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Malaysia: Law & Practice

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MALAYSIA

Law and Practice

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Contents

1. Aircraft and Engine Purchase and Sale p.4

- 1.1 Sales Agreements p.4
- 1.2 Transfer of Ownership p.4

2. Aircraft and Engine Leasing p.5

- 2.1 Overview p.5
- 2.2 Lease Terms p.6
- 2.3 Lease Registration p.6
- 2.4 Lessor's Liabilities p.7
- 2.5 Insurance and Reinsurance p.8
- 2.6 Lease Enforcement p.9
- 2.7 Lease Assignment/Novation p.11
- 2.8 Aircraft Deregistration and Export p.12
- 2.9 Insolvency Proceedings p.14
- 2.10 Cape Town Convention and Others p.17

3. Aircraft Debt Finance p.18

- 3.1 Structuring p.18
- 3.2 Security p.19
- 3.3 Liens p.21
- 3.4 Enforcement p.23

4. Other Issues of Note p.24

- 4.1 Issues Relevant to Domestic Purchase, Sale, Lease or Debt Finance of Aircraft p.24
- 4.2 Current Legislative Proposals p.24

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ABDULLAH CHAN

1. Aircraft and Engine Purchase and Sale

1.1 Sales Agreements

1.1.1 Taxes/Duties Payable Upon Execution of the Sales Agreement

Stamp duty is payable in Malaysia on instruments and not on transactions. An instrument is required to be stamped within 30 days of its execution. If an instrument is executed outside Malaysia, then it must be stamped within 30 days after the date it is brought into Malaysia either physically or electronically. For contracts generally, documents that are not stamped are inadmissible in court as evidence. Stamp duty is payable on an aircraft or engine sale agreement if the asset is located in Malaysia at the time of the sale or where a domestic party is party to such sale agreement.

1.1.2 Enforceability Against Domestic Parties

The sale agreement does not need to be translated, certified, notarised or legalised to be enforceable against a domestic party. However, the sale agreement must be stamped with the Inland Revenue Board of Malaysia (IRBM) in order for the sale agreement to be admissible as evidence in court.

1.2 Transfer of Ownership

1.2.1 Transferring Title

A bill of sale may be used to transfer title to an aircraft or engine, and its wording may specify that all installed parts are included in the transfer of title. If the entity that owns the aircraft or engine remains the same, albeit with a change in the entity's ownership/shareholding, that is not separately recognised as a sale of such aircraft or engine itself.

1.2.2 Sales Governed by English or New York Law

A bill of sale that is governed by English or New York Law is recognised to transfer title to an aircraft or engine. In order for the bill of sale to be recognised and enforceable in Malaysia, the bill of sale should be stamped with the applicable ad valorem stamp duty, and must be attested and registered within seven clear days after its execution.

1.2.3 Enforceability Against Domestic Parties

A bill of sale does not need to be translated, notarised or legalised to be enforceable against a domestic party. However, the bill of sale must comply with the Bills of Sale Act 1950, will need to be stamped in order to be admissible as evi-

dence in court, and will need to be registered accordingly.

1.2.4 Registration, Filing and/or Consent From Government Entities

A bill of sale must comply with the required statutory form and should be registered once it is stamped. It shall be attested by an advocate and solicitor of the High Court, by a Magistrate or Registrar or Assistant Registrar of the High Court, or by a commissioner for oaths or a notary public.

The estimated time for stamping a bill of sale is approximately two to four weeks; the estimated time for registering a bill of sale at the High Court of Malaya is approximately three to ten calendar days.

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

An ad valorem stamp duty is payable on a bill of sale, in accordance with the value of the asset being transferred, if the sale occurs when the asset is in Malaysia or if the bill of sale was executed in Malaysia.

If the asset is over international waters or in transit to/from Malaysia, then there is no transfer within the jurisdiction of Malaysia.

2. Aircraft and Engine Leasing

2.1 Overview

2.1.1 Non-permissible Leases

Operating/wet/finance leases over aircraft are recognised and are registrable in Malaysia. Leases concerning only engines or parts are similarly recognised but are not registrable.

2.1.2 Application of Foreign Laws

A lease involving either a domestic party or an asset situated in Malaysia may be governed by a foreign law.

2.1.3 Restrictions Concerning Payments in US Dollars

There are no material restrictions imposed on domestic lessees making rent payments to foreign lessors in US dollars generally, subject to a domestic lessee being able to evidence its obligation to make such payments.

Leases which fall within the definition of a “borrowing” under the Bank Negara Malaysia Foreign Exchange Notices (“BNM Notices”) are subject to Bank Negara Malaysia (Malaysian Central Bank) (BNM) approval for aggregate sums over MYR100 million – once such approval is obtained prior to the entry into a finance lease, there is no separate approval required for individual payments to the foreign lessor.

2.1.4 Exchange Controls

Domestic entities and individuals may make or receive payments in foreign currency to or from non-residents for any purpose. A foreign lessor may repatriate funds from Malaysia provided that the repatriation occurs in a foreign currency.

2.1.5 Taxes/Duties Payable for Physical Execution of a Lease

Stamp duty is payable on a lease that is executed in Malaysia and/or a lease that is executed by a domestic party, upon an original or copy of a lease being brought into Malaysia either physically or electronically.

2.1.6 Licensing/Qualification of Lessors

A lessor does not have to be licensed in order to do business with a domestic lessee.

If a lessor is carrying on a Labuan Leasing Business (defined as “the business of letting or sub-letting property on hire for the purpose of the use of such property by the hirer”) then that lessor would need to have a Labuan Leasing Licence granted by the Labuan Financial Services Authority (LFSA), prior to leasing aircraft to a domestic lessee.

2.2 Lease Terms

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

There are no mandatory terms for aircraft leases. The following would be included as a matter of Malaysian law compliance:

- matters pertaining to the commercial operations of a lessee (such as the Air Operator’s Certificate and the Air Service Licence);
- the documents to effect a registration of the lease on the Malaysian civil aircraft register (the “Aircraft Register”) maintained by the Civil Aviation Authority of Malaysia (CAAM);
- registration of a lessor’s security interests; and
- stamp duty declaration.

2.2.2 Tax and Withholding Gross-Up Provisions

A Malaysian party is obligated to deduct withholding tax when making payments to a non-resident in respect of services rendered in Malaysia. It is common to see a tax and a withholding gross-up provision in leases. Such a term would be valid and enforceable on the basis that it has been contractually agreed between the parties.

2.2.3 Parts Installed or Replaced After a Lease’s Execution

A lease can cover parts that are installed or replaced on an aircraft or engine after the lease’s execution, provided the installation/replacement

of such parts is specifically provided for in the lease.

2.2.4 Risk of Title Annexation

There is risk of title annexation in respect of aircraft engines installed on an airframe. For example, if an aircraft should be subject to a lien within Malaysia, and the aircraft is therefore detained with the subject aircraft engines installed.

In addition, Malaysia recognises a separate title/ownership over aircraft engines pursuant to the International Interests in Mobile Equipment Act 2006, if such ownership interests in the aircraft engines are registered on the International Registry. CAAM does not itself maintain a registry of interests in aircraft engines. In practice, lessors and/or financiers with interests in engines would obtain a charge and register such charge against the lessee pursuant to the Companies Act 2016, to put third parties on notice as to the existence of such charge.

2.2.5 Recognition of the Concepts of Trust/Trustee

The CAAM has recognised and has accepted the registration of leases where one of the parties is an owner trustee, subject to such owner trustee being able to satisfy the statutory requirements for the registration of a lease.

2.3 Lease Registration

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

The interests of the legal owner are noted on the Aircraft Register. Only the registered legal owner or a party named in the Irrevocable Deregistration Authorisation (IDERA) may deregister an aircraft from or make changes in an aircraft’s registration details at the Aircraft Register.

2.3.2 Registration If the Owner Is Different From the Operator

Malaysia operates an owner registry. The Aircraft Register will reflect the name of the legal owner as well as the name of the (Malaysian) aircraft operator.

2.3.3 Aircraft/Engine-Specific Registers

The Aircraft Register does not provide for the separate registration of leases for aircraft engines.

2.3.4 Registration of Leases With the Domestic Aircraft Registry

The foreign owner of an aircraft may, if the aircraft is leased to a qualified person (as defined in the Civil Aviation Act 1969), register the lease on the Aircraft Register. Such registration is a mandatory procedural/administrative requirement if the aircraft is to be operated by a Malaysian entity. A lessor's interests would be registered only if the lessor were also the owner.

Aircraft leases are not generally subject to any consent from any government entity. However, if a lessor entity is a Labuan entity, then the entry into each lease would be subject to the prior approval of the LFSA.

The applicable form (CAAM/AW/7101-01) and supporting documents would need to be submitted to CAAM, in order to effect the registration of a lease in accordance with the Civil Aviation Regulations 2016 and the Civil Aviation Directive (CAD) 7101.

2.3.5 Requirements for a Lease to Be Valid and Registrable

A lease does not need to be in a specific form, may be executed under hand and may be in the English language, with no requirements for a local law translation.

There are no requirements for serving, certification, notarisation, or legalisation for the lease to be legal and valid under Malaysian law. However, the lease and other transaction documents would need to be stamped in order to be admissible as evidence in court. If any transaction documents contain a power of attorney, then the execution of that power of attorney needs to be attested and the power of attorney would need to be registered accordingly.

2.3.6 Taxes/Duties Payable for Registering a Lease

There is no tax or duty that arises upon registering a lease. The CAAM imposes a fee to register a lease on the Aircraft Register.

2.3.7 Registration of Aircraft in Alternative Countries

Aircraft that are based in Malaysia and which are operated as private aircraft and not on a commercial basis are typically registered on the United States of America Federal Aviation Authority register or one of the European registers such as San Marino or Denmark.

2.3.8 Requirements for Documents Concerning Registration

The CAAM does not require any document to be translated, notarised and/or authenticated before it will accept and process the registration of an aircraft.

2.4 Lessor's Liabilities

2.4.1 Tax Requirements for a Foreign Lessor

A foreign lessor that is deemed to be a tax resident of Malaysia would be subject to income tax upon leasing an aircraft or engine to a Malaysian lessee.

The obligation to deduct withholding tax on payments made to a foreign lessor is on the lessee.

Failure to withhold accordingly would result in a penalty being imposed on the lessee/payer.

2.4.2 Effects of Leasing on the Residence of a Foreign Lessor

Being a party to, or attempting to enforce, or enforcing a lease, does not deem a foreign lessor to be a resident, domiciled or carrying on business in Malaysia.

2.4.3 Engine Maintenance and Operations

There are no liabilities in respect of aircraft or engine maintenance and operations imposed on a foreign lessor under a lease as a result of its being a party to such lease.

2.4.4 Damage or Loss Caused by an Asset

Pursuant to the Civil Aviation Act 1969, where material damage or loss is caused by an aircraft in flight, taking off or landing, or by any person in any such aircraft, or by any article falling from any such aircraft, to any person or property on land or water, damages shall be recoverable from the owner of the aircraft in respect of such damage or loss, without proof of negligence or intention.

2.4.5 Attachment by Creditors

A creditor of a domestic lessee could attach an aircraft leased to it but owned by a different entity in the event a creditor was able to obtain a court order that would permit such attachment: for example, if a creditor were to obtain a monetary judgment and then sought to enforce the monetary judgment by way of a writ of seizure.

2.4.6 Priority of Third Parties' Rights

There are certain liens that will take priority over a lessor's rights, although liens are generally not registrable in the Aircraft Register. This includes liens in favour of airline employees for unpaid wages, liens or other rights of an authority of

Malaysia relating to taxes or other unpaid charges and liens in favour of repairers of an aircraft object in their possession to the extent of service or services performed.

2.5 Insurance and Reinsurance

2.5.1 Requirement to Engage Domestic Insurance Companies

Obtaining insurance from any party other than a licensed general insurer (ie, licensed pursuant to the Financial Services Act 2013) requires the prior approval of BNM. In practice, domestic insurance companies would provide insurance coverage and the domestic insurance companies would then reinsure the insurances with foreign insurance companies – in respect of the liability and hull insurances.

2.5.2 Mandatory Insurance Coverage Requirements

Article 50 of the Montreal Convention 1999, which mandates state parties to require a carrier to maintain adequate insurance covering the carrier's liability, has been incorporated into Malaysian law pursuant to the Carriage by Air Act 1974.

2.5.3 Placement of Insurance Outside of Jurisdiction

Reinsurances up to 100% coverage cannot be placed outside Malaysia.

2.5.4 Enforceability of "Cut-Through" Clauses

A "cut-through clause" is valid and enforceable in Malaysia, as having been agreed commercially between the parties.

2.5.5 Assignment of Insurance/Reinsurance

Assignments of insurance/reinsurances are permitted.

2.6 Lease Enforcement

2.6.1 Restrictions on Lessors' Abilities

There are no restrictions on a lessor's ability to:

- terminate the leasing of an aircraft;
- re-export the aircraft; and/or
- sell the aircraft following such termination,

subject always to these matters being provided for in the lease itself.

It is recommended that a lessor/financier obtain a deregistration power of attorney as well as an IDERA upfront at the commencement of a lease.

The aircraft does not need to be physically located in Malaysia at the time of any such action(s).

2.6.2 Lessor Taking Possession of the Aircraft

A lessor can take physical possession of the aircraft without the lessee's consent in accordance with the Cape Town Convention. However, in Malaysia the practice is that lessors will usually seek a court order prior to obtaining physical possession of an aircraft.

2.6.3 Specific Courts for Aviation Disputes

There are no courts in Malaysia that deal specifically with aviation matters/disputes. In general, aviation disputes have been adjudicated by the civil courts, in particular the Commercial High Court. A recent case is *AirAsia X Berhad v BOC Aviation Limited and 14 Others* [2021] LNS 188, which considered and determined the first ever legal dispute that involved the Cape Town Convention in Malaysia.

2.6.4 Summary Judgment or Other Relief

It is possible to obtain a summary judgment, equitable or other injunctive relief pending final resolution of judicial proceedings to enforce an aircraft lease.

If matters are clear-cut, parties may opt for summary judgment to expedite proceedings and reduce costs. The court evaluates the claim based on the claimant's affidavit(s) without the need for a trial or witness examinations, typically concluding within six to eight months. However, in complex cases, the lessor must prepare for a full trial. The granting of summary judgment depends on various factors, including the presence of triable issues or a defence in the case.

In the Malaysian context, seeking aircraft possession through a mandatory injunction may significantly expedite the process, typically taking about six to eight weeks for an *ex parte* injunction compared to nine to 18 months for a full trial.

2.6.5 Domestic Courts' Approach to Foreign Laws and Judgments

Malaysian courts will uphold and give effect to the governing law chosen by the parties to a contract. The expressed intention of the parties as to the laws governing the contract will be regarded as the proper law of the contract. A lease agreement governed by a foreign law will therefore be recognised and enforced by a Malaysian court, provided the application of the foreign law is not in opposition to (Malaysian) public policy and that the choice is *bona fide* and legal.

Malaysian courts will uphold the submission to a foreign jurisdiction – the domestic court should not interfere with the foreign court's determination save in exceptional circumstances where the foreign proceedings are vexatious or oppressive.

Companies are not generally entitled to immunity from suit. A party may waive its entitlement to sovereign or other immunity from suit by contractually agreeing to the same.

2.6.6 Domestic Courts' Recognition of Foreign Judgments/Awards

The Reciprocal Enforcement of Judgments Act 1958 (REJA 1958) permits the registration and enforcement of judgments obtained in certain countries such as the United Kingdom. A judgment registered under REJA will have the same force and effect as if it had been a judgment originally entered or acquired in the registering court.

The judgment would be recognised and enforced by Malaysian courts without re-examination of the issues provided that all of the following criteria are met:

- the judgment was not obtained by fraud;
- the effect of enforcing the judgment does not contravene the public policy of Malaysia;
- there was no denial of natural justice;
- the UK court having jurisdiction in the matter applied the appropriate law;
- the matter in dispute in the proceedings in the UK court had not previously to the date of the judgment in the UK court been the subject of a final and conclusive judgment by a court having jurisdiction in the matter;
- such UK court had jurisdiction to adjudicate the cause of action upon which such judgment was given;
- the judgment was obtained in a jurisdiction to which REJA applies;
- such judgment is final and conclusive;
- such judgment is registered in the High Court of Malaysia;
- rights under the judgment are vested in the person by whom the application for registration of such judgment in the High Court of Malaysia was made; and
- any judgment sum expressed in a currency other than Malaysian ringgit shall be registered as if it were a judgment for such sum

in Malaysian ringgit as, on the basis of the rate of exchange prevailing on the date of the judgment of the UK court, is equivalent to the sum so payable.

Malaysian courts do not recognise a judgment obtained in a state that is not a reciprocating country under REJA, and thus it is not directly enforceable by the courts in Malaysia. A fresh action based on the judgment of such court may be brought before the Malaysian courts.

Malaysia has ratified the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention"). An award made in connection with a domestic arbitration or an award from a foreign state which is a party to the New York Convention shall be recognised as binding and be enforceable by entry as a judgment in terms of the award or by action.

2.6.7 Judgments in Foreign Currencies

A judgment or order made in a Malaysian court will be expressed in the Malaysian currency in an amount equivalent to the applicable foreign currency amount.

2.6.8 Limitations on Lessors' Actions Following Termination

There is no limitation on the lessor's ability to recover default interest (or the compounding thereof) or to charge additional rent following termination of the lease for default, including where the lessee fails to return the aircraft, subject to such provisions being reflected in the lease itself.

2.6.9 Lessor's Requirement to Pay Taxes/Fees

A lease would need to be stamped in order to be admissible as evidence in court. If the lease was not yet stamped at the time a lessor sought

to enforce the lease, then the lessor would need to stamp the lease, and incur a late stamping penalty, prior to commencing the (enforcement) court proceedings in reliance on such lease.

2.6.10 Mandatory Notice Periods

A lessor ought to comply with the terms of its aircraft lease, including any terms pertaining to notice periods, when terminating such aircraft lease.

2.6.11 Lessees' Entitlement to Claim Immunity

Companies are not generally entitled to immunity from suit. Immunity is granted under very specific and particular circumstances: for example, where statute has granted immunity to persons holding particular positions. Parties may waive their entitlement to sovereign or other immunity from suit by agreeing contractually to the same.

2.6.12 Enforcement of Foreign Arbitral Decisions

Malaysia has adopted the New York Convention. The provisions on recognition and enforcement of an arbitral award have been incorporated in the Malaysian Arbitration Act 2005. An award made in connection with a domestic arbitration or an award from a foreign state which is a party to the New York Convention shall be recognised as binding and be enforceable by entry as a judgment in terms of the award or by action.

2.6.13 Other Relevant Issues

There are no other relevant issues that a lessor should be aware of in relation to the enforcement of its rights.

2.7 Lease Assignment/Novation

2.7.1 Recognition of the Concepts of Contractual Assignment and Novation

In general, Malaysia recognises the concepts of contractual assignment and novation.

2.7.2 Assignment/Novation of Leases Under Foreign Laws

A legal assignment is valid pursuant to the Civil Law Act 1956 if:

- the debt or chose in action is one that is existing;
- the assignment is in writing under the hand of the assignor;
- the assignment is absolute and not by way of charge only; and
- there is express written notice of the assignment to the obligor.

A novation is valid if:

- there is an intention to novate;
- the novation may be expressed or may be implied from conduct;
- there is consideration; and
- there is consent of the parties concerned.

Unlike assignment, there is no requirement of notice in writing of the novation being given for it to have effect.

2.7.3 Enforceability of Lease Assignments/Novations

There are no requirements for a lease assignment or assumption/novation to be notarised, certified or legalised to be enforceable against a domestic party.

Stamping is required if a lessor/financier intends to enforce a lease assignment or assumption/novation against a domestic party.

If the assignment or assumption/novation or any transaction documents contains a power of attorney, (i) the execution of the power of attorney must be authenticated by, inter alia, an advocate and solicitor of the High Court of Malaya, a commissioner for oaths or a notary public; and (ii) the power of attorney must be registered accordingly.

2.7.4 Filing/Registration of Lease Assignments/Novations

If an aircraft lease assignment or assumption/novation results in a change in the details recorded at the Aircraft Register, then the owner of the aircraft needs to make the relevant filing with CAAM in order to reflect those changes accordingly. The changes may be affected by filing in the relevant form with CAAM. No consent is required from any government entity in respect of such changes.

If an aircraft and/or engine lease assignment or assumption/novation results in a change in the security structure of such lease, then the lessor/financier will need to register the applicable new security accordingly.

There are no government applications or consents required as a prerequisite to the execution and delivery of an aircraft and/or engine lease assignment and assumption/novation in relation to an aircraft registered domestically.

2.7.5 Taxes/Duties Payable on Assignment/Novation

Stamp duty is payable in respect of such assignment and assumption/novation agreement, within 30 days of execution in Malaysia, or within 30 days of a copy being brought into Malaysia either physically or electronically.

2.7.6 Recognition of Transfer of Ownership Interests

If the owning entity remains the same, then there is no requirement to make any changes to the details of the aircraft as recorded in the Aircraft Register.

2.8 Aircraft Deregistration and Export

2.8.1 Deregistering Aircraft in This Jurisdiction

An application for deregistration may only be made by the registered owner or a person authorised by the registered owner. A financier/mortgagee will typically have requested that the owner execute an IDERA and will have filed the IDERA with CAAM.

In order to deregister an aircraft, the following will be required:

- the applicable CAAM form, ie CAAM/AW/7101-04;
- evidence that each person who has legal or beneficial interest in the aircraft has been satisfied or has consented to the transfer (this requires any mortgage to be discharged prior to the deregistration); and
- the applicable fees.

2.8.2 Lessee's/Operator's Consent

An aircraft owner may, and a mortgagee may (in reliance on an IDERA), apply for the deregistration of the aircraft without the lessee's or operator's consent. A lessor who is not also an owner may not apply to deregister an aircraft.

2.8.3 Required Documentation

Please refer to **2.8.1 Deregistering Aircraft in This Jurisdiction** for the required documents when applying to deregister an aircraft. A lessor who is not also an owner may not deregister an aircraft.

2.8.4 Duration of Deregistration Process

Deregistration is usually effected within three to five working days of the submission of a complete application to CAAM.

2.8.5 Aviation Authority's Assurances

CAAM does not provide advance assurances to an aircraft owner, mortgagee or lessor as to the prompt deregistration of the aircraft. However, with sufficient notice and prior engagement with CAAM, the deregistration process may be completed in a more expedited manner.

2.8.6 Costs, Fees and Taxes Relating to Deregistration

A fee of MYR300 is payable upon filing an application for deregistration of an aircraft.

2.8.7 Deregistration Power of Attorney

A deregistration power of attorney is recognised. The execution of a power of attorney would need to be in accordance with the Powers of Attorney Act 1949; it would need to be attested/notarised and stamped and then registered accordingly in order to be enforceable against a domestic party.

If the power of attorney is in any language other than English or Bahasa Malaysia, a translation into the English or Bahasa Malaysia language will need to be prepared.

CAAM will not permit deregistration based on a deregistration power of attorney alone, and would treat the deregistration power of attorney as evidence of the authorised signatories representing the owner or mortgagee, as the case may be.

2.8.8 Documents Required to Enforce Deregistration Power of Attorney

At the point of time when an application is made for deregistration, CAAM would require evidence, such as a board resolution or a valid power of attorney, pertaining to the authority provided by the donor(s) of the power(s) of attorney to the individuals concerned.

2.8.9 Choice of Laws Governing Deregistration Power of Attorney

If the form of the power of attorney complies with the Powers of Attorney Act 1949, and the power of attorney has been registered accordingly, CAAM has recognised deregistration powers of attorney governed by foreign laws. In certain instances, lessors have registered both a foreign law-governed and a domestic law-governed power of attorney.

2.8.10 Revocation of a Deregistration Power of Attorney

An irrevocable power of attorney may only be revoked at the consent of the donee.

2.8.11 Owner's/Lessor's Consent

An aircraft owner, mortgagee or lessor may export the aircraft without the lessee's consent. It is advisable for the deregistration power of attorney to also include the authority to export the aircraft, and not merely to deregister the aircraft. A lease/mortgage may also include language on the right to export the aircraft.

The asset does not need to be located in Malaysia at the time of deregistration as deregistration is effected by way of documents. In order to export an aircraft, the aircraft owner, mortgagee or lessor would need to have a copy of the earlier customs form (Form K1) which was issued (by the Royal Malaysian Customs) at the time of the

importation of the aircraft into Malaysia. Export is similarly effected by way of documents.

2.8.12 Aircraft Export Permits/Licences

There is no general requirement to obtain an export permit or licence, but the relevant export declaration must be made to the Royal Malaysian Customs before the aircraft may be exported out of Malaysia.

Generally, the following documents and information are required for export:

- export declaration;
- invoice;
- export licence (only applicable to certain categories of goods, which does not usually include aircraft); and
- other relevant documents as requested by the customs authorities.

2.8.13 Costs, Fees and Taxes Concerning Export of Aircraft

There are no significant costs/fees/taxes that are charged in respect of the export of an aircraft.

2.8.14 Practical Issues Related to Deregistration of Aircraft

Please see **2.8.1 Deregistering Aircraft in This Jurisdiction** for the applicable requirements to be met in order to effect a deregistration of an aircraft.

2.9 Insolvency Proceedings

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

Restructuring, reorganisations, insolvencies and liquidations in Malaysia are governed by the Companies Act 2016. There are two types of liquidation in Malaysia, namely compulsory

winding-up and voluntary winding-up. Winding-ups facilitate the appointment of an insolvency practitioner as liquidator, who will, inter alia:

- collect and realise assets;
- undertake a proof of debt exercise to resolve creditor claims;
- investigate past transactions for potential drawback;
- distribute dividends to creditors in satisfaction of claims; and
- eventually, dissolve the company, which thereby ceases to exist.

Voluntary liquidation commences with the passing of a members' resolution to wind up the company. Compulsory liquidation is court-based and is initiated by a creditor.

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

Compulsory winding-up may apply where a company is unable to pay its debts. This is typically initiated by the filing of a winding-up petition by a creditor, for non-payment of debts as and when they fall due.

There are two types of voluntary winding-up as follows:

- members' voluntary winding-up – when the company is solvent and the liquidator is appointed at a members' meeting; and
- creditors' voluntary winding-up – when the company is insolvent and the liquidator is appointed by the creditors at a creditors' meeting.

There are three corporate restructuring mechanisms:

- scheme of arrangement;
- corporate voluntary arrangement; and
- judicial management.

Scheme of Arrangement

Any company or a creditor of a company, and a liquidator if a company is in the process of being wound up, and a judicial manager if a company is in judicial management, may initiate a scheme. The applicant seeks an order of court to convene meetings of the members and various classes of creditors of the company. The voting threshold to achieve agreement to the terms of a scheme is 75% of the total value of creditors or class of creditors and members, or class of members present and voting at the court-convened class meeting.

The court may grant restraining orders of an initial period of three months, which may be renewed for a period of up to a further nine months. While a restraining order is in force, the company is not permitted to dispose of any property or to acquire any new property other than in the ordinary course of its business, and if it does, the disposition or acquisition will be void.

Corporate Voluntary Arrangement

Corporate voluntary arrangement (CVA) is only available to private companies, excluding companies that are holders of licences issued under the Financial Services Act 2016 (FSA 2016) and the Capital Markets and Services Act 2007 (CMSA 2007), and a company that has created a charge of its assets. A company under judicial management may make a CVA proposal through the judicial manager. A liquidator of a company under liquidation may also make a proposal. The CVA process starts with the appointment of a nominee, who must be a licensed insolvency practitioner. It is a requirement that the proposed CVA and a statement of affairs must be submit-

ted to the nominee. The nominee is required to monitor the company's affairs during the moratorium and to form an opinion as to whether the proposed arrangement has a reasonable prospect of being approved and implemented, and whether the company will have sufficient funds during the moratorium to enable it to carry on business.

Judicial Management

Either the company or a creditor may make an application for the appointment of a judicial manager. Besides inability to pay debts, the applicant must show that there is a reasonable probability of preserving all or part of the company as a going concern, and that the interests of creditors would be better served than with a winding-up. A debenture holder may object to the application, and if it signals that it intends to appoint a receiver, or receiver and manager, the court must dismiss the application unless public interest requires that the court should override the debenture holder's objection.

The appointment of a judicial manager displaces the directors. The judicial manager manages the business and must within 60 days (which can be extended by the court) present a proposal to the creditors of the company. The judicial manager has to summon a meeting of creditors to consider and vote on the proposal. The voting threshold is 75% in value of creditors whose claims have been accepted by the judicial manager. Any proposal that is approved is binding on all creditors. The judicial manager oversees the implementation of the proposal. If a proposal is not approved at the creditor meeting, the court would normally discharge the judicial management order, and either receivership or liquidation would occur.

Receivership

Receivership involves debenture holders appointing a receiver to realise company's assets in their interest. It is not concerned with the economic viability of the company; the focus is on getting the debt back as soon as possible. The right to appoint a receiver is usually derived from a debenture, save where the court makes an order for such appointment. However, courts are only able to appoint receivers pursuant to applications of the aggrieved parties. The right to appoint a receiver is not a cause of action and cannot stand on its own.

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

There is no provision under the Companies Act 2016 for cross-border assistance or co-operation relating to Malaysian insolvency proceedings with a foreign dimension. Malaysia has not incorporated the UNCITRAL Model Law on Cross-Border Insolvency into domestic legislation.

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

Malaysian courts have held that if a power of attorney has not been revoked, its validity is not affected by any insolvency or bankruptcy.

2.9.5 Other Effects of a Lessee's Insolvency

If the liquidator determines that the lease is an "unprofitable contract" then the liquidator may, with leave of the court or the committee of inspection, disclaim such contracts, at any time within 12 months after the commencement of the winding-up or such extended period as is allowed by the court.

Malaysia made a declaration under the Aircraft Protocol, that it shall apply Article XI, Alternative A of the Protocol in its entirety to all types

of insolvency proceedings, and that the waiting period for the purposes of Article XI(3) of that Alternative shall be 40 working days. This is subject to whatever commercial terms may be reflected in the lease.

Assets that are subject to a lease are not deemed part of the lessee's property so long as the owner of the asset is able to evidence their/its rights of ownership over the asset.

If the lessor's rights are secured (eg, where there is a registered charge or mortgage), then the lessor will have priority over unsecured creditors, to the extent of their security interests.

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

In insolvency proceedings, secured creditors will have priority over unsecured creditors to the extent of their security interests. If a lender's rights against a borrower, a guarantor or an entity providing security are not registered accordingly, then other secured creditors will have priority over the lender.

2.9.7 Imposition of Moratoria in Connection With Insolvency Proceedings

There is no automatic moratorium or similar stay for insolvency proceedings. However, the corporate rescue mechanisms may permit moratorium periods if the applicable conditions are met:

- scheme of arrangement – up to three months, with an extension up to nine months;
- corporate voluntary arrangement – 28 days, with extension up to 60 days; and
- judicial management – up to six months, with extension for another six months.

2.9.8 Liquidation of Domestic Lessees

A domestic lessee may be liquidated via a compulsory or voluntary winding-up. Please refer to **2.9.2 Overview of Relevant Types of Voluntary and Involuntary Restructurings, Reorganisations, Insolvencies and Receivership**.

In a receivership, an insolvency practitioner is appointed as a receiver, or as a receiver and manager, by a secured creditor under the terms of a security document, usually a debenture containing a fixed or floating charge or both.

2.9.9 Ipso Facto Defaults

Ipso facto defaults are recognised during insolvency proceedings, to the extent the right to repossess on such ipso facto default is specifically provided for.

2.9.10 Impact of Domestic Lessees' Winding-Up

There is no impact on the aircraft per se if a domestic lessee is wound up. However, a mortgagee or lessor can technically repossess an aircraft by exercising their respective enforcement powers in the mortgage/lease.

A liquidator may disclaim the lease contract on the basis of it being an “unprofitable contract”.

In the case of *AirAsia X Berhad v BOC Aviation Limited and 14 Others* [2021] 1 LNS 188, the High Court declared, inter alia, that lessors are unsecured creditors notwithstanding that the lease documents provided for security deposits and maintenance reserves to be held by the lessors. Security deposits and maintenance reserves paid pursuant to lease agreements are regarded, subject to the specific language used in the lease documents, as the absolute property of the lessors and not securities over the assets

of AAX. As such, the security deposits are considered as being the property of the lessors.

2.10 Cape Town Convention and Others

2.10.1 Conventions in Force

The Convention and the Protocol are in force in Malaysia, by virtue of the International Interests in Mobile Equipment (Aircraft) Act 2006. It is not necessary to obtain AEP codes for registering international interests in Malaysia.

2.10.2 Declarations Made Concerning Conventions

Malaysia has made declarations under Articles 39(1)(a), 39(1)(b), 40, 53 and 54(2) of the Convention as well as under Articles XXX(1), (2) and (3) of the Protocol.

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

Article XIII of the Protocol has been adopted into domestic Malaysian law. An IDERA would need to be filed with the CAAM and will then be notated on the Aircraft Register.

2.10.4 Enforcement of Conventions

The Malaysian courts have had very limited experience in enforcing the Convention or the Protocol.

In the case of *AirAsia X Berhad v BOC Aviation Limited and 14 Others* [2021] LNS 188, it was held that the scheme (of arrangement as sought by AirAsia X) is an insolvency-related event under Article XI of the Protocol, relying on the facts that:

- the scheme is formulated in the context of an insolvency procedure;
- the scheme is also an arrangement that is collective in that it is “concluded on behalf of

creditors generally or such classes of creditors as collectively represent a substantial part of indebtedness”; and

- the court’s approval is required for its implementation.

In addition, the phrase “(no) obligations (of the debtor) under the agreement” as stated in Article XI(10) of the Protocol includes the obligation of the debtor to pay the rentals under the agreement. Reading Article XI(7), (10) and (11) together, the court concluded that in the event the debtor chooses not to terminate the agreement when an insolvency-related event has occurred or the creditor does not exercise its right to repossess the aircraft, the obligations under the agreement including the obligations to pay the rentals cannot be modified by the debtor unless with the consent of the creditor. However, the court then went on to state that the proposed scheme was seeking to compromise the lessors’ claims for damages and was unrelated to Article XI(10) of the Protocol and, in this instance, *AirAsia X* did not require the consent of the lessors in respect of the proposed 99.95% haircut on the lessors’ claims.

2.10.5 Other Conventions

Malaysia is not a party to the 1948 Geneva Convention on the International Recognition of Rights in Aircraft and 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

A Malaysian resident may borrow in foreign currency up to MYR100 million equivalent from a

foreign lender. Any sums above this amount will be subject to BNM approval.

3.1.2 Effect of Exchange Controls or Government Consents

Prior approval from BNM is necessary for any lending or granting of security not explicitly permitted under the BNM notices. Residents are permitted to make or receive foreign currency payments to or from non-residents for any purpose. Non-residents may repatriate funds, including income or proceeds from the sale of ringgit assets (such as property in Malaysia), as long as the repatriation is in foreign currency and the conversion from ringgit is done in accordance with the BNM notices.

3.1.3 Granting of Security to Foreign Lenders

BNM regulates the provision of financial guarantees to foreign lenders. Non-bank residents may provide financial guarantees, to secure a non-resident’s borrowing, with exceptions for special purpose vehicles or if the resident arranges to repay the borrowing in foreign currency other than through a call upon of a financial guarantee due to default. BNM’s prior approval is required for borrowing beyond these limits or in the specified exceptions.

Other than financial guarantees, borrowers may provide security to foreign lenders.

3.1.4 Downstream, Upstream and Cross-Stream Guarantees

Subject to the conditions in **3.1.1 Restrictions on Lending and Borrowing**, downstream, upstream and/or cross-stream guarantees in favour of lenders are permitted.

Corporate benefit may be more easily demonstrated in downstream guarantees. However, it is more challenging to establish corporate benefit

in upstream guarantees and cross-stream guarantees. If no corporate benefit can be shown, a liquidator may challenge the guarantee.

3.1.5 Lenders' Share in Security Over Domestic SPVs

It is advisable for a lender to take share security over a domestic special purpose vehicle (SPV) if the domestic SPV only owns aircraft financed by a particular lender.

It is possible to create a share charge which is registrable against the shareholder, to the extent the shareholder is a corporate entity. A pledge of shares is less common in Malaysia.

3.1.6 Negative Pledges

A negative pledge is recognised as a pledge to abstain from creating any form of charge, encumbrance or security.

3.1.7 Intercreditor Arrangements

There is no material restriction or requirement imposed on intercreditor arrangements, and an intercreditor agreement would be enforceable subject to the payment of the applicable stamp duty on the transaction documents.

3.1.8 Syndicated Loans

The concept of agency and the role of an agent such as the facility agent and security agent to secure a syndicated loan is recognised.

3.1.9 Debt Subordination

A debt subordination is permissible and is recognised. It is legally valid under Malaysian contract law and is typically accomplished through an intercreditor or subordination agreement between the various classes of creditors and the debtor.

3.1.10 Transfer/Assignment of Debts Under Foreign Laws

The transfer or assignment of all or part of an outstanding debt under an English or New York law-governed loan is permissible and recognised.

3.1.11 Usury/Interest Limitation Laws

An interest payment obligation is common in conventional financing arrangements. In Sharia-compliant financing, the imposition of Riba (usury) is prohibited. Instead, alternative structures used are those such as fee-based, profit-based, or sale-based arrangements.

There is otherwise no law limiting usury or interest.

3.2 Security

3.2.1 Typical Forms of Security and Recourse

The typical forms of security and recourse granted in a domestic aviation finance transaction would include:

- assignment of insurances;
- assignment of reinsurances;
- IDERA;
- deregistration power of attorney;
- guarantees (by a parent company or by shareholders);
- sublease assignment (if there are multiple layers in the lease structure);
- mortgage over the aircraft; and, sometimes
- a charge over a bank account.

3.2.2 Types of Security Not Available

Security may be granted over an aircraft or related collateral such as engines, warranties or insurances. However, not necessarily every type of security is registrable.

In Malaysia, there is no separate register for engines, warranties or insurances – however, assignments and charges are registrable against corporate entities, and will be valid against a liquidator and third parties.

3.2.3 Trust/Trustee Concepts

The concept of a trust and the role of a security trustee are recognised.

A parallel debt structure is not common because it establishes distinct debt obligations between the borrower and the security agent, with potential extra costs such as stamp duty. While a joint and several creditor structure is feasible, the preferred method is to implement a security agency or trust arrangement.

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

A borrower may assign to a security trustee pursuant to a security assignment or a mortgage its rights to the aircraft or under an aircraft lease (including in relation to insurances).

3.2.5 Assignment of Rights and Benefits Without Attendant Obligations

Please see 2.7.2 Assignment/Novation of Leases Under Foreign Laws.

It is possible to assign the rights and benefits only without also assigning the obligations of the lessor under an aircraft lease.

3.2.6 Choice of Foreign Law

A security assignment or a guarantee may be governed by English or New York law, and the relevant contracts/documents would need to be stamped in order to be enforceable.

A security assignment would also typically be registered as a charge against the domestic par-

ty, at either the CCM or the LFSA, as the case may be, to be valid against a liquidator and third parties.

3.2.7 Formalities/Mandatory Terms to Create and Perfect Security Assignments

A security assignment would need to be stamped in order to be admissible as evidence in court. If the assignment contains a power of attorney, then the assignment also needs to comply with the provisions of the Powers of Attorney Act 1949.

Please see 2.7.2 Assignment/Novation of Leases Under Foreign Laws for legal assignments.

3.2.8 Domestic Law Security Instruments

An English or New York law-governed security assignment would give rise to a charge which may then be registered against the domestic borrower – at either the CCM or the LFSA, as the case may be.

Cape Town filings may be made without domestic law security instruments and/or local law filings. The International Interests in Mobile Equipment (Aircraft) Act 2006 supersedes any conflicting or inconsistent provisions of any other written law to the extent of a conflict or inconsistency.

An ad valorem stamp duty is payable on mortgages and charges. The stamp duty on powers of attorney is MYR10 and the fees to register at the High Court starts at MYR35. The mortgage/charge registration fee is MYR300 or USD100 (for a Labuan company). The fee to register a mortgage with CAAM is MYR2,000.

3.2.9 Domestic Registration of Security Assignments Governed by Foreign Laws

If the security assignment of a domestic law security interest creates a charge, then the

charge may be registered against the domestic party at the CCM or the LFSA, as the case may be.

3.2.10 Transfer of Security Interests Over Aircraft/Engines

Novations and assignments over aircraft and/or engines are recognised. For registration purposes, any existing/past security interests are typically discharged simultaneously with the registration of the new security interests over the aircraft and/or engines.

3.2.11 Effect of Changes in the Identity of Secured Parties

The security interest of the secured parties may not necessarily be jeopardised if the identity of the secured parties changes, to the extent that the changes are then reflected in new/additional registrations.

3.2.12 “Parallel Debt” Structures

Malaysian law accepts that security interests in favour of a security trustee may secure debts owed to lenders.

3.2.13 Effect of Security Assignments on Residence of Secured Parties

A secured party under a security assignment will not be deemed to be resident, domiciled, carrying on business or subject to any taxes as a result of its being a party to, or its enforcement of, such security assignment.

3.2.14 Perfection of Domestic Law Mortgages

A domestic law mortgage over an aircraft or engine would be perfected in accordance with the following:

- the mortgage would be stamped in accordance with the Stamp Act 1949;

- any power of attorney contained in the mortgage would be in accordance with the provisions of the Powers of Attorney Act 1949;
- the charge created by the mortgage would be registered against the domestic party, at either the CCM or the LFSA, as the case may be; and
- in relation to an aircraft mortgage – the mortgage would also be registered with the CAAM.

3.2.15 Differences Between Security Over Aircraft and Spare Engines

The Aircraft Register does not provide for registration of engines separately and independent from the registration of aircraft. Therefore, it is not possible to register any off-wing engines with CAAM and hence no security over an engine is registrable with CAAM. All other perfection steps as provided in **3.2.14 Perfection of Domestic Law Mortgages** would apply equally to security over an aircraft and engines.

3.2.16 Form and Perfection of Security Over Bank Accounts

The usual form of security is a charge over the bank account. Such a charge is perfected in a similar manner as a mortgage, as provided in **3.2.14 Perfection of Domestic Law Mortgages**, save that a charge over a bank account is not registrable with CAAM.

3.3 Liens

3.3.1 Third-Party Liens

The following statutory liens may apply to aircraft:

- liens in favour of airline employees for unpaid wages;
- liens or other rights held by Malaysian authorities for unpaid taxes or charges related to

- the use of the aircraft, owed by the owner or operator;
- liens in favour of repairers for services performed on and value added to the aircraft while it is in their possession; and
- liens held by the Authority for unpaid fees or charges owed by the operator or owner of the aircraft, as per the Civil Aviation Regulations 2016.

Malaysia recognises fleet lien (to cover all debts owed to the repairer) and the lienholder's rights continue even without possession of the aircraft.

Rights of a lienholder include the following.

- If a salvage lien exists on an aircraft, the lienholder (the salvor) is entitled to claim salvage expenses from the owner.
- Possessory or contractual lien will take precedence over the terms of an aircraft lien; the lienholder's rights will be governed by the terms of the contract.
- Air navigation charges – If there is a default in the payment of air navigation charges, the Civil Aviation Authority of Malaysia (CAAM), acting on behalf of the government, may seize the aircraft until the charges are paid. It does not matter if the charges were incurred by a person who is no longer the operator of the aircraft at the time of seizure.

3.3.2 Timeframe to Discharge a Lien or Mortgage

A lien on an aircraft can be discharged when the lienholder repossesses the aircraft. Once the aircraft is repossessed, the lienholder may recover any outstanding debts or obligations secured by the lien. Once these debts or obligations are fully satisfied, the lien can be discharged. The time period required will depend on when the lienholder's debts or obligations are satisfied.

A mortgage over an aircraft, once settled by the domestic party, would be subject to the execution of a deed of release and revocation, as well as the filing of the statutory discharge forms with the CCM or the LFSA, as the case may be, as well as with CAAM.

3.3.3 Register of Mortgages and Charges

Most security interests, including charges and mortgages, are registrable at the CCM or the LFSA within 30 days and one month respectively, from their date of creation. Once a mortgage or charge is registered, a certificate of registration of charge would be issued by the CCM. The details of the registered charge will be disclosed in any company search conducted at the records of CCM or LFSA.

The interests of an aircraft mortgagee may be noted on the Aircraft Register. The effect of such notation is that the aircraft may not be deregistered from the Aircraft Register until the mortgage is discharged and/or until the aircraft mortgagee should consent to such deregistration.

3.3.4 Statutory Rights of Detention or Non-consensual Preferential Liens

A contractual lien may supersede the terms of an aircraft lien that may arise under common law. In particular, the terms of the contract determine the extent of the lienholder's rights: for example, if an aircraft repair or maintenance contract specifically provides for a fleet lien or provides that the lienholder's rights continue to subsist even without having possession of the aircraft.

From a statutory perspective, if an aircraft flies over or into European airspace, for example, the UK Civil Aviation Authority (CAA) monitors Eurocontrol charges on behalf of Eurocontrol and has authority to detain aircraft on Eurocontrol's behalf. The CAA has the authority to detain

an aircraft for unpaid navigational charges. The aircraft may be detained in the United Kingdom for unpaid charges which relate to one specific aircraft, or which relate to any other aircraft in the operator's fleet.

3.3.5 Verification of an Aircraft's Freedom From Encumbrances

A potential purchaser could search the Aircraft Register as well as the International Registry of Mobile Assets (the "International Registry") to verify that an aircraft is free of encumbrances.

3.4 Enforcement

3.4.1 Differences Between Enforcing Security Assignments, Loans and Guarantees

In the event that the transaction documents are duly stamped, they would therefore be admissible in court and would be relied on for purposes of enforcement. There is no difference between enforcing a security assignment or loans or guarantees in that respect.

3.4.2 Security Trustees' Enforcement of Their Rights

So long as the assignment satisfies the requirements as set out in 2.7.2 Assignment/Novation of Leases Under Foreign Laws, then the assignment would be enforceable.

3.4.3 Application of Foreign Laws

Please refer to 2.6.5 Domestic Courts' Approach to Foreign Laws and Judgments.

3.4.4 Recognition and Enforcement of Foreign Judgments and Arbitral Awards

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

3.4.5 Secured Parties' Right to Take Possession of Aircraft

In Malaysia, a lessor or lender might seek to reclaim the aircraft in a default. The lessor or lender could simply take delivery and possession of the aircraft if the agreement includes such remedies.

However, there are several reasons for the lessor or lender to obtain a court order before taking possession. The lessee might resist the repossession, and the CAAM will likely require evidence of the default, especially if there are changes to be made in the Aircraft Register. Without a court order, the lessor or lender might struggle to obtain the necessary documents and clearances from CAAM to continue operating the aircraft after a default.

Notably, there has been no precedent in Malaysia where a lessor, owner or lender was barred from deregistering and removing an aircraft from the country. Nonetheless, taking possession without a court order carries litigation risks, such as potential lawsuits from aggrieved passengers if the repossession is later deemed wrongful.

3.4.6 Domestic Courts Competent to Decide on Enforcement Actions

There are no courts dealing specifically with aviation matters/disputes. Aviation matters/disputes are typically adjudicated by the Commercial Division of the Civil Courts and will usually, due to the quantum of the claims and/or the nature of the remedies sought, be heard in the High Courts.

3.4.7 Summary Judgments or Other Relief

In court proceedings, it is generally possible to seek and obtain damages through a summary judgment process; and an injunction pending the court's final decision. Obtaining possession

of an aircraft through a mandatory injunction process can also be much quicker, taking about six to eight weeks for an ex parte injunction compared to nine to 18 months for a full trial.

A summary judgment may be applied for, in straightforward and clear-cut disputes. The court will decide the claim based on the claimant's affidavits without a trial or witness examinations. The decision to grant summary judgment depends on factors such as whether there are triable issues or a defence in the case.

In the event of an application for an equitable or other injunctive relief, there is no automatic requirement for bond or guarantee to be provided.

3.4.8 Judgments in Foreign Currencies

Malaysian courts generally do not issue judgments in foreign currencies. Any judgment or order sought in a foreign currency will be converted to an equivalent amount in Malaysian currency.

3.4.9 Taxes/Fees Payable

A secured party is not 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

There are no other relevant issues that a lender should be aware of in relation to the enforcement of its rights.

4. Other Issues of Note

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

Please refer to **2.10.4 Enforcement of Conventions**. Specifically, in the case of *AirAsia X Berhad v BOC Aviation Limited and 14 Others* [2021], the High Court declared, inter alia, that lessors are unsecured creditors notwithstanding that the lease documents provided for security deposits and maintenance reserves to be held by the lessors. Security deposits and maintenance reserves paid pursuant to lease agreements are regarded, subject to the specific language used in the lease documents, as the absolute property of the lessors and not securities over the assets of AirAsia X. As such, the security deposits are considered as being the property of the lessors.

4.2 Current Legislative Proposals

The Malaysian Aviation Commission (Dissolution) Bill 2024 and the Civil Aviation Authority of Malaysia (Amendment) Bill 2024 have been recently passed. These two bills will result in the existing functions of MAVCOM being taken over by CAAM, and also the eventual dissolution of MAVCOM. It is as yet unclear as to the impact of this restructuring on the existing processes and procedures of the CAAM.

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