



Airport Coordination Ltd Guidance on One for One Slot Exchanges

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1. Purpose

The following paper provides guidance on ACL's treatment of slot exchanges pursuant with Article 8a(1)(c) of the Council Regulation (EEC) No 95/93 of 18 January 1993 on common rules for the allocation of slots at Community airports (as amended) (EU Slot Regulation). It details the requirements that need to be met to allow a one for one exchange of slots to take place.

2. References

EU Slot Regulation:

Article 2(a) – Slot shall mean the permission given by a coordinator in accordance with the Regulation to use a full range of airport infrastructure.

Article 2(f) – Definition of an air carrier or group of air carriers

Article 2(k) – Definition of a series of slots

Article 8 – Process of slot allocation

Article 8a – Slot Mobility

Article 10(3) – Slots held at the handback deadline determine the use it or lost it target

Worldwide Slot Guidelines:

8.12 - Slot Mobility between airlines

8.13 - Transfer of slots between airlines

8.16 - Slots of an airline that loses its operating licence

3. Preamble

The Slot Mobility provision of the EU Slot Regulation allows for one for one exchanges of slots between air carriers. Such an exchange at a given airport may manifest itself from a desire for two carriers to improve their slot timings or from one carrier wishing to obtain a slot from another carrier through an artificial exchange of slots. The EU Commission acknowledged that it would not take action against a Member State that permitted commercial considerations to be an element of an exchange between air carriers¹.

Where sufficient capacity is available at an airport, an exchange of slots can be relatively easily administered. Carrier A can obtain the required number of slots from the slot pool to facilitate an exchange with Carrier B that holds a slot that Carrier A would like to utilise. The Coordinator would check the feasibility of the slot exchange as required under Article 8a(2) and process the exchange accordingly. Carrier B can then either operate the slots received in the exchange or return them to the pool.

Where an airport is at or near to saturation then there may be insufficient slots in the pool for a carrier to obtain sufficient slots to allow for a one for one exchange. In these circumstances, ACL would be required to issue "dummy slots" that are not operationally usable to facilitate the exchange after which the "dummy slots" must be immediately returned to the slot pool. This in essence is an artificial exchange of slots to ensure that the requirements of the EU Slot Regulation are met.

The timing at which exchanges are requested between two carriers is critical to avoid blackout periods where it is not possible for the Coordinator to make the exchange. These periods are covered in more detail later in this guidance.

Whenever an exchange of slots is being considered, ACL would recommend an early dialogue to ensure that all parties are aware of how ACL will treat such a request.

4. Principles of Exchanges

The exchange must be between two entities that are permitted to hold slots.

¹ Section 5 of the Commission communication dated 30 April 2008 - <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52008DC0227&from=EN>

To be entitled to hold slots and therefore exchange slots, the entities involved must meet the definition of an air carrier as per Article 2(f) of the EU Slot Regulation. ACL will need to satisfy itself that both parties *at the time of the exchange* hold a valid operating licence or equivalent. A valid operating licence may be a suspended licence and ACL may ask for the airline's support in getting confirmation that a valid operating licence exists.

Should a carrier have a revoked licence then ACL would not deem this to be a valid operating licence and slots held by that air carrier may immediately be returned to the slot pool for reallocation.

Exchanges will only be considered for a recognisable series

The minimum length of a series that can be exchanged and gain historic entitlement (subject to meeting the utilisation target) is five weeks.

Exchanges can only take place once the operational slot to be exchanged is held as a historic

Newly allocated slots are not permitted to be exchanged until the carrier has gained the historic right to that slot series. Carriers will have needed to operate a slot for at least two consecutive seasons before the slot may be exchanged.

Exchanges need to be feasible and within the airport's declared capacity before they can be processed by ACL

ACL is required to assess potential exchanges against the declared capacity at the airport. Should a referral to the airport be required, ACL will seek the air carrier's permission to refer the potential exchange to the airport for consideration. Air carriers should ensure that the exchange fits before entering into commercial arrangements as the exchange will not be processed if as a result of the exchange, the airport's capacity will be breached.

Exchanges will only be considered for a series of slots that have yet to be operated.

Slots are a permission to use the infrastructure at a given airport. Once that permission has been used by an airline then it can't be exchanged with another carrier. The operation of that permission would count towards the utilisation target which if met would grant that carrier entitled to that slot in the subsequent season.

Should a carrier wish to exchange a slot with another carrier once the season has commenced then only the slots that have yet to be utilised may be exchanged with another carrier.

For example Carrier A holds a slot for 31 weeks at the handback deadline. After 10 weeks of the season it agrees to exchange that slot with Carrier B.

Carrier A could exchange the remaining 21 weeks of the season to Carrier B in a one for one exchange.

Carrier A would fail to achieve any historic right to that slot in the subsequent season as it only operated 10 weeks (32%) of the 31 slots held at the handback deadline and therefore failed to achieve the required utilisation.

Carrier B would gain the opportunity to achieve historic entitlement in the subsequent season if Carrier B operates 80% of the 21 weeks exchanged. If Carrier B is not ready to operate the full 21 weeks they should consider exchanging only the period they intend to operate. Any slots not operated would impact on the carrier's ability to meet the utilisation target.

Should carrier B wish to operate the full 31 weeks in the subsequent season, a request for the first 10 weeks should be submitted in the initial submission for that season.

Blackout Period for Slot Exchanges

The blackout period is a period in time during which slots cannot be exchanged. This arises because (i) slot exchanges can only apply to permission to use infrastructure in the future and; (ii) a recognisable series needs to be exchanged. From the point where it becomes no longer possible to exchange a series greater than five weeks until the time that the permissions are granted by the coordinator for the subsequent season (SAL distribution), it is not possible to process and exchange slots.

For example in the IATA S18 season the last date on which a daily slot with a recognisable series length could be exchanged was 22 September 2018. Assuming worst case scenario, the next date at which an exchange could take place would be the SAL deadline on 01 November 2018. During the period between 23 September and 01 November no exchanges would be processed. ACL would consider an exchange request as soon as all SAL's were distributed and would consider the request against the Regulation at that time. Both carriers at that point would need to be entitled to hold slots and the exchange considered feasible at that time for the exchange to take place.

Entitlement for a period not held if the exchange only covers part season

Should a carrier require to extend an exchanged series, a new request covering the required period should be submitted in the initial submission. Such requests will be considered with all other requests received during initial coordination. ACL will make no guarantees to extend a series to cover a full season.

Commercial Considerations

The EU Slot Regulation does not require ACL to be party or assess any commercial contracts that two carriers may enter. The role of ACL is simply to assess the proposed exchange against the capacity declaration and ensure that such an exchange meets the criteria as set out in Article 8a(2) of the EU Slot Regulation. ACL will assess the exchange as presented at the time against any Regulations that in force at the time.

As soon as an exchange takes place, ACL will consider that slot to be solely for the use of the other carrier, regardless of any contract the two carriers have entered into. Should the carrier holding the slot fail to meet the utilisation targets the slot will be lost and returned to the pool for reallocation.

Requirements for a Slot Exchange to take place

For an exchange to take place, an air carrier should ensure they:

- Hold the slots to be exchanged historically;
- Have checked the feasibility of the exchange with ACL;
- Checked both entities are permitted to hold slots;
- Carefully considered the period of the slot series to be exchanged
- Request "dummy slots" if required;
- Complete, sign and submit a slot swap form to ACL.

5. Additional Assistance

ACL is available to advise carriers on exchanges and would urge an early dialogue where possible.