



Economic Regulation For Air Transport Services



Section 1: introduction

Chapter 1: Definitions and General Provisions

Article 1: Definitions

Article 2: General provisions

Section 2: Economic Licenses

Chapter 1: Conditions for economic licenses and Approvals

Article 3: Conditions for granting economic license to national air carriers

Article 4: Conditions for granting economic licenses to on-demand operators

Article 5: Conditions for granting economic licenses to foreign air carriers

Article 6: Conditions for granting economic licenses to foreign air carriers operating charter flights for the purpose of Hajj and Umrah

Article 7: Conditions for granting economic licenses to aviation service representatives

Chapter 2: Economic Licensing Provisions

Article 8: General requirements for licensed air carriers

Article 9: General requirements for national air carriers and non-demand operators

Article 10: General requirements for foreign air carriers

Article 11: General requirements for aviation service representatives

Article 12: Duration of economic licenses and approvals

Article 13: Renewal of economic licenses

Article 14: Suspension and revocation of economic licenses

Section 3: Permits and Insurance

Chapter 1: Insurance

Article 15: insurance requirements

Chapter 2: Landing and Transit Permits

Article 16: Categories and requirements for landing and transit permits

4

4

9

9

9

9

9

10

11

11

12

13

13

13

14

14

14

15

15

17

17

17

18

18



Section 4: Scarc Capacity and Competition

Chapter 1: Allocation of Scarc Capacity Traffic Rights

Article 17: General provisions for the allocation of scarce capacity traffic rights

Article 18: Procedure for allocating scarce capacity traffic rights

Chapter 2: Competition

Article 19: Airfare and capacity monitoring

Article 20: Public service obligation routes (PSO)

Article 21: Marketing alliance agreements

Chapter 3: Aircraft leasing

Article 22: Conditions for approving dry-lease agreements

Article 23: Conditions for approving wet-lease agreements

Chapter 4: Violations and Penalties

Article 24: Insurance requirement penalties

Article 25: Procedure for violations and penalties

Annexes

Annex 1 – Supporting Information Required for Economic Licenses and Approvals

Annex 1.1 – Supporting information required for national carrier economic licenses

Annex 1.2 – Supporting information required for on-demand operator economic licenses

Annex 1.3 – Supporting information required for an economic license for foreign air carrier operating scheduled flights

Annex 1.4 – Supporting information required for an economic approval for foreign air carrier operating Hajj and Umrah charter flights

Annex 1.5 – Business plan template

Annex 1.6 – Criteria for exemption from economic license and approval requirements

Annex 2 – Supporting Information Required for Aviation Service Representatives Economic Licenses

Annex 3 – Supporting Information for Airfare and Capacity Monitoring

18

18

18

20

21

21

22

22

23

23

23

24

24

25

26

26

26

29

32

33

33

35

36

36

37

37

38

38

Section 1: Introduction

Chapter 1: Definitions and General Provisions

Article 1: Definitions

The following terms, as used in these Regulations, shall have the assigned meanings unless the context indicates otherwise:

1. **'Regulations'** means these Air Transport Economic Regulations and includes any orders, directives and interpretations issued thereunder.
2. **'ICAO'** means International Civil Aviation Organization.
3. **'Authority'** means the General Authority of Civil Aviation.
4. **'Law'** means the Civil Aviation Law of Saudi Arabia.
5. **'Kingdom'** means the Kingdom of Saudi Arabia.
6. **'Economic License'** means an authorization provided by the Authority, which empowers an undertaking to conduct a specific activity that falls within the jurisdiction of the Authority and is subject to economic regulations.
7. **'Economic Approval'** means an authorization granted by the Authority to a foreign air carrier, limited in scope and duration, permitting it to provide charter air transport.
8. **'Permit'** means the authorization that is given to an aircraft for crossing the Kingdom airspace or landing in one of its airports for commercial, diplomatic or other purposes. It can be a permit for scheduled flights or a temporary permit for non-scheduled flights.
9. **'Designation'** means the approval granted by the civil aviation authorities in the Kingdom and other countries to air carriers for regular flights. The approval is based on air transport services agreements signed between the respective authorities and in accordance with bilateral memorandums of understanding.
10. **'Applicant'** means an undertaking that applies to the Authority for a license, permit or approval as the case may be.
11. **'Undertaking'** means any natural or legal person, whether profit-making or not, or any official body whether having its own legal personality or not.
12. **'Air Carrier'** means an undertaking offering or operating airlines for passenger, mail and/or cargo carriage.
13. **'National Air Carrier'** means an undertaking established in the Kingdom, holding a valid national air carrier economic license issued by the Authority under these Regulations, which authorizes it to transport passengers, mail and/or cargo on domestic or international routes.
14. **'Scheduled Air Carrier'** means an air carrier open for public and functioning according to an announced schedule or regularly or in a clearly repetitive way within regular noticeable flights.

- 15. 'On-Demand Operator'** means an undertaking established in Saudi Arabia seeking to provide non-scheduled transport by air of passengers, mail and/or cargo for remuneration and/or hire, using normal category aircraft or transport category aircraft in VIP configuration, where the entire planeload capacity has been contracted by a single undertaking and not sold to another party.
- 16. 'Foreign Air Carrier'** means any air carrier established outside of Saudi Arabia, which is owned and controlled by foreign nationals.
- 17. 'International Air Transportation'** means the carriage by aircraft of passengers, mail and/or cargo for compensation or hire, or the operation or navigation of aircraft in the conduct or furtherance of a business or vocation, in commerce between a place in the Kingdom and any place outside thereof
- 18. 'Air Service' or 'Commercial Air Service'** refers to an air transport flight or series of flights performed by civil aircraft for remuneration. Services may be either scheduled or charter.
- 19. 'Charter Air Service', 'Charter Flight' or 'Charter'** means non-scheduled commercial air transportation passengers, mail and/or cargo, on a time, distance, or trip basis where the entire planeload capacity of one or more aircraft has been engaged.
- 20. 'Scheduled Air Service'** means any flight scheduled in the current edition of the Official Airline Guide, the carrier's published schedule, or the computer reservation system used by the carrier.
- 21. 'Public Service Obligation (PSO) Route'** means a crucial route for a region's economic and social development, which is maintained to meet certain standards, even if it's not commercially attractive to air carriers.
- 22. 'General Aviation'** means air transport operations for a purpose other than commercial air transport or aerial works.
- 23. 'Normal Category Aircraft'** an aircraft type certified under GACAR Part 21 to the airworthiness standard as prescribed in GACAR Part 23 (normal category airplanes).
- 24. 'Transport Category Aircraft in VIP configuration'** an aircraft type certified under GACAR Part 21 to the airworthiness standard as prescribed in GACAR Part 25 (transport category airplanes) and configured in VIP setting from the manufacturer.
- 25. 'Flight' means:**
- (a) with regard to passengers and unchecked baggage, the period of transport of the passengers by aircraft including their boarding and disembarkation;
 - (b) with regard to cargo and checked baggage, the period of transport of baggage and cargo from the moment the baggage or cargo is handed to the air carrier until the moment of delivery to the entitled recipient;
 - (c) with regard to third parties the use of an aircraft from the moment when power is applied to its engines for the purpose of taxiing or actual take-off until the moment when it is on the surface and its engines have come to a complete stop or the moving of an aircraft by towing and push-back vehicles or by powers which are typical for the drive and the lift of aircraft, particularly air streams.

26. **'Local Flight'** means a flight not involving carriage of passengers, mail and/or cargo between different airports or other authorized landing points.
27. **'Flight Stage'** means the operation of an aircraft from take-off to its next landing.
28. **'Passenger'** means any person who is on a flight with the consent of the air carrier or the aircraft operator, excluding on-duty members of both the flight crew and the cabin crew.
29. **'Baggage'** means both checked and unchecked baggage.
30. **'Air Fares'** means the prices to be paid to air carriers or their agents or other ticket sellers for the carriage of passengers on air services and any conditions under which those prices apply, including remuneration and conditions offered to agency and other auxiliary services.
31. **'Air Operator Certificate (AOC)'** means an Air Operator's Certificate issued by the Authority's flight standards department to a national carrier to operate specific commercial air transport activities.
32. **'Foreign Air Operator Certificate (FAOC)'** means a Foreign Air Operator Certificate issued by the Authority's flight standards department to a foreign air carrier to operate specific commercial air transport activities.
33. **'Airworthiness Certificate'** means a document issued by the Authority of the registration state by virtue of which the airworthiness of the aircraft is adopted for a specific period of time provided the operator commits to the conditions stipulated in the certificate.
34. **'Business Plan'** means a detailed description of the air carrier's intended commercial activities for the period in question, in particular in relation to the expected market development and the investments to be carried out, including the financial and economic implications of these activities.
35. **'Capacity'** means the number of seats, or the payload offered to the general public on an air service over a given period.
36. **'Effective Control'** means a relationship constituted by rights, contracts or any other means which, either separately or jointly and having regard to the considerations of fact or law involved, confer the possibility of directly or indirectly exercising a decisive influence on an undertaking.
37. **'Force Majeure'** means any event beyond the reasonable control of either party to a contractual agreement, which could not have been reasonably foreseen at the date of the agreement being signed.
38. **'Key Personnel'** includes directors, president, chief executive officer, chief operating officer, all vice presidents, the directors or supervisors of operations, maintenance, sales and marketing, and finance, and the chief pilot of the applicant or air carrier.
39. **'Management Account'** means a detailed statement of income and costs of an air carrier for the period in question including a breakdown between air-transport-related and other activities as well as between pecuniary and non-pecuniary elements.
40. **'Air Service Agreement'** means an agreement between the Kingdom of Saudi Arabia and another country governing aviation relations.

41. 'Marketing Alliance Agreement':

- (a) **Code sharing** – means an arrangement between two or more airlines where they agree to market and sell seats on each other's flights under their own airline designator codes;
- (b) **Blocked space** – also known as a capacity purchase agreement or pro-rate agreement, is an arrangement between airlines where one airline purchases a fixed number of seats on another airline's flight and resells them under its own brand;
- (c) **Joint venture** – means a collaborative business arrangement between two or more airlines that pool their resources, assets, and expertise to achieve a common objective, such as expanding market presence or improving operational efficiency;
- (d) **Equipment use between air carriers** – means an arrangement where one airline provides aircraft, crew, maintenance, and insurance services to another airline.

42. **'MTOM'** means the Maximum Take Off Mass, which corresponds to a certified amount specific to all aircraft types, as stated in the certificate of airworthiness of the aircraft.

43. **'Principal Place of Business'** means the head office or registered office of a national air carrier of the undertaking within which the principal financial functions and operational control of the activities referred to in this Regulation are exercised.

44. **'Relevant Traffic Rights'** means the traffic rights granted to the Saudi Arabia under or by virtue of an air service agreement.

45. **'Scarce Capacity'** means the capacity which exists for providing air services where the relevant traffic rights are insufficient to enable all qualifying carriers who would wish to operate services on a route, to provide all the services they would wish to provide.

46. **'Express Integrator'** means the provision of logistics services, focused on the transportation, management, and completion of all procedures related to cargo and mail from their origin to their final destination. These services are conducted under the name of the service provider or their appointed representative.

47. **'SDR'** means a Special Drawing Right as defined by the International Monetary Fund.

48. **'State Aircraft'** means an aircraft owned by the Kingdom and designated for serving non-commercial public interest purposes, such as military, customs and medical evacuation aircraft.

49. **'Another Country'** means a state other than Saudi Arabia.

50. **'Third Party'** means any legal or natural person, excluding passengers and on-duty members of both the flight crew and the cabin crew.

51. **'Total Aircraft Movements'** means all take-offs and landings by non-military aircraft. Includes aerial work flights, i.e., specialized commercial aviation operations which are performed by aircraft chiefly engaged in agriculture, construction, photography and surveying, as well as pilot training, business/executive flying and all other non-commercial flights.

52. 'Wet Lease' means an agreement between air carriers pursuant to which the aircraft is operated under the AOC of the lessor.

53. 'Dry Lease' means an agreement between undertakings pursuant to which the aircraft is operated under the AOC of the lessee.

54. 'Violations and Penalty Committee' refers to a committee who's role is to investigate any breaches of the Civil Aviation Law, its accompanying regulations, and government orders issued by the General Authority of Civil Aviation; in doing so, it issues decisions on the appropriate penalties for these violations.

Article 2: General provisions

1. These Regulations cover the issuance of the following economic licenses and approvals:
 - a. economic licenses for national air carriers;
 - b. economic licenses for on-demand operators;
 - c. economic licenses for foreign air carriers operating scheduled air transport;
 - d. economic approvals for foreign air carriers operating charter flights for the purpose of Hajj and Umrah;
 - e. economic licenses for aviation service representatives.
2. Without prejudice to other laws and regulations applicable in Saudi Arabia and instructions issued by the Authority, all other air transport activities that are not explicitly mentioned in Paragraph 1 above shall not be required to obtain an economic license or approval from the Authority to operate within, into, out of, or over the territory of Saudi Arabia. This includes but is not limited to general purpose foreign charter flights for purposes other than Hajj and Umrah and general aviation activities.
3. The Authority shall not grant economic licenses or approvals or maintain them in force where any of the requirements of these Regulations are not complied with.
4. All national and foreign air carriers are required to comply with the passenger protection rights regulation issued by the Authority by addressing complaints in a fair and transparent manner, and to publish on their website an approved and updated copy of the regulations issued by the Authority, in Arabic, English and any other relevant language as well as a clear mechanism for receiving and responding to customer complaints.
5. The economic license is deemed the property of the licensee. It is prohibited to transfer the ownership of the license or assign it to another individual or entity. Where required, a new license application shall be submitted.

Section 2: Economic Licenses

Chapter 1: Conditions for Economic Licenses and Approvals

Article 3: Conditions for granting economic licenses to national air carriers

1. For the issuance of a national air carrier economic license for scheduled air transport, the Authority shall issue a notice of invitation to interested parties. Such a notice shall indicate:
 - a. the requirements and specifications; and
 - b. any restrictions to the routes that may be services under such an economic license.
2. Any undertaking established in Saudi Arabia, wishing to obtain an economic license for the purpose of carrying by air passengers, mail and/or cargo for remuneration and/or hire, in regime scheduled or charter, shall meet the following requirements:

- a. its principal place of business is located in Saudi Arabia;
 - b. Saudi Arabian nationals own more than 50% of the undertaking and effectively control it, whether directly or indirectly through one or more intermediate undertakings;
 - c. it demonstrates that, with respect to financial standing and liquidity it can meet at any time its actual and potential obligations established under realistic assumptions, for a period of 24 months from the start of operations and it can meet its fixed and operational costs incurred by operations according to its business plan and established under realistic assumptions, for a period of 90 days from the start of operations, without taking into account any income from its operations;
 - d. it submits a business plan for, at least, the first two years of operation. The business plan shall also detail the applicant's financial links with any other commercial activities in which the applicant is engaged either directly or through related undertakings and plan covering his fix and operational costs.
 - e. it complies with the minimum insurance requirements as detailed in Article 15 of this regulation;
 - f. it has one or more aircraft at its disposal through ownership or a dry lease agreement;
 - g. it has provided proof of payment of the national air carrier economic license fee to the Authority;
 - h. it has submitted all relevant information as detailed in Annex 1.1.
1. The Authority may decide to grant exemptions from the requirement for ownership and control by Saudi nationals as outlined in Paragraph 2 (b) to undertakings seeking to, as part of their operations as an express integrator, carry by air exclusively mail and/or cargo, for remuneration and/or hire in such cases where the Authority deems it in the national interest.

Article 4: Conditions for granting economic licenses to on-demand operators

Any undertaking established in Saudi Arabia, wishing to obtain an economic license to on-demand operator to provide commercial air transport services for passengers, mail, cargo, or any combination through non-scheduled and on-demand flights using either standard category aircraft or VIP-configured transport aircraft, where the entire payload capacity of the aircraft has been contracted by a single party, and no rights to this capacity have been sold to any third party. Shall meet the following requirements:

- a. its principal place of business is located in Saudi Arabia;
- b. Saudi Arabian nationals own more than 50% of the undertaking and effectively control it, whether directly or indirectly through one or more intermediate undertakings;
- c. it demonstrates that, with respect to financial standing and liquidity, it has minimum starting capital of SAR 500,000;
- d. it complies with the minimum insurance requirements as detailed in Article 15 of this Regulation;
- e. it has provided proof of payment of the on-demand economic license fee to the Authority;
- f. it has submitted all relevant information as detailed in Annex 1.2.

Article 5: Conditions for granting economic licenses to foreign air carriers

1. The Authority shall grant an economic license to a foreign air carrier seeking to carry by air, into or out of Saudi Arabia, passengers, mail and/or cargo for remuneration and/or hire in regime scheduled that meets the following requirements:
 - a. its principal place of business is located outside Saudi Arabia;
 - b. it provides a copy of its FAOC issued by the Authority;
 - c. it has legal representation in the Kingdom, either through the presence of a branch of the foreign airline company in the Kingdom or by contracting with a commercial agent licensed in the Kingdom;
 - d. it complies with the minimum insurance requirements as detailed in Article 15 of this Regulation;
 - e. it has provided proof of payment of the economic license fee to the Authority;
 - f. it has submitted all relevant information as detailed in Annex 1.3.
2. Before granting an economic license, the Authority shall consider whether the services are undertaken in accordance with designation rules, traffic rights and conditions provided under the air service arrangements Saudi Arabia has signed with the state where the foreign air carrier is registered.

Article 6: Conditions for granting economic licenses to foreign air carriers operating charter flights for the purpose of Hajj and Umrah

1. Without prejudice to the provisions of laws and regulations in force in the Kingdom, the Authority shall grant an economic approval to a foreign air carrier seeking to operate charter flights transporting passengers for the purpose of performing Hajj or Umrah if the applicant meets the following requirements:
 - a. its principal place of business is located outside Saudi Arabia;
 - b. it provides a copy of its FAOC issued by the Authority;
 - c. it has legal representation in the Kingdom, either through the presence of a branch of the foreign airline company in the Kingdom or by contracting with a commercial agent licensed in the Kingdom;
 - d. it complies with the minimum insurance requirements as detailed in Article 15 of this Regulation;
 - e. it provides an unconditional and irrevocable bank guarantee issued by a Saudi bank and approved by the Authority, to cover the cost of return of the maximum number of pilgrims coming via the air carrier at any time during the period of validity of the economic approval, the value of which shall be communicated by the Authority to the air carrier upon request;
 - f. it provides an unconditional and irrevocable bank guarantee issued by a Saudi bank and approved by the Authority, to cover all pilgrim catering and accommodation costs, as described in the regulations for transporting pilgrims to the Kingdom and returning them to their countries;
 - g. it has provided proof of payment of the economic license or approval fee to the Authority;
 - h. it has submitted all relevant information as detailed in Annex 1.4;

2. The Authority may exempt foreign air carriers from the requirements of Paragraph 1 (e) above, in accordance with the mechanism set out in Annex 1.6.

Article 7: Conditions for granting economic licenses to aviation service representatives

1. Any undertaking seeking to operate in Saudi Arabia as a commercial agent, as defined in Paragraph 2 below or as a general aviation support service provider, as defined in Paragraph 3 below will be required to hold a valid aviation service representative economic license issued by the Authority.
2. These Regulations define a commercial agent as an undertaking that provides any of the following services to air carriers:
 - a. reservation and ticketing services, managing reservations and issuing tickets for the air carrier in the market, including working with global distribution systems and local authorized travel agencies;
 - b. general customer service, handling inquiries and complaints on behalf of the air carrier;
 - c. regulatory compliance services, ensuring the air carrier complies with all applicable local laws and regulations, including opening local offices on behalf of the air carrier, obtaining necessary permits and licenses, and liaising with government authorities as needed;
 - d. financial management services, managing the financial aspects of the air carrier's operations in the specific country or region, such as collecting payments, managing revenue, and settling accounts with local service providers.
3. These Regulations define a general aviation support service provider as an undertaking that provides any of the following services to general and private aviation:
 - a. representation and liaison services with local authorities or any other undertaking, disbursements on behalf of the customer;
 - b. any other coordination and liaison service before, during or after the flight and any other administrative service requested by the customer.
4. Any undertaking seeking to operate as a general sales agent or as a general aviation support service provider shall be issued with a valid economic license by the Authority provided that:
 - a. it submits evidence of valid commercial registration in Saudi Arabia;
 - b. it provides the Authority with the detailed scope of activities of economic activities planned to be undertaken;
 - c. it provides proof of payment of the economic license fee to the Authority.
 - d. it has submitted all relevant information as detailed in Annex 2;

Chapter 2: Economic Licensing Provisions

Article 8: General requirements for licensed air carriers

1. For the duration of the economic license validity, an air carrier shall comply with all the requirements set forth in these Regulations and, if requested, be able on request to provide the Authority proof of compliance.
2. The possession of an economic license shall not be sufficient for an air carrier to operate in such cases where the air carrier does not possess a valid AOC specifying the activities covered by the economic license or has not completed the aviation security program.
3. A licensed air carrier shall notify the Authority:
 - a. in advance of any plans for the operation of a new air service to a new destination not previously served, to stop operating a destination previously served, or any other substantial change in the scale of its activities, including, but not limited to, changes in the type or number of aircraft used, 15 days prior to the date of implementation;
 - b. at least 90 days prior to any intended mergers or acquisitions; and
 - c. within 14 days of any change in the ownership of any single shareholding which represents 10% or more of the total shareholding of the air carrier or of its parent or ultimate holding company.

Article 9: General requirements for national air carriers and on-demand operators

1. A licensed national air carrier wishing to carry passenger, mail and/or cargo between points which are not specified in its license, and in a regime (scheduled or charter) other than as specified in its license shall first obtain the approval of the Authority.
2. A licensed national air carrier or on-demand operator shall provide to the Authority its audited accounts no later than (6) months following the last day of the respective financial year.
3. In case of change in one or more elements affecting the legal situation of the licensed air carrier, the Authority shall decide whether:
 - a. the economic license shall be subject to revalidation; or
 - b. to refer the matter to the General Authority for Competition in the case of a merger or takeover.
4. If the Authority deems the changes notified under Paragraph 3 above to have a significant bearing on the finances of the air carrier, it shall require the submission of a revised business plan incorporating the changes in question and covering, at least, a period of 12 months from its date of implementation as well as the data referred to in Annex 1.1 or 1.2, as the case may be.
5. The Authority shall take a decision on the revised business plan submitted under the provisions of Paragraph 4 above, as to whether the air carrier can meet its existing and potential obligations during that period of 12 months. Such a decision shall be taken, not later than 15 days after all the necessary information has been submitted to it.

6. In relation to air carriers licensed by it, the Authority shall decide whether the economic license shall be resubmitted for approval in case of change in one or more elements affecting the legal situation of an air carrier and, in particular, in the case of a merger or takeover.

Article 10: General requirements for foreign air carriers

1. Upon changing the commercial agent representing it, the foreign air carrier shall submit the following requirements to the Authority in order to amend its license:
 - a. a signed contract termination agreement with the previous agent; and
 - b. an agreement signed with the new commercial agent, with an effective date starting on the date of termination of the contract with the previous commercial agent.

Article 11: General requirements for aviation service representatives

1. A licensed aviation service representative shall ensure a signed commercial agreement is in place with each air carrier it represents. The agreement shall be including, but not limited to the:
 - a. subject matter: scope of services provided, along with any relevant specifications, quality requirements, or performance criteria;
 - b. liability and indemnification: joint liability for any losses or damages that may arise from the transaction, as well as any indemnification provisions to protect one party from claims made by third parties;
 - c. termination: the contract should specify the circumstances under which it can be terminated, along with any notice requirements and the consequences of termination.
2. The commercial agent shall ensure that any liabilities it may incur as a result of the representation of the foreign air carrier and its operations in the Kingdom, in line with Civil Aviation Law as well as other relevant laws and regulations of Saudi Arabia, are appropriately covered through the contractual arrangement it establishes with the foreign air carrier.
3. A licensed aviation service representative is responsible for communicating to the Authority of any significant changes to the scope of economic activities or cessation of his activity.

Article 12: Duration of economic licenses and approvals

1. The Authority shall take a decision on an application for an economic license and communicate the result to the applicant along with a justification:
 - a. not later than 90 days after all the necessary information has been submitted, including operational and security requirements for national air carrier and on-demand operator economic licenses;
 - b. no later than 30 days after all the necessary information has been submitted, for scheduled foreign air carrier economic licenses;

- c. No later than 15 days from the date after all the necessary information has been submitted, for aviation service representative economic licenses.
1. An economic license shall be valid for the duration of five years from the date of issuance. The Authority may vary the validity period in such cases where it deems it appropriate.
2. Any economic approval shall remain valid for the same duration as the landing permit issued under the Hajj and Umrah flight authorization.

Article 13: Renewal of economic licenses

1. An undertaking in possession of a valid national air carrier or on-demand operator economic license issued by the Authority, which is seeking to continue operating in Saudi Arabia shall apply for an economic license renewal no later than (6) months prior to the expiry date of its license. The applicant's economic license shall be renewed provided that:
 - a. with respect to financial standing and liquidity, it demonstrates it can meet at any time its actual and potential obligations established under realistic assumptions, for a period of 12 months from the date of the application for renewal of the economic license;
 - b. it complies with the minimum insurance requirements as detailed in Article 15 of this Regulation;
 - c. it provides proof of payment of the economic license renewal fee to the Authority.
2. A foreign air carrier in possession of a valid economic license issued by the Authority, which is seeking to continue operating in Saudi Arabia shall apply for an economic license renewal no later than 90 days prior to the expiry date of its license. The applicant's economic license shall be renewed provided that it meets the requirements set out in Article 5 of these Regulations.
3. An undertaking in possession of a valid aviation service representative license, which is seeking to continue operating in Saudi Arabia shall apply for an economic license renewal no later than 90 days prior to the expiry date of its license. An undertaking shall be granted

Article 14: Suspension and revocation of economic licenses

1. The Authority may at any time assess the compliance of an air carrier with the requirements set out in these Regulations and may suspend or revoke the economic license or approval if it is no longer satisfied that this air carrier meets such requirements.
2. The economic license shall be revoked if its validity period expires, and the license holder has not submitted an application for renewal.
3. In case an air carrier's AOC is suspended or withdrawn, the Authority shall immediately suspend or revoke that air carrier's economic license or approval.
4. The Authority may suspend or revoke the economic license of an air carrier if the air carrier no longer meets the minimum insurance requirements or if air carrier knowingly or recklessly furnishes the Authority with false or misleading information.

5. With the exception of such cases classified as force majeure, an economic license shall be suspended when an air carrier:
 - a. has not started operations within 90 days from the date it has been granted the economic license and has met all operational and security requirements.
 - b. has ceased its operations for (6) months or more.
6. The Authority may suspend or revoke the economic license of a national air carrier or on-demand operator:
 - a. if, following an assessment of the financial performance done by the Authority, it concludes that the air carrier no longer can meet its actual and potential financial obligations for a 12-month period;
 - b. if the air carrier no longer meets the requirement for ownership and control by Saudi nationals;
 - c. if the Authority does not receive the audited accounts in accordance with the provisions in Article 9 Paragraph 2;
 - d. when making major changes to the scope of operations without informing the Authority.
7. The Authority may suspend or revoke the economic license of a foreign air carrier:
 - a. upon changing the commercial agent representing it without informing the Authority;
 - b. when making major changes to the scope of operations without informing the Authority.
8. In such cases where an economic license has been suspended, an air carrier may submit to the Authority an application for its reinstatement.
9. The Authority may suspend or revoke the economic license of an aviation service representative:
 - a. if evidence shows that it is categorized as a heavily indebted debtor, or it has financial difficulties and is unable to meet its financial obligations for the next 12 months, based on a detailed assessment of the licensee's financial position;
 - b. if the Authority requests audited financial accounts required for a financial assessment and these are not submitted within 30 days from the date of the request.

Section 3: Permits and Insurance

Chapter 1: Insurance

Article 15: Insurance requirements

1. The provisions set out in this Article shall apply to all air carriers and to all aircraft operators flying within, into, out of, or over the territory of Saudi Arabia.
2. Air carriers and, aircraft operators, shall demonstrate compliance with the insurance requirements by providing the Authority with an insurance certificate or other evidence of valid insurance.
3. The scope of insurance coverage requirements covers:
 - a. For liability in respect of passengers, the minimum insurance cover shall be 250,000 SDRs per passenger. However, in respect of non-commercial operations by aircraft with a MTOM of 2,700 kg or less, the level of minimum insurance cover shall be 100,000 SDRs per passenger;
 - b. For liability in respect of baggage, the minimum insurance cover shall be 1,288 SDRs per passenger in commercial operations;
 - c. For liability in respect of cargo, the minimum insurance cover shall be 22 SDRs per kilogram in commercial operations;
 - d. In respect of liability for third parties, the minimum insurance cover per accident, for each and every aircraft, shall be:

Category	MOTOM (kg)	Minimum insurance (million SDRs)
1	< 500	0.75
2	< 1,000	1.5
3	< 2,700	3
4	< 6,000	7
5	< 12,000	18
6	< 25,000	80
7	< 50,000	150
8	< 200,000	300
9	< 500,000	500
10	500,000 or more	700

- e. If at any time insurance cover for damage to third parties is not available to any air carrier or aircraft operator on a per-accident basis, such air carrier or aircraft operator may satisfy its obligation to insure such risks by insuring on an aggregate basis. The Authority shall closely monitor the application of this provision in order to ensure that such aggregate is at least equivalent to the relevant amount set out in the table.

Chapter 2: Landing and Transit Permits

Article 16: Categories and requirements for landing and transit permits

1. The Authority sets out the requirements for obtaining landing or transit permits through the Aeronautical Information Publication System (AIP).
2. The Authority issues landing, and transit permits for the following types of air transport activities:
 - a. general aviation: one-time (single) permit or annual permit;
 - b. commercial scheduled air transport: in addition to the requirements set out in Paragraph 1 above, the applicant will require a valid economic license as well as passing the standards, safety and aviation security requirements set out by the Authority;
 - c. commercial charter air transport: in addition to the requirements set out in Paragraph 1 above, the applicant will require to pass the standards, safety and aviation security requirements set out by the Authority, to have a nominated ground handling service provider at the arrival airport in the Kingdom, as well as a valid economic approval granted by the Authority operation of Hajj and Umrah charter flights;
 - d. diplomatic and military flights: applications for diplomatic and military landing or transit permits shall be submitted through the country's diplomatic channels;
 - e. Flights carrying dangerous goods: All carriers, when they wish to transport dangerous goods, must obtain the authority's approval in addition to a landing or transit permit.
3. Landing and transit permits for general aviation are allowed without requiring the same passenger list at either the arrival or departure stage.

Section 4: Scarce Capacity and Competition

Chapter 1: Allocation of Scarce Capacity Traffic Rights

Article 17: General provisions for the allocation of scarce capacity traffic rights

1. This Article sets forth the regime for distributing the traffic rights to national air carriers on international routes where scarce capacity exists on the basis of a non-discriminatory and transparent procedure. It does not apply to the allocation of traffic rights for the purpose of Hajj, which shall be done in accordance with the complementary regulations set forth in the instructions for transporting pilgrims by air issued by the Authority.
2. Where the Authority believes that within (6) months there will be scarce capacity on an international route, it must publish a notice stating:
 - a. the date from which it considers that it will be necessary to allocate scarce capacity on the route;
 - b. that it proposes to invite applications for the allocation of scarce capacity;
 - c. the closing date for applications.

3. Where the Authority considers that there is no longer scarce capacity on a route, it must publish no later than 30 days after a notice stating that, with effect from the date specified in the notice, the route is no longer a capacity constrained route.
4. No person shall use an aircraft for the carriage of passengers, mail or cargo for remuneration and/or hire on a capacity constrained route unless:
 - a. the qualifying carrier operating the air service holds a scarce capacity allocation certificate issued by the Authority authorizing him to operate aircraft on the route in question; and
 - b. any terms of the scarce capacity allocation certificate as set out by the Authority are complied with insofar as they relate to that route.
5. The Authority shall allocate scarce capacity in a manner which:
 - a. ensures that qualifying carriers provide air transport services which satisfy all substantial categories of public demand at the lowest charges consistent with a high standard of safety in operating the services whilst giving an economic return to efficient qualifying carriers on the sums invested in providing the services;
 - b. advances the reasonable interests of users of air transport services;
 - c. secures the effective provision of civil air transport to and from Saudi Arabia;
 - d. ensures the most effective use of airports within Saudi Arabia.
 - e. ensures that qualifying national carriers compete as effectively as possible with other air carriers in providing air transport services on international routes.
6. Each applicant shall submit to the Authority a proposal that outlines the benefit to its passengers, with supporting evidence on how this benefit is distributed among the different traffic flows and the different passenger types, distinguishing between fare and non-fare benefits. The supporting evidence shall quantify to the maximum extent possible:
 - a. the main traffic flows affected by an applicant's proposals;
 - b. the current size of those flows and their expected growth rate in the near future;
 - c. the current passenger mixes in these flows;
 - d. the pricing and service proposals for each of the affected flows;
 - e. the extent to which traffic from these existing flows will use the proposed services;
 - f. the degree to which demand is stimulated;
 - g. the price and other benefits that the applicant's proposals will bring compared with the existing situation.

Article 18: Procedures for allocating scarce capacity traffic rights

1. A national air carrier wishing to operate on a capacity constrained route must apply in writing to the Authority for a scarce capacity allocation certificate. A qualifying carrier may also apply in writing to the Authority for the variation or revocation of a scarce capacity allocation certificate which that carrier holds.
2. The Authority may refuse to consider an application for the grant, revocation or variation of a scarce capacity allocation certificate unless the application is served to the Authority not less than 90 days before the scarce capacity allocation certificate (or the variation) is intended to have effect and he has furnished all the information and documents required.
3. After an application has been received in accordance with these Regulation, the Authority must publish:
 - a. such particulars of the application as it thinks necessary for indicating the substance of the application; and
 - b. the period within which objections in respect of the application must be made, provided that the Authority may not specify a period of less than 15 days unless it is satisfied that for reasons of urgency it is necessary to do so.
4. Where the Authority has received an application, it must notify the holder of all other scarce capacity allocation certificates relating to the route to which the application relates.
5. The Authority may grant, vary or revoke a scarce capacity allocation certificate otherwise than in pursuance of an application, and in such cases, it must publish:
 - a. the particulars of the proposal;
 - b. the reasons for the proposed grant, revocation or variation; and
 - c. the period within which objections in respect of a proposal must be made, provided that the Authority may not specify a period of less than 15 days unless it is satisfied that for reasons of urgency it is necessary to do so.
6. Where the Authority proposes to vary or revoke a scarce capacity allocation certificate, it shall notify the holder of the scarce capacity allocation certificate and the holders of all other scarce capacity allocation certificates relating to the route to which the proposal relates.
7. Any person has the right to submit a substantiated objection to the Authority in relation to an application for or decision by the Authority to grant, revocation or variation of a scarce capacity allocation certificate. The objection must be supported by evidence and submitted within 15 days from the date of the decision.
8. The Authority shall make its decision regarding the grant, refusal, cancellation, or amendment of a capacity allocation certificate as soon as possible after the objection submission period has ended.
9. The Authority must give notice of its decision to the applicant, state the reasons for its decision and must be published.

10. Where the Authority decides to grant a scarce capacity allocation certificate or (in the case of a variation) to re-issue a scarce capacity allocation certificate, it must send the scarce capacity allocation certificate to the qualifying carrier to whom it relates and must include:
 - a. the route(s) to which it relates;
 - b. the services it authorizes;
 - c. any conditions or restrictions to which a route or service is subject; and
 - d. the date on which it takes effect.
11. The scarce capacity allocation certificate shall remain valid until it is either cancelled or amended by the Authority, or until the capacity restrictions cease to exist on all routes covered by the certificate.
12. Any applications for airport slots or landing permits in relation to a capacity constrained route may only be submitted by the air carrier after obtaining the relevant scarce capacity allocation certificate.

Chapter 2: Competition

Article 19: Airfare and capacity monitoring

1. Every national air carrier engaged in the transportation of passengers must submit on a monthly basis reports to the Authority, with information at a route level detailing airfares and capacity as defined in Annex 3.
2. If the national air carrier is unable to provide the Authority with the requested information, either in part or in full, or if it cannot do so within the specified time period, the carrier shall inform the Authority no later than seven days before the deadline. The notification shall include reasonable justifications for the failure to comply and suggestions for corrective measures.
3. The Authority may vary the reporting frequency required from respondents; such changes as well as the period affected will be communicated to respondents no later than 30 days prior to the start of that period.
4. Where the Authority has reason to believe that a national air carrier engages in practices that can be construed as anti-competitive, it may:
 - a. initiate a formal investigation; or
 - b. refer the matter to the General Authority for Competition.

Article 20: Public service obligation routes (PSO)

1. The Authority may decide to impose airfare controls on the domestic transport by air of passengers such as setting maximum and/or minimum airfare levels on routes where public service obligations have been imposed, and in accordance with the terms of such existing agreements, and/or on any other domestic routes, during limited periods of time, such cases where the Authority deems it to be in the national interest.
2. In such cases where airfare controls are enacted, the Authority shall have the power to monitor and enforce compliance with such controls through the airfare monitoring mechanism or other external audit mechanisms.
3. Air carriers which fail to comply with airfare controls will become subject to enforcement proceedings by the Authority.

Article 21: Marketing alliance agreements

1. At the point at which any national or foreign air carrier is granted an economic license or economic approval by the Authority, it must disclose to the Authority all marketing alliance agreements such as: code sharing, or blocked space, or joint ventures, or equipment use between air carriers to the extent that they relate to operations to, from, or within the territory of the Saudi Arabia.
2. Any national or foreign air carriers currently in possession of an economic license or economic approval granted by the Authority, seeking to engage in new marketing alliance agreements, such as those listed in Paragraph 1 above, must submit to the Authority at least 90 days in advance an application with supporting information sufficient for the Authority to decide that the agreement will not damage competition and/or the agreement is in the interest of Saudi Arabia. The supporting information to be provided by the applicant to the Authority shall cover:
 - a. a comprehensive description of the proposed marketing alliance agreement including the type of agreement (e.g., code-sharing, blocked space, joint ventures, or equipment use), the parties involved in the agreement, the scope of the partnership;
 - b. analysis of the potential impact of the agreement on competition within the relevant market(s), including an assessment of the current competitive landscape, market shares, and the potential for increased market concentration resulting from the alliance, if any;
 - c. description of the expected benefits to consumers, such as increased connectivity, more travel options, better schedule coordination, and improved service quality etc.;
 - d. explanation of any cost savings or efficiencies that may result from the alliance, such as reduced operating expenses, optimized use of resources, or enhanced revenue management;
 - e. any other information deemed relevant by the Authority.

Chapter 3: Aircraft leasing

Article 22: Conditions for approving dry-lease agreements

1. A national air carrier may dry lease an aircraft registered in Saudi Arabia to or from another national air carrier. In this case, the lessee must become the operator of the aircraft and be qualified and authorized by the Authority to conduct operations with that aircraft type.
2. Any dry lease agreement to which a national air carrier is a party to is subject to prior approval by the Authority.
3. A national air carrier may dry lease a foreign registered aircraft from an undertaking or holder of an AOC issued by an ICAO contracting state. In this case, the lessee must become the operator of the aircraft and be qualified and authorized by the Authority to conduct operations with that aircraft type.
4. A national air carrier must ensure that, with regard to aircraft that are dry leased:
 - a. the aircraft complies with and is equipped with all applicable requirements for the intended commercial operations;
 - b. the aircraft is maintained in accordance with the applicable technical requirements; and
 - c. the aircraft is operated within the applicable regulations in the Kingdom.

Article 23: Conditions for approving wet-lease agreements

1. A national air carrier may wet lease an aircraft to or from another national air carrier. In this case, the lessor must remain the operator of the aircraft.
2. Any wet lease agreement under which a national air carrier is the lessee is subject to prior approval by the Authority.
3. A national air carrier wet leasing an aircraft registered in an ICAO contracting state shall obtain prior approval for the operation from the Authority. The Authority will grant an approval when the national air carrier demonstrates to the satisfaction of the Authority that all safety standards equivalent to those imposed by the Authority or are met and at least one of the following conditions is fulfilled:
 - a. the national air carrier justifies such leasing on the basis of exceptional needs, in which case an approval may be granted for a period of up to one year. The approval may be renewed as many times as the Authority deems fit, provided the exceptional needs upon which the lease was approved are still valid;
 - b. the national air carrier demonstrates that the leasing is necessary to satisfy seasonal capacity needs, which cannot reasonably be satisfied through leasing of aircraft registered within Saudi Arabia, in which case an approval may be granted for the duration of a scheduling season;
 - c. the national air carrier demonstrates that the leasing is necessary to overcome operational difficulties and it is not possible or reasonable to lease aircraft registered nationally, in which case the approval shall be of limited duration strictly necessary for overcoming the operational difficulties.

4. Damp leases shall not be permitted. Only lessor's employed crewmembers may operate the lessor's aircraft that is subject to the lease agreement.
5. The lessor must be the direct operator of the leased aircraft. The lessor must not use an aircraft under the lease agreement with a national air carrier which is wet leased to it from another operator or party.
6. The lessor, the lessor's aircraft or the state of the lessor must not have any outstanding records of significant safety findings reported by ICAO or an ICAO contracting state.
7. With regard to aircraft used in wet lease operations, all aircraft must be registered in the state of the operator.
8. Wet leased aircraft cannot be more than 20 years of age during the leased period, with the exception of aircraft intended for transport of cargo only.
9. No national air carrier may base their entire operation on wet leasing.

Chapter 4: Violations and Penalties

Article 24: Insurance requirement penalties

1. Sanctions for infringements related to requirements of Article 15 shall be effective, proportional and dissuasive:
 - a. with regard to national air carriers, these sanctions may include the withdrawal of the operating license, subject to and in accordance with the relevant provisions of the law;
 - b. with regard to foreign air carriers and to aircraft operators using aircraft registered outside the Kingdom, the sanctions may include refusal of the right to transit the airspace or land on the territory of Saudi Arabia.
2. If the Authority is not satisfied that the conditions of Article 15 are met, they shall not allow an aircraft to take off, before the air carrier or aircraft operator concerned has produced evidence of adequate insurance cover.

Article 25: Procedure for violations and penalties

1. The Authority is responsible with the oversight of the implementation of these Regulations, as well as the identification and sanctioning of any acts or omissions in contravention of any provision or requirements of these Regulations.
2. Any individual or entity may file a complaint with the Authority with respect to any act or omission in contravention of any provision or requirements of these Regulations.
3. The Authority shall notify the concerned party of the complaint, which is obliged to provide a response within the timeframe stipulated in the notice.
4. Upon the Authority's reception of the response to the complaint, it may pursue one of the following courses of action:
 - a. issue a notice directing the violator to apply corrective measures.
 - b. render a decision to reject the complaint, provided with appropriate justification.
 - c. refer the matter to the Committee for consideration of breaches under the Civil Aviation Law.
5. If the relevant party fails to respond within the designated timeframe, the Authority will make a decision based on the information currently available.
6. The Committee has the responsibility to examine infringements of the provisions contained within these Regulations and to determine any appropriate penalties.
7. The Committee's decision shall be submitted to the person within the Authority to adopt it.
8. Concerned parties may appeal the Committee's decisions before the Board of Grievances. The appeal must be filed within the period specified before the Board of Grievances, starting from the date when the parties concerned are informed of the Committee's decision.

Annexes

Annex 1 – Supporting Information Required for Economic Licenses and Approvals

Annex 1.1 – Supporting information required for national carrier economic licenses

1. An applicant for a new national air carrier economic license shall file the data set forth in Paragraph 3 below. The Authority may require an applicant to provide additional data if necessary to reach an informed judgment about its fitness.
2. If the applicant has previously formally filed any of the required data with the Authority and that information reflects the current state of the carrier's fitness, the applicant may instead identify the data and provide a citation for the date(s) of filing.
3. An applicant for a new national air carrier economic license shall submit at least the following information to the Authority as part of its application for the license:
 - a. the name, address, and telephone number of the applicant;
 - b. the legal form of the applicant's organization including commercial registration;
 - c. evidence acceptable to the Authority that the applicant is a citizen of Saudi Arabia;
 - d. the identity of the key personnel who would be employed by the applicant, including:
 - their names;
 - the experience of each;
 - the citizenship of each; and
 - a description of the roles, directorships, shares of stock (if ten percent (10%) or more of total voting stock outstanding), and other interests each holds in any air carrier, national or foreign air carrier;
 - e. a list of all persons having an interest of more than 10% of the total voting stock issued and outstanding in the applicant. Such list shall include:
 - each person's name, address and citizenship;
 - the number of shares of the applicant's voting stock held by each such person and the corresponding percentage of the total number of such shares issued and outstanding, and the citizenship and principal business of any person for whose account, if other than the holder, such interest is held;
 - f. a list of any national or foreign air carriers with shareholdings in the applicant;
 - g. a list of the applicant's subsidiaries, if any, including a description of each subsidiary's principal business and relationship to the applicant;
 - h. a list of the applicant's shares of stock in, or control of, any national air carrier or foreign air carrier;

- i. to the extent the applicant has been engaged in any business prior to the filing of the application, it shall file copies of the audited financial statements for the past three years by any relevant corporation required to file such reports within the Kingdom;
- j. a list of all actions and outstanding judgments for more than SAR 250,000 against the applicant, or person having more than 10% of the issued and outstanding voting shares in the applicant, including the amount of each judgment, the party to whom it was or is payable, and, if relevant, how long it has been outstanding;
- k. a detailed description of the applicant's fleet of aircraft, including the number of each type of aircraft owned, leased and to be purchased or leased;
- l. evidence of sufficient insurance is in place for death or injury to passengers, third party damage, baggage and cargo;
- m. a description of the current status of any and all pending investigations, enforcement actions, and formal complaints filed by the Authority or any other governmental entity;
- n. a description of any aircraft accidents or aircraft incidents as defined by the Civil Aviation Law applicable in the Kingdom or in these Regulations involving the applicant, its key personnel, or any related corporation which occurred either during the year preceding the date of application or at any time in the past and which remain under investigation by the Authority, any other Civil Aviation Authority, or by the company itself, including:
 - the date of the occurrence;
 - the type of flight;
 - the location of the accident or incident;
 - the number of passengers and crew on board and a listing of any injuries or fatalities;
 - a description of any damage to the aircraft;
 - the Authority file numbers and the status of the investigations, including any enforcement actions initiated against the carrier or any of its personnel;
 - positive actions taken to prevent recurrence; and
 - any additional information requested by the Authority.
- o. a description of the service(s) to be operated if the application is granted, including:
 - the point or points in the Kingdom and abroad proposed to be served;
 - the frequency and duration of service planned; whether the service proposed is to be scheduled or charter; whether the service would be passenger, or cargo and mail, or a combination; and the type of equipment (and configuration) to be used; and
 - a service schedule stating the manner in which the service will be operated (e.g., nonstop or multi-stop, and the identity of proposed intermediate traffic and nontraffic points);

p. a business plan in the template provided in Annex 1.5, and covering at least the first two years of operations, which shall include at a minimum

- the most recent internal management accounts and, if available, audited accounts for the previous financial year;
- a projected balance sheet, including profit-and-loss account, for the following two years;
- the basis for projected expenditure and income figures on such items as fuel, fares and rates, salaries, maintenance, depreciation, exchange rate fluctuations, airport charges, air navigation charges, ground handling costs, insurance, etc. traffic/ revenue forecasts;
- details of the start-up costs incurred in the period from submission of an application to the commencement of operations and an explanation of how it is proposed to finance these costs;
- details of existing and projected sources of finance;
- projected cash-flow statements and liquidity plans for the first two years of operation;
- details of the financing of aircraft purchase/leasing including, in the case of leasing, the terms and conditions of contract;

q. proof of payment to the Authority of the licensing fee.

4. An existing economic license holder, planning a change in their structures or in their activities with a significant bearing on their finances, must provide the following information:

- a. if necessary, the most recent internal management balance sheet and audited accounts for the previous financial year;
- b. precise details of all proposed changes e.g., change of type of service, proposed takeover or merger, modifications in share capital, changes in shareholders, etc.
- c. a projected balance sheet, with a profit-and-loss account, for the current financial year, including all proposed changes in structure or activities with a significant bearing on finances;
- d. past and projected expenditure and income figures on such items as fuel, fares and rates, salaries, maintenance, depreciation, exchange rate fluctuations, airport charges, air navigation charges, ground handling costs, insurance, etc. traffic/revenue forecasts;
- e. cash-flow statements and liquidity plans for the following year, including all proposed changes in structure or activities with a significant bearing on finances;
- f. details of the financing of aircraft purchase/leasing including, in the case of leasing, the terms and conditions of contract.

5. An existing economic license holder must provide the Authority with the following information for the assessment of the continuing financial fitness:
 - a. audited accounts no later than (6) months following the last day of the relevant financial year, unless otherwise provided for in national law and, if necessary, the most recent internal management balance sheet;
 - b. a projected balance sheet, including profit-and-loss account, for the forthcoming year;
 - c. past and projected expenditure and income figures on such items as fuel, fares and rates, salaries, maintenance, depreciation, exchange rate fluctuations, airport charges, air navigation charges, ground handling costs, insurance, etc. traffic/revenue forecasts;
 - d. cash-flow statements and liquidity plans for the following year.

Annex 1.2 – Supporting information required for on-demand operator economic licenses

1. An applicant for a new on-demand operator economic license shall file the data set forth in Paragraph 3 below of this Article. The Authority may require an applicant to provide additional data if necessary to reach an informed judgment about its fitness.
2. If the applicant has previously formally filed any of the required data with the Authority and that information reflects the current state of the carrier's fitness, the applicant may instead identify the data and provide a citation for the date(s) of filing.
3. An applicant for a new on-demand operator economic license shall submit at least the following information to the Authority as part of its application for the license:
 - a. the name, address, and telephone number of the applicant;
 - b. the legal form of the applicant's organization, including commercial registration;
 - c. evidence acceptable to the authority that the applicant is a citizen of Saudi Arabia;
 - d. the identity of the key personnel who would be employed by the applicant, including:
 - their names;
 - the experience of each;
 - the citizenship of each; and
 - a description of the roles, directorships, shares of stock (if ten percent (10%) or more of total voting stock outstanding), and other interests each holds in any air carrier, national or foreign air carrier;
 - e. a list of all persons having an interest of more than 10% of the total voting stock issued and outstanding in the applicant. Such list shall include:
 - each person's name, address and citizenship;
 - the number of shares of the applicant's voting stock held by each such person and the corresponding percentage of the total number of such shares issued and outstanding, and the citizenship and principal business of any person for whose account, if other than the holder, such interest is held;

- f. a list of the applicant's subsidiaries, if any, including a description of each subsidiary's principal business and relationship to the applicant;
- g. to the extent the applicant has been engaged in any business prior to the filing of the application, it shall file copies of the audited financial statements for the past three years by any relevant corporation required to file such reports within the Kingdom;
- h. a list of all actions and outstanding judgments for more than SAR 250,000 against the applicant, key personnel employed (or to be employed) by the applicant, or person having more than 10% of the issued and outstanding voting shares in the applicant, including the amount of each judgment, the party to whom it was or is payable, and, if relevant, how long it has been outstanding;
- i. a detailed description of the applicant's fleet of aircraft, including the number of each type of aircraft owned, leased and to be purchased or leased;
- j. evidence of sufficient insurance is in place for death or injury to passengers, third party damage, baggage and cargo;
- k. a description of the current status of any and all pending investigations, enforcement actions, and formal complaints filed by the Authority or any other governmental entity;
- l. a description of any aircraft accidents or aircraft incidents as defined by the Civil Aviation Law or in these Regulations involving the applicant, its key personnel, or any related corporation which occurred either during the year preceding the date of application or at any time in the past and which remain under investigation by the Authority, any other Civil Aviation Authority, or by the company itself, including:
 - the date of the occurrence;
 - the type of flight;
 - the location of the accident or incident;
 - the number of passengers and crew on board and a listing of any injuries or fatalities;
 - a description of any damage to the aircraft;
 - the Authority file numbers and the status of the investigations, including any enforcement actions initiated against the carrier or any of its personnel;
 - positive actions taken to prevent recurrence; and
 - any additional information requested by the Authority.

- m. a description of the service(s) to be operated if the application is granted;
- n. a business plan in the template provided in Annex 1.4 and covering at least the first two years of operations, which shall include at a minimum:
- the most recent internal management accounts and, if available, audited accounts for the previous financial year;
 - a projected balance sheet, including profit-and-loss account, for the following two years;
 - the basis for projected expenditure and income figures on such items as fuel, fares and rates, salaries, maintenance, depreciation, exchange rate fluctuations, airport charges, air navigation charges, ground handling costs, insurance, etc. traffic/ revenue forecasts;
 - details of the start-up costs incurred in the period from submission of an application to the commencement of operations and an explanation of how it is proposed to finance these costs;
 - details of existing and projected sources of finance;
 - projected cash-flow statements and liquidity plans for the first two years of operation;
 - details of the financing of aircraft purchase/leasing including, in the case of leasing, the terms and conditions of contract;
- o. proof of payment to the Authority of the licensing fee.
4. An existing economic license holder, planning a change in their structures or in their activities with a significant bearing on their finances, must provide the following information:
- a. if necessary, the most recent internal management balance sheet and audited accounts for the previous financial year;
 - b. precise details of all proposed changes e.g., change of type of service, proposed takeover or merger, modifications in share capital, changes in shareholders, etc.
 - c. a projected balance sheet, with a profit-and-loss account, for the current financial year, including all proposed changes in structure or activities with a significant bearing on finances;
 - d. past and projected expenditure and income figures on such items as fuel, fares and rates, salaries, maintenance, depreciation, exchange rate fluctuations, airport charges, air navigation charges, ground handling costs, insurance, etc. traffic/revenue forecasts;
 - e. cash-flow statements and liquidity plans for the following year, including all proposed changes in structure or activities with a significant bearing on finances;
 - f. details of the financing of aircraft purchase/leasing including, in the case of leasing, the terms and conditions of contract.

5. An existing economic license holder must provide the Authority with the following information for the assessment of the continuing financial fitness:
- a. audited accounts no later than (6) months following the last day of the relevant financial year, unless otherwise provided for in national law and, if necessary, the most recent internal management balance sheet;
 - b. a projected balance sheet, including profit-and-loss account, for the forthcoming year;
 - c. past and projected expenditure and income figures on such items as fuel, fares and rates, salaries, maintenance, depreciation, exchange rate fluctuations, airport charges, air navigation charges, ground handling costs, insurance, etc. traffic/revenue forecasts;
 - d. cash-flow statements and liquidity plans for the following year.

Annex 1.3 – Supporting information required for an economic license for foreign air carrier operating scheduled flights

1. An applicant for scheduled foreign air carrier economic license or the reissuance of such a license shall submit the information listed below. The applicant must fully comply with this requirement in order to be considered for such a license. If the applicant is unable to respond to an item, the application shall contain an explanation, and include substitute information most closely approximating the information requested. The Authority may require an applicant to provide additional information as deemed necessary by the Authority.
- a. state the name and address of the applicant, the nature of its organization (individual, partnership, corporation, etc.), and, if other than an individual, the name of the country under the laws of which it is organized;
 - b. state the name, address, commercial registration number of the applicant's commercial agent in Saudi Arabia, together with copies of any commercial agreements between the applicant and the agent;
 - c. state the name and official address of the government air transport authority of the applicant's country of citizenship having safety and economic regulatory jurisdiction over the applicant.
 - d. supply the following information regarding the services proposed:
 - a description of the services proposed, specifying:
 - (1) the point or points in the Kingdom and abroad proposed to be served;
 - (2) the frequency of service planned at the start of operations, indicating any seasonal variations; whether the service proposed is to be scheduled or charter; whether the service would be passenger, or property and mail, or a combination; and the type of equipment (and configuration) to be used; and
 - (3) a service schedule stating the manner in which the service will be operated (e.g., nonstop or multi-stop, and the identity of proposed intermediate traffic and nontraffic points);

- a. provide a statement confirming that the applicant is majority owned and controlled by citizens of the country designating it. If that is not possible, provide a detailed explanation of the applicant's ownership and control;
- b. state whether the applicant's insurance coverage meets or exceeds the liability limits and amount of coverage mandated by these Regulations. State the name(s) of its insurance carrier(s) and provide evidence of such insurance;
- c. supply certified evidence in Arabic or English of the applicant's operating authority issued by its government and/or regulatory authority that relates to the operations proposed. This evidence must include a description of the applicant's present authority, the expiration date of this authority;
- d. briefly describe any agreements or cooperative arrangements (e.g., code share, block-space, wet-lease), both oral and written, entered with and between the applicant, or on behalf of the applicant, and any national or foreign air carrier, affecting the proposed services to the Kingdom. If there are no such agreements, so state;
- e. if the air transportation proposed is not covered by an air transport agreement, state in narrative form each of the elements of reciprocity or comity relied upon for the requested authority. If the authority requested is governed by an agreement, state whether the applicant has been formally designated by its homeland government, and, if so, cite the diplomatic note;
- f. for the preceding five years, state whether the applicant has been involved in any safety violations or any fatal accidents. If so, furnish details;
- g. evidence of bond or irrevocable letter of credit issued by a Saudi bank, covering:
 - cost of the return of pilgrims to their home country, where required by the Authority;
 - pilgrim housing and catering expenses;
- h. provide a copy of a current and valid FAOC issued by the Authority Flight Standards Division to the applicant.
- i. proof of payment to the Authority of the licensing fee.

Annex 1.4 – Supporting information required for an economic approval for foreign air carrier operating Hajj and Umrah charter flights

1. An applicant for Hajj and Umrah charter flight air carrier economic approval or the reissuance of such a license shall submit the information listed below. The applicant must fully comply with this requirement in order to be considered for such an approval. If the applicant is unable to respond to an item, the application shall contain an explanation, and include substitute information most closely approximating the information requested. The Authority may require an applicant to provide additional information as deemed necessary by the Authority.
 - a. state the name and address of the applicant, the nature of its organization (individual, partnership, corporation, etc.), and, if other than an individual, the name of the country under the laws of which it is organized;
 - b. state the name, address, commercial registration number of the applicant's agent in Saudi Arabia, together with copies of any commercial agreements between the applicant and the agent;

- c. state the name and official address of the government air transport authority of the applicant's country of citizenship having safety and economic regulatory jurisdiction over the applicant.
- d. supply the following information regarding the services proposed:
- a description of the services proposed, specifying:
 - (1) the point or points in the Kingdom and abroad proposed to be served;
 - (2) the frequency of service planned at the start of operations, indicating any seasonal variations; whether the service proposed, whether the service would be passenger, or cargo and mail, or a combination; and the type of equipment (and configuration) to be used; and
 - (3) a service schedule stating the manner in which the service will be operated (e.g., nonstop or multi-stop, and the identity of proposed intermediate traffic and nontraffic points);
- e. provide a statement confirming that the applicant is majority owned and controlled by citizens of the country designating it. If that is not possible, provide a detailed explanation of the applicant's ownership and control;
- f. state whether the applicant's insurance coverage meets or exceeds the liability limits and amount of coverage mandated by these Regulations. State the name(s) of its insurance carrier(s) and provide evidence of such insurance;
- g. supply certified evidence in Arabic or English of the applicant's operating authority issued by its government and/or regulatory authority that relates to the operations proposed. This evidence must include a description of the applicant's present authority, the expiration date of this authority;
- h. briefly describe any agreements or cooperative arrangements (e.g., code share, block-space, wet-lease), both oral and written, entered with and between the applicant, or on behalf of the applicant, and any national or foreign air carrier, affecting the proposed services to the Kingdom. If there are no such agreements, so state;
- i. if the air transportation proposed is not covered by an air transport agreement, state in narrative form each of the elements of reciprocity or comity relied upon for the requested authority. If the authority requested is governed by an agreement, state whether the applicant has been formally designated by its homeland government, and, if so, cite the diplomatic note;
- j. for the preceding five years, state whether the applicant has been involved in any safety violations or any fatal accidents. If so, furnish details;
- k. evidence of bond or irrevocable letter of credit issued by a Saudi bank, covering:
 - e. cost of the return of pilgrims to their home country, where required by the Authority;
 - f. pilgrim housing and catering expenses;
- l. provide a copy of a current and valid FAOC issued by the Authority Flight Standards Division to the applicant.
- m. proof of payment to the Authority of the approval fee.

Annex 1.5 – Business plan template

1. Executive summary
 - a. Objectives;
 - b. Mission;
 - c. Keys to Success.
2. Company Summary
 - a. Company Ownership - including details of the source of finance and proposed shareholders, their nationality and full details of shares held;
 - b. Start-up summary – comprising details of costs and how these will be funded;
 - c. Head office location and facilities.
3. Market analysis
 - a. A report on current market environment;
 - b. Details of the current/expected competition on each route;
 - c. Basis of demand assumptions used in financial forecasts;
 - d. Any independent market research studies referenced for the business plan.
4. SWOT analysis
 - a. Strengths;
 - b. Weaknesses;
 - c. Opportunities;
 - d. Risks.

5. Proposed services

- a. Understanding of the market opportunity;
- b. Description of the proposed services to be operated – including proposed routes and timetables;
- c. Details of type of service to be provided – i.e., leisure, business or a mix of both;
- d. Pricing strategy – details of fare structure;
- e. Technology available – i.e., development of in-house yield management or reservations systems or purchase of existing technology;
- f. Aircraft – reasons for proposed aircraft selection and whether operating leases or purchases are considered. Drafts of any proposed agreements should be provided;
- g. Third party contracts - copies of any proposed contracts should be provided (if available). This could be for aircraft maintenance, fuel, foreign exchange, interest rates or arrangements with the merchant acquirer for handling credit card receipts.

6. Strategy and implementation plan

- a. Marketing and promotion strategy;
- b. Pricing strategy;
- c. Sales and distribution strategy;
- d. Systems and infrastructure;
- e. Timelines and key milestones.

7. Management summary

- a. Organization structure;
- b. Key personnel team - including CVs;
- c. Personnel plan.

8. Financial forecasts

- a. Detailed forecasts for a three-year period comprising profit & loss account, cash flow forecast and balance sheets on a monthly basis. The forecasts should be broken down on a route basis and include an overall consolidation of the total operation;
- b. The forecasts should detail individual route contribution statements which include as a minimum the Key Performance Indicators – sectors, block hours, capacity, load factors (by cabin, if applicable), yields (gross & net) and passengers (by cabin if applicable), full breakdown of direct operating costs (by route)/fixed operating costs and overheads (consolidated). This statement should also split out any cargo, charter and ancillary revenue;
- c. Full details of the assumptions used in respect of revenue and costs (on an hourly, sector or passenger basis as applicable) should be provided. If discounts are assumed to be provided against published costs at airports, these should be expressly highlighted;
- d. Details of any financing agreements in which the applicant is or expects to be involved, such as equity contributions, overdraft or bonding facilities. Supporting documentation would include drafts of the relevant agreements.

9. Business and Financial Risk assessment:

- a. GACA will need to be satisfied that the applicant has adequate systems in place to monitor such risks and sufficient policies in place to mitigate the impacts of such risks. Key risks to be considered should include the following:
 - Business risks: competition, loss of market share, distribution strategy, product strategy, problems in regions operated;
 - Financial risks: Fuel, foreign exchange, cash flow generation, profitability, facilities, balance sheet.

Annex 1.6 – Criteria for exemption from economic license and approval requirements for foreign air carrier operating Hajj and Umrah charter flights

1. The Authority may decide to waive the requirements for a bond or irrevocable letter of credit covering the expenses for the return of pilgrims to their home countries for foreign air carriers operating Hajj and Umrah charter flights. The decision to exempt an air carrier will be made based on the following criteria:
 - a. the air carrier has operated flights to and/or from Saudi Arabia for at least five years;
 - b. the air carrier has operated at least 50 Hajj and/or Umrah charter flights;
 - c. the air carrier has a 100% record of meeting financial obligations towards the Authority and other stakeholders in Saudi Arabia;
 - d. the air carrier has no flights delayed more than 24h in the past five years due to causes within the control of the air carrier;

Annex 2 – Supporting Information Required for Aviation Service Representatives Economic Licenses

1. An applicant for a general sales agent economic license, or a general aviation support service economic license or the reissuance of such a license shall submit the information listed below. The applicant must fully comply with this requirement in order to be considered for such an approval. If the applicant is unable to respond to an item, the application shall contain an explanation, and include substitute information most closely approximating the information requested. The Authority may require an applicant to provide additional information as deemed necessary by the Authority:
 - a. the name, address, and telephone number of the applicant;
 - b. the legal form and details of the applicant's organization, including commercial registration;
 - c. details on the ownership of the company;
 - d. a description of the service(s) to be operated if the application is granted;
 - e. proof of payment of the economic license fee to the Authority.
2. The Authority will inform the qualifying air carrier for exemption at the point of application for an economic license or economic approval, or at the point of its renewal.

Annex 3 – Supporting Information for Airfare and Capacity Monitoring

- Firstly: Airfare data submission
1. Each national and foreign air carrier operating scheduled flights on domestic routes, shall file with the Authority each month:
 - a. description of all fare types and classes available for sale to the general public;
 - b. the fare table for all fare types and classes, including a breakdown of base fare, surcharge, and other ancillary charges;
 - c. the average fare charged for each fare class of travel.
 2. All published and average fares referred to in Paragraphs 1 above must be filed with the Authority no later than 14 days of the end of the reporting month.
 3. The process for submitting fare may be altered, subject to approval from the Authority.

- Secondly: Capacity data submission

1. Each national and foreign air carrier shall provide the following information to the Authority each month, on all scheduled domestic routes:
 - a. the number of revenue passengers carried in each class of travel;
 - b. the number of seats provided for each class of travel;
 - c. the number of flights operated;
 - d. the type and capacity of aircraft operated.
2. The information listed in Paragraph 4 above should be provided to the Authority within 14 days of the end of the reporting month.



الاستراتيجية الوطنية للطيران
SAUDI AVIATION STRATEGY