (3) business days of the original request.

## 3.1 GENERAL

### 3.1.1 *Aircraft Operators Must Be Licensed*

#### 3.1.1.1 NATIONAL AIR CARRIER LICENSE REQUIRED

Pursuant to Article 24 of the Act, all operators of aircraft in the Kingdom that are citizens of the Kingdom must be licensed by the Authority as a national air carrier pursuant to Subpart 3.2, an on-demand operator pursuant to Subpart 3.4, or a charter operator pursuant to Part 5. No entity may hold out or otherwise offer air transportation services without such a license.

#### 3.1.1.2 AIR OPERATOR'S CERTIFICATE REQUIRED

Every holder of a national air carrier license or on demand operator must have a valid Air Operator's Certificate issued by the Authority Aviation Standards and Safety Department.

### 3.1.2 *Periodic Fitness Review*

Not sooner than every three (3) years nor later than every five (5) years, the Authority will conduct a review of the continuing economic fitness of each licensed national air carrier and on-demand operator. The Authority shall review the data provided to it pursuant to Subsection 3.2.2.2, data provided pursuant to Part 6, and any other information that the Authority may request from time to time.

## 3.2 NATIONAL AIR CARRIER LICENSES

### 3.2.1 *General Provisions*

#### 3.2.1.1 PURPOSE

This Subpart sets forth the fitness data that must be submitted by applicants for national air carrier license authority, and by those licensed national air carriers proposing a substantial change in operations, ownership, or management. This Subpart also contains the procedures and filing requirements applicable to carriers that hold dormant authority, and procedures and filing requirements applicable to domestic cargo and all-cargo operations.

#### 3.2.1.2 DEFINITIONS

As set forth in this Subpart, unless the context otherwise requires:

- (a) "Fit" means fit, willing, and able to perform the air transportation in question properly and to conform to the provisions of the Act and the rules, regulations and requirements issued under the Act.
- (b) "Key personnel" include the directors, president, chief executive officer, chief operating officer, all vice presidents, the directors or supervisors of operations, maintenance, sales and marketing, and finance, and the chief pilot of the applicant or air carrier.
- (c) "Normalized operations" are those which are relatively free of start-up costs and temporary barriers to full-scale operations posed by the carrier's limited experience.
- (d) "Relevant corporations" are the applicant or air carrier, any subsidiary thereof, any predecessor thereof (i.e., any air carrier in which any directors, principal officers or persons having a substantial interest have or once had a substantial interest), and any company that has a significant financial or managerial influence on the applicant or air carrier. A significant financial or manager influence includes:

- (1) Any company holding more than fifty percent (50%) of the outstanding voting stock of the applicant or air carrier; and
  - (2) Any company holding between twenty percent (20%) and fifty percent (50%) of the outstanding voting stock of the applicant or air carrier and which has significant influence over the applicant or air carrier as indicated, for example, by twenty-five percent (25%) representation on the board of directors, participation in policy-making processes, substantial inter-company transactions, or managerial personnel with common responsibilities in both companies.
- (e) "Substantial interest" means beneficial control of ten percent (10%) or more of the outstanding voting stock.

### **3.2.2 Filing Requirements**

#### **3.2.2.1 FORMAL REQUIREMENTS AND GENERAL PROVISIONS CONCERNING CONTENTS**

- (a) All applications for national air carrier licenses shall meet the requirements provided by the Authority and as set forth in Parts 2 and 3, as applicable, of these Regulations. All applications for national air carrier charter licenses shall conform with the requirements of Part 5 of these Regulations.
- (b) *Contents.*
- (1) Each application shall give full and adequate information with respect to each of the items required by this Subpart to be included in the application.
  - (2) The application may contain any other information or data that the applicant believes is needed to fully apprise the Authority regarding the particular circumstances of the applicant's case.

#### **3.2.2.2 APPLICANTS FOR NEW NATIONAL AIR CARRIER LICENSES**

- (a) An applicant for a new national air carrier license shall file the data set forth in Paragraph (c) of this Subsection. The Authority may require an applicant to provide additional data if necessary to reach an informed judgment about its fitness.
- (b) If the applicant has previously formally filed any of the required data with the Authority and that information reflects the current state of the carrier's fitness, the applicant may instead identify the data and provide a citation for the date(s) of filing.
- (c) An applicant for a new national air carrier license shall submit at least the following information to the Authority as part of its application for the license:
- (1) The name, address, and telephone number of the applicant;
  - (2) The legal form of the applicant's organization;
  - (3) If the applicant is a corporation, a statement provided by the proper representative in the Kingdom, certifying that the applicant corporation is in good standing;
  - (4) Evidence acceptable to the Authority that the applicant is a citizen of the Kingdom;
  - (5) The identity of the key personnel who would be employed by the applicant, including:
    - (i) Their names and addresses;
    - (ii) The experience, expertise, and responsibilities of each;
    - (iii) The number of shares of the applicant's voting stock held by each and the percentage of the total number of such shares issued and outstanding, and the citizenship and principal business of any person for whose account, if other than the holder, such interest is held;
    - (iv) The citizenship of each; and
    - (v) A description of the officerships, directorships, shares of stock (if ten percent (10%) or more of total voting stock outstanding), and other interests each holds or has held in any air carrier, foreign air carrier, common carrier, person engaged in the business of aeronautics or persons

- whose principal business (in purpose or fact) is the holding of stock in or control of any air carrier, common carrier or person substantially engaged in the business of aeronautics.
- (6) A list of all persons having a substantial interest in the applicant. Such list shall include:
    - (i) Each person's name, address and citizenship;
    - (ii) The number of shares of the applicant's voting stock held by each such person and the corresponding percentage of the total number of such shares issued and outstanding, and the citizenship and principal business of any person for whose account, if other than the holder, such interest is held; and
    - (iii) If any person, entity, or subsidiary of an entity having a substantial interest in the applicant is or has ever been:
      - (A) A national air carrier, a foreign air carrier, a common carrier, or
      - (B) Substantially engaged in the business of aeronautics, or
      - (C) An officer or director of any such entity, or
      - (D) A holder of ten percent (10%) or more of total outstanding voting stock of any such entity.
  - (7) A list of the applicant's subsidiaries, if any, including a description of each subsidiary's principal business and relationship to the applicant.
  - (8) A list of the applicant's shares of stock in, or control of, any national air carrier, foreign air carrier, common carrier, or person engaged in the business of aeronautics.
  - (9) To the extent any relevant corporation has been engaged in any business prior to the filing of the application, each applicant shall file:
    - (i) Copies of the audited financial statements for the past three (3) years by any relevant corporation required to file such reports within the Kingdom, and
    - (ii) Copies of any quarterly reports prepared within three (3) months of the filing of the application.
  - (10) A list of all actions and outstanding judgments for more than SAR250,000 against any relevant corporation, key personnel employed (or to be employed) by any relevant corporation, or person having a substantial interest in any relevant corporation, including the amount of each judgment, the party to whom it is payable, and how long it has been outstanding.
  - (11) A detailed description of the applicant's fleet of aircraft, including the number of each type of aircraft owned, leased and to be purchased or leased.
  - (12) A description of the current status of any and all pending investigations, enforcement actions, and formal complaints filed by the Authority or any other governmental entity.
  - (13) A description of any aircraft accidents or aircraft incidents as defined by the Act and in these Regulations involving the applicant, its personnel, or any relevant corporation which occurred either during the year preceding the date of application or at any time in the past and which remain under investigation by the Authority, any other Civil Aviation Authority, or by the company itself, including:
    - (i) The date of the occurrence;
    - (ii) The type of flight;
    - (iii) The location of the accident or incident;
    - (iv) The number of passengers and crew on board and a listing of any injuries or fatalities;
    - (v) A description of any damage to the aircraft;
    - (vi) The Authority file numbers and the status of the investigations, including any enforcement actions initiated against the carrier or any of its personnel;
    - (vii) Positive actions taken to prevent recurrence; and
    - (viii) Any additional information requested by the Authority.
  - (14) A brief narrative history of the applicant;
  - (15) A description of all Kingdom and international authority under which the applicant has conducted or will conduct transportation operations;
  - (16) A description of the service to be operated if the application is granted, including:
-

- (i) A forecast Balance Sheet and statement of cash flow for each of the first three (3) normal years ending after the initially proposed operations have been incorporated, along with the assumptions underlying the accounts and amounts shown; and
  - (ii) A forecast Income Statement, broken down by quarters, for the first year ending after the initially proposed operations are normalized, and an itemization of all pre-operating and start-up costs associated with the initiation of the proposed service. Such Income Statement shall include estimated revenue block hours (or airborne hours, for charter operators) and revenue kilometers by type of aircraft, number of passengers and number of tons of mail and cargo to be carried, transport revenues and an estimate of the traffic which would be generated in each market receiving the proposed service. Such statements shall also include a statement as to whether the statements were prepared on the accrual or cash basis, an explanation of how the estimated costs and revenues were developed, a description of the manner in which costs and revenues are allocated, how the underlying traffic forecasts were made, and what load factor has been assumed for the average and peak month. Pre-operating and start-up costs should include, but are not limited to, the following: Obtaining necessary government approval; establishing stations; introductory advertising; aircraft, equipment and space facility deposits and rent; training; and salaries earned prior to start-up.
- (17) The following certification, which shall accompany the application and all subsequent written submissions filed by the applicant in connection with its application:

I, [the individual signing the application, who shall be a principal owner, senior officer, or internal counsel of the applicant], as the authorized representative of the applicant, have not in any manner knowingly or wilfully falsified, concealed or covered up any material fact or made any false, fictitious, or fraudulent statement or knowingly used any documents which contain such statements in connection with the preparation or filing of the application. I understand that for each such instance where I am found to have acted in such manner, I shall be fined not more than SAR25,000 and be subject to no more than six months in prison pursuant to Article 165 of the Act.

### **3.2.2.3 LICENSED NATIONAL AIR CARRIERS UNDERGOING OR PROPOSING TO UNDERGO SUBSTANTIAL CHANGE IN OPERATIONS, OWNERSHIP, OR MANAGEMENT**

- (a) A licensed national air carrier proposing a substantial change in operations, ownership or management must submit a request for Authority's approval of such substantial change in advance of such substantial change.
- (b) A licensed national air carrier proposing a substantial change in operations, ownership or management shall submit a request for approval from the Air Transport Department of the Authority and shall file the data set forth in Subsection 3.2.2.2. This data must be submitted in cases where:
  - (1) The proposed change requires new or amended authority, or
  - (2) Although the carrier's existing license is adequate for the performance of its planned services, the change substantially alters the factors upon which its latest fitness finding is based.
- (c) As provided in Paragraph 3.2.2.2(b), information which a carrier has previously formally filed with the Authority which continues to reflect the current state of the carrier's fitness may be omitted. The carrier should identify to the Authority which portion of the previously submitted data remains unchanged such that it will not be resubmitted in the filing.

**3.2.3 Licenses Authorizing Scheduled Route Service: Terms, Conditions, And Limitations**

**3.2.3.1 PURPOSE**

This Subpart sets forth the terms, conditions and limitations applicable to licenses authorizing scheduled route service by national air carriers pursuant to Article 16(6) of the Act, as well as the Regulations governing inauguration and temporary suspension of such scheduled route service.

**3.2.3.2 APPLICABILITY**

Unless the license shall otherwise provide, such terms, conditions and limitations as are set forth in this Subpart, and as may from time to time be prescribed by the Authority, shall apply to the exercise of the privileges granted by each license issued under Article 16(6) of the Act, other than a license for charter operations.

**3.2.3.3 FAILURE TO COMPLY**

It shall be a condition upon the holding of a license that any failure by the holder to comply with any provision of the Act or any order, rule or regulation issued thereunder or any term, condition or limitation of such license shall be a failure to comply with the terms, conditions and limitation of the license even though the failure to comply occurred outside the territorial limits of the Kingdom.

**3.2.3.4 AUTHORIZATION**

Subject to the provisions of the Act, the holder of a license shall not carry scheduled passenger traffic between points which are not specified in its license and shall serve all points required to be served by its license.

**3.2.3.5 NOTICE OF INVITATION TO APPLY FOR SCHEDULED ROUTE SERVICE**

The Authority shall issue a notice of invitation to apply for all scheduled route services. Such notice shall indicate the form and content of the applications for such route service. In all other aspects, such applications shall conform to the requirements set forth in Parts 2 and 3 of these Regulations.

**3.3 CARGO OPERATIONS**

**3.3.1 General**

**3.3.1.1 APPLICABILITY**

This Subpart applies to cargo and all-cargo operations by national air carriers authorized under Article 24 of the Act.

**3.3.2 All-Cargo Air Transportation Licenses**

**3.3.2.1 APPLICATIONS**

Applications for all-cargo air service licenses shall comply with the provisions of Subpart 3.2 of this Part with regard to evidentiary requirements.

### ***3.3.3 General Rules for All-Cargo Transportation***

#### **3.3.3.1 APPLICABILITY**

The rules in this Section apply to cargo operations in domestic air transportation performed by all air carriers (including all-cargo, passenger and combination) authorized under Subpart 3.2 of this Part.

#### **3.3.3.2 AIRCRAFT ACCIDENT LIABILITY INSURANCE REQUIREMENT**

No national air carrier shall operate all-cargo aircraft or provide all-cargo air transportation unless the carrier maintains aircraft accident liability coverage that meets the requirements of Parts 7 and 8 of these Regulations.

#### **3.3.3.3 RECORD RETENTION**

Each carrier shall retain for one (1) year a copy of each rate sheet, airwaybill contract, and other document reflecting changed, new, or other previously unreported general or special prices or rules governing the carriage of freight in domestic air transportation, unless the transportation was performed in accordance with an effective tariff on file with the Authority.

### ***3.3.4 Limitations of Tariffs for Cargo Operations in Domestic Air Transportation***

#### **3.3.4.1 LIMITATIONS OF TARIFF REQUIREMENTS**

- (a) Each national air carrier providing cargo operations in domestic air transportation need not comply with the tariff and pricing requirements set forth in these Regulations with respect to such cargo operations, so long as it complies with the provisions of this Subpart and the conditions imposed herein, and to the extent necessary to permit it to conduct cargo operations in domestic air transportation.
- (b) Paragraph 3.3.4.1(a) applies only to cargo operations in domestic air transportation and does not relieve a carrier from obligations derived from other transportation.

## **3.4 ON-DEMAND OPERATORS**

### ***3.4.1 General***

#### **3.4.1.1 APPLICABILITY**

This Subpart establishes a classification of air carriers known as "on-demand operators;" provides certain exemptions to them from some of the economic regulatory provisions of Subpart 3.2; specifies procedures by which such air carriers may obtain authority to conduct operations; and establishes rules applicable to their operations in the Kingdom.

#### **3.4.1.2 CLASSIFICATION**

- (a) There is hereby established a classification of air carriers, designated as "on-demand operators," which directly engage in the non-scheduled air transportation of persons or property or in any combination of such transportation and which:
  - (1) Do not directly or indirectly utilize aircraft with more than twenty (20) passenger seats or cargo-only aircraft with a maximum cargo capacity exceeding 12,500 pounds and do not offer scheduled air service;
  - (2) Do not hold a national air carrier license or economic authority issued by the Authority other than that provided by this Subpart 3.4;
  - (3) Have registered with the Authority in accordance with Section 3.4.3 of this Subpart;

- (4) Have and maintain in effect liability insurance coverage in compliance with the requirements set forth in Part 8 of these Regulations, and maintain a current certificate of insurance evidencing such coverage on file with the Authority; and
  - (5) Only operate Kingdom-registered aircraft.
- (b) An entity which does not observe the conditions set forth in Paragraph (a) of this Subsection shall not be an on-demand operator within the meaning of this Subpart 3.4 with respect to any operations conducted while such conditions are not being observed, and during such periods is not entitled to any of the exemptions set forth in this Subpart.

#### **3.4.1.3 REQUESTS FOR STATEMENT OF AUTHORITY**

In any instance where an on-demand operator is required by a foreign government to produce evidence of its authority to engage in international air transportation under the laws of the Kingdom, the Authority will, upon request, furnish the carrier with a written statement outlining its general operating privileges under this Subpart for presentation to the proper authorities of the foreign government.

### ***3.4.2 Effect of Classification***

#### **3.4.2.1 WAIVER**

On-demand operators shall not be considered licensed national air carriers and are hereby relieved from compliance with the following provisions of these Regulations only if and so long as they comply with the provisions of this Subpart 3.4 and the conditions imposed herein, and to the extent necessary to permit them to conduct on-demand operations:

- (a) Subpart 3.2; and
- (b) Part 6.

#### **3.4.2.2 FAILURE TO COMPLY**

The conduct of operations by carriers not complying with this Subpart and the conditions imposed herein or conducting operations after registration has expired or been cancelled shall be considered a violation of these Regulations.

### ***3.4.3 Registration***

#### **3.4.3.1 FILING FOR REGISTRATION BY ON-DEMAND OPERATORS**

- (a) Every on-demand operator who plans to commence operations under this Subpart shall register with the Authority not later than twenty (20) days prior to the commencement of such operations.
- (b) The registration of an on-demand operator shall remain in effect until it is amended by the carrier or canceled by the Authority.
- (c) Registration by all on-demand operators shall be accomplished by filing with the Authority the following:
  - (1) The name of the carrier and its mailing address;
  - (2) The carrier's principal place of business, if different from its mailing address, and its telephone number;
  - (3) The carrier's AOC number;
  - (4) The type of service the carrier will offer ( on-demand passenger, on-demand cargo, or other service such as air ambulance operations, firefighting or seasonal operations);
  - (5) A list of the aircraft that the carrier proposes to operate, or, in the case of an amendment to the registration, the aircraft that it is currently operating in its on-demand operations, and the aircraft type, registration number and passenger capacity of each aircraft;

- (6) For initial registration, the proposed date of commencement of on-demand operations;
- (7) For amendments, whether the carrier has carried passengers in international air transportation during the previous twelve (12) months;
- (8) Whether the carrier is a citizen of the Kingdom; and
- (9) A certificate of insurance that is currently effective (or in case of initial registration, is to become effective).

#### **3.4.3.2 PROCESSING BY THE AUTHORITY**

Upon receipt of the information set forth in Paragraph 3.4.3.1(c), the Authority will notify the carrier of the effective date of its registration. The effective date of the registration shall not be earlier than the effective date of the insurance policy or policies named in the certificate of insurance filed by the carrier.

#### **3.4.3.3 NOTIFICATIONS TO THE AUTHORITY OF CHANGE IN OPERATIONS**

An on-demand operator shall submit an amendment to its registration not later than twenty (20) days after any of the following events:

- (a) A change in its name or address;
- (b) A change in its type of operations (passenger, cargo, etc.);
- (c) A temporary or permanent cessation of its operations; or
- (d) A change in the type of aircraft operated.

#### **3.4.3.4 CANCELLATION OF REGISTRATION**

The registration of an on-demand operator may be canceled by the Authority if any of the following occur:

- (a) The operator notifies the Authority that it is ceasing operations;
- (b) The operator's insurance coverage changes or lapses;
- (c) The operator fails to file an amended registration when required by Subsection 3.4.3.3;
- (d) The operator's AOC is revoked; or
- (e) The operator no longer meets the requirements of this Subpart.

### ***3.4.4 Limitations and Conditions on Operations***

#### **3.4.4.1 SCOPE OF SERVICE AND EQUIPMENT AUTHORIZED**

- (a) Nothing in this Subpart shall be construed as authorizing the operation of large aircraft in air transportation.
- (b) This Subpart applies to on-demand operators that register with the Authority and extends only to the direct operation in air transportation in accordance with the limitations and conditions of this Subpart 3.4 of aircraft designed to have a maximum passenger capacity of no more than twenty (20) seats or cargo-only aircraft having a cargo capacity of no more than 12,500 pounds.

#### **3.4.4.2 PROHIBITION OF SERVICES NOT COVERED BY INSURANCE**

An on-demand operator shall not operate in air transportation or provide or offer to provide air transportation unless there is in effect liability insurance which covers such transportation and which is evidenced by a current certificate of insurance on file with the Authority.

## **3.5 INAUGURATION AND TEMPORARY SUSPENSION OF SERVICE AUTHORIZED BY NATIONAL AIR CARRIER LICENSES; CHANGE IN SERVICE PATTERN; REVOCATION FOR DORMANCY**

### **3.5.1 *Applicability***

This Subpart shall apply to all national air carriers holding currently effective national air carrier licenses authorizing service between designated points issued by the Authority with respect to:

- (a) Inauguration of new service pursuant to license awards;
- (b) Applications to the Authority for authority to temporarily suspend service to or from any point named in a license;
- (c) Notice to the Authority pursuant to Subsection 3.5.3.2 when all service to or from a point, pursuant to a license, shall have been interrupted or inauguration delayed because of circumstances or events beyond the carrier's control;
- (d) Notice to the Authority when the holder of a license seeks to alter the service pattern of the license;
- (e) Termination or suspension of service; and
- (f) Revocation by the Authority of dormant national air carrier licenses.

### **3.5.2 *Authorization Required for Delayed Inauguration or Temporary Suspensions of Service***

#### **3.5.2.1 INAUGURATION OF SERVICE**

- (a) Any service authorized by a license shall be inaugurated within sixty (60) days after the effective date of the new or amended license unless the Authority has fixed a longer period.
- (b) If the recipient of a license authorizing scheduled route service between designated points desires to postpone inauguration of service to any such point or points beyond the sixty (60)-day period or such other period as the Authority may have fixed, he shall, not later than thirty (30) days prior to the expiration of such period, file an application for postponement of the required date for inaugurating service.

#### **3.5.2.2 TEMPORARY SUSPENSION OF SERVICE**

Service to or from any point authorized in a license shall not be suspended by an air carrier except in accordance with the provisions of this Subpart.

#### **3.5.2.3 APPLICATION REQUIREMENTS FOR DELAYED INAUGURATION OR TEMPORARY SUSPENSIONS OF SERVICE**

- (a) Any application for delayed inauguration or temporary suspensions of service under this Subpart shall contain a specific statement of the relief requested and of the facts relied upon to establish that there is good cause for the postponement of inauguration of service or that the temporary suspension of service is in the interest of the Kingdom, with a statement of economic data or other matters which the air carrier wishes to provide to the Authority.
- (b) When temporary suspension of service in domestic or international transportation is sought on economic grounds, the application shall contain at least the following specific economic data:
  - (1) History of service, particularly schedules and equipment offered by the applicant for the past two (2) years to and from the point;

- (2) Applicant's most recent yearly traffic data for the point: total number of passengers originating and deplaning; and on-line or, if the applicant does not compile on-line data, on-flight origin and destination of such passenger for four (4) representative months;
- (3) Anticipated financial benefits to the applicant, with an explanation of the factors considered in reaching such conclusion;
- (4) Services offered by other scheduled carriers to the point;
- (5) When the applicant is the only carrier regularly serving the point, the nearest alternative air service, and available surface transportation, schedules and fares to alternative airports;
- (6) Surface transportation to major markets from the point; and
- (7) A factual statement of applicant's efforts to stimulate traffic through schedule revision, promotion and advertising, new equipment, or other means.

#### **3.5.2.4 ANSWERS BY INTERESTED PARTIES AND REPLIES THERETO**

- (a) As set forth in Part 2 of these Regulations, any interested person may file with the Authority and provide to the applicant a written answer in opposition to or in support of an application made pursuant to Subsection 3.5.2.3 within fifteen (15) days of the filing thereof.
- (b) Such answer shall set forth in detail the reasons why the postponement of inauguration of service or temporary suspension should be denied or authorized, with a statement of economic data and other matters which it is desired to provide to the Authority.
- (c) An executed original and three (3) copies of such answer shall be filed with the Authority.
- (d) Within seven (7) days from the date of service of an answer, the applicant may file a reply thereto and shall serve it upon any person who has filed an answer.
- (e) An executed original and three (3) copies of such replies shall be filed with the Authority.

#### **3.5.2.5 DELIVERY OF NOTICE**

- (a) A copy of each application made and each answer addressed thereto pursuant to Subsections 3.5.2.3 and 3.5.2.4 shall be delivered to such persons as the Authority may designate in a particular case, and shall be served upon the following persons in all cases:
  - (1) Each air carrier which serves any point for which postponement of inauguration or suspension of service is sought, or its designated agent; and
  - (2) In cases involving an application for suspension of service at a point located in the Kingdom, the manager or other individual having direct supervision over and responsibility for the management of the airport being used to serve such point at the time the application is filed.
  - (3) Local service carriers shall serve such applications also on each licensed route air carrier which provides or is authorized to provide non-stop service between points between which the applicant could provide non-stop service if the application were granted.

#### **3.5.2.6 DISPOSITION**

- (a) An order may be issued authorizing such postponement or temporary suspension for such term and upon such conditions as the Authority may find to be in the interest of the Kingdom.
- (b) Where the interest of the Kingdom so requires, the Authority may act on applications without waiting for answers thereto.

#### **3.5.2.7 RE-EXAMINATION OF DELAYED INAUGURATION OR SUSPENSION AUTHORITY**

Any order granted pursuant to Subsection 3.5.2.6 that postpones inauguration or suspends service may be modified, conditioned or terminated by the Authority at any time upon notice where the Kingdom's interest so requires.

### **3.5.2.8 EFFECT OF FAILURE TO PROVIDE SERVICE**

If for a period of sixty (60) days (or any longer period designated by the Authority) any service authorized by a license has not been inaugurated, or if for a period of sixty (60) days such a service has not been operated, the Authority may direct the carrier to inaugurate or resume service or may, as authorized by Article 16(9) of the Act, direct that the holder's license shall cease to be effective to the extent of such services.

### **3.5.2.9 INSTITUTION OF SERVICE AFTER SUSPENSION OR POSTPONEMENT OF INAUGURATION: NOTICE TO THE AUTHORITY**

When service is inaugurated following postponement of inauguration, or resumed following suspension, immediate notice thereof shall be given to the Authority stating the time when the service was inaugurated or resumed.

## ***3.5.3 Change of Service Pattern***

### **3.5.3.1 AIRPORT NOTICE; SLOT ALLOCATION**

#### **(a) Airport Notice, Discretionary Airports**

- (1) An Airport Notice is required to be filed with the Authority if the holder of a license desires to serve or cease service to a point named in such license.
- (2) When an Airport Notice is required hereunder, the license holder shall file it with the Air Transport Department of the Authority and the Manager of Operations at the affected airport at least twenty (20) days prior to the proposed date of inauguration or cessation of the use of the airport.
- (3) Such notice shall be conspicuously entitled "Airport Notice" and shall, as a minimum amount of information, describe such airport by name and, if it is not already being used by an air carrier subject to the provisions of its license, state its location; shall state the date of intended inauguration of service and whether a waiver of the twenty (20)-day notice provision is requested.

#### **(b) Airport Notice, Required Airports**

For airports required to be served by the operator's license, the carrier may only give notice pursuant to this Subsection 3.5.3.1 after receiving the approvals specified in Subparts 3.5 and 3.6.

#### **(c) Slot Allocation**

With respect to service at high density traffic airports in the Kingdom, all national air carriers shall follow the slot allocation procedures set forth in Subpart 3.6 and as issued by the Authority from time to time.

### **3.5.3.2 APPLICATION FOR CHANGE IN SERVICE PATTERN – DOMESTIC AND INTERNATIONAL AIR TRANSPORTATION**

- (a) If at any time the holder of a license desires to establish a service pattern omitting one or more of the points required to be served pursuant to such condition of the license, or to an international point, the holder shall make application to the Authority for approval thereof. Such application shall be conspicuously entitled "Application for Change in Service Pattern," and shall set forth the facts relied upon to establish that the proposed service pattern is in the Kingdom's interest and consistent with the holder's performance of local air transportation service obligations. Such application shall contain a statement of matters which the applicant desires the Authority to officially notice, and a detailed analysis of the anticipated effect of such authorization on the travelling public and the operating results of the holder, including, but not limited to, the following economic and operating data on an annual basis:
  - (1) Present and proposed schedules, by type of aircraft;
  - (2) Number of departures, plane-kilometers, passengers and passenger-kilometers;
  - (3) Estimate of self-diversion or diversion from other carriers, if applicable;

- (4) Anticipated operating revenues;
  - (5) Estimate of impact of proposal on operating expenses, computed according to Part 2 (Procedural Rules); and
  - (6) Impact on bilateral air transport relations, where applicable.
- (b) Any change of any right under an international agreement must be noticed to and returned to Authority for reallocation as Authority may deem appropriate.
  - (c) The application shall also contain a notice to such persons as required by the AUTHORITY. The Authority will grant such application to such extent, for such periods of time, and subject to such conditions as the Authority deems proper and adequate, if it finds that such conditions and the proposed service pattern are in the Kingdom's interest and consistent with the holder's performance of local air transportation service.

### **3.5.3.3 NOTICE OF ADDITIONAL STOP REQUIRED BY FOREIGN COUNTRY; NOTICE OF TERMINAL CHANGE REQUIRED BY FOREIGN COUNTRY**

- (a) If, at any time, the holder of a license is required, in order to comply with any obligation, duty or liability imposed by any foreign country:
  - (1) to add a stop at a point not named in the license, or not included in the approved service plan, and situated in such foreign country; or
  - (2) to change the terminal point in such foreign country;

such holder shall file with the Authority notice of such requirement; provided, however, that this Subsection 3.5.3.3 shall not apply to any obligation, duty or liability arising out of a contract or other agreement entered into between any air carrier or any officer or representative thereof, and any foreign country.

- (b) Such notice shall be filed within fifteen (15) days after the air carrier shall have been advised of such requirement. The notice shall be conspicuously entitled "Notice of Additional Stop Required by Foreign Country" or "Notice of Terminal Change Required by Foreign Country," as the case may be, and shall fully set forth the facts and circumstances relating to such to such requirement. Service in accordance with the notice may be inaugurated immediately upon the filing of such notice and may be continued unless and until the Authority shall disapprove such service as being contrary to the interest of the Kingdom, or unless and until the Authority shall find, after investigation, that such requirement of the foreign country is not in effect.

## **3.5.4 *Revocation for Dormancy***

### **3.5.4.1 REVOCATION DUE TO FAILURE TO COMMENCE SERVICE**

A licensed national air carrier that has not commenced any type of air transportation operations for which it was found fit within one (1) year of the date of that finding is deemed no longer to continue to be fit to provide the air transportation for which it was found fit and, accordingly, its authority to provide such air transportation shall be revoked.

### **3.5.4.2 COMMENCEMENT AND THEN SUSPENSION OF SERVICE**

- (a) A licensed national air carrier which commences operations within one (1) year after being found fit but then ceases operations for a period of more than sixty (60) days, shall not resume operations without first filing with the Authority all of the data required by Subsection 3.2.2.2.
- (b) A carrier to which this Subsection applies shall not provide any air transportation for which it is required to be found fit until the Authority decides that the carrier continues to be fit to perform such air transportation.

#### **3.5.4.3 DATE OF AUTHORITY DECISION**

The date of an Authority decision or finding issued pursuant to this Section shall be the date of the Authority's order containing such decision or finding, or, in cases where the Authority's decision or finding is made by letter, the date of such letter.

#### **3.5.4.4 ACTUAL PERFORMANCE OF FLIGHT OPERATIONS REQUIRED**

For purposes of this Section, references to operations and to the providing of air transportation shall refer only to the actual performance of flight operations under a national air carrier license issued to the carrier by the Authority.

#### **3.5.4.5 TOLLING OF TIMING REQUIREMENTS VIA TIMELY REQUEST TO RESTART SERVICES**

If a licensed national air carrier files a timely request to restart services pursuant to Subsection 3.5.4.2, then such carrier shall be considered to have tolled the timing requirements for purposes of Subsection 3.5.4.1 above.

### **3.6 HIGH DENSITY TRAFFIC AIRPORTS; SLOT ALLOCATION**

#### ***3.6.1 High Density Traffic Airports***

##### **3.6.1.1 APPLICABILITY**

This Subpart designates high density traffic airports and prescribes air traffic rules for operating aircraft, other than helicopters, to or from those airports.

##### **3.6.1.2 DESIGNATION OF HIGH DENSITY TRAFFIC AIRPORTS**

From time to time, the Authority may designate one or more airports as high density traffic airports and may limit the hourly number of allocated operations (takeoffs and landings) that may be reserved for the specified classes of users for that airport.

##### **3.6.1.3 ARRIVAL OR DEPARTURE RESERVATION**

Except at those times specifically prescribed by the Authority, no person may operate an aircraft to or from an airport designated as a high density traffic airport unless he has received, for that operation, an arrival or departure reservation from Authority.

##### **3.6.1.4 ADDITIONAL OPERATIONS**

- (a) The operator of an aircraft may take off or land the aircraft at a designated high density traffic airport without regard to the maximum number of operations allocated for that airport if:
  - (1) The operation is not a scheduled operation to or from a high density airport; and
  - (2) The operator obtains a departure or arrival reservation, as appropriate, from the Authority.
- (b) The reservation referenced in Paragraph (a) of this Subsection is granted by the Authority at its discretion.
- (c) For the purpose of this Subsection, a scheduled operation to or from a high density airport is any operation regularly conducted by a national or foreign air carrier between a high density airport and another point regularly served by that operator, unless the service is conducted pursuant to irregular charter or hiring of aircraft or is a non-passenger flight.
- (d) An aircraft operator must obtain a reservation in accordance with procedures established by the Authority.
- (e) For flights to or from a high density airport, reservations for takeoff and arrival shall be obtained prior to takeoff.

### 3.6.1.5 SUSPENSION OF ALLOCATIONS

- (a) The Authority may suspend the effectiveness of any allocation prescribed in Section 3.6.2 of this Subpart and the reservation requirements prescribed in Subsection 3.6.1.4, if it finds such action to be consistent with the efficient use of the airspace.
- (b) Such suspension may be terminated whenever the Authority determines that such action is necessary for the efficient use of the airspace.

## 3.6.2 *Allocation of Air Carrier Operations at High Density Traffic Airports*

### 3.6.2.1 APPLICABILITY

- (a) This Section prescribes rules applicable to the allocation and withdrawal of operational authority (takeoffs and landings) to national and foreign air carriers at those high density traffic airports designated pursuant to Subsection 3.6.1.2.
- (b) This Section also prescribes rules concerning the transfer of allocated operational authority and the use of that authority once allocated.

### 3.6.2.2 ALLOCATION OF SLOTS

- (a) *Initial Allocation* Each national and foreign air carrier holding permanent slots on 31 December 2005, as evidenced by the records of the Authority, shall be allocated those slots subject to withdrawal under Subsection 3.6.2.4.
- (b) *Subsequent Allocations*
  - (1) From time to time, the Authority may invite applications from national and foreign air carriers for available slots and applicants shall apply for such slots pursuant to the procedures specified by the Authority.
  - (2) All allocations of slots shall be made in the Authority's discretion based on those factors it deems relevant.
- (c) *Other Provisions*
  - (1) The Authority reserves the right not to apply the provisions of this Subsection concerning the allocation of slots to any foreign air carrier of a country that provides slots to Kingdom air carriers on a basis more restrictive than provided by this Subsection.
  - (2) All slot transfers must be approved by the Authority.

### 3.6.2.3 APPLICATION FOR SLOTS

Applications for slots shall provide:

- (a) The names of the transferor and recipient;
- (b) The business address and telephone number of the persons representing the transferor and recipient;
- (c) Whether the slot will be used for an arrival or departure;
- (d) The date the slot was acquired by the transferor;
- (e) The Subsection of this Section under which the slot was allocated to the transferor;
- (f) Whether the slot has been used by the transferor for international air service operations; and
- (g) Whether the slot will be used by the recipient for international air service operations.

#### 3.6.2.4 SLOT WITHDRAWAL

- (a) Slots do not represent a property right but represent an operating privilege subject to absolute Authority control.
- (b) Slots may be withdrawn at any time to fulfill the Authority's operational needs, including providing slots for international and domestic air service operations or eliminating slots.
- (c) The operator(s) using each slot to be withdrawn shall be notified by the Authority of the withdrawal and shall cease operations using that slot on the date indicated in the notice provided by the Authority.
- (d) Generally, the Authority will provide at least twenty (20) days after notification for the operator to cease operations unless exigencies require a shorter time period.

#### 3.6.2.5 RETURN OF SLOTS

- (a) Whenever a slot is required to be returned under this Section, the holder must notify the Authority in writing of the date after which the slot will not be used.
- (b) Slots may be voluntarily returned for use by other operators by notifying Authority in writing.

#### 3.6.2.6 SLOT USE AND LOSS

- (a) Except as provided in Paragraph (b) of this Subsection, any slot not utilized at least eighty (80) percent of the time over a two (2)-month period shall be recalled by the Authority.
- (b) Paragraph (a) of this Subsection does not apply to slots of an operator who by *force majeure* must cease operations using those slots.
- (c) Persons having slots withdrawn pursuant to Paragraph (a) must cease all use of those slots upon receipt of notice from the Authority.

## **4.1 APPLICATIONS FOR FOREIGN AIR CARRIER LICENSES**

### **4.1.1 Purpose**

This Part sets forth the filing requirements for foreign air carriers applying for authority to engage in international air transportation pursuant to Article 16(8) of the Civil Aviation Act.

### **4.1.2 Applicability and License Requirement**

- (a) This Part applies to all foreign air carriers seeking initial foreign air carrier licenses or the reissue, renewal, or amendment of an existing foreign air carrier license.
- (b) No foreign air carrier may conduct passenger and/or cargo operations into or out of the Kingdom unless that carrier has been granted a foreign air carrier license by the Authority.
- (c) All foreign air carriers licensed on or prior to the effective date of these Regulations must reapply for an initial foreign air carrier license as noticed by the Authority Air Transport Division, but in no event later than three (3) years from the effective date of these Regulations.

### **4.1.3 Filing Requirements**

#### **4.1.3.1 FOREIGN CITIZENSHIP REQUIREMENT**

- (a) In order to be eligible for a foreign air carrier license under these Regulations, an applicant must be a citizen of a country other than the Kingdom of Saudi Arabia.

#### **4.1.3.2 FOREIGN AIR OPERATOR CERTIFICATE REQUIREMENT**

- (a) In order to be eligible for a foreign air carrier license under these Regulations, an applicant must submit a copy of its current application for an FAOC as prescribed by the Authority Flight Standards Division, in conjunction with its application for the foreign air carrier license.
- (b) No foreign air carrier shall be granted a foreign air carrier license prior to being granted an FAOC by the Authority Flight Standards Division.

#### **4.1.3.3 PROCEDURAL REQUIREMENTS**

In filing an application for a foreign air carrier license, applicants shall follow those applicable requirements in Part 2 (Procedural Rules) of these Regulations.

#### **4.1.3.4 FILING DATE**

All types of applications for foreign air carrier licenses (initial, renewal, reissue, amendment, or transfer) shall be deemed filed as of the date the applications are received at the Authority.

### **4.1.4 Amendments to Applications**

An applicant shall submit any information required by this Part that is omitted from the original application, or any additional information, as an amendment to the original application. In filing amendments, Applicants shall consecutively number the amendments and shall comply with the requirements of this Part and any applicable requirements of Part 2 (Procedural Rules) of these Regulations.

#### **4.1.5 Statements of Fact**

The applicant shall include only significant and relevant facts in an application. Each application shall contain adequate information with respect to the evidence required in Section 4.1.6. The application may contain other information and data the applicant considers necessary to explain particular circumstances.

#### **4.1.6 Application for Foreign Air Carrier License**

An applicant for an initial Foreign Air Carrier License or the reissuance of such a license shall submit the information listed below. The applicant must fully comply with this requirement in order to be considered for such license. If the applicant is unable to respond to an item, the application shall contain an explanation, and include substitute information most closely approximating the information requested. The Authority may require an applicant to provide additional information as deemed necessary by the Authority.

- (a) State the name and address of the applicant, the nature of its organization (individual, partnership, corporation, etc.), and, if other than an individual, the name of the country under the laws of which it is organized, if any.
- (b) State the name and official address of the government air transport authority of applicant's country of citizenship having safety and economic regulatory jurisdiction over applicant.
- (c) Supply the following information regarding the services proposed:
  - (1) A complete statement of the authority sought; and
  - (2) A description of the services proposed, specifying:
    - (i) The point or points in the Kingdom proposed to be served;
    - (ii) The frequency of service planned at the start of operations, indicating any seasonal variations; whether the service proposed is to be scheduled, nonscheduled or charter; whether the service would be passenger, or property and mail, or a combination; and the type of equipment (and configuration) to be used; and
    - (iii) A service schedule stating the manner in which the service will be operated (e.g., nonstop or multi-stop, and the identity of proposed intermediate traffic and nontraffic points).
- (d) Provide the names, addresses (both residence and business), and citizenship of all Directors, Officers and key management personnel, including the President, Vice Presidents, the Directors or Supervisors of Operations, Maintenance, and Finance, and the chief pilot and chief inspector.
- (e) Provide the names and citizenship of all persons holding five percent (5%) or more of the capital stock or capital of the applicant. Also indicate the number and percentage of shares of stock or percentage of capital held by each. If five percent (5%) or more of the applicant's stock is held by a corporation or partnership, set forth the name and citizenship of each person holding five percent (5%) or more of the entire capital stock or capital of that corporation or partnership and the respective interest of each. If any shares are held for the benefit of another person, give the name and citizenship of that person.
- (f) If the applicant is not wholly owned by its homeland government, state whether the applicant (each officer, director, manager, or holder of five percent (5%) or more of the capital stock) holds any interest directly or indirectly (through brokers or holding companies) in any of the entities listed below. If no interest is held, so state.
  - (1) Any national air carrier;
  - (2) Any other foreign air carrier;
  - (3) Any persons engaged in the business of aeronautics, where "aeronautics" includes but is not limited to scheduled and non-scheduled air carriers, on-demand operators, air charters, and air couriers, in their normal passenger or freight-carrying capacities; fixed base operators, flight schools; and sky-diving, parachute-jumping, flying guide services, and helicopter or other air tours; and

- (4) Any air carrier, or any entity whose principal business is the holding of stock in, or control of, any air carrier.
- (g) Indicate the relationship between the applicant and its homeland government. If the applicant is wholly owned or substantially owned by the government, indicate which governmental department has responsibility for managerial decisions.
- (h) State whether the applicant's insurance coverage meets or exceeds the liability limits and amount of coverage mandated by Parts 7 (Consumer Protection) and 8 (Other Requirements) of these Regulations. State the name(s) of its insurance carrier(s) and provide evidence of such insurance.
- (i) Supply certified evidence in Arabic or English of the applicant's operating authority issued by its government that relates to the operations proposed. This evidence must include a description of the applicant's present authority, the expiration date of this authority, and the manner in which it is expected to be renewed.
- (j) Summarize the operating history of the applicant. Include the types of transportation services rendered, points served, etc., from the beginning of operations to the present. Also, if the applicant is a new airline (i.e., an airline that began direct air services within the past twelve (12) months), identify by name and briefly summarize the business experience of each officer, director and key management personnel, emphasizing any air transportation experience.
- (k) Provide a list of the aircraft owned, leased and operated by the applicant. State each aircraft registration number, the country of registration. State each aircraft serial number. If leased, state the address and citizenship of each lessor. Describe any plans for the acquisition or lease of additional aircraft if the present license application is granted as proposed. If any of the listed aircraft will not be used exclusively by the applicant, explain its proposed use. State whether any aircraft are or will be wet-leased.
- (l) State whether the applicant's home country is a contracting State to the Convention on International Civil Aviation, and whether that country complies with Annexes 1, 6 and 8 of the Convention.
- (m) Briefly describe any agreements or cooperative arrangements (e.g., code share, block-space, wet-lease), both oral and written, entered with and between the applicant, or on behalf of the applicant, and any national or foreign air carrier, affecting the proposed services to the Kingdom that are not on file with the Authority. If there are no such agreements, so state.
- (n) Unless otherwise directed by the Authority, supply financial data summaries, setting forth in Saudi Riyals, United States Dollars, or other currency units acceptable to the Authority, the applicant's profit and loss statements and balance sheets for the two (2) most recent available years (calendar or fiscal). These summaries must be accompanied by a statement from the applicant's official responsible for preparation of the summaries that the submissions are complete and accurate. These summaries must include the following data, but need not be more detailed than the financial data summaries published by ICAO:
- (1) The profit and loss summary shall identify:
    - (i) Total air transport operating revenues (separated into three categories: passenger, cargo, and other transport revenues);
    - (ii) Total air transport operating expenses;
    - (iii) Operating result (difference between subparts (i) and (ii)); and
    - (iv) Non-operating items;
  - (2) The balance sheet summary shall state and identify:
    - (i) Current assets;
    - (ii) Flight equipment (after depreciation);
    - (iii) Other assets;
    - (iv) Total assets (sum of subparts (i) through (iii));
    - (v) Current liabilities;

- (vi) Other liabilities;
  - (vii) Long-term debt;
  - (viii) Capital stock;
  - (ix) Retained earnings (balance including capital surplus); and
  - (x) Total liabilities and equity (sum of subparts (v) through (ix)).
- (o) Describe the amount, type and reason for financial assistance received or expected from the applicant's home government, if any.
  - (p) If the air transportation proposed is not covered by an air transport agreement, state in narrative form each of the elements of reciprocity or comity relied upon for the requested authority. If the authority requested is governed by an agreement, state whether the applicant has been formally designated by its homeland government, and, if so, cite the diplomatic note.
  - (q) To the extent not described in Paragraph (p) of this Section, state the policy of the applicant's homeland government with respect to Kingdom carriers' applications for scheduled and charter authority. Specifically state whether the homeland government grants Fifth and Seventh Freedom traffic rights to Kingdom carriers.
  - (r) For the preceding five (5) years, state whether the applicant has been involved in any safety or tariff violations or any fatal accidents. If so, furnish details.
  - (s) Provide a copy of a current and valid FAOC issued by the Authority Flight Standards Division to the applicant. If the applicant's FAOC request is still pending before the Flight Standards Division, then provide a copy of the FAOC application filed by the air carrier with the current status of the application.

#### ***4.1.7 Amendments or Renewal of Foreign Air Carrier Licenses***

A person applying for an amendment or renewal of a foreign air carrier license shall submit the information listed below. The applicant must comply fully with this requirement in order to be issued an amended or renewed foreign air carrier license. If the applicant is unable to respond to an item, the application shall contain an explanation and include substitute information most closely approximating the information requested. The Authority may require an applicant to provide any additional information deemed necessary by the Authority.

- (a) The information required in Paragraphs (a), (b), (n), (o), and (p) of Section 4.1.6.
- (b) Except if seeking renewal of existing authority, the information specified in Paragraph (c) of Section 4.1.6 regarding the new or altered services proposed to be operated.
- (c) If the financial material for the applicant on file with the Authority is more than two (2) years old, financial summaries setting forth in appropriate currency the applicant's profit and loss statements and balance sheets for the two (2) most recent available years (calendar or fiscal), together with the statement of completeness and accuracy required by Paragraph (n) of Section 4.1.6 .
- (d) If the ownership and control of the applicant are unchanged, so state. If a change has occurred, the applicant shall provide details of such changes.
- (e) Provide a copy of a current and valid FAOC issued by the Authority Flight Standards Division to the applicant. If the applicant's FAOC request is still pending before the Flight Standards Division, then provide a copy of the FAOC application filed by the air carrier with the current status of the application.

#### ***4.1.8 Decision of Authority***

##### **4.1.8.1 COMITY AND RECIPROCITY REQUIREMENT**

- (a) So long as all applicable requirements set forth in this Part are satisfied, the Authority may grant a foreign air carrier license where:

- (1) A bilateral agreement exists between the Kingdom and the applicant's home country which permits the air transportation requested by the foreign air carrier;
  - (2) A multilateral or regional agreement exists between the Kingdom and other countries, and the applicant's home country is a party to that multilateral or regional agreement, and that home country permits the air transportation requested by the foreign air carrier; or
  - (3) In the case where no bilateral, multilateral, or regional agreement exists, the government, or aeronautical authorities of the government of the applicant for the foreign air carrier license has not:
    - (i) taken action which impairs, limits, terminates, or denies operating rights of a Kingdom air carrier, or
    - (ii) otherwise denied or failed to prevent the denial of, in whole or in part, the fair and equal opportunity to exercise the operating rights of any Kingdom air carrier with respect to flight operations to, from, through, or over the territory of such foreign government.
- (b) The lack of a bilateral air transport agreement or the lack of a Kingdom air carrier to a country shall not in itself be considered to impair, limit or otherwise deny the operating rights of Kingdom air carriers to that country. Rather, the determination of comity and reciprocity is based upon the applicant's home country's stated or actual willingness to permit services by Kingdom air carriers similar to those services requested by the applicant carrier.

#### **4.1.8.2 FOREIGN CITIZENSHIP OF CARRIER**

- (a) No air carrier shall be granted a foreign air carrier license without a determination by the Authority of the carrier's country of citizenship.
- (b) In deciding whether an applicant is a citizen of a foreign country for purposes of awarding a foreign air carrier license under these Regulations, the applicant shall be deemed a citizen of the foreign country meeting the following requirements:
  - (1) Where the applicant is owned or controlled by an individual, the country (other than the Kingdom) where the individual resides and which has issued the individual a passport for international travel;
  - (2) Where the applicant is a partnership, the country (other than the Kingdom) where the partnership is registered and its partners are individual citizens thereof; or
  - (3) Where the applicant is a corporation or association, the country (other than the Kingdom) under whose laws the corporation or association is organized, and where:
    - (i) The chief executive officer and at least two-thirds of the board of directors and other key personnel are citizens of the country (other than the Kingdom) of which the corporation or association claims citizenship;
    - (ii) At least fifty-one percent (51%) of the voting interest is owned or controlled by persons that are citizens of the country (other than the Kingdom) of which the corporation or association claims citizenship; and
    - (iii) The corporation or association is effectively owned and controlled by citizens of the country (other than the Kingdom) of which the corporation or association claims citizenship. The absence of such effective ownership and control is determined on a case-by-case basis by examining the totality of the corporation's or association's circumstances, including but not limited to the following factors:
      - (iv) Maximum total equity ownership of the corporation or association by entities or individuals from countries other than the country where the corporation or association claims citizenship is greater than forty-nine percent (49%);
      - (v) Contracts, such as those comprising a significant portion of corporation's or association's revenue, with a citizen(s) of a country other than the country where the corporation or association claims citizenship, are used to control the corporation or association;

- (vi) Debt-instrument clauses or bankruptcy agreements allow a citizen(s) of a country other than the country where the corporation or association claims citizenship to control the corporation or association;
  - (vii) Close business, employment or personal relationships between a citizen(s) of a country other than the country where the corporation or association claims citizenship, and the corporation's or association's leadership permit the former to exert control over the corporation or association;
  - (viii) Citizen(s) of a country other than the country where the corporation or association claims citizenship, own or control significant portions of the corporation's or association's stock, such that they exert disproportionate influence with their voting rights;
  - (ix) Minority citizens of a country other than the country where the corporation or association claims citizenship, possess veto rights over major corporate decisions concerning the corporation or association, or control other fundamental corporate actions, such as the exercise of buy-out clauses, which would jeopardize the corporation's or association's financial or operational ability to continue in business;
  - (x) The corporation or association is a direct successor to a foreign entity and/or continues to do business as part of a system of foreign-controlled entities; and
  - (xi) Multiple and important links exist between the corporation or association and a citizen(s) of a country other than the country where the corporation or association claims citizenship.
- (c) Should the Authority determine that the applicant is not a citizen of the country claimed by the applicant as its homeland, it shall be in the Authority's discretion whether to grant the applicant a Foreign Air Carrier License, and to decide those conditions which may attach to the License.

## **4.2 TERMS, CONDITIONS AND LIMITATIONS OF FOREIGN AIR CARRIER LICENSES**

### **4.2.1 Purpose**

This Subpart sets forth the terms, conditions, and limitations applicable to foreign air carrier licenses issued under Article 16(8) of the Act, authorizing scheduled international air transportation. Unless such licenses or the orders issuing such licenses otherwise provide, the exercises of the privileges to engage in scheduled international air transportation granted by any such license shall be subject to the terms, conditions, and limitations as are set forth in this Subpart, and as may from time to time be prescribed by the Authority.

### **4.2.2 Applicability**

This Subpart applies to all foreign air carriers licensed by the Kingdom.

### **4.2.3 Reports of Traffic Data**

The Authority may at any time require any foreign air carrier to file with the Authority traffic data disclosing the nature and extent of such carrier's engagement in transportation between points in the Kingdom and points outside thereof. The Authority will specify the traffic data required in each such instance.

## **4.2.4 Filing and Approval of Schedules**

### **4.2.4.1 SCHEDULES**

Unless otherwise provided in the license and in the absence of Authority action pursuant to this Section, a foreign air carrier may determine the schedules (including type of equipment used) pursuant to which it engages in transportation between points in the Kingdom and points outside thereof.

### **4.2.4.2 FILING AND SUSPENSION/REDUCTION OF SCHEDULES**

- (a) Upon the granting of a foreign air carrier license by the Authority Air Transport Division, all license holders conducting scheduled or chartered flights must:
  - (1) File a schedule of such flight(s) or charter(s) with the Authority Air Transport Division at least fifteen (15) days in advance of the scheduled flights or charters; and
  - (2) Obtain Authority Air Transport Division written approval of the schedule(s) before conducting any flights or charters pursuant thereto.
- (b) The Authority shall only suspend, deny or otherwise reduce the schedules of the foreign air carrier where the government, or aeronautical authorities of the government, of the holder of the foreign air carrier license, over the objections of the Kingdom government, has:
  - (1) taken an affirmative action which impairs, limits, terminates, or denies operating rights, or
  - (2) otherwise denied or failed to prevent the denial of, in whole or in part, the fair and equal opportunity to exercise the operating rights of any Kingdom air carrier with respect to flight operations to, from, through, or over the territory of such foreign government.
- (c) The lack of a bilateral air transport agreement shall not in itself be considered to impair, limit or otherwise deny the operating rights of Kingdom air carriers within the meaning Paragraph (b) of this Subsection. Rather, the determination of comity and reciprocity is based upon the applicant's home country's stated or actual willingness to permit services by Kingdom air carriers similar to those services requested by the applicant carrier.
- (d) *Notification of Approval or Disapproval.*

The carrier may continue to operate existing schedules, and may inaugurate operations under proposed schedules twenty (20) days after the filing of such schedules with the Authority, unless the Authority issues an order to the contrary. If the order pertains to a proposed schedule, service under such schedule shall not be inaugurated; if the order pertains to existing schedules, service under such schedules shall be discontinued on the date specified in the Authority's order. Such date shall be not less than ten (10) days after adoption of the Authority's order unless affirmative approval is obtained at an earlier date.

## **4.2.5 Compliance**

- (a) Any violation by a foreign air carrier of any applicable provisions of the Act or of orders, rules or regulations issued thereunder, or of the terms, conditions or limitations applicable to the exercise of the privileges granted by the license, as determined by the Authority Air Transport Division, shall constitute a failure to comply with the terms, conditions and limitations of such license
- (b) In the event of such noncompliance, the Authority may suspend or terminate the carrier's license, and/or impose those penalties and fines set forth in Part 9 of these Regulations.
- (c) The Authority in its discretion may excuse the violation, upon a showing that a violation of a provision not mandatorily prescribed by law resulted from the observance by the holder of an obligation, duty or liability imposed by a foreign country.

## 4.3 COMMINGLING OF BLIND SECTOR TRAFFIC BY FOREIGN AIR CARRIERS

### 4.3.1 *Definitions*

As used in this Subpart,

"Blind sector traffic" means revenue traffic, carried by a foreign air carrier on a flight operating in air transportation, which is enplaned at one foreign point and deplaned at another foreign point, where at least one of such points is not named as a terminal or intermediate point in the carrier's applicable foreign air carrier license. This definition shall not be deemed to include the carriage of authorized beyond homeland traffic (i.e., traffic carried between a point named in a carrier's foreign air carrier license and a point beyond a homeland terminal point authorized under such license).

### 4.3.2 *Applicability*

This Subpart sets forth the requirements applicable to foreign air carriers for obtaining a special authorization from the Authority with respect to any deviation from an authorized international air transportation route for the purpose of commingling blind sector traffic with air transportation traffic carried pursuant to a foreign air carrier license issued by the Authority. The deviation by a foreign air carrier from its authorized route for the purpose of combined carriage to or from the Kingdom of nonrevenue or other traffic, the carriage of which does not constitute engaging in international air transportation, is governed by the provisions of Part 3.

### 4.3.3 *Prohibition*

No foreign air carrier shall carry any blind sector traffic, as defined in this Subpart, on any flight operating in air transportation pursuant to the authority of a foreign air carrier license issued under Article 16(8) of the Act, unless the combined carriage of such traffic has been specifically authorized by such license, or by a special authorization issued under Section 4.3.4 of these Regulations.

### 4.3.4 *Special Authorizations*

#### 4.3.4.1 APPLICATIONS

- (a) Any foreign air carrier may apply to the Authority for a special authorization, as required by this Subpart, for the carriage of blind sector traffic on a particular flight, series of flights, or for a specified or indefinite period of time between specified points.
- (b) The foreign air carrier shall submit all such applications directly to the Authority.
- (c) The foreign air carrier shall file the original and one (1) copy of its application in conformity with the requirements of Part 2 of these Regulations.
- (d) Each application shall contain:
  - (1) a proper identification of the applicant;
  - (2) the flight or flights upon which it is proposed to carry such blind sector traffic, including routing, nontraffic stops, and dates or duration of the authority sought;
  - (3) a full description of such traffic, and points between which such traffic will be carried;
  - (4) information or documentation as to whether the country of which the applicant is a national grants reciprocal privileges to national carriers;
  - (5) the basis for requesting such authorization together with such additional information as will establish that the grant of such authority will otherwise be in the interest of the Kingdom; and
  - (6) such additional information as may be specifically requested by the Authority.

#### **4.3.4.2 TIME FOR FILING**

- (a) Applications seeking authority to engage in blind sector operations for a period of three (3) months or longer shall be submitted at least twenty (20) days in advance of the proposed commencement of such operations.
- (b) Applications seeking authority to engage in blind sector operations for a period less than three (3) months shall be filed at least fifteen (15) days in advance of the proposed commencement of such operations. The Authority may consider late filed applications upon a showing of good cause for failure to adhere to this requirement.

#### **4.3.4.3 ISSUANCE OF SPECIAL AUTHORIZATION**

A special authorization authorizing the carriage of blind sector traffic will be issued only if the Authority finds that the proposed carriage is fully consistent with applicable law and this part, and that grant of such authority would be in the Kingdom's interest. The application may be granted or denied in whole or in part, and a special authorization made subject to any conditions or limitations, to the extent that such action is deemed by the Authority to be in the Kingdom's interest. Special authorizations are not transferable.

#### **4.3.5 Existing Licenses**

All existing foreign air carrier licenses issued by the Authority prior to the effective date of these Regulations, authorizing the combined carriage of blind sector traffic as defined in this Subpart, shall continue in effect in accordance with their terms until their expiration date unless sooner terminated, revoked or modified by the Authority. Such licenses shall, upon the effective date of this Part, be deemed to constitute a special authorization issued pursuant to Section 4.3.4.

### **4.4 WET LEASE BY FOREIGN AIR CARRIER OR OTHER FOREIGN PERSON**

#### **4.4.1 Applicability**

This Subpart applies to foreign air carriers and other entities or individuals not citizens of the Kingdom which, as lessors or lessees, enter into agreements providing for the lease of aircraft with crew to a foreign air carrier for use in international air transportation.

#### **4.4.2 FAOC Requirement**

Any foreign air carrier holding out service of an aircraft, and any carrier operating such an aircraft, must possess a valid FAOC from the Authority Flight Standards Division.

### **4.5 HIGH DENSITY TRAFFIC AIRPORTS; SLOT ALLOCATION**

#### **4.5.1 Applicability**

This Subpart applies to foreign air carriers who wish to fly to those high density traffic Kingdom airports designated by the Authority pursuant to its authority under Subsection 3.6.1.2 of these Regulations.

#### **4.5.2 Slot Requirement**

With respect to service at high density traffic airports in the Kingdom, all foreign air carriers shall follow the slot allocation procedures set forth in Subpart 3.6 of these Regulations and as issued by the Authority from time to time. The provisions of Subpart 3.6 of these Regulations shall apply to foreign air carriers to the same extent as national air carriers.

## **5.1 CHARTERS IN DOMESTIC AND INTERNATIONAL AIR TRANSPORTATION**

### **5.1.1.1 PURPOSE**

This Subpart sets forth the terms, conditions and limitations applicable to licenses authorizing charter flights by national or foreign air carriers pursuant to Article 16(6) of the Act, as well as all other applicable provisions of these Regulations.

### **5.1.1.2 SCOPE AND APPLICABILITY**

- (a) This Part applies to all charter flights, and all other flights carrying charter passengers or cargo, in domestic or international air transportation by any entity, individual, or national or foreign air carrier.
- (b) It does not apply to any flights performed by an on-demand operator.
- (c) Nothing in this Part gives authority to operate a type or level of service not authorized herein.

### **5.1.1.3 AOC/FAOC, ECONOMIC LICENSE AND CHARTER LICENSE REQUIREMENTS**

- (a) Any national or foreign air carrier wishing to conduct charter flights within the meaning of this Part must hold:
  - (1) A national air carrier license issued by the Authority pursuant to Part 3 of these Regulations, or a foreign air carrier license issued by the Authority pursuant to Part 4 of these Regulations; and
  - (2) Either an AOC or FAOC, as appropriate, issued by the Authority's Flight Standards Division.
- (b) Air carriers holding those licenses required by Paragraph (a) of this Subsection wishing to conduct charter operations within, to or from the Kingdom must also obtain a charter license as set forth below, and must comply with all additional applicable requirements of this Part.

### **5.1.1.4 APPLICATION FOR CHARTER LICENSE**

- (a) An application for a charter license shall be submitted in the form specified by the Authority.
- (b) Applications shall be filed at least thirty (30) days before commencement of the proposed flight or flights.

### **5.1.1.5 ISSUANCE OF CHARTER LICENSE**

- (a) The Authority will issue a charter license if it finds that the proposed charter flight meets the requirements of this Part and that such authorization is in the Kingdom's interest.
- (b) Charter licenses may be conditioned or limited by the Authority.

## 5.2 PASSENGER CHARTERS IN INTERNATIONAL AND DOMESTIC AIR TRANSPORTATION

### 5.2.1 *General Provisions*

#### 5.2.1.1 APPLICABILITY

This Subpart, in addition to the requirements set forth in Subpart 5.1, sets forth those requirements for national and foreign air carriers that operate or sell passenger charters in domestic or international air transportation.

#### 5.2.1.2 DEFINITIONS

As used in this Subpart:

- (a) A "charter air carrier" means:
  - (1) a national air carrier holding a national air carrier license, an AOC and a charter license issued by the Authority, or
  - (2) a foreign air carrier holding a foreign air carrier license, an FAOC and a charter license issued by the Authorityas mandated by Subsection 5.1.1.3 of this Part.
- (b) A "passenger charter" means non-scheduled commercial air transportation of persons and their accompanied baggage on a time, distance, or one-way or round-trip basis where the entire planeload capacity of one or more aircraft has been engaged.
- (c) A "passenger charter operator" means a charter air carrier who sells transportation and collects passenger funds for passenger charter flights.

#### 5.2.1.3 GENERAL PROVISIONS

- (a) Passenger charters may be operated on a one-way or round-trip basis, with no minimum group or contract size.
- (b) Passenger charters may be sold on an air-only basis, or with mandatory or optional surface arrangements.
- (c) A national passenger charter operator conducting a passenger charter that originates in a foreign country shall not be subject to the requirements of Subsections 5.2.3.2 and 5.2.3.4.

#### 5.2.1.4 PROTECTION OF CUSTOMERS' PAYMENTS; BOND OR IRREVOCABLE LETTER OF CREDIT REQUIREMENT

- (a) No entity, individual, or national or foreign air carrier shall perform any passenger charter originating or terminating in the Kingdom, nor shall such party accept any advance payment in connection with any such charter, unless the Authority has authorized or approved such charter transportation, and has also approved the carrier's bond or irrevocable letter of credit, if so required by the Authority.
- (b) Unless otherwise waived in whole or in part by the Authority:
  - (1) every charter air carrier wishing to conduct passenger charters in domestic or international air transportation must submit a bond or irrevocable letter of credit for approval to the Authority in conjunction with its application for such charter approval;
  - (2) any bond or irrevocable letter of credit required by this Subsection shall be sufficient to cover fifty percent (50%) of the one-way ticket price for operations set by the International Air Transport Association ("IATA"), where:
    - (i) The number of ticketed passengers is multiplied by the IATA one-way ticket price per published fare, and
    - (ii) The total price is divided by two (2).

- (c) The bond or irrevocable letter of credit may not be required in instances where Authority determines:
  - (i) That the applicant has conducted operations in compliance with the Act, these Regulations, and Kingdom law for a period of five (5) consecutive years, and
  - (ii) Such relief is in the Kingdom's interest.

#### **5.2.1.5 ENFORCEMENT**

In the case of any violation of any provision of the Act or of this Subpart, or any other rule, regulations, or order issued under the Act, the violator may be subject to a proceeding before the Authority to compel compliance therewith; and subject to the applicable penalties.

### **5.2.2 *Conditions and Limitations***

#### **5.2.2.1 PASSENGER CHARTER FLIGHT REQUIREMENTS**

Passenger charters under this Subpart shall meet the following requirements:

- (a) If the passenger charter is on a round-trip basis, the departing flight and returning flight need not be performed by the same charter air carrier.
- (b) The air transportation portion of the passenger charter flight must be performed by charter air carriers that hold authority under the Act or these Regulations as set forth in Subsection 5.1.1.4 of this Part, except that only national air carriers may provide air transportation for operations in domestic air transportation.

#### **5.2.2.2 CANCELLATION BY PASSENGER CHARTER OPERATOR AND NOTICE TO PARTICIPANTS**

- (a) Passenger charter operators may not cancel a passenger charter for any reason, including insufficient participation, except for *force majeure* circumstances that make it physically impossible to perform the charter, less than three (3) days before the scheduled date of departure of the outbound trip.
- (b) If a charter is canceled less than three (3) days before scheduled departure for *force majeure* circumstances that make it physically impossible to perform the charter trip, the operator must provide notice of the cancellation to each participant as soon as possible.

#### **5.2.2.3 PROHIBITION ON SALE OF ROUND TRIPS WITH OPEN RETURNS**

No entity or individual shall accept any charter participant's payment for return transportation unless the participant has specified a particular return flight and there is available such return flight.

#### **5.2.2.4 UNUSED SPACE**

Nothing contained in this Subpart shall preclude a passenger charter operator from utilizing any unused space on an aircraft by it for the transportation, on a free or reduced basis, of such charter operator's employees, directors, and officers, and parents and immediate families of such persons.

#### **5.2.2.5 SUBSTITUTION FOR PASSENGER CHARTER PARTICIPANTS**

- (a) Substitutes may be arranged for passenger charter participants at any time preceding departure.
- (b) Participants who provide the passenger charter operator or its sales agent with a substitute participant, or who are substituted for by a participant found by the operator, shall receive a refund of all moneys paid to the operator.

## **5.2.3 REQUIREMENTS APPLICABLE TO PASSENGER CHARTER OPERATORS**

### **5.2.3.1 SUSPENSION OF CHARTER LICENSE**

The Authority reserves the power to suspend the charter license of any charter air carrier or cancel the passenger charter of any passenger charter operator if it finds that such action is necessary in the Kingdom's interest, subject to the limitations set forth in this Part, or is otherwise necessary in order to protect the rights of the traveling public.

### **5.2.3.2 PROSPECTUS FILING AND RELATED REQUIREMENTS**

A passenger charter operator may organize and operate a passenger charter only in accordance with this Subpart, and subject to the following conditions:

- (a) No passenger charter operator shall operate, sell, receive money from any prospective participant for, or offer to sell or otherwise advertise a charter or series of charters until the Authority has accepted a passenger charter prospectus from the operator as described in Subsection 5.2.3.4.
- (b) If within ten (10) days after the filing the Authority notifies the passenger charter operator that it has rejected the prospectus for noncompliance with this Subpart, the prohibitions set forth in Paragraph (a) of this Subsection shall continue until the Authority advises that it has accepted the prospectus.
- (c) The following amendments to a filed prospectus may be made:
  - (1) The addition or cancellation of any flight;
  - (2) A change in any flight, date, origin city or destination city; and
  - (3) A change in or addition of any direct air carrier, securer, or depository bank.
- (d) The passenger charter operator shall amend the prospectus to reflect any change described in Paragraph (c) of this Subsection. The amendment shall be filed in the manner and form used for the original prospectus and shall become effective upon filing unless the operator is otherwise notified.

### **5.2.3.3 METHODS OF COMPETITION**

No passenger charter operator shall engage in unfair or deceptive practices or unfair methods of competition in air transportation or the sale thereof.

### **5.2.3.4 PASSENGER CHARTER PROSPECTUS**

- (a) A passenger charter prospectus required by this Subpart shall include the following from the passenger charter operator:
  - (1) The proposed flight schedule, listing the origin and destination cities, dates, type of aircraft, number of seats, and charter price for each flight;
  - (2) The tour itinerary (if any) including hotels (name and length of stay at each), and other ground accommodations and services; and
  - (3) A statement that the passenger charter operator and charter air carrier have entered into a passenger charter contract that covers the proposed flight schedule, that the contract complies with all applicable Authority laws and regulations, and that a copy of the schedule has been sent to the depository bank (if any) and the operator's securer.
  - (4) The schedule shall be identified with a number assigned by the passenger charter operator that does not duplicate any schedule numbers assigned by the operator or charter air carrier to other proposed flight schedules.
  - (5) The proposed flight schedule, tour itinerary (if any), and statement shall be filed in the form specified by the Authority.

- (b) Each of the statements described in Paragraph (a) of this Subsection shall also include the names and addresses of the parties to it, and the originals shall be signed by those parties.
- (c) The prospectus may cover a series of passenger charters performed by one passenger charter operator if the departure of the last charter is not more than one (1) year after the departure of the first.
- (d) If the prospectus covers a series of passenger charters and the air transportation will be performed by more than one charter air carrier, the prospectus shall include separate statements in accordance with Paragraph (a) of this Subsection to cover the flights that will be performed by each respective charter carrier.

#### **5.2.3.5 PASSENGER CHARTER CONTRACT**

The passenger charter contract between a passenger charter operator and a charter air carrier shall evidence a binding commitment on the part of the charter air carrier to furnish the air transportation required for the trip or trips covered by the contract.

#### **5.2.3.6 SPECIFIC REQUIREMENTS FOR OPERATOR-PARTICIPANT CONTRACTS**

Contracts between passenger charter operators and passenger charter participants shall state the following:

- (a) The name and complete mailing address of the passenger charter operator;
- (b) The dates of the outbound and return flights;
- (c) The origin and destination cities of each flight segment;
- (d) The amount and schedule of payments;
- (e) That the passenger charter operator is the principal and is responsible to the participants for all services and accommodations offered in connection with the charter. However, the contract may expressly provide that the passenger charter operator, unless negligent, is not responsible for personal injury or property damage caused by any charter air carrier, hotel or other supplier of services in connection with the charter; and
- (f) (*for international flights only*) That additional restrictions may be imposed on the flight by the foreign government involved, and that if landing rights are denied by a foreign government the flight will be canceled with a full refund to the participant. This statement need not be included in the contract if the prospectus includes a certification by the passenger charter operator and the charter air carrier that landing rights have been obtained from all the foreign governments involved.

#### **5.2.3.7 RECORD RETENTION**

Every passenger charter operator conducting a passenger charter pursuant to this Subpart shall comply with the applicable record-retention provisions of these Regulations.

## 7.1 GENERAL PROVISIONS

### 7.1.1.1 APPLICABILITY

Except where otherwise specified, the requirements of this Part apply to all air carriers holding out passenger and cargo air transportation within, to or from the Kingdom.

### 7.1.1.2 DEFINITIONS

As used in this Part, unless the context otherwise requires:

- (a) "Airport" means the airport at which the direct or connecting flight, on which the passenger holds confirmed reserved space, is planned to arrive or some other airport serving the same metropolitan area, provided that transportation to the other airport is accepted or used by the passenger.
- (b) "Carrier" means any national or foreign air carrier as defined in Part 1 of these Regulations that is engaged in scheduled passenger air transportation, including by wet lease.
- (c) "Change-of-gauge service" means a service that requires a change of aircraft enroute but has only a single flight number.
- (d) "Code-sharing arrangement" means an arrangement whereby a carrier's designator code is used to identify a flight operated by another carrier.
- (e) "Confirmed reserved space" means space on a specific date and on a specific flight and class of service of a carrier which has been requested by a passenger and which the carrier has verified, by appropriate notation on the ticket or in any other manner provided therefore by the carrier, as being reserved for the accommodation of the passenger.
- (f) "Designator code" means the airline designations assigned to the carrier(s) by the Presidency of Civil Aviation or the Civil Aviation Authority of another State.
- (g) "Long-term wet lease" means a lease by which the lessor provides both an aircraft and crew dedicated to a particular route(s), and which either:
  - (1) Lasts more than 60 calendar days; or
  - (2) Is part of a series of such leases that amounts to a continuing arrangement lasting more than 60 calendar days.
- (h) "State Party" means a party or signatory to the Montreal Convention 1999.
- (i) "Stopover" means a deliberate interruption of a journey by the passenger, scheduled to exceed 4 hours, at a point between the place of departure and the final destination.
- (j) "Sum of the values of the remaining flight coupons" means the sum of the applicable one-way fares, including any surcharges and air transportation taxes, less any applicable discounts.
- (k) "Ticket office" means station, office, or other location where tickets are sold that is under the charge of a person employed exclusively by the carrier, or by it jointly with another person. "
- (l) "Transporting carrier" means the carrier that is operating the aircraft in a code-sharing arrangement or long-term wet lease.

## 7.2 DENIED AND DELAYED BOARDING

### 7.2.1 *Denied Boarding*

#### 7.2.1.1 APPLICABILITY

This Subpart applies to every carrier with respect to flight segments with large aircraft in domestic air transportation and international air transportation originating at a point within the Kingdom and Kingdom carriers arriving from foreign countries.

#### 7.2.1.2 POLICY REGARDING DENIED BOARDING

In the event of an oversold flight, every carrier shall ensure that as small a number of persons as possible holding confirmed reserved space on that flight are denied boarding involuntarily.

#### 7.2.1.3 CARRIERS TO REQUEST VOLUNTEERS FOR DENIED BOARDING

- (a) In the event of an oversold flight, every carrier shall request volunteers for denied boarding before using any other boarding priority. A "volunteer" is a person who responds to the carrier's request for volunteers and who willingly accepts the carriers' offer of compensation, in any amount, in exchange for relinquishing the confirmed reserved space. Any other passenger denied boarding is considered for purposes of this Part to have been denied boarding involuntarily, even if that passenger accepts the denied boarding compensation.
- (b) If an insufficient number of volunteers come forward, the carrier may deny boarding to other passengers in accordance with its boarding priority rules, but in no event shall such rules be less restrictive than the requirements set forth in these Regulations.

#### 7.2.1.4 BOARDING PRIORITY RULES

- (a) Every carrier shall establish priority rules and criteria for determining which passengers holding confirmed reserved space shall be denied boarding on an oversold flight in the event that an insufficient number of volunteers come forward.
- (b) Such rules and criteria shall reflect the obligations of the carrier to minimize involuntary denied boarding and to request volunteers, and shall be written in such manner as to be understandable and meaningful to the average passenger.
- (c) Such rules and criteria shall not make, give, or cause any undue or unreasonable preference or advantage to any particular person or subject any particular person to any unjust or unreasonable prejudice or disadvantage in any respect whatsoever.

#### 7.2.1.5 AMOUNT OF DENIED BOARDING COMPENSATION FOR PASSENGERS DENIED BOARDING INVOLUNTARILY

- (a) Subject to the exceptions provided in Subsection 7.2.1.6, a carrier shall pay compensation to passengers denied boarding involuntarily from an oversold flight at the rate of 200 percent of the sum of the values of the passenger's remaining flight coupons up to the passenger's next stopover, or if none, to the passenger's final destination.
- (b) However, the compensation shall be one-half the amount set forth in Paragraph (a) where the carrier arranges alternative air transport for the passenger that is scheduled to arrive no later than two (2) hours past the time the passenger would have arrived at the final or connecting destination on the original domestic flight, or no later than four (4) hours past the time the passenger would have arrived at the final or connecting destination on the original international flight. In no event shall such compensation be less than the actual cost of completion of the service to the destination.

#### **7.2.1.6 EXCEPTIONS TO ELIGIBILITY FOR DENIED BOARDING COMPENSATION**

A passenger denied boarding involuntarily from an oversold flight shall not be eligible for denied boarding compensation if:

- (a) The passenger does not comply fully with the carrier's contract of carriage or tariff provisions regarding ticketing, reconfirmation and check-in;
- (b) The passenger is seated in a section of the aircraft other than that specified on the ticket at no extra charge, except that a passenger seated in a section for which a lower fare is charged shall be entitled to a refund equal to the difference between the fare price paid by the passenger and the replacement fare; or
- (c) The carrier arranges comparable air transportation, or other transportation used by the passenger at no extra cost to the passenger, that at the time such arrangements are made is planned to arrive at the airport of the passenger's next stopover or, if none, at the airport of the final destination not later than one hour after the planned arrival time of the passenger's original flight or flights.

#### **7.2.1.7 DENIED BOARDING COMPENSATION**

- (a) Except as provided in Paragraph (b) of this Subsection, every carrier shall tender to a passenger eligible for denied boarding compensation, on the day and place the denied boarding occurs, cash or an immediately negotiable check for the appropriate amount of compensation provided in Subsection 7.2.1.5.
- (b) Where a carrier arranges for alternate means of transportation that departs before the payment can be prepared and given to the passenger, tender shall be made by mail or other means within twenty-four (24) hours after the time the denied boarding occurs.

#### **7.2.1.8 WRITTEN EXPLANATION OF DENIED BOARDING COMPENSATION AND BOARDING PRIORITIES**

- (a) Every carrier shall furnish passengers, who are denied boarding involuntarily from flights on which they hold confirmed reserved space, immediately after the denied boarding occurs, a written statement explaining the terms, conditions, and limitations of denied boarding compensation, and describing the carriers' boarding priority rules and criteria. The carrier shall also furnish the statement to any person upon request at all airport ticket selling positions which are in the charge of a person employed exclusively by the carrier, or by it jointly with another person or persons, and at all boarding locations being used by the carrier.
- (b) The statement shall be issued in English and Arabic and shall read as follows:
  - (1) **COMPENSATION FOR DENIED BOARDING:** If you have been denied a reserved seat on (name of air carrier), you are probably entitled to monetary compensation. This notice explains the airline's obligation and the passenger's rights in the case of an oversold flight, in accordance with regulations of the General Authority of Civil Aviation of the Kingdom of Saudi Arabia.
  - (2) **VOLUNTEERS AND BOARDING PRIORITIES:** If a flight is oversold (more passengers hold confirmed reservations than there are seats available), no one may be denied boarding against his or her will until airline personnel first ask for volunteers who will give up their reservation willingly, in exchange for a payment of the airline's choosing. If there are not enough volunteers, other passengers may be denied boarding involuntarily in accordance with the following boarding priority of (name of air carrier): (In this space carrier inserts its boarding priority rules or a summary thereof, in a manner to be understandable to the average passenger).
  - (3) **COMPENSATION OF INVOLUNTARY DENIED BOARDING:** If you are denied boarding involuntarily, you are entitled to a payment of "denied boarding compensation" from the airline unless:
    - (i) You have not fully complied with the airline's ticketing, check-in, and reconfirmation requirements, or you are not acceptable for transportation under the airline's usual rules and practices; or

- (ii) You are offered accommodations in a section of the aircraft other than specified in your ticket, at no extra charge, (a passenger seated in a section for which a lower fare is charged must be given an appropriate refund); or
  - (iii) The airline is able to place you on another flight or flights that are planned to reach your final destination within one hour of the scheduled arrival of your original flight.
- (4) AMOUNT OF DENIED BOARDING COMPENSATION: Passengers who are eligible for denied boarding compensation must be offered a payment equal to the sum of the face values of their ticket coupons. However, if the airline cannot arrange "alternate transportation" as defined below for the passenger, the compensation is doubled.
- (i) The "value" of a ticket coupon is the one-way fare for the flight shown on the coupon including any surcharge and air transportation tax, minus any applicable discount. All flight coupons, including connecting flights, to the passenger's final destination or first 4-hour stopover are used to compute the compensation.
  - (ii) "Alternate transportation" is air transportation by an airline licensed by the General Authority of Civil Aviation of the Kingdom of Saudi Arabia or other transportation used by the passenger which, at the time the arrangement is made, is planned to arrive at the passenger's next scheduled stopover (of 4 hours or longer) or final destination no later than two (2) hours for flights within the Kingdom, or four (4) hours for international flights, after the passenger's originally scheduled arrival time.
- (5) METHOD OF PAYMENT: The airline must give each passenger who qualifies for denied boarding compensation a payment by cash or check for the amount specified above, on the day and place the involuntary denied boarding occurs. However, if the airline arranges alternate transportation for the passenger's convenience that departs before the payment can be made, the payment will be sent to the passenger by air mail or other expedited means of delivery within 24 hours. The air carrier may offer free tickets in place of the cash payment. The passenger may, however, insist on the cash payment, or refuse all compensation and bring private legal action.
- (6) PASSENGER'S OPTIONS: Acceptance of the compensation may relieve (name of air carrier) from any further liability to the passenger caused by its failure to honor the confirmed reservation. However, the passenger may decline the payment and seek to recover damages in a court of law or in some other manner.

#### 7.2.1.9 PUBLIC DISCLOSURE OF DELIBERATE OVERBOOKING AND BOARDING PROCEDURES

- (a) Every carrier shall display in a conspicuous public place at each desk, station, and position in the Kingdom which is in the charge of a person employed exclusively by it, or by it jointly with another person, persons, or entity, or by any agent employed by such national air carrier or foreign air carrier to sell tickets to passengers, a sign located so as to be clearly visible and clearly readable to the travelling public, which shall have printed on it, in English and Arabic, the following statement in boldface type at least one-fourth of an inch high:

##### **Notice--Overbooking of Flights**

Airline flights may be overbooked, and there is a slight chance that a seat will not be available on a flight for which a person has a confirmed reservation. If the flight is overbooked, no one will be denied a seat until airline personnel first ask for volunteers willing to give up their reservation in exchange for a payment of the airline's choosing. If there are not enough volunteers the airline will deny boarding to other persons in accordance with its particular boarding priority. With few exceptions persons denied boarding involuntarily are entitled to compensation. The complete rules for the payment of compensation and each airline's boarding priorities are available at all airport ticket counters and boarding locations. Some airlines do not apply these consumer protections to travel from some foreign countries, although other consumer protections may be available. Check with your airline or your travel agent.

- (b) It shall be the responsibility of each carrier to ensure that travel agents authorized to sell air transportation for that carrier comply with the notice provisions of Paragraph (a) of this Subsection.
- (c) Any national or foreign air carrier engaged in international air transportation that complies fully with this part for inbound traffic to the Kingdom need not use the last two sentences of the notices required by Paragraph (a) of this Subsection.

## **7.2.2 Delayed Boarding**

### **7.2.2.1 LIABILITY FOR DELAYED BOARDING**

- (a) Carriers are liable for damage occasioned by delay in the carriage by air of passengers as set forth in this Section.
- (b) A carrier, however, shall not be liable for damage occasioned by delay if it proves that it and its servants and agents took all measures that could reasonably be required to avoid the damage or that it was impossible for it or them to take such measures.

### **7.2.2.2 COMPENSATION FOR DELAYED BOARDING**

Where boarding of an aircraft is delayed, carriers shall provide the following care for passengers:

- (a) Refreshment after one (1) hour has elapsed from the start of the delay;
- (b) A hot meal after three (3) hours has elapsed from the time of the originally scheduled departure; and
- (c) Hotel accommodations after six (6) hours have elapsed from the start of the delay.

### **7.2.2.3 PUBLIC DISCLOSURE OF RIGHT TO COMPENSATION FOR DELAYED BOARDING**

- (a) Carriers shall disclose to passengers their right to the compensation set forth in Subsection 7.2.2.2 by listing the relief set forth in that Subsection on the passenger's ticket or boarding pass in both Arabic and English.
- (b) Every carrier shall display in a conspicuous public place at each desk, station, and position in the Kingdom which is in the charge of a person employed exclusively by it, or by it jointly with another person, or by any agent employed by such national air carrier or foreign air carrier to sell tickets to passengers, a sign located so as to be clearly visible and clearly readable to the travelling public, which shall have printed on it, in English and Arabic, the following statement in boldface type at least one-fourth of an inch high:

#### **Notice—Delayed Boarding**

Boarding of airline flights may be delayed. Where the boarding of an aircraft is delayed, passengers are entitled to a refreshment after one hour has elapsed from the start of the delay; a hot meal after three hours has elapsed from the time of the flight's originally scheduled departure; and hotel accommodations after six hours have elapsed from the start of the delay. Please check with either airline ticket desk staff or airline gate personnel regarding these compensations should a delay occur.

## **7.3 SMOKING ABOARD AIRCRAFT**

### **7.3.1.1 PURPOSE**

This Subpart implements a ban on smoking of tobacco products on national air carrier and foreign air carrier flights in scheduled domestic and international air transportation.

### **7.3.1.2 APPLICABILITY**

This Subpart applies to all operations of air carriers engaged in domestic and international air transportation.

### **7.3.1.3 SMOKING BAN: NATIONAL AIR CARRIERS**

National air carriers shall prohibit smoking on all passenger flights.

### **7.3.1.4 SMOKING BAN: FOREIGN AIR CARRIERS**

Foreign air carriers shall prohibit smoking on all passenger flight segments:

- (a) Between points in the Kingdom, and
- (b) Between the Kingdom and any foreign point.

### **7.3.1.5 EXTENT OF SMOKING RESTRICTIONS**

The restrictions on smoking shall apply to all locations within the aircraft.

### **7.3.1.6 AIRCRAFT ON THE GROUND**

Air carriers shall prohibit smoking whenever the aircraft is on the ground.

### **7.3.1.7 ENFORCEMENT**

National and foreign air carriers shall take such action as is necessary to ensure that smoking by passengers or crew is not permitted in the passenger cabin or lavatories on no-smoking flight segments.

## **7.4 NOTICE OF TERMS OF CONTRACT OF CARRIAGE**

### **7.4.1.1 PURPOSE**

The purpose of this Subpart is to set uniform disclosure requirements for terms incorporated by reference into contracts of carriage for scheduled service in passenger air transportation.

### **7.4.1.2 INCORPORATION BY REFERENCE IN THE CONTRACT OF CARRIAGE**

- (a) A ticket or other written instrument that embodies the contract of carriage may incorporate contract terms by reference (i.e., without stating their full text), and if it does so shall contain or be accompanied by notice to the passenger as required by this Subpart. In addition to other remedies at law, an air carrier may not claim the benefit as against the passenger of, and the passenger shall not be bound by, any contract term incorporated by reference if notice of the term has not been provided to that passenger in accordance with this Part.
- (b) Each air carrier shall make the full text of each term that it incorporates by reference in a contract of carriage available for public inspection at each of its airport and city ticket offices.
- (c) Each air carrier shall provide free of charge by mail or other delivery service to passengers, upon their request, a copy of the full text of its terms incorporated by reference in the contract. Each carrier shall keep available at all times, free of charge, at all locations where its tickets are sold within the Kingdom information sufficient to enable passengers to order the full text of such terms.

### **7.4.1.3 NOTICE OF INCORPORATED TERMS**

- (a) Except as provided in Subsection 7.4.1.7, each air carrier shall include on or with a ticket, or other written instrument given to a passenger, that embodies the contract of carriage and incorporates terms by reference in that contract, a conspicuous notice that:

- (1) Any terms incorporated by reference are part of the contract;
  - (2) Passengers may inspect the full text of each term incorporated by reference at the carrier's airport or city ticket offices; and
  - (3) Passengers have the right, upon request at any location where the carrier's tickets are sold within the Kingdom, to receive free of charge by mail or other delivery service the full text of each such incorporated term.
- (b) The incorporated terms may include and passengers may obtain from any location where the carrier's tickets are sold within the Kingdom further information concerning:
- (1) Limits on the air carrier's liability for personal injury or death of passengers, and for loss, damage, or delay of goods and baggage, including fragile or perishable goods;
  - (2) Claim restrictions, including time periods within which passengers must file a claim or bring an action against the carrier for its acts or omissions or those of its agents;
  - (3) Rights of the carrier to change terms of the contract, where rights to change the price, however, are governed by Subsection 7.4.1.5;
  - (4) Rules about reconfirmation of reservations, check-in times, and refusal to carry; and
  - (5) Rights of the carrier and limitations concerning delay or failure to perform service, including schedule changes, substitution of alternate air carrier or aircraft, and rerouting.

#### **7.4.1.4 EXPLANATION OF INCORPORATED TERMS**

Each air carrier shall ensure that any passenger can obtain from any location where its tickets are sold within the Kingdom a concise and immediate explanation of any terms incorporated by reference, concerning the subjects listed in Subsection 7.4.1.3(b).

#### **7.4.1.5 DIRECT NOTICE OF CERTAIN TERMS**

A passenger shall not be bound by any terms restricting refunds of the ticket price, imposing monetary penalties on passengers, or permitting the carrier to raise the price, unless the passenger receives conspicuous written notice of the salient features of those terms on or with the ticket.

#### **7.4.1.6 QUALIFICATIONS TO NOTICE REQUIREMENTS.**

If notice is not provided in accordance with Subsection 7.4.1.3 at a ticket sales location outside of the Kingdom that is not a national air carrier ticket office, the price paid for the portion of such ticket that is for domestic air transportation shall be refundable without penalty if the passenger refuses transportation by the carrier.

## **7.5 DISCLOSURE OF CODE-SHARING ARRANGEMENTS AND LONG-TERM WET LEASES**

### **7.5.1.1 PURPOSE**

The purpose of this Subpart is to ensure that national foreign air carriers clearly inform consumers when the air transportation they are buying or considering buying involves a code-sharing arrangement or a long-term wet lease, and that they disclose to consumers the transporting carrier's identity.

### **7.5.1.2 APPLICABILITY**

This Subpart applies to national air carriers and foreign air carriers that participate in code-sharing arrangements involving scheduled passenger air transportation.

### 7.5.1.3 SALE OF TICKETS WITHOUT DISCLOSURE PROHIBITED

The holding out or sale of scheduled passenger air transportation involving a code-sharing arrangement is prohibited unless, in conjunction with such holding out or sale, carriers and ticket agents follow the requirements of this Subpart.

### 7.5.1.4 NOTICE REQUIREMENT

- (a) *Notice in schedules.* In written or electronic schedule information provided by carriers in the Kingdom to the public, the Official Airline Guides and comparable publications, and, where applicable, computer reservations systems, carriers involved in code-sharing arrangements shall ensure that each flight in scheduled passenger air transportation on which the designator code is not that of the transporting carrier is identified by an asterisk or other easily identifiable mark and that the corporate name of the transporting carrier and any other name under which that service is held out to the public is also disclosed.
- (b) *Verbal notice to prospective consumers.* In any direct verbal communication in the Kingdom with a prospective consumer and in any telephone calls placed from the Kingdom concerning a flight that is part of a code-sharing arrangement, a carrier shall tell the consumer, before booking transportation, that the transporting carrier is not the carrier whose designator code will appear on the ticket and shall identify the transporting carrier by its corporate name and any other name under which that service is held out to the public.
- (c) *Written notice.* At the time of purchase, each selling carrier shall provide each consumer of scheduled passenger air transportation sold in the Kingdom that involves a code-sharing arrangement or long-term wet lease with the following notice:
  - (1) If an itinerary is issued, there shall appear in conjunction with the listing of any flight segment on which the designator code is not that of the transporting carrier a legend that states "Operated by" followed by the corporate name of the transporting carrier and any other name in which that service is held out to the public. In the case of single-flight-number service involving a segment or segments on which the designator code is not that of the transporting carrier, the notice shall clearly identify the segment or segments and the transporting carrier by its corporate name and any other name in which that service is held out to the public. The following form of statement will satisfy the requirement of this Paragraph:

Important Notice: Service between XYZ City and ABC City will be operated by Arabian Airlines.
  - (2) If no itinerary is issued, the selling carrier shall provide a separate written notice that clearly identifies the transporting carrier by its corporate name and any other name under which that service is held out to the public for any flight segment on which the designator code is not that of the transporting carrier. The following form of notice will satisfy the requirement of this Paragraph:

Important Notice: Service between XYZ City and ABC City will be operated by Arabian Airlines.

## 7.6 DISCLOSURE OF CHANGE-OF-GAUGE SERVICES

### 7.6.1.1 PURPOSE

The purpose of this Subpart is to ensure that consumers are adequately informed before they book air transportation or embark on travel involving change-of-gauge services that these services require a change of aircraft enroute.

### 7.6.1.2 APPLICABILITY

This Subpart applies to national air carriers and foreign air carriers that sell or issue tickets in the Kingdom for scheduled passenger air transportation on change-of-gauge services or that operate such transportation.

### 7.6.1.3 DISCLOSURE OF CHANGE-OF-GAUGE SERVICE

The holding out or sale of scheduled passenger air transportation that involves change-of-gauge service is prohibited unless, in conjunction with such holding out or sale, carriers disclose the information required by this Subpart.

### 7.6.1.4 NOTICE REQUIREMENT

- (a) *Notice in schedules.* Carriers holding out or operating change-of-gauge services to, from, or within the Kingdom shall ensure that in the written and electronic schedule information they provide to the public, to the Official Airline Guide and comparable publications, and to computer reservations systems, these services are shown as requiring a change of aircraft.
- (b) *Oral notice to prospective consumers.* In any direct oral communication with a consumer in the Kingdom concerning a change-of-gauge service, any carrier shall tell the consumer before booking scheduled passenger air transportation to, from, or within the Kingdom that the service requires a change of aircraft enroute.
- (c) *Written notice.* At the time of sale in the Kingdom of transportation that includes a change-of-gauge service to, from, or within the Kingdom, or, if no ticket is issued, no later than the time when the passenger checks in at the airport for the first flight in an itinerary that includes such a service, the selling carrier shall provide the following written notice:

***Notice: Change of Aircraft Required***

***For at least one of your flights, you must change aircraft enroute even though your ticket may show only one flight number and have only one flight coupon for that flight. Further, in the case of some travel, one of your flights may not be identified at the airport by the number on your ticket, or it may be identified by other flight numbers in addition to the one on your ticket. At your request, the seller of this ticket will give you details of your change of aircraft, such as where it will occur and what aircraft types are involved.***

## **7.7 FLIGHT SCHEDULES OF LICENSED AIR CARRIERS; REALISTIC SCHEDULING REQUIRED**

### **7.7.1.1 APPLICABILITY**

This Subpart applies to any air carrier licensed pursuant to these Regulations insofar as it is engaged in scheduled air transportation within the Kingdom with respect to all flights performed in such scheduled transportation, other than all cargo flights.

### **7.7.1.2 PROHIBITION OF UNREALISTIC SCHEDULING AND REQUIREMENT OF ELAPSED TIME PERFORMANCE**

- (a) All flight schedules filed with the Authority or published for the guidance of the travelling public shall be designed so that each carrier safely performs during any three-month period at least seventy-five percent (75%) of those flights listed in the schedule on an on-time basis complying with the schedule's listed dates and times.
- (b) Each air carrier subject to this Subpart shall perform during any three-month period at least seventy-five percent (75%) of those flights listed in the schedule referenced in Paragraph (a) on an on-time basis complying with the schedule's listed dates and times.

### **7.7.1.3 VIOLATION OF SCHEDULED TIME FLIGHTS REQUIREMENT**

Where it is shown that an air carrier subject to this Subpart fails to perform as on-time a minimum of seventy-five percent (75%) of the trips actually flown pursuant to the schedule in any three (3) calendar months, such failure shall constitute a violation of this Subpart, unless the carrier shows that its performance was due to conditions beyond its control and also which could not have been anticipated in the exercise of reasonable prudence.

### **7.7.1.4 REQUIREMENT THAT PUBLISHED SCHEDULE CONFORM TO FILED SCHEDULES**

- (a) No air carrier subject to this Subpart shall publish any statement of aircraft regularly operated between points duly authorized to be served, which sets forth the time of arrival and departure at each such point or any other information concerning such service, unless such information is identical in all regards with that contained in the carrier's schedules filed with the Authority.
- (b) This prohibition shall apply to statements included in a system timetable, the Official Airline Guide, or any other document available to the general public.

### **7.7.1.5 RULES OF CONSTRUCTION**

This Subpart shall not be construed as authorizing schedules so slow as to comprise inadequate service or uneconomical or inefficient management, or to discourage the filing of shorter schedules that are reasonably expected to be realistic.

### **7.7.1.6 REPORTING OF SCHEDULE ARRIVAL PERFORMANCE**

Each air carrier scheduling non-stop passenger flights shall, with respect to any such flights for each month, file in duplicate with the Authority a "Monthly Report of Scheduled Arrival Performance on Passenger Flights" in a form mandated by the Authority.

## **8.1 AIRCRAFT ACCIDENT LIABILITY INSURANCE**

### **8.1.1.1 PURPOSE**

This Subpart contains the rules for aircraft accident liability insurance coverage needed by national air carriers to obtain or to exercise authority from the Authority to operate in domestic or international air transportation, and by foreign air carriers to operate under license or other authority in international air transportation. It further requires a disclosure statement to shippers about cargo liability limits and insurance coverage for national and foreign air carriers.

### **8.1.1.2 APPLICABILITY**

These rules apply to all national and foreign air carriers conducting flights to, from and within the Kingdom.

### **8.1.1.3 BASIC REQUIREMENTS**

- (a) A national or foreign air carrier shall not engage in air transportation unless it has in effect aircraft accident liability insurance coverage that meets the requirements of this Subpart for its national air carrier or foreign air carrier operations. The minimum amounts of coverage required by this Subpart may be provided by insurance policies. The currently effective policy of insurance shall be submitted to the Authority for review and approval by the Authority. The current certificate of insurance on file with the Authority, as required by Subsection 8.1.1.4, shall be available for public inspection at the carrier's principal place of business.
- (b) For purposes of this Part, a certificate of insurance is one or more certificates showing insurance by one or more insurers (excluding reinsurers) of currently effective and properly endorsed policies of aircraft accident liability insurance in compliance with this Part. When more than one such insurer is providing coverage, the limits and types of liability assumed by each insurer (excluding reinsurers) shall be clearly stated in the certificate of insurance. Insurance policies named in a certificate of insurance that accompanies an application for initial registration or for operating authority shall become effective not later than the proposed starting date for air carrier operations as shown in the application.
- (c) The certificate of insurance shall list the types or classes of aircraft, or the specific aircraft by Kingdom or international government registration number, with respect to which the policy of insurance applies, or shall state that the policy applies to all aircraft owned or operated by the carrier in its air transportation operations. With respect to certificates of insurance that list aircraft by government registration number, the policy shall state that, while an aircraft owned or leased by the carrier and declared in the policy is withdrawn from normal use because of its breakdown, repair, or servicing, such insurance as is provided by the policy for that aircraft shall apply also to another aircraft of similar type, horsepower, and seating capacity, whether or not owned by the insured, while temporarily used as a substitute aircraft.
- (d) Each certificate of insurance shall be signed by an authorized officer, agent, or other representative of the insurer or the insurance broker.
- (e) Insurance coverage to meet the requirements of this part shall be obtained from an insurer:
  - (1) licensed to issue aircraft accident liability policies in the Kingdom; or
  - (2) an insurer acceptable to the Authority to issue accident liability insurance in the Kingdom.

### **8.1.1.4 FILING OF EVIDENCE OF INSURANCE**

- (a) A national or foreign air carrier shall file with the Authority for review and acceptance a copy of its certificate of insurance and insurance policy prior to institution of its air carrier service and every twelve months thereafter. Each carrier shall ensure that the evidence of aircraft accident liability coverage filed with the Authority is correct at all times. The Authority will normally notify the carrier within fifteen (15) days of receipt if the certificate or the policy does not meet the requirements of this Subpart. The Authority

may return the certificate or policy to the carrier if it finds for good cause that such certificate or policy does not show adequate evidence of insurance coverage under this Subpart.

- (b) If the coverage is by type or class of aircraft or by specific aircraft, endorsements that add previously unlisted aircraft or aircraft types or classes to coverage, or that delete listed aircraft, types, or classes from coverage, shall be filed with the Authority not more than twenty (20) days after the effective date of the endorsements. Aircraft shall not be listed in the carrier's operations specifications with the Authority and shall not be operated unless liability insurance coverage is in force.

#### **8.1.1.5 MINIMUM COVERAGE**

- (a) All carriers shall maintain insurance sufficient to cover their liability under these Regulations.
- (b) Insurance contracts shall provide for payment on behalf of the carrier, within the specific limits of liability in this Subsection, of all sums that the carrier shall become legally obligated to pay as damages, excluding any deductible in the policy, for bodily injury to or death of a person, or for damage to the property of others, resulting from the carrier's operation or maintenance of aircraft in air transportation provided under its license from the Authority.
- (c) National and foreign air carriers shall maintain at least the following coverage:
  - (1) Third-party aircraft accident liability coverage for bodily injury to or death of persons, including non-employee cargo attendants, other than passengers, and for damage to property, with minimum limits of \$500,000 US for any one person in any one occurrence, and a total of \$20,000,000 US per involved aircraft for each occurrence, except that for aircraft of not more than 40 seats or 18,000 pounds maximum payload capacity, carriers need only maintain coverage of \$10,000,000 US per involved aircraft for each occurrence.
  - (2) Any such carrier providing air transportation for passengers shall, in addition to the coverage required in Paragraph (c)(1) of this Subsection, maintain aircraft accident liability insurance coverage for bodily injury to or death of aircraft passengers, with minimum limits of \$500,000 for any one passenger, and a total per involved aircraft for each occurrence of \$20,000,000.
- (d) Notwithstanding Paragraph (c) of this Subsection, the carrier may be insured for a combined single limit of liability for each occurrence. The combined single-limit coverage must be not less than the combined required minimums for bodily injury and property damage coverage plus, if the aircraft is used in passenger service, the required total passenger coverages stipulated in paragraph (c) of this Subsection for national and foreign air carriers. The single-limit liability policy for the required aircraft accident liability coverage may be provided by a single policy or by a combination of primary and excess policies.
- (e) The liability coverage shall not be contingent upon the financial condition, solvency, or freedom from bankruptcy of the carrier. The limits of the liability for the amounts required by this part shall apply separately to each occurrence. Any payment made under the policy because of any one occurrence shall not reduce the coverage for payment of other damages resulting from any other occurrence.

#### **8.1.1.6 PROHIBITED EXCLUSIONS OF COVERAGE**

- (a) No warranty or exclusion in the policy or in any endorsement or amendment to the policy, nor any violation of the policy by the carrier, shall remove the liability coverage required by this Part, except as specifically approved by the Authority. This requirement shall not limit the right of insurers to recover from the carrier for amounts paid.
- (b) A policy of insurance required by this Part shall not exclude coverage on the basis of a violation of any safety-related requirement imposed by statute or by rule of a government agency.

### **8.1.1.7 CANCELLATION, WITHDRAWAL, MODIFICATION, EXPIRATION, OR REPLACEMENT OF INSURANCE COVERAGE**

- (a) Each policy of aircraft accident liability insurance shall specify that it shall remain in force, and may not be replaced, cancelled, withdrawn, or in any way modified to reduce the minimum standards set forth in this Part, or to change the extent of coverage, by the insurer or the carrier, nor expire by its own terms, in regard to coverage for the carrier in its air carrier operations in air transportation, until ten (10) days after written notice by the insurer (in the event of replacement, by the retiring insurer), or by the insurer's representative, or by the carrier, describing the change, to the Authority. The 10-day notice period shall start to run from the date such notice is actually received at the Authority. For purposes of this part, a policy will not be considered to have expired if the same insurer renews its coverage without reduction in the extent of coverage or amounts of coverage, and without a break in coverage, whether or not a new policy is issued, and notice to the Authority is not required in that event. If the coverage being changed is by type or class of aircraft or by specific aircraft, endorsements adding or deleting specific aircraft or types or classes of aircraft, for which prior notice would be required by this paragraph, shall be filed in accordance with Subsection 8.1.1.4(b), and prior notice of the change need not be given under this paragraph.
- (b) The requirements of this Subsection shall not apply if the policy contains a lesser time period for cancellation in a war risk exclusion. If the war risk exclusion is activated by the insurer, the insurer or its representative shall immediately notify the Authority's Air Transport Division.

### **8.1.1.8 CARGO LIABILITY DISCLOSURE STATEMENT**

Every direct national or foreign air carrier providing air cargo service in air transportation shall give notice in writing to the shipper, when a shipment is accepted, of the existence or absence of cargo liability insurance, and the limits on the extent of its liability, if any. The notice shall be clearly and conspicuously included on or attached to all of its rate sheets and airwaybills.

## **8.2 REVIEW OF AIR CARRIER TRANSACTIONS**

### **8.2.1.1 PURPOSE**

This Subpart sets forth the procedures and requirements for submission to and approval by the Authority of air carrier transactions.

### **8.2.1.2 DEFINITIONS**

As used throughout this Subpart, "air carrier transaction" means any contract or agreement, whether written or oral, or any purchase or sale of stock in an air carrier between any air carrier licensed or otherwise authorized under these Regulations, and any other carrier, whether or not licensed or authorized under these Regulations, affecting air transportation or resulting in a substantial change as defined in these Regulations.

### **8.2.1.3 APPROVAL OF AIR CARRIER TRANSACTIONS REQUIRED**

- (a) Parties to a proposed air carrier transaction may only implement that transaction after receiving approval from the Authority and only in accordance with any terms, conditions or limitations which the Authority may attach to such approval.
- (b) If a proposed air carrier transaction is an oral agreement, that proposed air carrier transaction shall be reduced to writing and an application for its approval filed with the Authority prior to the effectiveness or implementation of the transaction.

### **8.2.1.4 RULES GOVERNING APPLICATION CONTENT AND PROCEDURE**

- (a) In submitting the transaction for review, the party or parties shall comply with any applicable filing requirements set forth in Subpart 2.1 of these Regulations.

- (b) An application may be deemed incomplete by the Authority if it does not comply with these requirements.
- (c) The parties to the transaction may file separate applications or one joint application so long as all the information required herein is submitted.
- (d) The Authority may require the parties to the transaction to submit some or all of the information required by this Subpart, as well as any additional information the Authority may require.
- (e) The applicant shall, if requested, be responsible for expeditiously providing the application to any interested entity or individual, whether or not a party, as directed by the Authority.
- (f) In exceptional circumstances, the Authority may waive or alter the procedural requirements of this Subpart to permit a transaction to proceed on an expedited basis.

#### **8.2.1.5 DECISION BY THE AUTHORITY**

- (a) Within 180 calendar days after the application is filed, the Authority shall decide whether to grant or deny, in whole or in part, the application. Alternatively, the Authority may decide to extend the time in which a final decision shall be issued.
- (b) The Authority should approve any air carrier transaction which it finds does not substantially reduce competition or is otherwise in the interest of the Kingdom. In approving a transaction, the Authority may attach any terms, conditions or limitations it deems appropriate.
- (c) A copy of the Authority's final decision shall be expeditiously delivered to all parties to the application.

### **8.3 FREE TRANSPORTATION**

#### **8.3.1.1 DEFINITIONS**

As used in this Subpart, unless the context otherwise require, "Free transportation" means the carriage by a national or foreign air carrier of any person or property (other than property owned by that carrier) in air transportation without compensation therefore.

#### **8.3.1.2 ALL-CARGO CARRIERS**

- (a) Any all-cargo carrier may carry, for purposes of in-flight observation, technical representatives of companies that have been engaged in the manufacture, development, or testing of aircraft or aircraft equipment.
- (b) Every carrier providing transportation under this Subsection shall also comply with the applicable regulations of the Authority such as regulations pertaining to admission of persons to the aircraft flight deck.

#### **8.3.1.3 MANDATORY FREE TRANSPORTATION**

Every national air carrier shall carry, without charge, on any aircraft that it operates, the following persons:

- (a) Security guards who have been assigned to the duty of guarding such aircraft against unlawful seizure, sabotage or other unlawful interference, upon the exhibition of such credentials as may be prescribed by the Authority; and
- (b) Safety inspectors of the Authority who have been assigned to the duty of inspecting during flight such aircraft or its equipment, route facilities, operational procedures, or airman competency upon the exhibition of credentials or a certificate from the Authority.

#### **8.3.1.4 RESPONSIBILITY OF AUTHORITY**

The Authority shall be responsible for the following:

- (a) The issuance of any credentials or certificates to their personnel eligible for free transportation under this Subpart; and
- (b) The issuance of any internal rules that are necessary to obtain compliance by such personnel with this Subpart.

### **8.4 NAVIGATION OF FOREIGN CIVIL AIRCRAFT WITHIN THE KINGDOM OF SAUDI ARABIA**

#### **8.4.1 *General Provisions***

##### **8.4.1.1 DEFINITIONS**

As used in this Subpart:

- (a) "Airmen" shall mean flightcrew members of a foreign civil aircraft.
- (b) "Chicago Convention" means the international civil aviation convention signed in Chicago on the 7<sup>th</sup> of December 1944 and its amendments ratified by virtue of royal decrees.
- (c) "Commercial air operations" shall mean operations by foreign civil aircraft engaged in flights for the purpose of crop dusting, pest control, pipeline patrol, mapping, surveying, banner towing, skywriting, or similar agricultural and industrial operations performed in the Kingdom, and any operations for remuneration or hire to, from or within the Kingdom including air carriage involving the discharging or taking on of passengers or cargo at one or more points in the Kingdom, including carriage of cargo for the operator's own account if the cargo is to be resold or otherwise used in the furtherance of a business other than the business of providing carriage by aircraft, but excluding operations pursuant to foreign air carrier licenses issued under Article 4 of the Act, exemptions, and all other operations in air transportation.
- (d) "Flightcrew member" means a pilot, flight engineer, or flight navigator assigned to duty in an aircraft during flight time.
- (e) "Foreign aircraft permit" means a permit authorizing navigation of foreign civil aircraft in the Kingdom pursuant to this Subpart.
- (f) "Foreign civil aircraft" means:
  - (1) an aircraft of foreign registry that is not part of the armed forces of a foreign nation, or
  - (2) a Kingdom-registered aircraft owned, controlled or operated by persons who are not citizens or permanent residents of the Kingdom.
- (g) "Stop for non-traffic purposes" means a landing for any purpose other than taking on or discharging passengers, cargo or mail, and does not include landings for embarking or disembarking stopover passengers or transshipped cargo or mail, or for other than strictly operational purposes.

##### **8.4.1.2 PURPOSE AND APPLICABILITY**

- (a) The provisions of this Subpart regulate the admission to, and navigation in, the Kingdom of foreign civil aircraft other than aircraft operated under authority contained in a foreign air carrier license.
- (b) This Subpart also contains provisions that specify the extent to which certain classes of flight operations by foreign civil aircraft may be conducted, and the terms and conditions applicable to such operations.
- (c) Nothing in this Subpart shall authorize any foreign civil aircraft to engage in air transportation nor be deemed to provide for such authorization by the Authority's Air Transport Division.

## **8.4.2 Rules Generally Applicable**

### **8.4.2.1 NATURE OF PRIVILEGE CONFERRED**

The provisions of this Subpart, and of any permit issued hereunder, are designed, among other purposes, to carry out the international undertakings of the Kingdom in the Chicago Convention, in particular Article 5. That Article gives foreign aircraft the privilege of "taking on or discharging passengers, cargo or mail" subject to the right of the State where such embarkation or discharge takes place to impose such regulations, conditions or limitations as it may consider desirable.

### **8.4.2.2 AIRWORTHINESS AND REGISTRATION CERTIFICATES**

- (a) Foreign civil aircraft shall carry currently effective certificates of registration and airworthiness issued or rendered valid by the country of registry and shall display the nationality and registration markings of that country.
- (b) However, a foreign civil aircraft may carry, in lieu of such certificate of airworthiness referred to in Paragraph (a), an effective special flight authorization issued by the Flight Standards Division of the Authority for the operations being performed.

### **8.4.2.3 AIRMEN**

- (a) Members of the flight crew of a foreign civil aircraft shall have in their personal possession valid airman certificates or licenses authorizing them to perform their assigned functions in the aircraft and for the operation involved issued or rendered valid by the country of registry of the aircraft or by the Kingdom.
- (b) No such flight crewmembers shall perform any flight duty within the Kingdom that they are not currently authorized to perform in the country issuing or validating the certificate or license.

### **8.4.2.4 FLIGHT OPERATIONS**

Flights of foreign civil aircraft in the Kingdom shall be navigated and operated in accordance with the currently applicable rules of the Authority's Flight Standards Division.

### **8.4.2.5 MAXIMUM ALLOWABLE WEIGHTS**

Foreign civil aircraft that are permitted to navigate in the Kingdom on the basis of foreign airworthiness certificates must conform to the limitations on maximum certificated weights prescribed or authorized for the particular variation of the aircraft type, and for the particular category of use, by the country of manufacture of the aircraft type involved.

### **8.4.2.6 ENTRY AND CLEARANCE**

All Kingdom entry and clearance requirements for aircraft, passengers, crews, baggage and cargo shall be followed.

### **8.4.2.7 UNAUTHORIZED OPERATIONS**

No foreign civil aircraft shall be navigated in the Kingdom unless authorized by this Subpart. Commercial air operations shall not be undertaken without a license issued by the Air Transport Division.

### **8.4.2.8 WAIVER OF SOVEREIGN IMMUNITY**

Foreign government owners and operators of aircraft operated under this Subpart that are engaged in proprietary or commercial activities waive any defense of sovereign immunity from suit in any action or proceeding instituted against any of them in any court or other tribunal in the Kingdom for any claim relating to that operation.

### ***8.4.3 Authorized Operations***

#### **8.4.3.1 OPERATIONS OTHER THAN COMMERCIAL AIR OPERATIONS**

Foreign civil aircraft that are not engaged in commercial air operations into, out of, or within the Kingdom may be operated in the Kingdom and may carry non-revenue traffic to, from or between points in the Kingdom subject to the prior approval of the Air Transport Division.

#### **8.4.3.2 DEMONSTRATION FLIGHTS OF FOREIGN AIRCRAFT**

Flights of foreign civil aircraft within the Kingdom may be made for the purpose of demonstration of the aircraft or any component thereof (including demonstrations at airshows), provided no persons, cargo or mail are carried for remuneration or hire.

#### **8.4.3.3 FERRY AUTHORIZATIONS FOR NON-REVENUE FLIGHTS TO/FROM THE KINGDOM**

Ferry authorizations for non-revenue flights to and/or from the Kingdom shall be obtained by all foreign civil aircraft as issued by the Flight Standards Division.

#### **8.4.3.4 FLIGHTS INCIDENTAL TO AGRICULTURAL AND INDUSTRIAL OPERATIONS OUTSIDE THE KINGDOM**

Foreign civil aircraft that are engaged in agricultural or industrial operations to be performed wholly outside the Kingdom may be navigated into, out of, and within the Kingdom in connection with those operations provided that the aircraft is not at the time engaged in the carriage of passengers, cargo, or mail for remuneration or hire.

#### **8.4.3.5 TRANSIT FLIGHTS, IRREGULAR OPERATIONS**

- (a) Foreign civil aircraft carrying passengers, property or mail for remuneration or hire, but not engaged in scheduled international air services, are authorized to navigate non-stop across the territory of the Kingdom and to make stops for non-traffic purposes.
- (b) The navigation of foreign civil aircraft in the Kingdom is not authorized under this Subsection when the elapsed time between landing and takeoff at a stop in the Kingdom exceeds twenty-four (24) hours and passengers are permitted to leave the airport or when passengers, property or mail are transferred to another aircraft.
- (c) Flights involving stops under such circumstances may, however, be performed in the case of emergency relating to the safety of the aircraft, passengers, cargo or crew.

#### **8.4.3.6 LEASE OF FOREIGN CIVIL AIRCRAFT WITHOUT CREW**

Foreign civil aircraft that are leased without crew to an air carrier or citizen or permanent resident of the Kingdom, and used by the lessee in otherwise authorized air transportation or commercial air operations, may be operated into, out of, and within the Kingdom in accordance with any applicable regulations prescribed by the Flight Standards Division.

### ***8.4.4 Operations Requiring Specific Pre-flight Authorization of Filing***

#### **8.4.4.1 PERMITS FOR COMMERCIAL AIR OPERATION**

- (a) *Permit required.* Except for aircraft being operated under a foreign air carrier license issued pursuant to Part 4 of these Regulations, foreign civil aircraft may engage in commercial air operations only if there is carried on board the aircraft a permit issued by the Air Transport Division in accordance with this Subpart authorizing the operations involved.
- (b) Aircraft are not authorized to engage in air transportation under this Subsection. Where an operation involves the carriage of persons, property or mail for compensation or hire, the Air Transport Division will determine whether particular flights for which a permit is sought will be in common carriage, and therefore

in air transportation, based on all the facts and circumstances surrounding the applicant's entire operations.

#### **8.4.4.2 AGRICULTURAL AND INDUSTRIAL OPERATIONS WITHIN THE KINGDOM**

Foreign civil aircraft shall not be used for such commercial air operations as crop dusting, pest control, pipeline patrol, mapping, surveying, banner towing, skywriting or similar agricultural or industrial operations within the Kingdom, including its territorial waters and overlying airspace, unless a permit has been issued by the Air Transport Division and the operation is conducted in accordance with all applicable Kingdom laws and regulations as well as the applicable provisions of this Subpart.

#### **8.4.4.3 APPLICATION FOR FOREIGN AIRCRAFT PERMIT**

- (a) Applications for foreign aircraft permits shall be submitted to the Air Transport Division. Upon a showing of good cause, applications may be made by telegram or by telephone.
- (b) Application Contents.
  - (1) All applications shall contain:
    - (i) a proper identification (including citizenship) of the applicant (the operator of the aircraft concerned) and of the owner thereof (if different from the applicant);
    - (ii) a description of the aircraft by make, model, and registration marks;
    - (iii) a full description of the operations for which authority is desired, indicating type and dates of operations and number of flights, and routing; and
    - (iv) a statement as to whether the applicant's homeland allows operators of Kingdom-registered aircraft to conduct similar operations.
  - (2) In addition to the information required in paragraph (1), in the case of cargo flights:
    - (i) the names of all contractors, agents, if any, and the beneficial owner of the cargo;
    - (ii) a description of the cargo; and
    - (iii) a description of the proposed operations.
  - (3) In addition to the information required in paragraph (1), in the case of passenger flights:
    - (i) a full identification and description of the group chartering the aircraft; and
    - (ii) identification of the travel agent, if any.
- (c) Applications shall be filed at least seven (7) days in advance of the proposed commencement date of the operations.

#### **8.4.4.4 ISSUANCE OF PERMIT**

- (a) The Air Transport Division will issue a foreign aircraft permit if it finds that the proposed operations meet the requirements of this Subpart and are in the Kingdom's interest. Foreign aircraft permits may be conditioned or limited by the Air Transport Division. Permits must be carried aboard the applicant's aircraft during flight over the Kingdom and are not transferable.
- (b) In determining whether to grant a particular application, the Air Transport Division will consider, among other factors, the extent to which the country of the applicant's nationality deals with Kingdom civil aircraft operators on the basis of substantial reciprocity, and whether the operation is otherwise in the Kingdom's interest.

### **8.4.5 *Transit Flights***

#### **8.4.5.1 TRANSIT FLIGHTS; SCHEDULED INTERNATIONAL AIR SERVICE OPERATIONS**

- (a) *Requirement of notice.* Scheduled international air services proposed to be operated in transit across the Kingdom may not be undertaken by foreign civil aircraft unless the operator of such aircraft, and (if other than the operator) the carrier offering such service to the public, has, not less than twenty (20) days prior

to the date of commencement of such service, filed a "Notice of Proposed Transit Flights" in accordance with the provisions of Paragraphs (b) and (c) of this Subsection.

- (b) *Filing of the notice.* An original of the Notice shall be filed with the Air Transport Division, and a copy of the Notice shall be filed with the Flight Standards Division.
- (c) *Content of notice.* A "Notice of Proposed Transit Flights" shall be clearly labeled as such, and as a minimum shall set forth, with whatever detail may be necessary, the following information:
  - (1) The name, country or organization, and citizenship of the operator, and, if other than the operator, of the carrier offering the services to the public, including
    - (i) If any interest (direct or indirect) in the operator or offeror of services is held by nationals of a country other than the country of organization or citizenship, the nature and extent of such interest must be fully disclosed.
    - (ii) If any officer or director of the operator or carrier offering the services is a national of a country other than the country of organization or citizenship, the position of duties of such officer or director, and the officer and director's relevant position in relation to other officers and directors must similarly be fully disclosed.
    - (iii) If the information required in this Subsection has been previously supplied to the Air Transport Division, the applicant may incorporate it by reference.
  - (2) The State of registration of the aircraft proposed to be operated.
  - (3) A full description of the proposed operations including the type of operations, date of commencement, duration and frequency of flights, and routing.
  - (4) A statement as to whether or not any advertisement or publication of the proposed operations has been made in the Kingdom, with a copy of any such advertisement or publication.
  - (5) Any change with respect to these matters (minor changes in schedules or routing excepted) shall also be filed with the Air Transport Division.
- (d) *Authorized operations.* If the operator and the carrier offering services to the public (if different from the operator) have filed a "Notice of Proposed Transit Flights" at least twenty (20) days before the date of commencement of the proposed operations in accordance with Paragraphs (a), (b), and (c) of this Subsection, the described operations may be commenced and performed without further authorization from the Air Transport Division, unless and until the Air Transport Division issues an order notifying the operator and/or the carrier offering the services to the public that, considering the matters submitted in the Notice, the Air Transport Division believes that a question may exist as to whether the proposed operations will be in compliance with the laws of the Kingdom, the Air Transport Division's regulations and rules, or the provisions of this Subsection.
- (e) *Prohibited operations.* If the Air Transport Division issues an order of notification as described in Paragraph (d) of this Subsection, neither the operator, nor the carrier offering the services to the public, shall commence the proposed operations, or, except as may be otherwise specified in the order, operate any flights subsequent to receipt of the order, unless and until the Air Transport Division issues a foreign aircraft permit specifically authorizing such operations.
- (f) *Foreign aircraft permit: application and procedures.* If the Air Transport Division issues an order of notification as described in Paragraph (d) of this Subsection, the carrier's "Notice of Proposed Transit Flights" shall be treated as an application for the required foreign aircraft permit, and further procedures on such application shall be as directed by the Authority.
- (g) *Short notice filing.* Nothing in this Subsection shall be construed as precluding the filing of an application for a foreign aircraft permit to perform transit operations less than twenty (20) days in advance of the proposed operation. No such flights shall be operated, however, unless or until a specific foreign aircraft permit has been issued by the Air Transport Division.
- (h) *Nature of privilege conferred.*

- (1) Air transportation is not authorized under this Subsection, and the burden rests upon each operator and carrier to show that the proposed operations will not constitute air transportation within the meaning of these Regulations.
- (2) Stopovers for the convenience or pleasure of the passengers are not authorized under this Subsection and stops other than for strictly operational reasons shall not be made.
- (3) The consolidation on the same aircraft of an operation under this Subsection with a service authorized under Part 4 of these Regulations is not authorized by this Subsection.
- (4) Any authorization or permit granted under this Subsection is nontransferable, and may be withheld, revoked, suspended, withdrawn, or cancelled by the Air Transport Division, without notice or hearing, if required by the Kingdom's interest.

#### **8.4.6 Penalties**

- (a) The operation of a foreign aircraft within the Kingdom or over adjacent territorial waters in violation of the provisions of this Subpart constitutes a violation of Article 9 of the Act, these Regulations, and may, in addition, constitute a violation of the rules and regulations of the Authority Flight Standards Division.
- (b) Such operation makes the person or persons responsible for the violation or violations subject to a penalty as provided in Articles 160 and 162 of the Act, and to the alteration, amendment, modification, suspension or revocation of any license issued under this Subpart and of any Kingdom certificate or authorization involved as provided in Article 160 of the Act and Part 9 of these Regulations.

#### **8.4.7 Special Authorization**

##### **8.4.7.1 SPECIAL AUTHORIZATION PERMITTED**

Any person desiring to navigate a foreign civil aircraft within the Kingdom other than as specifically provided in this Subpart may petition the Air Transport Division for a special authorization to conduct the particular flight or series of flights.

##### **8.4.7.2 REQUIREMENTS FOR SPECIAL AUTHORIZATION**

A special authorization may only be issued where the Air Transport Division finds that the proposed operation:

- (a) Is fully consistent with the applicable law;
- (b) That the applicant's homeland grants a similar privilege with respect to operators of Kingdom-registered aircraft; and
- (c) That the proposed operation is in the Kingdom's interest.

## **9.1 RULES APPLICABLE TO ENFORCEMENT PROCEEDINGS**

### **9.1.1.1 APPLICABILITY**

This Subpart contains the specific rules that apply to Authority proceedings to enforce the provisions of the rules, regulations, orders and other requirements issued by the Authority in the furtherance of Article 13 of the Act.

### **9.1.1.2 DEFINITIONS**

As used through this Subpart, unless the context otherwise requires:

- (a) The term "Complainant" refers to the person filing a complaint and, where appropriate, the Authority;
- (b) The term "Parties," when used in this Subpart, includes the respondent, the complainant, and any employee or representative of the Authority or the Kingdom;
- (c) The term "Respondent" refers to the person against whom a complaint is filed.

### **9.1.1.3 COMPLAINTS**

- (a) Any person may submit in writing to the Director of the Authority Air Transportation Division a complaint with respect to any act or omission in contravention of any provision of the Act or these Regulations or any requirement established thereunder.
- (b) The Authority may, of its own volition, institute a proceeding pursuant to Subsection 9.1.1.6 to determine whether an entity has acted or failed to act in accordance with these Regulations.

### **9.1.1.4 RESPONSIVE DOCUMENTS**

- (a) Within 10 (10) days after the date of notice of a complaint, each respondent shall file an answer with the Authority to the complaint.
- (b) Extensions of time for filing an answer may be granted by the Authority in its discretion.

### **9.1.1.5 PROCEDURE FOR RESPONDING TO COMPLAINTS**

- (a) Within twenty (20) days after an answer to a complaint is filed, the Authority shall either:
  - (1) Issue a notice instituting an enforcement proceeding, or
  - (2) Issue an order denying the complaint, stating the reasons for the denial.
- (b) An order denying a complaint shall become effective as a final order of the Authority upon its issuance.

### **9.1.1.6 COMMENCEMENT OF ENFORCEMENT PROCEEDING**

- (a) Whenever in the opinion of the Authority there are grounds to believe that any provision of the Act or these Regulations has been or is being violated, the Authority may issue a notice instituting an enforcement proceeding.
- (b) The notice shall incorporate by reference the complaint previously submitted to the Authority or shall be accompanied by a complaint drafted by the Authority.
- (c) The notice and accompanying complaint, if any, shall be provided by the Authority to each respondent and each complainant.
- (d) Whenever the Authority seeks civil penalties in an enforcement proceeding, the notice or complaint shall include notice of the violations alleged and the amount of penalties for which the respondent may be liable.

#### **9.1.1.7 ANSWER**

- (a) Within ten (10) days after the date of delivery of a notice instituting an enforcement proceeding, the respondent shall file with the Authority an answer to the complaint.
- (b) The Authority in its discretion may permit the late filing of an answer.

#### **9.1.1.8 ADMISSION OF LIABILITY WHERE ANSWER NOT FILED**

- (a) Failure of a respondent to file an answer with the Authority within the time prescribed by this Subpart or to otherwise request an extension for filing an answer, shall be deemed an admission of liability by the respondent regarding the allegations in the complaint.
- (b) Where a respondent fails to respond to a complaint, the Authority shall find against the respondent and apply appropriate penalties or take any other enforcement action required or permitted by these Regulations.

#### **9.1.1.9 ENFORCEMENT PROCEEDING PROCESS WHERE ANSWER FILED**

- (a) Where a respondent files an answer denying the allegations of the complaint in whole or in part, the Authority shall conduct a government investigation regarding the allegations.
- (b) Throughout the course of the government investigation and the enforcement proceeding, the complainant and respondent may present relevant evidence to the Authority either supporting or refuting the allegations of the complaint.
- (c) The Authority in its discretion may allow other entities or individuals with information relevant to the complaint to submit such evidence to the Authority.
- (d) Within one (1) year of the date the government investigation is opened, the Authority shall issue its decision and findings regarding the complaint.
- (e) Where the Authority determines that acts have been committed and/or omissions have occurred in violation of the Act, these Regulations, or any other rule or legal requirement issued by the Authority, then the Authority shall impose those sanctions and/or penalties provided for in these Regulations or the Act.

#### **9.1.1.10 EVIDENCE OF PREVIOUS VIOLATIONS**

Evidence of previous violation(s) of the Act or these Regulations by a respondent may be considered in any enforcement proceeding involving such person.

#### **9.1.1.11 SUSPENSION OF OPERATING AUTHORITY PENDING RESOLUTION OF THE COMPLAINT**

As provided by Article 160 of the Act, the Authority in its discretion may suspend the economic operating authority of a national or foreign air carrier either prior to or after its resolution of a complaint filed under this Subpart.

#### **9.1.1.12 DECISIONS AND APPEALS**

- (a) Any interested entity or individual may appeal to the President of the Authority any order or decision issued by the Authority in an enforcement proceeding filed pursuant to this Part.
- (b) The President's resolution of any appeal must be ratified by the Authority's Board of Directors in order to become a final decision.

## 9.2 CIVIL PENALTIES

### 9.2.1.1 DEFINITIONS

As used throughout this Subpart, the term “Governmental orders” mean instructions issued by the Presidency of Civil Aviation or other competent authorities for working aviation companies concerning their functioning within the territory of the Kingdom.

### 9.2.1.2 AMOUNT OF PENALTY

Civil penalties payable to the Kingdom for violations of the economic provisions of the Act and these Regulations and rules and orders issued thereunder are as follows:

- (a) As mandated by Article 165(1) of the Act, a general civil penalty of not more than SAR50.000 shall apply to:
  - (1) all violations of the Act, these Regulations and any rules or governmental orders issued under those provisions by the Authority, other than those listed in Paragraph (b) of this Subsection; and
  - (2) all violations of those sanctions set forth in Article 160 of the Act and Subsection 9.3.1.1 of these Regulations.
- (b) For the specific omissions listed below, the following civil penalties shall apply:
  - (1) As mandated by Article 163 of the Act, a maximum civil penalty of SAR300.000 for operating an aircraft in the Kingdom without the national or foreign air carrier license required by these Regulations.
  - (2) As set forth in Article 162 of the Act, a maximum civil penalty of SAR100.000 where an individual conducts any activity governed by the Act or these Regulations without prior authorization, permit or license from the Authority, or where such authorization, permit or license has been previously suspended, revoked or canceled by the Authority.

## 9.3 REVOCATION AND SUSPENSION

### 9.3.1.1 DEFINITIONS

As used throughout this Subpart, “Pilot-in-command” means the pilot in charge of the aircraft functioning and safety during the flight

### 9.3.1.2 SANCTIONS SET FORTH BY THE AUTHORITY

The Authority in its discretion, as provided in Article 160 of the Act, may take any of the following measures in the case of violation of the provisions of the Act and these Regulations or related rules, orders, decisions or instructions; and in other cases required to protect public safety:

- (a) Suspension of the authorization or license issued by the Authority to the operator, carrier or the aircraft for a limited period of time or its abolition;
- (b) Suspension of the aviation authorization or any other authorization delivered or adopted by the Authority for a limited period of time or its definite revocation;
- (c) Flight prohibition of the aircraft for a limited period of time or warning for landing;
- (d) Forbidding the pilot-in-command of a foreign aircraft from flying within the Kingdom territory for a limited period of time or on a permanent basis.
- (e) Suspension of authorization, licenses and permits delivery by the Authority for a limited period of time or their definite revocation;

- (f) Closing the offices of airlines companies, air freight companies or aviation land services that are functioning without legal licenses or continuing to function after the licenses have expired, or have been revoked or cancelled.

**9.3.1.2 EFFECT OF SANCTIONS SET FORTH BY THE AUTHORITY**

- (a) If an authorization or license issued by the Authority is suspended, the operator or carrier shall not resume the operations or activities which were subject to the suspended authorization or license until receiving formal notice from the Authority that the operator or carrier may resume such operations or activities.
- (b) If the authorization or license issued by the Authority is revoked, the operator or carrier shall not resume the operations or activities which were subject to the revoked authorization or license until the operator or carrier has re-applied and been granted a new authorization or license by the Authority pursuant to these Regulations.