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Bangladesh: Law and Practice

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BANGLADESH



Law and Practice

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Rahman's Chambers is a leading law firm specialising in both contentious and non-contentious aviation law, at the forefront of Bangladesh's burgeoning aviation sector. The firm's team has been instrumental in navigating the complex legal and regulatory landscape of the nation's aviation industry, with particular expertise in aircraft leasing, registration, and recording, as well as the utilisation of IDERA and DPOA. The firm is committed to aligning our clients' operations with international best practices,

providing comprehensive support throughout the entire aviation lifecycle. Rahman's Chambers' practice encompasses a wide range of aviation matters, including high-stakes litigation and arbitration, aircraft financing, leasing, and asset recovery. The firm's groundbreaking success in pioneering litigation related to aircraft engine identification, location, and providing assistance with recovery further solidifies our commitment to delivering exceptional results for our clients in the aviation industry.

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1. Aircraft and Engine Purchase and Sale

1.1 Sales Agreements

1.1.1 Taxes/Duties Payable Upon Execution of the Sales Agreement

The applicable taxation for sales agreements is stamp duty under the Stamp Act of 1899. No other direct or indirect taxes are generally payable on sales transactions.

Section 18 of the same Act also states that, where such an arrangement – not being a bill of exchange or a promissory note – is executed outside Bangladesh, stamp duty is due within three months of receipt in Bangladesh.

Additionally, any other indirect/direct taxes or duties to be levied from either of the parties (buyer or seller) will be governed under the taxation regime of Bangladesh by its relevant and applicable laws, which may include applicable at-source tax and value-added tax.

1.1.2 Enforceability Against Domestic Parties

The Contract Act of 1872 does not specify that any particular language to be used for contracts to be enforceable in Bangladesh. Additionally, there are express provisions in the country's

Civil Code of Procedure and its Criminal Code of Procedure granting the government discretion over the language of the subordinate courts, with English remaining the preferred language in judgments and decrees in the Supreme Courts of High Court Division of Bangladesh.

Accordingly, if all parties concerned willingly consent to draw contracts up in in English, then translation is not mandatory for the contracts to be enforced in the Bangladeshi courts, as the agreement will still be considered valid upon the affixation of applicable stamp duties.

However, for agreements in any other language that might require admission to a court, tribunal or any other regulatory authority, it is generally recommended that an official translation also be submitted, with notarisation by a licensed notary public.

1.2 Transfer of Ownership

1.2.1 Transferring Title

Transferring title to an aircraft or engine in Bangladesh involves both legal documentation (eg, a bill of sale, or registration update) and physical delivery and payment. This concept generally extends to major installed parts, such as an auxilliary power unit (APU), and it is crucial

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to file bills of sale and updates to airworthiness certificates and maintenance records in accordance with the requirements of the Civil Aviation Authority of Bangladesh (CAAB).

1.2.2 Sales Governed by English or New York Law

There are no minimum requirements for recognition of a “foreign law” sales agreement for an aircraft or engine and its enforceability in Bangladesh. The parties have the autonomy to opt for their preferred governing law in a bill of sale, provided that the bill meets all conditions required for a valid contract that can be enforceable in Bangladesh.

1.2.3 Enforceability Against Domestic Parties

The response to **1.1.2 Enforceability Against Domestic Parties** is applicable here as translation of a bill of sale is not mandatory. However, an official translation might be required for a bill presented in any other language than English that is to be submitted to the regulatory authorities. In this case, notarisation by a licensed notary public is also recommended.

1.2.4 Registration, Filing and/or Consent From Government Entities

There are no formalities for mandatory registration, and no prior consent needs to be sought from government authorities, for a bill of sale for an aircraft or engine registered in Bangladesh. However, the CAAB must be notified of the bill at the time of registering or making changes to the aircraft's registration certificate.

Form 27 (Application For Registration of Aircraft) requires a notarised copy of the bill of sale or document confirming legal ownership of the aircraft to be submitted to the CAAB.

1.2.5 Taxes/Duties Payable Upon Execution of a Bill of Sale

For the sale of ownership interest, stamp duty, government share transfer fees and applicable duties, including capital gains tax (CGT), may be applicable.

Regarding the aircraft or engine itself, at-source taxes will be applicable irrespective of the location of the aircraft or engine – whether it is in Bangladesh, over international waters, or in transit to or from Bangladesh.

2. Aircraft and Engine Leasing

2.1 Overview

2.1.1 Non-permissible Leases

There is no exclusion placed on any types of operating/wet/finance leases or leases concerning only engines or parts by the CAAB or under any existing laws in Bangladesh. However, the CAAB has broadened its Air Navigation Order “ANO (AOC) – Air Operator Certification and Continued Compliance” issued in accordance with Annex 6 and 18 to the Chicago Convention, providing the obligations expected of lessees and lessors in respect of operating leases.

For all leases, the applicant will need to:

- demonstrate a requirement to enter into aircraft operating lease arrangements; and
- ensure that provisions are made in the leasing arrangement to enable CAAB inspectors to conduct necessary inspections.

For wet leases:

- the lessee and lessor must hold valid air operator certificates throughout the duration of the lease;

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- the lessor must retain operational control of the aircraft;
- for wet lease “in” arrangements, the lessee must ensure that reportable occurrences and incidents affecting the leased aircraft are reported to CAAB; and
- for wet lease “in” arrangements among Bangladesh air operators, the lessee must ensure that the lessor maintains the aircraft as per the lessor’s approved maintenance programme.

For dry leases:

- for dry lease “out” arrangements, the lessee must maintain the subject aircraft to Bangladesh requirements; and
- for dry lease “in” arrangements, the lessee must ensure that the aircraft equipment relating to flight operations meets Bangladesh’s requirements.

Additional obligations will include:

- any further requirements stipulated by the CAAB on a case-to-case basis;
- setting limits to the duration of operational leases to maintain effective safety oversight, by CAAB; and
- requirement of providing valid justifications by Bangladesh AOC holders to CAAB to request extended lease duration for their leased aircraft.

2.1.2 Application of Foreign Laws

In Bangladesh, it is generally accepted that a lease involving either a local party or an asset within the country’s jurisdiction can be governed by foreign law as the parties retain their autonomy on their preferred “choice of law” or “governing law” clause. A court will uphold the lease agreement so long as the rights granted to the

parties under the agreement do not contradict public policy or violate Bangladeshi law.

2.1.3 Restrictions Concerning Payments in US Dollars

Foreign exchange (“forex”) transactions are heavily regulated in Bangladesh by the central bank, the Bangladesh Bank. The Foreign Exchange Regulations Act (FERA) 1947 generally restricts any payment in foreign currency without “general or special exemption” which may be granted “conditionally or unconditionally” by the Bangladesh Bank. Additionally, the Bangladesh Bank issues Guidelines on Foreign Exchange Transactions (GFET) in addition to numerous statutory regulatory orders (SROs) or circulars with respect to any outward remittances of foreign exchange including, but not limited to, commercial leases in favour of foreign lessors.

Under the current regulatory framework, banks – or authorised dealers (ADs) – can facilitate transactions for domestic lessees making rental payments to foreign lessors subject to (upon requirement) prior approval of the central bank.

2.1.4 Exchange Controls

Provided that approval from the Bangladesh Bank is obtained, along with all the necessary documentation and forex/remittance forms from ADs, there should be no complications in respect of remittance or repatriation of realised proceeds.

However, among other things, availability of forex reserves and central bank permissions could be considered to represent issues with regard to repatriation delays.

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2.1.5 Taxes/Duties Payable for Physical Execution of a Lease

Similar to 1.1.1 Taxes/Duties Payable on Execution of the Sales Agreement and 1.2.5 Taxes/Duties Payable on Execution of a Bill of Sale, only the prerequisite stamp duties will apply for the lease agreement, and where such an agreement is executed outside Bangladesh and subsequently received in Bangladesh – with payment of the stamp duty by transfer of funds into the government treasury within three months.

2.1.6 Licensing/Qualification of Lessors

The lessor and the lessee will require a valid and operating Air Operator's Certificate (AOC) from their respective jurisdictions.

2.2 Lease Terms

2.2.1 Mandatory Terms for Leases Governed by English or New York Law

There are no mandatory terms or clauses required in a lease (or ancillary documents thereto) governed by UK or New York law, as long as all the essential elements of a contract are present for it to be valid and enforceable under Bangladeshi law.

2.2.2 Tax and Withholding Gross-Up Provisions

If payment is received in Bangladesh from a foreign entity, it is possible that the recipient could be subjected to double taxation due to mandatory deduction of at-source tax by the bank. The provisions of the Double Taxation Avoidance Treaty may be relevant and considered in this regard.

2.2.3 Parts Installed or Replaced After a Lease's Execution

The lease agreement in question should be well drafted to cover specific provisions related to spare parts, etc. At the same time, there can

be amendments to the lease or availing services from separate suppliers/vendors for the spare parts under a separate agreement.

From a regulatory perspective, a "no objection" certificate (NOC) will be required from the CAAB for the export or import of any aeronautical product (spare parts) for civil aircraft from/to Bangladesh. This must be updated at the time of renewal of the Air Operator Certificate (AOC) in Bangladesh.

2.2.4 Risk of Title Annexation

The term "title annexation" is not commonly used in Bangladesh, and any successful and valid transfer of ownership and/or title with respect to aircraft engines installed on an airframe is governed by the instrument of transfer and/or any sale agreement. The rights to title for the property/asset in question remain distinct and separate for all parties concerned.

2.2.5 Recognition of the Concepts of Trust/Trustee

Under the Trusts Act 1882, the concept of a trust and the role of an owner trustee are recognised in Bangladesh.

2.3 Lease Registration

2.3.1 Notation of Owner's/Lessor's Interests on Aircraft Register

As the main regulatory body in Bangladesh for aviation-related matters, one of the key responsibilities of the CAAB is the registration of aircraft. It should be noted that registration is carried for the purpose of controlling the safety of aviation in Bangladesh, and not to establish legal ownership of aircraft.

Under the Civil Aviation Act of 2017 and the CAAB's Air Navigation Order (ANO) AW 7 "Aircraft Nationality And Registration Marks" states

that the registered owner of an aircraft must inform the CAAB, in writing, within three weeks, in the event of any change in ownership through sale, any change in lease agreement requiring amendment of any part of the certificate of registration, or any change in the particulars submitted to the CAAB when an application was made for registration.

Furthermore, the ANO also states that until the certificate of registration is changed, it shall not be lawful to fly or assist in flying the aircraft in question (clause 15.3 of ANO AW 7).

2.3.2 Registration If the Owner Is Different From the Operator

An aircraft's registration certificate will always be issued by the chairman of the CAAB in the name of the owner in both cases – ie, when registered domestically in the name of the aircraft operator when the operator is not the owner, or in the name of the owner if the owner is not also the operator.

2.3.3 Aircraft/Engine-Specific Registers

There is no specific and/or separate register for leases concerning aircraft or engines.

2.3.4 Registration of Leases With the Domestic Aircraft Registry

There is no mandatory requirement in Bangladesh for registering an aircraft lease separately. However, when registering an imported leased aircraft, the applicant must file the details of the lease with the application in question. There is no separate requirement for receiving consent from any government authority for a lease.

A copy of the lease agreement must be filed with the aircraft registration application, together with the other required documents. No individual or AOC holder may import a civil aircraft into Bang-

ladesh without first obtaining an NOC from the CAAB. These documents must confirm the aircraft's compliance with relevant design standards, as well as adherence to "age restriction of an aircraft to be imported in Bangladesh" regulations under various regulatory and compliance checks by the CAAB via various ANOs and other forms.

2.3.5 Requirements for a Lease to Be Valid and Registrable

If the lease agreement is prepared in a language other than English, it is recommended that a translation be provided and notarised for submission to the CAAB for inclusion in the aircraft registry. There is no specified format with respect to the lease agreement.

2.3.6 Taxes/Duties Payable for Registering a Lease

There is no lease registration. All AOC holders submit evidence of deposition of the requisite fees (application/ processing fees, etc.) with applicable VAT and other tax imposed by the government.

2.3.7 Registration of Aircraft in Alternative Countries

Local and foreign airlines operate in Bangladesh. Local airlines tend to register locally and foreign airlines register in a location of their preference, and there appear to be no popular alternative countries of registration for aircraft habitually based in the country.

2.3.8 Requirements for Documents Concerning Registration

Under CAAB regulations, registered owners/new owners submit a new application and attach the following, as required:

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- an affidavit from the previous owner which has been authenticated by a notary, together with proof that the aircraft has been sold or transferred to a new owner;
- the existing certificate of registration, completed in the relevant section by the new owner, if not already provided by the registered owner;
- for amendments of any entry other than change of owner/operator, evidence required for carrying these out; and
- a receipt for the appropriate fee.

2.4 Lessor's Liabilities

2.4.1 Tax Requirements for a Foreign Lessor

Under the taxation regimes of Bangladesh, the domestic lessee shall be subjected to applicable direct taxation (withheld at source) and indirect taxation (in the form of VAT or deducted at source), for supplying any taxable goods and services. Such obligations under law shall be taken care of by the remitting bank of the domestic lessee.

2.4.2 Effects of Leasing on the Residence of a Foreign Lessor

Under the taxation laws of Bangladesh, any individual (including any foreign lessor) could be deemed and/or treated as a resident of Bangladesh if that person stays in Bangladesh for:

- 183 days or more in any income year; or
- 90 days or more in an income year and that person has also previously resided in Bangladesh for a period of 365 or more days during the four preceding years.

Residency is determined purely on the period of presence in Bangladesh, irrespective of residency in other countries.

2.4.3 Engine Maintenance and Operations

Depending on the type of lease agreement (operating lease, finance lease) and the clause specifying the covenants of the parties concerned, unless such an obligation is specifically mentioned or direct or material breach of contract by the foreign lessor, no liabilities will be imposed upon a foreign lessor in respect of aircraft or engine maintenance and operations.

2.4.4 Damage or Loss Caused by an Asset

As a common law-based jurisdiction, Bangladesh recognises the principles of strict liability. However, the country does not have any codified legislations, having developed most of its established principles on tortious liability (vicarious liability, negligence, etc.) based on judicial precedents from its highest courts.

Strict liability in the form of environmental damages under the Environmental Protection Act, 1995 and/or breach of any fundamentally protected rights guaranteed under the Constitution may always be considered a possible liability for a foreign aircraft or engine owner or lessor under a lease or financier financing the asset as a result of damage or a loss caused by the asset.

Additionally, the type of lease – eg, a wet or damp lease, where the lessor assumes operational control of the aircraft's business, or a dry lease, where the lessee usually assumes operational control of the aircraft – also plays a part in terms of liability. From a practical standpoint, generally, even in cases of a wet or damp lease, it is highly likely that both the foreign and domestic parties could be sued under negligence as a result of damage or a loss caused by the asset.

2.4.5 Attachment by Creditors

Under the civil procedural laws of Bangladesh, a creditor of a domestic lessee may apply to the

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court for attachment of a property (eg, an aircraft leased to the lessee but owned by a different entity) to protect the creditor's interests. However, any third party can challenge the claim and establish title to the property themselves. Such creditors do not have the authority to sell the leased aircraft.

2.4.6 Priority of Third Parties' Rights

Priority will be determined based on the third party. Additionally, while no direct local legislation addresses this issue, the treaty provision determining the priority of third-party liens will be applicable since Bangladesh is a signatory of the Cape Town Convention.

2.5 Insurance and Reinsurance

2.5.1 Requirement to Engage Domestic Insurance Companies

Under the current and existing insurance related laws in Bangladesh, there is no express limit or restriction on mandatory domestic insurance coverage for all or part of the insurance to be placed with domestic insurance companies.

However, in practice, due to the absence of any foreign non-life insurance company in Bangladesh, cover is arranged with domestic insurance companies in the country. It may be also possible to apply to the Insurance Development and Regulatory Authority (IDRA) for permission to arrange all or part of the insurance in question with foreign insurance companies in certain situations, although this would involve payment of premiums in foreign currencies, inviting further regulatory compliance.

2.5.2 Mandatory Insurance Coverage Requirements

Under existing CAAB regulations, every applicant is required to submit an aircraft insurance certificate for the aircraft registration application.

Every AOC holder must maintain valid insurance to cover its liability towards passengers and their baggage, crew, cargo, hull loss, third-party liability, etc.

2.5.3 Placement of Insurance Outside of Jurisdiction

Under the prevailing reinsurance laws of Bangladesh, 50% of reinsurable amounts must be covered with the Sadharan Bima Corporation (SBC, the only state-owned insurance company in Bangladesh). The remainder can be reinsured with SBC or with any other insurer from the overseas secured market. However, the government retains the right to "redetermine" such limits by way of official notifications via statutory regulatory orders from time to time.

It is important to note that there are eligibility requirements for placing the facultative cover to the overseas markets along with other variables, such as exceeding the country limit (for obtaining facultative covers, etc.) with regards to reinsurance policies in Bangladesh.

2.5.4 Enforceability of "Cut-Through" Clauses

There is no legal exclusion known to us in domestic law. If there is a specific clause in the insurance/reinsurance contract, provided that the matter goes to court, it will consider UK common law and public policy concerns of Bangladesh.

2.5.5 Assignment of Insurance/Reinsurance

Current insurance laws in Bangladesh do not explicitly mention assignment and transfer of non-life insurance policies. There are, however, express provisions for retrocession, allowing a reinsurer to cede a certain part of its liability to another insurer for its own interest.

As such, while assignments of insurance/reinsurance may be permitted with respect to any aircraft or engine, it must be in writing (preferably via a separate instrument), along with notification to the CAAB.

2.6 Lease Enforcement

2.6.1 Restrictions on Lessors' Abilities

Restrictions are as follows:

- all covenants, along with the rights and obligations of the lessor, must be governed by the lease agreement itself, which may include the right to terminate in case of any breach (material or otherwise) of the lessee's obligations owed towards to the lessor;
- with respect to re-export of aircraft, permission and clearance must be obtained from the CAAB and also from the customs authorities; and
- upon termination of a lease agreement, the lessor may or may not opt to sell the aircraft following "deregistration/cancellation of registration" of the aircraft by the CAAB.

2.6.2 Lessor Taking Possession of the Aircraft

Provided the lessor is an Irrevocable De-Registration and Export Request Authorisation (IDERA) holder with a deregistration power of attorney (DPOA) and is filed under CAAB, it may take physical possession of the aircraft without the lessee's consent or a court order.

2.6.3 Specific Courts for Aviation Disputes

There are currently no specific courts and/or tribunals under any statutory original jurisdiction that handle specific aviation-related cases and matters only other than aircraft salvage operations, over which the admiralty court has jurisdiction.

2.6.4 Summary Judgment or Other Relief

Under the Civil Procedure Code of Bangladesh, summary judgments are only applicable in terms of negotiable instruments.

In term of injunctive relief pending final resolution of judicial proceedings, courts (or tribunals) may issue ad interim injunctions pending final adjudication of any case or matter subject to their discretion in light of the facts and circumstances surrounding cases. Both interim (before a trial even commences) and interlocutory (after a trial, but before the final verdict) injunctions may be granted. As far as the conditions under which such injunctive relief may be permitted by the courts generally is concerned, this depends on whether the aggrieved party has a prima facie case against the other party, the balance of convenience in favour of the aggrieved party, and whether the aggrieved party would suffer "irreparable loss and damages" in the event of denial of the injunctive measures. Injunctive relief is not only contained in procedural laws but also provided under certain statutes, such as the Company Act, which should provide the secured party with significant protection of assets under Bangladeshi laws.

2.6.5 Domestic Courts' Approach to Foreign Laws and Judgments

The courts should not have difficulty upholding foreign law as the governing law for an aircraft lease provided the foreign law in question is common law-based, as are Bangladeshi and UK law.

With respect to submission to a foreign jurisdiction, the established principles of private international laws will apply.

Waver of immunity will depend on the applicable waiver clauses of the lease agreement, the waiv-

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ing party – ie, the sovereign state, agency, statutory corporation, state-owned companies, etc. – and applicable bilateral/multilateral treaties and public policies. If the waiver is valid under law, the court will most likely uphold its validity.

2.6.6 Domestic Courts' Recognition of Foreign Judgments/Awards

The Civil Procedure Code of Bangladesh recognises the enforceability of foreign judgments subject to certain pre-conditions: (a) the judgment issued by the foreign Court must be conclusive; and (b) the judgment/decreed issued by a foreign court must be from a “reciprocating territory”.

Arbitral awards do not need to be re-examined but must be notarised and authenticated by ministry of foreign affairs of the country concerned and by the Bangladesh High Commission.

2.6.7 Judgments in Foreign Currencies

In the absence of a specialised aviation court, unlike for shipping matters (where the Admiralty Court is used), a regular court may not issue a judgment in a foreign currency. The matter may require the intervention of a higher court through the filing of an appeal and with the permission of the central bank of Bangladesh.

2.6.8 Limitations on Lessors' Actions Following Termination

Under Bangladesh's civil procedural code, the court uses its discretion to determine the pre- and post-decree interest. The courts may consider contractual provisional interest, but will impose the this within a reasonable amount and not necessarily in the amount stipulated by the contract. On the other hand, the Contract Act specifically provides for compensation for breach of contract

2.6.9 Lessor's Requirement to Pay Taxes/Fees

There are no such taxes or fees for enforcement of the lease agreement on the part of the lessor except for the prerequisite court fees/stamp duties in the event that the matter is due for litigation in Bangladesh.

2.6.10 Mandatory Notice Periods

Any such notice period shall be expressly governed under the terms and conditions of the lease agreement in question.

2.6.11 Lessees' Entitlement to Claim Immunity

Waiver of immunity shall depend on the applicable waiver clauses of the lease agreement, the waiving party (ie, the sovereign state, agency, statutory corporation, state-owned companies etc.) and applicable bilateral/multilateral treaties and public policies. If the waiver is valid under law, the court will likely uphold its validity.

2.6.12 Enforcement of Foreign Arbitral Decisions

Bangladesh is a signatory to the New York Convention, having ratified the agreement on 6 May 1992. The domestic Arbitration Act, 2001 recognises foreign arbitral awards as binding upon the parties to the arbitration agreement for all intents and purposes unless the same is refused for its recognition and enforcement on any grounds specified therein.

Provided there are no grounds for refusal, the foreign arbitral award can be enforced by way of an execution suit in the relevant courts in Bangladesh under the prevailing procedural laws in the same manner as a decree passed by a competent court in Bangladesh.

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2.6.13 Other Relevant Issues

Due to the absence of a fixed commercial court and/or any special court with jurisdiction to deal with aviation-related matters only in Bangladesh and to a backlog of cases in the lower judiciary, time is an issue which may well need to be taken into account by any lessor enforcing their legal rights in Bangladesh.

2.7 Lease Assignment/Novation

2.7.1 Recognition of the Concepts of Contractual Assignment and Novation

Bangladesh's Contract Law recognises the concepts of "contractual assignment and novation", as long as such rights are property defined in the respective clauses of the lease in question.

2.7.2 Assignment/Novation of Leases Under Foreign Laws

Since Bangladesh is a common law-based jurisdiction, provided that any assignment and assumption agreements governed by New York or UK law constitutes a valid contract under the contract laws of the country, the courts will not question its validity. Moreover, there are no mandatory terms that required to be included in agreements as long as the provisions therein are not contrary to the prevailing public policy of Bangladesh.

2.7.3 Enforceability of Lease Assignments/Novations

For any contract agreements drafted in any other languages other than English, a translation must be provided which must be notarised by a certified public notary in Bangladesh.

2.7.4 Filing/Registration of Lease Assignments/Novations

The CAAB requires amendment of the register in the event of change of owner/operator/lessee

affecting the certificate of registration, including mortgage recording and/or mortgage release.

Any change of ownership via assumption/novation of any aircraft lease agreement must be submitted to and filed with the CAAB. Any changes to engine lease agreements should also be disclosed to the CAAB, which maintains a National Record System for all aircraft/engines/propeller/spare parts to document the ownership and controlling interests of the parties concerned.

2.7.5 Taxes/Duties Payable on Assignment/Novation

There are no taxes/duties payable in respect of such assignments and assumption/novation agreements except for the prerequisite stamp duties. The same applies where an agreement is executed outside Bangladesh and subsequently received in Bangladesh (ie, stamp duty due within three months).

2.7.6 Recognition of Transfer of Ownership Interests

Any change in shareholders must be updated following notification to the CAAB at the time of renewals of certifications and licences.

2.8 Aircraft Deregistration and Export

2.8.1 Deregistering Aircraft in This Jurisdiction

In Bangladesh, under existing CAAB rules, deregistration/cancellation of the registration of an aircraft may be carried out by the CAAB if any one of the conditions below is met and if the CAAB it is satisfied that:

- the registration was not in conformity with the civil aviation requirements;
- the registration was made by submitting false information;

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- the aircraft could more suitably be registered in some other country;
- the aircraft has been destroyed or permanently withdrawn from use;
- it is not in the public interest that the aircraft should remain registered in Bangladesh;
- the lease in respect of the aircraft registered has either (i) expired; or ii) has been terminated by mutual agreement between the lessor and the lessee; or (iii) has been otherwise terminated in accordance with the provisions of the lease agreement, or the terms of lease;
- the Airworthiness Review Certificate in respect of the aircraft has expired for a period of two or more years or more;
- the Certificate of Airworthiness has been cancelled; or
- the aircraft falls under the cancellation provision of Civil Aviation Rules.

The CAAB may cancel the Certificate of Registration even the aircraft mortgaged to a financial institute and/or is recorded with the authority.

Deregistration may also be carried out by the owner/operator or their authorised representatives if they are an IDERA holder and/or have DPOA by submitting the Original Certificate of Registration and completing the relevant section of the certificate along with supporting documents to justify the reason for deregistration.

2.8.2 Lessee's/Operator's Consent

Provided that any aircraft owner, mortgagee or lessor duly notifies the existence of an IDERA and DPOA and this has been recorded with the CAAB following termination of the lease in accordance with the provisions of the lease agreement, or the terms of the lease, they may apply for the deregistration of the aircraft without the consent of the lessee or operator.

2.8.3 Required Documentation

Under CAAB regulations, the owner/operator or their authorised representatives may apply for deregistration of an aircraft by submitting the Original Certificate of Registration and completing relevant section of the certificate along with supporting documents to justify the reason for deregistration.

The CAAB may also request any additional documents, including but not limited to, translated and notarised copies of IDERA and DPOA proof.

2.8.4 Duration of Deregistration Process

The estimated deregistration period will depend upon the reason for deregistration. If deregistration is due to expiry, or is to be carried out by mutual agreement, it should not take more than two to four weeks, based on the availability of the required documents.

2.8.5 Aviation Authority's Assurances

There are no such provisions under existing CAAB rules.

2.8.6 Costs, Fees and Taxes Relating to Deregistration

There is no explicit mention of chargeable government fees/taxes related to deregistration of aircraft in Bangladesh.

2.8.7 Deregistration Power of Attorney

Since Bangladesh is a signatory of the Cape Town Convention, there are no specific guidelines with respect to IDERA and DPOA for aircraft deregistration, although, under existing CAAB rules and regulations, these may still be recognised and considered valid.

Also, if not presented in English, a DPOA may need to be translated and notarised by a certified notary public in Bangladesh.

2.8.8 Documents Required to Enforce Deregistration Power of Attorney

An owner/operator or their authorised representatives may apply for deregistration of an aircraft by submitting the Original Certificate of Registration, completing the relevant section and providing supporting documents to justify the deregistration (letter of authorisation, board decision, etc.)

2.8.9 Choice of Laws Governing Deregistration Power of Attorney

There is no such requirement in Bangladesh.

2.8.10 Revocation of a Deregistration Power of Attorney

Revocation of irrevocable POA shall be determinable under the applicable law and the terms of the DPOA in question.

2.8.11 Owner's/Lessor's Consent

This depends on the applicable law, the terms of the relevant documents in question and due process under law.

2.8.12 Aircraft Export Permits/Licences

Any applicable export permits/licenses will be issued by the offices of the Chief Controller of Import and Export (CCIE) in Bangladesh, along with applicable NOC by the CAAB.

2.8.13 Costs, Fees and Taxes Concerning Export of Aircraft

Depending on the nature of the aircraft export out of Bangladesh, export duties could be applicable.

2.8.14 Practical Issues Related to Deregistration of Aircraft

Any practical issues arising in respect of aircraft deregistration could involve instances where the termination is not mutual. The time-delay factor,

along with judicial interference/intervention, may be avoided with prior due diligence for added safety and security.

2.9 Insolvency Proceedings

2.9.1 Overview of Relevant Laws and Statutory Regimes Governing Restructurings, Reorganisations, Insolvencies and Liquidations

For the purposes of this piece, we consider the lessee as a company, and not an individual.

Restructuring and Reorganisation

Restructuring includes steps taken by both creditors and shareholders. A lessee may be restructured under the Companies Act 1994 (CA 1994) or the Bankruptcy Act 1997 (BA 1997). Under the CA 1994, the lessee may be restructured via, among others, a merger/amalgamation or compromise arrangement.

Minority shareholders can also bring about a restructuring by forcing a buy-out or reorganisation of the Board of Directors.

Under the BA 1997 with banking laws, creditors can also restructure the lessee through the bankruptcy court after declaration of bankruptcy by the court, although examples of this are very rare.

Currently, although the banking laws introduced the concept of insolvency, this is not yet reflected in the BA 1997.

Insolvency and Bankruptcy

The bankruptcy petition can be filed by both creditors and the lessee, and the courts have the power to declare bankruptcy and appoint a receiver/administrator for property and the distribution of proceeds among creditors.

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Although the BA should provide the lessee time to settle its dues, due to conflicting banking laws and the lack of insolvency proceedings provided by the Act, this is not always the case. The current bankruptcy laws are being amended to address these issues.

Liquidation

Liquidation can be voluntary or involuntary. For voluntary liquidation, there is no involvement of the court, and the same applies if filing with the company registrar, provided there is no creditor. Involuntary liquidation is mostly supported by the courts where parties are at dispute or the lessee is unable to pay its debt, or if the lessee loses its substratum, for example.

Following appointment of official receiver or liquidator, the company is dissolved/liquidated.

2.9.2 Overview of Relevant Types of Voluntary and Involuntary Restructurings, Reorganisations, Insolvencies and Receivership

Both the lessee (voluntary) and creditor (involuntary) can take steps toward bankruptcy and liquidation. On the other hand, creditor (involuntary) and shareholder (involuntary) can apply to the court for restructuring and reorganisation if a compromise or arrangement is proposed. Similarly, the lessee (voluntary) can file a scheme of amalgamation before the court for merger under restructuring and reorganisation.

2.9.3 Co-ordination, Recognition or Relief in Connection With Overseas Proceedings

There is no specific framework, international treaty instrument or statutory provision in Bangladesh for recognition and relief in instances of cross-border restructuring or insolvency in other jurisdictions.

2.9.4 Effect of Lessee's Insolvency on a Deregistration Power of Attorney

If a lessee is dissolved through the liquidation process, it is very likely that the IDERA holder with the DPOA will be treated as void. Once the dissolution order is passed, the power of attorney will cease to exist.

2.9.5 Other Effects of a Lessee's Insolvency

The initiation of any liquidation/administration process for the lessee would involve the appointment of an official court liquidator or receiver who will receive a statement on the affairs of the company, including its assets, debts and other liabilities, and secured and unsecured creditors.

A lease on an aircraft belonging to a lessor will not be set aside from the outset in liquidation proceedings against a lessee. However, upon application to a court performing an involuntary wind-up, the foreign lessor may always claim rightful ownership of the asset and obtain assistance in this regard, including any injunctive relief under the CA 1994, provided this is applied for before the order to wind up the (lessee) company is issued.

There may be some delays in terms of court proceedings, as the court or official receiver or liquidator is required to identify the assets of the lessee and determine ownership status.

2.9.6 Risks for a Lender if a Borrower, Guarantor or Security Provider Becomes Insolvent

Some of the main risks in the event of the insolvency of a borrower, guarantor or an entity providing security may relate to, among other things, an increase in costs (legal, court-appointed liquidator or administrative costs), a significant time lapse, prioritisation of secured creditors, and a possible reduction in realised recovery amounts.

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2.9.7 Imposition of Moratoria in Connection With Insolvency Proceedings

Although the Bankruptcy Act 1997 should provide the lessee with some breathing space/time to settle its dues, due to conflicting banking laws and the non-availability of insolvency proceedings provided by the Act, a moratorium is not necessarily granted. The current bankruptcy laws are being amended to address this.

2.9.8 Liquidation of Domestic Lessees

As in 2.9.1 Overview of Relevant Laws and Statutory Regimes Governing Restructurings, Reorganisations, Insolvencies and Liquidations, the domestic lessee can be liquidated or placed in administration or receivership under the Bankruptcy Act 1997 or under the Companies Act 1994.

2.9.9 Ipso Facto Defaults

There are no established precedents with regards to the any “ipso facto defaults” for repossessing an aircraft during a lessee’s insolvency proceedings. However, provided that ipso facto clauses are properly incorporated into the lease agreement, there remains no probable cause or grounds for non-enforcement of these clauses during the insolvency proceedings of a lessee.

2.9.10 Impact of Domestic Lessees’ Winding-Up

A wind-up order from the court against a domestic lessee will not impact any/all property/assets (aircraft) not belonging to the lessee as the title ownership will always remain with the rightful owners subject to strict proof.

With regard to issues (rights arising from the lease agreement) pertaining to security deposits, rental amounts/liquidated damages, etc. would all effectively end subject to these being classi-

fied as debts owed (or adjusted) by the lessee to its creditors (ie, the lessor).

2.10 Cape Town Convention and Others

2.10.1 Conventions in Force

Bangladesh has ratified the Convention on International Interests in Mobile Equipment (the “Convention” and/or “Cape Town Treaty”) and the related Protocol on Matters Specific to Aircraft Equipment (the “Protocol”) and both are in force.

There may be no requirement for local entities to apply for AEP codes. In Bangladesh, lessors can attend to these filings themselves.

2.10.2 Declarations Made Concerning Conventions

Declarations Under the Convention

The following declarations have been made by Bangladesh under the Convention.

Article 39 – Rights Having Priority Without Registration

Form No 1 (Specific declaration under Article 39(1)(a))

The People’s Republic of Bangladesh declares that the following categories of non-consensual rights or interest have priority under its laws over an interest in an aircraft object equivalent to that of the holder of a registered international interest and shall have priority over a registered international interest, whether in or outside insolvency proceedings, namely:

- liens in favour of airline employees for unpaid wages arising since the time of a declared default by that airline under a contract to finance or lease an aircraft object;
- liens or other rights of an authority of Bangladesh relating to taxes or other unpaid

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charges arising from or related to the use of that aircraft object and owed by the owner or operator of that aircraft object, arising since the time of a default by that owner or operator under a contract to finance or lease that aircraft object; and

- liens in favour of repairers of an aircraft object in their possession to the extent of service or services performed on and value added to that aircraft object.

Form No 4 (General declaration under Article 39(1)(b))

The People's Republic of Bangladesh declares that nothing in the Convention shall affect its right or that of any entity thereof, or any inter-governmental organisation in which Bangladesh is a member, or other private provider of public services in Bangladesh, to arrest or detain an aircraft object under its laws for payment of amounts owed to the Government of Bangladesh, any such entity, organisation or provider directly relating to the service or services provided by it in respect of that aircraft object.

Article 40 – Registrable Non-consensual Rights or Interests

Form No 6 (Declaration under Article 40)

The People's Republic of Bangladesh declares that the following categories of non-consensual rights or interest shall be registerable under the Convention as regards any category of aircraft objects as if the right or interest were an international interest and shall be regulated accordingly, namely:

- rights of a person obtaining a court order permitting attachment of an aircraft object in partial or full satisfaction of a legal judgment; and

- liens or other rights of an authority of Bangladesh relating to taxes or other unpaid charges arising from or related to the use of an aircraft object and owed by the owner or operator of that aircraft object, arising prior to the time of a declared default by that owner or operator under a contract to finance or lease that aircraft object; and
- liens in favour of airline employees for unpaid wages arising prior to the time declared default by that airline under a contract to finance or lease an aircraft object.

Article 52 – Territorial Units

Form No 10 (General declaration under Article 52)

The People's Republic of Bangladesh declares that the Convention shall apply to whole of Bangladesh including its maritime boundaries.

Article 53 – Determination of Courts

Form No 11 (Declaration under Article 53)

The People's Republic of Bangladesh declares that The Supreme Court of Bangladesh is the relevant Court of Bangladesh under the CTC for the purposes of Article 1 and Chapter XII of the Convention.

Article 54 – Declarations Regarding Remedies

Form No. 13 (Mandatory declaration under Article 54(2))

The People's Republic of Bangladesh declares that any and all remedies available to the creditor under the Convention which are not expressed under the relevant provision thereof to require application to the court may be exercised without court action and without leave of the court.

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Declarations Under the Protocol

The following declarations have been made by Bangladesh under the Protocol.

Form No 19 (Declaration under Article XXX(1) in respect of Article VIII)

The People's Republic of Bangladesh declares that it shall apply Article VIII of the Protocol.

Form No 21 (Declaration under XXX(2) in respect of Article X providing for the application of the entirety of Article X)

The People's Republic of Bangladesh declares that it shall apply Article X of the Protocol in its entirety and that the number of working days to be used for the purposes of the time limit laid down in Article X(2) of the Protocol shall be not more than:

- ten calendar days in respect of the remedies specified in Articles 13(1)(a), (b) and (c) of the Convention (respectively preservation of the aircraft objects and their value; possession, control or custody of the aircraft objects; and, immobilisation of the aircraft objects); and
- 30 calendar days in respect of the remedies specified in Articles 13(1)(d) and (e) of the Convention (respectively lease or management of the aircraft objects and the income thereof; and, sale and application of proceeds from the aircraft objects).

Form No 23 (General declaration under Article XXX(3) in respect of Article XI) providing for the application of Alternative A in its entirety to all types of insolvency proceeding)

The People's Republic of Bangladesh declares that it shall apply Article XI, Alternative A of the Protocol in its entirety to all types of insolvency proceeding and that the waiting period for the

purposes of Article XI(3) of that Alternative shall be 60 calendar days.

Form No 26 (Declaration under Article XXX(1) in respect of Article XII)

The People's Republic of Bangladesh declares that it shall apply Article XII of the Protocol.

Form No 27 (Declaration under Article XXX(1) in respect of Article XIII)

The People's Republic of Bangladesh declares that it shall apply Article XIII of the Protocol.

Form No 34 (General declaration under Article XXIX)

The People's Republic of Bangladesh declares that the Aircraft Protocol shall apply to whole of Bangladesh including its maritime boundaries.

2.10.3 Application of Article XIII of the Protocol on Matters Specific to Aircraft Equipment

Article XIII of the Protocol ("De-registration and export request authorisation") applies domestically as Bangladesh is signatory of the Convention and its Protocols.

2.10.4 Enforcement of Conventions

Where domestic laws do not provide any guidance, the court may turn to and indirectly enforce treaty provisions.

2.10.5 Other Conventions

Bangladesh is a signatory to the 1948 Geneva Convention on the International Recognition of Rights in Aircraft, and not the 1933 Rome Convention on the Unification of Certain Rules Relating to the Precautionary Arrest of Aircraft.

3. Aircraft Debt Finance

3.1 Structuring

3.1.1 Restrictions on Lending and Borrowing

Under Bangladesh's foreign exchange laws, all proposals with respect to private sector industrial enterprises borrowing from abroad – including suppliers' credits, financial loans from institutions or individuals, and debt issues in international capital markets – must receive prior authorisation from the Board of Investment (BOI), which is now referred to as the Bangladesh Investment Development Authority (BIDA).

3.1.2 Effect of Exchange Controls or Government Consents

Once authorisation for financing is provided by the BIDA, repatriation will also be approved.

3.1.3 Granting of Security to Foreign Lenders

Once authorisation for financing is provided by the BIDA, the security arrangement will also be approved.

3.1.4 Downstream, Upstream and Cross-Stream Guarantees

In Bangladesh, these types of guarantees are permitted in favour of lenders. However, in accordance with foreign exchange laws and the Bangladesh Bank's foreign exchange guidelines, prior authorisation is required from the central bank with respect to providing any guarantee to a foreign resident or entity located outside Bangladesh.

3.1.5 Lenders' Share in Security Over Domestic SPVs

Special Purpose Vehicles (SPVs) in Bangladesh are mostly used for construction of mega projects, particularly in the energy sector, for public transportation and for infrastructure projects. No SPV currently owns a financed aircraft.

Additionally, in general situations, issuance of local equity in favour of foreign lenders would require approval by the Bangladesh Bank's scrutiny committee on foreign loans/supplier credit. The application for a foreign loan must be submitted to the BIDA in the required form with supporting documents.

3.1.6 Negative Pledges

There is no legal exclusion of negative pledges.

3.1.7 Intercreditor Arrangements

For foreign lenders, permission from the BIDA is required. Otherwise, no material restrictions are imposed on inter-creditor arrangements in Bangladesh.

3.1.8 Syndicated Loans

Appointment of agency is common in syndicated loans in Bangladesh.

3.1.9 Debt Subordination

Debt subordination is reflected when hypothecation or a charge is created on the assets of the lessee and filed with the company registrar, and is now also recognised under the Secured Transactions Act in Bangladesh. Unless there is a *pari passu* arrangement, priority is granted on a "first-come, first-served" basis.

3.1.10 Transfer/Assignment of Debts Under Foreign Laws

Since Bangladesh is a common law-based jurisdiction, the transfer or assignment of all or part of an outstanding debt under a UK or New York law-governed loan is permissible and recognised.

3.1.11 Usury/Interest Limitation Laws

Both Islamic and non-Islamic interest-based finance is available under Bangladeshi laws, and there is no limitation.

3.2 Security

3.2.1 Typical Forms of Security and Recourse

The typical forms of security interests in financing transactions include mortgages, charges, pledges and assignments. Mortgages are arranged for immovable assets, such as land, and movable assets, such as ships and aircraft, with mortgagees usually granted power of attorney to sell the assets in the event of default without court intervention. Charges cover both fixed and floating assets using a “letter of hypothecation”, allowing creditors to sell charged assets. Pledges are typically on shares, with share certificates and signed undated transfer forms given to the creditor, although enforcement requires the pledger’s authorised representative, complicating the process. Assignments are used for the borrower’s receivables, insurance proceeds, and other contractual rights.

3.2.2 Types of Security Not Available

There is no restriction.

3.2.3 Trust/Trustee Concepts

The concept of security trustee is not recognised. In limited circumstances, the concept is used for an escrow account and may be treated as created under a trust.

3.2.4 Assignment of Rights to an Aircraft by a Borrower to a Security Trustee

The concept of security trustee is not recognised.

3.2.5 Assignment of Rights and Benefits Without Attendant Obligations

Typically, the assignment of lease rights and benefits includes both rights and obligations, unless the lease agreement specifically permits otherwise.

3.2.6 Choice of Foreign Law

Bangladesh being a common law based jurisdiction, the security assignment or a guarantee can be governed by UK or New York law.

3.2.7 Formalities/Mandatory Terms to Create and Perfect Security Assignments

The concept of security assignment is not recognised under Bangladeshi laws, although, since Bangladesh is a common law-based jurisdiction, it can refer to UK law.

3.2.8 Domestic Law Security Instruments

Please refer 3.2.1 Typical Forms of Security and Recourse.

3.2.9 Domestic Registration of Security Assignments Governed by Foreign Laws

Domestic law security instruments may be filed with the company registrar or land registry offices in applicable circumstances.

3.2.10 Transfer of Security Interests Over Aircraft/Engines

In Bangladesh, domestic law does not fully address the complexities of transferring security interests in aircraft.

3.2.11 Effect of Changes in the Identity of Secured Parties

In Bangladesh, domestic law does not fully address this issue.

3.2.12 “Parallel Debt” Structures

In Bangladesh, domestic law does not fully address this issue.

3.2.13 Effect of Security Assignments on Residence of Secured Parties

In Bangladesh, domestic law does not fully address this issue.

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3.2.14 Perfection of Domestic Law Mortgages
In Bangladesh an application for Aircraft Mortgage Registration has to be made to the CAAB.

3.2.15 Differences Between Security Over Aircraft and Spare Engines

In Bangladesh, domestic law does not fully address this issue.

3.2.16 Form and Perfection of Security Over Bank Accounts

The Secured Transactions Act provides a framework for securing loans with a lease receivables account as collateral. This can be perfected by attachment, control and registration under the designated authority created therein.

3.3 Liens

3.3.1 Third-Party Liens

Under the CAAB's existing regulations, there are no express provisions on third-party liens for aircraft and/or aircraft engines for which recourse may be sought under the legal framework in Bangladesh for the establishment and enforcement of liens under contract laws (which are key to specifying the powers to discharge third-party liens in any contractual arrangement between parties).

In case of default, the lienholder may have the right to foreclose on the lien. This could involve taking possession of the aircraft and selling it to recover the outstanding debt.

Additionally, Bangladesh being a signatory of the Cape Town Treaty and its Protocols, the principles of the Convention may be considered by Bangladeshi courts for guidance and interpretation depending on respective cases. However, it should be noted that Fleet Lien is not recognised under the treaty convention, and, as such, any

creditor might be able to file an action for separate liens on each aircraft within the fleet.

The most likely course of action for a third-party creditor with a lien would be to file a lawsuit against the aircraft owner in Bangladeshi courts or initiate arbitration proceedings and seek assistance from the courts for foreclosure to recover the debt.

With regards to the issue of unpaid government dues, charges (aeronautical/non-aeronautical charges) owed to the CAAB, the latter retains its power to detain and deregister an aircraft in Bangladesh. However, it may require a further court order for selling it. The CAAB should maintain a National Recording System to keep track and list any/all of its existing aircrafts/engine/propellers and their rightful owners.

3.3.2 Timeframe to Discharge a Lien or Mortgage

A mortgage is discharged upon payment of dues and filing a mortgage release under the CAAB.

3.3.3 Register of Mortgages and Charges

The CAAB forms for Registration of Aircraft and the Certificate of Aircraft Mortgage Registration specifically show the interest of an aircraft mortgagee or security trustee on the aircraft register.

Additionally, under Civil Aviation laws, the CAAB maintains a National Recording System for the preservation of information on documents determining the ownership or interest of any civil aircraft registered in Bangladesh and any aircraft engine, propeller, appliance or spare parts used therein.

The registration ensures notification to all third parties of the interest of a secured party/mortgagee and also any amendment to the register.

(if required) and their consent in connection to the aircraft.

3.3.4 Statutory Rights of Detention or Non-consensual Preferential Liens

The powers of the CAAB to detain aircraft are limited but it can exercise these if the nature of an intended flight appears to be dangerous, or to posing a threat to passengers, or to people/property on the ground; also, in cases where detention is necessary for compliance under existing regulations (ANOs, for example).

Non-consensual preferential liens are not widely established in Bangladesh. However, with Bangladesh being a party to the Cape Town Convention, the court could interpret and enforce certain rights and treaty obligations. Furthermore, the Cape Town Convention does not generally recognise fleet-wide liens; as such, a creditor might be able to register separate liens on each aircraft within the fleet for work performed on each one in an appropriate court of law.

3.3.5 Verification of an Aircraft's Freedom From Encumbrances

Any potential purchaser may seek to verify the register maintained by the CAAB as well as the International Registry under the Cape Town Convention.

3.4 Enforcement

3.4.1 Differences Between Enforcing Security Assignments, Loans and Guarantees

For local lenders such as banks and financial institutions, loan, guarantee and security assignments are enforced through specialised loan recovery tribunals, and there is no separate enforcement mechanism. For other creditors, there is no specialised tribunal, and enforcement is carried out by filing a single lawsuit for all in Bangladesh.

3.4.2 Security Trustees' Enforcement of Their Rights

In Bangladesh, domestic law does not fully address this issue.

3.4.3 Application of Foreign Laws

Since Bangladesh is a common law-based jurisdiction, UK law and other common law principles can likely be upheld. The provisions of domestic laws which are mandatorily applicable shall also apply.

Regarding to submission to a foreign jurisdiction, the conflict-of-laws principle shall apply.

3.4.4 Recognition and Enforcement of Foreign Judgments and Arbitral Awards

Please see 2.6.6 Domestic Courts' Recognition of Foreign Judgments/Awards.

3.4.5 Secured Parties' Right to Take Possession of Aircraft

A secured party cannot take physical possession of an aircraft by enforcing a security agreement/aircraft mortgage without the lessee's or operators consent or co-operation. However, if the secured party does not receive co-operation from the lessee or the operator, it can seek the assistance of the court in taking possession of the aircraft.

3.4.6 Domestic Courts Competent to Decide on Enforcement Actions

The domestic courts in Bangladesh are authorised to decide upon enforcement actions under a security agreement/aircraft mortgage.

3.4.7 Summary Judgments or Other Relief

Under the Civil Procedure Code of Bangladesh, summary judgments are only applicable in terms of negotiable instruments.

In term of injunctive relief pending final resolution of judicial proceedings, courts (or tribunals) may issue ad interim injunctions pending final adjudication of any case or matter subject to their discretion in light of the facts and circumstances surrounding cases. Both interim (before a trial even commences) and interlocutory (after a trial, but before the final verdict) injunctions may be granted. As far as the conditions under which such injunctive relief may be permitted by the courts generally is concerned, this depends on whether the aggrieved party has a prima facie case against the other party, the balance of convenience in favour of the aggrieved party, and whether the aggrieved party would suffer “irreparable loss and damages” in the event of denial of the injunctive measures. Injunctive relief is not only contained in procedural laws but also provided under certain statutes, such as the Company Act, which should provide the secured party with significant protection of assets under Bangladeshi laws.

3.4.8 Judgments in Foreign Currencies

In the absence of a specialised aviation court, unlike for shipping matters (where the Admiralty Court is used), a regular court may not issue a judgment in a foreign currency. The matter may require the intervention of higher court by the filing of an appeal and with the permission of the central bank of Bangladesh.

3.4.9 Taxes/Fees Payable

A secured party is required to pay taxes or fees in a non-nominal amount in connection with the enforcement of a security agreement/aircraft mortgage.

3.4.10 Other Relevant Issues

Since there is only specialised tribunal available for scheduled banks and financial institutions, any suit filed by other lender in the regular court will take some time to be resolved.

4. Other Issues of Note

4.1 Issues Relevant to Domestic Purchase, Sale, Lease or Debt Finance of Aircraft

Court proceedings in Bangladesh are generally time-consuming and recourse to arbitration is recommended.

4.2 Current Legislative Proposals

Recently, the CAAB has made changes in aircraft registration formalities incorporating the recognition of IDERA holders with DPOA.

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