



The Aviation Act (LuftNaSiG)/Traffic rights

In order to facilitate Lufthansa's full privatisation, the federal government adopted the Aviation Compliance Documentation Act (LuftNaSiG) which ordains that German airlines may only be joint stock corporations with registered shares. That provision ensures that airlines meet specific requirements in respect of ownership and effective control. Those requirements stem from EU law and from bilateral air traffic rights agreements concluded by the Federal Republic of Germany.

Regulation (EC) No 1008/2008 stipulates that in order to acquire and retain an air traffic operating licence, an airline must be majority-owned by EU member-states or their nationals and, at all times, be under their control.

Air traffic accords reached by the Federal Republic with non-EU states presuppose for the exercise of traffic rights that an airline is majority-owned by German nationals.

In order to ensure that the operating licence required by Regulation (EC) No 1008/2008 is retained and that an airline keeps the traffic rights it derives from air traffic agreements, the airline company must be in a position to provide evidence of the requisite ownership and control structure. That evidence is forthcoming through registered shares: Each shareholder is listed with name, address, nationality and number of shares in a share register, allowing Lufthansa to monitor the share ownership at any given time and to act in majority-critical situations (threat of foreign control) accordingly. The possible measures range from share buy-backs to a new share issue or request foreign shareholders to sell their stock.

The German Aviation Compliance Documentation Act (LuftNaSiG)

The relevant legal text of the German Aviation Compliance Documentation Act (LuftNaSiG) can be found under the following link: <https://www.gesetze-im-internet.de/luftnasig/>