

## UK CAA Interpretation of Principal Place of Business

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A number of the EU Regulations covering airworthiness, operations and licensing state that the Competent Authority for the oversight of an Organisation shall be:

1. For organisations having their **principal place of business** in a Member State, the national aviation authority designated by that Member State, or
2. For organisations having their **principal place of business** located in a third country, EASA.

The correct Competent Authority therefore has to be identified before an application for organisational approval can be accepted and a valid approval issued. This decision is based on an evaluation of where the principal place of business of an Organisation is established.

A number of EU Regulations define what constitutes an Organisation's principal place of business as follows:

***“Principal place of business” means the head office or the registered office of the undertaking within which the principal financial functions and operational control of the activities referred to in this Regulation are exercised.***

The CAA's interpretation of the meaning of the above provision is set out below.

In order for the CAA to assume responsibility for regulatory safety oversight as the Competent Authority, the Organisation will need to meet the following criteria regarding corporate structure and effective operational and financial control to constitute evidence of their principal place of business being established in the UK:

1. Where an applicant organisation is not already established in an EU Member State (or in an European Economic Area (EEA) Member State that has access to the EU single market under the European Economic Area Agreement with the EU) and does not have the right of establishment for service providers under the Services Directive (Directive 2006/123/EC) or is an organisation, whether or not established in or outside of the EU or the EEA, which is applying for an AOC, the CAA will require the organisation to be registered in the UK;
2. It must be evident that matters affecting de facto operational and financial control, relevant to the organisation's activities in accordance with the applicable requirements, are controlled, decided and directed by the appointed key post holders, including the accountable manager, as a result of board (or other) meetings held in the UK as often as effective relevant decision-making requires<sup>1</sup>;
3. Operational correspondence must be processed at the organisation's UK head office address;
4. All records regarding the operational and financial decisions affecting the direction, control and coordination of the organisation's activities and operations, within the scope of the applicable regulation, must be capable of physical inspection at the UK head office.

It should be noted that the principal place of business may not necessarily be where the approved activity itself takes place, such as where the training facilities, production lines or maintenance facilities are located. The above criteria do not address the means by which the regulatory oversight is delivered. In the case where the activity takes place in a country other than that in which the principal place of business is located, to ensure effective oversight of the organisation, co-operative oversight arrangements may be made between National Authorities.

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<sup>1</sup> Solely holding a few meetings a year in the UK would not constitute sufficient evidence of such operational and financial control.