

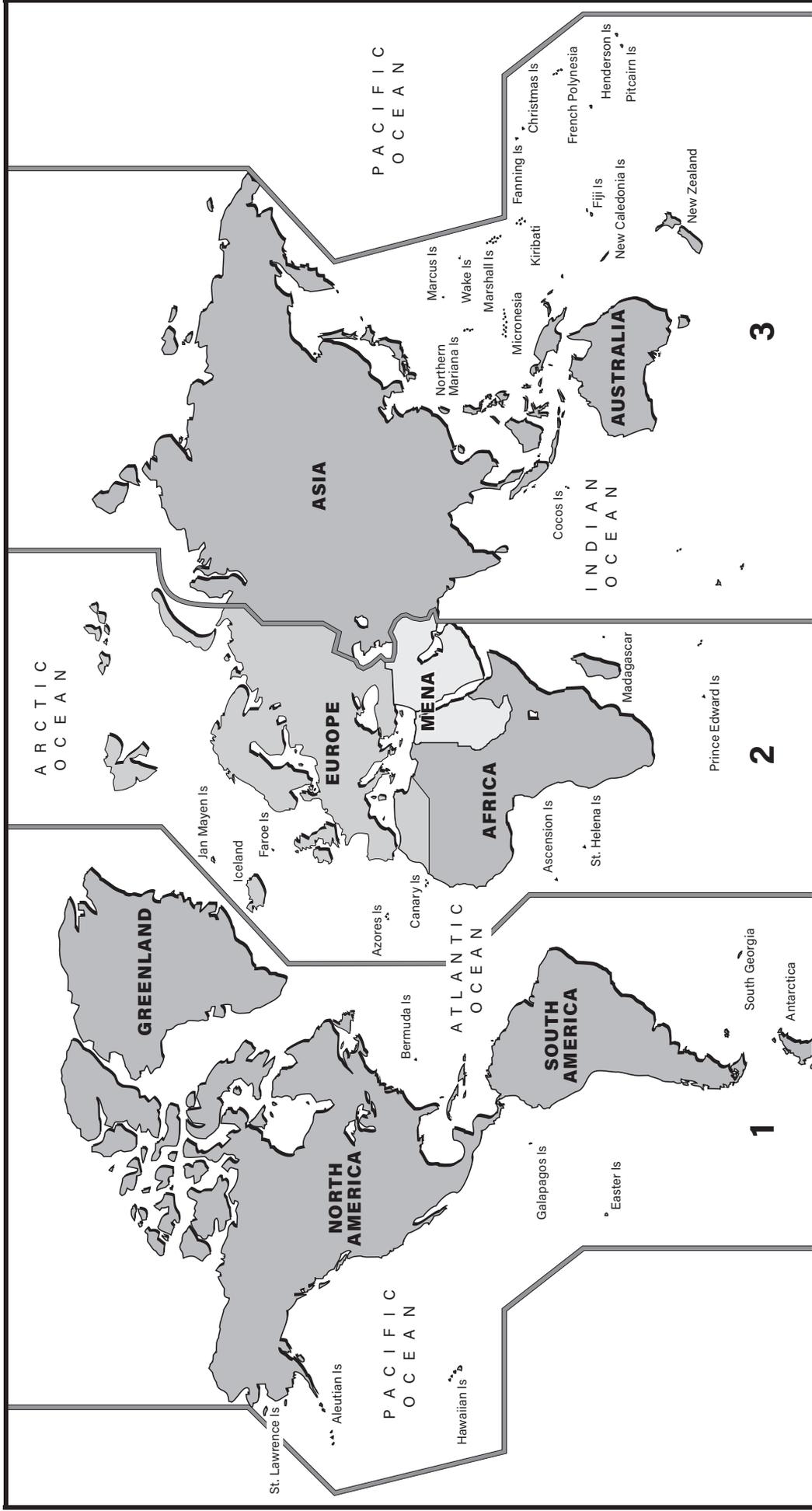


# Travel Agent's Handbook

## Resolution 818g Edition

Effective 1 June 2017

# IATA AREAS



- AREA 1 - NORTH, CENTRAL, SOUTH AMERICA AND ENVIRONS**
- AREA 2 - EUROPE, MIDDLE EAST, AFRICA**
- AREA 3 - FAR EAST, AUSTRALIA, NEW ZEALAND, PACIFIC ISLANDS**





# **Travel Agent's Handbook**

## **Resolution 818g Edition**

**Effective 1 June 2017**

## NOTICE

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## FOREWORD

### “FROM THE AGENCY ADMINISTRATOR”

Welcome to the 2017 edition of the Resolution 818g Travel Agent's Handbook, which contains the current text of Passenger Agency Conference Resolutions that apply to IATA Accredited Agents. This Handbook will normally be updated annually and is legally required to be provided to each Approved Location of an IATA Agent.

The 818g set of Sales Agency Rules was adopted at the June 2007 Passenger Agency Conference to address changing regulatory requirements in certain markets where the Passenger Agency Programme operates without immunity.

Section 1 of this Handbook contains useful information specific to Resolution 818g countries. Further General Information can be found on the dedicated Agenthome website (see below for details).

The Passenger Agency Conference Resolutions and locally established criteria, which together form part of the Passenger Sales Agency Agreement, can be found in Sections 2 and 3 respectively of this Handbook. The rules and criteria contained in Sections 2 and 3 are mandatory and must be adhered to by agents participating in the Programme in the country/area governed by these rules.

The Manager of each Approved Location is recommended to draw this Handbook to the attention of staff involved in selling international air transportation and issuing tickets. There are items of information in the handbook which will strengthen travel agents' knowledge of their trade and make them more effective in their work, to the advantage both of their employer and themselves.

The Agency Programme is constantly under review and is the subject of on-going dialogue between airlines and agents. As a result, adjustments and improvements are progressively introduced in order to keep the programme relevant to the industry's needs in the marketplace. The changes in this handbook incorporate all the amendments made in 2016, a summary of which is provided in the 'Salient Aspects' section below.

The Agenthome website ([www.iata.org/agenthome](http://www.iata.org/agenthome)) provides a wealth of information for IATA Accredited Agents. In addition to the individual Passenger Agency Conference resolutions, Agents will also be able to download copies of essential publications (Travel Agent's Handbook, BSP Manual for Agents) and other reference material.

#### **Agency Administrator**

(email: [DistributionManagement@iata.org](mailto:DistributionManagement@iata.org))

## SALIENT ASPECTS OF NEW OR AMENDED RESOLUTIONS

### General

Various amendments to resolutions to remove outdated terms and to replace references to specific functions within IATA such as “Agency Services Manager” or “BSP Manager” with the more generic term “IATA”.

### Resolution 818g–Passenger Sales Agency Rules

**Paragraph 1.2:** Description of outdated term ‘Agency Services Office’ replaced with new description for ‘ISS Management’.

**Paragraph 2.1.18:** new provision enabling IATA to ensure ‘Travel Agents’ compliance with PCI DSS.

**Paragraph 2.2.1.3:** a number of countries in Central America and Caribbean added to the list of countries with a 40 day deadline for submitting a Financial Security; and removal of the provision to issue a double irregularity when an Agent fails to submit a Financial Security by the deadline.

### Attachment ‘A’–Reporting & Remitting

**Paragraph 1.1.2:** New text clarifying the actions to be taken by IATA regarding agents who fail to settle directly with a suspended pursuant to Resolution 850 Attachment F.

**Paragraphs 1.1.7–1.1.9:** a number of changes to the provisions for China Only to reflect monitoring on weekends and public holidays, and that provisions 1.1.5 through 1.1.8 in respect of China Risk Management will be reviewed by Conference in 2018.

**Paragraph 1.6.2.1 (f):** included obligation for APJCs to evaluate the period between the Reporting Date and the Remittance Date at least once per annum.

**Section 1.10.5:** new provisions detailing how disputes will be handled in order to be dealt with through the BSP.

**Paragraph 2.2.1(iii):** new text establishing some baseline requirements that must be met in order for IATA to consider entering into an alternative repayment agreement on behalf of the affected BSP airlines without the Agent having to consult with the Airlines directly.

### Attachment ‘B’

Completely new “Notice of Change” form and “Statement of International Sales” form.

### Attachment ‘C’—Section 1.6 Settlement—The remittance date

Removal of exception for Japan.

Modified exception for New Zealand.

Added exceptions for Estonia, Latvia, Thailand, Vietnam, Singapore, Sri Lanka, Philippines, Malaysia and South West Pacific (excluding Australia & New Zealand).

### Resolution 846–NewGen ISS Transition–NEW

A new resolution formalising the parameters for migrating countries to the new set of Sales Agency Rules for NewGen ISS.

### Resolution 848–IATA EasyPay–NEW

A new resolution formalising IATA EasyPay.

### Resolution 850–Billing and Settlement Plans

Complete update of Resolution 850 and Attachment F using simplified language and consistent terminology to enhance clarity.

**Resolution 850p–Financial Securities**

**Section 4:** new Section 4 dealing with the evaluation of Global Default Insurance and Providers, and new paragraph 2.6 stating that any Provider of Global Default Insurance must meet with the criteria set out in the new Section 4.

**Resolution 860a–Passenger Agency Programme Global Joint Council**

The number of members of the Council is increased to 24.

**Resolution 866–Definitions of Terms used in Passenger Agency Programme Resolutions**

New definitions for ‘Global Default Insurance’ and ‘Remittance’.

Modified definitions for ‘Agency Programme Joint Council’ and for ‘Electronic Ticketing Authority’.

**Resolution 868–Passenger Agency Conference Steering Group and the Agency Administrator**

Modified and increased the composition of the PSG.

**REFERENCE MARKS USED FOR RESOLUTIONS**

The following symbols placed against an item indicate changes from the previous edition:

<b>Symbol</b>	<b>Meaning</b>
□	Addition of a new item
△	Change to an item
⊗	Cancellation of an item

INTENTIONALLY OMITTED sometimes appears in place of a paragraph or subparagraph. This usually means that the provision in question has been deleted. Renumbering of subsequent provisions is thus avoided, thereby easing the problems of consequential cross-referencing amendments in other Resolutions.

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## ACCREDITATION AND APPOINTMENT PROCEDURE

The regulations concerning the approval, accreditation and retention of Agents are set forth in detail in IATA Resolutions and are reproduced in this handbook. The following brief outline thus serves merely as an introduction.

### SALES AGENCY RULES

IATA Sales Agency Rules regulate the relationship between IATA Accredited Agents and Member Airlines. These rules set forth the rights and obligations of both parties as well as the basic procedures applicable to those seeking IATA accreditation for the sale of international air passenger travel.

### STATUS OF IATA ACCREDITED AGENT

An IATA Accredited Agent is a passenger sales agent whose name has been entered on the Agency List in accordance with the Rules.

An Approved Location is a Head Office, or Branch Office, Location appearing on the Agency List.

### APPLICATION

Any person or organisation may become an Accredited Agent by submitting an application which is in the form of answers to a questionnaire (see text of Resolution 800a in this Handbook). Copies of the questionnaire and answers to enquiries can be obtained from:

#### Americas

International Air Transport Association  
703 Waterford Way—Suite 600  
Miami—Florida 33126  
United States of America

#### Asia-Pacific

Agency Management—Accreditation Services,  
Asia/Pacific  
International Air Transport Association  
111 Somerset Road  
#14-05 Triple One Somerset  
Singapore 238164

#### Europe

Agency Accreditation Services  
IATA Service Centre Europe  
Torre Europa  
Paseo de la Castellana 95, 5th Floor  
28046 Madrid  
Spain

#### Africa and Middle East

Agency Accreditation Services  
International Air Transport Association  
King Abdallah II Street, Al Shaab Roundabout  
Business Park, Building GH8  
P.O. Box 940587  
11194 Amman  
Jordan

#### People's Republic of China

International Air Transport Association  
Agency Accreditation Services  
3F, China Digital Harbour  
No. 1 Wangjing North Road  
Chaoyang District  
Beijing  
P.R. China 100102

Tel: +86 10 8571 9909

Fax: +86 10 8571 9906

Email: [info.cn@iata.org](mailto:info.cn@iata.org)

IATA's Customer Services portal provides a valuable Resource Centre where customers can find a wealth of information relating to the Agency Programme and the BSP.

In addition, Agents may send an enquiry directly to our Customer Services via the following link: <http://www.iata.org/customer-portal/Pages/index.aspx>.

### ACTION ON APPLICATIONS

An applicant will be granted recognition as an IATA Accredited Agent and consequently may be appointed to represent Member Airlines, by meeting the qualifications and criteria outlined in the Sales Agency Rules and executing a Passenger Sales Agency Agreement. A person whose application has been disapproved is told the reasons for such action. The disapproved applicant may request reconsideration or a review of the decision. There is no limit to the number of applications that can be made.

### NUMERIC CODE

Each Approved Location of an Accredited Agent is allocated an individual IATA numeric code and is entered on the IATA Agency List. IATA Member Airlines are free to appoint Accredited Agents from that list by depositing a Statement of General Concurrence or individual Certificate of Appointment. Member Airlines participating in the Billing and Settlement Plan (BSP) may, if they wish, grant ticketing authority to individual agents to issue BSP Standard Traffic Documents (STDs).

### QUALIFICATIONS AND CRITERIA

Certain minimum criteria must be met if an application is to be successful. IATA accreditation will not be given to an applicant who fails to meet these minimum criteria. The criteria must continue to be met in order to ensure

retention on the IATA Agency List. The criteria fall into the following categories.

## Registration/Licence

The business entity and/or its owners and managers must have the requisite official registration and/or licence to trade.

## Staff

The applicant must have in its employment competent and qualified staff able to sell international air transportation and correctly issue electronic travel documents and report these to the BSP.

## Finances

Only companies and firms that are financially sound will be approved.

The applicant must submit independently produced financial statements prepared in accordance with local accounting practices.

To obtain a satisfactory evaluation, the applicant may be required to provide further information or additional financial support in the form of bank or insurance bond or guarantee.

Further details of the financial and other criteria are detailed in Section 3 of this Handbook.

## Premises

The applicant must be identified as a place of business for a travel agency in accordance with applicable laws.

The Agency and/or place of business must not be identified, or represent itself, as an office of an airline or group of airlines, nor have a name the same as that of a Member of IATA, or of IATA.

The location where business is conducted must not be in office space jointly occupied with an airline or an airline's General Sales Agent.

## Security

An applicant must undertake to provide sufficient protection for its business, and for the supply of industry Standard Traffic Documents in its possession, in accordance with the provisions detailed in Section 5 of Resolution 818g.

## Business Standards

The applicant, or any of its managers, principal shareholders (or persons for whom they act as nominees), directors or officers shall have no record of wilful violations of fiduciary obligations incurred in the course of business nor be undischarged bankrupts.

## Management

No person who is a director of or who holds a financial interest or a position of management in the applicant shall

have been a director of, or had a financial interest or held a position of management in, an Agent which has been removed from the Agency List or is under notice of default, and still has outstanding commercial debts, or in such an Agent whose commercial debts were met solely or in part by recourse to a financial bond or guarantee; provided that the applicant may nevertheless be approved if IATA is satisfied that such person did not participate in the acts or omissions that caused such removal or default or if he is satisfied that the applicant can be relied upon to comply with the terms of the Sales Agency Agreement and other Resolutions of the Conference.

An applicant may nevertheless be approved if IATA is satisfied that such person did not participate in the acts or omissions that caused such removal or default or if he is satisfied that the applicant can be relied upon to comply with the terms of the Sales Agency Agreement and other Resolutions of the Conference.

## General Sales Agency

Applicants must not be appointed by an air carrier as a General Sales Agent for the country concerned or for any part thereof. (A General Sales Agent is one to whom an airline has delegated general authority to represent it for purposes of overseeing sales in a defined territory and who is remunerated accordingly.)

In respect of the issue of Traffic Documents after approval, an Agent shall comply with the provisions of Resolution 822 to the extent that they affect the Agent's obligations or actions.

## CHANGES WITHIN AN AGENCY REQUIRING PRIOR IATA APPROVAL

Under the terms of the Passenger Sales Agency Agreement entered into by each IATA Accredited Agent, an Agent proposing to effect certain changes within its agency must so notify the Agency Administrator through the IATA Office. The details of the procedural requirements for cases of change of ownership, legal status, name or location are shown in the Sales Agency Rules.

The following brief summary of the provisions is given to assist Agents to understand the importance of advising IATA in advance of proposed changes in their agencies. Copies of the appropriate forms and notices together with answers to enquiries can be obtained from the IATA Office and it is to this office that the notification of change should be submitted.

## CHANGES OF OWNERSHIP/EQUITY OR LEGAL STATUS

New owner(s) must be made at the same time to facilitate approval of the change prior to its effective date.

## CHANGES OF NAME

If an Accredited Agent wishes to change its name, or the name under which any of its Approved Locations is operated, it must give prior notice of and make application for approval of the change.

## CHANGES OF LOCATION

If an Accredited Agent wishes to change the place of any of its Approved Locations it must give prior notice of and make application for approval of the change.

Each Approved Location is inspected and this forms part of the IATA accreditation process. When an Approved Location changes, the Agent must inform the IATA Office in writing before the change.

**Note:** *Failure to give timely notice to IATA of changes may jeopardize your status as an Accredited Agent or that of the Approved Location.*

## MAINTAINING QUALIFICATIONS AND CRITERIA

It is essential for an IATA Accredited Agent to maintain the standards necessary for accreditation. A review of the Agent's qualifications and criteria can take place at any time and a full review of the Accredited Agent's financial standing is carried out on an annual basis. Failure to submit, by the specified date, financial documents requested by IATA to conduct a financial review of the Agent is in itself grounds for review of the Agent's eligibility to be retained on the Agency List.

## **RESOLUTION 010**

### **INTERPRETATION AND HIERARCHY OF RULES PERTAINING TO THE SALES AGENCY PROGRAMME**

PAC1(50)010(except USA)  
PAC2(50)010  
PAC3(50)010

Expiry: Indefinite  
Type: B

WHEREAS Resolution 824 provides for a form of Passenger Sales Agency Agreement to be adopted and implemented by the Agency Administrator;

WHEREAS Section 2 of Resolution 824 stipulates the Rules, Resolutions and other provisions deemed to be incorporated by reference in the said Passenger Sales Agency Agreement;

WHEREAS Resolution 824, as well as said Rules, Resolutions and other provisions may be amended from time to time by the Conference;

WHEREAS the Conference wishes to clarify the rules of interpretation and the hierarchy that applies to such Rules, Resolutions and other provisions;

WHEREBY it is hereby RESOLVED as follows:

#### **1. DEFINITIONS**

the definitions of terms and expressions used in this Resolution are contained in Resolution 866.

#### **2. APPLICATION**

this Resolution applies, unless an express contrary intention appears, to all Rules, Resolutions and other provisions of the Agency Programme, whether enacted before or after the commencement of this Resolution.

#### **3. AUTHORITY OF CONFERENCE**

**3.1** the authority to enact, amend or repeal any of the Rules, Resolutions or other provisions incorporated in the Passenger Sales Agency Agreement lies exclusively with the Conference. The Agency Administrator, IATA, the Carriers, the Airlines, the Agents and the Travel Agency Commissioners are all bound by the decisions of the Conference regarding the Agency Programme.

**3.2** notwithstanding the above, the Conference may, from time to time, delegate by Resolution power to IATA, to the ISS Management, or to the Agency Administrator, (as well as delegate to the Agency Programme Joint Council the power to make recommendations to the Conference) including, without limitation, that the Conference has delegated to the Agency Administrator the responsibility and power to manage the Agency Programme in accordance with the Members' rules and resolutions, as well as the autonomy to act in extraordinary circumstances. Any such delegation of power shall be deemed to include such ancillary power as is reasonably necessary to

enable the relevant person or entity to act. Where a power is conferred to adopt rules or provisions or to set standards, the power shall be construed as including a power to repeal, amend or vary the rules, provisions or standards and the power to make others.

#### **4. HIERARCHY OF SOURCES**

**4.1** the following hierarchy of sources of rights and obligations continues to apply in connection with the Agency Programme:

- 1st. any Applicable Law;
- 2nd. the form of Passenger Sales Agency Agreement embodied in Resolution 824;
- 3rd. any contractual document specifically executed by the Agent and by IATA, acting on behalf of the Carriers;
- 4th. all other Resolutions of the Conference contained in the Travel Agent's Handbook;
- 5th. any Local Financial Criteria, as approved by the Conference; and
- 6th. any and all applicable rules and provisions included in the BSP Manual for Agents.

**4.2** in the event of any inconsistency between two sources of rights and obligations with respect to any matter specifically dealt with by both, the provisions of the higher-ranking source governs. In such a case, the inferior-ranking source remains in force but simply does not apply to the extent of the inconsistency.

**4.3** in case of inconsistency between two sources of equal ranking, the most recently-enacted instrument prevails.

**4.4** the Conference may exceptionally provide that a source of inferior ranking, such as a Local Financial Criteria, will prevail, but such provision by the Conference must be explicit and it can never be inferred or presumed.

#### **5. ENTRY INTO FORCE, AMENDMENTS AND REPEALS OF RESOLUTIONS**

**5.1** Resolutions come into force at the time that they are declared to be effective by the Conference and provided to the Agent in accordance with Resolution 824. They remain in effect and apply to facts, circumstances and situations arising thereafter and shall not have retroactive effect.

**5.2** every Resolution shall be so construed as to reserve to the Conference the power of rescinding or amending it. Where a Resolution is rescinded or amended in whole or in part, the rescission or amendment does not affect the previous operation of the Resolution so rescinded or anything duly done or suffered thereunder, or affect any right, privilege, obligation or liability acquired, accrued, accruing or incurred prior to the deemed effective date of such rescission or amendment. All rules and provisions adopted under the rescinded Resolution remain in force and are deemed to have been made under the new Resolution, in so far as they are not inconsistent with the

new Resolution or have not themselves been expressly rescinded, in which case the new Resolution shall prevail.

5.3 amendments to Resolutions can be declaratory or remedial, depending on circumstances and no inference one way or another can be drawn from the amendment, unless specified in the amendment.

## 6. RULES OF INTERPRETATION

6.1 subject to any governmental or other state approval as may be required, every Resolution applies globally wherever the Passenger Agency Programme is in effect, unless a contrary intention is expressed in the Resolution in which case the Resolution concerned applies only to the areas or countries mentioned as such.

6.2 a Resolution shall be considered as always applicable, and where a matter or thing is expressed in the present tense, it shall be applied to the circumstances as they arise, so that effect may be given to the enactment according to its true spirit, intent and meaning.

6.3 the preamble of a Resolution shall be read as a part of the Resolution intended to assist in explaining its purport and object.

6.4 any word contained in a Resolution in the singular number includes the plural; any word importing any gender includes the masculine, feminine and neuter genders; any word importing a person includes a corporation, a partnership and any other entity and vice-versa.

## 7. COMPUTATION OF TIME

7.1 where the time limit determined for the execution of a provision expires or falls on a bank holiday in the country of the Agent's Approved Location, the action may be executed on the immediate day following that is not a bank holiday.

7.2 where the time limit determined for the execution of a provision is expressed to begin after or to be from a specified day, the computation of such time period does not include that day. Where there is a reference to a number of days between two events, in calculating that number of days the day on which the first event happens is excluded and the day on which the second event happens is included.

## 8. LANGUAGE

where Resolutions are adopted in another language in addition to English, or where administrative translations of Resolutions are prepared, the English version shall prevail.

## RESOLUTION 800a

### APPLICATION FORM FOR ACCREDITATION AS AN IATA PASSENGER SALES AGENT

PAC1(52)800a(except USA)      Expiry: Indefinite  
PAC2(52)800a                      Type: B  
PAC3(52)800a

RESOLVED that, the following standard form shall be used in connection with the Passenger Sales Agency Rules.

### APPLICATION FORM FOR ACCREDITATION AS AN IATA PASSENGER SALES AGENT

The information requested below is required by IATA to assist in determining the eligibility of the applicant for inclusion on the IATA Agency List. Type or print clearly the answers to all questions on this form. Where additional space is required, or where you wish to supplement your answer and there is insufficient space, attach to this form additional sheets containing the data. Retain a copy of this application for your permanent records at the agency location.

*Note: A separate form is required for each agency location for which approval is sought.*

#### Section 1—Identification of Agency Location for which Approval Requested

1.1 Legal name:

1.2 Trade name, if different from 1.1 above:

1.3 Full address, mobile and telephone number of the office for which application for approval is made:

1.4 If registration and/or licence is required by law in your country, give:

1.4.1 the trade registration or licence number of the agency;

1.4.2 the date this was granted;

1.4.3 Attach a copy of the official certificate of registration and/or licence.

1.5 Date on which the office for which approval is sought opened as a travel agency.

#### Section 2—General Information

2.1 Is approval sought as:

2.1.1 a Head Office Location: Yes  No

**2.1.2 a** Branch Office Location of an IATA Accredited Agent:

Yes  No

If Yes:

**2.1.2.1** give name, address, telephone number, e-mail address and IATA Numeric Code of IATA Approved Head Office

**2.1.2.2** Is the Branch Office:

wholly owned by this Head Office: Yes  No

wholly managed by this Head Office: Yes  No

**2.1.2.3** Is this application for an On-line Agency?

(issuing only Electronic Tickets) Yes  No

**2.2** Specify legal status:

sole proprietorship

partnership

limited liability company

other (describe)

**2.3** If your travel agency is owned by an organisation other than the Head Office mentioned above, answer the following with respect to the parent organisation:

**2.3.1** What is its legally registered name and address?

**2.3.2** What is the principal business of this organisation?

## Section 3—Financial Information of Business Entity

Specify as applicable:

**3.1** Registered capital:

**3.2** Paid-up capital:

**3.3** Minimum paid-up capital required by the law of your country:

**3.4** VAT number:

**3.5** Attach a copy of your current financial statements including balance sheet and profit and loss account certified by a chartered, certified public or certified general accountant.

**3.6** E-mail address(es) of the financial assessment contact(s)—up to three email addresses can be provided:

## Section 4—Business Entity of Agency

**4.1** If **SOLE OWNER**:

Name:

Address, Telephone Number, Fax Number and E-mail Address:

% of time devoted to the agency business:

**4.2** If **PARTNERSHIP**:

Name(s) and Title(s) of Partner(s):

Address(es), Telephone Number(s), Fax Number(s) and E-mail Address(es):

% of time devoted to the agency business:

Financial Interest %:

**4.3** If **CORPORATION**:

**4.3.1** When and where incorporated:

**4.3.2** Names of Shareholders<sup>1</sup>

Addresses, Telephone Numbers, Fax Numbers and E-mail Addresses:

% of time devoted to the agency business:

Financial Interest % (i.e. shareholding):

**4.3.3** Name(s) and Titles of Directors and Officers:

**4.4** If **NONE OF ABOVE APPLIES**, fully describe the type of business entity, when and where organised and the names and titles of persons holding a financial or managerial interest in the business, the nature and extent of their interest, their address, telephone numbers, fax numbers and e-mail addresses and percentages of their time devoted to the agency business.

## Section 5—Details of Owners and Managers of Agency

**5.1** Attach a list setting forth the names of owners and managerial personnel giving details as follows:

**5.1.1** Name

**5.1.2** Position or title:

**5.1.3** Date joined agency location for which approval is sought:

**5.1.4** Name of previous employer(s) and address(es). If previous employer(s) were travel agents, indicate if IATA accredited or not:

**5.1.5** Date(s) of previous employment (month/year):

<sup>1</sup> Except where your organisation is a legal entity whose shares are listed on a securities exchange or are regularly traded in an 'over-the-counter' market.

**5.1.6** Position(s) held during previous employment:

**5.2** If any of the questions below are answered in the affirmative, give the name(s) of the agency or agencies and location(s) involved, the relationship of the individual(s) with the agency or agencies, the date of the bankruptcy or default and all pertinent details:

**5.2.1** Have you, or any partner, officer, director, manager or any individual having authorization to act and sign on behalf of any such firm, partnership, association or corporation at any time been a director or had a financial interest or a position of management in an IATA Agent which has been removed from the IATA Agency List or which is under notice of default and still has outstanding commercial debts?

Yes  No

## **Section 6—Premises of Agency Location for which Approval Requested**

**6.1** Are the premises located at an airport:

Yes  No

**6.2** Describe the means by which the premises are identified as a travel agency:

**6.3** If an Online Agent specify URL address.

## **Section 7—Security of Traffic Documents**

Applicants will be required to provide evidence at the time of inspection that they meet the requisites for Traffic Document security, as advised by the Agency Administrator or the Secretary of the Agency Investigation Panel.

## **Section 8—Other Information**

**8.1** Is the agency a General Sales Agent for any IATA or non-IATA airline?

Yes  No

If yes, specify:

**8.1.1** Name(s) of airline(s):

**8.1.2** Scope of operation:

**8.1.3** GSA territory:

**8.2** Provide the names of individuals authorised to sign, on behalf of the applicant, documents which relate to the day-to-day operation of the travel agency:

**8.3** Submit in accordance with the attached format, a statement of your current international air passenger transportation sales.

**8.4** If approved as an IATA Agent, what do you estimate will be the gross amount of international air transportation sales of IATA carriers at the location for which approval is requested:

**8.4.1** in your first year?

**8.4.2** in your second year?

**8.5** Is your agency an IATA Registered Cargo Agent?

Yes  No

If so, name under which it is registered:

IATA Numeric Code:

**8.6** Attach a sample of your agency's letterhead.

**8.7** Please indicate the GDS with which you have signed a contract:

**8.8** Please indicate the banking details (IBAN, SWIFT and Bank Account) for which approval is requested:

**8.9** Full name and e-mail address of the ISS Portal Administrator:

I hereby certify that the foregoing statements (including statements made in any attachment hereto) are true and correct to the best of my knowledge and belief, and that I am authorised by the organisation identified in the answer to 1.1 above to make these statements and file this document.

It is hereby agreed that this application shall become a part of every Sales Agency Agreement signed with Members of IATA for the sale of international air passenger transportation, and as such, all information contained herein will be treated as confidential (excluding the information contained in Section 1). Notwithstanding the foregoing, the applicant authorizes IATA to use and process the information contained in Sections 2.1.2.2, 2.2, 4, 5.1.1 and 5.1.2, in order to produce and distribute databases among the airline industry participants.

The applicant hereby expressly waives any and all claims, causes of action or rights to recovery and agrees to indemnify and hold harmless IATA or any of its Members, their officers, employees, agents or servants, for any loss, injury or damage based upon libel, slander or defamation of character by reason of any action taken in good faith pursuant to this application, including but not limited to a notice of disapproval.

The Applicant understands and agrees that if the application for accreditation as an IATA Agent is disapproved, he will not claim any commission, remuneration or compensation for the sale of air transportation over the services of any IATA Member during the period the application was under consideration.



The applicant understands and agrees to pay the application, entry and annual fees, in the amounts determined by the Conference in consultation with the Director General, and as advised by the Agency Administrator, for inclusion and retention on the Agency List. If the application is rejected, the entry and initial annual agency fees shall be returned to the applicant.

.....  
(Signature)

.....  
(Name of Applicant)

.....  
(Title)

.....  
(Country)

.....  
(Date)

## **GOVERNMENT RESERVATIONS**

### **UNITED STATES**

*In Order 73-8-115 dated 23 August 1973, the Civil Aeronautics Board approved Resolution 810q (except USA) (now 800a) subject to the condition that such approval shall not extend to agencies located in the United States.*

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**RESOLUTION 800f****AGENTS' FINANCIAL EVALUATION CRITERIA**

PAC1(52)800f(except USA)      Expiry: Indefinite  
PAC2(52)800f                      Type: B  
PAC3(52)800f

WHEREAS Resolution 800 provides that Agency Investigation Panels are authorised to establish certain standards, application of such standards are subject to their prior endorsement by the Agency Administrator and published in the Travel Agent's Handbook;

WHEREAS Resolution 818g provides that applicants and Agents shall undergo an evaluation of their financial standing to become and maintain status as an Accredited Agent in accordance with established Local Financial Criteria;

WHEREAS a market may have not developed its own Local Financial Criteria;

WHEREAS a review of Local Financial Criteria in a particular market may raise financial concerns;

RESOLVED that the AGENTS' FINANCIAL EVALUATION CRITERIA shown at Appendix 'A' shall be taken into account as a best practice for the establishment and/or review of the Local Financial Criteria in markets where existing Local Financial Criteria raise substantiated concerns, including by AIPs and APJCs, subject to any local conditions that may apply.

**GENERAL RULE**

1. Each AIP and APJC must evaluate its Local Financial Criteria at least once per annum taking into consideration the best practice financial criteria contained in Appendix 'A', subject to any local conditions that may apply.
2. In the event of any conflict, contradiction or inconsistency between (a) the provisions of this resolution or the provisions of any Local Criteria as the case may be and (b) any provisions contained within the applicable Passenger Sales Agency Rules for a market, the provisions of the Passenger Sales Agency Rules shall prevail.
3. The definitions of terms and expressions used in this Resolution 800f adopt the definitions in Resolution 866. The use of words and expressions in the singular will, where the context so permits, be taken to include their use in the plural and vice versa. Paragraph headings are for ease of reference only and do not form part of this Resolution 800f.

**RESOLUTION 800f****Appendix 'A'****AGENTS' FINANCIAL EVALUATION CRITERIA****1. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS**

1.1 All financial information used in the financial criteria will be extracted from the Agent's Audited Accounts.

1.2 The following financial tests apply to the evaluation of an Agent's Audited Accounts:

1.2.1 There must be positive Net Equity.

1.2.2 Net Equity divided by long-term debt and other long-term liabilities must be greater than 0.5.

1.2.3 EBITDA (Earnings Before Interest, Taxation, Depreciation, Amortisation and extraordinary items) must be positive save in exceptional circumstances.

1.2.4 The EBITDA must exceed the Interest Expense by a factor of a minimum of two *and ideally three*.

1.2.5 Adjusted Current Assets must exceed Current Liabilities.

1.2.6 The Audited Accounts must not have a qualified audit opinion or local regulatory equivalent.

**2. ANNUAL FINANCIAL REVIEWS****Agents accredited for two years or less**

2.1 All applicants must provide Audited Accounts not more than 6 months old at the time of submission to become an Agent for the purposes of evaluation against the financial tests in Section 1 of this Resolution 800f. If an applicant has been in business for less than 12 months at the time of application, an opening balance sheet must be provided instead.

2.2 All Agents must provide Audited Accounts no later than 4 months after each financial year end, or as required by legislation, during the first two years of accreditation for the purposes of evaluation against the financial tests in Section 1 of this Resolution 800f.

2.3 All Agents must provide a Financial Security during the first two years as an Agent in accordance with Section 4 of this Resolution 800f.

## Agents accredited for more than two years

**2.4** All Agents must provide Audited Accounts no later than 4 months after each financial year end, or as required by legislation, of that Agent for the purposes of evaluation against the financial tests in Section 1 of this Resolution 800f.

**2.5** If an Agent passes all the financial tests and satisfies all the points below, the Agent will not be required to provide IATA with a Financial Security:

**2.5.1** The Agent has not had any of the following in the last 12 months:

- (i) a default (including defaults resulting from an accumulation of irregularities) and removal from the Agency List.
- (ii) a change of ownership subject to the conditions in Section 5.

**2.5.2** The Agent also passed all of the financial tests under Section 1 of this Resolution 800f based on the Audited Accounts provided for the previous two years.

**2.6** If an Agent fails to pass any of the financial tests, the Agent must provide a Financial Security in accordance with Section 4 of this Resolution 800f.

## 3. INTERIM FINANCIAL REVIEWS

**3.1** For any Financial Review conducted for cause at a time other than in respect of an Agent's financial year end, IATA may conduct a Financial Review in accordance with Section 2 of this Resolution 800f, as applicable to that Agent by reviewing the internal monthly management accounts of the Agent showing the results for each month since the last accounting date, the cumulative results to date and the latest balance sheet.

## 4. FINANCIAL SECURITY

**4.1** An Agent will not be accredited or will not continue to be accredited until any Financial Security required to be provided to IATA has been received by IATA and confirmed to IATA by way of written confirmation received directly from the third party supporting the Financial Security that the Financial Security was issued by that third party and is valid.

**4.2** Financial Securities will be subject to a minimum notice of termination period on the part of the Financial Security Provider of ninety (90) days and ideally be valid for an unlimited period but will be expected to be valid for a minimum of at least one year.

**4.2.1** If an Agent is granted an additional IATA numeric code(s) then any Financial Security already provided by the Agent will be re-calculated based on the gross BSP sales 60 days after the date that the additional IATA numeric code(s) is granted based on the Amount at Risk applicable to that Agent.

**4.3** For the purposes of calculating the amount of a Financial Security the following definitions apply:

**4.3.1** "Days' Sales at Risk" means the number of days from the beginning of the Agent's Reporting Period to the Remittance Date in respect of that Reporting Period or Periods, plus a margin of up to five days.

**4.3.2** "Amount at Risk" is calculated by dividing the Days' Sales at Risk by 90 days, and applying that percentage to the BSP cash turnover, or cash turnover as applicable, amount the Agent made in the three month period referred to in Section 4.5 or 4.7 of this Resolution 800f, as applicable:

$$\text{"Amount at Risk"} = \frac{\text{"Days' Sales At Risk"} \times \text{BSP cash turnover in applicable 3 month period}}{90}$$

90

**Agents accredited for two years or less**

**4.4** All Agents must provide a Financial Security with a minimum amount of USD 50,000 to be accredited.

**4.5** After the first three months of accreditation and after the first 12 months of accreditation, the amount of the Financial Security required must cover at a minimum the higher of:

**4.5.1** the Amount at Risk calculated as per Section 4.3 using the cash turnover amount equal to the average net monthly cash sales of the Agent during the previous three month period; or

**4.5.2** USD 50,000.

If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

**4.6** Except for the amount of the initial Financial Security, all calculations of the amount of Financial Security required under this Resolution 800f or the Passenger Sales Agency Rules for Agents accredited for two years or less will be reviewed and calculated under Section 4.5 of this Resolution 800f.

**Agents accredited for more than two years**

**4.7** The amount of the Financial Security required must cover at a minimum the Amount at Risk calculated as per Section 4.3 using the BSP cash turnover, or cash turnover as applicable, amount equal to the average of the 3 months highest net cash sales in the previous 12 months. If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

**4.8** All calculations of the amount of Financial Security required under this Resolution 800f or the Passenger Sales Agency Rules for Agents accredited for more than two years will be calculated under Section 4.7 of this Resolution 800f.

**5. CHANGES IN OWNERSHIP**

**5.1** This section applies to all changes in ownership or control or any other Review resulting from a change of ownership or control of the Agent in accordance with the Passenger Sales Agency Rules.

**5.2** The Agent must provide Audited Accounts, no later than 90 days after the change of ownership or control is effected. The Accounts must cover a period of 12 months including, at a minimum, the first month after the change of ownership or control takes effect and IATA will use these Accounts to conduct the Financial Review applicable to the Agent under this Resolution 800f.

**5.3** For Agents that have a change in ownership or control that necessitates a new Passenger Sales Agency Agreement, consideration will be given by the local APJC as to whether a Financial Security is required.

**6. CHANGES IN FINANCIAL YEAR END**

**6.1** All Agents must notify IATA immediately of a change in its financial year-end.

**6.2** The Agent must provide both:

**6.2.1** Audited Accounts within 60 days after the change is made and IATA will conduct the Financial Review applicable to the Agent under this Resolution 800f.

**6.2.2** Audited Accounts for the financial year end that would have applied to the Agent before the Agent changed its financial year end. These must be provided to IATA within 60 days of the former financial year end.

**7. SIGNIFICANT CHANGE IN NET BSP CASH SALES**

**7.1** A significant change means any change in the business of the Agent which results in a change in net BSP cash sales of more than 20% as compared to the previous 12 months. A change can be an increase or a decrease in net BSP cash sales.

**7.2** An Agent must notify IATA of any significant change as soon as the Agent becomes aware of it.

**7.3** An interim Financial Review may also be initiated by IATA where IATA becomes aware of a significant change in net BSP cash sales in accordance with Section 3.

**DEFINITIONS OF TERMS USED IN THESE GUIDELINES**

**Adjusted Current Assets**—are defined as Current Assets as in the Balance Sheet of the Accounts after deducting:

- Stocks and work in progress,
- Deposits given to third parties other than IATA,
- Loans to Directors, Associate Companies, (including any subsidiary, associate or company under common ownership),
- Doubtful debtors,
- Blocked funds, except for funds held in favour of IATA.

*These generic descriptions may be modified to terms specifically defined under the applicable local Generally Accepted Accounting Principles (GAAP) and disclosed in the financial statements.*

**Audited Accounts** means the Agent's financial and accounting records and procedures that have been reviewed and certified by an auditor recognized as competent by the regulatory authority in that country to perform an audit that are provided to IATA and which includes the auditor's opinion of those accounts. *Certified accounts will be applicable in those countries where APJCs accept certified accounts according to local law.* In all instances the established accounting rules in a country will apply.

**Current Liabilities**—are defined as Current Liabilities as in the Balance Sheet of the Accounts.

**EBITDA**—Earnings Before Interest, Taxation, Depreciation and Amortisation.

**Financial Irregularity** means an irregularity applied as a result of any failure to adhere to the reporting and remittance procedures described in Resolution 818g Attachment “A” including but not limited to those irregularities described in Resolution 818g Attachment “A”.

**Financial Review** means a review of an Agent's financial position or the calculation of the amount of Financial Security required in accordance with this Resolution 800f, or both.

**Interest Expense** means an income statement account which is used to report the amount of interest incurred on debt during a period of time.

**Irregularity** means any irregularity applied under the Passenger Sales Agency Rules for non-compliance with those Rules including but not limited to Financial Irregularities.

**Net Equity or Shareholders'/Owners' Funds**—consists of:

- Share capital
- Share premium
- Retained earnings
- Other distributable reserves
- Shareholder's loans if subordinated less declared dividends.

**Long Term Debt**—All debt liabilities where repayment is due more than twelve months after the end of the financial period.

**Long Term Liabilities**—all liabilities where repayment is due more than twelve months after the end of the financial period.

**Review** means any assessment or evaluation of an Agent's continuing compliance with the Passenger Sales Agency Rules.

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## RESOLUTION 800x

### EMERGENCY CHANGES TO REPORTING AND REMITTANCE

PAC1(Mail A161)(Latin America and the Caribbean, except French Overseas Departments) Expiry: Indefinite Type: B

RESOLVED that the following provisions shall apply in any country where the economic and financial conditions indicate that extraordinary action is warranted.

#### Definitions

The definitions of terms and expressions used in this Resolution are contained in Resolution 866. The use of words and expressions in the singular shall, where the context so permits, be taken to include their use in the plural and vice versa. Paragraph headings are for ease of reference only and do not form part of these Rules.

1. when economic and financial conditions so warrant, and when requested by a Member, Agency Programme Joint Council, or Joint Agency Liaison Working Group, the Conference may require Applicants to provide bank or insurance bonds or guarantees; normal business fluctuations will be taken into consideration when determining the level of such guarantees and Applicants will be provided with a reasonable period of time to furnish such guarantees;

1.1 if, subsequent to the implementation of the provision shown in Paragraph 1 above, the economic and financial conditions no longer warrant such requirements, the Conference shall, at its next meeting, review ratification of these special measures;

1.2 the Conference shall determine the economic and financial indicators and the degree of variations thereof warranting consideration of these special measures;

## 2. REPORTING AND REMITTING PROCEDURES

2.1 notwithstanding any provision to the contrary contained in the relevant Passenger Sales Agency Rules dealing with reporting and remittance, the frequencies of Agents' reporting and remitting and/or the Remittance Date may be modified in response to changing economic circumstances under the following conditions:

2.2 the Conference shall be responsible for monitoring the evolution of the economic situation in each BSP area and establishing a set of economic and financial indicators and the degrees of variations thereof which should prompt a reappraisal of the reporting/remitting frequencies and/or of the Remittance Date applicable in the country(ies) concerned;

2.3 In determining those indicators and degrees of variations, the Conference shall take into consideration the recommendations placed before it by the Agency Programme Joint Council, or the Joint Agency Liaison

Working Group (JALWG), or where neither an Agency Programme Joint Council nor a Joint Agency Liaison Working Group has been established, by the national travel agents' association;

**2.4** a Conference mail vote may be issued to conduct such reappraisal at the documented request of one of its members or of any Member issuing Standard Traffic Documents through Agents in the country(ies) concerned.

**2.5** if, in its opinion, the economic situation so warrants, the Conference may decide by unanimous vote at such meeting to change with immediate effect the reporting/remitting frequencies and/or the Remittance Date; provided that the revised frequencies and/or date shall remain within the allowable margins set forth in the relevant provisions of the Passenger Sales Agency Rules and shall be immediately notified to all Members and Airlines by the Agency Administrator;

**2.6** if subsequent to the ratification of the decision, the Conference determines that the economic and financial indicators may no longer warrant the current reporting/remitting procedures, the Conference shall, at its next meeting, review its decision under Subparagraph 2.5. It may uphold, revoke or amend such reporting and remitting procedures, taking into account any subsequent recommendations of the Agency Programme Joint Council.

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## **RESOLUTION 800z**

### **ELECTRONIC TICKETING**

PAC1(46)800z(except USA)      Expiry: Indefinite  
PAC2(46)800z                      Type: B  
PAC3(46)800z

WHEREAS the Passenger Agency Conference wishes the IATA Passenger Agency Programme to respond effectively and efficiently to the rapid developments in Electronic Ticketing and to provide for such forms of ticketing to be handled within the framework of that programme, now it is

RESOLVED that, the following provisions are adopted

### **DEFINITIONS**

The definitions of terms and expressions used in this Resolution are contained in Resolution 866.

1. Electronic Tickets as defined above and provided for in this Resolution shall carry a form code in accordance with the RP1720a. Appropriate measures must be taken to ensure clear identification of the ticket as an electronic transaction throughout all processing operations concerning such ticket.
  2. Ranges of serial numbers shall be allocated to BSPs and from BSPs to Agents in accordance with established BSP procedures.
  3. Electronic Tickets shall be reported and remitted in accordance with BSP standard procedures.
  4. An Electronic Ticket is deemed to have been issued at the time that a serial number is assigned to the reservations record. The date of issuance must be recorded for all transactions.
  5. Standard Traffic Documents, as defined in the Passenger Sales Agency Rules, shall be understood to include Electronic Tickets.
  6. Where reference is made in the Passenger Sales Agency Agreement and the Passenger Sales Agency Rules to issuance of a Traffic Document, such reference shall be understood to include issuance of an Electronic Ticket.
  7. At the time of issuing an Electronic Ticket Agents must provide the passenger with all applicable legal notices and a receipt must be generated and furnished to the passenger by the Agent. When an Agent provides the legal notices these must be in accordance with the guidelines furnished in the BSP Manual for Agents.
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## **RESOLUTION 810z**

### **EXTENSION OF AGENCY PROGRAMME IN THE PEOPLE'S REPUBLIC OF CHINA**

PAC3(50)810z(People's Republic of China)

Expiry: Indefinite  
Type: B

WHEREAS Resolutions 818g, 820e and 824c govern the relationship between IATA Members and Approved Agents in the People's Republic of China, and

WHEREAS pursuant to Resolution 818g, the Agency Programme for the People's Republic of China has been established by the Passenger Agency Conference with delegated authority over specified provisions of the IATA Agency Programme, and

WHEREAS in response to marketplace requirements, IATA Members operating domestic services in the People's Republic of China wish to extend the benefits and obligations of the IATA Agency Programme, to their agents engaged in selling domestic air transportation in the People's Republic of China, and

WHEREAS the said Members are particularly desirous of making available to their domestic agents the reporting and remitting facilities of the IATA Billing and Settlement Plan (BSP) in the People's Republic of China, and

WHEREAS it is desired to obtain the approval of the Passenger Agency Conference for the proposed extension of certain features of the IATA Agency Programme to domestic agents of IATA Members and of other domestic air carriers participating in BSP-People's Republic of China it is

RESOLVED that the Passenger Agency Conference, having noted the wishes expressed by certain Members, in response to the evolving market situation in the People's Republic of China as outlined above,

1. approves the extension of relevant aspects of the IATA Agency Programme, to domestic agents of IATA Members and of other domestic air carriers participating in BSP-People's Republic of China to the extent compatible with applicable national law and regulations;

2. delegates responsibility for devising appropriate rules, regulations and contractual documents to govern the relationship between domestic agents and IATA Members and such other domestic air carriers in the People's Republic of China it being understood that any such rules and regulations shall be implemented subject to any authorisation which may be required in accordance with national law;

3. subject to the foregoing, authorises ISS Management of the IATA Billing and Settlement Plan in the People's Republic of China to make available the services of BSP-People's Republic of China for the reporting and remitting of sales of domestic air transportation in the People's Republic of China on behalf of IATA Members and other domestic air carriers participating in BSP-People's Republic of China.

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**RESOLUTION 818g****PASSENGER SALES AGENCY RULES**

△ PAC1(53)818g(except USA)      Expiry: Indefinite  
PAC2(53)818g                      Type: B  
PAC3(53)818g

This Resolution is applicable in the following countries:

**Area 1:** Anguilla, Antigua and Barbuda, Argentina, Aruba, Bahamas, Barbados, Belize, Bermuda, Bolivia, Bonaire, Brazil, British Virgin Islands, Canada, Cayman Islands, Chile, Colombia, Costa Rica, Curacao, Dominica, Dominican Republic, Ecuador, El Salvador, French Guyana, Grenada, Guadeloupe, Guatemala, Guyana, Haiti, Honduras, Jamaica, Martinique, Mexico, Montserrat, Nicaragua, Panama, Paraguay, Peru, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, St. Eustatius, St. Maarten (Dutch part), Saba, Suriname, Trinidad and Tobago, Turks and Caicos Islands, Uruguay, Venezuela.

**Area 2—Africa:** Botswana, Central/West Africa<sup>1</sup>, Egypt, Ethiopia, Ghana, Kenya, Lesotho, Malawi, Mauritius, Mayotte, Morocco, Mozambique, Namibia, Nigeria, Reunion Island, Rwanda, South Africa, Sudan, Swaziland, Tanzania, Tunisia, Uganda, Zambia, Zimbabwe.

**Area 2—Europe:** Albania, Andorra, Austria, Azerbaijan, Belgium, Bosnia & Herzegovina, Bulgaria, Channel Islands, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Gibraltar, Greece, Greenland, Hungary, Iceland, Ireland, Isle of Man, Italy, Kosovo, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia (FYROM), Malta, Moldova, Monaco, Netherlands, Norway, Poland, Portugal, Republic of Cyprus, Romania, Russian Federation, San Marino, Serbia & Montenegro, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom.

**Area 2—Middle East:** Gulf Area<sup>2</sup>, Jordan, Kuwait, Lebanon, Saudi Arabia, Syrian Arab Republic, Yemen.

**Area 3:** Bangladesh, Cambodia, Chinese Taipei, Hong Kong (SAR), India, Indonesia, Japan, Kazakhstan, Korea, Kyrgyzstan, Macau (SAR, China), Malaysia, Mongolia, Nepal, Pakistan, People's Republic of China, Philippines, Singapore, South West Pacific, Sri Lanka, Thailand, Vietnam.

WHEREAS the Passenger Agency Conference ('the Conference'), in consultation with the travel agency community, wishes to provide consumers with a network of reliable and professionally managed sales outlets for air transportation products in an efficient and cost effective manner responsive to evolving individual marketplace requirements, it is,

RESOLVED that, the following provisions are adopted and implemented in any country, or group of countries (area), upon a request placed before the Conference in accordance with the Provisions for the Conduct of IATA Traffic Conferences. Notification of the date of implementation of this Resolution in any country shall be given to all Members by the Agency Administrator.

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<sup>1</sup> Central/West Africa comprises: Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Congo (Brazzaville), Gabon, Ivory Coast, Mali, Mauritania, Niger, Senegal, Togo.

<sup>2</sup> Gulf Area comprises: Bahrain, Oman, Qatar, United Arab Emirates.

## Definitions

The definitions of terms and expressions used in this Resolution are contained in Resolution 866. The use of words and expressions in the singular shall, where the context so permits, be taken to include their use in the plural and vice versa. Paragraph headings are for ease of reference only and do not form part of these Rules.

## General Principles of Review

In the event the Agency Administrator, hereinafter referred to as IATA, notifies an Agent of any kind of failure to meet or continue to meet the criteria so here described or of any other irregularity or non-compliance with these Rules, the Agent shall at all times be able to enter into discussion with IATA, to provide information to demonstrate its compliance and continued compliance with the terms of this Resolution within the prescribed deadlines. The Agent is also able to request a review by the Travel Agency Commissioner in accordance with Resolution 820e Section 1.1.

## Section 1—Agency Programme Joint Council

In each country or area where this resolution is implemented an Agency Programme Joint Council (APJC) shall be established and shall continue to operate after implementation:

### 1.1 AGENCY PROGRAMME JOINT COUNCIL ('THE COUNCIL')

every Member or BSP Airline may, by written notification to the Agency Administrator, nominate a person of senior management standing (the nominee) to serve as its representative on the Agency Programme Joint Council for that country or area:

#### 1.1.1 Composition

the Council shall consist of:

**1.1.1.1** Members and Airlines designated from time to time by the Agency Administrator, from those having designated a nominee, bearing in mind the local market conditions. Any Member and Airline representative may attend the APJC as an observer at the discretion of the Chairman, whose approval shall not be unreasonably withheld. Observers are allowed to participate with the permission of the Chairman and contribute in the discussions. Members/Airlines must not designate a General Sales Agent as their APJC representative. GSAs are also not permitted to attend APJC meetings as observers.

**1.1.1.2** representatives, who are Accredited Agents, selected from the agent community as coordinated by the agency association(s). Agent representation shall constitute half of the Council's membership. Executive officers of agent associations without a designated representative may attend the APJC as observers at the discretion of the Chairman, whose approval shall not be unreasonably withheld.

△ **1.1.1.3** IATA as an ex officio member; provided that the number of Members, Airlines and Agents' representatives as provided in 1.1.1.1 and 1.1.1.2 above shall be determined by the Agency Administrator in proportion to their respective numbers in the country or area of the Council and shall be included in his recommendation to the Conference; provided further that the total voting membership of the Council shall not exceed 18;

#### 1.1.2 APJC Authority and Terms of Reference

**1.1.2.1** the Council may consider all aspects of the Agency Programme in the country or area and make recommendations in the form of agenda proposals to the Passenger Agency Conference which shall inform the Council of action taken, and the reason for the decision made. Conversely, the Agency Administrator shall refer to the Council for comments and recommendations all proposals submitted to the Passenger Agency Conference which fall within the Council's authority,

**1.1.2.2** the Council shall make recommendations to the Passenger Agency Conference regarding accreditation criteria in respect of financial standing;

**1.1.2.3** in the event that no recommendation on changes to Local Financial Criteria, Remittance Frequency, or other matters within the terms of reference of an APJC can be achieved after consultation at an APJC within 24 months or 4 consecutive meetings (whichever represents the shorter period of time), any APJC member or group of members may make proposals directly to the Passenger Agency Conference.

**1.1.2.4** the Council when it deems appropriate shall create a Financial Advisory Group to review and make recommendations to it on the Local Financial Criteria, which body shall function as per sub-paragraph 1.1.3 below.

### **1.1.3 Financial Advisory Group**

**1.1.3.1** the Council may establish a Financial Advisory Group to assist in the development of Local Financial Criteria for accreditation. The Financial Advisory Group (FAG) will be under the direct control of the Council and shall:

- (i) be composed in equal numbers of qualified staff of both airline and agent members,
- (ii) consist at a minimum of two airline and two agent representatives as nominated by the APJC.

**1.1.3.2** FAG may seek the assistance of legal expertise and/or external financial expertise to advise on local accounting standards.

**1.1.3.3** the FAG will review any existing Local Financial Criteria against changing economic conditions in the market and make recommendations for change to the Council.

**1.1.3.4** Recommendations of the FAG will be subject to ratification of the Council as per sub-paragraph 1.1.4.

### **1.1.4 Procedures**

the Council shall meet when required and shall elect its Chairman from its membership. A simple majority of the Council shall constitute a quorum and recommendations shall be adopted, for consideration by the Conference, when a majority of the air carriers and a majority of the Agents present vote in favour of the proposal. Except as provided herein, the Council shall establish its own procedures and submit a report of its activities to each meeting of the Conference.

**1.1.4.1** the IATA Secretary shall formally call meetings of the Council and shall establish the date and venue in consultation with the Chairman. The Secretary shall compile and distribute the agenda in a timely manner.

**1.1.4.1.1** minutes of each meeting shall be compiled by the Secretary and presented to the Chairman for approval. Thereafter such minutes shall be circulated promptly to the membership who shall be free to provide comments to those minutes for consideration at the next formal meeting of the Council where such minutes shall also be tabled for approval of the Council.

## **△ 1.2 ISS Management**

The Agency Administrator, as determined by Resolutions 868 and 866, is the IATA official designated by the Director General as the holder of that office, or his authorised representative, and is responsible for the management of the Agency Programmes in accordance with the Rules and Resolutions of the Passenger Agency Conference, and has the authority to act in extraordinary circumstances.

ISS Management (IATA Settlement Systems Management) holds delegated responsibility from the 1998 IATA Annual General Meeting for the management and efficient operation of this business activity, as determined by Resolution 850e. As defined in Resolution 866, ISS Management means the functional areas of the Financial and Distribution Services division of IATA (FDS), responsible for the management and operation of the IATA Settlement Systems, including central and regional ISS Management with overall responsibility for the operation of the BSPs.

## Section 2—Qualifications for Accreditation

The requirements and qualifications listed in this Section 2 (including established Local Financial Criteria published in the Travel Agent's Handbook) are designed to assess on fair and neutral terms whether the applicant has the necessary qualifications and financial standing to become and maintain status as an Accredited Agent, with the consequent credit entitlement that results.

**2.1** Any person in possession of the appropriate official licence, where required, may become an Accredited Agent by making an application to IATA wherever such Person carries on business and by meeting the qualifications described below.

**2.1.1** The applicant must demonstrate and/or provide evidence of compliance in respect of the following:

### Registration/Licence

**2.1.2** The applicant's business entity and/or its owners and managers must have the requisite official registration and/or licence to trade and offer travel agency services, as prescribed by applicable law.

### Staff

**2.1.3** The applicant must have in its employment competent and qualified staff able to sell international air transportation and correctly issue electronic travel documents and report these to the BSP.

### Finances

**2.1.4** The financial stability of the applicant is assessed in relation to the Sales at Risk, taking into account net equity, net current assets compared to the net cash sales of an average prescribed reporting and remitting period. Such evaluation shall be in accordance with the Sales Agency Rules and, as the case may be, the Local Financial Criteria.

**2.1.4.1** The applicant must provide accounts showing a satisfactory financial standing and ability to remain solvent and pay bills. The applicant shall submit independently produced financial statements prepared in accordance with local accounting practices.

**2.1.4.2** To obtain a satisfactory evaluation, the applicant may be required to provide further information or additional financial support in the form of bank or insurance bonds or guarantees to cover the Sales at Risk. Recognising that IATA is mandated to conduct examinations of the financial standing of Agents in accordance with the provisions of this Section 2, a BSP Airline may request a separate bank guarantee on the grounds that the current Local Financial Criteria in the market require strengthening, under which circumstances the following actions will apply:

- (i) The BSP Airline must notify the Agency Administrator that the current Local Financial Criteria in the market require strengthening
- (ii) The Agency Administrator will:

- (a) authorise the BSP Airline to request a separate bank guarantee; any such bank guarantee obtained must be notified to IATA by both Airlines and Agents
  - (b) call an APJC meeting to propose strengthening the Local Financial Criteria in accordance with the requirements of Resolution 818g, Section 1
- (iii) In the event that no recommendation on changes to Local Financial Criteria can be achieved, the provisions of Resolution 818g, subparagraph 1.1.2.3 may be invoked
- (iv) Following the adoption by Conference of the changes to the Local Financial Criteria, and subsequent to a financial review of the Agent in accordance with these criteria, IATA will require the BSP Airline to return the Agent's separate bank guarantee to the Agent

**2.1.4.3** The only other permissible separate airline bank guarantee is when it is for specific commercial interests. In such circumstances the airline must notify IATA of the precise circumstances and IATA will review such arrangements on a quarterly basis to determine whether the individual bank guarantee should continue.

### Branch Locations in Other Countries

**2.1.4.4** An applicant that opens Branch Locations in a country, that is different from where the Head Office legal entity is located, will be assessed against the Local Financial Criteria established for the country of the Branch Location. In such event the Agent will be required to submit the financial documents of the Head Office legal entity. Where the Agent is unable to meet the applicable Local Financial Criteria of the country of the Branch Location, it shall be required to furnish additional security in the form of a Financial Security to cover the Sales at Risk for that location.

### Applicant owned by a Member

**2.1.4.5** an applicant owned by a Member, where the Member or Member's parent company holds greater than 50% of the equity of the applicant or of the applicant's parent company, shall not be subject to the inclusion of the Member's sales by the applicant in the calculation of the Sales at Risk under the Local Financial Criteria, as adopted by the Conference and published in the Travel Agent's Handbook.

### Premises

**2.1.5** The applicant shall be identified as a place of business for a travel agency in accordance with applicable laws.

**2.1.6** The Agency and/or place of business shall not be identified, or represent itself, as an office of an airline or group of airlines, nor have a name the same as that of a Member of IATA, or of IATA.

**2.1.7** The location where business is conducted shall not be in office space jointly occupied with an airline or an airline's General Sales Agent. Where a location is jointly occupied with another Travel Agency, each Agent shall

be responsible to report its sales under its separate IATA Numeric Code.

### **Trading History**

**2.1.8** No person who is a director of, or who holds a financial interest or a position of management in the Applicant, shall have been a director of, or had a financial interest, or held a position of management in an Agent which has been removed from the Agency List or is under notice of default and still has outstanding commercial debts;

△ **2.1.9** The applicant may nevertheless be approved if IATA is satisfied that such person was not responsible for the acts or omissions that caused such removal or default and is satisfied that the applicant can be relied upon to comply with the terms of the Sales Agency Agreement, these Rules and other Resolutions of the Conference;

**2.1.10** The applicant shall not trade as a General Sales Agent for any air carrier in the country where it is established.

### **Security**

**2.1.11** An applicant shall undertake to provide sufficient protection for its business, premises and systems used for the issuance of STDs in accordance with the provisions detailed in Section 5 of this Resolution.

**2.1.12** The applicant shall have, at the place of business under application, the facility to issue on behalf of Members/Airlines participating in the BSP, STDs through the use of an approved Electronic Ticketing System as defined in Resolution 854.

**2.1.13** An Agent is recommended to take all necessary precautions to protect its business and business applications.

### **Online Agent**

**2.1.14** Applicants for approval as an internet-only Agent must meet the criteria specified in this section with the exception of the physical requirements relating to Premises and Security. In addition any entity applying for the status of an Online Agent must have an established physical Head Office duly registered/licensed to operate as a business. The applicant will also be required to conclude a Passenger Sales Agency Agreement to cover each Online Agent location in a country.

**2.1.15** The applicant will effect sales through a website and where local laws permit the applicant may have its Head Office Location/Administrative Office in one country and establish a local web address in another country. The Head Office Location/Administrative Office will be required to meet the criteria specified in this section. In such circumstances each location will be responsible for the reporting and remitting of BSP sales to the BSP of the country/area in which it is located.

### **European Accredited Agent (EAA)**

**2.1.16** Any Agent established or planning to establish locations in the European Union (EU), the European Economic Area (EEA) or Switzerland may apply for EAA

status. European Accredited Agents must be officially registered as companies under the national law of a member state of the EU, EEA or Switzerland and/or licensed to trade and offer travel agency services as prescribed by the national commercial or fiscal law of that member state. The Head Office must be located in the same member state as the entity is registered. The Head Office of the controlling entity which applies to become an EAA shall accept full financial responsibility to IATA and its Members for the performance of all of the locations within its application for classification as an EAA and for any locations subsequently added.

**2.1.17** Once Accredited as such, an EAA shall automatically acquire the right to open affiliated, subsidiary locations and implants within the EU, EEA and Switzerland without the need to seek individual accreditation for these locations on the condition that the criteria described in this section are met. When notifying IATA of the creation of a new Location the EAA shall be required to indicate the name, address and other relevant information, (contained in the Application Form shown as Attachment D to this resolution) of the new Location.

### **PCI DSS Compliance**

**2.1.18** The Agent must ensure its full compliance with the Payment Card Industry (PCI) Data Security Standards, as provided by the Card companies and made available to agents through IATA, and that all sensitive card data obtained during the process of completing a card sales transaction is handled, stored, and transmitted with due regards to the security of the data. Failure to comply with these requirements either as part of the Accreditation process or at any time per IATA's request will result in a Notice of Irregularity being issued to the Agent. The notice will include a set timeline for the Agent to comply with the stated requirements and the Agent will be required to provide proof of compliance. When the Agent provides proof of compliance IATA will withdraw the Notice of Irregularity.

### **General Requirement**

**2.1.19** All material statements made in the application shall be accurate and complete.

### **Reviews and Consequences of Non Compliance**

**2.2** IATA has the right to conduct examinations of the financial standing of Agents annually and for cause at any time. IATA may request that an Agent must provide the documents deemed necessary to conduct such examination, by a date no earlier than seven days from the date of the request for the examination. Failure by the Agent to submit such documents as prescribed shall be grounds for IATA to apply two instances of irregularity and to give the Agent 30 days to comply, except where IATA determines that the Agent has made all reasonable efforts to meet the specified date, in which case IATA, in its sole discretion, may extend the due date by a further seven days without penalty. Failure by the agent to comply shall be grounds for IATA to give the Agent written notice of removal from the Agency List, provided that if the Agent submits the required documents prior to the removal date the removal shall not take effect. Where the Agency Administrator gives notice of removal under this provision,

the notice shall specify the date at which it will be effective, which shall not be before the date specified in clause 13.2 of the Passenger Sales Agency Agreement;

**2.2.1.1** When IATA determines that an Agent no longer satisfies the applicable Local Financial Criteria, IATA shall immediately inform the Agent in writing of conditions as are deemed appropriate to be complied with by the Agent by a specified date including, but not limited to, the provision of a Financial Security if none had been previously required;

**2.2.1.1(a)** provided that such Financial Security will only be requested if the amount is equal to or higher than USD 5,000 or the equivalent in local currency for countries where the Local Financial Criteria specify that the Financial Security can be provided in local currency.

**2.2.1.1(b)** the provision in 2.2.1.1(a) will only apply when there is no minimum Financial Security amount specified in the Local Financial Criteria.

**2.2.1.2** Additionally, IATA has the right to review at any time the Agent's Sales at Risk and require an adjustment to any existing Financial Security provided to ensure appropriate and sufficient coverage. Such adjustment may require an increase or decrease in the Agent's Financial Security. The adjusted Financial Security provided under this Subparagraph shall be in accordance with these Sales Agency Rules, and may go beyond the established Local Financial Criteria including, in the event of action taken by the Agency Administrator for Prejudiced Collection of Funds, a requirement to provide a new Financial Security.

**2.2.1.2(a)** provided that an increase in the Financial Security amount will only be requested if the increase equals to or is higher than USD 5,000.

**2.2.1.2(b)** the provision in 2.2.1.2(a) will only apply when there is no minimum Financial Security amount specified in the Local Financial Criteria.

△ **2.2.1.3** In all cases where a Financial Security needs to be provided, it shall be provided by a specified date to be determined by IATA, which shall be 30 days (40 days in Argentina, Brazil, Canada, Colombia, Venezuela, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Belize, Trinidad & Tobago, Antigua & Barbuda, Aruba, Barbados, Bonaire, Curacao, Dominica, Grenada, Guyana, Montserrat, St Kitts & Nevis, St Lucia, St Maarten, St Vincent & the Grenadines, Suriname, Bahamas, British Virgin Islands, Cayman Islands, Turks & Caicos, Dominican Republic, Haiti and Jamaica) from the date of such written notification. On finding that the Agent failed to comply with a requirement to provide a Financial Security or an increase thereof, such failure shall be grounds for IATA to withdraw all Standard Traffic Documents (STDs) and require the Agent to comply with the conditions within 30 days (40 days in Argentina, Brazil, Canada, Colombia, Venezuela, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Belize, Trinidad & Tobago, Antigua & Barbuda, Aruba, Barbados, Bonaire, Curacao, Dominica, Grenada, Guyana, Montserrat, St Kitts & Nevis, St Lucia, St Maarten, St Vincent & the Grenadines, Suriname, Bahamas, British Virgin Islands, Cayman Islands, Turks & Caicos, Dominican

Republic, Haiti and Jamaica). Failure by the agent to comply within the required days shall be grounds to give the Agent notice of removal from the Agency List, which removal shall take effect on a date that is not before the date specified in clause 13.2 of the Passenger Sales Agency Agreement, and to notify all BSP Airlines accordingly;

**2.2.2** if subsequent to the action taken under Subparagraphs 2.2.1.1 through 2.2.1.3 above, but prior to the removal date, the Agent satisfies IATA that the prescribed conditions have been met, the removal shall not take place, the double irregularity shall remain in place and IATA shall notify the Agent and all BSP Airlines accordingly;

**2.2.3** in the circumstances described in Subparagraphs 2.2 through 2.2.2 above IATA shall, if so agreed by the Conference, using the procedures of the BSP, levy an administration charge on the Agent to cover additional workload caused by the late submission of financial documents and/or caused by delay in meeting the prescribed conditions referred to in Subparagraph 2.2.2 above. The charge shall be as recommended by IATA through the APJC and agreed by the Conference;

**2.2.4** where pursuant to the provisions of Subparagraph 2.2 or 2.2.1.3 above STDs are withdrawn or an Agent receives notice of removal, the Agent may within 30 days of the date of such withdrawal, notice of removal or of termination, invoke the procedures set out in Resolution 820e for review of IATA's action by the Travel Agency Commissioner including the possibility of seeking interlocutory relief. Before granting an interlocutory order under this Subparagraph, the Travel Agency Commissioner shall require the Agent to provide a bank or other financial guarantee to IATA;

**2.2.5** If an Agent is required to provide a Financial Security, the Agent must ensure that the Financial Security is and remains valid, and is renewed by the expiry date. IATA also has the right to review the validity of a Financial Security including in accordance with the Local Financial Criteria.

**2.3** When IATA receives evidence that an Accredited Agent or Approved Location has changed status or does not continue to meet the qualifications for accreditation, IATA shall initiate a review of the Agent or Approved Location. If, following written notice by IATA of the qualification criteria that are at issue, the Agent is unable to demonstrate to IATA, by a reasonable date specified by IATA, that it meets the qualifications, by a date specified in that notice, which shall be no earlier than 15 days from the date of the notice, IATA shall give the Agent notice of removal from the Agency List. The notice of removal shall specify the earliest date at which removal shall be effective, which shall not be before the date specified in clause 13.2 of the Passenger Sales Agency Agreement. Removal from the Agency List here, and elsewhere in this Section, means that IATA shall withdraw all Standard Traffic Documents. Such removal shall not take effect if, prior to the date of removal, IATA determines that the Agent or Location meets the qualifications. The Agent or Approved Location may, within 30 days of the date of the notice of removal, invoke the procedures

set out in Resolution 820e for review of the Agency Administrator's action by the Travel Agency Commissioner and may also apply for an interlocutory order staying the removal action pending the outcome of the review;

**2.4** if at any time IATA becomes aware that an application, which resulted in accreditation of the applicant, contained a material statement that was inaccurate or incomplete in respect of the criteria set out in Subparagraph 2.1.8 and 2.1.13 of this Paragraph, it shall be grounds for IATA, if it considers that the circumstances so warrant, to remove the Agent, or the Location concerned, from the Agency List. IATA shall give the Agent up to 30 days advance notice in writing of removal from the Agency List; provided that such removal shall not take effect if, prior to the date of removal:

**2.4.1** the Agent eliminates the grounds for such removal to the satisfaction of IATA, or

**2.4.2** IATA is satisfied that the Agent can be relied upon to comply with the terms of the Sales Agency Agreement, these Rules and other Resolutions in the Travel Agent's Handbook.

**2.4.3** the Agent invokes the procedures set out in Resolution 820e for review of the Agency Administrator's action by the Travel Agency Commissioner and successfully applies for interlocutory relief including provision of such bank or other guarantee as the Commissioner may deem appropriate.

**2.4.4** in the event an Agent or applicant materially misrepresents its financial standing, providing that written evidence of such action is presented and can be verified, the Agency Administrator shall take action to remove the Agent from the Agency List and to remove the Agent's Electronic Ticketing Authority.

## **2.5 ELECTRONIC TICKETING (ET)**

The following provisions shall apply in any country/area in which a BSP is in operation, where Electronic Ticketing has been implemented.

### **2.5.1 Granting and Termination of Electronic Ticketing Authority**

**2.5.1.1** a BSP Airline participating in the Billing and Settlement Plan may issue an ET Authority to a Head or Branch Office Location of the Agent;

**2.5.1.2** any BSP Airline having issued an Electronic Ticketing Authority to an Agent, may cancel such authority in respect of the Agent, or any Location of the Agent by so notifying the Agent in writing or by updating the relevant information online through the BSPlink system;

**2.5.1.3** if the update is not performed electronically in BSPlink, the BSP Airline shall simultaneously advise the BSP of the removal of the Electronic Ticketing Authority and the BSP Manager shall instruct the Ticketing System to inhibit Electronic Ticketing issuance on behalf of that BSP Airline;

### **2.5.2 Issuance of Electronic Tickets**

the Agent shall comply with the instructions issued by the BSP and the ticketing BSP Airline(s) in relation to the issuance and reporting of Electronic Tickets.

### **2.6 FAILURE TO COMPLY WITH REQUIREMENTS OR TO CONTINUE TO MEET QUALIFICATIONS**

In the event an Agent fails to comply with any of the requirements or qualifications listed in the Passenger Sales Agency Rules or with any of the terms of the Passenger Sales Agency Agreement the Agency Administrator shall take action to remove the Agent's Electronic Ticketing Authority. In situations where an Agent fails to meet the requirements of the reporting and remittance rules irregularity and/or default action will be taken as described in those rules.

## Section 3—Procedures

- △ Upon request, IATA shall supply each prospective applicant with an application form and a copy of the IATA Travel Agent's Handbook containing these Rules and other relevant information and guidance.

### 3.1 APPLICATION FOR ACCREDITATION

- △ an applicant which wishes to be included on the Agency List and have a place of business entered as an Approved Location on the Agency List, or an Agent which wishes to have an additional place of business entered as an Approved Location on the Agency List, shall apply to IATA who is empowered to accredit the applicant or to reject such applications.

### 3.2 FORM OF APPLICATION—PROCESSING

**3.2.1** the applicant must complete the application form prescribed. The submitted application shall be accompanied by financial statements as required under Section 2 of these Rules, other documents as set forth in the Handbook and by fees covering the following:

**3.2.1.1** application fee which is non-refundable, and

**3.2.1.2** entry fee, and

**3.2.1.3** the first annual Agency fee;

- △ **3.2.2** upon receipt, IATA shall, within one month subject to external influences, consider whether such application is complete. If any of the required information or fees have not been included with the application the Agency Services Manager shall so inform the applicant;

- △ **3.2.3** if IATA finds the application is complete, he shall publish, within one month subject to external influences, to Members and BSP Airlines in a listing that such application has been received. Such listing shall be published as required;

**3.2.4** IATA may arrange an inspection to assist in determining whether the applicant meets the qualifications necessary to become an Accredited Agent or for a Branch Office Location, as applicable;

- △ **3.2.5** IATA shall consider each application and supporting information and any other information brought to his attention and decide within 15 working days of the application listing if the applicant meets the qualifications to become an Accredited Agent or Approved Location;

- △ **3.2.6** the applicant shall be notified promptly in writing of IATA's action and in the event of rejection shall be given clear reasons why the application failed;

- △ **3.2.7** a rejected applicant or an Agent whose application for an additional location has been rejected may, within 30 calendar days of the date of IATA's notice, request reconsideration of the decision by IATA or may invoke the procedures for review of IATA's action by the Travel Agency Commissioner;

- △ **3.2.8** subsequent to approval and addition to the Agency List any Member or BSP Airline may register with IATA information concerning the Accredited Agent, where it feels that approval justifies further review.

### 3.3 ACTION FOLLOWING ACCREDITATION OF APPLICANT

- △ **3.3.1** if IATA determines that the applicant or location has shown that it meets the qualifications, he shall request the Agency Administrator to enter the Applicant or Location on the Agency List;

**3.3.2** the Director General, acting on behalf of such IATA Members as may appoint Agents, shall execute a Sales Agency Agreement with each Person accredited as an Agent in accordance with these Rules and the Agency Administrator shall, within one month subject to external influences, notify all Members of the names of parties executing Sales Agency Agreements and the dates of such Agreements;

**3.3.3** the Agency Administrator shall maintain, publish and circulate, twice a year, an Agency List of all Persons with whom the Director General has entered into a Sales Agency Agreement in accordance with Subparagraph 3.3.2 of this Paragraph, which will include, but not be limited to, the following information:

**3.3.3.1** name and postal address,

**3.3.3.2** address of place of business,

**3.3.3.3** type (Head Office, Branch or Administrative Office),

**3.3.3.4** date of Accreditation,

**3.3.3.5** IATA Numeric Code;

**3.3.4** for the purpose of these Rules, a Person's name shall be deemed to be included on the Agency List from the date when such Agreement is entered into until the date when it is terminated, and a Location shall be deemed to be included on the Agency List from the date when the Agreement applies to that place of business to the date when it ceases to apply;

**3.3.5(a)** an Accredited Agent wishing to identify a specific sales activity performed at an Approved Location, may request the allocation of an additional IATA Numeric Code for such purpose, on the following conditions:

- △ **3.3.5(a)(i)** the Agent shall apply in writing to IATA, describing the specific sales activity referred to in Subparagraph 3.3.5(a) above and requesting the allocation of an additional IATA Numeric Code to identify such sales activity,

△ **3.3.5(a)(ii)** on receipt of such application, IATA shall verify that the specific sales activity for which the additional numeric code is required is conducted solely at the Location concerned and in compliance with the minimum security provisions set forth in Section 5 of these Rules,

△ **3.3.5(a)(iii)** if satisfied that the foregoing conditions are met, IATA shall request the Agency Administrator to allocate the additional IATA Numeric Code accordingly,

**3.3.5(a)(iv)** an entry fee and an annual agency fee shall be payable as though the additional IATA Numeric Code applied to a separate Branch Office Location in accordance with 14.1 of Section 14 of these Rules;

**3.3.5(b)** the additional IATA Numeric Code so allocated shall be entered on the Agency List but such entry shall not be considered as establishing a separate Branch Office Location.

### **3.4 APPOINTMENT OF AGENT BY INDIVIDUAL MEMBERS OR BSP AIRLINES**

#### **3.4.1 Manner of Appointment**

**3.4.1.1** a Member or BSP Airline may appoint an Accredited Agent which is on the Agency List and such appointment shall, unless otherwise specified, cover all Approved Locations of the Agent:

**3.4.1.1(a)** the Member may deposit with the Agency Administrator a statement of General Concurrence for the appointment of all Accredited Agents. The Agency Administrator shall annually publish in the Travel Agent's Handbook a list of Members having deposited with him a statement of General Concurrence,

**3.4.1.1(b)** alternatively, a Member may deliver to such Agent a Certificate of Appointment in the form prescribed by the Conference;

#### **3.4.2 Effectiveness of Appointment**

**3.4.2.1** individual appointments shall be effective:

**3.4.2.1(a)** as to those Members who have deposited a statement of General Concurrence, immediately upon inclusion of the Agent on the Agency List, or as from the date the statement is deposited if such date is subsequent to that of the Agent's inclusion on the Agency List,

**3.4.2.1(b)** as to any other Member, as from the date on the Certificate of Appointment.

### **3.5 TERMINATION OF INDIVIDUAL APPOINTMENT**

**3.5.1** any Member having appointed an Accredited Agent to act for it may cancel such appointment in respect of the Agent or any Location of the Agent:

**3.5.1.1** in the case of appointment by General Concurrence, by so notifying the Agent in writing, with copy to the Agency Administrator;

**3.5.1.2** in other cases, by delivering to the Agent a notice of termination cancelling the Certificate of Appointment.

### **3.6 CAPACITY AND INDEMNITY**

Members or BSP Airlines appointing Agents undertake to indemnify IATA, its officers, employees and other appointees against liability (including liability for legal costs) for any action taken or omitted in good faith in the performance of their functions under these Rules (other than under Section 1 of Attachment 'A' of these rules) and under other applicable Resolutions. Members and BSP Airlines participating in a Billing and Settlement Plan undertake to indemnify IATA, its officers, employees and other appointees against liability (including liability for legal costs) for any action taken or omitted in good faith in the performance of their functions with respect to such Plan under Sections 1 and 2 of Attachment 'A' of these Rules and under Resolution 850 and its Attachments.

## Section 4—Issue of Standard Traffic Documents

**4.1** Only Accredited Agents at Approved Locations may hold STDs. IATA shall provide Agents with STDs. STDs furnished by IATA to the Agent are, and remain, the property of IATA until duly issued.

### 4.1.1 BSP Airlines Participating in the Billing and Settlement Plan

**4.1.1.1** a BSP Airline may place its ticketing authority at a Head or Branch Office Location of the Agent appointed by it. Provided also that a ticketing authority supplied to an Approved Location shall also authorise the Agent, unless otherwise advised by the BSP Airline to the Agent in writing, to issue STDs on any additional numeric codes assigned under the provisions of Section 2 of Subparagraph 2.2.5 of the Sales Agency Rules, to identify specific sales activities. Conversely, the BSP Airline is entitled to withdraw such ticketing authority;

### 4.1.2 Members not Participating in the Billing and Settlement Plan

**4.1.2.1** a Member, not participating in the Billing and Settlement Plan, and wishing to conduct business with Accredited Agents at Approved Locations, shall do so in accordance with the provisions of the Passenger Sales Agency Agreement. This agreement and the Travel Agent Handbook govern the relationship between the Member and the Agent;

### 4.1.3 Removal by Agency Administrator in Special Circumstances

in the event a BSP Airline ceases all of its scheduled air service operations for reason of financial failure, the Agency Administrator shall, on instruction from the BSP Airline or from the Director General, cause that BSP Airline's BSP ticketing authorities to be removed;

### 4.1.4 Additional Responsibilities of Agent

**4.1.4.1** an Agent is responsible for the safe custody and care of STDs whilst these are in its possession;

**4.1.4.2** STDs shall be completed, validated and issued by the Agent only at an Approved Location.

**4.1.4.3** an Agent shall not sell, validate or issue an STD of or in the name of a BSP Airline for transportation solely on any other air carrier, unless the Agent has been so authorised by the BSP Airline whose ticketing authority has been used;

**4.1.4.4** an Agent that does not make use of Standard Traffic Documents in its possession for a period in excess of twelve months shall have such BSP STDs removed by the Agency Administrator. In the event, subsequent to the action above, an Agent has reason to request re-instatement of STDs it shall be subject to a review of its financial standing. If the inspection and the review reveal that the Agent still fulfils the accreditation criteria, the Agency Administrator shall reinstate ticketing facilities.

If after a period of three months the Agent still does not make use of STDs a notice of termination shall be sent to the Agent in accordance with paragraph 13.1.3 of Resolution 824. Likewise, a notice of termination shall be sent to the Agent if three months after removal of the STDs the Agent has not requested re-instatement of ticketing facilities.

### 4.1.5 Review of a BSP Airline's Individual Decision

**4.1.5.1** notwithstanding the provisions of Paragraph 4.1.1 of this Section and of Paragraphs 3.4 and 3.5 of Section 3 of these Rules, an Agent which considers itself aggrieved by the decision of a BSP Airline:

**4.1.5.1(a)** to refuse to appoint such Agent, or

**4.1.5.1(b)** to withdraw its appointment of such Agent, or

**4.1.5.2** with the result that such Agent's commercial interests are adversely affected to the point of placing its business in jeopardy, shall have the right to obtain such BSP Airline's criteria for appointing Agents or reasons for refusal, withdrawal or removal. If the Agent believes such justification is unreasonable then the Agent shall in the first instance seek clarification and satisfaction from the BSP Airline. If the issue is not thereby resolved, then the Agent shall have the right to have the BSP Airline's decision reviewed by the Travel Agency Commissioner pursuant to Resolution 820e; provided that when the BSP Airline's decision to withdraw its appointment from an Agent was made in application of the collective provisions of these Rules, the Agent's right for review shall not be exercised against the BSP Airline individually but as set forth in such collective provisions of these Rules and pursuant to Resolution 820e;

### 4.1.6 Review of Conference Decision

notwithstanding the provisions of Paragraph 2.3 of the Passenger Sales Agency Agreement, in the event that Agent is aggrieved by the incorporation into its Agreement of amendments made by the Conference to IATA Resolutions it shall be grounds for the Agent, within 30 days receipt of the Agency Administrator's notification of such amendments, to seek a review of its grievance by the Travel Agency Commissioner pursuant to Section 1.1.9 of Resolution 820e.

## **Section 5—Integrity of Standard Traffic Documents—Custody, Protection and Proper Issuance**

### **5.1 DUTY OF CARE**

An Accredited Agent is duty bound to take all reasonable care and precautions to secure standard Traffic Documents assigned to it and to protect them from unauthorized or improper issuance or post-issuance tampering whilst in its custody.

### **5.2 LIABILITY**

The liability of an Agent in the event of the following is a strict one: damage, expenses or loss experienced by the BSP Airline, its officers, agents or employees on account of the misapplication, theft or forgery of Standard Traffic Documents assigned to the Agent.

### **5.3 AGENT TO REPORT IRREGULAR OCCURRENCES**

**5.3.1** An Agent who has reason to suspect any of the above occurrences must immediately report the matter, in writing, in accordance with the provisions of the BSP Manual for Agents.

**5.3.2** An Agent whose business premises suffer any form of unlawful entry, such as a forced entry or burglary, irrespective of whether or not material loss is detected, shall immediately report the incident to the police authorities, with copy of such report to IATA.

### **5.4 CONSEQUENTIAL ACTION**

Upon receipt of a report that an Agent has suffered loss as a consequence of robbery, theft, burglary, fraud or any other unlawful means which might have compromised the integrity of Standard Traffic Documents assigned to the Agent, IATA shall immediately alert all BSP Airlines in the country and publish to them the serial numbers of any Standard Traffic Documents the integrity of which has been compromised.

### **5.5 REVENUE LOSSES ATTRIBUTABLE TO ALTERATION OR FALSIFICATION OF STANDARD TRAFFIC DOCUMENTS WHILST IN AGENTS CARE**

**5.5.1** A BSP Airline which has incurred revenue loss as a consequence of alteration of original entries or falsification of entries made in one or more Standard Traffic Documents issued in its name, which may reasonably be attributed to the issuing Agent, may request review of the irregularity by the Agency Administrator;

**5.5.2** upon receipt of such a request, the Agency Administrator shall promptly invite the Agent's explanation of the

purported irregularity and evaluate the documentary evidence thus obtained;

**5.5.3** if the Agency Administrator does not receive an explanation from the Agent within ten working days of his request, or receives an explanation but concludes from it that an irregularity has indeed occurred and may reasonably be attributed to the fault of the Agent, he shall refer the matter, with all the documentary evidence in his possession, to the Travel Agency Commissioner with a request for review and action;

**5.5.4** if the Agent demonstrates to the satisfaction of the Agency Administrator that the irregularity was committed by an employee who acted without the knowledge or complicity of the Agent, the Agency Administrator shall require the Agent to make good the revenue loss within a prescribed period prescribed by him. Failure by the Agent to adhere to the terms of the Agency Administrator's requirement shall cause him to refer the matter to the Travel Agency Commissioner, with a request for review and action;

**5.5.5** if the Agency Administrator concludes that the detected irregularity and ensuing revenue loss stem from the Agent's own fault; intentional, negligent or otherwise, he shall immediately pass the documentary evidence gathered to the Travel Agency Commissioner, with a request for review and action.



## **Section 6—Reporting and Remitting**

The provisions regarding sales reports, billings, remittances and collections and defaults under a Billing and Settlement Plan are contained in Section 1 of Attachment 'A'.

## **Section 7—(Intentionally left blank)**

## Section 8—Consequences of Default

The provisions regarding the consequences of default are contained in Section 2 of Attachment 'A'.

## Section 9—Conditions for Payment of Commission and Other Remuneration

### 9.1 RATE OF COMMISSION OR AMOUNT OF REMUNERATION

Any commission or other remuneration paid to the Agent shall be established by the Member or BSP Airline. Such commission or other remuneration shall be established in advance and communicated in writing to the Agent. Any changes in the level of commission or other remuneration or associated condition shall be notified in advance by giving written notice to the Agent.

### 9.2 INTERLINE SALES

the amount of fare on which commission shall be computed may include, and the level of any other remuneration may take into account, interline passenger transportation over the services of other Members or BSP Airlines with which the Agent's principal has an interline Traffic agreement. A Member or BSP Airline may also pay commission or other remuneration to an Agent for passenger transportation sold on the services of an air carrier that is not a Member or BSP Airline when the Member or BSP Airline has been so authorised by such air carrier.

### 9.3 CONDITIONS FOR PAYING COMMISSION

**9.3.1** where commission is payable to an Agent it shall be calculated on the amount of the fares applicable to the air passenger transportation:

**9.3.2** the 'fares applicable' are the fares (including fare surcharges) for the transportation in accordance with the Member's or BSP Airline's tariffs and shall exclude any charges for excess baggage or excess valuation of baggage as well as all taxes and other charges collected by the Agent.

### 9.4 RECALL OF COMMISSION OR OTHER REMUNERATION

when a refund is made of all or any part of the fare or charge for any transportation, the commission or other remuneration shall be recomputed on the un-refunded fare or charge. If the commission or other remuneration has already been paid, any amount in excess of the recomputed commission or other remuneration shall be paid back. When there is an involuntary change of routing involving a substitution of surface transportation for confirmed air transportation a recall of commission or other remuneration shall not be deemed due. In case of involuntary change of routing to other air services, nothing shall prevent the Member from passing on the commission or other remuneration received from the new carrying carrier.

## Section 10—Change of Ownership, Legal Status, Name or Location

### 10.1 NOTIFICATION OF CHANGES

All changes of ownership, legal status, name or location of the Agent that may impact its accreditation status shall be notified to the Agency Administrator prior to the change to enable processing in accordance with the respective provisions of this Section. Information and data relating to the Agent will be treated as confidential. Following is a summary of the main provisions in this Section:

**10.2** Changes within a corporation not requiring a new Sales Agency Agreement

**10.3** Procedures for changes requiring a new Sales Agency Agreement

**10.4** Other procedures for processing changes

**10.5** Final approval by Agency Administrator

**10.6** Effect of disapproval

**10.7** Death of a sole owner or member of a partnership, or other unincorporated firm

**10.8** Change of location or name

**10.9** Sale of location to another Accredited Agent

**10.10** Sale of Branch Office Location to an outside party

**10.11** Change of location type

**10.12** Late notifications or absence of Notification of Change

**10.13** Notices to BSP Airlines

### 10.2 CHANGES NOT REQUIRING A NEW PASSENGER SALES AGENCY AGREEMENT

**10.2.1** The following changes to an Agent, which is structured as a corporation or limited liability company, require notice to be provided to IATA in accordance with Subparagraph 10.2.2 but do not require execution of a new Sales Agency Agreement, provided that the changes do not alter the Agent's legal nature with respect to its responsibilities and obligations under applicable law:

**10.2.1(a)** a reduction of capital;

**10.2.1(b)** the disposal or acquisition of stock representing 30% or more of the total issued share capital of the Agent by any Person, whether by means of a single transaction or as the result of a series of transactions, over a period of not more than three years;

**10.2.1(c)** any reduction in capital, disposal or acquisition of Stock less than 30% that has the effect of vesting the control, as defined in applicable local law, of the Agent in a person in whom it was not previously vested, whether

by means of a single transaction or as the result of a series of transactions, over a period of not more than three years. Such transfer of Stock will nonetheless be subject to the notification requirements under Subparagraph 10.2.2.

**10.2.2** No later than 7 days after any change listed in Subparagraph 10.2.1 taking effect, the Agent must provide to IATA notice of the change and the most recently available accounts, in accordance with the applicable criteria, as defined in Section 2 of this Resolution. The Agent's accreditation will remain in effect unless, after reviewing the change or completing the Financial Review of the Agent, IATA determines that (i) the Agent does not satisfy the qualifications for accreditation, or (ii) the change alters the Agent's legal nature, in which case the Agency Administrator shall initiate a review of the Agent.

### 10.3 PROCEDURES FOR CHANGES REQUIRING A NEW PASSENGER SALES AGENCY AGREEMENT

The following changes to an Agent require the execution of a new Sales Agency Agreement:

**10.3.1(a)** in the case of a sole owner, partnership or other unincorporated entity:

**10.3.1(a)(i)** the transfer of an interest in the Agent that has the effect of transferring control of the Agent to a Person in whom it was not previously vested,

**10.3.1(a)(ii)** the admission or withdrawal of a partner, or

**10.3.1(a)(iii)** the incorporation of the Agent;

**10.3.1(b)** in the case of a corporation or limited liability company:

**10.3.1(b)(i)** the acquisition of the Agent by a Person who is not an Agent,

**10.3.1(b)(ii)** the transformation of the Agent into a partnership or unincorporated firm,

**10.3.1(b)(iii)** any change which reduces the liability of any Person who was previously liable for the debts of the corporation, whether directly or indirectly, or

**10.3.1(b)(iv)** any change in the legal nature of the Agent, such that after the change, the legal nature of the Agent is not that existing prior to the change of legal status.

△ **10.3.2** in the event of a change to an Agent, as set forth in Subparagraphs 10.3.1 (a) or 10.3.1(b), notice shall be submitted to the Agency Administrator by the Agent and, if applicable, the new owner, using the Notice of Change set forth at Attachment 'B' at least seven days before the change is to be effected;

**10.3.3** upon receipt of the Notice of Change form, the Agency Administrator will countersign the Notice of Change form which will have the same effect as a Sales Agency Agreement, and/or, if applicable, the new owner, unless the application for accreditation fails to meet the criteria set forth in Section 3 of these Rules, in which case the Agency Administrator shall initiate a review;

**10.3.4** when an Agent with more than one Approved Location undergoes a change pursuant to this Subsection 10.3, a Notice of Change shall be submitted by the Agent only in respect of the Head Office Location, which shall apply to all Approved Locations if the Agent confirms on its own letterhead that, except for such new ownership or status, the information previously submitted in connection with the other Approved Locations remains unchanged;

**10.3.5** when an Agent undergoes a change that also includes a change of name or location, all changes shall be notified by the Agent in a single Notice of Change form and the Agency Administrator shall process all changes as one application.

**10.3.6** the Notice of Change form, if executed, shall take effect from the date when the change takes place. The previous Sales Agency Agreement will then terminate or cease to apply to the Location concerned as of the date when the change takes place, without prejudice to the fulfillment of all obligations accrued prior to the date of termination;

**10.3.7** the Agency Administrator shall notify all BSP Airlines of the countersignature of the Notice of Change form and on receipt of such notice BSP Airlines may do business with the Agent or the new owner as if it were an Accredited Agent.

## **10.4 OTHER PROCEDURES FOR PROCESSING CHANGES**

Upon receipt of a notice of change, the Agency Administrator shall:

**10.4.1** bill the Agent for applicable change application fee, as provided in Subparagraph 14.1.1.4 of these Rules, and

**10.4.2** publish details promptly to BSP Airlines in a listing that such a notice of change has been received.

## **10.5 FINAL APPROVAL BY AGENCY ADMINISTRATOR**

**10.5.1** in addition to any action taken by the Agency Administrator under Subparagraphs 10.2 or 10.3 of this Section, the Agency Administrator shall obtain from such source and in such manner as he may deem appropriate a report indicating whether the requirements for accreditation in these Rules are satisfied;

**10.5.2** if the report shows that the requirements are satisfied, the Agency Administrator shall notify the Agent or the new owner and sign a Sales Agency Agreement with the Agent or the new owner effective 15 days from the date of the publication by the Agency Administrator. The Agency Administrator shall notify all BSP Airlines accordingly and, when required, make any necessary amendment to the Agency List.

## **10.6 EFFECT OF DISAPPROVAL**

**10.6.1(a)** if the Agency Administrator is unable to execute a Sales Agency Agreement with the Agent or, if applicable, the new owner, the Agency Administrator shall promptly notify the Agent and/or the new owner and shall, simultaneously:

**10.6.1(a)(i)** in cases of a change requiring a new Agreement, by notice to the Agent and, if applicable, the new owner, confirm that the Sales Agency Agreement or the application for accreditation to the Location concerned terminated on the date when the change of ownership took place, and by notice to the new owner, the Notice of Change form will no longer have effect as a Sales Agency Agreement,

**10.6.1(a)(ii)** in cases of a change not requiring a new Agreement, by notice to the Agent withdraw a provisional approval that has been given and terminate the Agent's Sales Agency Agreement or its application to the Location concerned,

**10.6.1(b)** in all such notices the Agency Administrator shall give the specific reasons for his action in writing and notify all BSP Airlines accordingly. In addition he will remove the STDs, remove the Agent from the Agency List. A disapproved transferee or Agent may within 30 days of the Agency Administrator's notice request reconsideration of the decision by the Agency Administrator or invoke the procedures set out in Resolution 820e for review of the Agency Administrator's action by the Travel Agency Commissioner;

**10.6.2** upon request for reconsideration by the Agency Administrator or for review by the Travel Agency Commissioner pursuant to Resolution 820e, the disapproval action shall be stayed and the status quo restored pending the result of the reconsideration or of the review. The Travel Agent Commissioner may request that a bank or other guarantee be provided as a condition for the stay;

**10.6.3** if the transferor or the Agent as the case may be notifies the Agency Administrator that the change of ownership has been revoked and the Agent restored in all respects to its previous ownership, the Agency Administrator shall reinstate the Agent's Sales Agency Agreement or its application to the Location concerned and, when applicable, reinstate credit facilities and notify the Agent and all BSP Airlines accordingly.

## **10.7 DEATH OF A SOLE OWNER OR OF MEMBER OF A PARTNERSHIP OR OTHER UNINCORPORATED FIRM**

**10.7.1** in the event of the death of the sole owner of an Agent, or of a member of a partnership or other unincorporated firm, the person entitled to represent the decedent's estate (in the case of a sole ownership) or the remaining member(s) of the partnership or other unincorporated firm, shall promptly advise the Agency Administrator who shall either withdraw all STDs or execute a temporary Sales Agency Agreement, as provided below. In order to preserve the goodwill of the

Agent as far as possible, the Agency Administrator may, at the request of the person entitled to represent the decedent's estate (in the case of a sole ownership) or the remaining member(s) of the partnership or other unincorporated firm, enter into a temporary Sales Agency Agreement with the requesting party, reinstate STDs if already withdrawn, and advise BSP Airlines accordingly. The temporary Sales Agency Agreement shall be in the same form and have the same effect as a Sales Agency Agreement except that:

**10.7.1.1** if the Agency Administrator at any time has reason to believe that the financial situation of the decedent's estate, the partnership or other unincorporated firm is unsatisfactory, he shall withdraw STDs and give the person entitled to represent the decedent's estate (in the case of a sole ownership) or the remaining member(s) of the partnership or other unincorporated firm, notice of termination of the temporary Sales Agency Agreement and notify all BSP Airlines accordingly. The termination shall take effect on a date that is not before the date specified in clause 13.2 of the Sales Agency Agreement. The estate, partnership or other unincorporated firm may within 30 days of the date of the Agency Administrator's notice invoke the procedures set out in Resolution 820e for review of the Agency Administrator's action by the Travel Agency Commissioner and may also apply for an interlocutory order staying the termination and restoring the status quo pending the outcome of the review. Before granting an interlocutory order under this Subparagraph, the Travel Agency Commissioner shall require the estate, partnership or other unincorporated firm to provide a bank or other financial guarantee,

**10.7.1.2** if prior to the date of termination of the temporary Sales Agency Agreement the decedent's estate or the partnership or other unincorporated firm submits evidence of a satisfactory financial situation, the termination shall not take effect and the Agency Administrator shall notify the Agent and all BSP Airlines that STDs have been reinstated,

**10.7.1.3** if the termination of the temporary Sales Agency Agreement takes effect, the Agency Administrator shall remove the Agent from the Agency List and notify the person entitled to represent the decedent's estate or the partnership or other unincorporated firm and all BSP Airlines accordingly. Upon receipt of such notice, BSP Airlines shall take the same action as required on removal of an Agent from the Agency List;

**10.7.2** if the person entitled to represent the decedent's estate proposes to transfer or to confirm the transfer of the decedent's interest in the Agent to an heir, legatee or other person, or notifies that the decedent's interest is withdrawn from the partnership or other unincorporated firm, such transfer or withdrawal shall be deemed a change of ownership for the purposes of this Section. The signatory of the temporary Sales Agency Agreement and the transferee shall jointly give notice to the Agency Administrator as required under Paragraph 10.3. of this Section and thereafter the provisions of that Paragraph shall apply;

**10.7.3** subject to earlier termination under the provisions of Subparagraph 10.8.1 or 10.8.2 of this Paragraph, a

temporary Sales Agency Agreement with the representative of the estate of a deceased sole owner shall terminate if such representative ceases to carry on the Agent's business at the Location covered by the Agreement.

## 10.8 CHANGE OF LOCATION OR NAME

**10.8.1(a)** when an Agent moves from an Approved Location to another location not so approved, such Agent shall:

**10.8.1(a)(i)** as far in advance as possible but in any case before effecting the change, providing it can legally do so, notify the Agency Administrator of the new address and remit the appropriate application fee,

**10.8.1(a)(ii)** if requested submit as soon as practicable two photographs of the interior and exterior of the new location;

**10.8.1(b)** IATA may arrange for an inspection of the new location and shall notify all BSP Airlines of the proposed new location. If the inspection report is favourable, the new location shall be deemed an Approved Location. If the investigation report is unfavourable the new location shall not be approved and the Agency Administrator shall give the Agent written notice of termination of the Sales Agency Agreement or of removal from the Agency List in the case of a Branch Office Location, specifying the date on which termination shall be effective, which shall not be before the date specified in clause 1.3.2 of the Passenger Sales Agency Agreement, and notify all BSP Airlines accordingly. Such termination or removal shall not take effect if, prior to the date of termination or removal, the Agency Administrator is able to approve the application for change of location;

**10.8.1(c)** the authority to act as an Approved Location shall continue to apply to the new location, pending the action taken under Subparagraph 10.8.1(b) of this Paragraph, provided that the move from the Approved Location to the new location is effected on, but in no event more than five working days later than, the date the Approved Location is closed;

**10.8.2(a)** when an Agent changes its name, such Agent shall:

**10.8.2(a)(i)** as far in advance as possible but in any case before effecting the change, providing it can legally do so, notify promptly the Agency Administrator of the new name, and

**10.8.2(a)(ii)** remit the appropriate application fee;

**10.8.2(b)** the Agency Administrator shall determine whether the new name can be approved pursuant to the provisions of Subparagraph 2.1.6, Section 2 of these Rules. If affirmative, he shall approve the new name, notify all BSP Airlines accordingly and record the new name on the Agency List and in the Agent's Agreement. If negative, the Agency Administrator shall disapprove the application and shall give the Agent written notice of termination of the Sales Agency Agreement, specifying the date on which termination shall be effective which

shall not be before the date specified in clause 13.2 of the Passenger Sales Agency Agreement, and notify all BSP Airlines accordingly. Such termination shall not take effect if, prior to the date of termination, the Agent reverts to its approved name or the Agency Administrator is able to approve the application for change of name;

**10.8.3** when an Agent's application for change of location or name is disapproved, or its Sales Agency Agreement is terminated or its Approved Location is removed from the Agency List, the Agent may, within 30 days of the Agency Administrator's notice, invoke the procedures set out in Resolution 820e for review of the Agency Administrator's action by the Travel Agency Commissioner and may also apply for interlocutory order staying termination or removal pending the outcome of the review; in such case the Agency Administrator shall withdraw all STDs pending the outcome of the review, and notify the Agent and all BSP Airlines accordingly, provided that the Agent has failed to apply for an interlocutory order, or the order has been denied or the Agent has not provided a bank or other guarantee required by the Commissioner as a condition for interlocutory relief.

#### **10.8.4 Change of Head Office Location to another country**

In the event a Head Office Location changes from one country to another without prior notification, the Agency Administrator shall take action to remove the Agent's Electronic Ticketing Authority pending review of its changed circumstances and evidence confirming its principal place of business for the Head Office and compliance with the Local Financial Criteria applicable to the country concerned. Such removal of the Agent's Electronic Ticketing Authority may lead to removal from the Agency List and termination of the current Passenger Sales Agency Agreement until such time as a new application for accreditation, complying with all Local Financial Criteria in the other country, is reviewed and approved and a new Passenger Sales Agency Agreement has been signed with the Head Office legal and business entity in the new country.

#### **10.9 SALE OF LOCATION TO ANOTHER ACCREDITED AGENT**

in the event that an Agent sells a Location to another Agent the latter shall give notice to the Agency Administrator and the provisions of Subparagraph 10.2 of this Section shall apply.

#### **10.10 SALE OF BRANCH OFFICE LOCATION TO AN OUTSIDE PARTY**

in the event the Agent ('the transferor') sells a Branch Office Location to another person who is not an Agent ('the transferee') the provisions of Paragraphs 10.3 of this Section shall apply.

#### **10.11 CHANGE OF LOCATION TYPE**

**10.11.1** in the event that an Agent wishes to change the Location type under which it is shown in the Agency List to another Location type by which Locations are identified in the Agency List, such as Head Office to Branch Location, the Agent shall:

- △ **10.11.1.1** apply to IATA, giving full details of the proposed change, and
- △ **10.11.1.2** on request from IATA, shall remit the appropriate administration fee or such other fee, appropriate to the change, as provided for in these Rules;
- △ **10.11.2** IATA shall determine if the change of Location type requested by the Agent is of an administrative nature or one requiring further investigation and processing under another provision of these Rules;
- △ **10.11.3** if the former, IATA shall record the change of Location type in the Agency List and notify the Agent and all BSP Airlines accordingly;
- △ **10.11.4** if the latter, IATA shall so notify the Agent and proceed to process the change as provided for elsewhere under these Rules;

#### **10.12 LATE NOTIFICATION OR ABSENCE OF NOTIFICATION OF CHANGE**

**10.12.1** in respect of absence of notification of change of ownership, shareholding, name or legal status if the Notice of Change form is not received by the Agency Administrator before the change has taken place, the Agency Administrator will remove the STDs and the Agent will be informed by IATA to provide the required Notice of Change form within 5 days. If within 5 days the Agent provides the required Notice of Change form, the removal of STDs will no longer apply but IATA will apply a late notification of change fee. If within 5 days the Agent does not revert to its previous ownership or submit the required Notice of Change form then the Agent will be given notice of termination of the Sales Agency Agreement. The Agency Administrator shall notify all BSP Airlines accordingly and the provisions of Subparagraph 13.4.1 of Section 13 of these Rules shall apply. The transferor or Agent may within 30 days of the notice of removal of STDs invoke the procedures set out in Resolution 820e for review of the Agency Administrator's action the Travel Agency Commissioner and may also apply an interlocutory order staying termination or removal pending the outcome of the review. Before granting an interlocutory order under this Subparagraph, the Commissioner shall require the Agent to provide a bank or other financial guarantee. Any future application from the transferee shall be processed in accordance with the provisions of Section 3 of these Rules;

**10.12.2** in respect of late notification of change of ownership, shareholding, name or legal status if the Notice of Change form is received after the change has taken place, the Agency Administrator will apply a late notification of change fee.



10.12.3 in respect of late/absence of notification of a change of location, the Agency Administrator will apply a late notification of change fee.

## **10.13 NOTICE TO BSP AIRLINES**

The Agency Administrator when giving any notice to BSP Airlines required under the foregoing provisions of Section 10 shall give a copy of such notice to all IATA Member Airlines.

## **Section 11—Reviews by the Travel Agency Commissioner**

The jurisdiction of the Travel Agency Commissioner is set out in Resolution 820e as are the procedures for conducting reviews.

**Section 12—Arbitration****12.1 RIGHT TO ARBITRATION**

**12.1.1** Any party to a dispute settled in accordance with Resolution 820e shall have the right to submit the Travel Agency Commissioner's decision to *de novo* review by arbitration in accordance with this Section.

**12.1.2** Where the Travel Agency Commissioner has granted interlocutory relief, such relief and any bank or other guarantee shall remain in effect pending the outcome of the arbitration. The arbitrators, however, will have the power to vary the terms of the bank or other guarantee as they deem appropriate including requesting additional guarantees from the Appellant.

**12.2 AGREEMENT TO ARBITRATE**

**12.2.1** All disputes arising out of or in connection with a decision rendered by a Travel Agency Commissioner (a "Decision") shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with said Rules and judgment upon the award may be entered in any Court having jurisdiction thereof.

**12.2.2** Unless otherwise agreed by the parties, the language of the arbitration shall be English, but at the request of a party, documents and testimony shall be translated into such party's native language.

**12.2.3** The place of arbitration shall be in the country of the Approved Location concerned or the location under application, as the case may be, unless otherwise agreed by the parties. Notwithstanding the foregoing, in the event that the laws of such country are inconsistent with the effect of subparagraph 12.2.5 herein, then in the case of a Decision rendered with respect to Area 1, the place of arbitration shall be, at the election of the claimant, either Montreal, Quebec or Miami, Florida; in the case of a Decision rendered with respect to Area 2, the place of arbitration shall be Geneva, Switzerland; and in the case of a Decision rendered with respect to Area 3, the place of arbitration shall be, at the election of the claimant, either Singapore or Sydney, Australia.

**12.2.4** The award of the arbitrator(s) shall be accompanied by a statement of the reasons upon which the award is based.

**12.2.5** The arbitration award shall be final and conclusively binding on the parties and shall be complied with in accordance with its terms.

**12.3 COMMENCEMENT OF THE PROCEEDING**

**12.3.1** Arbitration proceedings pursuant to this Section 12 shall be commenced no later than thirty (30) calendar days from the date of the Travel Agency Commissioner's award.

**Section 13—Measures Affecting an Agent's Standing****13.1 RELINQUISHMENT BY AGENT**

**13.1.1** an Accredited Agent may voluntarily relinquish its Accreditation in respect of all or any of its Approved Locations at any time by giving notice in writing to the Agency Administrator who shall notify all Members and BSP Airlines. The withdrawal shall take effect on a date that is not before the date specified in clause 13.2 of the Sales Agency Agreement, unless these Rules specify a different date. Such withdrawal shall be without prejudice to fulfilment by the Agent and each of the BSP Airlines having the Agent under appointment, of all obligations accrued up to the date of withdrawal from the Agency List;

**13.1.2** in the event an Agent voluntarily relinquishes any BSP Airline's appointment it shall so notify the BSP Airline in writing;

**13.2 REMOVAL BY AGENCY ADMINISTRATOR**

**13.2.1** the Agency Administrator may, in accordance with the provisions of these Rules, remove for cause an Agent or a Location of an Agent from the Agency List by giving notice in writing to the Agent to take effect in accordance with these Rules. Such removal shall be without prejudice to fulfilment by the Agent and each of the BSP Airlines having the Agent under appointment of all obligations accrued up to the date of removal from the Agency List;

**13.2.2** notwithstanding the provisions contained in Paragraph 4 of Resolution 824, when evidence is produced that an Agent uses its IATA accreditation to engage in, and profit from, activities which, if associated with IATA, may prove detrimental to the good standing of IATA, the Agency Administrator may remove the Agent from the Agency List and notify all members of the action being taken. The Agency Administrator shall give notice to the Agent of such removal and its effective date, which shall be no earlier than 15 days after the date of the notice, and such removal shall be without prejudice to fulfilment by the Agent and each of the BSP Airlines having the Agent under appointment of all obligations accrued up to the date of removal from the Agency List. The Agent may within 15 days of the date of the removal notice invoke the procedures set out in Resolution 820e for review of the Agency Administrator's action by the Travel Agency Commissioner and may also apply for an interlocutory order staying the removal and preserving the status quo pending the outcome of the review.

## 13.3 EFFECT OF REMOVAL

### 13.3.1 Removal

**13.3.1.1** when notice has been served by the Agency Administrator that an Agent or Location is to be removed from the Agency List:

**13.3.1.1(a)** the Agency Administrator shall by notice to the Agent terminate the Agent's Sales Agency Agreement or exclude the Location from the application of the Agreement and so notify BSP Airlines. The termination or exclusion shall take effect on a date that is not before the date specified in clause 13.2 of the Sales Agency Agreement, unless these Rules specify another date,

**13.3.1.1(b)** IATA shall appoint a Coordinator to withdraw all STDs deposited with the Agent or with the Location and require an immediate accounting and settlement of monies due,

**13.3.1.1(c)** the Agent may within 30 days of the date of the termination or removal notice invoke the procedures set out in Resolution 820e for review of the Agency Administrator's action by the Travel Agency Commissioner and may also apply for an interlocutory order staying the termination and preserving the status quo pending the outcome of the review;

## 13.4 OTHER MEASURES AFFECTING OPERATION OF AGENT

when an Agent is declared bankrupt, placed in receivership or judicial administration, goes into liquidation or becomes subject to any other similar legal procedure affecting its normal operation, the Agency Administrator shall, when allowed by the provisions of applicable law at the Agent's place of business, withdraw all STDs and remove the agent and all its locations from the Agency List.

## 13.5 APPOINTMENT AND DUTIES OF COORDINATOR

**13.5.1** IATA Management shall appoint the Coordinator upon the request of the Agency Administrator when an Agent or a Location which operates under the Billing and Settlement Plan procedures:

**13.5.1.1** is removed from the Agency List under these Rules; or

**13.5.1.2** is declared in default under these Rules; or

**13.5.1.3** has an application for change of ownership disapproved under these Rules;

**13.5.2** the Coordinator shall immediately remove all STDs from the Agent or the Location concerned and shall, when so prescribed, require an immediate accounting and settlement of all monies due unless the Commissioner has made an interlocutory order staying such action and preserving the status quo.

## 13.6 CHANGES TO AGENT'S OFFICIAL LICENCE

if the government authorities of the place where an Agent's Location is situated terminate, suspend or otherwise condition the official licence granted to such Location, the Agency Administrator shall promptly notify all BSP Airlines and the Agent of the effects of such action.

## 13.7 USE OF IATA LOGO

**13.7.1** an IATA Accredited Agent may use the logo on its letterhead and publicity materials exactly as illustrated in the Travel Agents Handbooks. No other forms of IATA logo are authorised for Agent use;

**13.7.2** the use of the logo is permitted only in connection with activities of an IATA Accredited Agent's Approved Locations;

**13.7.3** the IATA logo may not be used in any way to misrepresent an existing industry service such as the IATA Travel Agent Identity (ID) Card.

## 13.8 FORCE MAJEURE

The Agent shall not be liable for delay or failure to comply with the terms of the Passenger Sales Agency Agreement to the extent that such delay or failure (i) is caused by any act of God, war, natural disaster, strike, lockout, labor dispute, work stoppage, fire, third-party criminal act, quarantine restriction, act of government, or any other cause, whether similar or dissimilar, beyond the reasonable control of the Agent, and (ii) is not the result of the Agent's lack of reasonable diligence (an "Excusable Delay"). In the event an Excusable Delay continues for seven days or longer, the Agency Administrator shall have the right, at its option, to terminate this Agreement by giving the Agent whose performance has failed or been delayed by the Excusable Delay at least thirty days' prior written notice of such election to terminate.

## **Section 14—Agency Fees**

### **14.1 TYPES OF FEES**

**14.1.1** the following agency fees, in the amounts determined by the Conference in consultation with the Director General, shall be payable:

**14.1.1.1** a non-refundable application fee in respect of each application to become an Accredited Agent or an Approved Location;

**14.1.1.2** entry fees on application for entry in the Agency List of the Agent's Head Office Location and for entry of each Branch Office Location, and all other locations included within the Agency Programme;

**14.1.1.3** annual agency fees with respect to the Head Office Locations, each Branch Office Location, and all other locations included within the Agency Programme;

**14.1.1.4** non-refundable application fees in respect of each application for approval of changes of name, ownership or Location;

**14.1.1.5** an administration fee in respect of each application for a change of Location Type;

**14.1.2** no application for entry in the Agency List shall be considered unless the application fee, the entry fee and the first annual agency fee have been received. If the application is rejected, the entry and annual Agency fees shall be returned to the applicant.

**14.1.3** A cost justified fee, the level to be agreed locally, will apply for each Agent that fails to comply with established Local Financial Criteria.

### **14.2 INVOICING**

except in respect of the first assessment upon application, annual agency fees for each calendar year shall be due not later than December 1 of the preceding year in accordance with the instructions of the Agency Administrator. Invoices for such fees will be issued by the Agency Administrator for collection through the BSP, except where this is not operationally feasible payment will be due within 30 days of the date of issue.

### **14.3 NON-PAYMENT OF ANNUAL, APPLICATION OR ADMINISTRATIVE FEES**

**14.3.1** if any Agent fails to pay the annual agency fee by the due date, IATA will apply two instances of irregularity by issuing a Notice of Irregularity, including notice of suspension, and will give the Agent 30 days to comply. Failure by the Agent to comply within 30 days will cause IATA immediately to remove the Agent's Electronic Ticketing Authority and to give the Agent written notice of removal from the Agency List, provided that if the Agent submits payment prior to the removal date the removal shall not take effect. Where the Agency Administrator gives notice of removal under this provision, the notice shall specify the date at which it will be effective, which

shall not be before the date specified in clause 13.2 of the Sales Agency Agreement. Payment of annual fees by the Agent after the due date may be subject to a 10% late-payment charge to cover costs incurred.

**14.3.2** in the event an Agent refuses to remit the correct level of application fee, or administration fee, then the Agency Administrator shall promptly notify the Agent in writing that its Sales Agency Agreement shall be terminated within 30 days for failure to pay fees due;

**14.3.3** if an Agent whose Agreement has been terminated under Subparagraph 14.3.2 of this Paragraph subsequently remits the correct fees within 30 days, following such termination, the Agency Administrator may reinstate the accreditation of an Agent. Such Agent's name shall then be re-entered on the Agency List and a Sales Agency Agreement shall be executed or re-instated;

**14.3.4** an Agent may within 30 days of the date of the notice in Subparagraphs 14.3.1 or 14.3.3 invoke the procedures set out in Resolution 820e for review of the Agency Administrator's action by the Travel Agency Commissioner and may also apply for an interlocutory order preserving the status quo pending the outcome of the review. Before granting an interlocutory order under this Subparagraph, the Commissioner shall require the Agent to provide a bank or other financial guarantee.

### **14.4 USE OF AGENCY FEES**

Agency fees collected by the Agency Administrator on behalf of IATA will be expended by the Director General in accordance with directives given by the Board of Governors of IATA to administer the Agency Programme.

**Section 15—Indemnities and Waiver**

**15.1** the Agent agrees to indemnify and hold harmless the BSP Airline, its officers and employees from all damage, expense or loss on account of the loss, robbery, theft, burglary, fraudulent issue or misuse of STDs supplied to the Agent pursuant to these Rules, which STDs have not been duly issued by the Agent; provided that the Agent shall be relieved of liability in respect of any damage, expense or loss incurred or suffered by the BSP Airline resulting from such event if the Agent can demonstrate that at the material time it met the minimum security standards prescribed in Section 5, Paragraph 5.1 of these Rules, and that such unlawful removal was immediately reported in accordance with the requirements of these Rules, or fraudulent issue or misuse of such STDs resulted solely from the action of persons other than the Agent, its officers or employees;

**15.2** the Agent recognises that BSP Airlines (whether acting individually or collectively) the Director General, and the Agency Administrator are required to issue notices, give directions, and take other action pursuant to these and other applicable Resolutions, including in the circumstances therein provided giving notices of irregularity and default, notices of alleged violations and notices of grounds for removing an Agent or any of its Locations from the Agency List. The Agent waives any and all claims and causes of action against any BSP Airline and IATA and any of their officers and employees for any loss, injury or damage (including damages for libel, slander or defamation of character) arising from any act done or omitted in good faith in connection with the performance of any of their duties or functions under these and other applicable Resolutions and indemnifies them against such claims by the Agent's officers, employees or any other person acting on the Agent's behalf.

**RESOLUTION 818g****Attachment 'A'****SECTION 1. REPORTING AND REMITTING**

- 1.1 Monies Due on Issue of Standard Traffic Documents
- 1.2 Length of Reporting Period: Reporting Date
- 1.3 Agency Sales Transmittals
- 1.4 Frequency for Submission of Agency Sales Data
- 1.5 Billings
- 1.6 Settlement—the Remittance Date
  - 1.6.2 Frequency of Remittance
- 1.7 Irregularities and Default
  - 1.7.1 Charges
  - 1.7.2 Overdue or Dishonoured Remittance
  - 1.7.3 Failure to Remit in Billing Currency
  - 1.7.4 Bona Fide Bank Error
  - 1.7.5 Accumulated Irregularities
  - 1.7.6 Agent in Default as an IATA Passenger and/or Cargo Agent
  - 1.7.7 Other Defaults
  - 1.7.8 Accounting Irregularity Safeguards
  - 1.7.9 Disputed Agency Debit Memo
- 1.8 Prejudiced Collection of Funds
- 1.9 Notification of Irregularity
- 1.10 Default Action
- 1.11 Remittance and Settlement Delayed by Official Government Action
- 1.12 Responsibility for Settlement of Credit and Charge Card ('Card') Transactions made against a BSP Airline's Merchant Agreement

**SECTION 2. CONSEQUENCES OF DEFAULT TO BSPs AND TO BSP AIRLINES**

- 2.1.1 When settlement has been made
- 2.1.2 When settlement has not been made
- 2.2 Settlement of Amounts Due
- 2.3 Review by the Agency Administrator
- 2.4 Effects of Retention after Default
- 2.5 Review by Travel Agency Commissioner

## Section 1—Reporting and Remitting

This Section is applicable to all Approved Locations of an Agent, with respect to sales on behalf of Airlines participating in the BSP. The BSP Manual for Agents contains the administrative and procedural rules to be followed by Agents and constitutes part of this Resolution.

### 1.1 MONIES DUE ON ISSUE OF STANDARD TRAFFIC DOCUMENTS

The provisions of this Paragraph govern monies due to BSP Airlines arising from Accountable Transactions.

In all instances the preferred method of remittance shall be by Electronic Funds Transfer, or by Business-to-Business Direct Debit. In this context Business-to-Business Direct Debit is defined as a Direct Debit system and jurisdiction which imposes strict conditions and time limits not exceeding 2 banking days for revocation of the transfer by the payer or the payer's bank. When either of these systems are available in a market and unless required by applicable local law other methods of remittance are discouraged.

**1.1.1(a)** monies for sale against which an Agent issues STDs shall be deemed due by the Agent to the BSP Airline whose ticketing authority is used when they are issued and shall be settled in accordance with the provisions of this section;

**1.1.1(a)(i)** monies for sales made by an Agent, where the ticket is issued by the BSP Airline on behalf of the Agent and reported using the facility of the BSP, shall be deemed due by the Agent to the BSP Airline and shall be settled in accordance with the provisions of this section in the same way as if the Agent had issued an STD.

**1.1.1(b)** in the event that the Agent is declared insolvent, bankrupt, is placed in receivership or judicial administration, goes into liquidation or becomes subject to any other similar legal process affecting its normal operation, then notwithstanding the normal remittance procedures set out in this Section all such monies shall become immediately due and payable;

**1.1.1(c)** in circumstances where a BSP Airline determines that its ability to collect monies for STDs may be prejudiced by the Agent's financial position such BSP Airline may demand immediate settlement of all such monies and advise IATA prior to such action being taken. In the event the Agent fails to settle its total BSP dues to IATA for the same reporting period, the BSP Airline would be required to pay the monies collected from the Agent to IATA immediately, failing which IATA would deduct the amount from the next settlement due to each BSP Airline;

△ **1.1.2** in circumstances where a BSP Airline is suspended from the BSP the monies due to the BSP Airline are handled according to the provisions contained within Resolution 850. While IATA's instruction to Agents under Resolution 850 Attachment F paragraph 1(c)(ii)(b) to settle directly with the suspended BSP airline does not relieve Agents of any payment obligations to the suspended BSP Airline, the irregularity and default action

provisions of paragraph 1.7 of this Attachment do not apply while such instruction is in place.

**1.1.3** in circumstances where an Agent collects full or part payment for transportation in respect of which reservations have been made on the services of a BSP Airline, the Agent shall issue an appropriate STD. Thereupon monies for such sale shall be deemed due and settlement shall be made in accordance with the provisions of Subparagraph 1.1.1(a);

**1.1.4** Agents shall be required to remit in the currency reported on the ticket and billed to the Agent.

**1.1.5** (China only) Each Agent shall have a credit limit for its Electronic Ticketing Authority equal to 90% of the Financial Security amount that the Agent has provided to IATA at any time. The Agency Administrator shall take action to withdraw an Agent's Electronic Ticketing Authority sales should the Agent's total unremitted monies reach the credit limit for that Agent, at which time IATA shall:

**1.1.5(a)** notify the Agent in writing of the withdrawal of Electronic Ticketing Authority;

**1.1.5(b)** notify the BSP Airlines participating in BSP China of the withdrawal of the Agent's Electronic Ticketing Authority.

**1.1.6** Electronic Ticketing Authority shall be reinstated upon either:

**1.1.6(a)** settlement by the Agent of all or part of the monies due where the effect of such settlement reduces the total unremitted monies to an amount that is below the credit limit of that Agent; or

**1.1.6(b)** receipt by IATA from the Agent of an additional Financial Security amount that has the effect of sufficiently increasing the Agent's credit limit sales, in light of the total unremitted monies then outstanding.

△ **1.1.7** Agents may at all times continue to make sales through the BSP using the BSP China Online Payment Solution, Credit Cards or through the direct bilateral arrangements as may be agreed between an Agent and any BSP Airline(s).

□ **1.1.8** The monitoring method shall be conducted during weekends and public holidays.

△ **1.1.9** The effectiveness of Sections 1.1.5 through 1.1.8 of this Resolution shall be reviewed by Conference at its meeting in 2018.

### 1.2 LENGTH OF REPORTING PERIOD: REPORTING DATE

The provisions of this Paragraph govern the reporting of transactions within the Reporting Periods and Reporting Dates as determined for each BSP.

**1.2.1** for each BSP, reporting shall be as frequent as possible and the Conference shall establish the length of the Reporting Period most suitable to the efficient operation of such Plan;

## 1.3 AGENCY SALES TRANSMITTALS

Agency sales are provided to the BSP Data Processing Centre in an automated report by the Ticketing System Providers.

## 1.4 FREQUENCY FOR SUBMISSION OF AGENCY SALES DATA

The frequency by which Agency Sales Data is transmitted to the Data Processing Centre is established by Resolution 854 which requires the System Providers to report daily.

## 1.5 BILLINGS

**1.5.1** the Data Processing Centre shall compute and prepare a Billing in respect of each Approved Location in accordance with the requirements of the Conference. Such Billings shall incorporate all Accountable Transactions reported by the System Provider with respect to each Approved Location of an Agent;

**1.5.2** the frequency at which Billings shall be rendered to Agents shall be established by the Conference;

**1.5.3** Where a BSP allows ticket issuance in more than one currency a billing will be produced for each currency used.

## 1.6 SETTLEMENT—THE REMITTANCE DATE

The provisions of this Paragraph govern the dates, and their frequencies, by which Billings will be settled by Agents.

**1.6.1(a)** Agents shall settle all amounts due in respect of Accountable Transactions and any applicable local charges directly with the Clearing Bank;

**1.6.1(a)(i)** Where an Agent receives a billing in more than one currency the Agent is obliged to remit in the currency of the billing.

**1.6.1(b)** IATA, following consultation, (which includes receiving comments from the local Joint Agency Liaison Working Group), may require the Agent to provide them with:

- the necessary information and
- an authorisation form as may be prescribed by them, permitting the Clearing Bank to draw cheques on, or debit the Agent's trust account or other bank account, in favour of IATA, or the institution designated by IATA, in payment of all amounts due to BSP Airlines;

**1.6.1(c)** When the Agent intends to change its bank(s), or bank accounts(s), the Agent shall give IATA 30 days' advance notice by certified/registered mail, or certified letter with return receipt, as appropriate;

## 1.6.2 Frequency of Remittance

The Conference will establish the standard frequency of Agents' Remittances under such BSP. The Remittance Date will be communicated to all Agents participating in each BSP.

**1.6.2.1** the frequency so established by Conference must not be less than once each calendar month, or at such greater frequency as the Conference determines, provided that individual Agents may elect to remit at such greater frequency and for such length of time as IATA deems appropriate acting on the requirements of the Agent; and

**1.6.2.1(a)** where an Agent elects to remit at a greater frequency than the Remittance Frequency approved by PAConf for a country, and the Local Financial Criteria does not set out the provisions for calculating the Financial Security amount for the new Remittance Frequency elected by the Agent, the Agent will be required to provide a Financial Security for an amount equal to the new number of Days' Sales at Risk of that Agent,

**1.6.2.1(b)** if the Remittance Frequency so established is monthly, Remittances shall reach the Clearing Bank not later than its close of business on the date established by the Conference. This date shall not be later than the fifteenth day of the month following the month covered by the Billing,

AND

**1.6.2.1(c)** Whereso agreed by the PAConf if the Remittance Frequency so established is monthly, Remittances shall reach the Clearing Bank on the date established by the Conference which shall not be later than the fifteenth day of the month following the month covered by the Billing; provided that the method of payment used assures that the funds are in the Clearing Bank in time for the Remittance to be made into the BSP Airlines' account on the date so established;

**1.6.2.1(d)** if the Remittance Frequency so established is twice monthly, Remittances shall be made so as to reach the Clearing Bank not later than its close of business on the last day of the month in respect of Billings covering the first 15 days of the month and the 15th day of the following month, in respect of Billings covering the period from the 16th to the last day of the month. The Conference may adjust the period within which Remittances are required to reach the Clearing Bank by not more than five calendar days to meet the special requirements which shall be demonstrated of a particular BSP or BSP Airline;

**1.6.2.1(e)** if the Remittance Frequency so established or so elected pursuant to Subparagraph 1.6.2.1 is greater than twice monthly, Remittances shall be made by the Agent so as to reach the Clearing Bank not later than its close of business on the fifth day following the Reporting Dates so determined or by such date where agreed by the Conference for application in a specific market; any transactions not processed in previous Reporting Periods, will be included in the final billing;

- 1.6.2.1(f)** Each APJC must evaluate the period between the Reporting Date and the Remittance Date in their

market at least once per annum taking into account the financial transactions in that market and any local conditions that may apply and using as a guideline the periods set out in Resolution 818g—Attachment ‘A’—Section 1.6.2 for the applicable Remittance Frequency. This provision will not apply to markets where a best practice has been adopted;

**1.6.2.1(g)** if the Clearing Bank is closed for business on the day on which the Remittance is required to reach the Clearing Bank under the provisions of Subparagraph 1.6.2 if applicable, the Remittance shall be made by the Agent so as to reach the Clearing Bank before its close of business on the first subsequent day when the Clearing Bank is open for business;

**1.6.2.1(h)** an Agent having more than one Approved Location subject to the same BSP may apply to IATA for authorisation to remit monies due on behalf of all such Approved Locations through one designated office of the Agent to the Clearing Bank;

**1.6.2.1(i)** The Conference acknowledges that a BSP Airline may establish an individualized frequency of Remittance subject to (i) bilateral agreement with an Agent, or (ii) applicable law, which shall be distinct from the Remittance Frequency set by the Conference. An individual frequency of Remittance shall be subject to all terms and conditions contained in this Resolution including, for the avoidance of doubt, Section 1.7 and Section 1.10. In the event of an overdue or dishonored Remittance under an individualized frequency, the Agent shall be subject to a Notice of Irregularity and, where appropriate, Default Action.

## 1.7 IRREGULARITIES AND DEFAULT

The provisions of this Paragraph govern failures by Agents to adhere to the reporting and remitting procedures set out in Paragraphs 1.2 to 1.6 inclusive, for which an Agency can be served with Notices of Irregularity, or be declared in Default, as appropriate. Agents may also be liable for charges arising from them. The circumstances for this may include:

- Overdue remittance or cheque
- Dishonoured remittance or cheque
- Failure to remit in billing currency
- Accumulation of the above

**1.7(a)** the Agency Administrator's actions described in this Paragraph, in respect of the non-receipt by the Clearing Bank of Remittances by the due date, shall not apply when the Agency Administrator can determine that the Agent had adequately undertaken all of the required remittance procedures, and that such non receipt had been caused by extraneous factors;

**1.7(b)** the Conference may provide for variations from BSP to BSP in respect of charges applicable to the irregularities listed in this paragraph, and any such variations shall be notified to all Agents in the relevant BSPs, and incorporated in the relevant provisions of the applicable BSP Manual for Agents;

**1.7(c)** for the purposes of this Paragraph, where the Agency Administrator issues:

- a demand for payment or
- immediate payment, or
- a demand for immediate reporting and/or
- accounting and settlement,

the deadline for the Clearing Bank's receipt for such from the Agent is the close of business on the first day it is open for business following the day of the Agency Administrator's demand;

**1.7(d)** A Notice of Irregularity or declaration of default shall be in writing and set out the specific circumstances giving rise to the irregularity or default.

### 1.7.1 Charges

The Conference may, subject to the provisions set forth in this Resolution, implement a programme of cost recovery charges to be levied on Agents under the following circumstances:

#### 1.7.1(a) Administrative Charges

**(i)** for excessive voiding of STDs, as established from time to time by IATA, in consultation with the Local Customer Advisory Group—Passenger (LCAG-P), and published in the BSP Manual for Agents,

**(ii)** for any other failures to comply with BSP procedures and instructions, which generate additional cost to IATA or BSP Airlines;

**1.7.1(aa)** the levels of such charges shall be determined by the Conference then notified by IATA to all Agents subject to the Plan and published in the BSP Manual for Agents;

#### 1.7.1(b) Clearing Bank Charges

Clearing Bank Charges, which shall be in the amount debited to IATA by the Clearing Bank as a result of the Agent's failure to remit as prescribed. These will be increased, if applicable, by an amount to compensate for any extra efforts incurred by IATA in relation to such failure; and

#### 1.7.1(c) Billing and Settlement of Charges

such Charges debited to Agents shall, except as otherwise specified, be included by the ISS Management in its first subsequent Billing to the Agent/Location concerned and shall be due and payable by the Agent by the Remittance Date applicable to such Billing. Such Charges shall, for the purpose of Subparagraph 1.10.2(ii), be deemed to be part of all amounts owing by the Agent;

#### 1.7.1(d) Notification of Charges

when ISS Management is required under any of the provisions of this Section to debit an Agent for Charges, it shall simultaneously notify the Agent and Location concerned.

## 1.7.2 Overdue or Dishonoured Remittance

**1.7.2.1** if the Clearing Bank does not receive a remittance due by the Remittance Date, or immediately on receipt by the Agent of a delayed Billing a remittance in respect of a shortage as provided for in Subparagraph 1.6.2, or if an instrument of payment received by the Clearing Bank to effect such remittance is dishonoured on or after the Remittance Date, the Agency Administrator shall thereupon demand immediate payment from the Agent including any Clearing Bank charges incurred and shall then:

**1.7.2.1(a)** send to the Agent a Notice of Irregularity in respect of the Location concerned (or, where the Agent has been authorised to remit through one designated office under the provisions of Subparagraph 1.6.2.1(f) in respect of all Approved Locations covered by such authorisation). A Notice of Irregularity sent pursuant to this Subparagraph shall count as two listed instances of Irregularity for the purposes of the lists provided for in Subparagraph 1.7.5,

**1.7.2.1(b)** if payment is not received on demand, the Agency Administrator shall immediately notify the Agent, and shall take Default Action with respect to all Locations of the Agent in accordance with Paragraph 1.10,

**1.7.2.1(c)** in addition to any action prescribed in this Subparagraph, the Agency Administrator shall debit the Agent for costs incurred as a consequence of the late or dishonoured payment,

**1.7.2.1(d)** if it is established that such non-payment or dishonouring is due to a bona fide bank error, as provided for in Paragraph 1.7.4, and settlement of all amounts due is received on demand, the Irregularity if recorded, shall be rescinded,

**1.7.2.1(e)** if it is subsequently established that such nonpayment or dishonouring is due to a bona fide bank error, as provided for in Paragraph 1.7.4, and settlement of all amounts due is received, but after Default Action has been taken, the Agency Administrator shall immediately withdraw such Default and the Notice of Irregularity, if recorded,

**1.7.2.1(f)** if, subsequent to an Agent's relinquishment of its accreditation, that Agent fails to remit any monies due, it shall be held to be in default, and the provisions of Paragraph 1.10 shall apply. The Agency Administrator shall thereby cause the termination to be amended to one of default;

## 1.7.3 Failure to Remit in Billing Currency

if the Clearing Bank does not receive a remittance in the same currency as billed to the Agent in the correct amount, the Clearing Bank shall immediately so advise the Agency Administrator who shall thereupon demand immediate payment from the Agent to the correct value of the ticketed currency, including any Clearing Bank charges incurred and shall then:

**1.7.3.1(a)** send to the Agent a Notice of Irregularity in respect of the Location concerned (or, where the Agent has been authorised to remit through one designated office under the provisions of Subparagraph 1.6.2.1(f) in

respect of all Approved Locations covered by such authorisation). A Notice of Irregularity sent pursuant to this Subparagraph shall count as two listed instances of Irregularity for the purposes of the lists provided for in Subparagraph 1.7.5,

**1.7.3.1(b)** if payment is not received on demand in the billed currency, the Agency Administrator shall immediately notify the Agent, and shall take Default Action with respect to all Locations of the Agent in accordance with Paragraph 1.10,

**1.7.3.1(c)** in addition to any action prescribed in this Subparagraph, the Agency Administrator shall debit the Agent for costs incurred as a consequence of the late or dishonoured payment,

**1.7.3.1(d)** if it is established that such non-payment or dishonouring is due to a bona fide bank error, as provided for in Paragraph 1.7.4 and settlement of all amounts due is received on demand, the irregularity, if recorded, shall be rescinded,

**1.7.3.1(e)** if it is subsequently established that such nonpayment or dishonouring is due to a bona fide bank error, as provided for in Paragraph 1.7.4, and settlement of all amounts due is received, but after Default Action has been taken, the Agency Administrator shall immediately withdraw such Default and the Notice of Irregularity, if recorded,

**1.7.3.1(f)** if, subsequent to an Agent's relinquishment of its accreditation, that Agent fails to remit any monies due, it shall be held to be in default, and the provisions of Paragraph 1.10 shall apply. The Agency Administrator shall thereby cause the termination to be amended to one of default;

## 1.7.4 Bona Fide Bank Error

a bona fide bank error is one of the following circumstances substantiated by evidence acceptable to the Agency Administrator as provided for in Paragraph 1.7.4.3.

### 1.7.4.1 Credit Arrangement or Automatic Transfer of Funds

when on the date the cheque or other method of payment was presented to the bank for payment, sufficient funds should have been available in the account on which the cheque or other method of payment was drawn by virtue of a valid written line of credit or other written arrangement, dated and executed between the bank and the Agent prior to the Reporting Period involved, and the bank erroneously fails to honour such line of credit or other arrangement, or

### 1.7.4.2 Sufficient Funds

if the bank erroneously fails to honour a valid cheque or other method of payment when sufficient collected funds are in the Agent's account on which the cheque or other method of payment was drawn and available for immediate withdrawal at the time the cheque or other method of payment was presented to the bank for payment;

### 1.7.4.3 Evidence Acceptable to the Agency Administrator

In all cases a bank letter must be provided to IATA:

- (i) The original bank letter must be sent to IATA within 10 working days by registered post or courier, fax or as a scanned copy via email stating the nature of the error and reason for the delay in remittance;
- (ii) The bank letter must be signed by a Manager including name, job title or designation;
- (iii) The bank letter must stipulate that the Agent had sufficient available funds on Remittance Date in the stipulated bank account(s), stating the account name and the account number(s).

### 1.7.5 Accumulated Irregularities

The provisions of this Paragraph govern the procedures that shall apply when an Agent accumulates Notices of Irregularities. Accumulated Irregularities may, ultimately, lead to an Agent being placed in Default.

**1.7.5.1** after each Remittance Date or Settlement Date, the Agency Administrator shall compile and publish to BSP Airlines a list containing the names of all the Agents (and the addresses of the Approved Locations concerned) that have been sent Notice of Irregularity under any of the provisions of these Rules since the preceding Remittance Date,

- △ **1.7.5.2** immediately upon a fourth instance of Irregularity being recorded, six instances in the case of Switzerland & Liechtenstein, Hungary, Pakistan, Poland, Nepal and India and countries on weekly remittance in Area 1 except Argentina, Paraguay and Uruguay where eight instances apply, on such list in respect of a Location during any 12 consecutive months the Agency Administrator shall take Default Action with respect to all Locations in accordance with Paragraph 1.10;

### 1.7.6 Agent in Default as an IATA Passenger and/or Cargo Agent

#### 1.7.6.1 Common ownership with another IATA Passenger Agent

If a director or person with a position of management owned more than half of the shares or majority of the outstanding shares or had a financial interest in an Agent which has been previously removed from the Agency List or is under Notice of Default is a director or person with a position of management who owns more than half of the shares or majority of the outstanding shares or has a financial interest or is employed or abetted by another Agent, that Agent shall also be deemed in Default under this Section. Default Action with respect to all locations of the Agent shall be taken in accordance with the provision of Paragraph 1.10 of this section;

#### 1.7.6.2 Common ownership with an IATA Cargo Agent

if an Agent which is also registered as an IATA Cargo Agent under the IATA Cargo Agency Rules is declared in Default under those Rules in connection with its cargo

activities such Agent shall also be deemed in Default under this Section, and Default Action with respect to all Locations of the Agent shall be taken in accordance with the provisions of Paragraph 1.10 of this Section;

### 1.7.7 Other Defaults

if an Agent is in Default under another Section either of these or of other IATA Passenger Sales Agency Rules, Default Action shall be taken in accordance with the provisions of Paragraph 1.10 with respect to all Locations of the Agent;

### 1.7.8 Accounting Irregularity Safeguards

**1.7.8.1** in the event an audit or other investigation reveals such irregularities on the part of an Agent as:

- (i) failure to submit any manual accountable documents issued during the Reporting Period,
- (ii) falsely reporting STDs as having been sold against Credit Cards,
- (iii) post-validating STDs
- (iv) permitting alteration, omission or other falsification of Card data or other required information in the 'form of payment' box on all coupons of original STDs or on any reissues thereof,
- (v) issuing or reissuing single or multiple STDs reflected as Card sales having an aggregate face value exceeding the established 'floor limit' without full disclosure to and the authority of the pertinent Card company; or complicity in the issuing or reissuing of STDs reflected as Card sales to circumvent credit or reporting procedures,
- (vi) falsification of reports or documents,
- (vii) violation of STD exchange or refund procedures as specified in the applicable IATA Resolutions and their Attachments, or as published in BSP Airlines' tariffs, instructions or elsewhere, and provided to the Agent, or
- (viii) failure to prevent the unauthorised or fraudulent use of computer-generated document numbers for issuance of Electronic Tickets,
- (ix) falsification and/or manipulation of issued Electronic Tickets, such that electronic ticketing data reported differs from electronic ticket data provided to the BSP Airline whose Electronic Ticket has been issued,
- (x) failure to comply with Card sales instructions provided by BSP Airlines, as prescribed in the Travel Agent's Handbook, the BSP Manual for Agents and Resolution 890,
- (xi) persistent failure to comply with the format and the instructions of IATA in the calculation of the sales settlement authorisation amounts, resulting in the frequent and regular issuance of Shortage Notices,
- (xii) persistent failure to settle amounts properly owing against Agency Debit Memos (ADMs).

**1.7.8.2** under circumstances which lead the Agency Administrator to believe that the Agent is attempting to circumvent the reporting and settlement requirements of this Section, with the result that BSP Airlines' ability to collect for STDs sold is seriously prejudiced;

**1.7.8.3** the Agency Administrator, in consultation with the LCAG-P shall

- (i) notify the Agent of the irregularity and demand an immediate accounting and settlement of all amounts owing by the Agent, whether or not the Remittance Date for payment thereof has arrived,
- (ii) instruct the Ticketing System to prevent further use of STDs and cause the removal of ticketing authority from the Agent,
- (iii) account for any monies received and
- (iv) notify all BSP Airlines of the action

**1.7.8.4** and in circumstances where the Agency Administrator is notified by a BSP Airline of irregular activity by the Agent, which causes chargeback under Resolution 890, to immediately invoke default action as described under paragraph 1.10 of these rules.

**1.7.8.5** and in circumstances where the Agency Administrator is notified by a BSP Airline in writing of irregular activity by an Agent, which shall be substantiated, including but not limited to a violation of the provisions of Resolution 830a (Consequences of Violation of Ticketing and Reservation Procedures), leading to the belief that BSP Airlines' ability to collect monies for STDs may be prejudiced, the Agency Administrator shall notify the Agent of the irregular activity and may withdraw all STDs in the Agent's possession;

**1.7.8.6** thereupon, the Agency Administrator shall request the Travel Agency Commissioner, except in cases described under paragraph 1.7.8.4, to review and re-determine the approval of the Agent or Approved Location. Pending this review, the Agent may request an interlocutory review of the Agency Administrator's action by the Travel Agency Commissioner and may also apply for interlocutory relief staying the withdrawal of STDs. Before granting an interlocutory order under this Subparagraph staying withdrawal of STDs, the Travel Agency Commissioner shall require the Agent to provide a bank or other financial guarantee and ensure that all amounts due as determined under Subparagraph 1.7.8.3(i) are settled at the time the interlocutory order takes effect.

## **1.7.9 Disputed Agency Debit Memo**

The provisions of this paragraph should be read in conjunction with the provisions concerning ADMs as provided in Resolution 850m.

**1.7.9.1** an Agent may for reason dispute an ADM,

**1.7.9.2** an Agent shall have a maximum of 15 days in which to review and dispute an ADM prior to its submission to BSP for inclusion in the Billing,

**1.7.9.3** when an ADM is disputed prior to it being submitted to the BSP for processing, it will be recorded as disputed, and will not be included in the Billing,

**1.7.9.4** if an Agent disputes an ADM within the minimum dispute period it shall be suspended from the BSP process and settlement of the dispute will be for resolution between the Agent and Airline concerned:

**1.7.9.4(i)** in the event an Agent disputes an ADM and, after agreement between the Airline and the Agent, it is determined that the purpose of that ADM was correct, the Airline will advise the Agent and the BSP accordingly and the ADM as originally submitted will be processed,

**1.7.9.4(ii)** if as a result of an Agent dispute it is determined after agreement between the Airline and the Agent that the ADM needs adjustment, the Airline will submit to the Agent and the BSP the adjusted ADM, in the form of a new ADM, in which case only the new ADM shall be processed,

**1.7.9.5** an ADM that has been included in the BSP Billing will be processed for payment,

**1.7.9.6** If after 60 days of receipt of a disputed ADM by an Airline the dispute has not been resolved, despite consultation between the Airline and the Agent, such ADM will no longer be suspended and will be withdrawn from the BSP process,

**1.7.9.7** Such ADM dispute is now for bilateral resolution between the Airline and the Agent.

## **1.8 PREJUDICED COLLECTION OF FUNDS**

The provisions of this Paragraph govern the procedures for the protection of BSP Airlines' monies in situations where the ability or intent of an Agent to pay them are in doubt.

**1.8.1** in the event that the Agency Administrator receives written information, which shall be substantiated, leading to the belief that BSP Airlines' ability to collect monies for STDs may be prejudiced, the Agency Administrator shall notify the Agent and shall remove all STDs in the Agent's possession;

**1.8.2** the Agency Administrator shall request an immediate review by the Travel Agency Commissioner;

**1.8.3** the Travel Agency Commissioner shall review such written information and other factors and shall commence a review under the terms of Review by Travel Agency Commissioner of the applicable Passenger Sales Agency Rules within three working days from receipt of such a request. Pending the results of this review, the Agent may within 30 days of the date on which the STDs were withdrawn or of the date when the review was initiated, apply pursuant to Resolution 820e for interlocutory relief staying the withdrawal of STDs. Before granting an interlocutory order under this Subparagraph, the Travel Agency Commissioner shall require that the Agent provide a bank or other financial guarantee.

**1.8.4.1** if at any time IATA finds that an Agent's funds at risk are not covered by a Financial Security, or that any Financial Security provided does not sufficiently cover those funds taking into account reasonable variations in sales levels, IATA has the right to review the circumstances of the Agent and to demand an immediate accounting and settlement of monies due through the provision of an interim Billing report to the Agent and/or require the Agent to restrict its sales of STDs to credit

card sales only made against the BSP Airline's merchant agreement and in accordance with Resolution 890;

**1.8.4.2** if payment is not received on demand, the Agency Administrator will immediately notify the Agent and take default action with respect to all locations of the Agent in accordance with the provisions of Resolution 818g, Section 'A', paragraph 10.

## 1.9 NOTIFICATION OF IRREGULARITY

The provisions of this Paragraph govern the procedures when the Agency Administrator is required under any of the provisions of Paragraph 1.7 to send to an Agent a Notice of Irregularity.

**1.9.1** the Agency Administrator will immediately send the Notice of Irregularity to the Agent in accordance with paragraph 16 of Resolution 824. In addition, a copy of the Notice of Irregularity will be posted on the ISS Portal and sent via electronic mail, provided that the Agent has a valid email address on file;

**1.9.2** the Notice of Irregularity shall be in respect of the Agent's Head Office Location;

**1.9.3** the Agency Administrator shall at the same time send a copy of the letter to the Approved Location concerned;

**1.9.4** such irregularity shall be recorded against the Location concerned by the Agency Administrator on the list maintained pursuant to Subparagraph 1.7.5 of this Section;

**1.9.5** an Agent may within 30 days of the date of the Notice of Irregularity invoke the procedures set out in Resolution 820e for review of the Agency Administrator's action by the Travel Agency Commissioner. An Agent may also invoke such review procedures in any case where a charge is applied in lieu of or in addition to a Notice of Irregularity. Where a review under this Subparagraph is pending and Default Action pursuant to Paragraph 1.10 of this Attachment is imminent or threatened, the Agent may apply to the Travel Agency Commissioner for interlocutory relief pursuant to Subparagraph 1.10.6 and subject to the conditions contained in that Subparagraph.

## 1.10 DEFAULT ACTION

The provisions of this Paragraph govern the procedures if Default Action is required to be taken in accordance with any of the provisions of Paragraph 1.7, when the procedures prescribed below shall be followed:

**1.10.1** the Agency Administrator shall immediately advise all BSP Airlines that the Agent is in Default at all Locations or at the Location concerned (BSP Airlines which have appointed the Agent shall be notified by email or similar fast method of communication);

**1.10.2** the Agency Administrator on declaring an Agent in Default will immediately take the following action:

- (i) send a notice in writing to the Agent in accordance with paragraph 16 of Resolution 824, that Default Action has been invoked and withdraw from the Approved Location(s) concerned all STDs. In addition, a copy of the notice shall be posted on the ISS Portal and sent via electronic mail, provided that the Agent has a valid email address on file;
- (ii) demand an immediate accounting and remittance of all amounts owing by the Agent in respect of the Location(s) concerned whether or not the Remittance Date for payment thereof has arrived should the Agent fail to settle the amounts due, the provisions of Subparagraph 2.1.2 of this Attachment shall apply,
- (iii) notify the local representatives of BSP Airlines participating in the BSP concerned, and the ticketing system suppliers, of the Default Action;
- (iv) BSP Airlines will have a maximum period of 30 days to submit any ADMs/ACMs to be included in the final accounting with the Agent declared in default.

**1.10.3** on establishing that an Agent is in default the Agency Administrator, shall immediately take the following action:

- (i) establish an up-to-date statement of indebtedness for each of the Approved Locations concerned and bill the Agent for charges incurred as a result of the Agent's failure to make complete settlement by the Remittance Date,
- (ii) establish from its records the ticket serial numbers held at each of the Approved Locations concerned,
- (iii) check any accounting and remittance obtained from the Agent and identify any discrepancies,
- (iv) distribute any monies obtained from the Agent among the BSP Airlines concerned, subject to subsection 1.10.4.

### **1.10.4(a) Encashment of Bank Guarantee, Insurance Bond or Other Form of Guarantee (except India, Malaysia and Singapore)**

In the event that an Agent's BSP bank guarantee, insurance bond or other form of guarantee, if applicable, is insufficient to provide a full settlement to each of the BSP Airlines concerned listed in the Billing which has been subject to the Agent's default, each such BSP Airline shall be provided with a prorated amount of the bank guarantee, insurance bond or other form of guarantee in proportion to its percentage share in Billing subject to the default; such calculation shall be without regard to specific Accountable Transactions. In the event that an Agent has provided a separate bank guarantee, insurance bond or other form of guarantee in favour of a specific BSP Airline for Accountable Transactions, such BSP Airline shall not be entitled to any payment under the Agent's BSP bank guarantee, insurance bond or other form of guarantee until all outstanding indebtedness of the Agent to other BSP Airlines shall be discharged. In the event that an Agent owned by a Member, where the Member or Member's parent company holds greater than 50% of the equity of the Agent or the Agent's parent company, is declared in Default, such Member shall not

be entitled to any payment under the Agent's BSP bank guarantee, insurance bond or other form of guarantee.

### 1.10.4(b) Encashment of Bank Guarantee, Insurance Bond or Other Form of Guarantee (India only)

In the event that an Agent's BSP bank guarantee, insurance bond or any other form of guarantee, if applicable is insufficient to provide a full settlement to each of the BSP participating Airlines concerned listed in the Billing which has been subject to the Agent's default, each such BSP Airline shall be provided with a prorated amount of the bank guarantee, insurance bond or other form of guarantee in proportion to its percentage share in Billing up to the date when the full amount of the bank guarantee, insurance bond or other form of guarantee was exceeded. In the event that an Agent owned by a Member, where the Member or Member's parent company holds greater than 50% of the equity of the Agent or the Agent's parent company, is declared in Default, such member shall not be entitled to any payment under the Agent's BSP bank guarantee, insurance bond or other form of guarantee.

### 1.10.4(c) Encashment of Bank Guarantee, Insurance Bond or Other Form of Guarantee (Malaysia and Singapore only)

In the event that an Agent's BSP bank guarantee, insurance bond or any other form of guarantee, if applicable is insufficient to provide a full settlement to each of the BSP participating Airlines concerned listed in the Billing which has been subject to the Agent's default, each such BSP Airline shall be provided with a prorated amount of the bank guarantee, insurance bond or other form of guarantee in proportion to its percentage share in Billing up to the date when the full amount of the bank guarantee, insurance bond or other form of guarantee was exceeded; such calculation shall be without regard to specific Accountable Transactions. In the event that an Agent has provided a separate bank guarantee, insurance bond or any other form of guarantee in favor of a specific BSP Airline for Accountable Transactions, such BSP Airline shall not be entitled to any payment under the Agent's BSP bank guarantee, insurance bond or other form of guarantee until all outstanding indebtedness of the Agent to other BSP Airlines shall be discharged. In the event that an Agent owned by a Member, where the Member or Member's parent company holds greater than 50% of the equity of the Agent or the Agent's parent company, is declared in Default, such member shall not be entitled to any payment under the Agent's BSP bank guarantee, insurance bond or other form of guarantee.

### 1.10.5 Disputes

- **1.10.5.1** In order to be dealt with through the BSP, disputes raised by the Agent must:
  - (a) be registered with IATA via BSPlink (ASD in China);
  - (b) relate to a specified amount as part of a Billing;
  - (c) state a substantive reason for the dispute supported by written evidence of that dispute;
  - (d) be raised by the Agent within 12 months of the date of the Accountable Transaction;
  - (e) be added to the daily dispute file.
- **1.10.5.2** All validly disputed amounts will continue to form part of the Billing and the Agent must remit the disputed amount to the BSP on the Remittance Date notwithstanding the existence of the dispute.
- **1.10.5.3** All disputed amounts paid by the Agent will be held by IATA for a period of 30 days or until the dispute is resolved, whichever is earlier.
- **1.10.5.4** For Reported Sales markets, any disputed amount received from the Agent and paid to a BSP Airline will be deducted from the BSP settlement of that BSP Airline in the following Reporting Period and held for a period of 30 days or until the dispute is resolved, whichever is earlier.
- **1.10.5.5** All disputes must be resolved in BSPlink (ASD in China) between the Airline and the Agent within 30 days with a maximum of two responses per party, otherwise the dispute will be for bilateral resolution between the Airline and the Agent outside of the BSP and IATA will pay the disputed amount held to the Agent or the Airline as applicable in accordance with section 1.10.5.7. If the Agent or Airline responds to a dispute on the 30th day, the Airline or Agent will have an additional 7 days to respond.
- **1.10.5.6** Each agreement or disagreement with the dispute must be registered by the Airline or the Agent, as applicable, in BSPlink (ASD in China), and each disagreement must be accompanied by a substantive reason for the disagreement supported by written evidence.
- **1.10.5.7** Disputed amounts held by IATA will be paid as follows:
  - (a) Where the Airline agrees with the dispute raised by the Agent, to the Agent.
  - (b) Where the Airline disagrees with the dispute, the Airline must state a substantive reason for the disagreement supported by written evidence. If the Agent agrees with this position, the disputed amount will be paid to the Airline. Otherwise, the disputed amount will be remitted to the Agent, without prejudice to the right of the Airline to claim the disputed amount from the Agent outside of the BSP.
  - (c) Where no response is received from the Airline within 30 days, the dispute is deemed settled in favour of the Agent and the disputed amount will be paid to the Agent.

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## 1.11 REMITTANCE AND SETTLEMENT DELAYED BY OFFICIAL GOVERNMENT ACTION

notwithstanding any other provision contained in this Resolution an Agent shall not be sent a Notice of Irregularity, debited for administrative or Clearing Bank charges, nor declared in Default with respect to all or any part of a Remittance to the extent that the Agent is unable to make full settlement because of official Government action which directly prevents such settlement; provided that the Agent demonstrates that the amount has been made available for Remittance at a recognised bank but cannot be remitted owing to such official Government action.

## 1.12 RESPONSIBILITY FOR SETTLEMENT OF CREDIT AND CHARGE CARD (‘CARD’) TRANSACTIONS MADE AGAINST A BSP AIRLINE’S MERCHANT AGREEMENT

The provisions for Credit Card and Charge Card transactions are provided for by Resolution 890.

## Section 2—Consequences of Default to BSPs and to BSP Airlines

The provisions of this Paragraph govern the procedures that shall be implemented when an Agent declared in Default owes monies to BSP Airlines.

### 2.1.1 When settlement has been made

when the Agency Administrator has determined that an Agent declared in Default under any of the provisions of these Rules, has effected settlement of amounts due, if any, as provided for in Default Actions (Subparagraph 1.10.2(ii)), the provisions of Paragraphs 2.3 through 2.5 inclusive shall apply.

### 2.1.2 When settlement has not been made

**2.1.2(a)** when the Agency Administrator has determined that an Agent declared in Default under any of the provisions of these Rules has failed to settle amounts due as provided for in Default Action (Subparagraph 1.10.2(ii)), he/she shall give the Agent notice of termination of the Sales Agency Agreement with the termination date being a date that is not before the date specified in clause 13.2 of the Sales Agency Agreement Paragraph 2.2 below provides for the settlement of monies due, including minimum repayment amounts and a schedule for the balance. Provided that the Agent effects settlement agreed under Paragraph 2.2, the termination will not take place.

**2.1.2(b)** if an Agent dishonours a repayment schedule, the original termination notice will be deemed valid even though the termination may occur at a date other than that specified originally, and the provisions for this in the applicable Passenger Sales Agency Rules shall apply.

## 2.2 SETTLEMENT OF AMOUNTS DUE

The provisions of this Paragraph govern the settlement of monies due by an Agent declared in Default.

**2.2.1** when an Agent declared in Default is able to demonstrate to the Agency Administrator prior to the termination date specified in his notice of termination that:

- (i) either all outstanding amounts, if any, have been settled, or
- △ (ii) at least 50% of the outstanding amount has been settled and a firm schedule for repayment by instalments within six months of the balance plus interest at the official (prime) bank rate plus one percent has been agreed between the Agency Administrator and the Agent, or
- (iii) an alternative repayment schedule and conditions have been agreed between the Agent and IATA on the basis that;
  - (a) the Agent has remitted not less than 20% of All Amounts Owing and can demonstrate to IATA's satisfaction that it has taken all steps possible to remit at least 50% of All Amounts Owing; and
  - (b) a firm schedule for repayment by instalments has been agreed between IATA and the Agent

over an agreed period of no more than 12 months; and

- (c) the repayments will cover the balance plus interest at the official (prime) bank rate plus one percent, or in any event will provide for payment of interest at a rate similar to that set out in the provisions of Resolution 818g.

△ **2.2.2** an alternative repayment schedule and conditions have been agreed between the Agent and either the Agency Administrator or IATA, upon unanimous agreement of the BSP Airlines to whom the outstanding amount is due, a fraction of such amount has been settled and a firm schedule for repayment by instalments over an agreed period of the balance plus interest at the official (prime) bank rate plus one percent has been agreed between the Agency Administrator and the Agent; such alternative repayment schedule shall extend over no more than 12 months and, in any event, shall provide for payment of interest at a rate similar to that set out in Subparagraph 2.2.1(ii)

**2.2.3** the Agency Administrator shall notify Members and Airlines accordingly;

**2.2.4** the Agency Services Manager shall immediately advise the Agency Administrator of any failure of the Agent to honour the repayment schedule; he/she shall also immediately advise the Agency Administrator when total settlement of the balance due (including interest) has been completed.

## 2.3 REVIEW BY THE AGENCY ADMINISTRATOR

### 2.3(a) Agent able to demonstrate financial qualification

when the Agency Administrator is satisfied that the Agent has effected settlement of all outstanding amounts, he/she will require the Agent to furnish a Financial Security equivalent to its Sales at Risk, or per the Financial Security provisions for New Applicants in the Local Financial Criteria, whichever is higher;

**2.3.1(a)** provided the Agent satisfies the qualifications set forth in 2.3(a) above and in the case of default resulting from accumulation of Notices of Irregularity, demonstrates that it has taken adequate measure to prevent recurrence of such irregularities, the Agency Administrator shall so notify the BSP Airlines,

AND

**2.3.1(b)** IATA shall re-supply STDs and the BSP Airlines may, in their individual discretion, supply to the Agent their ticketing authority. In addition IATA will advise all System Providers that the Agent may issue STDs.

**2.3.1(c)** following reinstatement the Agency Administrator shall conduct a financial review of the Agent to determine if the Agent meets the Local Financial Criteria. Such review will only be conducted based on the financial position and audited accounts of the Agent dated no earlier than 6 months following the date of reinstatement

and full settlement of all previous outstanding amounts, and not later than the next annual financial review after this date. The Agency Administrator may, by letter to the Agent, request that documents be provided by a specific date which date shall be no earlier than seven days from the date of the request.

**2.3.1(d)** if the results of the financial review detailed in 2.3.1(c) above determine that the Agents financial situation is sufficiently secure the Agency Administrator may remove the requirement for the Agent to continue furnishing a guarantee.

**2.3.2** after reinstatement Agents may be required to continue to provide a guarantee subject to the results of any financial review.

**2.3.3** if the Agent having settled all outstanding amounts, if any, is unable to demonstrate to the Agency Administrator by a specified date which shall be no earlier than 15 days from the initiation of the financial review that its financial and credit standing satisfies the qualifications set forth in the applicable Travel Agent's Handbook or Passenger Sales Agency Rules and, in the case of Default resulting from accumulation of Notices of Irregularity that it has taken adequate measures to prevent recurrence of such irregularities, the Agency Administrator shall give the Agent notice of termination of the Sales Agency Agreement or of removal from the Agency List as the case may be. The termination or removal shall take effect on a date that is not before the date specified in clause 13.2 of the Sales Agency Agreement. If, prior to the date of termination or removal, the Agent eliminates the grounds for such termination or removal to the satisfaction of the Agency Administrator, the termination or removal shall not take effect.

## 2.4 EFFECTS OF RETENTION AFTER DEFAULT

A defaulting Agent whose Agreement has not been terminated shall be cleared of all irregularities recorded against all its Locations prior to the Default.

## 2.5 REVIEW BY TRAVEL AGENCY COMMISSIONER

when notice that an Agent's Sales Agency Agreement is to be terminated or its Approved Location is removed from the Agency List pursuant to the provisions of Subparagraph 2.1.2 or Paragraph 2.3, the Agent may, within 30 days of the date of either the notice of termination/removal or of termination/removal, invoke Resolution 820e for review of the Agency Administrator's action by the Travel Agency Commissioner and may also apply for an interlocutory order staying the termination and preserving the status quo pending the outcome of the review. Before granting an interlocutory order under this Subparagraph, the Travel Agency Commissioner shall require the Agent to provide a bank or other financial guarantee and ensure that all amounts due as determined under Subparagraph 1.10.2(ii) or any subsequent accounting are settled at the time the interlocutory order takes effect.



**△ RESOLUTION 818g**

**Attachment ‘B’**

**NOTICE OF CHANGE**

IATA NUMERIC CODE:

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**LEGAL NAME:**  
**TRADE NAME:**  
**AGENCY FULL ADDRESS:**  
**TELEPHONE NO.:**  
**TELEFAX NO.:**  
**EMAIL:**

Pursuant to the provisions of the Passenger Sales Agency Rules we hereby give notice of the following change(s) in the legal status or ownership or name or location of the above-named IATA Agent as a consequence of contractual arrangements or negotiations:

PREVIOUS STATUS				STATUS AFTER CHANGE			
1. SPECIFY TYPE OF ENTITY: (SOLE PROPRIETORSHIP, PARTNERSHIP, LIMITED PARTNERSHIP, LIMITED LIABILITY COMPANY, OTHER)							
2. NAME(S) OF OWNER/PARTNERS/SHAREHOLDERS, ADDRESS, TELEPHONE, FAX, & EMAIL, TIME DEVOTED TO THE AGENCY BUSINESS AND % FINANCIAL INTEREST IN CASE OF CORPORATION, PARTNERSHIP OR OTHER:							
NAME OF OWNER/PARTNERS/SHAREHOLDERS	ADDRESS, TELEPHONE, FAX & EMAIL	%TIME DEVOTED TO AGENCY	%FINANCIAL INTEREST	NAME OF OWNER/PARTNERS/SHAREHOLDERS	ADDRESS, TELEPHONE, FAX & EMAIL	%TIME DEVOTED TO AGENCY	%FINANCIAL INTEREST
3. IF CORPORATION LIST,							
(a) ISSUED SHARED CAPITAL:							
(b) PAID-UP CAPITAL:							
(c) NAMES OF ALL OFFICERS AND DIRECTORS: (PLEASE UNDERLINE NAME OF LOCATION MANAGER)							
4. IF REGISTRATION AND/OR LICENSE IS REQUIRED BY LAW IN YOUR COUNTRY GIVE THE BELOW INFORMATION AFTER THE CHANGE/UNDER NEW OWNERSHIP.							
(a) THE TRADE REGISTRATION OR LICENSE NUMBER OF THE AGENCY:							
(b) THE DATE THIS WAS GRANTED							
5. IF YOUR TRAVEL AGENCY IS OWNED BY AN ORGANIZATION OTHER THAN THE HEAD OFFICE, ANSWER THE FOLLOWING WITH RESPECT TO THE PARENT ORGANIZATION:							
(a) WHAT IS ITS LEGALLY REGISTERED NAME AND ADDRESS?							
(b) WHAT IS THE PRINCIPAL BUSINESS OF THIS ORGANIZATION?							
6. WILL THE COMPANY OPERATE AS AN ON-LINE AGENCY UNDER NEW STATUS? IF SO, PLEASE SPECIFY URL ADDRESS:							
7. IS YOUR AGENCY IATA REGISTERED CARGO AGENT? IF SO, PLEASE STATE THE IATA CODE UNDER WHICH IT IS REGISTERED:							
IF THE NEW OWNER IS A NON-IATA ACCREDITED COMPANY, PLEASE:							
(a) SUBMIT IN ACCORDANCE WITH THE ATTACHED FORMAT, A STATEMENT OF YOUR CURRENT INTERNATIONAL AIR PASSENGER TRANSPORTATION SALES.							
(b) SPECIFY ESTIMATED GROSS AMOUNT OF INTERNATIONAL AIR TRANSPORTATION SALES OF IATA CARRIERS:							
<ul style="list-style-type: none"> <li>• IN YOUR FIRST YEAR?</li> <li>• IN YOUR SECOND YEAR?</li> </ul>							



# Travel Agent's Handbook

8.	WILL THIS CHANGE AFFECT ALL APPROVED LOCATIONS? IF NOT, PLEASE PROVIDE DETAILED EXPLANATION.	
9.	WILL THIS CHANGE AFFECT THE MANAGERS AND STAFF AT THE APPROVED LOCATIONS UNDER THIS CHANGE? IF SO, GIVE DETAILS.	
10.	HAVE ANY OF THE NEW OWNERS, OFFICERS (DIRECTORS), MANAGERS OR ANY INDIVIDUAL HAVING AUTHORISATION TO ACT OR SIGN BEHALF OF SUCH FIRM BEEN INVOLVED IN BANKRUPTCY OR FOUND GUILTY OF WILLFUL VIOLATIONS OF FIDUCIARY OBLIGATIONS IN THE COURSE OF BUSINESS OR DEFAULT PROCEEDINGS? IF SO, GIVE DETAILS.	
11.	WILL THE CHANGE OF OWNERSHIP CAUSE DIRECT OR INDIRECT RELATIONSHIP WITH AN ORGANISATION HOLDING GSA APPOINTMENT FROM A MEMBER? IF SO, PLEASE PROVIDE FURTHER DETAILS.	
12.	LEGAL NAME, TRADING NAME AND FULL ADDRESS OF THE AGENT AFTER THE CHANGE/UNDER NEW OWNERSHIP.	
	LEGAL NAME:	TEL:
	TRADING NAME:	E-MAIL:
	ADDRESS:	VAT/TAX NUMBER:
	MAILING ADDRESS IF DIFFERENT	WEBSITE:
13.	PLEASE INDICATE IF THE ANSWER TO (13) ABOVE REPRESENTS A CHANGE OF NAME OR LOCATION OR BOTH.	
14.	WILL SUCH CHANGE AFFECT ALL APPROVED LOCATIONS? IF NOT, PLEASE PROVIDE DETAILED EXPLANATION.	
15.	EFFECTIVE DATE OF CHANGE	

The Transferor has informed the Transferee of the need to comply with the provision of the Passenger Sales Agency Rules if the Transferee wishes to be entered on the IATA Agency List as an Accredited Agent. Approval may be granted only if the Transferee complies in all respects with the requirements of the Passenger Sales Agency Rules.

In accordance with one of the requirements of the Passenger Sales Agency Rules, the Transferee hereby undertakes that it accepts joint and several liability with the Transferor for any outstanding obligation of the Transferor under its Sales Agency Agreement as at the date the transfer of ownership takes place.

Where the Transferor is employed by, or retains a financial or beneficial interest, directly or indirectly, in the agency following the change of ownership, the undersigned Transferee knows and hereby agrees to accept responsibility for any violation by the Transferor of his Sales Agency Agreement which may have occurred within a period of two years immediately prior to the change of ownership as if such violation were a violation of the Transferee's Sales Agency Agreement.

Authorised Signature of Agent (Transferor)

Authorised Signature of Transferee

Print/Type Name

Print/Type Name

Title/Position

Title/Position

Signature of Witness & Date

Signature of Witness & Date

RECEIVED AND ACKNOWLEDGED: ..... <p style="text-align: center;">IATA Agency Administrator</p> Dated: .....
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## **RESOLUTION 818g**

### **Attachment 'C'**

## **REPORTING & REMITTANCE EXCEPTIONS**

### **SECTION 1.1 MONIES DUE ON ISSUE OF STANDARD TRAFFIC DOCUMENTS**

**INDIA ONLY** On the issuance by the Agent of a Standard Traffic Document on behalf of a Member, the Agent shall be responsible for payment to the Member of any related non-transportation charges applicable in the country of issuance, irrespective of whether such Standard Traffic Document is subsequently voided or refunded.

### **SECTION 1.5 BILLING**

**CHINA ONLY** The frequency at which Billings shall be rendered to Agents by the Clearing Bank shall be established by the Conference; provided that there shall be not less than 104 and more than 106 billings per calendar year.

### **SECTION 1.6 SETTLEMENT—THE REMITTANCE DATE**

- \*Effective 01 November 2016**
- ESTONIA ONLY:** If the Remittance Frequency so established is four times monthly, Remittances shall be made so as to reach the Clearing Bank not later than its close of business on the 10th calendar day from the Reporting Date.
- \*Effective 01 March 2017**
- ESTONIA ONLY:** If the Remittance Frequency so established is four times monthly, Remittances shall be made so as to reach the Clearing Bank not later than its close of business on the 7th calendar day from the Reporting Date.
- \*Effective 01 January 2017**
- LATVIA ONLY:** If the Remittance Frequency so established is four times monthly, Remittances shall be made so as to reach the Clearing Bank not later than its close of business on the 7th calendar day from the Reporting Date.

**\*Effective 1 February 2016**

**AUSTRALIA ONLY** Remittances shall be made so as to reach the Clearing Bank not later than its close of business on the 12th day from the Reporting Date.

**\*Effective 1 February 2018**

**AUSTRALIA ONLY** Remittances shall be made so as to reach the Clearing Bank not later than its close of business on the 8th day from the Reporting Date.

**BELGIUM, FRANCE, LUXEMBOURG AND THE NETHERLANDS** and such other countries as agreed by the PAConf where agreed if the Remittance Frequency so established is monthly, remittances shall reach the Clearing Bank on the date established by the Conference which shall not be earlier than the tenth nor later than the fifteenth day of the month following the month covered by the Billing; provided that the method of payment used assures that the funds are in the Clearing Bank in time for the remittance to be made into the BSP Airlines' account on the date so established;

△ **CAMBODIA, THAILAND, GULF AREA, ZAMBIA and INDONESIA ONLY** remittances must be made so that the method of payment used assures that the funds are in the Clearing Bank for good value on the day of remittance.

**1.6.2(e) CHINA ONLY** If the remittance frequency so established exceeds four times per month, the remittance date and settlement date can be adjusted forward or backward based on the need of the market due to the updated public holidays.

**INDIA ONLY** Remittances shall be made so as to reach the Clearing Bank not later than its close of business on the 09th calendar day from the Reporting Date and the method of payment used assures that the funds are in the Clearing Bank for good value on the day of remittance. If the Clearing Bank is closed for business on the required "Remittance Date" then the Agent shall make the Remittance so as to reach the Clearing bank on the first subsequent day when the Clearing bank is open for business.

**NEPAL ONLY** Remittances shall be made so as to reach the Clearing Bank no later than its close of business on the 14th day from the Reporting Date.

**Effective 1 January 2015**

**JAPAN ONLY** Recurring dates 29 December through 3 January, considered as business holidays, must not have remittance scheduled during this window.

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**\*\*Effective 1 October 2015**

**JAPAN ONLY** If the remittance frequency so established is four times monthly, Remittances shall be made so as to reach the Clearing Bank not later than its close of business on the 8th calendar day from the Reporting Date.

**JORDAN ONLY** if the Remittance Frequency so established is twice monthly, Remittances shall be made so as to reach the Clearing Bank not later than its close of business on the last day of the month in respect of Billings covering the first 15 days of the month and the 15th day of the following month, in respect of Billings covering the period from the 16th to the last day of the month; provided that the method of payment used assures that the funds are in the Clearing Bank for good value on the day of remittance in time for the settlement to be made into the BSP Airlines' account on the date so established locally;

**LITHUANIA ONLY** If the remittance frequency so established is four times monthly, Remittances shall be made so as to reach the Clearing Bank not later than its close of business on the 7th calendar day from the Reporting Date.

- \*Effective 1 March 2017 to 28 February 2018**
- PAKISTAN ONLY** If the remittance frequency so established is three times monthly, Remittances shall be made so as to reach the Clearing Bank not later than its close of business on the 11th day from the Reporting Date.
- \*Effective 1 March 2018**
- PAKISTAN, THAILAND, VIETNAM, SINGAPORE, SRI LANKA and PHILIPPINES ONLY** If the remittance frequency so established is four times monthly, Remittances shall be made so as to reach the Clearing Bank not later than its close of business on the 7th day from the Reporting Date.
- MALAYSIA ONLY** If the Remittance Frequency so established is four times monthly, Remittances must be made so as to reach the Clearing Bank not later than its close of business on the 10th day from the Reporting Date.
- SOUTH WEST PACIFIC (EXCLUDING AUSTRALIA & NEW ZEALAND) ONLY** If the remittance frequency so established is four times monthly, Remittances must be made so as to reach the Clearing Bank not later than its close of business on the 15th day from the Reporting Date.
- NEW ZEALAND ONLY** If the remittance frequency so established is four times monthly, Remittances shall be made so as to reach the Clearing Bank not later than its close of business on 6th day from the Billing Distribution date. If the remittance frequency so established is twice monthly, Remittances shall be made so as to reach the Clearing Bank not later than its close of business on the 6th day from the Billing Distribution date of the later sales period.

**SECTION 1.7 IRREGULARITIES & DEFAULT**

**Exceptions to Accumulated Irregularities**

**CHINA ONLY** if ten (10) instances of irregularity are recorded on such lists in respect of a Location during any 12 consecutive months, the Agency Administrator shall immediately advise ISS Management and he/she shall take Default Action with respect to all Locations in accordance with Paragraph 1.10;

**RESOLUTION 820d**

**OFFICE OF TRAVEL AGENCY COMMISSIONER**

PAC1(50)820d(except USA)                      Expiry: Indefinite  
 PAC2(50)820d                                        Type: B  
 PAC3(50)820d

RESOLVED that,

1. the Office of Travel Agency Commissioner, ('the Commissioner') is hereby established and shall be funded as provided below.

2. at least one Commissioner shall be appointed for each IATA Conference Area.

3. any person may submit names of candidates for vacant Commissioner positions to the Director General of IATA. Industry representatives, including the Chairman/CEO of UFTAA and the Chairman of WTAAA, will evaluate each candidate and make appropriate recommendations to the Director General. The Commissioner will thereafter be appointed on the joint authority of the Director General and the Chairman/CEO of UFTAA and/or the Chairman of WTAAA, such appointment to be for a period of not less than two years, renewable by mutual agreement. A serving Commissioner shall not leave office before a successor has been appointed.

4. Deputy and Substitute Travel Agency Commissioners may be appointed, to meet the demands of the office, in which event the appointment process shall be as for the Commissioner described above. In this Resolution, the term 'Commissioner' shall be deemed to include the Travel Agency Commissioner, Substitute Travel Agency Commissioner and the Deputy Commissioner.

5. in the discharge of their duties the Commissioners shall be impartial and shall not be subject to the direction or supervision of IATA, any Member, Accredited Agent or association of travel agents, or any of their employees or officers.

6. the term of office of a Commissioner may be curtailed by the Director General the Chairman/CEO of UFTAA and the Chairman of WTAAA acting jointly, upon the recommendation, for cause, of the appropriate body of industry representatives.

7. the costs of the Office of the Travel Agency Commissioner shall be borne in equal proportions by Members and by Accredited Agents.

7.1 each IATA Accredited Agent shall be called upon to contribute towards the Commissioner fund in an amount determined by the Conference, such amount being not less than USD 5.00 nor more than USD 10.00, or acceptable equivalent per Approved Location, per year as a regular contribution. The total amount of contributions paid by Members collectively in a given year shall be equal to the total amount of contributions paid by IATA Accredited Agents collectively in the same year. All such contributions shall be paid into the Travel Agency

Commissioner Programme Fund, held by the Agency Administrator and expended in accordance with the present Resolution. Such regular contribution shall not be deemed to include any payment of fee or monetary penalty decided by the Commissioner in the execution of his mandate. The purpose of the Fund is to cover the cost of running the Travel Agency Commissioners' office, however the Fund may be used to reimburse the travel expenses incurred by PAPGJC Travel Agency representatives attending PAPGJC meetings as determined in Resolution 860a.

**7.2** Any travel required in the pursuit of Commissioner duties is pre-authorized by the Agency Administrator, the Chairman of the WTAAA, the Secretary General of ECTAA and the Secretary General of UFTAA. Every effort shall be made by the Commissioner to use telecommunications to conduct review proceedings.

**7.3** The Conference, the PAPGJC, the UFTAA Chairman and the Chairman of WTAAA shall each receive the annual written statement of accounts.

**8.** each Commissioner shall conduct reviews in accordance with Resolution 820e which provides for the Conduct of Review by Travel Agency Commissioner.

**9.** a Commissioner may be assigned in writing by the joint appointing authorities such further duties and functions as may be agreed between them, with a view to ensuring continuing openness, information flow and clarity in the ongoing relationship between IATA and the global community of IATA Accredited Agents. Reasonable expenses incurred in pursuing these goals may be defrayed from the Travel Agency Commissioner Programme Fund, subject to prior approval in writing of the Director General the Chairman/CEO of UFTAA and the Chairman of WTAAA.

**10.** the Commissioner(s) shall be called upon to provide a consolidated written report of all Commissioner activities to the Passenger Agency Conference and to the Passenger Agency Programme Global Joint Council.

**11.** The Commissioner(s) shall maintain an information website, funding for which will be provided from the established budget.

**12.** applicants for the role of Commissioner shall be assessed based on the job description and profile requirements listed in Attachment 'A' to this resolution.

**13.** each Commissioner shall be furnished in a timely manner with all the publications provided by the Agency Administrator to Accredited Agents situated in the area of the Commissioner's jurisdiction.

**14.** In order to preserve the integrity of the Commissioners and to safeguard the independence of each one of them in exercising their office IATA, the Members and the Accredited Agents recognize that each Commissioner shall have no liability whatsoever, whether for any action taken or omitted, in good faith in the performance of their functions under the IATA Agency Programme. The Commissioners shall be indemnified against liability (including liability for legal costs) and shall be held harmless from any and all claims which should

arise in connection therewith for any action taken or omitted in good faith in the performance of their functions under the IATA Agency Programme, exclusive of acts or omissions manifestly outside of the required procedures and scope of authority of the Commissioners in 820e and related Resolutions, or manifestly in contravention of the contract terms in Resolution 824. Indemnification shall be funded from the Travel Agency Commissioners' Fund.

**15.** in order to discuss issues of mutual concern, the Commissioners shall have the ability to meet annually.

## **RESOLUTION 820d**

### **Attachment ‘A’**

#### **Travel Agency Commissioner Profile**

1. The Travel Agency Commissioner is an independent arbiter appointed jointly by the International Air Transport Association (IATA), the Universal Federation of Travel Agency Associations (UFTAA) and the World Travel Agency Associations Alliance (WTAAA) to conduct reviews and act with respect to decisions and/or actions affecting Agents and applicants under the IATA Agency Programme.

1.1 The office of the Travel Agency Commissioner is established under the terms expressed in Resolution 820d.

1.2 The procedures under which the Travel Agency Commissioner operates are contained in IATA Resolution 820e.

2. IATA, UFTAA and WTAAA will assess applicants for the office of the Travel Agency Commissioner against the following profile:

The ideal candidate will meet the following criteria:

1. experience in the travel industry ideally gained from previous employment with an airline or travel agency;
2. at the time of application the applicant must not be employed or have any involvement with an airline, travel agent, agency association or IATA;
3. good knowledge of the IATA Passenger Agency Programme and the associated rules and regulations or a demonstrated ability to acquire knowledge of the Programme;
4. experience in dispute resolution and/or legal background;
5. independent contractor not associated with an airline, IATA or travel agency;
6. fluent in written and oral English with the same skills in at least one other major language;
7. ability to travel at short notice.

#### **Travel Agency Commissioner Job Description**

1. A Commissioner shall act only as described to make reviews requested under the terms of Resolution 820e.
2. In the performance of his/her duties the Commissioner is not authorised to attend and/or address industry Conferences of agency associations or of IATA except as required by the terms of the relevant Passenger Sales Agency Rules.
3. In the performance of his/her duties the Commissioner is not authorised to counsel, train, coach or in any similar capacity offer guidance to individual agents, travel agencies, travel agency associations, airlines or IATA except as specifically provided under the terms of Resolution 820d.

However, the Commissioner may answer punctually requests for information from individual agents, travel agencies, travel agency associations, airlines or IATA, if this request is not linked to any case of review or other dispute.

4. In the pursuit of their activities the Travel Agency Commissioner(s) shall be independent and not subject to supervision by any one party, however, the Travel Agency Commissioner(s) shall provide regular reports of activity to the Passenger Agency Programme Global Joint Council, “the Council”. The Council is entitled to review the activities of the Commissioner, and is responsible for approval of the budget and monitoring of expenditure.
5. Any travel conducted by the Travel Agency Commissioner(s) is authorized under the terms of Resolution 820d.
6. The office of the Travel Agency Commissioner(s) shall maintain records of all commissioner proceedings for a minimum of two years or as required under local law. The Travel Agency Commissioner shall ensure knowledge transfer and continuity with his/her successor. Copies of Commissioner records shall be provided by the Commissioners to the IATA Agency Administrator and to the Secretariat of WTAAA and UFTAA.
7. The Travel Agency Commissioner(s) shall maintain an information website, funding for which will be provided from the established budget.
8. Commissioners shall be entitled to obtain administrative support which support shall be funded from the established budget.
9. in order to discuss issues of mutual concern, the Commissioners shall have the ability to meet annually.

## **RESOLUTION 820e**

### **REVIEWS BY THE TRAVEL AGENCY COMMISSIONER**

△ PAC1(53)820e(except USA)      Expiry: Indefinite  
PAC2(53)820e                      Type: B  
PAC3(53)820e

RESOLVED that, as established under Resolution 820d, the Travel Agency Commissioner ('the Commissioner') shall conduct reviews and act with respect to decisions and/or actions affecting Agents and applicants under the Agency Programme (it being understood that the definitions in Resolution 866 apply to this Resolution), within the Commissioner's jurisdiction, in accordance with this Resolution 820e:

#### **Section 1—Jurisdiction of the Commissioner**

All disputes arising out of or in connection with matters enumerated in the present Section shall be finally settled, subject to review by arbitration pursuant to Section 4 herein, by the Commissioner, in accordance with this Resolution.

##### **1.1 REVIEW INITIATED BY AGENT OR APPLICANT**

Subject to paragraph 1.4, the Commissioner shall review and rule on cases initiated by:

**1.1.1** an applicant whose application to become an Accredited Agent has been disapproved by the Agency Administrator, or has been disapproved upon reconsideration;

**1.1.2** an Agent whose application for approval of an additional location has been rejected by the Agency Administrator, either on first consideration, or upon reconsideration;

**1.1.3** an applicant who has acquired ownership or is seeking to acquire ownership of an Agent or Location and whose application for change of ownership has been disapproved by the Agency Administrator, either on first consideration, or upon reconsideration;

**1.1.4** an Agent, or applicant seeking review of the finding that a person who is a director, or who holds a financial interest or a position of management in the Agent or applicant, is disqualified under the applicable Passenger Sales Agency Rules because of that person's connection with an Accredited Agent who was removed from the Agency List for failure to fulfil its fiduciary obligations. Any individual who believes he is, or may be, a person whose conduct would cause application of the exclusion provisions referred to above shall also be entitled to seek review by the Commissioner, to determine whether any disqualification whether actual or proposed should stand or be disregarded, in light of the individual circumstances;

**1.1.5** an Agent who has received formal notice from the Agency Administrator of impending removal of the Agent or an Approved Location of the Agent from the Agency List, or of any action or impending action by the Agency Administrator with regard to the Agent, that unreasonably diminishes the Agent's ability to conduct business in a normal manner;

**1.1.6** an Agent whose application for change of location and/or name has been disapproved by the Agency Administrator;

**1.1.7** an Agent from whom stocks of Standard Traffic Documents have been withdrawn by ISS Management, or its representative, pursuant to the Accounting Irregularity Safeguards provisions of Resolution 818g or 832, as applicable; provided that any review initiated under this subparagraph shall be to decide on any interim relief pending a redetermination of the eligibility of the Agent or the Location to be retained on the Agency List under Paragraph 1.3 of this Resolution;

**1.1.8** an Agent who considers that its commercial survival is threatened by a Member's individual decision preventing it from acting as Agent for, or from issuing Traffic Documents on behalf of, such Member;

**1.1.9** an Agent who is aggrieved by an impending amendment to its Passenger Sales Agency Agreement;

**1.1.10** an Agent who considers that the Agency Administrator (as defined) has not followed correct procedure as delegated by the Passenger Agency Conference, to that Agent's direct and serious detriment in order to determine whether the decision under review was made in accordance with applicable Resolutions and based on credible fact.

##### **1.2 PROCESSING REVIEW REQUESTS FROM AN AGENT OR APPLICANT**

The Commissioner shall apply the following rules to a request for review from an Agent/applicant:

**1.2.1** for a review initiated under any of the sub provisions of Paragraph 1.1 of this Section, the person authorized to make the request shall do so, in writing addressed to the Commissioner, with copy to the Agency Administrator;

**1.2.2.1** for review of a decision or action of the Agency Administrator, except when initiated pursuant to the provisions of Subparagraph 1.1.7 of this Section, the request must be submitted within 30 calendar days of the date of the Agency Administrator's notice of the decision in question;

**1.2.2.2** for review pursuant to the provisions of Subparagraph 1.1.7 of this Section, the request must be submitted within 10 calendar days of the withdrawal of the Standard Traffic Documents;

**1.2.2.3** for review made pursuant to the provisions of Subparagraphs 1.1.8 and 1.1.10 of this Section, the request must be submitted within 30 calendar days of the

date the Agent first became aware of the decision/action of which he is aggrieved;

**1.2.2.4** where a request for review is accompanied by an application for interlocutory relief to stay action by the Agency Administrator, the Commissioner may grant the interlocutory relief, if:

- (a) acceptance of the request for review is within the Commissioner's jurisdiction; and
- (b) the applicant makes an appropriate showing in support of its application for appropriate interlocutory relief; and
- (c) the Commissioner decides, after affording the Agency Administrator, Member or other respondent the opportunity to respond, that interlocutory relief is appropriate and can be granted without materially affecting any airline credit risk.

In addition the Commissioner shall require, as a condition for granting any request by an Agent/applicant for interlocutory relief, that the Agent/applicant provide a bank or any other form of financial guarantee, if airline funds are considered to be at risk. The bank or other guarantee shall cover the amount in dispute or any other amount deemed appropriate by the Commissioner in light, in particular, of the financial risk associated with the dispute. The Commissioner may require if appropriate an immediate accounting and settlement of all monies due at the time the interlocutory order takes effect. If there is no financial risk associated with the dispute, the interlocutory relief may be granted upon the Commissioner's decision without requiring any form of financial guarantee. If interlocutory relief is granted, as soon as the Agent/applicant has complied with all conditions to which interlocutory relief is subject, the Commissioner or Agency Administrator shall notify all BSP Airlines accordingly that any previously notified action has been stayed and the status quo restored pending the final determination of the Commissioner's review.

**1.2.3** the Commissioner shall initially decide whether or not he has jurisdiction to determine the matter and if so whether a credible case for review has been made; if the request for review is accepted, then the Commissioner shall seek to ascertain to his own satisfaction all the facts relevant to the matter in dispute, affording the parties the opportunity to present their side of the case pursuant to Section 2 hereof;

**1.2.4** acting on the basis of all probative evidence presented during the proceeding, the Commissioner shall decide whether the Petitioner has demonstrated, by a preponderance of the evidence, that it is entitled to relief hereunder and if so, whether an award of relief, in accordance with Section 3 of this Resolution, is to be made.

**1.2.5** as promptly as reasonably possible after a case has been initiated by an Agent or Applicant, the Commissioner must provide to the Agency Administrator a copy of the request for review, together with all related material and evidence provided in support of the request;

### **1.3 REVIEW INITIATED BY AGENCY ADMINISTRATOR**

△ The Agency Administrator, on his own initiative or at the request of any Member, or group of Members, shall initiate a review to determine whether the Agent or Location has breached its Passenger Sales Agency Agreement, including IATA Resolutions incorporated into it, when the Agency Administrator has determined that a credible case has been made, in particular, in respect of any of the following:

**1.3.1** the Agent or Approved Location no longer fulfils the qualifying requirements for accreditation under the Passenger Sales Agency Rules;

**1.3.2** the Agent has used a credit card issued in the name of the Agent, or in the name of a person permitted to act on behalf of the Agent, or in the name of the Agent's officer, partner or employee, in connection with the sale of air transportation on behalf of a Member to any customer of the Agent;

**1.3.3** the Agent has failed to comply, to the satisfaction of the Agency Administrator, with financial requirements or any other measure or condition prescribed by the Commissioner as a prerequisite for the retention of the Agent on the Agency List following a review;

**1.3.4** the Agent refuses to surrender unissued Traffic Documents on demand by the Member or ISS Management;

**1.3.5** the Agent has issued Traffic Documents or caused Traffic Documents to be issued at other than an Approved Location or other authorized place of issue of that Agent;

**1.3.6** the Agent has failed to notify ISS Management and the Member concerned immediately of the removal of Traffic Documents, in the event of robbery, theft, burglary, fraud or other unlawful means, or of Traffic Documents having been destroyed;

**1.3.7** the Agent has knowingly accepted unissued Traffic Documents consigned to another Agent;

**1.3.8** pursuant to the accounting irregularity safeguards provisions of Resolutions 818g or 832, as applicable, an audit or other investigation has revealed irregularities in the Agent's accounting standards or practices;

**1.3.9** the Agent refuses to permit a Member or ISS Management to audit or secure an audit of Traffic Documents in the Agent's custody;

**1.3.10** the Agent has allegedly failed to fulfil its contractual obligations on the custody and/or issuance of Traffic Documents;

**1.3.11** the Agent has persistently failed to settle amounts owing against Agency Debit Memos (ADMs) whether or not such ADMs have been subject to dispute;

**1.3.12** pursuant to the provisions of Paragraph 1.8 of Attachment "A" to Resolution 818g, and of Paragraph 1.8 of Resolution 832, the Agency Administrator receives written information which leads him to the belief that

Members' or Airlines' ability to collect monies from the Agent for Standard Traffic Documents may be prejudiced.

## 1.4 MATTERS OUTSIDE THE PURVIEW OF THE TRAVEL AGENCY COMMISSIONER

The Commissioner shall decline to act on any of the following:

**1.4.1** claims arising under restraint of trade law/regulations of the state or international authority having jurisdiction;

**1.4.2** any matter in relation to which the Commissioner does not have jurisdiction under this Resolution.

## 1.5 PROCESSING REVIEW REQUEST FROM AGENCY ADMINISTRATOR

Each request for review made by the Agency Administrator to the Commissioner shall be in writing with copy simultaneously sent to the Agent. The Commissioner shall conduct each such review in an adversarial proceeding and decide, on the basis of all probative evidence presented during the proceeding, whether or not the Agent has failed to comply with or is in breach of the Agency Programme provisions alleged by the Agency Administrator. If the decision is affirmative, the Commissioner shall also decide a penalty, in accordance with the provisions of this Resolution, as he deems appropriate under the circumstances

## Section 2—Rules of Practice and Procedure

Each Commissioner shall publish rules of practice and procedure designed to ensure prompt and impartial review of all matters properly submitted to him.

**2.1** In a review conducted pursuant to this Resolution, the parties shall be the Agency Administrator or the Member concerned, the applicant or Agent concerned or the aggrieved Member, as the case may be. The Commissioner's rules shall grant the Petitioner and the Respondent ('the parties') the following minimum rights:

**2.1.1** right to move for dismissal, whether based on lack of jurisdiction or for any other reason;

**2.1.2** right to move for summary judgement or other appropriate relief;

**2.1.3** right to submit in writing any relevant information which it deems appropriate and the right to respond to the other side's submissions;

**2.1.4** right to call witnesses;

**2.1.5** right to appear in person and/or be represented by counsel and present evidence and arguments in support of its position;

**2.1.6** right to hear the evidence and arguments of the other party and its witnesses;

**2.1.7** right to cross examine the other party and its witnesses;

**2.2** proceedings before the Commissioner shall be informal, and the Parties shall not be required to adhere to strict rules of evidence;

**2.3** the Commissioner shall be empowered, upon the agreement of both parties, to waive oral hearing and base his decision on written submissions of the Parties. He may also render a decision on written stipulations between the Parties; Except, where in the judgment of the Travel Agency Commissioner, such an oral hearing is not necessary, she/he may base the decision on the written information submitted having advised the Parties of her/his intention to do so.

**2.4** the party who has initiated a request for review ('the Petitioner') may withdraw all or part of it, in writing, at any time prior to the issuance of the Commissioner's decision, provided that if it is withdrawn by the Petitioner after the hearing, the Commissioner may make an appropriate award to cover reasonable costs incurred by the Respondent and the Commissioner;

**2.5** except as the Commissioner may otherwise direct in writing, any person who is not a party, or a witness, who desires to make relevant information available to the Commissioner in connection with a pending review shall do so only through one of the Parties. The party concerned shall promptly forward such information in writing to the Commissioner, with a copy to the other party. Such person shall be subject to cross examination;

**2.6** shortly after having received a request for review, the Commissioner shall offer the parties the opportunity to hold a scheduling conference by telephone call or other means, with a view to reach an agreement, or alternatively to issue an order, regarding the proper procedures to be followed for the hearing of the matter, and to set a timetable. Except for good cause stated in writing, the Commissioner shall schedule each review proceeding not later than 45 days after receipt of the request for review. The Commissioner shall normally render his decision within 30 days after the close of the record in the proceeding.

**2.7** in making each decision, the Commissioner shall be bound by the provisions of the applicable Resolutions, and may only make findings of fact and conclusions in accordance with those Resolutions.

**2.8** the decision shall be in writing and shall include all such findings and conclusions and with respect to reviews conducted under Paragraph 1.1 of this Resolution any conditions imposed by the Commissioner. With respect to review proceedings instituted pursuant to Paragraph 1.3 of this Resolution, the decision shall be in writing and shall include all such findings and conclusions and any penalty imposed pursuant to Section 3 of this Resolution.

**2.9** a signed copy of the decision shall be served on each party. Subject to action taken under Section 4 of this Resolution, in which case the decision shall be automatically stayed, the Commissioner's decision shall be final and binding on the Parties, including Members of IATA.

**2.10** within 15 days after the receipt of the decision, a party, with notice to the other parties, may request that the Commissioner gives an interpretation of the decision or correct in the decision any error in computation, any clerical or typographical error, or any error or omission of a similar nature. If the Commissioner considers that the request is justified, he shall make the interpretation or correction in writing within 15 days of receipt of the request. The interpretation or correction shall form part of the decision.

### **Section 3—Courses Open to the Commissioner**

The Commissioner's power to award relief shall be as set forth in this Resolution 820e as applied to the facts of each particular case. The following is an indicative summary of such possible courses.

#### **3.1 DECISIONS ON REVIEWS INITIATED BY AGENT OR APPLICANT**

Consequent on a review initiated by an Agent or an applicant, the Commissioner may decide:

- 3.1.1** a disapproved applicant/Agent be approved;
- 3.1.2** a removed Agent/Approved Location be reinstated on the Agency List;
- 3.1.3** an Agent from whom Standard Traffic Documents, and ticketing authorities have been withdrawn may have them reinstated;
- 3.1.4** an Agent who has appealed against the actions of an individual Member that threaten the Agent's commercial survival be granted relief by order of the Commissioner;
- 3.1.5** an Agent aggrieved by impending amendment to its Passenger Sales Agency Agreement be granted such relief as may be appropriate having regard to the need to maintain appropriate airline prudential requirements;
- 3.1.6** conversely, on finding against the petitioning applicant/Agent, the Commissioner shall uphold the Agency Administrator's/Member's decision which shall thereupon be implemented;

**3.2** any of the decisions outlined in Paragraph 3.1 above, or otherwise rendered by the Commissioner hereunder, shall in any case be consistent with and capable of reasonable application under the Passenger Sales Agency Agreement the Passenger Sales Agency Rules and this Resolution 820e.

#### **3.3 DECISIONS ON REVIEWS INITIATED BY THE AGENCY ADMINISTRATOR**

Consequent on a review initiated by the Agency Administrator, the Commissioner may decide that one or more of the following actions be taken:

**3.3.1** the Agent or Approved Location be removed for a stated period of time from the Agency List;

**3.3.2** an Agent or Approved Location be required to meet specified requirements as a condition for retention on the Agency List;

**3.3.3** order that Standard Traffic Documents, and ticketing authorities be removed from the Agent;

**3.3.4** the Agent's access to reduced fare air passenger transportation be suspended for a specified period;

**3.3.5** the Agent, at its own expense, be required to undergo an audit by an independent certified public accountant;

#### **3.4 ADDITIONAL POWERS OF THE COMMISSIONER**

The parties may at any time, without prejudice to any other proceedings, seek to settle any dispute arising out of or in connection with this Resolution in accordance with the rules of amicable dispute resolution of the International Chamber of Commerce ("ICC ADR Rules"). At any time during the course of the Commissioner's review, the Commissioner may recommend mediation in accordance with the ICC ADR Rules.

### **Section 4—Review by Arbitration**

**4.1** an Agent or applicant which considers itself aggrieved by a decision of the Commissioner taken under the provisions of this Resolution, shall have the right to have such decision reviewed by arbitration, in accordance with the procedures set out in the Passenger Sales Agency Rules;

**4.2** a Member whose individual decision has been the object of an Agent's action before the Commissioner pursuant to the relevant provisions of the Passenger Sales Agency Rules may, if the Member contests the Commissioner's ruling, seek to have it reviewed by arbitration, in accordance with the procedures set out in the Passenger Sales Agency Rules.

△ **4.3** where a decision of or an action by the Agency Administrator or IATA has been the object of an Agent's action before the Commissioner taken under the provisions of this Resolution and the Agency Administrator, or IATA, contest the Commissioner's decision, the Agency Administrator or IATA shall have the right to have such decision reviewed by arbitration, in accordance with the procedures set out in the Passenger Sales Agency Rules.

## **RESOLUTION 822**

### **IATA NUMERIC CODE**

PAC1(51)822  
PAC2(51)822  
PAC3(51)822

Expiry: Indefinite  
Type: A

AS the Passenger Agency Conference ('Conference') wishes to provide a code to identify places where Traffic Documents, as defined in the Sales Agency Rules, are issued, and

AS the Conference also wishes to provide a designator to non-IATA entities subscribing to recognised IATA industry schemes it is

RESOLVED that a recognised coding scheme, as provided for below, shall be used to allocate IATA Numeric Codes or designators.

#### **Section 1—COMPONENTS OF CODE**

**1.1(a)** the IATA Numeric Code shall consist of:

**1.1(a)(i)** a two-digit geographical designator;

**1.1(a)(ii)** a one-digit Area designator separated from 1.1(a)(i) above by a dash;

**1.1(a)(iii)** a four-digit location designator separated from 1.1(a)(ii) above by a space; and

**1.1(a)(iv)** a check digit separated from 1.1(a)(iii) above by a space. The check digit shall be calculated on an unweighted modulus seven system based on the two-digit geographical designator, the one-digit Area designator, and the four-digit location designator.

**1.1(b)** when the IATA Numeric Code is imprinted on automated Traffic Documents, the dash and spaces may be omitted.

#### **Section 2—INTEGRITY OF IATA NUMERIC CODE**

Numeric Codes assigned to all users in accordance with this Resolution are, and shall at all times remain the property of IATA. Such codes shall not be lent, sub-contracted or hired to a third party by the assignee. Neither shall such codes be used either as a form of identification or other purpose on a proprietary product of any third party without express authorization to do so by IATA.

#### **Section 3—ALLOCATION OF CODE**

**3.1** the Agency Administrator shall be responsible for the administration and allocation of the IATA Numeric Code as follows:

**3.1.1** IATA Numeric Codes shall be allocated to each Approved Location of IATA Agents, of non-IATA sales intermediaries holding Standard Traffic Documents

pursuant to Resolution 850b and domestic-only agents reporting their sales through a BSP;

**3.1.2** all other categories subscribing to a recognised IATA industry scheme shall be allocated a designator based on the Numeric Code structure;

**3.1.3** blocks of IATA Numeric Codes shall be set aside for allocation in the United States to entities that qualify for such codes under the terms of this Resolution;

**3.1.4** upon request of a Member or of a non-IATA airline, the Agency Administrator shall allocate IATA Numeric Codes to such Member's or airline's own sales offices, to Traffic Documents-issuing offices of such Member's or airline's Passenger General Sales Agents, or airport handling agents which are not themselves IATA Members; provided that in the case of a request from a non-IATA airline, the cost of allocation and publication of the IATA Numeric Code shall be for the account of the requesting airline.

**3.1.5** IATA Numeric Codes and designators shall be allocated according to the type of Location or user.

**3.1.6** A change of Location or category may require the withdrawal from use of the IATA Numeric Code or designator, and the allocation of a different one.

#### **Section 4—VALIDATOR DIES OR PLATES—OUTSIDE BILLING AND SETTLEMENT PLAN**

**4.1** validation of Traffic Documents at places to which an IATA Numeric Code has been allocated shall be effected by the electronic ticketing service provider in accordance with the provisions of Resolution 854.

#### **Section 5—PUBLICATION**

the IATA Numeric Codes allocated pursuant to Subparagraphs 3.1.1, and 3.1.3 of this Resolution shall be published by the Agency Administrator as directed by the Passenger Agency Conference; ARC and IATAN shall be responsible for the publication of IATA Numeric Codes made available to them pursuant to Subparagraph 3.1.2 of this Resolution.

#### **Section 6—REVIEW OF AGENT**

failure by an IATA Agent without good cause to comply with any of the requirements provided herein shall constitute adequate grounds for the Agency Administrator to initiate review under the provisions of the Sales Agency Rules.

**RESOLUTION 824****PASSENGER SALES AGENCY AGREEMENT (VERSION II)**

PAC1(22)824(except USA)      Expiry: Indefinite  
PAC2(22)824                      Type: B  
PAC3(22)824

RESOLVED that, the following form of Passenger Sales Agency Agreement is adopted and shall be implemented upon notification by the Agency Administrator.

**PASSENGER SALES AGENCY AGREEMENT**

An Agreement made this .....day of .....20.....

BETWEEN

having its principal office at (hereinafter called "the Agent")

AND

each IATA Member (hereinafter called "Carrier") which appoints the Agent, represented by the Director General of IATA acting for and on behalf of such IATA Member.

WHEREBY IT IS AGREED AS FOLLOWS:

**1. EFFECTIVENESS**

this Agreement shall become effective between the Agent and the Carrier upon appointment of the Agent by such Carrier in accordance with the Sales Agency Rules in effect in the country(ies) of the Agent's Location(s). Upon coming into effect this Agreement, including any amendments thereto, shall have the same force and effect between the Carrier and the Agent as though they were both named herein and had both subscribed their names as parties hereto.

**2. RULES, RESOLUTIONS AND PROVISIONS INCORPORATED IN AGREEMENT**

**2.1(a)** the terms and conditions governing the relationship between the Carrier and the Agent are set forth in the Resolutions (and other provisions derived therefrom) contained in the Travel Agent's Handbook ("the Handbook") as published from time to time under the authority of the Agency Administrator and attached to this Agreement. The Handbook incorporates:

**2.1(a)(i)** the Sales Agency Rules,

**2.1(a)(ii)** the Billing and Settlement Plan rules, where applicable, as set forth in the BSP Manual for Agents,

**2.1(a)(iii)** such local standards as may be provided for under the Sales Agency Rules,

**2.1(a)(iv)** other applicable IATA Resolutions;

**2.1(b)** such Rules, Resolutions and other provisions as amended from time to time are deemed to be incorporated in this Agreement and made part hereof and the Carrier and the Agent agree to comply with them;

**2.2** the Agent acknowledges that it has received a copy of the current edition of the Handbook and has acquainted itself with the contents thereof. The Agent specifically acknowledges that it has read and understands the contents of the Handbook, including but not limited to those dealing with: indemnities and waiver; custody, issuance and security of Traffic Documents; the reporting and remitting procedures; and the arbitration procedures;

**2.3** the Agency Administrator shall provide the Agent with subsequent editions of the Handbook and all amendments thereto. The Agent shall be notified by the Agency Administrator of any amendments to the contents of the Handbook and such amendments shall be deemed to be incorporated herein unless within 30 days of receipt of such notification the Agent terminates this Agreement by notice in writing to the Agency Administrator;

**2.4** the terms and expressions used in this Agreement shall, unless the context otherwise requires, have the meanings respectively provided for in the Sales Agency Rules. In the event of any conflict, contradiction or inconsistency between any provisions with which the Agent is required to comply under Subparagraph 2.1 of this Paragraph, and any of the provisions of this Agreement, the provisions of this Agreement shall prevail.

**3. SELLING CARRIER'S SERVICES**

**3.1** the Agent is authorised to sell air passenger transportation on the services of the Carrier and on the services of other air carriers as authorised by the Carrier. The sale of air passenger transportation means all activities necessary to provide a passenger with a valid contract of carriage including but not limited to the issuance of a valid Traffic Document and the collection of monies therefor. The Agent is also authorised to sell such ancillary and other services as the Carrier may authorise;

**3.2** all services sold pursuant to this Agreement shall be sold on behalf of the Carrier and in compliance with Carrier's tariffs, conditions of carriage and the written instructions of the Carrier as provided to the Agent. The Agent shall not in any way vary or modify the terms and conditions set forth in any Traffic Document used for services provided by the Carrier, and the Agent shall complete these documents in the manner prescribed by the Carrier;

**3.3** the Agent shall make only such representations as are authorised in this Agreement and by the Carrier.

**3.4** with regard to any transportation the Agent, its officers or employees may procure on the services of another air carrier which does not have the Agent under appointment, the Agent undertakes that it will not directly or indirectly procure the sale of such transportation otherwise than strictly in accordance with the fares, rules

and conditions applicable to the sale of such transportation as published in that other carrier's tariff;

**3.5** with respect to previously issued Traffic Documents the Agent, its officers or employees shall issue, accept, reissue, validate or revalidate (including by means of reservation alteration stickers) all such Traffic Documents in accordance with the Carrier's tariffs, conditions of carriage and written instructions;

**3.6** the Agent shall transmit to the Carrier such specific requests or particulars in connection with each customer as may be necessary to enable the Carrier to service each customer efficiently.

## 4. OBSERVANCE OF LAWS AND REGULATIONS

the Agent shall observe all government laws and regulations applicable to the sale of air transportation, or any other acts performed by the Agent under this Agreement, in the territory or territories where the Approved Locations of the Agent are situated and in all territories to or through which the Agent may sell air passenger transportation.

## 5. AGENCY DESIGNATION

the Agent shall not represent itself as a 'General Agent' or use any other designation, such as 'Air Lines Ticket Office', which would indicate or imply in any way that its office is an office of the Carrier or any Member.

## 6. CUSTODY AND ISSUE OF TRAFFIC DOCUMENTS AND CUSTODY OF CARRIER IDENTIFICATION PLATES

**6.1** Traffic Documents deposited by the Carrier or by ISS Management on behalf of the Carrier as the case may be, are and remain the sole property of the Carrier or ISS Management until duly issued and delivered pursuant to a transaction under this Agreement; similarly Identification Plates deposited with the Agent are the sole property of the Carrier at all times. The Agent acknowledges and agrees that it has no proprietary rights to such Traffic Documents and Plates. The Carrier or ISS Management acting on its behalf may, at any time, require that the Agent return such Traffic Documents and Identification Plates, and the Agent agrees to return them immediately;

**6.2** the Carrier or ISS Management acting on its behalf shall be entitled at any time to audit or procure an audit of Traffic Documents and Identification Plates, or to ascertain that security standards are met;

**6.3** where the Carrier participates in an automated ticketing system for the issuance of Standard Traffic Documents or other neutral Traffic Documents and the Agent issues such Traffic Documents through the system on behalf of the Carrier, the Carrier may at any time withdraw from the Agent the authority to issue neutral Traffic Documents on its behalf. In the event that the Agent is declared in default or is suspended in accordance with the Sales Agency Rules the Agent shall

immediately cease issuing neutral Traffic Documents through the system on behalf of the Carrier as of the date such default or suspension is effective;

**6.4** in the event any part of an automated ticketing system is provided to the Agent by a third party, other than an airline participating in such system, the Agent undertakes to obtain written confirmation from the Carrier or the Coordinator that the relevant specifications, function and mode of operation of such system and any changes thereto, conform with standards that are acceptable. The Agent shall not issue Traffic Documents on behalf of the Carrier through the system until such written confirmation has been obtained.

## 7. EXCEPT AUSTRALIA AND GERMANY—MONIES DUE BY AGENT TO CARRIERS—REMITTANCE

**7.1** a Traffic Document shall be issued immediately money is received by the Agent for specified passenger air transportation or Ancillary Services sold under this Agreement and the Agent shall be responsible for remittance to the Carrier of the amount payable in respect of such Traffic Document;

**7.2** all monies collected by the Agent for transportation and Ancillary Services sold under this Agreement, including applicable remuneration which the Agent is entitled to claim thereunder, are the property of the Carrier and must be held by the Agent in trust for the Carrier or on behalf of the Carrier until satisfactorily accounted for to the Carrier and settlement made;

**7.3** the Agent shall not pledge, cede, promise or otherwise transfer to a third party any claims to monies due to the Agent or to the Carrier, but not yet collected, for transportation and Ancillary Services sold under this Agreement, including applicable remuneration, which the Agent is entitled to claim hereunder;

**7.4** in the event that the Agent becomes the subject of bankruptcy proceedings, is placed in receivership or judicial administration, goes into liquidation or becomes subject to a similar legal process affecting the normal operation of the Agent, then notwithstanding the normal remittance procedures under this Agreement, all monies due to the Carrier or held on behalf of the Carrier in connection with this Agreement shall become immediately due and payable;

or

## 7. AUSTRALIA AND GERMANY ONLY—MONIES DUE BY AGENT TO CARRIERS—REMITTANCE

**7.1** on the issue by the Agent of a Traffic Document on behalf of the Carrier, or on the issue by the Agent of its own Transportation Order drawn on the Carrier, the Agent, irrespective of whether it collects a corresponding amount, shall be responsible for payment to the Carrier of the amount payable for the transportation or other service to which the Traffic Document or Transportation Order

relates. This shall not, however, apply where the Traffic Document or Transportation Order is issued under the Universal Air Travel Plan or similar credit plan recognised or made available to the public by the Carrier (except with respect to the initial amount payable under such plan) and the Agent has procured and forwarded to the Carrier the duly executed documents required under such plan, or where the Traffic Document or Transportation Order is issued by the Agent in response to a prepaid ticket advice. In such cases the Carrier accepts responsibility for collection;

**7.2** except as otherwise provided in Subparagraph 7.1 of this Paragraph, the Agent shall collect the amount payable for the transportation or other service sold by it on behalf of the Carrier. All monies collected by the Agent for transportation and Ancillary Services sold under this Agreement, including applicable commissions which the Agent is entitled to claim thereunder, shall be the property of the Carrier and shall be held by the Agent in trust for the Carrier or on behalf of the Carrier until satisfactorily accounted for to the Carrier and settlement made. The Carrier may, subject to applicable currency regulations, designate the currencies in which remittances are to be made. Unless otherwise instructed by the Carrier the Agent shall be entitled to deduct from remittances the applicable commission to which it is entitled hereunder;

**7.3** the Agent shall remit to the Carrier such monies at such times and under such conditions as the Carrier may designate from time to time in accordance with the provisions of the Sales Agency Rules;

**7.4** a Traffic Document shall be issued immediately money is received by the Agent for specified passenger air transportation or Ancillary Services sold under this Agreement and the Agent shall be responsible for remittance to the Carrier of the amount payable in respect of such Traffic Document;

**7.5** in the event that the Agent becomes the subject of bankruptcy proceedings, is placed in receivership or judicial administration, goes into liquidation or becomes subject to a similar legal process affecting the normal operation of the Agent, then notwithstanding the normal remittance procedures under this Agreement, all monies due to the Carrier or held on behalf of the Carrier in connection with this Agreement shall become immediately due and payable.

## **8. REFUNDS**

the Agent shall make refund only in accordance with the Carrier's tariffs, conditions of carriage and written instructions, and against receipt. The Agent shall only refund Traffic Documents issued by such Agent.

## **9. REMUNERATION**

for the sale of air transportation and Ancillary Services by the Agent under this Agreement the Carrier shall remunerate the Agent in a manner and amount as may be stated from time to time and communicated to the Agent by the Carrier. Such remuneration shall constitute full compensation for the services rendered to the Carrier.

## **10. RECORDS AND INSPECTION**

the Agent shall maintain adequate records and accounts, together with supporting documents, recording the details of all transactions effected under this Agreement. Such records, accounts and documents shall be preserved by the Agent for at least two years from the date of the transactions to which they relate and shall be available for inspection or for copying by the Carrier whose Traffic Documents have been issued.

## **11. CONFIDENTIALITY**

**11.1** the Carrier agrees that the Carrier and its officers, employees and agents, including ISS Management where applicable, will treat information and data relating to the Agent coming into its possession as confidential except to the extent required by law;

**11.2** notwithstanding Subparagraph 11.1 of this Paragraph, the Agent agrees that the Carrier, its officers, employees and agents, including ISS Management where applicable, may collect, process and disclose to other parties participating in the BSP, except to other Agents, such information and data for purposes of financial assessment of the Agent or of the orderly operation of agency administration or of the Billing and Settlement Plan;

**11.3** the Agent agrees that the Agent and its officers, employees and any other person acting on the Agent's behalf will treat information and data relating to the Carrier coming into its possession as confidential except to the extent required by law.

## **12. TRANSFER, ASSIGNMENT, CHANGE OF LEGAL STATUS, OWNERSHIP, NAME OR LOCATION**

**12.1** this Agreement shall not be assigned or otherwise transferred in whole or in part by the Agent to any other person or persons;

**12.2** in the event that the Agent proposes to effect any change(s) in the legal status, ownership, name(s) and/or address(es) (within the meaning of these expressions as used in the Sales Agency Rules under which the activities of any of its Approved Locations are conducted) the Agent undertakes to give prior notice in accordance with the detailed procedures set forth in those Rules.

## **13. TERMINATION**

**13.1** this Agreement or its application to a specific Location(s) of the Agent shall be terminated if, in accordance with the Sales Agency Rules:

**13.1.1** the Carrier withdraws its appointment of the Agent,

**13.1.2** the Agent withdraws from its appointment by the Carrier,

**13.1.3** the Agent is removed from the Agency List,

**13.1.4** the Agent relinquishes its IATA Approval/Accreditation;

**13.2** notice of termination of the Agreement as above may be given at any time by notice in writing. Unless otherwise specified in the Sales Agency Rules, such notice shall take effect no sooner than the last day of the month following the month in which the notice of termination is given, and such notice shall include the effective date of termination, without prejudice to fulfilment by each party of all obligations accrued prior to the date of termination.

## 14. ARBITRATION

if any matter is reviewed by arbitration pursuant to the Sales Agency Rules, the Agent hereby submits to arbitration in accordance with such Rules and agrees to observe the procedures therein provided and to abide by any arbitration award made thereunder.

## 15. INDEMNITIES AND WAIVER

**15.1** the Carrier agrees to indemnify and hold harmless the Agent, its officers and employees from and against liability for any loss, injury, or damage, whether direct, indirect or consequential, arising in the course of transportation or other Ancillary Services provided by the Carrier pursuant to a sale made by the Agent hereunder or arising from the failure of the Carrier to provide such transportation or services, except to the extent that such loss, injury or damage is caused or contributed to by the Agent, its officers, employees or any other person acting on the Agent's behalf;

**15.2** the Agent agrees to indemnify and hold harmless the Carrier, its officers and employees from and against liability for any loss, injury, or damage, whether direct, indirect or consequential, arising from any negligent act or omission of the Agent, its officers, employees or any other person acting on the Agent's behalf, or from any breach by the Agent of this Agreement, except to the extent that such loss, injury or damage is caused or contributed to by the Carrier, its officers or employees;

**15.3** where the Carrier participates in an automated ticketing system for the issuance of neutral Traffic Documents and the Agent issues such Traffic Documents through the system on behalf of the Carrier, the Agent further agrees to indemnify and hold harmless the Carrier, its officers and employees for all loss, injury or damage, whether direct, indirect or consequential, resulting from the negligent or unauthorised use of the system or any part thereof by the Agent, its officers, employees or contractors (including independent contractors) or any other person acting on the Agent's behalf.

## 16. NOTICES

all notices to be sent under this Agreement from the Carrier or from the Agency Administrator to the Agent, or from the Agent to the Carrier or to the Agency Administrator shall be sufficient if sent by any means that provides proof of despatch or receipt addressed, as appropriate to:

- the principal office of the Agent,
- the principal office of the Carrier, or

the Agency Administrator at the address shown in this Agreement, which address may be changed by notice given in writing from time to time by the Agency Administrator to the Agent.

## 17. APPLICABLE LAW

this Agreement shall be interpreted and governed in all respects by the law of the principal place of business of the Agent, except that, in regard to any matter of dispute arising solely in connection with the activities of a branch office location situated in a place other than that of the Agent's principal place of business, the law of the place where the branch office is situated shall apply.

## 18. SEVERABILITY

if any provision of this Agreement is held to be invalid, this shall not have the effect of invalidating the other provisions which shall nevertheless remain binding and effective between the parties.

## 19. OTHER AGREEMENTS SUPERSEDED

this Agreement shall supersede any and all prior Passenger Sales Agency Agreements between the parties hereto with respect to Approved Locations of the Agent other than in the USA, without prejudice to such rights and liability as may exist at the date hereof.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written

Director General of the International Air Transport Association acting as agent for the Carriers referred to in the preamble hereto.

by

.....  
(Authorised Representative)

IATA Address

.....  
AGENT .....

by

.....  
Name  
.....  
Title

Signature .....

Full address

.....

*Note: Where in accordance with local law, execution of the Agreement requires the signatures of the parties to be witnessed, or notarised, such formalities must be accomplished. The space below may be used for that purpose.*

WITNESS: .....

.....

**RESOLUTION 824a**

**APPLICATION OF THE TERM  
'COMMISSION'**

PAC1(29)824a(except USA)      Expiry: Indefinite  
PAC2(29)824a                      Type: B  
PAC3(29)824a

RESOLVED that, for the purpose of the Passenger Agency Conference Resolutions, where applicable, the term "commission" shall be deemed to include any form of remuneration.

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**RESOLUTION 824c****BREACH OF CONTRACT LIABILITY  
APPLICABLE TO IATA ACCREDITED  
AGENTS IN THE PEOPLE'S REPUBLIC  
OF CHINA**

PAC3(26)824c(People's  
Republic of China)

Expiry: Indefinite  
Type: B

WHEREAS the laws of the People's Republic of China require all legal contracts between entities having their registered head offices in the People's Republic of China to include a breach of liability and penalty clause, and without such clause such contracts are null and void, it is hereby

RESOLVED that, the following clause shall be added to the Passenger Sales Agency Agreement executed by IATA Accredited Agents in the People's Republic of China:

'If the contract is signed between a Carrier having its registered head office in the People's Republic of China and an IATA Accredited Agent in the People's Republic of China, then a clause with regard to breach of contract, regulated by the law of the People's Republic of China shall be included in such contract, failing which the contract shall be null and void'.

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**RESOLUTION 824d****DEPOSIT RECEIPTS TO BE ISSUED BY  
AGENTS**

PAC1(24)824d(except USA)  
PAC2(24)824d  
PAC3(24)824d

Expiry: Indefinite  
Type: B

NOTWITHSTANDING the requirement of the Passenger Sales Agency Agreement that the Agent issue a Traffic Document immediately money is received by the Agent for specified passenger air transportation or Ancillary Services sold under the Agreement, it is

RESOLVED that,

1. In the event that the Agent accepts money from a customer up to the maximum value of USD80, or equivalent amount, and retains such money on account of the customer without obligating the carrier to provide passenger air transportation or Ancillary Services, the Agent may, instead of issuing a Traffic Document, issue a written receipt,

2. Such receipt shall be duly signed by the Agent and shall include:

- Name and Address of Agent
- Date
- Name of Customer
- Amount received
- A notice to the following effect:

"this receipt is issued by the Agent acting on its own behalf and not as agent for an air carrier. Issuance of such receipt does not impose or imply any obligation or liability on an air carrier to provide air transportation and/or Ancillary Services".

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## RESOLUTION 824r

### REFUNDS TO AGENTS

PAC1(50)824r(except USA)      Expiry: Indefinite  
PAC2(50)824r                      Type: B  
PAC3(50)824r

WHEREAS the relationship between Members and their appointed Accredited Agents is based on mutual cooperation and understanding of each other's business practices and on adherence to agreed rules and procedures and

WHEREAS the Passenger Sales Agency Agreement and Sales Agency Rules, which largely govern that relationship, require Accredited Agents to make timely remittance to Members of monies payable to Members for sales made on their services under the Passenger Sales Agency Agreement and

WHEREAS, the Passenger Sales Agency Agreement and the Sales Agency Rules and the procedures related, thereto, provide for refunds to be made or authorised by Members to their Agents without stipulating a time-limit for effecting such refunds, now it is

RESOLVED that

#### Section 1—REFUNDS

1.1 Members are recommended to authorise the use of GDS refunding applications for totally unused traffic documents. In all cases Members shall expedite refunds on unused or partly used Traffic Documents in accordance with the following practices:

##### 1.1.1 Unused Traffic Documents

ensure that valid refunds on totally unused Traffic Documents are made or authorised not later than the following remittance schedule after the refund application is received from the Agent by the Carrier,

##### 1.1.2 Partly Used Traffic Documents

will ensure that refunds on partly used Traffic Documents are made or authorised by not later than two months after the refund application is received from the Agent by the Carrier.

##### 1.1.3 Inability to Process

notwithstanding the provisions of 1.1.2 above if a Member is unable to process a refund on partly used Traffic Documents within the prescribed time-frame, the reasons will be communicated to the Agent by the Carrier.

## RESOLUTION 828

### REMITTANCE OF AMOUNTS COLLECTED AS PART OR FULL SPECIAL ADVANCE PAYMENT FOR SPECIAL FARES

PAC1(43)828(except USA)      Expiry: Indefinite  
PAC2(43)828                      Type: A  
PAC3(43)828

RESOLVED that, in respect of any special fares included in a Member's tariff, the terms of which specifically require part or full payment to be made, either to the Member or to its approved Passenger Sales Agent ('Agent') by a deadline prior to the date of commencement of travel, the following provisions shall apply:

#### 1. WHERE PART-PAYMENT IS REQUIRED

1.1 an MCO (or, if the part-payment is made directly to the Member, such Member's own permissible accountable document or receipt) shall be issued in respect of the amount collected. If the collection is made by an Agent, the MCO shall be included in such Agent's next Sales Report in accordance with applicable reporting procedures. The exchange coupon of the MCO (or its equivalent if the Member's own accountable document or receipt is used) shall be delivered to the prepayer;

1.2 the Member or its Agent:

1.2.1 shall collect by the applicable specified date, the outstanding balance; withdraw the MCO exchange coupon (or other document); and issue the ticket(s).

1.3 If this balance collection and ticket issuance is made by an Agent, the transaction shall be included in such Agent's next Sales Report in accordance with applicable reporting procedures.

2. where full payment of the fare is required by a specified date, such payment must be effected and the ticket(s) (or Member's own permissible accountable document or receipt) shall be issued not later than such date.

3. the normal reporting and remittance procedures provided for in the Sales Agency Administration Rules shall apply in respect of all advance payment collections and issuances to which the terms of this Resolution apply.

*Editorial Note: Any references to MCO in the provisions contained in this Resolution mean the Neutral Multiple Purpose Document (MPD).*

## RESOLUTION 830a

### CONSEQUENCES OF VIOLATION OF TICKETING AND RESERVATION PROCEDURES

PAC1(45)830a(except USA)      Expiry: Indefinite  
PAC2(45)830a                      Type: B  
PAC3(45)830a

WHEREAS IATA Members are granting IATA Accredited Agents access to Standard Traffic Documents; and

WHEREAS custody, completion, issue, reissue, validation and revalidation of such Traffic Documents are governed by Members' tariffs and the ticketing procedures furnished to Agents through ticketing systems, and as described in the Travel Agent's Handbook, copies of which are furnished to Agents by the Agency Administrator and compliance with which is mandatory upon each Agent under the terms of the Passenger Sales Agency Agreement; it is

RESOLVED that,

1. all Agents be reminded that practices such as those listed herein, in other applicable Resolutions, or in Carriers' written instructions, but not limited thereto, violate the governing conditions referred to above. They harm Members' legitimate interests and can accordingly result in action being taken under the provisions of the Sales Agency Rules and Passenger Sales Agency Agreement. e.g. charging the Agent with the difference between the fare applied and the fare applicable to the service in accordance with Members' tariffs.

1.1 entering incomplete or incorrect reservation entries, such as reservation booking designators that do not correspond to the fare paid, or reservation requests on a ticket/miscellaneous charges order (MCO), thereby allowing travel at less than the applicable fare,

1.2 inaccurately completing or omitting to complete the 'not valid before' and/or 'not valid after' boxes on a ticket contrary to the conditions governing the fare applied, thereby allowing travel at less than the applicable fare,

1.3 issuing a ticket or MCO for more than one passenger, except as authorised for certain MCOs,

1.4 changing or omitting the name of the passenger,

1.5 changing the "Form of Payment" or failing to carry this forward to the new ticket or MCO,

1.6 changing the currency of payment or failing to carry this forward to the new ticket or MCO,

1.7 failing to carry forward all restrictions to the new ticket or MCO,

1.8 failing to obtain endorsement(s) from carriers when required,

1.9 failing to complete correctly the "Issued in Exchange For" entries and/or the "Original Issue" entries, and/or failing to carry these forward to the new ticket or MCO,

1.10 failing to ensure that when conjunction tickets or MCOs are issued, the conjunction ticket or MCO numbers are shown on all conjunction tickets or MCOs,

1.11 changing the point of origin,

1.12 issuing/selling a ticket with a fictitious point of origin or destination in order to undercut the applicable fare (cross border selling),

1.13 failing to observe the applicable rules for Designation and Selection of Ticketing Airline (Resolution 852) and/or designating transportation on such parties' services where a valid interline agreement between the ticketing airline and the transporting party does not exist,

1.14 cancelling or amending a customer booking and/or Electronic Ticket without the express permission of that customer,

1.15 deliberately making duplicate reservations for the same customer,

1.16 when reservations for a group are not confirmed, attempting to secure the required service by requesting this in smaller numbers in individual transactions,

1.17 making reservation transactions without the specific request of a customer and/or,

1.18 making an amendment to a booking that has previously been issued as an eticket without either revalidating or reissuing, as applicable, the original ticket to reflect the new itinerary and/or,

1.19 voiding tickets without cancelling corresponding reservations and/or,

1.20 failing to split PNRs in cases where not all passengers included in the PNR are ticketed and/or,

1.21 failing to observe the prescribed minimum connecting times.

2. In this Resolution the use of the singular may also be taken to include the use of the plural, where the text so permits and vice versa.

**Editorial Note:** Any references to MCO in the provisions contained in this Resolution mean the Neutral Multiple Purpose Document (MPD) or a similar document available to Agents in a BSP.

## **RESOLUTION 830d**

### **RESERVATIONS PROCEDURES FOR ACCREDITED AGENTS**

PAC1(50)830d(except USA)      Expiry: Indefinite  
PAC2(50)830d                      Type: B  
PAC3(50)830d

RESOLVED that,

1. when an Accredited Agent (hereinafter 'Agent') is effecting a booking through an automated reservations system, the Agent is acting on behalf of the Member(s) or BSP Airline(s) in using that system and, therefore, shall adhere to the appropriate reservations procedures contained in IATA Resolutions. These procedures shall be provided by the Member(s) or BSP Airline(s) to the Agent.

2. the Agent shall request or sell airline space and/or associated services of a passenger handling nature only when the Agent has a request to do so from a customer. The Agent shall make such transaction in accordance with his system provider agreement.

3. the Agent shall ensure that the reservations booking designator used in booking space corresponds to the applicable fare quoted to the customer.

4. To be able to advise passengers of irregular flight operations and disruptions Members and BSP Airlines need to have sufficient contact details available to proactively contact the passengers. Consequently the Agent should provide contact details on behalf of the passenger by entering in the Passenger Name Record (PNR) the passenger's mobile phone number and email address, while maintaining compliance with all applicable data protection directives and regulations. Contact details should be entered in the PNR in compliance with the Resolutions governing reservations procedures. Members and BSP Airlines shall use these contact details exclusively for the purpose of operational notifications, e.g. flight cancellation, schedule change, etc. and shall not use the contact details for sales & marketing purposes.

In the event the passenger exercises his or her right not to provide contact details it is incumbent on the Agent to indicate that the passenger has declined to provide such details, and to enter the refusal in the PNR to limit any statutory liability. In such a case, the passenger shall not be provided information relating to flight cancellation or schedule changes (including delay in departure).

5. the Agent shall notify the customer of the reservations status of all segments and associated services and of any changes thereto.

6. all reservations for a specific itinerary and changes thereto shall, whenever possible, be processed through one Member. When this is not possible, the Agent shall inform each Member involved that the reservation is in connection with an itinerary.

7. the Agent shall ensure that the ticket will be issued in accordance with the reservations status of each segment and in accordance with the applicable ticketing time limit.

8. except for Section 4, the Agent shall be solely liable for the consequences of its failure to comply with any Resolution governing reservations.

## RESOLUTION 838

### CHANGE OF TRAFFIC DOCUMENTS BY AGENTS

PAC1(46)838(except USA)      Expiry: Indefinite  
PAC2(46)838                      Type: B  
PAC3(46)838

RESOLVED that the following provisions shall govern changes by Agents to Traffic Documents; provided that nothing in this Resolution shall preclude Members from establishing additional restrictive conditions on a unilateral or multilateral basis.

#### 1. GENERAL

**1.1** at a passenger's request, an Agent may effect a change of reservation or effect a rerouting (without changing the point of origin) under the conditions specified in the following paragraphs. In such case, the Agent shall ensure that all space originally reserved in respect of the segment affected by the change is promptly cancelled.

**1.2** all documents presented for reissue shall be checked against the official record of Traffic Documents which are not to be honoured, to the extent such record is locally accessible to the Agent.

#### 2. CHANGE OF RESERVATION ELECTRONIC TICKETS ONLY

alterations to Electronic Tickets/flight coupons shall be made in accordance with Members specific instructions and as provided for by the automated ticketing systems.

#### 3. VOLUNTARY REROUTING

(change made at passenger's request)

**3.1** an Agent shall not reissue a Traffic Document

**3.1.1** when the document presented for reissue was issued or originally issued in currencies or countries with exchange control restrictions,

**3.1.2** when the document presented for reissue is not valid or is restricted for reissue by the fare rule, the discount applied or the form of payment or shows any other remarks restricting issue,

**3.1.3** when the effect of reissue would be to change the type of fare (e.g. normal fare into excursion fare) or grant a reduction (e.g. normal fare into youth fare) for an itinerary involving a sector already flown;

**3.2** in all other cases, an Agent may reissue a Traffic Document, provided authorisation to do so has been requested from and given by the issuing airline shown on the document presented for reissuance, or by the airline shown in the 'Original Issue' box. Such authorisation is not required if a document is reissued, without changing the routing, only to change the carrier named

for transportation to become the carrier shown in the 'Original Issue' box of the ticket;

**3.3** the reissued document shall be issued only in the name of the carrier which issued the document presented for reissue, or the carrier shown in the 'Original Issue' box;

**3.4** any restrictive remark shown on the document, presented for reissue, must be carried forward on the new document;

**3.5** an Agent shall not issue a miscellaneous document against an unused or partly used document;

**3.6** when authorisation to reissue is required, written evidence of such authorisation shall be obtained and made available on request by the respective carrier, except where Electronic Ticketing processes are used.

#### 4. INVOLUNTARY REROUTING

(change due to special airline operational circumstances)

**4.1** in the case of involuntary rerouting, reissuance of tickets and change of reservations data on the ticket are restricted to air carriers;

**4.2** reissuance of involuntarily rerouted tickets and change of reservations data on such tickets are also restricted to air carriers.

*Editorial Note: Amendments to Resolution 838 are subject to unanimous concurrence by the Passenger Services Conference.*

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**RESOLUTION 844****NEWGEN ISS PILOT TESTS**

△ PAC1(52)844(except USA)      Expiry: Indefinite  
PAC2(52)844                      Type: B  
PAC3(52)844

WHEREAS IATA is developing a new generation of IATA Settlement Systems (NewGen ISS) aimed at transforming the current ISS business model to deliver pro-active, value added services with greater customer focus;

WHEREAS NewGen ISS will entail a number of proposed new features, including:

- a range of accreditation models reflecting a wider array of business models for Agents;
- a more secure environment for all participants through appropriate credit management tools and other measures;
- a new global default insurance offering reliable coverage for BSP Airlines and increased flexibility for Agents;
- an additional industry payment method, based on a pay-as-you-go system (IATA EasyPay).

WHEREAS to further develop NewGen ISS, IATA needs to conduct pilot tests of the above-mentioned proposed features in a number of BSPs around the world;

WHEREAS the new proposed features of NewGen ISS are not provided for in the other Resolutions of the Conference;

It is therefore RESOLVED that notwithstanding the terms of the other Resolutions of the Conference, IATA is hereby authorized and empowered to conduct pilot tests of the above-mentioned new features of NewGen ISS in the BSPs where it deems it to be appropriate subject to the approval of the Passenger Agency Conference Steering Group.

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**□ RESOLUTION 846****NEWGEN ISS TRANSITION**

PAC1(53)846(except USA)      Expiry: Indefinite  
PAC2(53)846                      Type: B  
PAC3(53)846

WHEREAS IATA is developing a New Generation of IATA Settlement Systems (NewGen ISS) aimed at transforming the current ISS business model through the introduction of various new features including a range of accreditation models, an enhanced risk management process, global default insurance and IATA EasyPay, a new industry payment method;

WHEREAS the NewGen ISS framework and rules have been incorporated into Resolution 8xx and other Resolutions;

WHEREAS Resolution 8xx will be applicable in those countries currently under the 818g set of Sales Agency Rules;

WHEREAS the Passenger Agency Conference recognises that specific parameters must be met before Resolution 8xx becomes effective in a market; it is

RESOLVED that,

1. The Agency Administrator will establish the date upon which a country is migrated to Resolution 8xx with consideration of the following parameters:
  - (a) Readiness of the carriers participating in the BSP, representing a minimum of 65% of BSP volumes, for the NewGen ISS related changes;
  - (b) Readiness of the Ticketing System Providers (TSPs) participating in the BSP, representing at least 65% of BSP volumes, with the necessary technical developments;
  - (c) IATA's internal operational readiness for the components of NewGen ISS;
  - (d) Readiness and availability of the IATA EasyPay System;
  - (e) Compliance with any local laws or other regulatory requirements.
2. Notwithstanding, where the above conditions cannot be met, the Agency Administrator may, in consultation with and with the approval of the PSG, establish the date upon which a country will be migrated to Resolution 8xx.
3. Prior to implementation of Resolution 8xx in a country:
  - Notification will be given to all Members and to all Accredited Agents of the implementation date in the respective country no later than 120 days before such date.
  - IATA will make available the BSP Manual for Agents via the IATA Customer Portal no later than 30 days before the implementation date.
  - IATA will distribute to all Agents in the country any relevant information in relation to their operation in the BSP under Resolution 8xx, including but not limited to applicable Financial Security

requirements, Risk Status and Remittance Holding Capacity.

4. Upon implementation of Resolution 8xx, Resolution 818g will no longer apply in that particular country.
  5. In the event that the Local Financial Criteria of a country conflicts with the provisions of Resolution 8xx once implemented in a country, Resolution 010 will be referenced and the Hierarchy of Sources applied.
  6. Each APJC must, where Resolution 8xx has been implemented, preferably in advance but at minimum within twelve months following implementation of NewGen ISS in the applicable BSP(s), review its Local Financial Criteria.
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## □ **RESOLUTION 848**

### **IATA EASYPAY**

PAC1(53)848  
PAC2(53)848  
PAC3(53)848

Expiry: Indefinite  
Type: A

WHEREAS IATA will pilot the IATA EasyPay payment method in a selected number of BSPs during 2017;

It is RESOLVED that the following provisions are adopted for application in any market where the IATA EasyPay payment method is launched until superseded by the new Sales Agency Rules that will incorporate the revised Agency Programme currently under development.

## **1. DEFINITIONS**

**1.1** "IATA EASYPAY PAYMENT METHOD" (sometimes referred to as "IEP") means a pay-as-you-go payment system provided by IATA enabling Accredited Agents to issue Electronic Tickets on behalf of BSP Airlines.

**1.2** "IATA EASYPAY ACCOUNT" (hereafter referred to as IEP ACCOUNT) means an account opened by the Agent in accordance with the instructions provided by IATA.

**1.3** "IATA EASYPAY SYSTEM" (IEP System) means the system operated by a provider on behalf of IATA for the processing of Agents' remittances and refunds using the IEP Payment Method.

**1.4** "IATA EASYPAY NUMBER" (hereafter referred to as IEP NUMBER) means a number generated by the IEP System for use by the Agent for the issuance and processing of Electronic Tickets.

## **2. ACCEPTANCE**

**2.1** In each country or area where this Resolution is implemented, all BSP Airlines will accept IEP unless a BSP Airline has notified IATA that it does not wish to accept IEP in a market.

## **3. IEP ACCOUNT**

**3.1** In order to use IEP, the Agent must open an IEP Account using the IEP System.

**3.2** The Agent may have more than one IEP Account.

**3.3** Before the Agent can issue Electronic Tickets using IEP, the Agent must first ensure funds have been made available in the IEP Account.

**3.4** Once the Agent has opened an IEP Account and made funds available, the IEP System will generate an IATA EasyPay Number.

**3.5** There is no maximum or minimum amount of funds required to be held in an IEP Account.

**3.6** The Agent may transfer funds to its IEP Account at any time.

**3.7** The Agent may withdraw any available funds in its IEP Account at any time, subject to the terms and conditions applicable to the IEP Account.

**3.8** The Agent may close its IEP Account at any time using the IEP System, subject to the terms and conditions applicable to the IEP Account, provided that:

- (a) there are no amounts in the IEP Account which have been blocked in accordance with section 4.1; and
- (b) the Agent has first withdrawn all available funds in the IEP Account.

## **4. ISSUANCE OF ELECTRONIC TICKETS USING IEP**

**4.1** If there are sufficient available funds in the Agent's IEP Account for the issuance of an Electronic Ticket, then:

- (a) that amount will be blocked in the IEP Account pending remittance and will no longer be part of the available funds in the IEP Account;
- (b) the IEP System will provide the GDS with an authorisation to proceed with the transaction; and
- (c) the GDS will issue the Electronic Ticket upon receipt of the authorisation to proceed with the transaction from the IEP System.

**4.2** If there are insufficient available funds in the Agent's IEP Account, the IEP System will reject the transaction.

## **5. BILLINGS AND REMITTANCE OF MONIES BY AGENTS USING IEP**

The Agent using IEP will receive Billings incorporating Accountable Transactions, for which the remittance procedures and other provisions in Resolution 818g Attachment 'A' will apply.

## **RESOLUTION 850**

### **BILLING AND SETTLEMENT PLANS**

- △ PAC1(53)850(except USA)      Expiry: Indefinite
- PAC2(53)850                      Type: B
- PAC3(53)850

WHEREAS IATA Settlement Systems Management is a functional area of IATA Financial and Distribution Services (FDS) responsible to the IATA Board of Governors for the management and efficient operation of the IATA Settlement Systems (hereafter referred to as "ISS"), and

- △ WHEREAS the Passenger Agency Conference exercises authority and responsibility over the IATA Passenger Agency Programme, including the relationship between BSP Airlines and Agents, and

WHEREAS Members have introduced Billing and Settlement Plans (BSP).

It is hereby RESOLVED that,

### **1. DEFINITIONS**

The definitions of terms and expressions used in this Resolution are contained in Resolution 866.

### △ **2. IATA RESPONSIBILITIES**

IATA is responsible for all ISS administration and operational functions, such as:

- budgets (cost and revenues)
- staffing
- contracts (service agreements) to include signature authority
- office management and administration, and

IATA shall operate in accordance with the Resolutions of the Conference, which describe the provision of services in the operating BSPs.

### **3. CONFERENCE RESPONSIBILITIES**

**3.1** The Conference is responsible for setting operational standards, and for the rules and procedures for IATA Accredited Agents, as provided in the Sales Agency Rules and other Resolutions of the Conference.

- △ **3.2** The Conference is responsible for establishing the standard forms necessary for the operation of the BSP.

### **4. LOCAL CUSTOMER ADVISORY GROUPS—PASSENGER (LCAGP)**

- △ **4.1** The Conference has also authorised the establishment of Local Customer Advisory Groups—Passenger (LCAGPs) in countries wherever a BSP is in operation, to provide advice to IATA on local customer service issues and to co-ordinate local needs.

4.2 The Conference determines the procedures for establishing the membership of the LCAGPs.

4.3 The Rules and Procedures for the LCAGPs, as agreed by the Conference from time to time, are contained in Attachment "B" to this Resolution and constitute part hereof.

## △ 5. BUSINESS CASE— IMPLEMENTATION OR EXTENSION OF A BSP

△ 5.1 The Head Office of any Member or group of Members that has an interest in a specific market, may request IATA to initiate a study by identifying the circumstances that should warrant the implementation or extension of a BSP.

△ 5.2 In the absence of a request for a study from a Member or group of Members, if IATA considers that there are business opportunities in implementing a BSP in a market, it shall consult Members operating in that market prior to commencing a business case.

△ 5.3 IATA shall be responsible for conducting a business case to finality, including consultation with Members operating in that market, to determine whether to implement a BSP or to extend an existing BSP to include another country(ies).

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## 6. PARTICIPATION BY MEMBERS

△ 6.1 Participation by Members in any BSP is voluntary. Members may join at the inception of a BSP, or may join at a later date, by notifying IATA and paying the joining fee.

△ 6.2 Participation in any BSP shall be dependent on the Member paying any amount due, in a BSP settlement, to the BSP by the Remittance Date. This may include amounts due for BSP fees and charges applicable for its participation in the BSP. Payment of amounts outstanding by Members shall be due on the Remittance Date of the period in which they were included in the billing. IATA shall have the right to deduct such fees and charges at any time prior to making a settlement to a Member.

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△ 6.3 Prior to joining a BSP, a Member must sign a Counter indemnity Agreement with IATA as prescribed in Attachment "C" to this Resolution.

△ 6.4 Participation by Members requires that at least ninety percent (by number) of ticketed transactions using that Member's validation worldwide involve air transportation.

6.5 Members participating in any BSP are required to have and maintain a valid designator/prefix and accounting code assigned by IATA and have opened a valid bank account in the BSP or signed an ICCS agreement for settlement of funds.

## 7. PARTICIPATION BY AGENTS

△ 7.1 Where a BSP is implemented, the IATA shall so advise all Agents in the area and shall inform the Agents of how their participation in the BSP affects their work methods.

△ 7.2 Only IATA Accredited Agents normally participate in a BSP. However, IATA may allow domestic-only non-IATA Agents to use the accounting and other technical facilities of a BSP as discussed in subparagraph 12.1 of this Resolution, provided a business case has been conducted, as provided in Paragraph 5 above, and such business case supports such use.

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## 8. PARTICIPATION BY NON-IATA AIR CARRIERS

△ 8.1 A non-Member airline ("an Applicant") may submit an application to IATA in the form prescribed in Attachment "D" to this Resolution, to participate in a given BSP.

Approval of the application shall be subject to the condition that the Applicant shall execute a Form of Concurrence as prescribed in Attachment "E" to this Resolution.

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△ 8.2 Participation in any BSP shall be dependent on the Applicant paying any amount due in a BSP settlement, to the BSP by the Remittance Date. This may include amounts due for BSP fees and charges applicable for its participation in the BSP. Payment of amounts outstanding by the Applicant shall be due on the Remittance Date of the period in which they were included in the billing. IATA shall have the right to deduct such fees and charges at any time prior to making a settlement to an Applicant.

△ 8.3 Prior to joining a BSP, the Applicant must sign a Counter indemnity Agreement with IATA as prescribed in Attachment "C" to this Resolution.

△ 8.4 Participation by a non-Member airline requires that at least ninety percent (by number) of ticketed transactions using that carrier's validation worldwide involve air transportation.

△ 8.5 As a condition for participation by non-Member airlines in any BSP it is required that they have a valid designator/prefix and accounting code assigned by IATA and have opened a valid bank account in the BSP or signed an ICCS agreement for settlement of funds.

## 9. PARTICIPATION BY GENERAL SALES AGENTS (GSAs)

△ Each BSP Airline participating in a BSP shall have the facility to have its non-airline GSAs report its sales through the BSP and to remit either through the BSP or directly to the Principal, subject to the conclusion of an

agreement for the provision of BSP services to the BSP airline's GSA, between IATA and the BSP Airline, containing the conditions for such participation.

## **10. PARTICIPATION BY AIRPORT HANDLING AGENTS**

△ **10.1** IATA may approve applications by airport handling agents to be supplied with and issue Standard Traffic Documents (STDs) if the applicant:

**10.1(a)(i)** is not an air carrier or,

**10.1(a)(ii)** is a division of an air carrier operating independently of that air carrier, and is not in possession of, or authorised, to issue that carrier's own tickets, and

**10.1(b)** acts as a passenger handling agent for one or more air carriers at an airport,

**10.1(c)** has secured sponsorship from an IATA Member participating in the BSP concerned,

**10.1(d)** undertakes to provide satisfactory security arrangements for premises and systems used for the issuance of STDs,

△ **10.1(e)** agrees to submit Agency Sales Data and effect remittances in respect of STDs issued in accordance with IATA instructions, and

△ **10.1(f)** executes an agreement with IATA governing the terms of its authorization to be supplied with and issue STDs;

△ **10.2** upon approval, such airport handling agents may be supplied with and issue STDs.

## **11. CLOSURE OF A BSP**

△ Should it be necessary, for whatever reason, to consider closure of an operating BSP, IATA will consult with the BSP Airlines. In the event of closure, IATA will normally give notice of at least 12 months to all participants, including agents, GSAs, airport handling agents, and BSP Airlines. All costs relating to the closure incurred during the period of the notice and/or arising after closure, will be apportioned between the BSP Airlines in accordance with the ISS pricing formula.

## **12. EXTENSION OF BSP SERVICES**

△ **12.1** To the extent compatible with the primary purpose of the BSP which is to provide and issue STDs and to serve as an accounting and settlement system between Agents and participating BSP Airlines, IATA may consider any proposal to make available to third parties the accounting and other technical facilities of a BSP.

**12.2** Such proposal shall be such as to render the BSP's operation more cost-effective and shall not be in conflict with IATA Resolutions.

△ **12.3** Where a BSP Airline issues Electronic Tickets on behalf of Agents through their web site, such sales may be reported to BSP for processing. In such case, the BSP Airline shall report such sales to the BSP on a daily basis.

## **13. RISK COVERAGE FOR SELF-HANDLING OF PROCESSING FUNCTIONS**

△ Where a DPC is operating under the management and supervision of IATA (self-handled processing centre) for a BSP, BSP Airlines participating in that BSP undertake to indemnify IATA, its officers, employees and other appointees against liability (including liability for legal costs) for any action taken or omitted in good faith in the performance of their functions with respect to such operation. Where a separate legal entity has been established to carry a given BSP, such entity shall be deemed to be an "other appointee" in the sense of the preceding sentence, and shall be indemnified accordingly.

## **14. VOLUNTARY TERMINATION**

**14.1** A BSP Airline may withdraw from a given BSP by serving written notice of not less than three months, and shall be liable for their share of all costs through to the end of the notice period.

## **15. SUSPENSION OF BSP AIRLINE**

Notwithstanding Paragraph 14 of this Resolution, IATA may immediately suspend (without a notification or other waiting period) a BSP Airline's participation in some or all BSPs under any of the following circumstances:

**15.1(a)** the BSP Airline fails to pay any amount due in relation to a BSP settlement, as provided for in subparagraphs 6.2 or 8.3 above; or

**15.1(b)** the BSP Airline ceases all scheduled passenger operations, either temporarily (including where such operations are planned for future dates but are not currently being flown) or permanently, due to financial or other reasons, or otherwise no longer meets the requirements for participation in the BSP as described in Paragraphs 6 and 8 of this Resolution; or

**15.1(c)** the BSP Airline becomes subject to formal bankruptcy, moratorium of debt, reorganization, liquidation, or similar proceedings; or

**15.1(d)** the BSP Airline defaults on a material obligation to the BSP under the Resolutions or other agreements governing its participation in the BSP, or

**15.1(e)** if the BSP Airline does not have a valid designator/prefix and accounting code assigned by IATA; or

**15.1(f)** if the BSP Airline is suspended from any of the other settlement systems provided by IATA, including the IATA Clearing House and the Cargo Accounts Settlement System; or

**15.1(g)** if IATA otherwise determines that there are sufficient financial or legal grounds—including outstanding amounts owed to IATA in connection with its other settlement services or otherwise—to suspend the BSP Airline, in light of the financial or legal risk to the BSP.

**15.2** At the discretion of IATA, IATA may elect to refrain from suspending a BSP Airline from some or all BSPs under this paragraph if there are alternatives available to protect the financial integrity of the BSP from the circumstances of the BSP Airline—including from the risk that refunds may exceed sales—and to obtain the immediate payment of outstanding debts of the BSP Airline to IATA. Such alternatives may include, at the discretion of IATA, the provision by the BSP Airline of a centrally held security deposit, or alternative security acceptable to IATA to be held centrally, and calculated so as to cover funds at risk for a minimum of one month.

**15.3** IATA shall follow the procedures outlined in Attachment 'F' to this Resolution upon the suspension of a BSP Airline pursuant to this paragraph.

**15.4** If IATA determines that the financial integrity of the BSP is at risk as a result of the circumstances of a BSP Airline, IATA may withhold funds due from the BSP to such BSP Airline in order to secure the potential risk, in advance of any potential suspension of such BSP Airline.

## △ 16. SET-OFF RIGHTS

**16.1** Set-off applies, and may be invoked by IATA at any time, with respect to any debt or claim owing by a BSP Airline to the BSP in relation to a BSP settlement—including any amount owed by the BSP Airline to IATA for the provision of BSP processing and management fees—against any monies held or owed by IATA or any of its divisions or affiliated entities and which is payable to that BSP Airline.

**16.2** In addition, set-off also applies, and may be invoked by IATA at any time, with respect to any debt or claim owing by a BSP Airline to IATA or any of its divisions or affiliated entities against any monies held or owed by IATA or any of its divisions or affiliated entities and which is payable to that BSP Airline.

## 17. CHANGE OF OWNERSHIP

△ Where a BSP Airline undergoes a change of ownership which has the effect of transferring ownership to another entity, and wishes to continue participation in one or more BSPs, the BSP Airline shall

△ **17.1** Provide sufficient information to IATA to allow for a review of the legal effect of the proposed change.

△ **17.2** IATA shall review the information provided by the BSP Airline and determine whether the proposed change poses a financial or legal risk to the BSP—including the risk that refunds may exceed sales. If such a risk is identified, IATA shall determine whether there are alternatives available to protect the financial integrity of the BSP from such risk. Such alternatives may include, at the discretion of IATA, the provision by the BSP Airline of a

centrally held security deposit, or alternative security acceptable to IATA to be held centrally, and calculated to as to cover funds at risk for a minimum of one month.

△ **17.3** If the BSP Airline does not comply with the obligations under subparagraph 17.1 above, or if any risk to the BSP is identified by IATA and cannot be resolved pursuant to subparagraph 17.2 above, the existing BSP Airline will be terminated from all BSPs and the new carrier shall be processed as a new applicant.

△ **17.4** Where a BSP Airlines ceases or will cease operations and remains indebted financially to IATA, and where the owners of such BSP airline have or will have an interest in a new applicant airline, IATA may reject such application.

## 18. FINANCIAL LOSSES INCURRED IN HONOURING STANDARD TRAFFIC DOCUMENTS

△ In the case of financial losses arising from honouring STDs where the issuing Agent may go into irredeemable default or where the STDs have been issued fraudulently, IATA shall take the action outlined in Attachment "G" to this Resolution.

## 19. TICKETING AIRLINE SELECTION RULES

△ BSP Airlines shall follow the ticketing airline selection rules specified in Resolution 852.

## 20. ELECTRONIC TICKETING AUTHORITY

△ Where a BSP Airline deposits its Electronic Ticketing Authority with an Agent, it shall simultaneously inform IATA.

## □ 21. BSP SETTLEMENT MODELS

### 21.1 Reported Sales Model

When used in connection with this model, the term "BSP settlement" for a Member or BSP Airline will be the amount of the sales reported for any one period notwithstanding whether all amounts have been received by IATA from the Agent.

### 21.2 Funds Received Model

When used in connection with this model, the term "BSP settlement" for a Member or BSP Airline will be the amount actually received by IATA from the Agent for any one period.

**RESOLUTION 850**△ **Attachment ‘F’****PROCEDURES FOR SUSPENSION OF A BSP AIRLINE**

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△ **1. IMMEDIATE ACTION BY IATA IN THE EVENT OF SUSPENSION**

If IATA determines that the BSP Airline should be suspended from BSP operations, IATA shall immediately:

- (a) Inform the BSP Airline concerned and all other BSP Airlines.
- (b) Instruct the Global Distribution Systems, Ticketing System Providers, and Data Processing Centres to suspend immediately the use of the BSP Airline’s name and numeric code as ticketing airline, to suspend immediately the use of any automated systems for the processing of refunds or other credit/debit transactions on behalf of the BSP Airline, and to continue to report as usual any outstanding sales, refunds, or other credit/debit transactions made by Agents on behalf of the BSP Airline up to the date of the suspension.
- (c) Instruct all Agents:
  - (i) To suspend immediately all ticketing activities on behalf of the BSP Airline concerned.
  - (ii) To settle all Outstanding Billings and pending sales attributable to that BSP Airline either:
    - (a) with IATA, or
    - (b) with the BSP Airline concerned, in which case Agents must exclude the total amount due to or from the suspended BSP Airline (such as ticket sales or any refunds actually or potentially owing by that airline) from any Outstanding Billing. This exclusion should be made before remittance of the Outstanding Billing to IATA. However, if remittance has already occurred or if applicable law or billing procedure do not permit the necessary changes to remittance, then this exclusion may be made after remittance of the Outstanding Billing to IATA—thereby requiring a supplemental payment by or to the Agent of the amount excluded.
  - (iii) Instruct the BSP Airline to download reporting copies of the billing analysis for the current period and any other periods affected by the suspension from BSPlink.
  - (iv) Additionally, IATA may take any other actions reasonably necessary to implement the actions in this paragraph, including any actions necessary to comply with local law or local practice in a given BSP region.

△ **2. SUBSEQUENT ACTION BY IATA**

Thereafter, IATA shall monitor the situation and shall take any other action, where appropriate, after having sought legal advice, in order to respond to any individual circumstances. This may, where appropriate, include the following:

- (a) The opening of a special account, for the collection and management of monies due to the BSP Airline.
- (b) The immediate withholding of all amounts due to the suspended a BSP Airline. Subject to applicable laws, the BSP Airline or its administrator, receiver, liquidator, monitor, trustee, or similar representative or successor shall have no claim to such funds while retained in accordance with this paragraph.
- (c) The satisfaction of all outstanding debts, after a sufficient time has passed to ensure that all claims from all IATA settlements systems and otherwise have been finalized. The funds withheld from the suspended a BSP Airline’s BSP participation, including any funds derived from BSP participation but held at the time of suspension within the IATA Currency Clearance Service, shall generally be used in the following priority:
  - (i) Firstly, for any refunds or other debts owed to the BSP in which such funds originate. Unless Agents were instructed to settle Outstanding Billings directly with IATA pursuant to subparagraph 1(iv)(a) above, or unless an agreement providing for the post-suspension submission of refunds has been agreed between IATA and the BSP Airline, such refunds shall not include any refunds submitted as part of any Outstanding Billings.
  - (ii) Secondly, for any remaining refunds or other debts owed to any other BSPs in which the BSP Airline participates. Again, unless Agents were instructed to settle Outstanding Billings directly with IATA pursuant to subparagraph 1(iv)(a) above, or unless an agreement providing for the post-suspension submission of refunds has been agreed between IATA and the BSP Airline, such refunds shall not include any refunds submitted as part of any Outstanding Billings.
  - (iii) Thirdly, for any other amounts that are due from the BSP Airline to IATA, including without limitations any amounts owing pursuant to the offsetset-off rights as more fully described in Resolution 850 Paragraph 15.
  - (iv) Finally, any remaining amounts shall be returned to the BSP Airline or its administrator, receiver, liquidator, monitor, trustee, or similar representative or successor, as more fully governed by applicable law.
  - (v) In all instances any sales incentives established by the BSP Airline shall be settled directly between the BSP Airline and each Agent.

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### 3. LIFTING OF SUSPENSION

- △ If the BSP Airline resolves the circumstances giving rise to suspension (such as by resuming scheduled operations, curing its defaults, or otherwise), or if the BSP Airline protests the suspension in writing, IATA shall evaluate whether and how the BSP Airline will be reinstated in BSP operations and under what conditions. The BSP Airline shall be given the opportunity to be heard.
- △ Such conditions may in particular require that the BSP Airline compensate the BSPs for any losses incurred as a result of the BSP Airline's default, that the BSP Airline satisfy all outstanding debt to IATA arising under any of its settlement systems or otherwise, and that the BSP Airline place a centrally held security deposit, or alternative security acceptable to IATA to be held centrally, and calculated so as to cover funds at risk for a minimum of one month.

### △ 4. SUSPENDED BSP AIRLINE OWING MONEY TO THE BSP

Where a suspended BSP Airline owes money to the BSP on any grounds and for any period, and the debt is considered irrecoverable, the remaining BSP Airlines must bear the loss, excluding any any remuneration, if any, owed pursuant to Resolution 824 Section 9, in proportion to their share of the total amount in that Remittance Period. Such remuneration shall be settled directly between the suspended BSP Airline and the Agents.

### □ 5. TERMINATION

If, at the discretion of IATA, it does not appear likely that a suspended BSP Airline will be able to meet the requirements for the lifting of its suspension, or as may otherwise be necessary in light of the potential financial or legal risk to the BSP, IATA may terminate the participation of a suspended BSP Airline. Such termination shall not affect the obligation of the BSP Airline to satisfy its obligations to IATA hereunder or under the Resolutions or other agreements governing its previous participation in the BSP.

## RESOLUTION 850e

### INDUSTRY SETTLEMENT SYSTEMS

PAC1(49)850e(except USA)      Expiry: Indefinite  
PAC2(49)850e                      Type: B  
PAC3(49)850e

WHEREAS the 1998 IATA Annual General Meeting agreed to restructure the IATA Industry Settlement Systems and has delegated responsibility to IATA Settlement Systems Management (hereinafter "ISS Management") for the management and efficient operation of this business activity and, to that end, has authorized changes in the management and operation of the IATA Industry Settlement Systems (hereinafter "ISS"), and

WHEREAS, it is therefore necessary to recognize the responsibility of ISS Management for all ISS administration and operational functions, such as:

- ISS budgets (cost and revenues)
- ISS staffing
- ISS contracts (service agreements) to include signature authority
- ISS office management and administration

and further to recognize that ISS matters will be supervised by the IATA Board of Governors, now it is

RESOLVED that upon this Resolution becoming effective:

1. All authority and responsibilities previously delegated by the PAConf to the BSPC and through the BSPC to the BSP Panels and their Steering Panels are subject to the condition that no such authority or responsibility shall be exercised with respect to the administrative and operational functions to be performed by ISS Management on ISS matters at the direction of the IATA Board of Governors, who shall act on the advice of the IATA Financial Committee.

2. This condition is without prejudice to, and shall not limit, all other authority and responsibilities currently exercised by the PAConf including the relationship between airlines and agents, provided, however, that PAConf shall take action to identify and amend the Passenger Sales Agency Rules and other PAConf Resolutions as required to implement the condition imposed in Paragraph 1.

3. PAConf hereby establishes, wherever a BSP is in operation, a Local Customer Advisory Group (LCAG), to provide advice to ISS Management on customer service issues, and to ISS Management and the PAConf on Industry Settlement Systems standards. Rules and Procedures, for these groups, will be developed by the PAConf. The PAConf shall determine the procedures for establishing membership of the CAGs.

## **RESOLUTION 850m**

### **ISSUE AND PROCESSING OF AGENCY DEBIT MEMOS (ADMS)**

PAC1(50)850m(except USA)      Expiry: Indefinite  
PAC2(50)850m                      Type: B  
PAC3(50)850m

WHEREAS the Passenger Agency Conference (“the Conference”) wishes to promote a consistent and standard set of rules for BSP practices,

It is RESOLVED that the following principles will be followed,

#### **1. INTRODUCTION**

**1.1** The ADM serves to notify an Agent that unless there is some justification to the contrary, the Agent owes the issuing BSP Airline the amount shown on the ADM for the reasons indicated.

**1.2** ADMs are a legitimate accounting tool for use by all BSP Airlines to collect amounts or make adjustments to Agent transactions in respect of the issuance and use of Standard Traffic Documents issued by the Agent. Alternative uses of ADMs may exist provided that consultation has taken place either individually with the Agent or a local representation of Agents, or through the applicable local joint consultative forum.

**1.3** ADMs are to be specific in their detail as to why a charge is being made.

**1.4** BSPlink (ASD in China) is mandated as the exclusive medium through which ADMs must be billed and disputed.

#### **2. AIRLINE POLICY**

**2.1** Airlines are required to publish their ADM policies to Agents through BSPlink (ASD in China) in advance of implementation.

**2.2** Where possible the model shown in the Attachment to this Resolution should be applied.

#### **3. BSP PROCESSING OF ADMs**

**3.1** ADMs shall only be processed through the BSP if issued within nine months of the final travel date. ADMs referring to refunds made by the Agent shall be processed through the BSP if issued within nine months after such refund has been made by the Agent. Any debit action initiated beyond this period shall be handled directly between the BSP Airline and the Agent.

**3.2** ADMs/ACMs may be processed through the BSP, for a maximum period of 30 days following default action taken against an Agent in accordance with Resolution 818g, Attachment ‘A’, Section 1.10.

#### **4. ISSUANCE PRINCIPLES**

**4.1** Airlines should consider establishing policies for a minimum value for the issuance of a single ADM. Where such minimum is established it may be published to Agents.

**4.2** In principle ADMs should not be raised for the collection of administration fees.

**4.3** If there is an administrative cost associated with the raising of an ADM it should be incorporated in the same ADM document raised for the adjustment. The inclusion of the administration fee must be communicated to the agent.

**4.4** Airlines shall provide Agents with the phone or fax number and email address of a person or department that has knowledge of the concerned ADM.

**4.4.1** Whenever a Fare Calculation Mode Indicator (FCMI) has been provided by a ticketing system to the Airline, the Airline shall include the FCMI in any ADM raised to an Agent.

**4.5** An Agent shall have a maximum of 15 days in which to review and dispute an ADM prior to its submission to BSP for processing.

**4.6** all disputes are to be settled by the Airline within 60 days of receipt.

**4.7** If it is established that an ADM is not valid it must be cancelled.

**4.8** Where ADMs are withdrawn by BSP Airlines, any administration fee that may have been levied will be withdrawn, or refunded to the Agent. In the event the ADM is refunded to the Agent, the Airline cannot charge an administrative fee associated to the refund.

**4.9** Following consultation and if both parties agree a disputed ADM may be referred to the Travel Agency Commissioner to be resolved.

**4.10** An ADM that has been included in the BSP billing will be processed for payment. Any subsequent dispute of such ADM, if it is upheld by the Airline, will be dealt with directly and where applicable may result in the issue of an Agency Credit Memo (ACM).

## RESOLUTION 850m

### Attachment 'A'

## MODEL ADM INDUSTRY PROCEDURES

### 1. DESCRIPTION

**1.1** ADMs are a legitimate accounting tool for use by all BSP Airlines and should only be used to collect amounts or make adjustments to agent transactions in respect of the issuance and use of Traffic Documents issued by or at the request of the Agent.

**1.2** Alternative uses of ADMs may exist provided that consultation has taken place either individually with the Agent or through the applicable local joint consultative forum.

**1.3** ADMs are to be specific in their detail as to why a charge is being made.

**1.4** Any ADM relates to a specific transaction only, and may not be used to group unrelated transactions together, however, more than one charge can be included on one ADM if the reason for the charge is the same, and a detailed supporting list is provided with the ADM.

**1.5** In the event an airline decides to apply a charge for under-collection or incorrect ticketing on a sale or for the adjustment of a refund issued incorrectly or incorrectly calculated, such charges must be clearly explained in the carriers published ADM policy or must be agreed with Agents bilaterally in writing.

**1.6** No more than one ADM should be raised in relation to the same original ticket issuance. When more than one ADM is raised in relation to the same ticket it shall be specified for a different adjustment to previous issues.

**1.7** All rejected or disputed ADMs must be handled by BSP Airlines in a timely manner.

**1.8** Except where otherwise agreed in a market ADMs should not be used to collect third party costs not directly associated with the initial ticket issuance of a passenger journey.

**1.9** When ADMs are raised for administration fees the level of such fees should be commensurate with the cost of the work incurred.

**1.10** When the Agent has used an automated pricing system to generate the total ticket price including fare, tax, fees and charges specific to the purchase, and subsequent issuance, of a ticket for a journey, and there has been absolutely no manipulation by the Agent, on such price the ticketing systems shall send a Fare Calculation Mode Indicator (FCMI) to the airline, in accordance with the provisions of IATA PSC Resolutions 722f and 722g, to identify automated pricing has been used. The airline shall ensure the FCMI indicator is passed to an Agent in the event an ADM is issued.

## RESOLUTION 850p

### FINANCIAL SECURITIES

△ PAC1(53)850p(except USA)	Expiry: Indefinite
PAC2(53)850p	Type: B
PAC3(53)850p	

"WHEREAS certain Sales Agency Rules provide that an Agent may meet the Local Financial Criteria by the provision of a Financial Security;

WHEREAS the Passenger Agency Conference (hereafter referred to as "the Conference") wishes to make a wide range of Financial Securities available to Agents; and

WHEREAS non-payment of a claim against a provider of such Financial Security will result in financial loss to Members and Airlines;

It is hereby RESOLVED that,

### 1. DEFINITIONS

**1.1** The definitions of terms and expressions used in this Resolution are contained in Resolution 866.

**1.2** "BANK" means a financial institution that is authorised to provide banking services in the jurisdiction in which that bank will guarantee the payment to Members or Airlines through any acceptable Financial Security set out in section 2.1 in the event of default by an Agent.

**1.3** "FINANCIAL SECURITY PROVIDER" (hereafter referred to as "Provider") means an independent third party entity other than a bank that guarantees payment to Members or Airlines through any acceptable Financial Security set out in section 2.2 in the event of default by an Agent.

### 2. ACCEPTABLE FINANCIAL SECURITY TYPES

**2.1** The following individual financial security types provided by a Bank:

**2.1.1** Bank Guarantee

**2.1.2** Standby Letter of Credit

**2.1.3** Letter of Credit

**2.2** The following individual financial security types provided by a Provider:

**2.2.1** Insurance bond

**2.2.2** Surety bond

**2.3** Default Insurance Programme

□ **2.4** Global Default Insurance

**2.5** Any Provider of the acceptable financial security types in 2.2–2.3 is required to meet the criteria as referred to in section 3 of Resolution 850p.

- 2.6 Any Provider of the acceptable financial security type under 2.4 is required to meet the criteria referred to in section 4 of Resolution 850p.

### **3. EVALUATION OF PROVIDERS AND THEIR PRODUCTS**

3.1 IATA will establish criteria for the consistent evaluation and approval of Providers and Provider products, and will make such criteria available to all interested parties. The criteria will be subject to review and amendment by IATA annually, or more frequently as may be necessary due to changes in the Financial Security and/or insurance markets;

3.1.1 No Provider or Provider product will be accepted for the purposes of an Agent meeting the Local Financial Criteria by the provision of additional Financial Security where permitted by the applicable Sales Agency Rules unless such Provider or Provider product has been approved by IATA in accordance with this Resolution.

3.2 IATA will conduct, at a minimum, an annual review of all Providers and Provider products previously approved by IATA. After such review(s), IATA will determine whether such Provider or Provider product meets criteria in effect at that time;

3.3 The result of the initial and periodic evaluation shall be reported to the LCAGP and APJC as appropriate. Their views shall be relayed to IATA, who will decide whether to accept Financial Security instruments from the Provider;

3.4 The result of the evaluation will be advised to the Provider, LCAGP and APJC as applicable.

**4. EVALUATION OF THE GLOBAL DEFAULT INSURANCE AND PROVIDERS**

4.1 IATA will establish criteria for the evaluation of the Global Default Insurance and Providers. The criteria will be subject to review and amendment by IATA annually or more frequently as may be necessary due to changes in the insurance market or the Providers.

4.2 IATA will assess the performance of the Global Default Insurance and Providers considering the annual renewal process.

4.3 The results of the annual evaluation will be reported to the Passenger Agency Conference Steering Group and subsequently to the Passenger Agency Programme Global Joint Council.

### **5. EXCEPTIONS**

**5.1 NEW ZEALAND ONLY—TRAVEL AGENCY ASSOCIATION OF NEW ZEALAND (TAANZ)—AGENT BONDING AGREEMENT.** Whereas IATA has entered into an agreement with TAANZ to provide a Financial Security, it is hereby RESOLVED that the aforesaid agreement is excepted from the provisions of this Resolution 850p insofar as TAANZ is accepted as a Provider and the bonding scheme provided by TAANZ is accepted as a Financial Security notwithstanding the provisions of Section 2 above.

**5.2 INDIA ONLY:** Travel Agents' Association of India (TAAI) and Travel Agents' Federation of India (TAFI) and/or any National Association of Accredited Agents' in India (Association)—JOINT BANK GUARANTEE AGREEMENT. Whereas IATA may enter into an Agreement with the Associations to provide a Financial Security subject to all participating Airlines' agreement on terms and conditions of the Scheme. It is hereby RESOLVED that the aforesaid Agreement is excepted from the provisions of this Resolution 850p insofar as the Association/s is/are accepted as a Provider/s and the Joint Bank Guarantee Scheme/s provided by the Association/s is/are accepted as Financial Security notwithstanding the provisions of Section 2 above.

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## RESOLUTION 852

### DESIGNATION AND SELECTION OF TICKETING AIRLINE

PAC1(47)852(except USA)      Expiry: Indefinite  
PAC2(47)852                      Type: B  
PAC3(47)852

The following covers all types of tickets issued under Billing and Settlement Plan conditions:

#### 1. METHOD OF DESIGNATING A TICKETING AIRLINE

1.1 For issue of Electronic Tickets designation of the ticketing airline shall be accomplished by specifying to the ticketing system, either prior to or at the time of requesting generation of the ticket(s), the identity of the airline selected.

#### 2. ORDER OF PRIORITY IN SELECTION OF THE TICKETING AIRLINE

The selection of the ticketing airline shall be governed by the following strict order of priority, which must be observed at all times:

2.1 the ticketing airline shall be any BSP Airline participating in the transportation, or a BSP Airline acting as the General Sales Agent for any airline participating in any sector of the transportation in the country of ticket issuance, provided that the selection of Validating Carrier conforms to the requirements of the fare rules where applicable and subject to the existence of a valid interline agreement between the ticketing airline and each transporting airline,

2.2 if none of the situations described in Subparagraph 2.1 apply, the ticketing airline may be any other BSP Airline providing the Agent has received written authorisation from that BSP Airline to issue Standard Traffic Documents for such transportation.

2.3 When an Electronic Miscellaneous Document (EMD) is issued, the ticketing airline shall be any BSP Airline, or a BSP Airline acting as the General Sales Agent for the Airline, delivering a service on the EMD. In the event that none of these situations apply, the provisions documented in paragraph 2.2 shall apply.

**Note:** Where a BSP Airline has given written authority to use its ticketing authority under the alternative in Subparagraph 2.2 of this Attachment, STDs may be used for all airline passenger transportation and associated services.

## RESOLUTION 860a

### PASSENGER AGENCY PROGRAMME GLOBAL JOINT COUNCIL (PAPGJC)

△ PAC1(53)860a(except USA)      Expiry: Indefinite  
PAC2(53)860a                      Type: B  
PAC3(53)860a

Resolved that the Passenger Agency Programme Global Joint Council be established to manage the agent/airline relationship, provide a consultation forum for Conference decisions and jointly promote the IATA Passenger Agency Programme to airlines and agents.

#### 1. THE JOINT COUNCIL

The Joint Council, hereinafter referred to as the "Council", is responsible for providing oversight on those aspects of the Passenger Agency Programme relevant to the Agent/Airline relationships.

#### 2. COMPOSITION

△ 2.1 The Council shall be composed of a maximum of 24 members and shall include equal representation of Member Airlines and Travel Agency representatives:

2.1(a) the Airline delegates shall be selected from Members serving on the Steering Group of the Passenger Agency Conference and to the extent possible shall represent the three IATA Conference areas,

2.1(b) Travel Agency representation shall be as designated by recognised agency associations, and to the extent possible shall represent the three IATA Conference areas,

2.1(c) the Council shall nominate its own Chairman and deputy Chairman. The position of Chairman shall be non-voting. In the event the Chairman is elected from voting members, an alternate voting member shall be nominated to take the voting seat vacated by the Chairman. The initial renewable term of the Chairman shall be two years;

2.2 The Chairman of the Passenger Agency Conference shall be invited to attend Council meetings in an observer capacity;

2.3 the Council shall set its rules and procedures, provided that the quorum necessary to take action shall be not less than two-thirds of the members of each of its two constituencies. The Chairman may authorise the presence of observers, where he deems it advantageous to address the issues before the Council;

2.4 the Council shall act by submitting recommendations that must first be approved by a simple majority present of each of the two constituencies;

2.5 the Council shall meet not less than twice annually, and at least one meeting shall be arranged to coincide with the publication of the Passenger Agency Conference Agenda;

**2.6** IATA shall provide adequate Secretariat support for meetings of the Council. Reports and recommendations of the Council shall be placed on the agenda of the Passenger Agency Conference.

## **2.7 European Issues**

If a significant issue or number of issues relating purely to Europe or the European Union/European Economic Area arise, the Council composition will be adjusted to allow for additional delegates representing countries in Europe to attend. Thereafter and where appropriate, such issues will be addressed as a separate meeting. The Agency Administrator and the Chief Executive of ECTAA shall be ex officio members.

## **3. RESPONSIBILITIES**

**3.1** The Council shall be responsible for making recommendations to Conference on the development, management and marketing of the Passenger Agency Programme which shall include the consideration and development of an Ombudsman. The Council may make recommendations to Conference for improvements to all aspects of the Agency Programme.

**3.2** The Council shall review the Conference agenda immediately after publication and in any event no later than 30 days from publication.

**3.2.1** The Council shall be authorised to review all agenda items, and recommend changes to proposed resolution amendments having a direct impact on the Agent/Airline relationship. The procedure for taking forward Council recommendations shall be as per the following provisions:

**3.2.1(a)** any recommendations shall be included with the next Conference agenda submittal by the Secretary;

**3.2.1(b)** the Conference will review both the original proposal and the amended proposal submitted by the Council. If Conference takes action to adopt the original proposal the matter will be referred back to the Council, and the resolution amendments shall be held suspended pending review by the Council;

**3.2.1(c)** provided there are issues to be addressed, the Council shall convene to review the decisions of PAConf immediately following such Conference, and in any event no later than 30 days following that Conference;

**3.2.1(d)** following the review any changes to the proposal, including any recommendation for deferral of implementation, shall be presented to the Conference for consideration by mail vote, or as a recommendation for an agenda submission to the next PAConf;

**3.2.1(e)** thereafter the Secretary will declare the result, whether in favour of the Council recommendation or that agreed at Conference, and the new or amended resolution change will be adopted;

**3.2.1(f)** the Council shall also review any on-site items considered by the Conference and recommend any changes as per the procedure listed above;

**3.2.1(g)** the Council is not authorised to change or ignore Resolutions.

## **3.3 Strategic Issues**

**3.3.1** The Council may establish a Strategic Forum comprised of representatives from the Council and IATA.

**3.3.2** Such Forum shall comprise of an equal number of airline and Agent representatives which shall not exceed six from each side and may invite relevant interested organisations to participate in discussions on agenda items. The Forum is charged with exchanging information and developing strategic issues relating to passenger distribution standards and the industry infrastructure. It will also address any issues referred to it by the Council.

**3.3.3** The Forum shall meet as required and such meetings will normally be held immediately prior to the Council meeting. The Forum has no decision making authority, reports to the Council and any recommendations will require the approval of the Council before being submitted to any other decision making body.

**3.3.4** Subject to the unanimous agreement of both Agents and airlines the Council may issue Press Releases and public statements on topics that are part of their responsibilities.

## **4. AGENCY FEES**

The Council may recommend to Conference changes to agency fees.

## **5. TECHNICAL ADVISORY GROUP**

**5.1** the Council may establish a Technical Advisory Group (TAG) to consider any technical, operational aspect of the Passenger Agency Programme concerning Accredited Agents, BSP Airlines and GDSs. The TAG will be under the direct control of the Council and the Council Chairman will chair its meetings.

**5.2** IATA will provide adequate Secretariat support for the TAG, including legal services.

**5.3** The TAG will:

- (i) be composed in equal numbers of qualified staff of both airline and agent members of the Council
- (ii) consist at a minimum of two airline and two agent representatives as nominated by the Council
- (iii) determine best practice solutions and make recommendations to the Council in the form of technical proposals describing industry process improvements
- (iv) provide feedback, as required, on technical or operational resolutions or recommended practices of the Passenger Services Conference relating to matters that impact the Passenger Agency Programme

**5.4** the TAG may additionally include experts from GDSs and tariff filing agencies to advise on industry technical processes, and to assist in the examination of the same in order to provide recommendations for process improvements in the interests of industry efficiency, through the elimination of errors and the achievement of cost reductions.

**5.5** Recommendations of the TAG will be subject to approval by the Council.

## 6. TRAVEL AGENCY COMMISSIONER PROGRAMME

**6.1** The Travel Agency Commissioner Programme (hereinafter TAC Programme) is under the purview of the Council.

**6.2** The Council shall receive and approve the budget of the TAC Programme in compliance with the following principles:

- the costs of the TAC Programme shall be borne in equal proportions by Members and Accredited Agents
- funding for the Programme shall be furnished through IATA, which shall provide 50% from monies contributed by all IATA Members, and 50% from monies contributed by all IATA Accredited Agents
- each IATA Accredited Agent may be called upon to contribute not less than USD 5.00 nor more than USD 10.00 per year or acceptable equivalent per location

**6.3** The Council shall control the budget and associated expenditures. It will in particular monitor that expenditures are in line with the terms and objectives of the TAC office.

**6.4** Part of the expenditures should be associated to the establishment and update of a public database of TAC decisions.

**6.5** Part of the expenditures should be associated to the reimbursement of travel expenses incurred by PAPGJC Travel Agency representatives attending PAPGJC meetings:

- (i) The expenses that will be covered by the Fund must relate exclusively to attendance by authorized agency representatives at the Passenger Agency Programme Global Joint Council (PAPGJC) industry meetings on global issues directly related to the IATA Agency Programme
- (ii) The Fund will cover the cost of air travel (economy class for flights up to five hours, business class for flights of five hours or more, the costs of such air travel to be refunded on the basis of the currently available best market price) for Travel Agency representatives travelling directly to and from the meeting, and meals, accommodation, ground transportation and other reasonable expenses.

**6.6** The Council shall receive regular reports provided by IATA on TAC's activities in a format and at a frequency determined by the Council.

## 7. IMPLEMENTATION

Upon implementation of this resolution, the following resolution shall become simultaneously rescinded.

PAC1(38)860 (except USA)

PAC2(38)860

PAC3(38)860

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**RESOLUTION 862****JOINT AGENT AND AIRLINE  
CONSULTATIVE MEETINGS**

PAC1(48)862(except USA)      Expiry: Indefinite  
PAC2(48)862                      Type: B  
PAC3(48)862

WHEREAS there are a number of joint airlines and travel agent consultative bodies established by the Conference under separate resolutions, now it is

RESOLVED that all such consultative meetings shall comprise of equal representatives from both Airlines and Travel Agents. This shall include, but is not limited to, Agency Programme Joint Councils (APJCs) and Joint Agency Liaison Working Groups.

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**RESOLUTION 866****DEFINITIONS OF TERMS USED IN  
PASSENGER AGENCY PROGRAMME  
RESOLUTIONS**

△ PAC1(53)866(except USA)      Expiry: Indefinite  
PAC2(53)866                      Type: B  
PAC3(53)866

WHEREAS the Passenger Agency Conference in application of the procedures established with global and regional joint bodies, has defined terms and expressions commonly used in Resolutions of the Conference, and

WHEREAS it is in the interest of transparency and convenience that all such definitions be published in a single global Resolution of the Conference,

AND noting that they are published below to be read with specific reference to the Resolution(s) in which they are used, it is

RESOLVED that the following definitions shall apply to terms and expressions used in, and with reference to, the Resolutions of the Conference, and which defined terms and expressions shall be made readily identifiable by the use of upper case initial letters:

**ACCOUNTABLE TRANSACTION** means any transaction in respect of which a Standard Traffic Document is issued, and/or Agency Credit/Debit Memorandum received, by the Agent during the period covered by an Agency Reporting Period.

**ACCREDITED AGENT** (sometimes referred to as 'Agent') means a Passenger Sales Agent whose name is entered on the Agency List.

**ADMINISTRATIVE OFFICE** means the principal office of an Accredited Agent which is not an Approved Location, but which is entered on the Agency List.

**AGENCY ADMINISTRATOR** means the IATA official designated by the Director General as the holder of that office, or authorised representative, responsible for the management of the IATA Agency Programmes in accordance with the Members' rules and resolutions and with autonomy to act in extraordinary circumstances.

**AGENCY INVESTIGATION PANEL** (sometimes referred to as 'AIP') means a panel consisting of representatives of Members in a territory which is established from time to time by the Agency Administrator and performs duties set forth in Section 3 of Resolution 800.

**AGENCY LIST** means the list maintained by the Agency Administrator giving the names and addresses of Accredited Agents and their Approved Locations and, when applicable, the addresses of their Administrative Offices.

**AGENCY PROGRAMME** (sometimes referred to as 'IATA Agency Distribution System', 'IATA Agency Programme', 'IATA Industry Distribution System', or 'IATA Passenger Agency Programme') means the various IATA Resolutions and rules and procedures adopted by the

Conference to maintain overall standards and industry practices for the sale of international air transportation by Accredited Agents. This includes accreditation, BSP matters, and training.

△ **AGENCY PROGRAMME JOINT COUNCIL** (sometimes known as 'APJC') means a Council consisting of an equal number of representatives of air carriers and Agents, with IATA as Secretary, established to assist the Conference in the performance of its functions by making recommendations on any aspect of the Agency Programme in the country or area concerned.

**AGENCY SALES DATA** means that data which is collated from ticket issuance by Agents and submitted by the Ticketing System Providers to the BSP on a daily basis.

**AGENCY SALES TRANSMITTAL** (sometimes referred to as 'Sales Transmittal') means the Agent's list for a Reporting Period of all Traffic Documents and Standard Administrative Forms used, and accompanied by the required administrative forms and supporting documentation.

**AGENCY SERVICES MANAGER** means the IATA official designated by the Agency Administrator to manage the accreditation programme locally in the country (area). When so decided by the Agency Administrator, this person may also act as the local representative of ISS Management.

**AGENT** See 'Accredited Agent'

**AGREEMENT**—see Sales Agency Agreement

**AIRLINE** means an air carrier, operating scheduled passenger services, which is not a Member of IATA, but which has been admitted to participate in the Billing and Settlement Plan.

**ANCILLARY SERVICES** means services sold on behalf of an airline, secondary to the sale of air transportation, the price of which is included in the overall amount paid to the carrier but which may involve the issuance of a separate Traffic Document. They typically include excess baggage, surface transportation and car hire.

**APPOINTED** means the Agent is authorised to represent the Member in promoting and selling air passenger transportation in accordance with, and subject to, all the terms and conditions of the Passenger Sales Agency Agreement.

**APPROVED LOCATION** (sometimes referred to as 'Location') includes Head Office and Branch Office Locations appearing on the Agency List.

**ARC** means the Airlines Reporting Corporation.

**AREA** means one of the three geographical areas described in Section 1, Paragraph 3 of the Provisions for the Conduct of the IATA Traffic Conferences.

**AREA OF BILLING AND SETTLEMENT PLAN** means the country or group of countries in which a Billing and Settlement Plan operates.

**BANK GUARANTEE** means a guarantee issued by a bank ensuring that the liabilities of the agent will be met in case of a default; limit sum (BG amount) defined.

**BILLING** means a billing to Agents, according to data reported by the Ticketing System Provider, incorporating all Accountable Transactions for the Billing Period.

**BILLING AND SETTLEMENT PLAN** (sometimes referred to as BSP) means the method of providing and issuing Standard Traffic Documents and other accountable forms and of accounting for the issuance of these documents between BSP Airlines on the one hand and Accredited Agents on the other, as described in the Passenger Sales Agency Rules and in Resolution 850—Billing and Settlement Plans, and its Attachments.

**BILLING DATE** means the date on which the Data Processing Centre must produce billings to Agents, according to data submitted by the Electronic Ticketing System Provider.

**BILLING PERIOD** means the time span, comprising one or more Reporting Periods, for which a billing is rendered. Its duration is established by the PACConf.

**BRANCH OFFICE LOCATION** means an Accredited Agent's place of business entered on the Agency List as a Branch Office location which is the same entity as its Head Office Location, with the Head Office having full legal and financial responsibility of the administration, staff, liability maintenance and operational expense of the Branch Office.

**BSP** see Billing and Settlement Plan.

**BSP AIRLINE** means a Carrier or Airline whose Airline Designator is recorded as the transporting carrier on the flight coupon(s) of a ticket and which participates in the BSP.

**BSP MANUAL FOR AGENTS** (usually called the 'BSP Manual') means the publication outlined in Attachment 'I' to Resolution 850—Billing and Settlement Plans. It contains the rules and procedures applicable to Agents operating under BSP conditions and is issued on the authority of the Passenger Agency Conference with global, regional and local procedure oversight.

**CARD** means an Airline/Member approved credit card, charge card, debit card, purchasing card, or any other air industry card used and accepted as payment by an Agent for the purchase of international air transportation, against the Member's or Airline's merchant agreement.

**CARD HOLDER** means the person whose name is shown on the Card, and whose signature is on the reverse, used as payment against a Member's or Airline's merchant agreement for the purchase of international air transportation.

**CARRIER** means an IATA Member as specifically used within the provisions of Resolution 824—Passenger Sales Agency Agreement, or any resolution of that name that supersedes it.

**CERTIFICATE OF APPOINTMENT** means the form used by a member appointing an Agent as provided for in Resolution 820.

**CHARGES** means either Administrative Charges, or Clearing Bank Charges, as shown in the relevant Section of Resolution 832 or Attachment A, to Resolution 818g, as authorised by the Conference.

**CLEARING BANK** means the bank or other organisation appointed under the applicable Billing and Settlement Plan to receive remittances from Agents and settle funds to BSP Airlines; and to perform such other functions as are prescribed within these Rules, and in Resolution 850 and its Attachments.

**COMPUTER RESERVATIONS SYSTEM** (sometimes referred to as 'CRS') means a computerised system containing information about schedules, availability, fares and related services, and through which reservations can be made, or tickets issued, and which makes some, or all, of these facilities available to subscribers.

**CONFERENCE** means the Passenger Agency Conference.

**COORDINATOR** means a person appointed by ISS Management from time to time to act in accordance with these Rules on behalf of Members/Airlines participating in the Billing and Settlement Plan.

**DATA PROCESSING CENTRE (DPC)** means the entity contracted by ISS Management under a BSP to manage and process reported Agency sales; to provide reports to the BSP and the Clearing Bank of the amounts due.

**DAYS** means calendar days unless otherwise specified as working days or business days.

**DAYS' SALES AT RISK** means the number of days from the beginning of the Agent's Reporting Period to the Remittance Date in respect of that Reporting Period or Periods, plus a margin of five days.

**DEFAULT** means that an Agent, or one of its Locations, has breached the provisions of the Sales Agency Rules to the extent that remedial action is required, and for which failure to take such action may ultimately result in the termination of that Agent's Sales Agency Agreement.

**DEFAULT INSURANCE PROGRAMME** means one insurance policy to cover multiple declared agents with a maximum coverage for all agents as defined in the policy.

**DIRECTOR GENERAL** means the Director General of IATA or authorised representative.

**ELECTRONIC TICKET** means an electronic record issued by an Approved Location, in accordance with applicable tariffs for the issuance of the passenger ticket.

**ELECTRONIC TICKETING** means a method to document the sale of passenger transportation (electronic ticket) and related services (electronic miscellaneous documents).

△ **ELECTRONIC TICKETING AUTHORITY** (sometimes referred to as 'ET Authority') means a written authority provided to an Agent by a Member or Airline participating in a BSP, which authorises one or more Locations of the Agent to issue Electronic Tickets. A copy or parallel advice must be sent to IATA.

**ELECTRONIC TICKETING SYSTEM** (sometimes referred to as 'SYSTEM') means an automated method, including programmes and procedures, which has access to airline PNR data, stored in a CRS or airline reservation system for the issuance of Electronic Tickets.

**EUROPE ACCREDITED AGENT (EAA)** means a legal entity established in one country within the EU/EEA and Switzerland, with financial responsibility for Locations in other countries in the EU/EEA and Switzerland.

**FACE-TO-FACE TRANSACTION** means an Agent making a sale by a Card against a Member's or Airline's merchant agreement when the Card and the Cardholder are simultaneously present at the time of the transaction (see also 'Non-Face-to-Face Transaction').

**FINANCIAL SECURITY** means any financial security accepted by IATA from time to time for the purposes of recovering unpaid monies owed by the Agent to Members or Airlines.

**FORM OF CONCURRENCE** means that form to be completed by non-IATA air carriers wishing to participate in IATA Billing and Settlement Plans as provided for by Resolution 850 Attachment 'E'.

**GENERAL CONCURRENCE** (appointment by) means the process whereby a Member automatically appoints Accredited Agents, without further procedural formality, as described in Resolution 878. The names of the Members using the General Concurrence method of appointment, and any prior conditions they may have set, are published in the Travel Agent's Handbook.

**GENERAL SALES AGENT** (sometimes referred to as 'GSA') means, for the purposes of the Sales Agency Rules, any Person to whom a Member or a non-IATA carrier has delegated general authority to represent it for purposes of sales of passenger and/or cargo air transportation in a defined territory. This may include a non-Airline GSA appointed under the provisions of Resolution 876.

□ **GLOBAL DEFAULT INSURANCE** means an insurance policy issued in the name of IATA to cover the liabilities of the listed Agents as defined in the policy. For each Agent a maximum coverage amount will be specified.

**GLOBAL DISTRIBUTION SYSTEM** (sometimes referred to as 'GDS') means a computerised system containing information about schedules, availability, fares and related services, and through which reservations can be made, or tickets issued, and which makes some, or all, of these facilities available to subscribers.

**HEAD OFFICE LOCATION** means an Accredited Agent's principal place of business which is an Approved Location.

**HINGE ACCOUNT** means the bank account into which agents' remittances are paid and from which monies are distributed to participating Airlines.

**IATA** means the International Air Transport Association and is represented by the Agency Administrator.

**IATA AGENCY PROGRAMME** see Agency Programme.

**IATA INDUSTRY DISTRIBUTION SYSTEM** see Agency Programme.

**IATA NUMERIC CODE** (sometimes called the 'Numeric Code') means the numeric code allocated and attributed to each Approved Location of an Agent, in accordance with Resolution 822.

**IATA PASSENGER AGENCY PROGRAMME** see Agency Programme.

**IATA SETTLEMENT SYSTEMS MANAGEMENT** (usually called 'ISS Management') means the functional areas of Financial and Distribution Services (FDS) that are responsible for the management and operation of the IATA Settlement Systems. This definition includes the central and regional ISS Management as well as the local ISS representatives who have overall responsibility for the BSP.

**IATAN** means the International Airlines Travel Agent Network which is the trading name of the Passenger Network Services Corporation, a wholly owned subsidiary of the International Air Transport Association.

**FINANCIAL AND DISTRIBUTION SERVICES** (sometimes referred to as 'FDS') means the department of IATA that has the administrative and operational functions of the IATA Settlement Systems included in its responsibilities.

**INSURANCE BOND** means a bond offered by an insurance company ensuring that the liability of the agent will be met in case of a default - payment of claims to be made by the insurance company. Limit sum (Bond amount) defined.

**ISS MANAGER** means the IATA official designated by ISS Management as the person that manages a BSP.

**JOINT AGENCY LIAISON WORKING GROUP** means a group, comprising local airline and agent representatives, set up by a Billing and Settlement Plan, in accordance with procedures set forth in the BSP Manual for Agents.

**LETTER OF CREDIT** means a letter from a bank guaranteeing that the Agent's payment to IATA will be received on time and for the correct amount. In the event that the Agent is unable to make payment the bank will be required to cover the full or remaining amount of the purchase.

**LOCAL CUSTOMER ADVISORY GROUP—PASSENGER (LCAGP)** means a group of airline representatives established by the Conference in each country/area where a BSP is operated, to provide advice to ISS Management on customer service issues and in establishing and addressing local needs, and functions in accordance with Resolution 850 Attachment 'B'.

**LATIN AMERICA AND THE CARIBBEAN** means in this Resolution Anguilla, Antigua and Barbuda, Argentina, Aruba, Bahamas, Barbados, Belize, Bolivia, Bonaire, Brazil, British Virgin Islands, Cayman Islands, Chile, Colombia, Costa Rica, Cuba, Curacao, Dominica, Dominican Republic, Ecuador, El Salvador, Falkland Islands/Malvinas, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Montserrat, Nicaragua, Panama, Paraguay, Peru, Saba, St. Kitts-Nevis, Saint Lucia, St. Vincent and the Grenadines, St. Eustatius, St. Maarten (Dutch part), Surinam, Trinidad and Tobago, Turks and Caicos Islands, Uruguay, Venezuela.

**LOCAL FINANCIAL CRITERIA** sometimes referred to as 'Local Criteria' or 'Financial Criteria' means: (a) in relation to a country or a territory governed by Resolution 818g, the local criteria recommended by the Agency Programme Joint Council and adopted by the Conference in relation to said country or territory, or (b) in relation to a country or a territory governed by Resolution 800, the standards established by the Agency Investigation Panel and endorsed by the Agency Administrator in relation to said country or territory.

**MEMBER** means an airline that is a Member of IATA.

**NON-AIRLINE PASSENGER GENERAL SALES AGENT** (hereinafter referred to as 'GSA') means a Person (including any individual, partnership, firm, association, company or corporation) who has been delegated general authority for the promotion and sale of passenger air transportation for the appointing Member, either directly or through subcontractation, as expressly provided for under the provisions of Resolution 876.

**NON-FACE-TO-FACE TRANSACTION** means a Signature-On-File transaction, and/or any other form of Card sale in which a Card and Cardholder are not simultaneously present at the time of the transaction (see also 'Face-to-Face Transaction').

**NOTICE OF IRREGULARITY** means a warning letter sent to an Agent to inform him that some failure has been detected on his part in matters such as reporting or remittance.

**ONLINE AGENT** means an Agent which effects sales of Members' and Airlines' services through a website, and which has been accredited in accordance with the provisions of Resolution 818g.

**OUTSTANDING BILLING** includes any Billing which either (i) has not yet been remitted to IATA, or (ii) where the related Remittance Date has not yet passed, whichever event occurs last.

**PASSENGER AGENCY CONFERENCE (PACONF)** (usually called the 'Conference') means the body of IATA Members established by virtue of the Provisions for the Conduct of the IATA Traffic Conferences. It has responsibility for matters concerning the relationships between airlines and recognised passenger sales agents and other intermediaries, under the IATA Agency Programme.

**PASSENGER AGENCY CONFERENCE STEERING GROUP** (usually referred to as PSG or 'the Steering Group') means that group established by the Passenger

Agency Conference to advise and act on behalf of Conference between meetings, and which functions under the provisions of Resolution 868.

**PASSENGER AGENCY PROGRAMME GLOBAL JOINT COUNCIL** (sometimes referred to as PAPGJC or 'the Council') means that council established by the Passenger Agency Conference to manage the agent/airline relationship, provide a consultation forum for Conference decisions and jointly promote the IATA Passenger Agency Programme to airlines and agents, and which functions under the provisions of Resolution 860a.

**PASSENGER SALES AGENCY RULES** (sometimes referred to as 'Sales Agency Rules' or 'the Rules') means the contents of the relevant Passenger Agency Conference Resolution of the same name.

**PERSON** means an individual, partnership, firm association, company or corporation.

**PRINCIPAL** for the purposes of Resolution 876, means an appointing Member or, in the case of subcontracting, the original appointing Member.

□ **REMITTANCE** is the payment of monies due by an Agent, for sales issued with Standard Traffic Documents to the BSP Airline, including sales made by an Agent where the ticket is issued by the BSP Airline on behalf of the Agent and reported using the facility of the BSP. The Agent's Remittance shall reach the Clearing Bank on the date established by the Conference.

**REMITTANCE DATE** means the Clearing Bank's close of business on the latest date by which the Agent's remittance must reach the Clearing Bank or, in cases where authorised by the Passenger Sales Agency Rules, the value date on which the Clearing bank draws cheques on or debits the Agent's bank account.

**REMITTANCE FREQUENCY** means the time elapsed between Remittance Dates established by the Conference.

**REMITTANCE PERIOD** means the time span in respect of which a remittance is made to the Clearing Bank. It shall not be shorter than one Billing Period, but may cover more than one Billing Period.

**REPORTING DATE** means the last day of the Reporting Period.

**REPORTING PERIOD** means the time span established by the Conference for reporting of Agent sales.

**SALES AGENCY AGREEMENT** (sometimes referred to as 'Agreement', 'Passenger Sales Agency Agreement' or 'PSAA') means an Agreement in the form prescribed in Resolution 824, as may be amended from time to time, and includes where the context so permits, a Supplementary Agreement to the Passenger Agency Agreement in the form prescribed in a Resolution of the Conference.

**SALES AT RISK** is calculated by dividing the Days' Sales at Risk by 90 days, and applying that percentage to the BSP cash turnover, or cash turnover as applicable, amount the Agent made in the highest 3 months in the previous 12 months.

**SALES TRANSMITTAL** see Agency Sales Transmittal.

**SCANDINAVIA** is the area comprised of Denmark, Norway and Sweden.

**SETTLEMENT DATE** means the date on which BSP Airlines are credited with monies due.

**SIGNATURE-ON-FILE** means a transaction where the Cardholder empowers the Agent to issue Traffic Documents against a Card, and where a clear written arrangement between Cardholder, Card company and the Agent exists (see also 'Non-Face-to-Face Transaction').

**SOUTH WEST PACIFIC** that is the area composed of Australia, New Zealand, Papua New Guinea, South West Pacific Islands.

**SOUTH WEST PACIFIC ISLANDS** that is the area composed of Cook Islands, Fiji, French Polynesia, Kiribati (Canton and Enderbury Islands), Marshall Islands, Federated State of Micronesia, Nauru, New Caledonia (including Loyalty Islands), Niue, Palau, Samoa (Independent State of), Solomon Islands, Tonga, Tuvalu, Vanuatu, Wallis and Futuna Islands.

**STANDARD ADMINISTRATIVE FORMS** (sometimes referred to as 'SAFs') mean accountable forms originated by Members/Airlines or Agents for adjusting sales transactions (e.g. Agency Credit/Debit Memos, Refund Notices) and other forms used to substantiate sales (e.g. UCCCF, Group Sales Summary).

**STANDARD CHARGING UNIT** (usually called SCU) equates to one transaction passing through the Data Processing Centre (DPC) and included on the BSP Agent and Airline Billing Reports.

**STANDARD TRAFFIC DOCUMENTS** means the following BSP documents:

- Electronic Miscellaneous Documents (EMD)
- Electronic tickets
- Automated coupon-by-coupon MCO (paperless or plain paper) VMCO in accordance with Resolution 725d
- Virtual Multipurpose Miscellaneous Document (VMPD)

They are supplied by ISS Management, and do not bear any carrier identification until after issuance by the Agent.

**STANDBY LETTER OF CREDIT** means a letter from a bank where the bank acts as an insurer and pays IATA in case the Agent defaults (payment of last resort) should the Agent fail to fulfill a contractual commitment with IATA.

**STOCK and STOCKHOLDER** in relation to a company or other corporate body include 'share' and 'shareholder' respectively.

**SUBCONTRACTION**, as quoted in Resolution 876, means the delegation of general authority for the promotion and sale of international passenger air transportation for the appointing Member by a General Sales Agent to another party by virtue of an agreement which shall be subject to the conditions of this Resolution and the prior written authority of the original appointing Member.

**SURETY BOND** means a bond issued by an entity on behalf of the Agent, guaranteeing that the Agent will fulfill its obligation to IATA. In the event that the obligations are not met, IATA will recover its losses via the bond—payment of claims to be made by the Agent.

**SYSTEM** see ELECTRONIC TICKETING SYSTEM.

**SYSTEM DESCRIPTION** means a written specification of the functions and mode of operation of the System.

**SYSTEM PROVIDER** means the person, company corporation or other legal entity which supplies the system, approved by the Participating Airlines as may be applicable, and which is party to this Agreement.

**TICKETING SYSTEM PROVIDER** see SYSTEM PROVIDER.

**TRAFFIC DOCUMENTS** means the following forms issued manually, mechanically or electronically for air passenger transportation over the lines of the Member or Airline and for related services, whether or not they bear a pre-printed individual Member's identification:

- (a) Carriers' own Traffic Documents—Passenger Ticket and Baggage Check forms, Automated Ticket/Boarding Passes, Miscellaneous Charges Orders, Multiple Purpose Documents, Agents Refund Vouchers and OnLine Tickets supplied by Members to Accredited Agents for issue to their customers, and
- (b) Standard Traffic Documents—as defined.

**TRANSPORTATION ORDER** means an Agent's own order form authorised by a Member for use by the Agent, against which the Member issues its ticket, and containing at least the following information: the name of the passenger, the routing itinerary, the class of travel and the fare.

**TRAVEL AGENCY COMMISSIONER** means the person designated under a procedure involving the Director General of IATA and the Chairman/CEO of UFTAA or the President of WTAAA, as the holder of that office, or his authorised representative, as provided for in Resolution 820d, and who exercises jurisdiction over matters described in the Resolution 820e (reviews by the Travel Agency Commissioner).

**TRAVEL AGENT'S HANDBOOK** (usually called the 'Handbook') means the publication issued under the authority of the Passenger Agency Conference, containing the established Local Financial Criteria, and the IATA Resolutions concerning the Agency Programme. A copy of the Handbook is provided to each Approved Location, and to each applicant seeking IATA Accreditation, and forms part of the IATA Agency Agreement.

**UNIVERSAL CREDIT CARD CHARGE FORM** (sometimes referred to as 'UCCCF') means the approved form, specified within the BSP Manual for Agents, for Card sales.

**WTAAA** means the World Travel Agents Associations Alliance.

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**RESOLUTION 868****PASSENGER AGENCY CONFERENCE STEERING GROUP AND THE AGENCY ADMINISTRATOR**

△ PAC1(53)868(except USA)  
PAC2(53)868  
PAC3(53)868

Expiry: Indefinite  
Type: B

WHEREAS the Passenger Agency Conference Steering Group (PSG) analyses and makes recommendations to the Passenger Agency Conference on policy, budgetary and other issues under the jurisdiction of the Conference;

WHEREBY it is hereby RESOLVED as follows:

WHEREAS the Agency Administrator is the IATA official designated by the Director General as the holder of that office, or his authorized representative, and is responsible for the management of the Agency Programmes in accordance with the Rules and Resolutions of the Passenger Agency Conference, and has the authority to act in extraordinary circumstances;

**1. TERMS OF REFERENCE OF THE PSG**

**1.1** to recommend action to the Passenger Agency Conference in the light of changing regulatory and market conditions;

**1.2** to consider and recommend enhancements to business practices aimed at improving the industry distribution system;

**1.3** to review technological advances of benefit to the Agency Programme and in particular support the development of tools and techniques serving automation;

**1.4** to provide guidance to IATA including the Agency Administrator on managing the resources allocated to Passenger Agency Programme activities and for determining relative priorities;

**1.5** to provide guidance to the Secretariat with respect to industry distribution matters in between meetings of the Conference;

**1.6** to liaise with other IATA Conferences and Committees on behalf of the Conference on matters dealing with Passenger Agency Programme Activities;

**1.7** to report regularly to Conference, and make policy and organizational recommendations to improve the effectiveness of Passenger Agency Conference activities;

**1.8** to act on behalf of the Conference on urgent proposals affecting the programme provided always that any decision of the PSG will be subject to ratification by the Conference at either a regular meeting or where appropriate by electronic means;

**1.9** to review and endorse proposed mail votes prior to their issuance, to provide confirmation of the need for urgent resolution together with any recommendations to improve on the construction of the proposals;

**1.10** to create ad-hoc working groups and to address urgent issues which arise between conferences;

**1.11** designated representatives from the PSG will be nominated to the Passenger Agency Programme Global Joint Council (PAPGJC).

△ **2. COMPOSITION AND MEETINGS OF THE PSG**

**2.1** The PSG is comprised of:

- the Chairman and Vice Chairman of the Conference;
- five (5) members from each Conference Area wherever possible, including 2 members from the Financial Services Development Group (FinDev) whose Airlines are not currently members of the PSG;
- plus four additional Members at large;
- chairmen of Conference working groups may be co-opted as members of the PSG.

**2.2** Members from each of the Conference Areas shall be elected for a term of three years. Additional Members may be elected by the Passenger Agency Conference to serve for a specific term.

**2.3** The PSG Chairman shall be the Chairman of the Conference.

**2.4** Secretariat support shall be provided by the designated IATA official plus other IATA staff he/she deems appropriate for the topics under discussion.

**2.5** Attendance at meetings shall be restricted to the designated representatives.

**2.6** Observers may be permitted to attend by invitation of the Chairman.

**2.7** The PSG shall meet at least once a year, or in any event with sufficient frequency to ensure that it can fulfil its responsibilities.

**2.8** Emergency meetings may be called by the Chairman as may be required to address extraordinary circumstances which affect the good order of the Agency Programme; such meetings may be held telephonically upon reasonable notice to the designated representatives.

**2.9** Failure of a delegate to attend two successive meetings will result in the loss of their seat, except where a valid reason is provided.

**3. QUORUM AND VOTING**

**3.1** Meetings shall be arranged so that at least a simple majority of the designated representatives—being the quorum—are able to be present.

**3.2** To the extent that formal voting is necessary, Steering Group decisions shall be taken by simple majority vote of members present.

## 4. AGENDAS AND MINUTES

4.1 The call of meeting for a regularly scheduled meeting and the meeting agenda shall be circulated to Members of the Steering Group at least 14 days in advance of the meeting. The call of meeting for an emergency meeting and the meeting agenda shall be circulated to Members of the Steering Group at least 24 hours in advance of the emergency meeting. The designated IATA official for Passenger shall act as secretary to the meeting and shall publish minutes promptly following approval by the Chairman.

## 5. AGENCY ADMINISTRATOR

5.1 The Agency Administrator is the IATA official designated by the Director General of IATA as the holder of that office, or his authorized representative, responsible for the management of the Agency Programme in accordance with the Rules and Resolutions as established by the Conference.

5.2 The Agency Administrator has the autonomy to act in extraordinary circumstances to protect the interests of the Agency Programme. Any action taken in extraordinary circumstances shall be reported immediately to the PSG Chairman and shall be reviewed by the PSG at the next meeting or at an emergency meeting if deemed appropriate by the PSG Chairman.

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## RESOLUTION 878

### GENERAL CONCURRENCE

PAC1(47)878(except USA)                      Expiry: Indefinite  
PAC2(47)878                                      Type: B  
PAC3(47)878

Recognising that Agents may be appointed by Members through a statement of General Concurrence and

Recognising that the provisions of such method of appointment need to be published, it is

RESOLVED that the following provisions shall apply:

### 1. STATEMENT OF GENERAL CONCURRENCE

1.1 A Member has the option to appoint Agents by signing a statement of General Concurrence, as shown in Attachment 'A'.

1.2 A statement of General Concurrence by a Member shall normally be required for each IATA Area.

1.3 A Member is not obliged to include all of the countries in each such Area, but will identify such exceptions when they apply.

1.4 A Member, by the signing of a statement of General Concurrence, is not obliged to provide an Agent, either directly or via ISS Management, with any type of Traffic Documents, or the authority to issue Traffic Documents on its behalf.

1.5 A statement of General Concurrence, deposited with IATA, provides the authority to promote and sell that Member's flights and services. The decision on whether or not to place Traffic Documents with the Agent rest with the Member and is subject to the rules and procedures in the applicable Passenger Sales Agency Rules.

### 2. PROCEDURES

2.1 A statement of General Concurrence, as shown in Attachment 'A', shall be completed and signed in duplicate by the Member, and deposited with IATA.

2.2 The Member shall retain a copy for its own records.

2.3 A list of Members appointing Agents by General Concurrence shall be published in the relevant Travel Agent's Handbooks.

### 3. REVISIONS AND WITHDRAWAL OF GENERAL CONCURRENCE

3.1 A Member wishing to amend its statement of General Concurrence shall advise the Agency Administrator in accordance with Paragraph 2 of the statement of General Concurrence.

**RESOLUTION 878**

**Attachment 'A'**



**STATEMENT OF GENERAL CONCURRENCE**

To : **The Regional Director (for the Agency Administrator), IDFS  
Geneva / Miami / Singapore \***

In accordance with the IATA Passenger Sales Agency Rules, in effect now or in the future, in the various countries of IATA Area 1 / 2 / 3\*, (\* delete as required)

\_\_\_\_\_  
*(name of Member)*

hereby deposits with the Agency Administrator its Statement of General Concurrence for the appointment of all Head or Principal offices of IATA Passenger Sales Agents and all Locations of such Agents, as follows:

*(pleases tick as appropriate)*

in all the countries of Area 1 / 2 / 3\*,

in all countries, except the following specific countries where individual Certificates of Appointment will be issued to Agents (in accordance with Resolution 820), if appointed by us.

\_\_\_\_\_  
\_\_\_\_\_  
This Statement of General Concurrence shall be effective as from \_\_\_\_\_  
*(date)* and shall remain in effect until withdrawn by notice in writing to the Agency Administrator. Nevertheless, the appointment of any particular Agent or Location appointed under this Statement of General Concurrence may be withdrawn by the carrier by notice in writing to such Agent with a copy to the Agency Administrator.

by: \_\_\_\_\_  
*(Name)* \_\_\_\_\_  
*(Name of Member)*  
\_\_\_\_\_  
*(Title)* \_\_\_\_\_  
*(Signature)*  
\_\_\_\_\_  
*(TTY Code)* \_\_\_\_\_  
*(Date)*  
\_\_\_\_\_  
*(e-mail address)*

## **RESOLUTION 880**

### **REDUCED FARES FOR ACCREDITED PASSENGER SALES AGENTS**

PAC1(52)880(except USA)  
PAC2(52)880  
PAC3(52)880

Expiry: Indefinite  
Type: B

RESOLVED that, for the purpose of facilitating the conduct of business operations relative to international air transportation for Accredited Agents situated elsewhere than in the USA, Members may, at their option and subject to the conditions contained in this Resolution, grant to Accredited Agents international air passenger transportation at a discount.

## **DEFINITIONS**

The definitions of terms and expressions used in this Resolution are contained in Resolution 866.

## **1. AGENT ELIGIBILITY**

each Approved Location of an Agent may qualify for reduced fare transportation under this Resolution provided all the following minimum eligibility requirements are met:

**1.1** at the time of application the Agent shall have had at least one Approved Location on the Agency List continuously for a period of not less than 12 months; and

**1.2** at the time of application, through to the time of proposed travel, the Agent must not be under notice of default; or

**1.3** at the time of application, through to the time of proposed travel, the Approved Location of the Agent must not be under suspension.

## **2. ELIGIBILITY OF PERSON TRAVELLING**

a reduced fare ticket may be issued under the provisions of this Resolution to the sole proprietor, partner, director and/or employee of an Agent when they meet all the following requirements; the person travelling must:

**2.1** have been in the service of the said Accredited Agent continuously and without interruption for not less than 12 months immediately prior to the date of such Application; provided that a period of not less than three months' service with the Agent shall suffice where the person travelling was in the service of another Accredited Agent not more than 60 calendar days before commencing his present employment and was eligible under this Resolution; and

**2.2** devote in a full-time capacity all or substantially all of his time directly to the promotion and sale of travel, including air transportation, on behalf of the Accredited Agent making such application, either at an Approved

Location of the Agent or at the Agent's listed Administrative Office within the same country; and

**2.3** be salaried and/or paid on a commission basis and be shown on appropriate disbursement records of the Agent; and

**2.4** in the case where he is an employee whose full-time employment is not on the premises of the Approved Location or the listed Administrative Office of the Agent:

**2.4.1** work hours not less than those normal for other eligible staff at such Agent's Approved Location, and he must be assigned to such Approved Location or listed Administrative Office and report there in person at least once a month, and have no other gainful employment. Additionally he must be carried regularly and in good faith on the payroll or other relevant disbursement records of the Agent, or

**2.4.2** have been transferred directly from an Approved Location where he met the requirements of Subparagraph 2.1 of this Paragraph, to another location of the Agent for which an application for accreditation has been made but is still pending; provided that such employee's eligibility shall cease upon the first disapproval of the application; provided further that any tickets issued to such an employee shall not increase the total number of tickets permitted by this Resolution.

## **3. SUBORDINATES OF ELIGIBLE PERSONS**

the eligibility of a person shall not in itself render eligible such person's subordinates who shall be eligible only if they meet all the applicable requirements of this Resolution.

## **4. FARE REDUCTION FOR SPOUSE**

the spouse of a person travelling under the provisions of this Resolution may also be granted reduced fare transportation provided that;

**4.1** the couple travel together from the point of origin to the point of destination in case of one way trips, or to the point of turnaround in case of round trips, or to the highest rated point in case of circle trips;

**4.2** the discount granted is not greater than 50% of the applicable fare; provided that the discount shall only be applied to fares on which the discount for Agents provided for in this Resolution also applies;

**4.3** under this Paragraph no person shall receive more than one reduced fare ticket per calendar year from any one Member;

**4.4** such ticket shall not be deducted from the Agent's annual allotment described below;

**4.5** nothing herein shall preclude a spouse who is independently eligible for reduced fare transportation under the provisions of Paragraph 2 from applying and travelling in accordance with the provisions of this Paragraph.

## **5. ANNUAL ALLOTMENT AND DISCOUNT**

**5.1** an annual allotment of two tickets, for one way, round or circle trip transportation in respect of each Approved Location of the Agent may be issued by each Member per calendar year at a discount of not more than 75% of the applicable air fare for the class of service used; provided that notwithstanding any conditions governing special fares, such tickets may not be issued using special inclusive tour basing fares. Where the charge for air transportation consists of a fare and a surcharge, e.g. weekend, business class, the discount shall be based on the fare and such surcharge, but shall not be applied to excess baggage charges or to any surcharge specifically excluded by the Member from the application of the discount. Any tickets issued to an eligible person attached to an Agent's listed Administrative Office shall not increase the total number of tickets permitted by this Resolution;

**5.2 ICELAND ONLY** notwithstanding Subparagraph 5.1 of this Paragraph, Members operating services to and from Iceland may provide Accredited Agents having one or more Approved Locations in that country with an unlimited number of tickets at a 50% discount over their lines between Iceland and UK/Scandinavia; provided this shall apply as long as there are not more than three Members serving Iceland.

## **6. APPLICATION FORM AND PROCEDURE**

**6.1** when applying for reduced fare transportation the responsible official of the Agent shall fully complete and sign the Application Form prescribed in Attachment 'A' to this Resolution and submit it in advance to all air carriers participating in the itinerary. All such carriers shall be responsible for granting approval and for the arrangements for issuance of their own Traffic Document on their own services and on the services of another air carrier, if applicable. In the latter instance the Agent, if so required by the ticketing Member, shall obtain and submit to the ticketing Member the written concurrence of all other air carriers participating in the itinerary;

**6.2** whereas only a Member or where applicable the Member's General Sales Agent having duly appointed the Agent pursuant to the Passenger Sales Agency Rules may issue or cause to be issued reduced fare tickets under the provisions of this Resolution, other Members participating in the transportation need not have so appointed the Agent. The Member receiving the Application shall not grant the reduced fare transportation if it knows or reasonably should have known that the eligibility requirements or other requirements have not been met.

## **7. ACCEPTANCE PROCEDURE**

the Member to which the Application is made need not accept it for processing. The Member may accept the Application if, in the Member's opinion, it covers travel by

a person qualified to benefit under the provision of this Resolution.

## **8. TICKET ALLOTMENT—DEDUCTIONS**

**8.1** a deduction shall be made by each Member participating in the transportation granted from the Approved Location's annual allotment with such Member. However, where a reduced fare ticket is issued, in whole or in part over a line which is operated in pool the deduction pertaining to the pool sector shall be made by the pool partner Member issuing the ticket, whether or not that Member operates the actual pool service used; furthermore, where in an interchange service the aircraft of one Member operate a through service from points on its routes to points on another Member's routes, under charter to such other Member, the deduction shall be made only by the Member operating the flight, when the person travels exclusively on the interchange service;

**8.2** irrespective of the actual Approved Location or listed Administrative Office where the passenger works, upon agreement between the Member and the Agent the deduction may be made from the annual allotment of any Approved Location of the Agent in the same country, as long as the aggregate number of tickets which the Member may grant the Agent pursuant to Subparagraph 5.1 of this Resolution is not exceeded;

**8.3** an Agent shall not be allowed to reimburse a Member for a reduced fare ticket(s) issued and used for the purpose of reinstating any of its annual allotment for other reduced fare transportation.

## **9. ISSUANCE, REPORTING AND REMITTANCE OF REDUCED FARE TICKETS**

the ticket issuing Member may either issue the reduced fare ticket directly or instruct the Agent to issue it. Commission or other remuneration shall not be claimed or retained by the Agent nor paid by a Member in respect of the reduced fare transportation provided in accordance with this Resolution. The reporting and remitting procedures applicable under the Passenger Sales Agency Rules shall apply in respect of reduced fare tickets; provided that:

**9.1** where the Member issues the ticket a billing shall be promptly sent to the Agent and shall be settled directly by the Agent with the Member within 15 days of billing; or

**9.2** where the Agent is instructed to issue the ticket such ticket shall be included in the next Agency sales report under Billing and Settlement Plan reporting procedures and remittance shall be made accordingly; or

**9.3** where the Agent is instructed to issue the Member's Traffic Document the Agent shall report the issue in the next Sales report due to the Member and remit the amount due in accordance with the remitting provisions set forth in the applicable Passenger Sales Agency Rules.

**9.4** the ticket must be issued in the calendar year of application; and

**9.5** in no case shall the ticket validity be more than three months from date of issue.

## **10. BILLING WHERE ISSUANCE PRECEDES CONCURRENCE(S) OF PARTICIPATING AIR CARRIERS**

notwithstanding the provisions of Paragraph 8 of this Resolution where one or more participating air carriers' concurrences have been requested by a Member but have not been received prior to departure date, such Member may cause the ticket to be issued, subject to the following conditions:

**10.1** the ticket is issued not earlier than ten days after the Application for the reduced fare transportation has been received; the Agent gives a written guarantee he will pay, within 15 days of billing to the issuing Member, the full applicable fare for each sector for which a concurrence has been refused; the Member must render such billing within 30 days of the date of receipt of any such refusal;

**10.2** the Agent must, within 15 days of the Billing Date, settle the remittance due directly with the issuing Member to be passed to the respective air carrier concerned. If the Agent does not remit within such 15 day period, the irregularity and/or default procedures otherwise applicable to the Agent under the provisions of the Passenger Sales Agency Rules shall apply.

## **11. CHANGE IN ELIGIBILITY**

if at any time prior to the commencement of the travel there is a change affecting the eligibility of the person travelling, either as a consequence of a change in status of such person (e.g. discontinued employment) or of the status of the Agent or Approved Location (e.g. the Agent or Approved Location comes under notice of default) the Agent shall immediately so notify the Member whose ticket is used and shall immediately return the ticket to that Member. The travel approval granted by the Member shall no longer be valid; provided that the Member shall be responsible for cancelling the reduced fare transportation only if it knows or reasonably should have known of the changed eligibility.

## **12. RETROACTIVE APPLICATION**

notwithstanding the Application in advance requirement in Paragraph 6 of this Resolution it shall be permissible for a Member to accept an Agent's retroactive Application where there were exceptional and compelling reasons why the Agent was unable to make Application in advance; such retroactive acceptance may be granted if an Application is submitted not later than three months after date of purchase of the full fare ticket, in which case it must be deducted from the annual allotment of the year when the full fare ticket was issued; provided (i) that the Agent is in all other respects eligible for such reduction; and (ii) that the Member accepting such retroactive

Application shall obtain from the Agent and maintain on file for at least two years a letter explaining the exceptional and compelling reasons for such retroactive Application.

## **13. RECORDS**

each Accredited Agent shall maintain, for not less than two years from the date of Application and hold immediately accessible, adequate records to substantiate the Agent's certification that a person named in any Application qualifies for reduced fare transportation. Such records shall be open to inspection by a Member to which an Application is made and shall include the following:

**13.1** payroll ledger and cancelled cheques, money orders or other proof of payment of salary, wages and/or commissions as well as all deductions for taxes and social security (or equivalent) in the case of an employee;

**13.2** cash disbursement books and cancelled cheques, money orders or other proof of payment of salary or other remuneration for services rendered, made in the case of a sole proprietor, partner and/or director, eligible as defined herein;

**13.3** service agreements, contracts, time sheets or other documentary proof of the degree of service required from each sole proprietor, partner, director and/or employee to whom payment of remuneration is shown under Subparagraphs 14.1 and 14.2 of this Paragraph;

**13.4** copies of all Applications accepted by the Member to which the Application was made.

## **14. LIABILITY FOR ACCURACY OF APPLICATION**

the Agent shall be solely responsible for the accuracy of each and every Application. In the event that the Agency Administrator receives a complaint in writing that the Agent, in an Application for reduced fare transportation under the provisions of this Resolution, has made a material misrepresentation, and the Agency Administrator finds that a prima-facie case has been established, he shall initiate a review by the Travel Agency Commissioner. If the Commissioner determines that the Agent did make a material misrepresentation in its application, the Agent in respect of its Approved Locations in the country concerned shall be deemed to have forfeited all reduced fare transportation privileges available under the provisions of this Resolution for a period of two years commencing 30 days after the date of the Commissioner's decision. For purposes of this Paragraph a material misrepresentation is any statement in or omission from an Application which conveys or implies that the Agent, or the person on whose behalf the reduced fare transportation is requested, is eligible for the grant of such reduced fare transportation when in fact either the Agent or such person is not so eligible.

**GOVERNMENT RESERVATIONS****CANADA**

*Nothing in said Resolution or acceptance thereof shall be construed as limiting in any way the statutory power and duty of The National Transportation Agency of Canada to approve the issuance of any and all free and reduced fare transportation by air carriers subject to the Agency's jurisdiction and under such terms, conditions and forms as the Agency may direct, and that the issuing of such other free or reduced rate transportation shall not be deemed by the International Air Transport Association or any Member thereof to be contrary to any Resolution or Rule of the Association or to the provisions of any agreement to which such air carriers are party as Members of the Association. (10.6.76)*

**INDIA**

*A sole proprietor, partner or director of an IATA approved agent or any other official deputed by such an approved agent in India will be exempt from the eligibility requirements stipulated in Subparagraph 2.2 in respect of travel from/to India, provided that Department of Tourism and the Government of India has released exchange to the agency for promotion of tourism to India. (13.04.81)*

**MEXICO**

*Nothing in Resolution 203 (now 880) will limit in any way the laws or the regulatory authority of the Secretary of Communications and Transport to issue one or more passes for air transportation. (5.3.79)*

**SOUTH AFRICA**

*Its terms shall not be construed as having any bearing on the transportation of an IATA Sales Agent (including its directors, officers and employees or the spouse or dependents of any thereof) exclusively on or over the domestic air services operated within the Republic of South Africa or the Territory of South West Africa, or between the Republic and the said Territory.*



RESOLUTION 880

Attachment 'A'

XYZ TRAVEL AGENT (use Travel Agency letterhead)

APPLICATION FORM—REDUCED FARE TRANSPORTATION RESOLUTION 880

IATA Airline to which Application is made: .....
Address of Approved Location/Administrative Office where person travelling (passenger) is employed (or to which he reports)
.....

Office Telephone No.: .....

Family name of passenger: ..... Mr/Mrs/Miss.....

First name and initial of passenger: .....

Position/title of passenger: .....

Given name of accompanying spouse, (if applicable): .....

Details of Itinerary Requested (reservations to be made by the Agent):

Table with 5 columns: From, To, Airline, Flight No., Date. Includes dotted lines for data entry.

The undersigned being duly authorised to sign on behalf of the Accredited Agent has read and understood the terms and conditions of Resolution 880 and declares that this Application is made in accordance with those terms and conditions. In particular, the clauses relating to eligibility of the Agent and eligibility of the person travelling have been noted.

We undertake to pay the amount of fare due to the Airline as a consequence of this Application.

We further undertake to pay the full applicable fare for each sector for which the transporting Airline's concurrence has been refused and to remit such amount within 15 days of billing by the Airline whose ticket has been issued.

It is understood that we must inform you of any change in eligibility and we will thereupon return any tickets issued in response to this Application.

We certify that the information submitted in this Application is complete and accurate in all respects. We understand that any material misrepresentation on this Application will result in action being taken under Resolution 820e as appropriate. Such action may include forfeiture of reduced fare transportation privileges.

Name: .....

Position in agency: .....

Signature: .....

Official Stamp of the Agent .....

If held, Travel Agent ID Card Nbr. ....

IATA

Other (specify)

Date of this Application: .....



CERTIFICATION TO AIRLINE FOR SPOUSE TRAVEL

I hereby certify that the person above and accompanying me on the travel applied for is my spouse. I am familiar with the restrictions governing our joint travel as outlined in Resolution 880, Subparagraph 4. I have not received from you a reduced fare spouse's ticket during this calendar year.

Mr/Mrs .....

.....

(Signature of passenger named in Application)

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\* This form is to be reproduced exactly as appears in the IATA publication with no omissions deletions or alterations. It is to be completed either by typewriter or by hand, in ink, using block letters.

## **RESOLUTION 880a**

### **IATA TRAVEL AGENT IDENTITY (ID) CARD**

PAC1(42)880a(except USA)      Expiry: Indefinite  
PAC2(42)880a                      Type: B  
PAC3(42)880a

WHEREAS Members, from time to time and subject to certain conditions, grant concessional travel to staff of their appointed Agents and

WHEREAS other travel industry principals similarly grant concessions to travel agency staff and

WHEREAS IATA Members and other travel industry principals wish to ensure that applicants seeking such concessional privileges are bona fide travel agency staff and meet the applicable conditions related to such concessions and

WHEREAS IATA has developed an IATA Travel Agent ID Card which serves to identify such travel agency staff and to enable their bona fides to be easily verified, now it is

RESOLVED that, notwithstanding any other Passenger Agency Conference Resolution governing reduced fare transportation for Passenger Sales Agents, Members may, additionally, indicate their acceptance of the IATA Travel Agent ID Card as evidence of the status of an applicant for concessional travel and/or require an applicant to hold a valid IATA Travel Agent ID Card and to support application for reduced fare tickets by written details of any IATA Travel Agent ID Card held by the applicant.

#### **1. PARTICIPATING MEMBERS**

**1.1** Members who, in one or more countries, recognise the IATA Travel Agent ID Card as evidence of the status of an applicant for concessional travel and/or require applications for reduced fare transportation over their services in accordance with Resolution 880, to be supported by details of an IATA Travel Agent ID Card shall so notify the Agency Administrator;

**1.2** the Agency Administrator shall maintain, publish and circulate, from time to time, lists of:

**1.2.1** Members, as shown at Attachment 'A' to this Resolution, who have indicated their recognition of the Card as a travel agency employee credential, together with an indication of the extent to which and the circumstances under which, for those Members, an IATA Travel Agent ID Card is a requisite to support an application for reduced fare transportation, and

**1.2.2** countries, as shown at Attachment 'B' to this Resolution, where the IATA Travel Agent ID Card is in circulation and where one or more Members have indicated their recognition of the Card as a travel agency employee credential;

**1.3** the Agency Administrator shall, on request from the Member(s) concerned, make revisions to the lists shown and information provided in Attachments 'A' and 'B'.

#### **2. ISSUANCE, RECORDS, REPORTING AND REMITTANCE OF REDUCED FARE TICKETS**

**2.1** pursuant to the provisions of Paragraph 9 of Resolution 880, it shall also be required that;

**2.1.1** where the Agent is instructed to issue the ticket, in accordance with Paragraph 9.2 or 9.3 of Resolution 880:

**2.1.1.1** it shall be issued in accordance with the Member's rules and procedures for reduced fare transportation as soon as space has been reserved for any sector covered by the ticket, and

**2.1.1.2** where the Member whose ticket is being issued so requires, the appropriate coupons of the form at Attachment 'C' to this Resolution shall be attached to the Agent, Audit and Passenger coupons of the ticket;

**2.1.2** the Agent shall be responsible for observing any restriction applicable to such sales, including their availability, and for subsequent deduction from the annual allotment provided for under Paragraph 8 of Resolution 880 and the payment requirements of Paragraph 10 of Resolution 880.

**2.2** in accordance with the requirements of Paragraph 13 of Resolution 880, and where applicable, copies of all Applications accepted by the Member to which the Application was made should also include the coupon of the form at Attachment 'C'.

#### **3. FARE REDUCTION FOR SPOUSE**

**3.1** when the spouse of a person travelling under the provisions of this Resolution and Resolution 880 is also granted reduced fare transportation:

**3.1.1** the spouse shall, when travelling separately, carry and make available upon demand by a representative of a Member providing the transportation a photocopy of the IATA Travel Agent ID Card used to support the application.

#### **4. PUBLICATION IN THE TRAVEL AGENT'S HANDBOOKS**

the information provided in Attachments 'A' and 'B' to this Resolution shall also be recorded in the Travel Agent's Handbooks.

## RESOLUTION 880a

### Attachment ‘A’

#### RECOGNITION AND ACCEPTANCE OF THE IATA TRAVEL AGENT ID CARD

The following Members have advised that they recognise the IATA Travel Agent ID Card as a travel agent employee credential and/or require it to support an application, in specific countries, for reduced fare transportation on their services. Those specified countries are shown in an appropriate note which corresponds to the figure shown alongside the Member's name. Their individual policies governing the extent to which the IATA Travel Agent ID Card is a requisite for granting reduced fare transportation on their services, are as indicated in the second note corresponding to the letter shown alongside the Member's name:

#### LIST OF MEMBERS

AF	Air France <sup>14a</sup>
AM	Aeromexico <sup>14a</sup>
AR	Aerolineas Argentinas <sup>14a</sup>
AV	Avianca <sup>14a</sup>
AZ	Alitalia <sup>14a</sup>
A3	Aegean Airlines <sup>6ce</sup>
EI	Aer Lingus <sup>1abcd</sup>
AC	Air Canada <sup>8acde</sup>
KM	Air Malta p.l.c. <sup>6,7a</sup>
NZ	Air New Zealand <sup>4,10abcde</sup>
PX	Air Niugini <sup>3,4,10 abce</sup>
FJ	Air Pacific <sup>1ace</sup>
PZ	Transportes Aereos del Mercosur <sup>14a</sup>
TA	TACA <sup>13a</sup>
UA	United <sup>12a</sup>
5L	Aerosur <sup>14a</sup>
Z8	Amazzonas <sup>14a</sup>
AA	American Airlines <sup>14a</sup>
TC	Air Tanzania <sup>1abcde</sup>
VT	Air Tahiti <sup>11be</sup>
UM	Air Zimbabwe <sup>2,6 abce</sup>
AA	American Airlines <sup>8a</sup>
OS	Austrian <sup>1abcde</sup>
UY	Cameroon Airlines <sup>2,6,7 abcde</sup>
CX	Cathay Pacific <sup>1abcde</sup>
XK	CCM Airlines <sup>2e</sup>
CO	Continental Airlines <sup>1ace</sup>
MS	Egyptair <sup>1ab</sup>
EK	Emirates <sup>1ac</sup>
ET	Ethiopian Airlines <sup>1abcde</sup>
EA	European Air Express EAE <sup>6ace</sup>
AY	Finnair <sup>3,4,6 8ade</sup>
HR	Hahn Air Lines GmbH <sup>6a</sup>
T4	Hellas Jet <sup>6ae</sup>
IB	IBERIA <sup>6ade</sup>
IB	Iberia <sup>14a</sup>
D6	Inter Air <sup>2e</sup>
IR	Iran Air <sup>1a</sup>
KQ	Kenya Airways <sup>1abcde</sup>
KL	KLM
LA	Lan Chile/Lan Peru <sup>14a</sup>
TE	Lithuanian Airlines <sup>6ae</sup>
LH	Lufthansa <sup>14a</sup>
LH	Lufthansa <sup>6c</sup>
LG	Luxair <sup>6a</sup>
ME	MEA <sup>1ace</sup>
MH	Malaysian Airlines
YM	Montenegro Airlines <sup>6ace</sup>
NW	Northwest Airlines <sup>8abcde</sup>
OA	Olympic Airways S.A. <sup>1abc</sup>
PR	PAL <sup>1abc</sup>
QF	Qantas <sup>*</sup>
RJ	Royal Jordanian <sup>1a</sup>
SQ	SIA <sup>6a</sup>
SN	SN Brussels Airlines <sup>6a</sup>
PY	Surinam Airways Ltd <sup>5,6,8,9 ce</sup>
TG	Thai Airways <sup>3,4,6,7,10 acd</sup>
TU	Tunis Air <sup>1abce</sup>
UL	Sri Lankan <sup>1</sup>

#### AREA

1. *Worldwide*
2. *Africa*
3. *Asia*
4. *Australia*
5. *Caribbean*
6. *Europe*
7. *Middle East*
8. *North America*
9. *South America*
10. *South Pacific*
11. *Domestic only*
12. *For travel from Thailand*
13. *For travel for agents in El Salvador*
14. *For travel from Bolivia*

<sup>1</sup> This denotes that the Travel Agent ID Card is recognised by the Member in a variety of regions. Please contact the Member concerned for details of the countries where the IATA Travel Agent ID Card is recognised.

## IATA TRAVEL AGENT ID CARD

- a. Recognised as a credential for proof of eligibility for reduced fare transportation
- b. Recognised as a credential for proof of eligibility for domestic reduced fare transportation
- c. Recognised as proof of eligibility when travelling
- d. Required for self ticketing for reduced fare domestic transportation
- e. Required as proof of eligibility at check-in and when travelling

## RESOLUTION 880a

### Attachment 'B'

## COUNTRIES WHERE THE IATA TRAVEL AGENT ID CARD IS IN CIRCULATION

### A

Albania  
Algeria  
Andorra  
Angola  
Antigua  
Argentina  
Armenia  
Aruba  
Australia <sup>1</sup>  
Austria <sup>1</sup>  
Azerbaijan

### B

Bahamas  
Bahrain  
Bangladesh  
Barbados  
Belarus  
Belgium <sup>1</sup>  
Belize  
Benin  
Bermuda  
Bolivia<sup>2</sup>  
Bosnia Herzegovina  
Botswana  
Brazil  
Bulgaria  
Burkina Faso  
Burundi

### C

Cambodia  
Cameroon <sup>1</sup>  
Canada <sup>1</sup>  
Cape Verde  
Cayman Islands  
Chad  
Chile  
China, PRC  
Chinese Taipei  
Colombia  
Congo

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<sup>1</sup> Indicates those countries where one or more IATA Members require applications by travel agency staff, for Reduced Fare Transportation, to be supported by an IATA Travel Agent ID Card.

<sup>2</sup> All carriers except TACA honour the card for travel from Bolivia to any destination.

Congo, Dem. Republic of  
Cook Islands  
Costa Rica  
Côte d'Ivoire <sup>1</sup>  
Croatia  
Cyprus  
Czech Republic

**D**

Denmark  
Dominica  
Dominican Republic

**E**

Ecuador <sup>1</sup>  
Egypt <sup>1</sup>  
El Salvador  
Eritrea  
Estonia  
Ethiopia <sup>1</sup>

**F**

Fiji <sup>1</sup>  
Finland <sup>1</sup>  
France  
French Guiana  
French Polynesia <sup>1</sup>

**G**

Gabon  
Gambia  
Georgia  
Germany <sup>1</sup>  
Ghana  
Gibraltar  
Greece <sup>1</sup>  
Grenada  
Guadeloupe  
Guatemala  
Guinea  
Guyana

**H**

Haiti  
Honduras  
Hong Kong (SAR) <sup>1</sup>  
Hungary

**I**

Iceland  
India  
Iran  
Indonesia

Ireland <sup>1</sup>  
Israel  
Italy

**J**

Jamaica  
Japan  
Jordan <sup>1</sup>

**K**

Kazakhstan  
Kenya <sup>1</sup>  
Kiribati  
Korea, Republic of  
Kuwait  
Kyrgyzstan

**L**

Latvia  
Lebanon <sup>1</sup>  
Lesotho  
Libya  
Liechtenstein  
Lithuania <sup>1</sup>  
Luxembourg <sup>1</sup>

**M**

Macau (SAR)  
Macedonia (FYROM)  
Madagascar  
Malawi  
Malaysia  
Mali  
Malta  
Marshall Islands  
Martinique  
Mauritania  
Mauritius  
Mexico  
Micronesia  
Moldova  
Monaco  
Mongolia  
Morocco  
Mozambique  
Myanmar

**N**

Namibia  
Nepal  
Netherlands

<sup>1</sup> Indicates those countries where one or more IATA Members require applications by travel agency staff, for Reduced Fare Transportation, to be supported by an IATA Travel Agent ID Card.

New Caledonia

New Zealand <sup>1</sup>

Nicaragua

Niger

Nigeria

NL Antilles

N. Ireland

Norway

## **O**

Oman

## **P**

Pakistan

Palestinian Territory, Occ.

Panama

Papua New Guinea <sup>1</sup>

Paraguay

Peru

Philippines <sup>1</sup>

Poland

Portugal

## **Q**

Qatar

## **R**

Reunion

Republic of Palau

Romania

Russian Federation

Rwanda

## **S**

Samoa

San Marino

Saudi Arabia

Senegal

Serbia and Montenegro <sup>1</sup>

Sierra Leone

Singapore <sup>1</sup>

Slovakia <sup>1</sup>

Slovenia

Soloman Islands

South Africa <sup>1</sup>

Spain <sup>1</sup>

Sri Lanka <sup>1</sup>

St. Kitts

St. Lucia

St. Vincent

Sudan

Suriname <sup>1</sup>

Swaziland

Sweden

Switzerland <sup>1</sup>

Syria

## **T**

Tanzania

Thailand <sup>1</sup>

Togo

Tonga <sup>1</sup>

Trinidad & Tobago

Tunisia <sup>1</sup>

Turkey

Turks & Caicos Islands

## **U**

Uganda

United Arab Emirates <sup>1</sup>

United Kingdom <sup>1</sup>

United States of America <sup>1</sup>

Ukraine

Uruguay

## **V**

Venezuela

Vietnam

Virgin Islands, British

## **W**

## **X**

## **Y**

Yemen

## **Z**

Zambia

Zimbabwe <sup>1</sup>

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<sup>1</sup> Indicates those countries where one or more IATA Members require applications by travel agency staff, for Reduced Fare Transportation, to be supported by an IATA Travel Agent ID Card.



**RESOLUTION 880a**

**Attachment 'C'**

**APPLICATION FORM**

<b>Spouse Name</b>		Valid on all routes Valid on Y/J class only	<b>COUPOIN 1 DATE OF ISSUE</b>	Valid on all routes Valid on Y/J class only	<b>PLACE OF ISSUE</b>
<b>Authority Number</b> 999-907.4		<b>Authority Number</b> 999-907.4			
<b>Ticket Number Issued</b> 999-		<b>Ticket Number Issued</b> 999-		<b>Travel Agent's Signature</b> X	
[REDACTED]		[REDACTED]			
<b>Total Routing</b>		<b>Total Routing</b>			

## RESOLUTION 884

### REDUCED FARES FOR DELEGATES ATTENDING OFFICIAL JOINT INDUSTRY MEETINGS

PAC1(33)884(except USA)  
PAC2(33)884  
PAC3(33)884

Expiry: Indefinite  
Type: B

RESOLVED that,

1. for the purpose of attending a properly convened joint IATA/UFTAA meeting, or any other meeting under the auspices of IATA, the following persons may be provided by Members with international air passenger transportation to and from the point where such meeting is being held:

1.1 the Secretary General of UFTAA;

1.2 any professional official employed by a national or regional Travel Agent Association (e.g. Secretary General or his titular equivalent);

1.3 any person eligible for travel under Resolution 880 who will be representing UFTAA, or any other Travel Agent's Association as provided in Subparagraph 1.2 above, in an official capacity at such a meeting.

2. the delegate shall be listed and his function identified in the official convening notice of the joint meeting issued by the Agency Administrator in advance of the meeting and such convening notice shall serve as authority for the delegate to request a Member to provide reduced fare air transportation hereunder.

3. the names of such delegates to be included in a meeting convening notice shall be duly given in writing in advance by the Secretary General, or titular equivalent, of the participating organisation, to the Agency Administrator.

4. the international air passenger transportation may be provided at a discount up to 100% of the applicable air fare for the class of service provided. Where the charge for air transportation consists of a fare and a surcharge, e.g. weekend, business class, the discount shall be based on the fare and such surcharge, but the discount shall not be applied to excess baggage charges or to any surcharge specifically excluded by the Member from the application of the discount.

5. the outward portion of travel must be commenced not earlier than five days before the date of commencement of the meeting as stated in the said convening notice and travel is to be completed within five days from the close of the meeting; provided that no break of journey shall be allowed except at connecting points and such travel shall be on a direct routing.

6. in all other respects such transportation shall be subject to the conditions of Resolution 880 except that in respect of such persons as described in Subparagraph 1.3 of this Resolution no charge will be made against the Agent's annual allotment.

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**RESOLUTION 886****MEMBERS' GROUP VOCATIONAL TRAINING TRIPS FOR ACCREDITED PASSENGER SALES AGENTS**

PAC1(38)886(except USA)  
PAC2(38)886  
PAC3(38)886

Expiry: Indefinite  
Type: B

RESOLVED that,

1. free or reduced fare transportation for groups of not less than six persons travelling on a trip organised by one Member or jointly by two or more Members may be granted by the Member(s), provided each such person issued with a ticket under the provisions of this Resolution is a sole proprietor, a partner, director or employee of an Accredited Agent (but not necessarily of the same Agent), and subject to the following conditions:

**2. DEFINITIONS**

The definitions of terms and expressions used in this Resolution are contained in Resolution 866.

**3. TRIP SOLELY ON MEMBER'S INITIATIVE**

3.1 the trip is organised solely upon the initiative of the Member(s) and not at the request or for the convenience of an Agent and is either:

3.1.1 to permit attendance at an organised course of instruction at destination; or

3.1.2 to permit participation in an organised destination familiarisation tour; or

3.1.3 to familiarise the group with a particular aircraft/route operation; in such instances only one person per Location is permitted on such trip;

3.2 provided that no Member shall furnish transportation under the auspices of this Resolution for any reason other than those described in Subparagraphs 3.1.1, 3.1.2 or 3.1.3 of this Paragraph.

**4. ASSEMBLY POINT RULES****4.1 Courses of Instruction**

persons in the group may depart individually from their point(s) of origin but not earlier than 48 hours prior to the start of the course of instruction and may travel to the assembly point where the instruction is to be given. Travel may however begin earlier than 48 hours beforehand in those instances where the organising Member does not operate a later flight which would ensure arrival prior to the start of the course of instruction;

**4.2 Destination Familiarisation Tours**

persons in the group may depart individually from their point(s) of origin but not earlier than 48 hours prior to the start of the destination familiarisation tour, to the assembly point where such tour is to commence, and shall travel together on subsequent sector(s) until such organised destination familiarisation tour programme has been completed. Thereafter participants may return individually to their point(s) of origin;

**4.3 Aircraft/Route Familiarisation Trips**

persons in the group may depart individually from their point(s) of origin, but not earlier than 24 hours, to the assembly point where the aircraft/route familiarisation trip is to commence. All persons in the group shall however travel together on all subsequent outbound sectors and on the inbound journey to the original assembly point.

**5. ELIGIBILITY**

notwithstanding Paragraph 1 of this Resolution, persons who are employed by Accredited Agents which are not under notice of default at the time of departure may be included in a group set up under this Resolution;

**5.1 Courses of Instruction**

in respect of travel directly associated with a course of instruction no limitation on the area of origin shall apply;

**5.2 Destination Familiarisation Tours**

only persons who are working for Accredited Agents located in the Area where travel is to commence may be included in the group;

**5.3 Aircraft/Route Familiarisation Trips**

only persons who are working for Accredited Agents located in the Area where travel is to commence may be included in the group.

**6. CHANGES IN ELIGIBILITY**

6.1 if at any time prior to commencement of travel there is a change affecting the eligibility of the Agent or Approved Location or person travelling (e.g. the Agent or Approved Location comes under notice of default or the person travelling leaves the employ of the Agent) the Agent shall immediately so notify the organising Member to which it shall also immediately return the ticket. The Member shall be responsible for cancelling the free or reduced fare transportation only if it knows or reasonably should have known of the changed eligibility;

6.2 notwithstanding Paragraph 1 of this Resolution, in the event that pursuant to Subparagraph 6.1 of this Paragraph a group organised in accordance with this Resolution is reduced to less than six persons, the remaining

members of the group shall nevertheless be permitted to travel under the terms of this Resolution.

## **7. DEDUCTION FROM ANNUAL ALLOTMENT**

tickets issued hereunder shall be deducted from the annual allotment of the Agent under the provisions of Resolution 880; provided that two tickets per Member per calendar year for each Approved Location are exempted from this requirement; provided further that prior to the Agent becoming eligible for reduced fare transportation under Resolution 880, not more than two tickets per Member for each Approved Location may be issued under this Resolution.

## **8. APPOINTMENT BY ISSUING MEMBER**

notwithstanding the fact that not all Members participating in the carriage may have appointed the Agent(s) concerned, free or reduced fare transportation may nevertheless be granted under the terms of this Resolution provided that the Member issuing or arranging for the issue of the ticket has duly appointed the Agent in accordance with the Passenger Sales Agency Rules.

## **9. PASSENGER EXPENSES**

**9.1** for travel involving an organised course of instruction at destination or participation in a destination familiarisation tour, Members are permitted to arrange and to pay for, if necessary, the hotel expenses, meals, surface transportation, local taxes, sightseeing and airport service charges, limited to points along the route over which the passenger travels on the flight, for a maximum of ten days except that for journeys wholly within geographical Europe such absorption of expenses is permitted for a maximum of eight days;

**9.2** where early arrival for a full-time course of instruction is necessitated by the circumstances described in Subparagraph 4.1 of this Resolution, the organising Member may additionally pay for expenses incurred between time of arrival and time of commencement of the course up to a maximum of 48 hours only.

## **10. EXPENSES EN ROUTE**

in addition to the expenses provided for in Paragraph 9. of this Resolution, Members may, for all categories of trips organised under this Resolution, pay any en-route expenses permissible under Members' tariffs.

## **11. TRANSPORTATION TO/FROM ASSEMBLY POINT**

the organising Member is permitted to pay the cost of ground and/or air transportation to and from the assembly point on other carriers' services, when such tour is an

organised course of instruction or a destination familiarisation tour whether or not such travel is at the discount provided for in Resolution 880.

## **12. ESCORTS**

a Member may provide one or more of its employees to act as escort, guide or instructor for groups travelling under the provisions hereof.

## **13. TICKET VALIDITY, DISCOUNT AND CONCURRENCES**

the ticket validity shall be from seven days before until seven days after any trip listed in Paragraph 4: except that for any persons returning individually as provided for in Subparagraph 4.2 and travelling with other than the organising Member, the discount, concurrence procedure and ticket validity shall be in accordance with the provisions of Subparagraph 5.1 and Paragraph 8 of Resolution 880.

### **GOVERNMENT RESERVATIONS**

#### **CANADA**

*Nothing in Resolution 203b (now 886) or approval thereof shall be construed as limiting in any way the statutory power and duty of The National Transportation Agency of Canada to approve the issuance of any and all free and reduced fare transportation by air carriers subject to the Agency's jurisdiction and under such terms, conditions and forms as the Agency may direct, and that the issuing of such other free or reduced rate transportation shall not be deemed by the International Air Transport Association or any Member thereof to be contrary to any Resolution or Rule of the Association or to the provisions of any agreement to which such air carriers are party as Members of the Association. (10.6.76)*

#### **MEXICO**

*Nothing in Resolution 203b (now 886) will limit in any way the laws or the regulatory authority of the Secretary of Communications and Transport to issue one or more passes for air transportation. (5.3.79)*

#### **UNITED STATES**

*Order 71-12-39 dated 16 December 1971: Approval of said Resolution, insofar as it is applicable in air transportation as defined by the Federal Aviation Act of 1958, shall not be construed as:*

- (a) an exemption from the requirements of filing tariff provisions as a condition precedent under Section 403 of the Federal Aviation Act of 1958 to the issuance of passes to any person described in said Resolution;*
  - (b) a determination as to whether a violation of Section 404 of the Federal Aviation Act of 1958 would result from the issuance of passes pursuant to such Resolution whether or not tariff provisions applicable thereto have previously been filed with the Board; and*
  - (c) an exemption from the provisions of the Board's Economic Regulations relating to tariffs for free or reduced rate transportation.*
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**RESOLUTION 886a****REDUCED FARES FOR PASSENGER AGENTS (IATA/UFTAA PROFESSIONAL EXAMINATIONS)**

PAC2(02)886a(within Europe and within Africa) (amended)      Expiry: Indefinite  
Type: B

RESOLVED that, for the purpose of permitting an examination candidate registered under the IATA/UFTAA Agents' Professional Training Programme to travel between such candidate's place of employment and the designated examination centre Members may, subject to the provisions of this Resolution, grant such candidate international air transportation at a discount not in excess of 75% of the applicable air fare for the class of service to be used but such discount may not be applied to Inclusive Tour basing fares; provided that when the charge for air transportation consists of a fare and a surcharge, e.g. weekend, business class, the discount shall be based on the fare and such surcharge, but shall not be applied to excess baggage charges or to any surcharge specifically excluded by the Member from the application of the discount.

1. the said transportation shall be granted only to a candidate who at the time of travel is employed by an Accredited Agent.
2. such transportation shall be granted by the Member against cash payment and surrender of a written authorisation issued by the Agency Administrator, provided that such authorisation shall show the name of the candidate, the place and date of the examination and shall be countersigned by and bear the IATA validation stamp of the employer.
3. the outward portion of travel must be commenced not earlier than seven days (for travel within Europe, two days) before the date of the examination as stated in the said authorisation and travel is to be completed within eight days (for travel within Europe, two days) from the date of the examination; provided that no break of journey shall be allowed except at connecting points.
4. no commission or other remuneration shall be paid for reduced fare transportation provided hereunder.
5. upon receipt of written or telegraphic (or verbal, if confirmed in writing) authority from all other participating Members, the Member to which the authorisation is surrendered shall issue the ticket to the candidate for the entire journey.

**RESOLUTION 886p****REDUCED FARE TRANSPORTATION FOR PERSONS OFFICIALLY TRAVELLING TO TRAVEL AGENCY COMMISSIONER HEARINGS**

PAC1(23)886p(except USA)      Expiry: Indefinite  
PAC2(23)886p      Type: B  
PAC3(23)886p

RESOLVED that

1. for the purpose of attending a hearing called by the Travel Agency Commissioner the following persons may be provided by Members with reduced fare international air passenger transportation pursuant to this Resolution to and from the point where such hearing is being held:

1.1 the sole proprietor, partner, director or employee of an Agent which is party to a Commissioner hearing, who has been designated by the Agent as its representative at such hearing,

1.2 the sole proprietor, partner, director or employee of an applicant which is party to a Commissioner hearing, who has been designated by the applicant as its representative at such hearing.

2. the representatives shall be listed in a notice issued by the Agency Administrator in advance of the hearing and such notice shall serve as authority for the representative to request a Member to provide reduced fare air transportation pursuant to the provisions of this Resolution.

3. the names of such representatives to be included in the notice shall be duly given in writing in advance by the Agent or applicant to the Agency Administrator.

4. the international air passenger transportation may be provided at a discount not in excess of 75% of the applicable air fare for the class of service provided; notwithstanding any conditions governing special fares, tickets issued for such transportation may not be issued using special inclusive tour basing fares. Where the charge for air transportation consists of a fare and a 'weekend' surcharge, 'stopover' surcharge or 'peak' surcharge, the discount shall be based on the fare and such surcharge; however, the discount shall not be applied to any other surcharge or charge such as a sleeper surcharge or excess baggage charge.

5. the dates of outbound and return travel shall be at the discretion of the representative concerned; provided that the total duration of the journey shall not exceed that of the hearing, plus seven days; provided further that no break of journey shall be allowed except at connecting points and such travel shall be on a direct routing.

6. in all other respects such transportation shall be subject to the conditions of Resolution 880 except that in respect of the persons described in Subparagraph 1.1 no charge shall be made against the Agent's annual allotment.

## RESOLUTION 890

### CARD SALES RULES

PAC1(50)890(except USA)      Expiry: Indefinite  
PAC2(50)890                      Type: B  
PAC3(50)890

RECOGNISING that Members/Airlines wish to grant authority to Agents to transact Card sales against the merchant agreements of Members and Airlines and

RECOGNISING that Members/Airlines and Agents seek to establish a defined series of procedures in order to eliminate or substantially reduce their exposure to fraud,

IT IS RESOLVED that the following conditions shall apply, and the following procedures shall be adhered to, in the sale of passenger air transportation for which payment is made by a Card that is accepted by the Agent on behalf of a Member/Airline in the country concerned.

### Credit/Charge Card Sales Rules

The purpose of this Resolution is to provide the authority for Agents to make use of merchant agreements of IATA Member airlines ("Members"), and of non-IATA Airlines who participate in the BSP ("Airlines"), hereinafter collectively referred to, as applicable, as "Member(s)/Airline(s)" when accepting payment for passenger air transportation.

#### 1. CARD ACCEPTANCE

**1.1** The Agent may accept Cards as payment for ticket sales on behalf of the Member/Airline whose ticket is being issued, subject to the Rules and Procedures outlined in this Resolution and in Chapters 9 and/or 14 of the Billing and Settlement Plan Manual for Agents (hereinafter collectively referred to as "Rules and Procedures").

**1.2** The Agent shall ensure that the type of Card being processed during the sale is accepted for payment by the Member/Airline whose Traffic Document is being issued. If necessary, the Agent may wish to seek clarification by contacting the Member/Airline concerned directly.

**1.3** In the event of an Agent accepting a Card which is not accepted by the Member/Airline whose Traffic Document is being issued, the Member/Airline shall charge the non-payment from the Card Company to the Agent by means of an Agency Debit Memo, or, in non-BSP countries, a subsequent adjustment will be made by the Member whose Traffic Document was issued.

**1.4** No Card issued in the name of the Agent, or in the name of a person permitted to act on behalf of the Agent, or in the name of the Agent's officer, partner or employee, shall be used in connection with the sale of Members' or Airlines' Traffic Documents to any customer of the Agent.

#### 2. SALES MADE AGAINST CARDS

##### 2.1 Authority

The Agent is authorised to accept sales against Cards only:

**2.1.1(a)** when the Card and the Card Holder are simultaneously present at the time of the transactions (hereinafter referred to as "Face-to-Face Transactions"), or

**2.1.1(b)** for Signature-on-File Transactions, and any other form of Card sales in which a Card and Card Holder are not simultaneously present, (hereinafter referred to as "Non Face to Face Transactions"), which shall be made under the sole responsibility and liability of the Agent.

**2.1.2** For Signature-on-File Transactions, where the Card holder empowers the Agent to issue Traffic Documents against a Card, whereby the charge form bears the remark "Signature on File" in the place of the signature, a clear written arrangement between Card Holder, Card company and the Agent must exist. Disputes between the Card Holder and the Agent do not release the Card Holder from its liability towards the Card company.

**2.1.3** Signature on file-type agreements enable Agents to sign the charge form on behalf of the Card Holder. Such agreements must contain the following information:

**2.1.3(i)** definition of agreement's duration,

**2.1.3(ii)** provision for termination (by both parties),

**2.1.3(iii)** requirement for changes to be made in writing,

**2.1.3(iv)** an imprint of the card on the signed sales draft (the imprinted draft should be signed by the same person who signs the agreement),

**2.1.3(v)** the expiration date of the card,

**2.1.3(vi)** names and sample signatures of all parties authorised to make purchases under the agreement,

**2.1.4** Authorisations must be obtained for all sales regardless of the floor limit. In addition, Agents (in order to reduce their own risk) must also validate the Card Verification Value (the 3-digit code printed on the back of the card, 4 digits on the front of the card for American Express) for all Non-Face-to-Face Transactions conducted with first time or unknown customers. The Agent shall verify, upon receipt of the authorisation code, the result of the Card Verification Value check. In case of a MISMATCH notice, the Travel Agent must consider the transaction as 'rejected' and request another form of payment.

**2.1.5** No authority for sales for which payment is made by a Card over the internet is included in this Resolution. Agents must therefore contact Members/Airlines for specific instructions.

**2.1.6** The Agent shall ensure their full compliance with the Payment Card Industry (PCI) Data Security Standards, as provided by the Card companies and made available to agents through IATA, and that all sensitive card data obtained during the process of completing a card sales transaction is handled, stored, and transmitted with due regard to the security of the data.

**2.1.7** Charges against a Member's/Airline's merchant agreement are not authorised in respect of an Agent's own fees or charges.

**2.1.8** A Member/Airline, in its sole discretion, has the right to deny any given Agent the authority to use its merchant agreement, provided it gives the Agent concerned reasonable advanced written notice of such denial.

## **2.2 Liability**

### **2.2.1 Face-to-Face Transactions**

The Agent shall not be held liable for payment to the airlines for a Face-to-Face Transaction, provided that the procedures set out in Paragraph 2.4, and any other Rules and Procedures set out in the BSP Manual for Agents, have been adhered to by the Agent.

### **2.2.2 Non-Face-to-Face Transactions**

The Agent may, at its sole discretion, and subject to the provisions of this Paragraph 2.2.2, and of Paragraphs 2.1.1(b), 2.1.2 and 2.1.3 above, choose to accept Non Face to Face Card transactions including, but not limited to, Signature-on-File and other Card-not-present transactions.

**2.2.2(a)** Although Card details may have previously been verified by the Agent, ticket sales of a Non-Face-to-Face Transactions shall be undertaken under the sole responsibility and liability of the Agent;

**2.2.2(b)** In the event of a disputed transaction and its subsequent rejection by the Card Company, the relevant Member/Airline shall chargeback the loss to the Agent which issued the Traffic Document by means of an Agency Debit Memo, or, in non-BSP countries, a subsequent adjustment shall be made by the Member whose ticket has been issued (as already provided in Paragraph 1.3 above).

**2.2.2(c)** Failure by the Agent to settle any chargeback resulting from a Non-Face-to-Face Transaction shall be dealt with in accordance with the reporting and remittance procedures concerning Accounting Irregularities and Default Action as described in Resolutions 818g or 832.

**2.2.2(d)** The Agent recognises that receipt of an approval code from the Card Company does not guarantee the transaction, and that any such approval code or other authorisation does not (and shall not be deemed to) guarantee that the charge will go undisputed. In the case of a rejected transaction, a chargeback shall be made by the Member/Airline.

**2.2.2(e)** The Member/Airline must make all reasonable efforts to ensure that only valid chargebacks are transacted, and must provide all reasonable documentation in support of them. Any error by a Member/Airline or BSP processes may not be charged back under the terms of this sub-Paragraph 2.2.2(d).

## **2.3 Approved Credit Card Charge Form**

When issuing a Traffic Document against a Card, the Agent shall raise an approved Credit Card Charge Form ("CCCF"), or other signed authority, in the manner specified in the BSP Manual for Agents, or, in non-BSP countries, as specified by the individual Member.

## **2.4 Procedures**

Card sales shall be subject to the Rules and Procedures set forth in the BSP Manual for Agents as well as those within this Paragraph 2.4, provided, however, that in case of any conflict or inconsistency between the language of the BSP Manual for Agents and the language of this Paragraph, then the language of this Paragraph shall prevail.

### **2.4.1 All permitted transactions**

**2.4.1(a)** For Face-to-Face Transactions the Agent shall capture the Card details (card number, cardholder name, expiry date and, where applicable, effective date) by use of a card imprinter, or electronic card reader (card swipe). Card details may, in addition, be entered into the GDS PNR by the Agent for the purpose of card authorisation, and for billing by the BSP.

**2.4.1(b)** The Agent shall obtain authorisation for each transaction from the Card company, and subsequently record it in the assigned space on the CCCF.

**2.4.1(c)** The Agent shall verify the expiry date, and where appropriate the effective date, of the Card.

**2.4.1(d)** In Face-to-Face Transactions the signature of the Card Holder on the validated CCCF shall be witnessed by the Agent, and matched against the signature on the reverse of the Card.

**2.4.1(e)** For Non Face-to-Face Transactions and especially with first time or unknown customers, the Agent shall obtain from the customer the Card Verification Value and present it in the Card authorisation request. The Agent shall verify, upon receipt of the authorisation code, the result of the Card Verification Value check. In case of a MISMATCH notice, the Travel Agent must consider the transaction as 'rejected' and request another form of payment.

## **2.5 Reporting**

The Agent shall adhere to the local reporting procedures, as contained in the BSP Manual for Agents, or, for non-BSP transactions, as detailed by the Member/Airline whose ticket has been issued.

## 2.6 Records

**2.6.1** In order to demonstrate its adherence to the procedures contained in this Resolution in reference to a rejected transaction, the Agent shall retain all supporting documentation relating to the Card transaction for a minimum period of thirteen (13) months.

**2.6.2** As the principal to the merchant agreement, the Member/Airline is the rightful owner of all such supporting documentation.

**2.6.3** In the event of material changes to the status of an Agent including, without limitation, the ceasing of operation, there is a continuing obligation on the part of the Agent to ensure that supporting documentation is retained, and can subsequently be made available to Members/Airlines as required.

**2.6.4** If the ticketing Member/Airline receives a notice of a dispute relating to a transaction submitted to the Card company, the Member/Airline will notify the Agent within 7 days and request appropriate supporting documentation and information, and the Agent shall promptly comply with any such request within 7 days.

## 3. RESPONSIBILITY FOR SETTLEMENT OF CARD TRANSACTIONS

**3.1** The Agent is not responsible for the remittance from the Card company to Members/Airlines of amounts payable under sales made by Cards approved for such sales by the Member/Airline whose Traffic Document is issued, provided the Agent adheres to all applicable Rules and Procedures for handling Card sales, including, but not limited to, the correct and punctual reporting actions specified within the relevant BSP Manual for Agents;

**3.2** Notwithstanding Paragraph 3.1 above, an Agent still has a duty to provide reasonable assistance to a Member/Airline that may have difficulty in receiving the settlement due to it.

**3.3** When a sale is made by an Agent operating in a BSP, the Agent shall submit the Universal Credit Card Charge Form described in Paragraph 2.3 of this Resolution, in accordance with the local Rules and Procedures set forth in the BSP Manual for Agents (Chapter 14), so as to ensure receipt within the deadline established for that purpose. If, as a result of any failure on the Agent's part to adhere to all applicable Rules and Procedures, the relevant Member/Airline is unable to collect the transaction amount due, the Member/Airline shall charge the loss to the Agent that issued the Traffic Document by means of an Agency Debit Memo.

**3.4** For non-BSP transactions, the Agent shall follow the instructions of the Member. Such instructions will be in accordance with the reporting and remitting rules contained in Resolutions 818g and 832.

## 4. REFUNDING

**4.1** When effecting refunds against sales made by credit card the Agent shall in addition to the obligations described under its Passenger Sales Agency Agreement observe the following rules and such other rules as are detailed in the BSP Manual for Agents

**4.2** Refund amounts of totally unused and partly used tickets shall only be refunded to the credit card number which was originally used for payment.

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### SECTION 3—LOCAL FINANCIAL CRITERIA

Resolution 818g, Section 2, provides for standards for accreditation and retention of Agents laid down by the local Agency Programme Joint Council (APJC) and endorsed by the Passenger Agency Conference. The APJCs are made up of an equal number of airlines and agents, and they determine the criteria on financial standing.

The Local Financial Criteria by country are detailed in the following pages.

Please note, Local Financial Criteria set out in this Section and the Resolutions contained in Section 2 of this Handbook are part of the contract between Travel Agents and IATA Members.



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**AUSTRALIA***(Effective 1 January 2016 – PAC/38)***Financial Evaluation**

The Agent or new Applicant must provide audited financial statements prepared in accordance with Australian Accounting Standards. Such statements will be evaluated in accordance with these local financial criteria.

IATA will take into account when applying the financial criteria any changes to the Australian Accounting Standards.

In the event of incomplete documents being submitted by the Agent or Applicant or late submission thereof, a fee of AUD 300.00 + GST will accrue which the Agent will be required to pay before IATA proceeds with the financial assessment.

**1. DOCUMENTS REQUIRED FOR NEW APPLICATIONS AND FINANCIAL REVIEWS**

In order to ensure that a true and correct financial assessment is conducted the following documentation is required for the financial assessment submission.

1.1 Audited Financial Statements in accordance with applicable Australian Financial Reporting Standards which must include:

- 1.1.1 Detailed Profit & Loss Statement
- 1.1.2 Balance Sheet
- 1.1.3 Notes to the Accounts if applicable

1.2 Declaration of Client Travel or Trust Account properly maintained according to the IATA criteria specified in 4.2, signed by the Director(s) and certified by the auditor.

1.3 Signed Auditor Independent Report (must include auditor's Registration Number).

1.4 Total Business Turnover (Gross Sales) must be clearly labeled and identified in the Audited Financial Statements.

1.5 For Trusts with Incorporated Trustees: Audited Financial Statements for both Trust and Trustee together with the signed Directors' Report for the Trustee.

1.6 Company Composition (copy of ASIC Company Statement being evidence showing: company details including shareholders names, contact details and percentage share) if applicable.

1.7 List Company Directors and contact details (if different from the ASIC Company Statement) if applicable.

1.8 Advise if any change in ownership or shareholding occurred since your last Annual Financial Review submission.

**2. NOTES TO FINANCIAL EVALUATION****2.1 Definition of Share Capital and Reserves**

For the purpose of this Section the following definitions will apply:

**Issued Capital**

Minimum of \$25,000 paid-up Issued Capital excluding the capital profits reserves.

### Realised Capital Profits Reserve

Asset Revaluation Reserve will be considered if supported by a written valuation from an independent licensed valuer.

### Share Premium Reserve

Accumulated Profits

Less:

1. Accumulated losses,
2. Intangibles including Goodwill, Future Tax Benefits, etc.
3. Loans to and Investments in Related Parties.

## 2.2 New Applicants/Change of Ownership

If the parent company, Agent or new Applicant has traded for less than 2 years in the travel industry, financial security must be provided for the amount of 'Sales at Risk' up to the maximum Financial Security required. (Refer to Section 5 Financial Security). If the Agent or parent company undergoes a significant change in ownership, defined as 50% or more, Financial Security must be provided for the amount of 'Sales at Risk', unless:

- a. the entity is publically listed on the Australia Securities Exchange Limited (ASX), and following the change in ownership, remains a public company on the ASX or a wholly owned subsidiary of a public listed company on the ASX.  
or
- b. the acquiring entity is an existing accredited entity, regardless of whether it is a publicly listed or privately held entity and the new combined entity passes all Local Financial Criteria Tests (Refer to Section 4, tests 1,2,3 and 4).

A Change in ownership of an accredited entity is defined as the transfer of shares or sale of the business, of 50% and above, to new owner/s and/or shareholder/s.

## 3. DETERMINATION OF SHARE CAPITAL AND RESERVES FOR THE PURPOSE OF TEST 1

The Share Capital and Reserves shall be determined as follows according to the type of the Applicant's entity:

### a) Company having Issued Capital

Travel Agent or new Applicants or publically listed companies listed on the Australian Securities Exchange Limited (ASX) operating with issued share capital and reserves as defined by sub-paragraph 2.1 above.

### b) Sole Trader/Partnership

Travel Agent or new Applicant operating as Sole Trader or Partnership, the Share Capital and Reserves will be zero.

### 3.1 Trust

#### Corporate Trustee

Travel Agent or new Applicant operating as Corporate Trustee, the Share Capital and Reserves will be either the settled sum of the Trust or Issued Capital adjusted by those items detailed in sub-paragraph 2.1 above.

#### Unincorporated Trustee

Travel Agent or new Applicant operating as Unincorporated Trustee, the Share Capital and Reserves will be the settled sum of the Trust adjusted by those items detailed in sub-paragraph 2.1 above.

### 3.2 Company limited by Guarantee

Travel Agent or new Applicant operating as a company limited by Guarantee with Issued Share Capital and Reserves as defined by sub-paragraph 2.1 (also known as Accumulated Funds and Reserves).

Total guarantees available in the event of a winding up, i.e. the liability of each member multiplied by the number of members at balance date.

### 3.3 Incorporated Association, Cooperative, etc.

Travel Agent or new Applicant operating as a company limited by Guarantee with Issued Share Capital and Reserves as defined by sub-paragraph 2.1 (also known as Accumulated Funds and Reserves).

### 3.4 Health Fund, Building Society, Credit Union

Travel Agent or new Applicant operating as a company limited by Guarantee with Issued Share Capital and Reserves as defined by sub-paragraph 2.1 (also known as Members' Funds and Reserves).

### 3.5 Definition of a Related Party

A Related Party is an individual or company defined as an associate in terms of Section 318 of the Income Tax Assessment Act and AASB 124, and includes shareholders, directors, trustees, partners, proprietors or their immediate family.

Loans from a Related Party: If the Agent provides satisfactory documentary evidence confirmed by the auditor that the loan is in the form of a long-term commitment to the agency, such loan may be deducted from the liabilities of the Agent. If such evidence is not available loans from a Related Party will be considered a liability of the agency.

Loans to and investments in a Related Party will not be considered as assets of the agency for the purposes of the financial evaluation.

However if the Agent is able to provide satisfactory documentary evidence that:

- the Loan or Investment is readily able to be converted to cash and,
- will be repaid should the working capital position of the Agent decline,

such assets may be considered.

### 3.6 Encumbrances

Should any Balance Sheet assets of an applicant be used as security for loans which do not appear on the Balance Sheet, (e.g. third party loan to directors) those loans will be deducted from assets, up to the maximum amount of the liability secured by the applicant's assets. Details of such encumbrances will require disclosure in the "Annual Financial Review".

All charges over an applicant's assets, both fixed and floating, require immediate disclosure to IATA at the time of their creation. Failure to notify the creation of a charge will be regarded as a serious departure from these financial requirements. Creation of and retirement of all charges during the year should also be notified to IATA.

### 3.7 Group

A company that is a subsidiary of another company or more than one company, will be required to submit a copy of the most recent annual Group Consolidated accounts in addition to the accounts of the entity holding the IATA/applying for IATA accreditation. Such Group Consolidated accounts will be considered in the determination of the financial standing of an applicant or agent.

If the entity holding the IATA accreditation/applying for IATA accreditation passes all tests [Refer to section 4 – Financial Standards Requirements – Tests 1,2,3 and 4] independently, and the Group, upon assessment of its consolidated accounts, passes all criteria listed in point a) below, no Financial Security will be required for the Sales at Risk of the accredited entity. If the Group consolidated accounts do not pass all of the criteria listed in point a) below, a Financial Security will be required up to the maximum Financial Security required (refer to Section 5 - Financial Security).

a) For Group Consolidated accounts the following criteria must be met;

I. Positive Net Equity

II. EBITDA (Earnings before Interest, Taxation, Depreciation, Amortization and extraordinary items) must be positive, or Cash Ratio is equal to or exceeds 30%

III. Adjusted Current Assets must exceed Current Liabilities

IV. The Group Consolidated Accounts must not have a qualified audit opinion or local regulatory equivalent

b) Definitions of terms used in a) above:

Adjusted Current Assets are defined as current assets as in the Balance Sheet of the accounts after deducting:

1. Stocks and work in progress,
2. Deposits given to third parties other than IATA,
3. Loans to Directors, Associate Companies (including any subsidiary, associate or company under common ownership),
4. Doubtful debtors,
5. Blocked funds, except for funds held in favor of IATA).

Cash Ratio is calculated as “cash and cash equivalents / current liabilities”.

Current Liabilities are defined as current liabilities as in the Balance Sheet of the accounts.

Net Equity (or Shareholders’/Owners’ Funds) consists of:

1. Share capital
2. Share premium
3. Retained earnings
4. Other distributable reserves
5. Shareholder’s loans if subordinated less declared dividends.

**4. FINANCIAL STANDARDS REQUIREMENTS – TESTS 1, 2, 3 AND 4**

The financial assessment is based on four Tests provided the applicant maintains the minimum level of share capital and reserves (refer Test 1).

To obtain a satisfactory financial review, an Agent or new Applicant must pass all four Tests (1, 2, 3 and 4) or a Financial Security will be required (refer to Section 5, Financial Security).

**4.1 Test 1 — Minimum Share Capital & Reserves**

All applicants must maintain a minimum level of share capital and reserves (as defined in Paragraph 1.1 hereof) dependent on the scale of operations of each enterprise as measured by the annual turnover (both travel and non-travel).

All Agents or new Applicants must maintain a minimum level of share capital and reserves by entity type as defined in Section 3 as measured by the Total Business Turnover (both travel and non-travel). Total Business Turnover must be clearly labeled and identifiable in the Audited Financial Statements.

**4.1.1 Minimum Share Capital and Reserves Table**

<b>Total Business Turnover</b>	<b>Minimum Capital &amp; Reserves Required</b>
Less than \$1 million	\$25,000
\$1 million to less than \$2 million	\$35,000
\$2 million to less than \$4 million	\$50,000
\$4 million to less than \$10 million	\$80,000
\$10 million to less than \$50 million	\$100,000
\$50 million or greater	\$150,000

**4.2 Test 2 — Client Travel Account**

For IATA purposes a Client Travel Account is a bank account that an agent must maintain separate to the general account which must include all client BSP funds and the subsequent disbursement of those funds to airline principals. The Agent or new Applicant must comply with all of the following and provide a letter from an auditor confirming compliance:

**4.2.1** All BSP monies received from clients, in advance of the issue of airline tickets, must be banked within 2 business days of receipt into an account in the name of the applicant — suitably titled “Client” or “Trust” Travel Account.

**4.2.2** Interest bearing or term deposits may be opened with any recognised Australian financial institution.

**4.2.3** Any such account as mentioned in 4.2.1 and 4.2.2 must be used exclusively for client’s funds, meaning any funds received from clients of the agent for travel.

**4.2.4** Any BSP monies in such an account must not be subject to any encumbrance, including any floating charge.

**4.2.5** All BSP deposits to the Client Travel Account must remain in the account until:

- they are paid to the principals on whose behalf they have been received; or
- they are refunded to the client who paid the same.

**4.2.6** Commission earned is not to be withdrawn from the Client Travel Account until the tickets have been issued on behalf of the airlines.

**4.2.7** Disbursements from the Client Travel Account on behalf of a customer who has not lodged funds (e.g. sale on credit) are not permitted. These should be made from the “General” or “Working” account of the applicant.

**4.2.8** Use of clients funds to finance loans or advances to Related Parties or other parties, does not comply with the conditions for maintaining a Client Travel Account.

**4.2.9** The Client Travel Account and liability for client funds held should be clearly identified on the Balance Sheet or Notes to the Accounts.

**4.2.10** Annual declaration of compliance in all material respects by the agent’s auditor must be provided.

### **4.3 Test 3 — Working Capital to Meet Overheads**

This test is the ratio of working capital in dollars to average monthly overheads. An Applicant must have sufficient working capital in dollar terms to meet overhead expenditure.

In order to pass this test the ratio of working capital to average monthly overhead must exceed 1.

### **4.4 Test 4 — Profitability**

Accounts must show a profit before tax at the end of the accounting period in order to pass this test.

## 5. FINANCIAL SECURITY

Failure of any test 1, 2, 3 or 4 will result in a Financial Security being required as per the formula and table below.

IATA will require an amount equivalent to the "Sales at Risk" (i.e. the number of "Days at Risk") which is to be counted from the beginning of the reporting period to the remittance date in respect of that reporting period/s plus a margin of five days, the result is to be divided by 360 days, and then applied to the annual cash turnover\* to calculate the estimated amount at risk and amount of financial guarantee required

$$\text{'Sales at Risk'} = \frac{\text{'Days at Risk' x BSP cash turnover last 12 month period}}{360}$$

Up to the maximum Financial Security required as per table 5.1 but not less than AUD 10,000.00.

### 5.1 Financial Security Table:

<b>Annual Gross BSP Cash Sales**</b>	<b>Maximum Financial Security Required</b>
Less than 6 million	\$400,000
6 million to less than 20 million	\$1,000,000
20 million to less than 50 million	\$2,000,000
More than 50 million	\$10,000,000

#### Note:

\*Annual net BSP Cash Sales for the purpose of calculating the "Sales at Risk" refers to Annual net of commission BSP Cash Sales inclusive of taxes.

\*\* For new Applicants, 'Annual net BSP Cash Sales' will be replaced by estimated Annual Airline sales.

**AUSTRIA***(Effective 1 October 2015 – MV/A257)***Application and Sureties**

Applying for an IATA accreditation, the applicant must provide one of the following sureties in addition to a complete application:

- a bank guarantee payable on first demand according to IATA-sample or
- a guarantee by an insurance company payable on first demand according to IATA-sample or
- an assignment of a fixed deposit or a savings account according to IATA-sample or
- a Parent Company Guarantee provided that the guarantor is active in the travel agent industry with the principal office in Austria, holding at least 51% of the subsidiary and meets the financial criteria (satisfactory financial assessment)

References to a guarantee in this text mean providing a surety/collateral as described above. Only guarantees waiving the defences of preliminary injunction, of protest and set-off will be accepted. In case the surety is not timely limited the validity of the guarantee needs to be at least 2 years with an expiry date on 31 December of the respective year. The surety will be kept by IATA.

**Calculation of surety/collateral:**

Twice monthly payment:

= turnover-estimate for the first year as an Accredited Agent, divided by 360 days, multiplied by 35 days, rounded to the nearest 1,000 EUR.

(minimum: EUR 20,000.00)

Periodical (4 times per month) payment:

= turnover-estimate for the first year as an Accredited Agent, divided by 360 days, multiplied by 29 days, rounded to the nearest 1,000 EUR.

(minimum: EUR 15,000.00).

During the first 12 months, during which the travel agent is acting as an Accredited Agent, IATA will review the amounts of the surety provided on a monthly basis according to the following calculation:

Total BSP cash-turnover (up to date) divided by the number of days accredited, multiplied by either 35 days (twice monthly payment) or 29 days (for periodical payment).

Sureties of Accredited Agent are calculated using the formula above from annual BSP cash turnover during the previous 12 consecutive months.

Having completed the surety calculation, there is a tolerance range of EUR 5.000,00. This applies for both increases and decreases of surety amounts.

**Financial Assessment**

After the first 12 months and after preparation of the first annual accounts, which reflects the financial situation of the Accredited Agent in its accredited form, the Accredited Agent has to submit its annual report.

Accredited Agents are to submit a copy of their Annual Report and the Agent contact data sheet on request of the local IATA branch to perform the financial assessment.

If the result of the financial assessment is satisfactory, the agent will be released from its obligation, provided that no irregularities or defaults have been recorded during the last 12 consecutive months. If irregularities or defaults were registered then the Agent has to continue to provide a surety until the next financial assessment takes place.

If the result of the financial assessment is unsatisfactory an Accredited Agent can continue as Accredited Agent if a surety is submitted.

Satisfactory financial standing means specifically:

The Balance Sheet should show:

(i) equity capital  $\geq$  8%

(Equity Capital + reserves before tax provision / Total Capital minus down payment on stockpile) \* 100

(ii) guarantee of long-term assets  $\geq$  100%

(Equity Capital + Long Term Accruals<sup>1</sup>) / Fixed Assets \* 100

(iii) liquidity  $\geq$  103%

(Current Assets / Current Liabilities) \* 100

(iv) maximum of 10 years for fictitious debt repayment schedule

Liabilities / Managerial Cash Flow:

(Provisions + Liabilities – Down payment on Stocks – Cash and Bank Balances – Participation in other non-group companies) / (Net Operating Income – Taxes on Income + Depreciation – Income from disposal of assets +/- Change in Long Term Accruals<sup>1</sup>)

(v) profit turnover ratio  $\geq$  0,25% with ordinary operations  $>$  0

(Result from ordinary operations / revenues) \* 100

<sup>1</sup>Long Term Accruals: Redundancy, Jubilee, Pension and Contamination Accruals

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**AZERBAIJAN**

*(Effective 1 January 2017 – PAC/39)*

**1. GENERAL RULE – (Accounts / Documents to be provided)**

**1.1 New applicants**

New applicants must have been in operation for 12 months as an Air Travel Agent before applying to be an IATA Accredited Agent.

**Documents required**

The complete file to be sent to IATA, consisting of the following:

- certified copies of the certificate of state registration, tax payer certificate and statistical card,
- certified by independent auditor: Balance Sheet, Profit & Loss account, Credit and Debt Statement and Cash Flow Account for the last financial year,
- list of owners, managers and staff,
- photographs of the interior and the exterior of the agency,
- copies of certificates of courses and work experience of the staff,
- statement of international sales volumes. The applicant must provide proof of sales through other accredited Agents or Airlines. There is no minimum level that an applicant must reach before submitting the application.
- a sample of the Agent's letterhead.

**2. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS**

**2.1. New Applicants**

The financial assessment of a new applicant is considered "Satisfactory" given that the following requirements are satisfied:

1. Net profit (profit less all expenses and less 10% withholding tax) in the accounting period is 0 or higher
2. Short term liquidity coefficient:

<u>Current assets</u> (cash, accounts receivable, inventory, marketable securities, prepaid expenses and other liquid assets that can be readily converted to cash)	-	<u>Long term business claims</u> (all losses occurring during the year, whether reported or not, related handling costs and any adjustments to claims outstanding from previous years)
..... <span style="float: right;">≥1</span>		
Short term financial and business liabilities {financial liabilities "at FVTPL" (FVTPL - fair value through profit and loss) or other financial liabilities"}		

**2.2. Accredited Agents**

The assessment of an existing Agent is considered "Satisfactory" if the following requirements are satisfied:

- Net profit (profit less all expenses and less 10% withholding tax) in the accounting period is 0 or higher

- Short term liquidity coefficient:

<u>Current assets</u>	-	<u>Long term business claims</u>	
(cash, accounts receivable, inventory, marketable securities, prepaid expenses and other liquid assets that can be readily converted to cash)		(all losses occurring during the year, whether reported or not, related handling costs and any adjustments to claims outstanding from previous years)	
.....			≥1
Short term financial and business liabilities			
(financial liabilities "at FVTPL" (FVTPL - fair value through profit and loss) or "other financial liabilities")			

- Cases of Irregularity according to provisions of Resolution 818g – not more than 1 case of late payment during last 12 months

### 3. ANNUAL FINANCIAL REVIEWS

All Agents are required to submit the following documentation for the last financial year according, prepared in accordance with the international accounting standards and certified by an independent auditor:

- Certified Balance Sheet,
- Profit & Loss account,
- Credit and Debt Statement and
- Cash Flow Account

### 4. FINANCIAL SECURITY

The financial guarantee presented must adhere to the provisions of section 4.3 below.

#### 4.1. New Applicants

New applicants will be required to submit a financial guarantee for an amount corresponding to the average 22 days' net BSP cash sales at risk, calculated over the last 12 months, but cannot be less than 50,000 USD. The estimation of the initial level of financial guarantee is done based on a statement of International Sales.

#### 4.2. Accredited Agents

If an existing Agent receives a "Satisfactory" result in the financial evaluation, and has been accredited for two years or more as an Agent, the Agent must provide a Financial Guarantee covering 70% of the Agent's average 22 days net BSP cash sales over the previous 12 months.

If an existing Agent receives an "Unsatisfactory" result in the financial evaluation, the Agent must provide a Financial Guarantee covering 100% of the Agent's average 22 days net BSP cash sales over the previous 12 months.

#### 4.3. Financial guarantee requirements

- a) The Financial Guarantee must comply with the following conditions:
  - i. The Financial Guarantee must be issued by a recognized bank, being a financial institution authorized to issue financial guarantees for Agents in Azerbaijan and which is duly registered and licensed to operate without limitations in the Republic of Azerbaijan.
  - ii. The Financial Guarantee must be issued strictly according to IATA templates.
- b) In the event that the financial institution, that has provided the financial guarantee on behalf of the Agent, has a change in status resulting in their license to issue financial guarantees being

suspended by the Central Bank of Azerbaijan, the Agent must provide IATA a new financial guarantee from a financial institution who does have a current license to issue financial guarantees.

- c) In the event that a financial institution breaches the terms and conditions of the financial guarantee issued on behalf of an Accredited Agent, IATA may suspend its acceptance of financial guarantees from that financial institution and require the affected Accredited Agents to submit a financial guarantee from another recognized financial institution in Azerbaijan within 30 days of prior written notice from IATA.

<b>OTHER</b>
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**Significant change in the business of the Agent**

- a) An Agent must notify IATA of any significant change as soon as the Agent becomes aware of it.
- b) A significant change means any change in the business of the Agent which results in a change in its 22 days' net BSP cash sales of more than 30% or AZN 50,000 as compared to the previous 12 months. A change can be an increase or a decrease in gross BSP sales.
- c) Where there is a significant change in the business of the Agent, IATA will conduct a financial review and calculate the amount of the financial security required in accordance with these local criteria.

A financial review can also be initiated by IATA as soon as IATA becomes aware of a significant change in the Agent's 22 days' net BSP cash sales

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**BANGLADESH***(Effective 1 January 2017 – MV/A276)***1. GENERAL RULE**

1.1 Audited Accounts means accounts reviewed by an auditor recognized as competent by the regulatory authority to perform an audit that are provided to IATA.

**2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS**

2.1. All financial information used in the financial criteria will be extracted from the Agent's Audited Accounts.

2.2. The following financial tests apply to the evaluation of an Agent's Audited Accounts:

2.2.1. There must be positive Net Equity

2.2.2. Net Equity divided by long-term debt and other long-term liabilities must be greater than 0.5.

2.2.3. EBITDA (Earnings Before Interest, Taxation, Depreciation, Amortisation and extraordinary items) must be positive save in exceptional circumstances

2.2.4. The EBITDA must exceed the Interest Payable by a factor of a minimum of two

2.2.5. Adjusted Current Assets must exceed Current Liabilities.

**3. ANNUAL FINANCIAL REVIEWS**

3.1. All Agents must provide Audited Accounts no later than 12 months after each financial year end, of that Agent for the purposes of evaluation against the financial tests in section 2.

**4. INTERIM FINANCIAL REVIEWS**

4.1. For any Financial Review conducted for cause at a time other than in respect of an Agent's financial year end, IATA may conduct a Financial Review in accordance with section 3 as applicable to that Agent by reviewing the internal monthly management accounts of the Agent showing the results for each month since the last accounting date, the cumulative results to date and the latest balance sheet.

**5. FINANCIAL SECURITY**

5.1. An Agent will not be accredited or will not continue to be accredited until any Financial Security required to be provided to IATA has been received by IATA and confirmed to IATA by way of written confirmation received directly from the third party supporting the Financial Security that the Financial Security was issued by that third party and is valid.

5.2. Financial Securities will be subject to a minimum notice period of ninety (90) days and be valid for a minimum of at least one year.

5.3. All Agents must provide a Financial Security with a minimum amount of BDT Five Million to be accredited or to remain accredited or

5.4. Furnish a Financial Security for a minimum amount calculated on the basis of the average BSP cash sales over last 12 months, for the number of Days Sales at Risk, whichever is higher.

5.5. "Days Sales at Risk" means the number of days from the beginning of the Agent's reporting period to the remittance date in respect of that reporting period or periods, plus a margin of five days.

5.6. At any point in time, if the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

5.7. Amount at Risk is calculated by dividing the Day's Sales at Risk by 365 and applying that percentage to the BSP cash turnover, or cash turnover as applicable:

"Amount at Risk" = (Days Sales at Risk/365) x BSP cash turnover last 12 month period

**6. SIGNIFICANT CHANGE IN GROSS BSP SALES**

6.1. A significant change means any change in the business of the Agent which results in a change in gross BSP sales of more than 10% as compared to the previous 12 months. A change can be an increase or a decrease in gross BSP sales.

6.2. An interim Financial Review may also be initiated by IATA where IATA becomes aware of a significant change in gross BSP sales in accordance with Section 4.

## 7. DEFINITIONS OF TERMS USED IN THESE GUIDELINES

7.1. **Adjusted Current Assets** – are defined as Current Assets as in the Balance Sheet of the Accounts after deducting:

- Stocks and work in progress.
- Deposits given to third parties other than IATA,
- Loans to Directors, Associate Companies, (including any subsidiary, associate or company under common ownership)
- Doubtful debtors,
- Blocked funds, except for funds held in favour of IATA.

7.2. **Current Liabilities** - are defined as Current Liabilities as in the Balance Sheet of the Accounts

7.3. **EBITDA** – Earnings Before Interest, Taxation, Depreciation and Amortisation

7.4. **Financial Irregularity** means an irregularity applied as a result of any failure to adhere to the reporting and remittance procedures described in Resolution 818g Attachment “A” including but not limited to those irregularities described in Resolution 818g Attachment “A”.

7.5. **Financial Review** means a review of an Agent’s financial position or the calculation of the amount of Financial Security required in accordance with this Resolution 800f, or both.

7.6. **Irregularity** means any irregularity applied under the Passenger Sales Agency Rules for non-compliance with those Rules including but not limited to Financial Irregularities.

7.7. **Net Equity or Shareholders’/Owners’ Funds** – consists of:

- Share capital
- Share premium
- Retained earnings
- Other distributable reserves
- Shareholder’s loans if subordinated less declared dividends

7.8. **Long Term Debt** – All debt liabilities where repayment is due more than twelve months after the end of the financial period.

7.9. **Long Term Liabilities** – all liabilities where repayment is due more than twelve months after the end of the financial period.

7.10. **Review** means any assessment or evaluation of an Agent’s continuing compliance with the Passenger Sales Agency Rules.

**BELGIUM/LUXEMBOURG***(Effective: 1 June 2016 –PAC/38)***Finances**

Accredited Agents have to submit annually, within seven months of the most recent financial year, the following documents duly certified by an outside public accountant. Indicating a satisfactory financial standing in accordance with section 3 (all ratios compliant with the current financial criteria):

- the latest Balance Sheet (format deposited with the BNB)
- the Profit and Loss Account and the enclosures.

If the Agent is a subsidiary of a larger parent organisation, the consolidated accounts should be provided.

An Agent not meeting the legal prescriptions will have to confirm in writing, within the 3 months of the financial review, the actions taken to meet these legal requirements.

All IATA guarantees and bonds should have an unlimited validity.

Candidates/Accredited Agents submitting Accounts showing insolvency will be disapproved.

**1. Sole Traders**

If a sole trader with simplified accounting is not legally required and does not submit certified annual accounts, this sole trade shall automatically be requested to provide a Bank Guarantee, calculated as follows:

**1.1 Remittance on fortnightly basis:**

Sole traders that remit their BSP billing on a fortnightly basis are requested to provide a guarantee equal

$$\frac{\text{Yearly net cash sales} \times 35}{360}$$

**1.2 Remittance on weekly basis:**

Sole traders that remit their BSP billing on a weekly basis are requested to provide a guarantee equal to

$$\frac{\text{Yearly net cash sales} \times 22}{360}$$

**2. New Applicants**

In the first year of accreditation the guarantee provided by new Agents is revisable every quarter of the year and adapted to the actual net cash BSP sales turnover in that quarter.

The More Frequent Remittance scheme is applied to all new Agents in BSP Belgium & Luxembourg during their first year of accreditation.

During this first year, the Agent is required to remit its BSP billing on a weekly basis (as per the official calendar published on the IATA portal):

<http://www.iata.org/customer-portal/Pages/LocalResourceCenter.aspx>.

**2.1 New company less than 3 years old (accounts not available)**

During the first year, the new Agent is required to remit its BSP billing on a weekly basis (as per the official calendar published on the IATA portal)

New Agents with a company constituted within the last 3 years will be requested to provide a guarantee equal to

$$\frac{\text{Yearly net cash sales} \times 30}{360}$$

The minimum value of the guarantee is EUR 20.000.

After the first year of accreditation, the new Agent will be entitled to request either of the following:

- Maintain the weekly remittance and a guarantee equal to

$$\frac{\text{Yearly net cash sales} \times 30}{360}$$

with a minimum value of EUR 20.000

- Remit its BSP billing on a fortnightly basis with an adjusted bank guarantee equal to

$$\frac{\text{Yearly net cash sales} \times 46}{360}$$

The minimum value of the guarantee is EUR 40.000

## 2.2 Company existing more than 3 years (accounts available)

During the first year, the new Agent is required to remit its BSP billing on a weekly basis (as per the official calendar published on the IATA portal).

New Agents with a company existing more than 3 years will be requested to provide a guarantee equal to

$$\frac{\text{Yearly net cash sales} \times 22}{360}$$

The minimum value of the guarantee is EUR 20.000

New Agents with an existing company will be submitted to the same rules for financial analysis as Accredited Agents.

After the first year of accreditation, the new Agent will be entitled to request either of the following:

- Maintain the weekly remittance and a guarantee equal to

$$\frac{\text{Yearly net cash sales} \times 22}{360}$$

with a minimum value of EUR 20.000

- Remit its BSP billing on a fortnightly basis with an adjusted bank guarantee equal to

$$\frac{\text{Yearly net cash sales} \times 35}{360}$$

The minimum value of the guarantee is EUR 40.000.

## 3. Accredited Agents (more than one year as an Accredited Agent)

Following elements will be used for the financial analysis of the Agent's annual accounts:

### 3.1 The equity ratio is minimum 12%:

Equity ratio = Equity/Total Accounts

Equity = paid-up capital  
+ reserves  
+ carried over profit/loss  
- revalued premiums

3.2 The *working capital* is positive:

$$\begin{aligned} \text{Working capital} &= \text{equity} \\ &+ \text{long-term liabilities} \\ &- \text{fixed assets} \end{aligned}$$

3.3 The current ratio or liquidity is minimum 1:

$$\text{Current ratio} = \text{current assets/current liabilities}$$

3.4 The profitability is positive.

The accounts must indicate that there is a profit after tax, at least for two of the three last financial years.

If one of the above criteria is not complied with, the Agent will be required to provide a guarantee:

***For companies existing more than 3 years (accounts available for 3 consecutive accounting years)***

- In case of Agents that remit its BSP billing on a fortnightly basis the bank guarantee will be equal to

$$\frac{\text{Yearly net cash sales} \times 35}{360}$$

- In case of Agents that remit its BSP billing on a weekly basis the bank guarantee will be equal to

$$\frac{\text{Yearly net cash sales} \times 22}{360}$$

***For companies existing less than 3 years (no accounts available for 3 consecutive accounting years)***

- In case of bi-monthly (every 2 weeks) settlement scheme the bank guarantee will be equal to

$$\frac{\text{Yearly net cash sales} \times 46}{360}$$

- In case of weekly settlement scheme the bank guarantee will be equal to

$$\frac{\text{Yearly net cash sales} \times 30}{360}$$

3.5 The Agent must be insured against insolvency in conformity with Art. 36.

#### 4. Reinstatement of Agents after default

The reinstated Agent is automatically required to remit its BSP billing on a weekly basis and as per the official BSP calendar published on the IATA customer portal:

<http://www.iata.org/customer-portal/Pages/LocalResourceCenter.aspx>

The weekly remittance will remain in force for a minimum period of 12 months after the reinstatement date and a bank guarantee is mandatory at all times. The bank guarantee must have an unlimited validity and can only be released after a satisfactory financial review (all ratios compliant with the current financial criteria) conducted on the first financial balance sheet published after the twelve months period following the reinstatement date.

After that period and provided that the Agent has not been declared in default again the Agent will be entitled to request either of the following :

- Maintain the weekly remittance and a bank guarantee \*
- Remit its BSP billing on a fortnightly basis with an adjusted bank guarantee \*\*

\* if the Agent exists less than 3 years (no accounts available for 3 consecutive accounting years), the bank guarantee must be equal to

Yearly net cash sales x 30  
360

- \* if the Agent exists more than 3 years (accounts available for 3 consecutive accounting years), the bank guarantee must be equal to

Yearly net cash sales x 22  
360

- \*\* if the Agent exists less than 3 years (no accounts available for 3 consecutive accounting years), the bank guarantee must be equal to

Yearly net cash sales x 46  
360

- \*\* if the Agent exists more than 3 years (accounts available for 3 consecutive accounting years), the bank guarantee must be equal to

Yearly net cash sales x 35  
360

As a general rule, the VMFR scheme will apply to all BSP Airlines.

## **5. Licence**

Belgium: required as per Belgian regional law

Luxembourg: required as per Luxembourg law

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**BULGARIA***(Effective 1 January 2016 – PAC/38)***1. GENERAL RULE – (Accounts / Documents to be provided)****1.1 Documents required New Applicants**

New applicants are accepted being an Agent with one year of operation in the market, working with at least three airlines direct or via another IATA Accredited Location and having access to CRS.

The following documents are required:

- Balance sheet, Cash Flow and Profit & Loss account duly certified by an outside certified accountant covering the 12 months period prior to application submission.
- Statements of sales, verified by airlines or IATA agencies.
- Tax Office Certificate (Удостоверение за липса на задължения и данъци) showing that at the time of the application the agent has no outstanding payments to the State.

**1.2 Documents required Established Agents**

Financial Evaluation of the Established Agents against criteria in Section -2 is performed by IATA on annual bases. The following documents, submitted in electronic copy not later than 6 months after financial year's end, are required:

- Balance Sheet for the past financial year prepared according to the National Tax and Accounting standards and duly certified by a certified accountant.
- Tax Office Certificate (Удостоверение за липса на задължения и данъци) issued after the end of the financial year in review.

Such action can be requested only by IATA office and conclusions of such review will be treated in a strictly confidential way.

**2. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS**

The established criteria for financial evaluation of new and established Agents are:

1. Rate of Liquidity = Current Assets/Current Liabilities, must be greater than 1.2.
2. Rate of Solvency = Total Capital (Общо Собствен Капитал) / Total Liabilities (Общо адължения), must be greater than 0.5.
3. Net equity = Total assets – Total Liabilities, must be greater than 0

Based on the results of the financial evaluation new Agents get accredited or not and the level of the Financial Security needed to be provided by established Agents is determined.

**3. ANNUAL FINANCIAL REVIEWS**

Based on the results of the financial evaluation new Agents get accredited or not and the level of the Financial Security needed to be provided by established Agents is determined.

**4. FINANCIAL SECURITY****4.1. General Principles**

An Agent will not be accredited or will not continue to be accredited until a Financial Security required is provided to IATA.

A Financial Security may be arranged through a bank or through an Insurance company acceptable to IATA – a list will be provided upon request.

Minimum amount of the Financial Security is 30,000 BGN.

#### 4.2. Amount at Risk

For each Agent IATA individually determines the “Amount at Risk” using the following principles:

##### 4.2.1. For New Agents within their 6 months of operation:

$$\text{Amount at Risk} = \frac{\text{“Days’ Sales At Risk”} \times \text{Estimation of annual sales as per the Statement of Sales}}{360}$$

##### 4.2.2. For New Agents between their 6 and 12 months of operation:

$$\text{“Amount at Risk”} = \frac{\text{“Days’ Sales At Risk”} \times \text{BSP cash turnover in the latest 6 months period}}{180}$$

##### 4.2.3. For all Agents after their 12 months of operation:

$$\text{“Amount at Risk”} = \frac{\text{“Days’ Sales At Risk”} \times \text{BSP cash turnover in the latest 12 months period}}{360}$$

Days’ Sales at Risk, applicable to the formulas above, are 22.

#### 4.3. Level of Financial Security

##### 4.3.1. New Agents - accredited for 2 years or less

Notwithstanding the financial evaluation outcome, all New Agents during their first 2 years of operation as accredited Agent will be required to provide a Financial Security covering **100% of the Amount at Risk**, but not less than the defined minimum for the market.

##### 4.3.2. Existing Agents – accredited for more than 2 years

Existing Agents **not meeting** the financial criteria stipulated in point 2 are required to provide Financial Security covering **100% of their Amount at Risk**, but not less than the defined minimum for the market.

Existing Agents **meeting** all of the financial criteria stipulated in point 2 are required to provide Financial Security covering **80% of their Amount at Risk**, but not less than the defined minimum for the market, provided that they also meet the following criteria: a) have no outstanding payments to the State for the past financial year or earlier periods and b) had not been in default in the previous 12 months. In case that the additional criteria stipulated above is not met the Agent shall provide a Financial Security covering 100% of their amount at risk.

##### 4.3.4. Increase/Decrease of the Financial Security

IATA has to recalculate the Amount at Risk on a monthly basis. In case the new level of the Amount at Risk differs by 20% than the existing Financial Security, to advise the Agent in writing for immediate increase or decrease of the Financial Security to be provided.

For Established Agents opening new branch locations for the first year of operation an immediate increase of 12,000 BGN for existing insurance/guarantee is required, after this period the general rule is applied.

**CAMBODIA**

*(Effective: 14 November 2011 – PAC/34)*

**1. Finances**

**1.1** the applicant must provide certified or properly audited Balance Sheet and Profit and Loss account statement not older than six months at time of submission;

**1.1(a)** applicants must have as a minimum registered capital of USD 40,000.00;

**1.1(b)** submit a financial guarantee equivalent to an average of one month's turnover

**1.2** when assessing whether the applicant meets the financial standing described in Subparagraph 1.1 of this Paragraph the following shall be taken into account:

- (i)** availability of adequate liquid funds to meet normal trading commitments;
  - (ii)** capital required to be commensurate with fixed assets;
  - (iii)** the existence of preferential claims on the assets and the existence of contingent liabilities.
-

## CANADA/BERMUDA

### Standards & Methodology for the Evaluation of financial Statements

Among the qualifications to be met for approval and retention as an IATA Passenger Sales Agent, the financial criteria are considered the most important.

The financial evaluation performed in accordance with the standards and methodology includes a computerised analysis of the financial condition of each applicant or agent by means of the **Computer Assisted Financial Evaluation System**, “CAFES”.

This system evaluates the financial position of the agent or applicant using the minimum financial standards which includes the application of five ratio tests against which points are attributed. After evaluation by CAFES the agent or applicant is provided with a financial profile indicating:

- the working capital and tangible net worth;
- the results of the five ratio tests;
- the point score obtained against each test performed;
- whether the minimum financial criteria are met;
- which financial standards have been applied to reach the result;
- the cash deficiency if the standards are not met;
- the amount of security if a letter of credit is required.

All Accredited Agents must file annually with the Agency Administrator within 90 days of the agent’s fiscal year end, financial statements prepared in accordance with generally accepted accounting principles. Agents who fail to meet the standards will be requested to rectify their financial position.

The following pages contain details of the minimum financial standards. We recommend that the information be studied carefully and discussed with your accountant prior to the preparation of financial statements.

The financial statements received from applicants and agents are evaluated in accordance with the following methodology:

#### 1. PREPARATION

Financial statements, including income statement, must be prepared in accordance with generally accepted accounting principles and reviewed by a chartered accountant, certified general accountant, certified management accountant or an accredited public accountant, who is engaged in independent public practice. Any interest by the accountant in the ownership of the agency must be divulged. If not audited, the statements must be accompanied by the accountant’s Review Engagement Report. (Reference CICA Handbook, Section 8200).

**A Notice to Reader or a Compilation Report are not acceptable.**

Audit reports or Review Engagement Reports submitted with financial statements must reflect the accountant’s name and address.

All agents must notify IATA of any change or alteration to their fiscal year end and of any legal or governmental procedure that may affect their fiscal year end. This notice must be in writing and be accompanied by a legal or government issued document which confirms the change or alteration to an Agent’s fiscal year end.

All agents must file an original copy of their financial statements with IATA.

## 2. AGE OF FINANCIAL STATEMENTS

Year-end financial statements must be received within 90 days of the agent's year end. All other financial statements submitted must reflect a financial position not older than 90 days.

### 2.1 New Applicant

A new applicant who is just commencing operations must submit statements which reflect current financial position of the agency after at least one month of operation.

**2.1.1** New applicants must provide financial statements and a bank guarantee of average three weeks net cash sales based on assumed turnover, with a minimum of \$35,000. The financial guarantee will be held for a minimum period of 2 years. The Letter of Credit will be reviewed every six months for two years and will be returned upon receipt of satisfactory year-end financial statements following the two-year period.

## 3. CHANGE OF OWNERSHIP

If the change of ownership of an accredited agency constitutes a 30% or more transfer of shares or assets, to an outside party and/or constitutes a change of status of the legal entity previously accredited with IATA, the new owner(s) will be required to provide a temporary financial security in the form of an Irrevocable Letter of Credit for a minimum period of 2 years. The minimum amount of the temporary security will be CAD \$35,000 and will be reviewed every six months for two years.

## 4. STANDARDS

### 4.1 Minimum criteria

**4.1.1** To be accredited, or to be retained on the Agency List, a new applicant or an Agent shall meet:

**4.1.1(a) Working capital requirement of \$25,000:** Working capital is the difference between Current Assets and Current Liabilities

**4.1.1(b) Tangible Net Worth requirement of \$35,000:** For each branch office already approved and for each branch office seeking approval the financial statements of the head office and all locations shall be submitted and the minimum tangible net worth shall be increased by \$5,000 per branch location. This increase in tangible net worth does not apply to Satellite Ticket Printer locations. (See definition of Tangible Net Worth).

**4.1.1(c) Ratio Tests:** An acceptable financial ratio analysis measured by the application of five ratio tests against which points are allocated. To be considered acceptable, a minimum of 50% of 15 out of a total of 30 points shall be scored. (Please refer to the Ratio Tests section for details of the tests applied).

**4.1.1(d)** The minimum working capital and tangible net worth for accredited agents will be as follows:

a) **Sales less than \$2,000,000,**

Working capital is \$15,000

Tangible net worth is \$25,000

A total of 20 points will be required

b) **Sales between \$2,000,000 and \$5,000,000**

Working Capital is \$25,000

Tangible Net Worth is \$35,000

A total of 15 points will be required.

c) **Sales over \$5,000,000**

Working Capital is \$35,000

Tangible Net Worth is \$45,000

A total of 15 points will be required.

**4.1.1(e) Short Accounting Period:** Where the financial statements reflect a short accounting period i.e. less than 12 months, the Profitability Ratio may not be appropriate. As a result, the total point score would be reduced to 26 and the acceptable minimum to 13.

**4.1.1(f) Temporary Security:** If an accredited agent is unable to meet the financial requirements provided in subparagraphs (a), (b), (c) and (d) above, then a temporary security may be acceptable to IATA. The amount of the temporary security will be a minimum of \$35,000 plus \$5,000 for each accredited branch or an agent's average three weeks BSP sales, whichever is the greater. An acceptable form of temporary security is an irrevocable letter of credit. Prior approval by IATA is required before obtaining a temporary security.

**4.1.1(g)** An agent who fails to meet the minimum standards and who injects funds to cover the deficiency must leave such funds in the agency in order to continue to meet the standards. If it is subsequently revealed that funds injected **have not remained in** the agency, or there has been a **violation of the shareholders agreement**, a temporary security (i.e. an irrevocable letter of credit) will be immediately required.

**4.1.1(h)** If an agent submits a financial statement that reveals a zero cash and/or bank indebtedness, combined with an Efficiency Ratio for the collection of receivables greater than 10 days, an irrevocable letter of credit will be requested until a satisfactory annual financial statement is submitted.

**4.1.1(i)** In the case of a sole proprietorship or a partnership, if capital drawings/ withdrawals cause the financial position to fall below the minimum standards, a temporary security (i.e. an irrevocable letter of credit) will be immediately required.

## 4.2 Additional Financial Information and Definitions

*In addition, note should be taken of the following points in the preparation of financial statements and the relevant information supplied as required:*

**4.2.1 Accounts Payable** - this amount should be broken down to reflect separately:

- amounts due to airlines through BSP;
- amounts due to suppliers;
- customer deposits (if not listed separately);
- other payables.

**4.2.2 Accounts Receivable** - this amount should be broken down to reflect separately:

- Trade receivables net of provision for bad debts;
- Commissions receivable;
- Receivables from related parties (see definition of current assets);
- Supplier deposits;

**4.2.3 Bank Loans or Bonds**

Interest rate, repayment terms and security, if any, pledged as collateral must be indicated.

**4.2.4 Capital Stock**

If shares are issued for other than cash, full details of the consideration must be given.

#### **4.2.5 Cash**

Includes cash and bank balances plus cash equivalents such as certificates of deposit, government bonds, etc. excluding Cash and Term Deposits pledged for security.

#### **4.2.6 Commingling Assets**

Assets not related to the operation of the agency (i.e. owners or partners property, land, automobile, securities, etc.) will not be considered in the evaluation and will be deducted in the computation of the Working Capital and Tangible Net Worth.

#### **4.2.7 Current Assets**

This amount excludes notes or receivables from related parties, including shareholders, employees, officers, associates as well as Cash and Term Deposits pledged for security.

#### **4.2.8 Current Liabilities**

This amount must include the current portion of long-term debt.

#### **4.2.9 Gross Sales**

In the event this figure is not specifically identified in the financial statements, please provide the gross sales figures for the period including ticket sales, package tours, hotels, car rental, insurance, miscellaneous income, etc., NET OF TAX.

#### **4.2.10 Investments**

If there are any investments in associated companies or other companies, the names of such companies must be given together with the nature of their business and the basis used in accounting for this investment, i.e. cost or equity method. Investments in related companies may be excluded in the computation of working capital and tangible net worth.

#### **4.2.11 Leasehold Improvements and Organisation Cost**

If the amount reflected on the Balance Sheet is material, the Agent/applicant may be requested to supply a reconciliation of such costs or contracts/receipts to substantiate costs.

#### **4.2.12 Loans from Shareholders**

In order to be included in the Tangible Net Worth calculation, these loans must be long term. Supply an undertaking that these loans will not be repaid if by so doing the Working Capital and/or Tangible Net Worth will be reduced below the levels acceptable to IATA and also that on winding up the company, such loans will not be paid until all Member airlines' claims are satisfied in full. Attachment to this document is the standard shareholders' agreement which must be completed and signed by the shareholders of the company.

#### **4.2.13 Net Profit After Tax**

Profit after taxes but before extraordinary items.

#### **4.2.14 Net Tangible Assets**

Total assets, less intangible assets such as goodwill, franchise fees, covenants not to compete, client lists, etc.

#### 4.2.15 Payment of Dividends or Capital Drawings

Supply an undertaking to restrict any dividend payments, other surplus distribution or withdrawal of capital which would result in the impairment of Working Capital and/or Tangible Net Worth to the point where it is below the minimum acceptable to IATA. The shareholders agreement to this document is to be used for this purpose.

#### 4.2.16 Tangible Net Worth

This is calculated by summing common and/or preferred stock, paid-in/contributed capital, subordinated shareholders' loan plus retained earnings (minus deficit), less intangible assets such as goodwill, franchise fees, mailing/client lists and covenants not to compete; receivables from related parties, including shareholders, officers and employees are excluded when calculating the tangible net worth.

#### 4.2.17 Total Debt

Includes current liabilities and all loans from third parties. It does not include noncurrent loans provided by shareholders or proprietors. Loans from associate parties are included, unless subordinated to other parties.

### 4.3 Ratio Tests

The following ratio tests are performed on all financial statements by the computer assisted financial evaluation system "CAFES" and points attributed accordingly, as indicated. The maximum number of points obtainable is 30 made up as follows:

Current Ratio	8 points
Quick Ratio	4 points
Efficiency Ratio	5 points
Debt Ratio	9 points
Return on Net Worth	
Profitability ratio	4 points

A computerised financial profile is provided to the Agent or applicant after evaluation by CAFES.

1. CURRENT RATIO:  $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

This ratio provides a measure of the short-term solvency of the entity.

Over 1.99	8 points
1.50 - 1.99	7 points
1.25 - 1.49	6 points
1.00 - 1.24	5 points
0.95 - 0.99	4 points
0.90 - 0.94	3 points
0.85 - 0.89	2 points
0.80 - 0.84	1 point
under 0.80	0 points

2. QUICK RATIO:  $\frac{\text{Cash \& Accounts Receivable}}{\text{Current Liabilities}}$

This ratio measures the ability of the entity to pay short-term debts "instantly".

Over 1.59	4 points
1.40 - 1.59	3 points

1.20 - 1.39	2 points
1.00 - 1.19	1 point
under 1.00	0 points

3. EFFICIENCY RATIO:  $\frac{\text{Accounts Receivable} \times 360}{\text{Gross Sales}}$

This ratio is a measure of the average number of days taken to collect an account receivable.

Under 10 days	5 points
10 - 11.99 days	4 points
12 - 14.99 days	3 points
15 - 17.99 days	2 points
19 - 19.99 days	1 point
Over 19.99 days	0 points

4. DEBT RATIO:  $\frac{\text{Total Debt}}{\text{Net Tangible Assets}}$

This ratio measures the amount of assets provided by creditors for each dollar of Tangible Assets.

Under 0.4	9 points
0.4 - 0.49	8 points
0.5 - 0.59	7 points
0.6 - 0.69	6 points
0.7 - 0.79	5 points
0.8 - 0.89	4 points
0.9 - 0.99	3 points
1.0 - 1.19	2 points
1.2 - 1.29	1 point
Over 1.29	0 points

5. PROFITABILITY RATIO:  $\frac{\text{Net Profit after tax} \times 100}{\text{Tangible Net Worth}}$

This ratio is a measure of how well the owner's investment has been employed by management.

Over 19.99	4 points
15 - 19.99	3 points
10 - 14.99	2 points
0 - 9.99	1 point
Under 0	0 points

Where the financial statements reflect a short accounting period, e.g. in the case of new applicants whose operations are commencing or new entities formed as a result of a change of ownership, this ratio may not be applied and as a result the total point score would be reduced to 26 (30 - 4 = 26). The acceptable minimum number of points would consequently be reduced to 13.

**SHAREHOLDERS AGREEMENT****Attachment to Standards and Methodology  
for the Evaluation of Financial Statements (Canada & Bermuda)****EXECUTED IN DUPLICATE**

THIS AGREEMENT made the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_

AMONG (Names of Shareholders) \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(hereinafter called the "Shareholders")

AND:

(Name of Company) \_\_\_\_\_

\_\_\_\_\_

a company duly incorporated under the laws of and conducting business in

(Address) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(hereinafter called the "Company")

AND:

INTERNATIONAL AIR TRANSPORT ASSOCIATION, 800 Place Victoria, P.O. Box 113, Montreal, Quebec  
on behalf of its Member Airlines.

(hereinafter called "IATA")

WHEREAS:

- A. By a Passenger Sales Agency Agreement (hereinafter called the "Agency Agreement") made between the Company and IATA, the Company agrees to sell air passenger transportation on behalf of the Members of IATA and the members agree to pay commission thereon when the Company has received approval to so represent IATA and its Member Airlines.
- B. All the issued and outstanding shares of the Company are held by:

(Names of Shareholders)	_____
	_____
	_____
	_____

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the premises and of the covenants and conditions hereinafter contained, the parties hereto agree amongst themselves as follows:

1. The Shareholders represent and warrant to IATA that they are the registered and/or beneficial owners of all the issued and outstanding shares in the Company, and that they have a good and marketable title to such shares free and clear of liens, claims, encumbrances and restrictions of any kind.
2. The Shareholders represent, warrant, covenant and agree that they will not permit or cause the Company to, and the Company agrees that it will not:
  - (a) declare or pay any dividends on the issued and outstanding shares in the Company;
  - (b) make any repayments in any form, (including wages and salaries) to any shareholder, on account of any loan from, interest in or indebtedness of the Company, whether secured or otherwise;
  - (c) purchase or redeem any share in the Company;
  - (d) distribute capital or make any payment to any shareholder based on the shares owned or held by such shareholder;
  - (e) issue, grant, or sell any additional shares, warrants, bonds or debentures of the Company.

If the effect of the foregoing transactions would jeopardize or reduce the financial position of the Company below standards for approval or retention as an Approved Passenger Sales Agent established from time to time by IATA and which are set forth in the IATA Travel Agent's Handbook.

3. If any of the goods and chattels of the Company shall be at any time seized or taken in execution or attachment or if the Company shall make an assignment for the benefit of creditors or shall become bankrupt or insolvent, or become subject to any legislative enactments relating to liquidation or winding-up, whether voluntary or compulsory, then and in any such event, the shareholders covenant and agree that they will not request or accept any payment from the Company, its liquidator, trustee, receiver or manager on account of any indebtedness to the Shareholder unless and until all amounts owing to the Member Airlines are paid in full.

In WITNESS WHEREOF the parties hereto have executed this Agreement as of the date and year above written.

<b>SIGNED, SEALED AND DELIVERED</b>	
Shareholders (Signatures):	Witness (Signatures):
_____	_____
_____	_____
Company:	
The Corporate Seal (if required)	

IATA on behalf of its Member Airlines:

By: \_\_\_\_\_ (Title) \_\_\_\_\_ (Witness)

**CENTRAL AND WEST AFRICA**

*(French speaking countries of Central and West Africa)  
(Effective December 2010 – PAC/33)*

**1. CRITERIA FOR STAFF QUALIFICATION**

The Agent must have in its employment competent and qualified staff able to sell international air transportation and correctly issue electronic travel documents and report these to the BSP.

**BSP Procedures**

Information on the procedures and responsibilities of agents in respect of the reporting and settlement rules is contained in the BSP Manual for Agents supplied to each Approved Location. Additional copies can be requested through your local BSP contact.

For all new applicants, IATA local office and Mutual Fund management must communicate in order to make sure that such application is not processed if Mutual Fund management confirms that owner of the new applicant is still owing some amounts to the Mutual Fund.

IATA offers regular BSP procedural training sessions. Any agent wishing to undertake such training is encouraged to contact the local BSP office.

Please send your completed applications for IATA accreditation to the following address:

IATA Regional Office for Middle East and North Africa (MENA),  
52 Al-Hashemiyeen Street  
Abdoun  
PO Box 940587  
Amman  
11194 Jordan

**2. FINANCE****2.1 New agency applying for IATA accreditation: conditions to be fulfilled during the two first years of activity**

If the agency is new or has been operating for less than 12 months, it must provide the following:

- A tourism license or an operating permit issued by the competent authorities in the agency's country of registration.
- A copy of the certified opening balance sheet and provisional profit and loss accounts over a period of 3 years. Solvency and liquidity ratios will be the 2 conditions to meet.
- A bank guarantee for an amount to be determined in accordance with the criteria stipulated in Paragraph 2.1.1 below.
- The minimum amount of the guarantee shall be 100 million FCFA.

**2.1.1. Amount of guarantee required for a new agency**

This must be a bank guarantee for an unlimited validity or one that is tacitly renewable. Its cancellation shall be subject to notification sent at least 90 days before the effective date.

The amount of the guarantee is calculated on the basis of the estimated turnover (volume of BSP sales) provided by the accreditation candidate in respect of the first year of activity.

Two concepts will be important for determining the amount of the guarantee:

- the number of sales days at risk
  - the risk amount
1. The number of "sales days at risk" is counted from the 1st day of sales to the date of settlement, plus 5 days

2. The "risk amount" is the result obtained above, divided by 360 days, then multiplied by the annual estimated volume of BSP cash sales constituting the "risk amount".

The amount of the guarantee shall be equal to the "risk amount".

Please note:

- When applying the above formula, the IATA office will undertake a review of the guarantee any time after the first 3 months of BSP activity, on the basis of the real BSP cash sales volume for the past months. The amount of the guarantee required shall then be raised if it appears to be insufficient to cover the "risk amount".
- Subsequently, the "risk amount" is to be calculated by using the average annual cash sales for the past 12 months. The amount of the guarantee required shall be readjusted by the BSP office if necessary.

## 2.2 Agencies that have been in BSP operation for at least two financial years

The agency has 3 options:

### Option 1:

To provide financial statements for evaluation. The agent that selects this option must provide each year and within 6 months after the end of the financial year, a balance sheet, profit and loss account and annexes, duly certified by an accredited independent accountant. The IATA office will proceed with the financial evaluation of the agency on the basis of the criteria indicated in Paragraph 2.2.1 below, with the aim of determining the financial health of the agency and the amount of the guarantee to be provided.

### Option 2:

Not to provide financial statements, but to agree to produce a direct bank guarantee, the amount of which is to be calculated according to the stipulations of Paragraph 2.1.1 above. The number of years the agency has been in existence shall be used to calculate the discount (see Paragraph 2.2.2).

### Option 3:

to participate in the joint guarantee fund GAV-AOC of FISAVET (see Paragraph 2.2.3).

### Selection of Option by the Travel Agencies that just have 2 years of BSP Operation

At the request of the IATA office, the agents that just have 2 years of BSP operation must advise their choice of option. This choice will apply to them for 2 years. They will be free to change thereafter.

#### 2.2.1 Option 1: Criteria for the evaluation of the financial statements

##### General principle

- The company must have equity capital
- The equity capital must be in excess of the company's debts and other long-term liabilities
- The nett operating assets must be in excess of the "risk amount".

##### (a) Equity capital

The company must have positive equity capital.

When determining the equity capital, adjustments will have to be made to depreciate the following elements to 0:

- The balance of all incorporeal assets, including the commercial fund;
- All research and development expenditure that cannot be recovered;
- The value of unclassified investments;
- All assets encumbered by a mortgage;
- All commercial losses during the current tax period.

(b) *The equity capital must be in excess of the company's debts and other long-term liabilities.* In this context, "long-term" refers to a repayment period of more than 12 months after the end of the current financial year.

(c) *Nett operating assets*

(i) The net operating assets must be in excess of the short-term debts. The following elements of the operating assets must be excluded from the calculations:

- Stock and work in progress
- Deposits and other guarantees given by third parties other than IATA
- Loans to directors and associated companies
- Advance payments received
- Costs payable
- Doubtful debts
- Blocked funds (short term placements such as DAT not included)

The amount of the "long-term obligations" not covered by equity capital must be added to the short-term debts.

(ii) Operating assets less short-term debts (nett operating assets) must amount to more than the "risk amount" (annual average of nett cash sales, multiplied by the number of selling days at risk).

If the nett operating assets should amount to less than the "risk amount", the shortfall between these two amounts must be covered by a guarantee that is to be provided within 60 days after the agency has been notified of this.

Remark: Whatever the financial position of the agency resulting from the abovementioned financial evaluation may be, a minimum guarantee will be required in accordance with the stipulations of Paragraph 2.2.2 b).

**2.2.2 Option 2: Provision of an individual bank guarantee**

a) The agency opting for this alternative shall provide a bank guarantee for an amount to be calculated in accordance to the procedures for risk amount calculation given in Paragraph 2.1.1. The risk amount thus obtained shall be weighted with the aid of the elements contained in the table below:

Criteria	Elements for Evaluation	Discount Rate	Remarks
1. Regularity of payments made on time over the past 2 years (24 months).	0 delay	- 25%	The IATA office will follow up on payment dates and register all incidents
	1 delay	+ 25%	
	From the 2 <sup>nd</sup> delay	+ 75%	
2. Qualification / worldwide experience of the agency manager.	Businessman	0%	A positive mark will be awarded to a professional person (in the aerial transport sector) who is personally active in the administration of the travel agency.
	Professional	- 20%	
3. Number of years the agency has been in operation.	2-5 years	- 5%	Age: number of years of practice as an accredited IATA Agent.  The greater this number, the more this will attest to the professionalism of the agency.
	5-<10 years	- 10%	
	>10 to 15 years	- 15%	
	+ 15 years	- 20%	
4. Type of company	Sole proprietor	- 0%	A multinational branch may benefit from the financial support of the mother company.
	Branch of multi national company	- 20%	
	Other types	- 0%	

Remark: The discounts are cumulative. The value of the discount is deducted from the initially calculated guarantee amount.

(b) Minimum amount of guarantee required:

Whatever the figures presented by the agency, a minimum guarantee amount will be required for all CWA Agents.

Basis for calculation: monthly average volume of BSP cash sales (VV BSP) over the past 12 months.

The minimum guarantee required shall be:

- 25% of the monthly VV BSP if there have been no delays up to 1 delay over the past 24 months;
- 100% of the monthly VV BSP if there has been 2 or more delays over the past 24 months.

**See Important Remark in Paragraph 2.3: Mandatory adjustment of the amount of bank guarantee.**

### **2.2.3. Participation in a joint guarantee fund**

Travel agencies who select this 3rd option shall participate in a guarantee fund that will constitute a joint guarantee to cover their global risk towards BSP member companies.

The Mutual Funds has been endorsed by the 8th APJC session held in Ouagadougou on 06 October 2004. The guarantee fund is under the control of a committee appointed by the same APJC/08, i.e. the "Fund Monitoring Committee", with the IATA office for West and Central Africa providing the secretarial services. In co-operation with the IATA office for CWA, the Fund has put in place procedures which will be revised/updated from time to time.

#### **2.2.3.1 The fund has been established on the basis of a payment by each member agency of 0,8% of its total BSP cash sales made during the past 12 calendar months.**

In order to enable the Fund to adjust each member's due/fee in correlation with its BSP cash sales, the IATA CWA office will provide on 31 January of each year at the latest the statistics for the previous year (monthly volume of sales and total for the year for each member agency).

**2.2.3.2 The member agencies of the joint guarantee fund shall be obliged to provide their audited financial statements** (balance sheet, profit and loss account and annexes, duly certified by an independent accredited accountant) within 6 months after the end of each financial year, in order for an annual financial review to be carried out according to the criteria prescribed in Paragraph 2.2.1 above.

The IATA office shall proceed with the financial evaluation of these agencies and shall communicate the results/recommendation to the Manager of the Fund for any action he may see appropriate.

#### **2.2.3.3 Obligation of the Fund to provide a bank guarantee**

In order to ensure IATA that the Fund has sufficient amount to cover the global risk of its members, the Fund is committed to provide IATA with a bank guarantee issued by its bank, in the wording required by IATA and for an amount that must always be greater than the amount required as the minimum for the funds to be feasible and viable. This such level of minimum amount was set by the APJC/08 of October 2004 at FCFA 500 millions.

Any time that the Nett Equity of the Fund is less than the above set minimum, IATA will require the Fund to adjust its members' fee or raise exceptional resources from them in order to meet the minimum level. This gap must be filled within a maximum of 3 months from the notification received from IATA.

#### **2.2.3.4 Adjustment of the amount of the bank guarantee**

In order to ensure IATA that the bank guarantee has a sufficient level of coverage of the global risk exposure, the Fund Monitoring Committee shall review the Default amount of the funds members and assess the non-recovery rate defined as the Amount of Defaults non recovered over total Volume of BSP Cash sales of the members of the Fund.

The amount of defaults not recovered is defined as the total amount declared not paid by the agent the day of the default minus all payments received by IATA or by the mutual fund in the period of 90 days following the default date.

The bank guarantee amount will be deemed satisfactory when it is equal to or above the non-recovery rate plus a surplus of 30%.

IATA will require the fund to adjust the amount of the bank guarantee any time that its amount is less than the above set figure.

**2.3 Mandatory adjustment of Travel Agencies bank guarantee**

When over a period of 6 months an agent records a sustained increase of over 20% of its monthly sales, an automatic adjustment of its bank guarantee shall be requested by IATA by applying the same rate of such increase to its available bank guarantee.

IATA will advise the Manager of the Fund when this concerns a member of the Funds and the Manager will take action as he see appropriate.

**2.4 Conditions for reinstatement of a defaulted Agent**

In compliance with the applicable resolution a defaulted agent shall be requested to provide audited financial statements in order to undergo a financial review. A provision of an additional guarantee may be required as a result of such evaluation. However, if the defaulted agent is a member of the Mutual Fund, The management of the Fund shall take all necessary steps to reassess the agent and decide whether or not it fulfills the conditions to remain a member of the Fund.

The Manager of the Fund jointly with the Chairman of the LCAG may then request reinstatement of such agent.

**2.5 Agents currently on monthly remittance frequency**

Any agent has the right to change to the 2x monthly remittance frequency at a month's notice, starting from BSP sales period one of the month in question.

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**CHINA, People's Republic of**  
*(Effective 1 January 2017 – PAC/39)*

**1. GENERAL QUALIFICATIONS**

**1.1 Finances**

**1.1.1** an Agent must submit Audited Financial Statements prepared in accordance with Chinese accounting standards. Such statement shall include Balance Sheet and Profit & Loss Account duly certified by an outside public accountant.

**1.1.2** the Audited Financial Statement should not be older than nine months at the time of submission.

**1.1.3** if the applicant is new or has been operating for less than six months, it could provide a Capital Verification Report, instead of Audited Financial Statements.

**1.1.4** the registered capital shall not be less than CNY 1.5 million for the international agent.

**1.1.5** the following elements are used in the financial evaluation:

**1.1.5.1** Current Ratio  $\geq 130\%$ , Current Assets divided by Current Liabilities;

**1.1.5.2** Liquid Ratio  $\geq 100\%$ , (Current Assets – Inventory – Prepayment) divided by Current Liabilities;

**1.1.5.3** Cash Ratio  $\geq 30\%$ , Cash and Cash Equivalents divided by Current Liabilities;

**1.1.5.4** Debt Ratio  $\leq 65\%$ , Total Liabilities divided by Total Assets;

**1.1.5.5** Owners' Equity is not less than 65% of Paid-up Capital.

**1.1.6 Guarantee**

All agents must provide a financial security. It should be equivalent to 37% of the average monthly cash sales on behalf of BSP-CN participating airlines during the previous 12 month period, with a minimum amount of CNY 1.5 million for international agents.

**2. BSP CHINA REMITTANCE DATE**

Agent Remittance Date: is the date on which the agent remit billing amount to its BSP account in the Clearing Bank. If the Clearing Bank does not receive a complete remittance on the Remittance Date, the Agency Administrator will send the Agent Demand of Payment and a Notice of Irregularity, which counts as two instances of Irregularity. If payment is not received from the Agent before the close of business of the Clearing Bank on the first working day following the Remittance Date, the Agent is declared in default.

**3. ADMINISTRATIVE CHARGE**

**3.1** For excessive voiding of STDs exceeding 5% of the total tickets sold in the billing period, an administrative charge shall be levied to the agent on the basis of RMB 5.00 per excessive voided ticket.

**CHINESE TAIPEI***(Effective 1 January 2017- PAC/39)***1. GENERAL RULES**

Agents must:

- 1.1 have as a minimum paid up capital of TWD 6,000,000, and
- 1.2 submit a banker's report showing that all items have a good record,
- 1.3 provide independently produced accounts comprising a balance sheet and profit and loss statement prepared by a CPA or as requested by the local tax authorities, and
- 1.4 submit a financial guarantee of a minimum of TWD 500,000 or the equivalent of one hundred per cent of one month's BSP net cash sales whichever is higher;

**2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS**

When assessing whether the accredited accounts of New Agents or Existing Agents are satisfactory, the Agent must pass all of the following:

- 2.1 Owner's Equity Ratio (Total Owner's Equity/Total Assets) must be equal to or higher than 50%
- 2.2 Liability Ratio (Total Liability/Total Assets) must be lower than 50%.
- 2.3 Working Capital Ratio (Current Assets/Current Liability) must be equal to or higher than 1.00.
- 2.4 Acid Test Ratio (Quick Assets/Current Liability) must be equal to or higher than 1.00.
- 2.5 Profit Margin

**3. ANNUAL FINANCIAL REVIEWS**

All Agents must submit independently produced financial statements or financial statements requested by the local tax authorities for annual financial review. The criteria stated above will apply.

**4. INTERIM FINANCIAL REVIEWS**

While applying for change of ownership, a financial review must be conducted. Agents must provide for the review independently produced accounts comprising a balance sheet and profit and loss statement prepared by a CPA or as requested by the local tax authorities.

**5. FINANCIAL SECURITY**

Notwithstanding whether a New Agent or Existing Agent has satisfactory accounts after assessment under the criteria in section 2, all New Agents and Existing Agents must provide a financial security.

Bank Guarantee and Time Deposit Pledge are currently acceptable by BSP Chinese Taipei. The amount must be TWD 500,000.00 or the equivalent of 25 days sales at risk whichever is higher.

**6. LICENCE**

The applicant must be in possession of a valid licence from the Tourism Bureau of the Ministry of Transport.

**CROATIA***(Effective 1 January 2012 – PAC/34)***FINANCIAL EVALUATION CRITERIA****New Applicants**

New Applicants will be required to provide a bank guarantee corresponding to an estimated 23 days worth of BSP net cash sales. The minimum amount of the bank guarantee is 25.000 EUR. If the average amount of 23 days worth of BSP net cash sales increases, the amount of the bank guarantee must be increased to cover, at a minimum, the increased amount.

**Existing IATA Accredited Agents**

Financial evaluation for current Agents in Croatia will be performed yearly. All IATA Accredited Agents must submit the documents listed below. After the analysis of submitted financial documents, the Agents will be qualified as 'normal risk Agents' or 'high risk Agents'.

An existing 'normal risk' or 'high risk' Agent must comply with the following elements:

1. Net profit in the accounting period
2. No blocked periods for the current accounts in the last 12 months
3. No Notices of Irregularity for overdue/dishonored remittances in the last 12 months
4. Short term liquidity coefficient:

$$\frac{\text{Current assets-long term business claims}}{\text{Short term financial and business liabilities}} \geq 1$$

If the Agent fully complies with the criteria set under 1, 2 and 3, a short-term liquidity coefficient between 0,75 and 1 is acceptable.

**DOCUMENTATION**

**An Agent who applies for IATA accreditation should provide the following documentation:**

1. Excerpt from the registry of the Commercial Court
2. Opening balance sheet for the agents who have just started their business in the current calendar year
3. Current balance sheet – not older than 6 months, original or copy with signature and stamp of an independent third party Certified Public Accountant (stamp of the Financial Agency FINA is acceptable)
4. BON-2

An Agent must bear the cost of the provision of all financial documents.

An existing Agent who is subject to a financial assessment:

1. Current balance sheet – not older than 6 months, original or copy with signature and stamp of an independent third party Certified Public Accountant (stamp of the Financial Agency FINA is acceptable)
2. BON-2

An Agent must bear the cost of the provision of all financial documents.

**FINANCIAL SECURITY****Bank Guarantees**

Agents will be required to provide a bank guarantee based on 23 days' average turnover, based on BSP net cash sales, during the last 4 quarters (12 consecutive months) according to the rules below:

1. New applicants will be required to provide bank guarantee of 25,000 EUR.
2. Agents with average turnover between **0 EUR** and **40.000 EUR** in period of 35 days will be required to provide a bank guarantee of 25.000 EUR.
3. Agents with average turnover between **40.001 EUR** and **100.000 EUR** will be required to provide a bank guarantee that covers 50% of their 23 day turnover but with the minimum amount of 25.000 EUR.

4. Agents with average turnover between **100.001 EUR** and **200.000 EUR** will be required to provide a bank guarantee that covers 40% of their 23 day turnover but with the minimum amount of 50.000 EUR.
5. Agents with average turnover over **200.001 EUR** will be required to provide a bank guarantee that covers 30% of their 23 day turnover but with the minimum amount of 80.000 EUR.

Due to the fact that the only BSP currency is the local one (HRK) and that bank guarantee amounts are provided in EUR currency, the exchange rate applied will be HNB (Croatian National Bank) official middle rate valid on the date when the request from IATA for the new bank guarantee amount is sent to the agent.

The bank guarantee amount will be rounded to the nearest 1.000 EUR above the amount resulting from the calculation.

#### **Procedure in case of Agent's increased/decreased turnover**

New bank guarantee will be requested only in case when the amount of the existing bank guarantee must be changed (increased/decreased) for more than 10.000,00 EUR.

#### **Definition of the 'high risk agent'**

- Default in last 12 months
- Notice of Irregularity in last 12 months
- Unsatisfactory 'Financial Assessment' annual report

#### **IATA actions related to the 'high risk agent'**

Depending on the specific case the bank guarantee must be increased according to the table below:

<b>Reason:</b>	<b>Bank guarantee increase:</b>
Default in last 12 months	100% of average 23 days turnover (min. 25.000 EUR)
Notice of Irregularity in last 12 months	25%
Unsatisfactory annual Financial Assessment Report	50% of average 23 days turnover (min. 25.000 EUR)
(for the Agent with average 23 days Turnover <25.000 EUR)	

Bank guarantee amount must not exceed 100% of average 23 days turnover. If more than one case applies only one, the highest, increase will be applied.

#### **Post default procedure**

In case of Agent's default, bank guarantee will be based on 100% of average 23 days' turnover (minimum 25.000 EUR).

If an Agent shows full compliance to the Remittance/Settlement rules for a period of one year after reinstatement as an Agent, such an Agent is entitled to request a new calculation of the bank guarantee amount in order to decrease it according to the rules described in the section 'Bank guarantees'.

**CYPRUS***(Effective 1 July 2015 – Mail Vote A260)***1. GENERAL RULE****Accounts:**

New Applicants and Accredited Agents must submit the following documents for the most recent financial year:

- (a) full set of audited financial statements including Balance Sheet and Profit & Loss Account (duly certified by an outside public accountant)
- (b) aged statements of Accounts Receivable and Accounts Payable as at the Balance Sheet date (duly certified by an outside public accountant)
- (c) copy of Bank's statements and reconciliation statements for the last three months of the financial year for which financial statements were submitted

**New Applicants**

Only licensed Travel Agents being in operation for more than 12 months can apply for IATA accreditation.

**2. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS****New Applicants:**

All financial information used in the financial criteria will be extracted from the Agent's Audited Accounts.

The financial statements should show:

- (a) minimum issued and fully paid share capital/capital account of EUR 17,000.
- (b) liquidity ratio (Current Assets/Current Liabilities) of at least 1.0. When calculating the liquidity ratio, debtors over one year old will be deducted and Related Companies, Directors', Shareholders' or Partners' Accounts are also to be excluded. In the event that the liquidity ratio is less than 1.0 but more than 0.9, then the level and quality of an Agent's fixed assets may be taken into consideration.
- (c) a balance sheet that is not insolvent. When deducting Total Liabilities (Current Liabilities + Long-term Liabilities) from Total Assets (Fixed Assets + Current Assets) the value must be positive.

Applicants submitting an insolvent Balance Sheet will be disapproved.

**Existing Agents:**

All financial information used in the financial criteria will be extracted from the Agent's Audited Accounts.

The financial statements must show:

- (a) minimum issued and fully paid share capital/capital account of EUR 17,000.
- (b) liquidity ratio (Current Assets/Current Liabilities) of at least 1.0. When calculating the liquidity ratio, debtors over one year old will be deducted and Related Companies, Directors', Shareholders' or Partners' Accounts are also to be excluded. In the event that the liquidity ratio is less than 1.0 but more than 0.9, then the level and quality of an Agent's fixed assets may be taken into consideration.
- (c) a balance sheet that is not insolvent. When deducting Total Liabilities (Current Liabilities + Long-term Liabilities) from Total Assets (Fixed Assets + Current Assets) the value must be positive.

There must have been no Defaults (including Defaults resulting from accumulation of Irregularities) by the agent in the previous 24 months.

**3. ANNUAL FINANCIAL REVIEWS**

Accredited Agents must provide the documents listed under Accounts in Section 1 within twelve months of their financial year-end.

**4. FINANCIAL SECURITY****New Applicants**

All new Applicants are to provide a Bank Guarantee for a period of two years from the date of approval. The level of the guarantee will be calculated using the airline turnover figure in the audited financial statements submitted, as follows:

Fortnightly remittance

Amount at Risk = 65% of Annual Airline Turnover \* 35 Days Sales at Risk / 183

The minimum level of Bank Guarantee will be EUR 17,000.

Voluntary Weekly remittance

Amount at Risk = 65% of Annual Airline Turnover \* 19 Days Sales at Risk / 183

The minimum level of Bank Guarantee will be EUR 10,000.

All Financial Security amounts are calculated to the nearest multiple of EUR 1,000.

**Accredited Agents**

Accredited Agents failing to meet the financial criteria in Section 2 will be required to provide a Financial Security.

The level of guarantee will be calculated as follows:

Fortnightly Remittance:

Amount at Risk = BSP Cash turnover applicable to the most recent period from April to September \* 35 Days Sales at Risk / 183

The minimum level of Bank Guarantee will be EUR 17,000.

Voluntary Weekly Remittance:

Amount at Risk = BSP Cash Turnover applicable to the most recent period from April to September \* 19 Days Sales at Risk / 183

The minimum level of Bank Guarantee will be EUR 10,000.

All Financial Security amounts are calculated to the nearest multiple of EUR 1,000.

In cases where a considerable increase in sales volume is evidenced, a higher amount of guarantee must be provided, as per Resolution 818g.

**5. OTHER**

**License**

A valid Cyprus Tourism Organization license is required.

**CZECH REPUBLIC & SLOVAK REPUBLIC***(Effective 1 August 2013 – Mail Vote A236)***1. GENERAL RULES**

1.1 Applicants and Agents in the Czech Republic must comply with the legal and regulatory requirements of the Czech Republic and provide documents in the currency of national tender for the Czech Republic.

1.2 Applicants and Agents in the Slovak Republic must comply with the legal and regulatory requirements of the Slovak Republic and provide documents in the currency of national tender for the Slovak Republic.

1.3 Applicants and Agents in the Czech Republic and the Slovak Republic must submit for the financial review following documents:

1.3(a) A current extract from the Commercial Register (legal entity) or a current extract from the Trade Register (physical person) or both (legal entity whose scope of business is not included in the Commercial Register), indicating they are authorized to provide travel services / products and have been trading for at least one year;

Applicants in the Czech Republic and the Slovak Republic must submit for the financial review following certified accounts:

1.3(b) Audited Statutory Accounts (Legal Entity: Balance Sheet and Profit & Loss Account or Physical Person: Statement of Accounts) covering a period of trading of twelve months, prepared according to Czech / Slovak Accounting Act or IFRS, as applicable, certified by an outside independent auditor. These documents must not be older than 4 months.

Agents in the Czech Republic and the Slovak Republic must submit for the financial review following certified accounts:

1.3(c) Certified Statutory Accounts (Legal Entity: Balance Sheet and Profit & Loss Account or Physical Person: Statement of Accounts) covering a period of trading of twelve months, prepared according to Czech / Slovak Accounting Act or IFRS, as applicable, and duly certified by the external registered accountant for the most recent accounting year-end.

1.3(d) Financial Security in the Czech Republic and in the Slovak Republic is set in the form of Bank Guarantee or Default Insurance Program offered by an IATA approved Insurance Company at conditions as agreed between Agent or IATA and the Insurance Company.

1.3(e) Financial reviews for Applicants and Agents are conducted in accordance with Criteria for Evaluation of Agent's Financial Performance, as set out below:

**2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS**

2.1. Financial Criteria

- 2.1(a) Adjusted Current Assets must exceed Current Liabilities
- 2.1(b) There must be positive Net Equity
- 2.1(c) EBITDA must be positive
- 2.1(d) Net Equity must be greater than long-term debt

2.2 Definitions of Terms:

2.2.(a)	Adjusted Current Assets		Balance sheet	Czech Republic		Slovak Republic
		Current Assets	C.	Oběžná aktiva	B.	Obežný majetok
			D.I.1.	Náklady příštích období	C.2.	Náklady budúcich období krátkodobé
			D.I.3.	Příjmy příštích období	C.4.	Příjmy budúcich období krátkodobé
		after deducting:				
		Work in progress and semi-finished products	C.I.2.	Nedokončená výroba a polotovary	B.I.2	Nedokončená výroba a polotovary vlastnej výroby
		Receivables from a subsidiary and a parent	C.II.2.	Pohledávky - ovládaná nebo ovládající osoba	B.III.3.	Pohľadávky voči dcérskej účtovnej jednotke a materskej účtovnej jednotke
		Other intercompany receivables	C.II.3.	Pohledávky podstatný vliv	B.III.4.	Ostatné pohľadávky v rámci konsolidovaného celku
		Receivables from participants, members, and association	C.II.4.	Pohledávky za společníky...	B.III.5.	Pohľadávky voči spoločníkom, členom a združeniu
		Doubtful debtors				
		Blocked funds, except for fund held in favor of IATA				
2.2.(b)	Current Liabilities	Current Liabilities	B.III.	Krátkodobé závazky součet	B.III	Krátkodobé závazky súčet
		Current bank loans	B.IV.2.	Krátkodobé bankovní úvěry	B.V.2	Bežné bankové úvery
		Short-term financial assistance	B.IV.3.	Krátkodobé finanční výpomoci	B.IV.	Krátkodobé finančné výpomoci
		Accrued expenses - short-term	C.I.1.	Výdaje příštích období	C.2	Výdavky budúcich období krát odobé
		Deferred income - short-term	C.I.2.	Výnosy příštích období	C.4	Výnosy budúcich období krátkodobé
		Decreased by short-term portion of subordinated debt				
2.2.(c)	Net Equity or	Equity increased by	A.	Vlastní kapitál	A.	Vlastné imanie

	<b>Shareholder's/ Owner's Funds</b>	subordinated debt				
2.2(d)	<b>Long Term Debts</b>	Long Term Debts	B.IV.1.	Bankovní úvěry dlouhodobé	B.V.1.	Bankové úvery dlhodobé
		decreased by long- term portion of subordinated debt				
2.2.(e)	<b>EBITDA</b>	Earnings Before Interest, Taxation, Depreciation and Amortization	<b>Profit and Loss</b>			
		Profit/loss for the accounting period before tax (+/-)	T	Celkový výsledek hospodaření		Výsledok hospodárenia za účtovné obdobie pred zdanením (+/-)
		Interest expense	+N,-X	Nákladové, výnosové úroky	+39	Nákladové úroky
		Amortization and value adjustments to noncurrent intangible assets and depreciation and value adjustments to property, plant and equipment	+E	Odpisy dlouhodobého nehmotného a hmotného majetku	+18	Odpisy a opravné položky k dlhodobému nehmotnému majetku a dlhodobému hmotnému majetku
		Taxation	+Q	Daň z příjmu za běžnou činnost		
		Creation and reversal of value adjustments to receivables (+/-)			+21	Tvorba a zúčtovanie opravných položiek k pohľadávkam (+/- )
					+37	Tvorba a zúčtovanie opravných položiek k finančnému majetku +/-

**3. ANNUAL FINANCIAL REVIEWS**

- 3.1 All Agents must provide Certified Statutory Accounts covering a period of twelve months, no later than 6 months after each financial year end for the purposes of the financial evaluation.

**ACCREDITED AGENTS WHICH HAVE COMPLETED TWO YEARS OF TRADING FROM THE DATE OF ACCREDITATION**

- 3.2 If an Agent's financial evaluation has been found satisfactory during the last two years (based on the presentation of audited statements only) and has not had in the last 12 months a default or change of ownership subject to the conditions in section 5, the amount of the Financial Security provided by Agent will be reduced to cover 50% of the Amount at Risk (valid for both Bank Guarantee and Default Insurance Program). When such an IATA agent will receive first 2 points of Irregularity, his Financial Security will need to cover 70% of the Amount of Risk until the new annual financial review is done by IATA.
- 3.3 If an Agent fails to meet any of the criteria described under point 2.1 and 3.2, the Agent must provide a full financial security in accordance with these criteria.

**4. FINANCIAL SECURITY**

- 4.1 Full Financial Security must be provided by all Agents during the first two years of trading as an Accredited Agent from the date of accreditation.
- 4.2 Agents during the first year performance in the BSP CZ/SK from the date of accreditation must be financially secured by Bank Guarantee only (valid till the end of December 2013).
- Agents after one year performance in the BSP CZ/SK from the date of accreditation will have the choice to decide for Default Insurance program or continue in the Bank Guarantee (valid till the end of December 2013).
- As of January 1, 2014 all agents must be financially secured either Bank Guarantee or Default Insurance program.
- 4.3 The number of "Day's Sales at Risk" is to be counted from the beginning of the reporting period to the remittance date in respect of that reporting period plus a margin of five days.
- 4.4 "Amount at Risk" = "Day's Sales at Risk" / 90 x BSP cash turnover in applicable 3 months period.

**ACCREDITED AGENTS DURING THE FIRST TWO YEARS OF TRADING FROM THE DATE OF ACCREDITATION**

- 4.5 All Agents must provide a Financial Security with a minimum amount of CZK 500,000 in the Czech Republic or EUR 20,000 in the Slovak Republic.
- 4.6 After the first six months from the date of accreditation the amount of the Financial Security must cover at a minimum the higher of:
- 4.6(a) the Amount at Risk is calculating by dividing "Day's Sales at Risk" by ninety days, multiplied by the BSP cash turnover amount equal to the average net monthly cash sales of the Agent during the previous three months period;
- Or**
- 4.6(b) CZK 500,000 in the Czech Republic or EUR 20,000 in the Slovak Republic

**ACCREDITED AGENTS WHICH HAVE COMPLETED TWO YEARS OF TRADING FROM THE DATE OF ACCREDITATION**

- 4.7 The Amount of the Financial Security required must cover at a minimum the Amount at Risk calculated by dividing "Day's Sales at Risk" by ninety days, multiplied by the BSP cash turnover amount equal to the average of the three months highest net cash sales in the previous twelve months.

**5. CHANGES IN OWNERSHIP**

- 5.1 The Agent must provide for the Financial Review Certified Statutory Accounts, no later than ninety days after the change of ownership or control is effective, covering a period of twelve months including, at a minimum, the first month after the change of ownership or control takes effect. The amount of Financial Security required must cover 100% of the Amount at Risk.

**6. CHANGES IN FINANCIAL YEAR END**

- 6.1 The Agent must provide for the Financial Review Certified Statutory Accounts within sixty days after the change is made and Certified Accounts within sixty days of the former financial year end that would have applied to the Agent before the Agent changed its financial year end.
  - 6.2 All Agents must notify IATA immediately of a change in its financial year-end.
-

**EASTERN AFRICA (KENYA, UGANDA AND TANZANIA)***(Effective 1 October 2012 – Mail Vote A221)***FINANCES****1. Financial Statements**

Audited annual financial statements duly certified by a certified public accountant disclosing airlines sales and aged debtors must be produced annually and supplied to the ASO as follows:

- (a) Agents in Kenya: within 4 months of the agents financial year end
- (b) Agents in Tanzania/Uganda: within 6 months of the agent's financial year end

The accounts should reflect a satisfactory financial standing i.e.:

- (a) Positive Net Profit
- (b) Positive liquidity ratio
- (c) The minimum Share Capital should be:
  - (i) 1 % of the annual turnover for trading over 5 years
  - (ii) 2 % of the annual turnover for trading under 5 years.
- (d) Should the audited accounts indicate that the Agent is insolvent, the Agent will be stopped from trading with immediate effect. If the position is not redressed within 60 days, the Agent's agreement will be terminated.

**2. Financial Security**

The Agent must provide a Financial Security as approved by IATA. This may include a Bank Guarantee, approved Insurance Bond or approved Default Insurance Programme.

**3. Default Insurance Programme (DIP)**

- In the event that more than one (1) Provider for Default Insurance Programme is approved by IATA, all Agents must join the DIP
- In the event that an Agent is not accepted by any of the approved Providers, it can meet the Financial Criteria by providing a Bank Guarantee

Agents under DIP trading above the agent limit:

- Kenya and Uganda: During the time when DIP is operational, any Agent whose average 6 weeks' sales exceeds its maximum DIP limit must provide a Bank Guarantee, approved insurance bond cover or additional DIP cover for the excess amount;
- Tanzania: During the time when DIP is operational, any Agent whose average 4 weeks' sales exceeds its maximum DIP limit must provide a Bank Guarantee, approved insurance bond cover or additional DIP cover for the excess amount;
- This must be provided within 30 days from the date of notification by IATA.

**4. Guarantee**

- (a) An acceptable bank guarantee or acceptable insurance bond will be based on average 6 weeks for Kenya and Uganda and 4 weeks for Tanzania Cash trading<sup>1</sup> less paid-up capital. This guarantee will be reviewed on yearly basis.
- (b) Options for all agents will be frequent remittance for a reduction of 40% of the guarantee.
- (c) IATA/BSP will have the right to request for additional guarantee if the average sales exceeds by 50% during a period of any 4 months.
- (d) Bank guarantees and additional guarantees MUST be submitted to IATA within 4 weeks from the date of request.
- (e) BSP will be mandated to remove Ticketing Authority and Traffic documents if the agent fails to provide additional guarantees as requested.
- (f) All guarantees must be drawn as per the IATA guarantee specimen.

- (g) The maximum paid-up capital to be used for reduction of the guarantee will be limited as follows:
  - (i) 2% of the annual turnover for agents trading over 5 years
  - (ii) 1% of the annual turnover for agents trading under 5 years

**5. Reduction of Guarantee**

The adjustment of the guarantee amount will depend on the following:

- (a) The agent must have been an approved IATA travel agent for over 7 years.
- (b) The agent should not have more than 2 instances of irregularities for late payment issued against the agency in the previous 12 months
- (c) The agent must have a minimum liquidity ratio of 1.2:1
- (d) The agent must not have been in default (due to the agent's own fault).
- (e) A change of name will not affect the agent's record of irregularities over the last 12 months.
- (f) In case of change of shareholding involving movement of stock of over 51%, Financial Review will be conducted and the agent will be entitled to no reduction in the bank guarantee.
- (g) The disposal or acquisition by any person of stock representing 30% or more of the total issued share capital of the agent will involve a Financial Review

The reduction in the guarantee will be as follows:

No. of years in business	Reduction in BG based on years of operation as an Accredited Agent (Monthly Remittance)
0 to 7	0%
7 to 10	20%
10 to 12	40%
12 to 15	50%
Above 15 years	80%

- (h) The Reduction in Bank Guarantee as per above ladder will apply on the agent's total sales. However, this will be restricted to a maximum of USD 1.0 million or equivalent local currency.

**6. Default Agents**

- Where Default Insurance Programme (DIP) is in place, agents that default due to non-remittance must provide a bank guarantee for a period of 2 years from the date of re-instatement of credit.
- The above does not apply for Agents on technical default due to accumulated irregularities.

**7. New Applicants**

Agent must have been in operation for 12 months as a travel agent before applying for IATA approval.

New applicant must join the Default Insurance Programme subject to approval by the Provider and also provide a bank guarantee for two years that will be based as follows:

- (a) **Kenya:** Average 6 weeks cash trading less paid up capital or USD 50,000/Equivalent Kenya Shillings, whichever is higher. Option will be fortnightly remittance for a reduction of 40% of the guarantee.
- (b) **Uganda:** Average 6 weeks cash trading less paid-up capital or USD 36,000, whichever is higher. Option will be fortnightly remittance for a reduction of 40% of the guarantee.
- (c) **Tanzania:** Average 4 weeks cash trading less paid-up capital or USD 36,000, whichever is higher.

Applicants who show a negative liquidity will not be approved.

**8. Staff**

The Agent must have in employment competent and qualified staff able to sell international air transportation and correctly issue electronic travel documents and report these to the BSP.

<sup>1</sup> Cash trading means all sales less credit card sales.

**EGYPT**

(Effective 1 May 2017 – Mail A282)

**AA. DEFAULT INSURANCE PROVIDER (DIP)**

**AA.1.** Every IATA accredited Agent in Egypt (including new applicants), can apply for participation in the DIP program with one of the applicable and IATA approved DIP Insurance Providers.

**AA.2.** In case the application was rejected by all available DIP providers, or the agent did not apply to enter into a DIP, such agent has to provide the alternative Financial Security by means of a Bank Guarantee to IATA, calculated on an average 35 days net cash sales through BSP, with a minimum of 200,000 EGP for the same Bank Guarantee.

**AA.3.** In the event that DIP is discontinued for any reason and until resuming it again, below chapters 1 to 4 will be applicable.

**1. GENERAL RULES**

**1.1.** IATA accredited travel agents should provide audited financial statement for the last 12 month of activity, for the most recent year-end within six months following the Financial Year end in conformity to Egyptian Accounting Standard (EAS) as per requirements and procedures as approved by APJC Egypt.

**1.2.** Audited Accounts means accounts reviewed by an auditor recognized as competent by a regulatory authority in Egypt to perform an audit that are provided to IATA.

**2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS**

The accounts must reflect a satisfactory standing by meeting the following financial tests:

**2.1 Liquidity Ratio**

Current Assets /Current Liabilities to be 1.2 :1

Definition : Measures the extent to which current liabilities are covered by current assets, Generating current assets and satisfying current liabilities is an ongoing process; so the current ratio is a measure of the "margin of safety" at a point in time.

**2.1.1 Current Assets Components:**

- i. Inventory
- ii. Trade receivable, debtors and notes receivable. Due from affiliates.
- iii. Advance payments
- iv. Current Investments
- v. Cash and cash equivalent

**2.1.2 Current Liabilities Components:**

- vi. Provisions

- vii. Banks over draft
- viii. Trade payables and other credit balances. Due to affiliates
- ix. Short term loans
- x. Current portion of long term loans

## 2.2 Profitability Ratio

Return on Equity (Net income/Stockholders' Equity) should be positive according to last year audited financial statement covering 12 month period.

## 2.3 Debt Ratio

Total debt/Total equity to be 1.5: 1

Definition: It compares the resources provided by the creditors (such as loans, commercial paper, notes, bonds and bank facilities) with the resources provided by the owners. The total debt to equity ratio determines long term debt payment ability and the conservative approach is to include all liabilities and near liabilities in the numerator.

### 2.3.1 Equity Components:

- i. Paid up capital
- ii. Reserves
- iii. Retained earnings (Losses)
- iv. Net profit for the year

In other words, Equity defines as the value of the net assets.

### 2.3.2 Debt Components:

Debt involves "in accordance with the EAS", Current Liabilities (Overdraft, Short term loans, current portion of long term loans) and Long Term Liabilities (Loans from Banks and other loans).

## 3. ANNUAL FINANCIAL REVIEWS

### 3.1. Existing Agents

- 3.1.1. All Agents must provide Audited Accounts, no later than 6 months after each Financial Year End, or as required by legislation of, that Agent for the purposes of evaluation against financial test in section 2 of this LFC.

### 3.2. New Agents

- 3.2.1. All Agents must provide Audited Accounts, not more than 12 months old at the time of submission to become an Agent for the purposes of evaluation against the financial tests as per section 2 of this criteria
- 3.2.2. If an Agent has been in business for less than 12 months at the time of application, an Audited opening balance sheet must be provided instead
- 3.2.3. All agents must provide a Financial Security in accordance with section 4 of these criteria. Financial Security level versus actual turnover to be reviewed quarterly or as required.

## 4. FINANCIAL SECURITY

**4.1. Agent accredited for less than 2 years:** New Applicants must submit a financial security for an amount equal to 35 days average sales of its expected annual sales subject to minimum amount of 200,000 EGP (Two hundred thousand Egyptian Pounds) valid for one year and auto renewable

**4.2 Agents accredited for more than 2 years:**

4.2.1 For these Agencies who have completed two years of Accreditation as of the next market annual financial review, had no irregularity history in the past 12 months and their Annual financial review yielded an evaluation that is satisfactory according to section 2 of this criteria, it will possible for them to apply for a 100% reduction in their Bank guarantee. The annual financial review shall be conducted within Three months period from the date the agent provided IATA with a valid accepted financial statement, except for unusual circumstances where a delay in the financial review is inevitable.

4.2.2 For agents that received an unsatisfactory evaluation according to section 2 of this criteria in his annual financial review or whenever a financial review is requested, they must submit financial security equal to the agent’s calculated net cash sales for 35 days (Thirty Five) based on the sales volume of the agent over the last 12 months after deducting the Net Working Capital subject to the minimum of EGP 200,000.00

(Last 12 month sales/35)-Net working capital or EGP 200,000.00 whichever higher

To qualify for the below discount scheme on the amount of the financial security, the agent must have no record of Irregularities in the past 12 months subject to a minimum of EGP 200,000.00:

<b>9. Period of IATA Accreditation free of irregularity or payment default</b>	<b>Scale of Reduction to the value of required BG</b>
3-5 years	10%
6-10 years	20%
11-15 years	30%
16-20 years	40%
Over 20 years	50%

**4.3 Defaulted Agents**

Must provide a bank guarantee covering 35 days sales in order to be reinstated for a minimum of 12 months notwithstanding the result of any annual financial review during that period. Agents reinstated after default will no longer be required to provide a financial security only if all the following conditions are met:

4.3.1 The Agent passes the annual financial review that takes place after that 12 month period.

4.3.2 The Agent has not had any financial irregularities in that 12 month period.

**ESTONIA**

*(Effective from 1 March 2017 – PAC/39)*

**1. GENERAL RULES**

All IATA Accredited Agents must remit four (4) times monthly (weekly).

**2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS****New Applicants**

1. Financial statements must show a positive balance of current assets over current liabilities.

**Existing Agents****1. Profitability**

An Agent is required to show profit before tax at the end of the financial year.

**2. Equity Capital**

Rate of solidity =  $\frac{\text{Equity capital}}{\text{Total capital}}$  = min 6%

**3. Solvency**

Rate of liquidity =  $\frac{\text{Current assets}}{\text{Current liabilities}}$  = min 1.0

**3. FINANCIAL REVIEWS****New Applicants**

**3.1** New Applicants which have been established as a company more than one year must submit independently audited balance sheet and profit and loss accounts. The financial statements must be produced by a nationally approved Public Auditor in accordance with International Accounting Standards.

**3.2** New Applicants which have been established as a company for less than one year must submit a copy of the most recent accounts or opening balance sheet, certified by an accountant.

**3.3** The financial statements must be translated into English and must not be older than 6 months at the time of submission to IATA.

**Existing Agents**

**3.4** Accredited Agents must provide IATA with a copy of their audited balance sheet and profit and loss Accounts in accordance with the time frame for filing reports required by the local authorities (currently 6 months after financial year end).

**3.5** The financial statements must be produced by a nationally approved Public Auditor in accordance with International Accounting Standards.

**3.6** The financial statements must be translated into English.

#### **4. FINANCIAL SECURITY**

- 4.1** Bank Guarantees and Insurance Bonds must be drafted in the English language, using a standard text provided by IATA.
- 4.2** Accepted Financial Security types are the following:
- a. Bank Guarantee
  - b. Insurance Bond

##### **New Applicants and Agents accredited for less than three years**

- 4.3** New Applicants must provide a Financial Security for the first three (3) consecutive years as IATA accredited agent.
- 4.4** The financial security will be initially calculated based on the estimation of sales, but with a minimum of EUR 28,760 and will be periodically reviewed in accordance with 4.6 and 4.7.

##### **Existing Agents (Agents accredited for more than three years)**

- 4.5** If an Agent passes all the financial tests in section 2 of these criteria or based on the criteria in place at the time of the assessment during 2 consecutive years and satisfies the point below, the Agent will not be required to provide IATA with a Financial Security:
- 4.5.1** The Agent has not been placed in Default in the last 12 months.
- 4.6** The amount of Financial Security is calculated as 5.3% of their estimated or actual annual sales processed through the BSP on all their approved locations.
- 4.7** All Agents will continuously be reviewed in relation to their BSP net cash sales generated during the previous 12 months' to adjust the amount of Financial Security.
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**ETHIOPIA**
*(PAC/37 and MV A253, effective 1 January 2015)*
**a) FINANCIAL CRITERIA**
**1. Financial Statements**

- (a) Recent balance sheet and Profit and Loss Accounts audited by certified external Public Accountants and Auditors.
- (b) The financial reports should show net profit.
- (c) The agent must have a minimum liquidity ratio of 1.2:1
- (d) A minimum paid up capital of \$25,000.

**2. Guarantee**

A bank guarantee or acceptable insurance financial bond will be calculated based on average 4 weeks sales less credit card sales and paid up capital but not less than \$25,000. The amount of paid up capital to be used in calculation of guarantees will be limited to \$35,000. Bank guarantee level will be reviewed yearly.

**3. Reduction of Guarantee**

- (a) To benefit from reduction of guarantee, the following points must be taken into consideration:
  - (i) The agent should not have more than 2 instances of Irregularities for late payment issued against the agency in the previous 12 months.
  - (ii) The agent must be an accredited IATA agent for a minimum of three years.
  - (iii) The agent must produce minimum sales of Birr 5 million per year.

The reduction in the guarantee will be as follows:

Number of Years In Business	Percentage of Waiver
0-5	NIL
5-7	20%
7-9	40%
9-11	50%
11-13	65%
13 and over	80%

Notwithstanding the guarantee reductions listed above, the minimum guarantee from any agent will not be below \$50,000.

**(b) Default Insurance Programme**

The agent must provide a Financial Security as approved by IATA. This may include a Bank Guarantee or approved Default Insurance Programme (DIP).

**4. New Applicants**

- (a) Must submit audited opening balance sheet.
- (b) A minimum Bank Guarantee of \$50,000 is required
- (c) Applicants paid up capital should not be less than \$25,000
- (d) Liquidity ratio of 1.2:1

**b) BSP PROCEDURES**

- IATA agents must have adequate qualified employees.
- Information on the procedures and responsibilities of agents in respect of the reporting and settlement rules is contained the BSP Manual for Agents supplied to each Approved Location. Additional copies can be requested through your local BSP contact.
- IATA offers regular BSP procedural training sessions. Any agent wishing to undertake such training is encouraged to contact the local BSP contact.

**c) OTHER REQUIREMENTS**

All agents accredited or new applicants must be equipped with applicable CRS.

**FEDERATED STATES OF MICRONESIA, REPUBLIC OF THE MARSHALL ISLANDS AND REPUBLIC OF PALAU****Financial Criteria for Agent Participation in ISP-Micronesia**

IATA accredited travel agencies participating in ISP Micronesia must either lodge a financial guarantee or meet certain financial criteria sufficient to indemnify participating airlines in the event of an agent default. The criteria must continue to be met on an annual basis in order to ensure participation is ongoing.

**Financial Evaluation**

An agency may:

— lodge with IATA a financial guarantee equivalent to an average of one month's ISP gross cash sales per location. Financial guarantees may take the form of:

- Letter of Credit from a bank
- Bank Guarantee
- Bond

and must be provided by a corporation which meets with the approval of the IATA Agency Administrator, OR

— the applicant shall provide audited financial statements prepared in accordance with generally accepted accounting principles. Such statements shall be evaluated pursuant to the financial standards and financial ratio analysis established from time to time by the Conference and as set forth herein. To obtain a satisfactory evaluation, the applicant may be required to provide additional financial support in the form of recapitalization or a financial guarantee of an approved type.

Late extension requests or incomplete submission of such financial statements may attract a penalty as determined by the Conference from time to time.

**1. NOTES OF FINANCIAL EVALUATION****1.1 Definition of Share Capital and Reserves**

The Share Capital and Reserves shall be determined as follows according to the type of the applicant's entity:

**1.1.1 Company having a share capital — the sum of:****Paid-up Share Capital**

Minimum of \$10,000 paid-up ordinary share capital (forming part of the minimum share capital and reserves) regardless of existence of other reserves (e.g. issued share capital of \$5,000 and capital profits reserve of \$5,000 would not be acceptable). If less than \$10,000 a financial guarantee for the shortfall will be required.

**Realized Capital Profits Reserve**

Asset Revaluation Reserve (only if supported by a written valuation from an independent licensed valuer; i.e. Director's valuation will not be accepted),

**Share Premium Reserve**

Accumulated Profits

- Less:
1. Accumulated Losses,
  2. Provision for future losses,
  3. Intangibles including Goodwill, Future Tax Benefits, etc.

**1.1.2 Sole Trader/Partnership**

Proprietorship (including reserves) less intangibles, adjusted by those items detailed in Subparagraph 1.1.1 above.

Statement(s) of assets and liabilities of the principal(s), verified by their solicitor, auditor or bank manager from their own personal knowledge of their clients' affairs or from documentary evidence supplied must be submitted for consideration.

### **1.1.3 Trust**

#### **Corporate Trustee**

Either the settled sum of the Trust or the paid-up capital of the Corporate Trustee adjusted by those items detailed in Subparagraph 1.1.1 above.

*Note: The total of settled sum or units and paid-up capital of the corporate trustee must be a minimum of \$10,000 forming part of the minimum share capital and reserves regardless of existence of other reserves. If less than \$10,000 a financial guarantee for the shortfall will be required.*

#### **Unincorporated Trustee**

The settled sum of the Trust adjusted by those items detailed in Subparagraph 1.1.1 above. Where the required minimum is not met the statement of personal assets and liabilities of the Trustee(s) as detailed in Subparagraph 1.1.2 above will be reviewed to determine the net worth.

### **1.1.4 Company Limited by Guarantee**

Accumulated Funds and Reserves (as detailed in Subparagraph 1.1.1 above). Total guarantees available in the event of a winding up, i.e. the liability of each member multiplied by the number of members at balance date.

### **1.1.5 Incorporated Association, Cooperative, etc.**

Accumulated Funds and Reserves (as detailed in Subparagraph 1.1.1 above).

## **1.2 Definition of a Related Party**

A Related Party is an individual or company and includes shareholders, directors, trustees, partners, proprietors or their immediate family.

Loans from a Related Party. If the Agent provides satisfactory documentary evidence that the loan is in the form of a long-term commitment to the agency, such loan may be deducted from the liabilities of the Agent. If such evidence is not available loans from a Related Party will be considered a liability of the agency.

Loans to and investments in a Related Party will not be considered as assets of the agency for the purposes of the financial evaluation.

However, if the Agent is able to provide satisfactory documentary evidence that:

- the Loan or Investment is readily able to be converted to cash, and
- will be repaid should the working capital position of the Agent decline, such assets may be considered.

## **1.3 Encumbrances**

Should any Balance Sheet assets of an applicant be used as security for loans which do not appear on the Balance Sheet 1 (e.g. third-party loan to directors) those loans will be deducted from assets, up to the maximum amount of the liability secured by the applicant's assets. Details of such encumbrances will require disclosure in the "Annual Financial Review".

All charges over an applicant's assets, both fixed and floating, require immediate disclosure to the Board at the time of their creation. Failure to notify the creation of a charge will be regarded as a serious departure from these financial requirements. Creation of and retirement of all charges during the year should also be notified to the Board.

## **2. FINANCIAL STANDARDS**

The financial assessment is based on four Tests and the allocation of applicable points to each Test. Maximum points are 20 and a total of 10 points or more is considered satisfactory provided the applicant maintains the minimum level of share capital and reserves (refer Test 1).

**2.1 Test 1 — Minimum Net Capital & Reserves (2 points)**

All applicants must maintain a minimum level of share capital and reserves (as defined in Paragraph 1.1 hereof) dependent on the scale of operations of each enterprise as measured by the annual turnover (both travel and non travel).

Turnover	Minimum Share Capital	
	2 Points	1 :Point
Less than \$750,000	\$20,000	\$15,000
\$750,000 to less than \$1.5 million	\$30,000	\$25,000
\$1.5 million to less than \$4 million	\$50,000	\$40,000
\$4 million to less than \$10 million	\$80,000	\$60,000
\$10 million to less than \$50 million	\$100,000	\$80,000
\$50 million or greater	\$150,000	\$120,000

A minimum of 1 point must be obtained from this test regardless of the overall point score achieved from other Tests. A Bank Guarantee or capital injection for any Shortfall will be required. Minimum capital may be expected to increase from time to time.

**2.2 Test 2 — Client Travel Account (2 points)**

A Client Travel Account is a bank account maintained by the applicant to separately receipt all client funds and the subsequent disbursement of those funds to travel principals.

**2.2.1** Two points will be allocated for a properly maintained Client Travel Account. To be eligible for these points the applicant must comply with all of the following:

**2.2.1.1** All money received from clients, in advance of the issue of tickets, must be banked within two days of receipt into a separate account in the name of the applicant — suitably titled “Client” or “Trust” Travel Account.

**2.2.1.2** Interest bearing or term deposits may be opened with any recognized financial institution.

**2.2.1.3** Any such account as mentioned in 2.2.1.1 and 2.2.1.2 must be used exclusively for clients' funds.

**2.2.1.4** Any such account must not be subject to a right of set off or any encumbrance, including any floating charge.

**2.2.1.5** All deposits to the Client Travel Account must remain in the account until:

- they are paid to the principals on whose behalf they have been received; or
- they are refunded to the client who paid.

**2.2.1.6** Commission earned is not to be withdrawn until the balance has been paid to principals on whose behalf it has been received.

**2.2.1.7** Disbursements from the Clients Travel Account on behalf of a customer who has not lodged funds (e.g. sale on credit) is not permitted. These should be made from the “General” or “Working” account of the Agent.

**2.2.1.8** Use of clients funds to finance loans or advances to Related Parties or others, does not comply with the conditions of maintaining a Client Travel Account.

**2.2.1.9** The Client Travel Account and liability for client deposits should be clearly identified on the Balance Sheet or Notes to the Accounts.

**2.3 Test 3 — Working Capital Available to Meet Overheads (8 points)**

This test is the ratio of working capital in dollars to average monthly overheads. An applicant should have sufficient working capital in dollar terms to meet overhead expenditure. This requirement is necessary to ensure the applicant has adequate working capital commensurate with the size of their operations and sufficient to meet seasonal fluctuations.

Should the Agent have experienced trading losses in the most recent financial year, provision for continued losses will be calculated unless the Agent provides satisfactory documentary statements that action has been taken to bring the agency to a satisfactory trading position.

Months Coverage	Points
Greater than 2 months	8
1 to 2 months	5
Less than 1 month	2
Deficiency in working capital	- 3

#### 2.4 Test 4 — Net Tangible Assets to Turnover Ratio (8 points)

This ratio equates the net tangible assets of the applicant with its turnover and recognizes that the greater the turnover of an organization the greater should be its tangible net worth. Whereas a tangible net worth of \$30,000 may be adequate for an applicant with a turnover of \$1 million, it may be totally inadequate for a \$10 million or even \$5 million applicant. This test recognizes that a ratio of 1.5% is adequate and allocates the majority of the available points (5 out of 8) for this ratio. However, in recognition of the greater margin of safety afforded by a higher ratio, maximum points are allocated for a ratio of 3%.

All tangible assets of the applicant together with long term and current liabilities are considered in assessing net worth. Accordingly, assets such as goodwill, formation costs, etc. which may only be realized on sale of the applicant's business, and which may be open to subjective valuations are excluded from the tests.

Should the Agent have experienced trading losses in the most recent financial year, provision for continued losses will be calculated unless the Agent provides satisfactory documentary statements that action has been taken to bring the agency to a satisfactory trading position.

Ratio (as a %)	Points
Greater than 3%	8
1.5% to 3%	5
0 to 1.5%	2
Deficiency in Net Tangible Assets	-3

#### 2.5 Points Summary

Test 1 Minimum Share Capital & Reserves	2
Test 2 Client Travel Account	2
Test 3 Working Capital to Meet Overheads	8
Test 4 Net Tangible Assets to Turnover Ratio	8
TOTAL:	20

### 3. FINANCIAL DISCRETION

It is recognized that different interpretations of financial accounts are possible and do occur. Accordingly, the General Assembly shall have absolute discretion as to the most appropriate accounting classification for all items included in Financial Statements or Annual Financial Reviews.

### 4. FINANCIAL GUARANTEE

Where a financial guarantee is required to meet the above criteria, the General Assembly will require an amount equivalent to the percentage share of airline sales to total turnover (e.g. if the criteria requires pro- vision of a bond or \$100,000 and 60% of the applicant's turnover is for air travel, then the Board will require a bond for \$60,000). Such bond amount however, shall be not less than the amount required by the applicant to meet the minimum level of Share Capital and Reserves in Paragraph 2.1 of Section 2 hereof.

**FINLAND***(Effective 1 January 2016 – PAC/38)***1. GENERAL RULES**

The business entity and/or the owners and managers of all IATA Accredited Agencies and Agents applying for IATA accreditation must meet all applicable requirements as prescribed by the law in Finland.

**1.1 Remittance Procedures**

Remittance dates are advised to Agents in a Remittance Calendar published by IATA annually.

**1.2 Remittance and Payment Frequency**

All Agents must remit BSP sales four times a month.

**1.3 Accounts**

The Agent must have two separate accounts in Agent's bookkeeping for funds received from air transport sales as follows:

- a) One account reserved for the intermediate sales. Funds received for these sales are considered to be Airline money.
- b) Second account reserved for the own productions sales. Funds received for these sales are considered to be Agent's money.

**2. CRITERIA FOR EVALUATION OF AGENT'S AUDITED FINANCIAL STATEMENTS****2.1 Official Evaluations performed by Credit Rating Company**

An official impartial body (currently Bisnode Finland Oy) is chosen to perform the financial evaluations, rate the financial status and to follow and report on financial developments and/or difficulties of IATA Accredited Agents.

**2.2 Latest Financial Documents as Basis for the Evaluation**

The basis for the evaluation is the latest Financial Documents (duly audited and certified by an Authorized Public Accountant according to the law in Finland) and a report by the auditors for the most recent financial year indicating the Agent's financial standing. The evaluation is performed according to local laws and practices.

**2.3 Official Rating used**

Following Bisnode Finland Oy rating is used to define Agent's financial status:

AAA	= Highest creditworthiness
AA	= Good creditworthiness
A	= Creditworthy
B	= Credit against security
C	= Credit rejected
No rating	= Credit against security

**3. ANNUAL FINANCIAL REVIEWS**

All Agents must send annually, according to national legislation (currently within eight (8) months covering limited-liability companies, and 6 months covering other type of companies from the end date of the Agent's financial year), the Agent's audited financial documents to the following:

- a) Credit Rating Agency, Bisnode Finland Oy
- b) Trade Register (Kaupparekisteri)

The financial documents to be sent are as defined in the laws of Finland.

### **3.1 Applicant / New Owner with less than one year's trading**

Applicants with less than one year's trading record must submit a copy of an opening Balance Sheet signed by Authorized Public Accountant to IATA BSP Management.

If the statement by Bisnode Finland Oy gives a rating level "C" (Credit Rejected) IATA Accreditation is not granted to the new applicant. This also applies to cases of Change of Ownership of the Agency. If the new receiving company has a rating level "C", the IATA Accreditation is not granted.

## **4. FINANCIAL SECURITY**

### **4.1 Financial Security Requirements**

Agents are required to provide sufficient financial security as detailed in these criteria.

### **4.2 Accepted Forms of Financial Security**

Only Bank guarantee or an insurance company bond / guarantee are accepted.

The Guarantee must not be for a limited period; it must be open-ended and subject to a minimum notice period of cancellation of ninety (90) days.

### **4.3 Amount of Required Financial Security**

#### **4.3.1 New Agent**

The level of the Financial security for an Agent that has been IATA accredited Agent for less than three (3) years will be calculated based on the average net cash sales of the Agent for the previous 12 months. For agents accredited for less than 12 months the Financial Security amount will be adjusted for the number of "Days" of Sales at Risk", which are equal to 31 days.

#### **4.3.2 Other than New Agents**

The amount of the Financial Security for the Agent that has been IATA accredited Agent for more than three (3) years is eight point five per cent (8,5 %) of the calculated annual average cash sales.

#### **4.3.3 Minimum Financial Security Requirement**

Minimum financial security amount is Euro ten thousand (10.000).

#### **4.3.4 First review of Financial Security amount**

The IATA BSP Management will review the level of the Financial Security after the first three months based on the Amount at Risk computed with reference to the average net cash sales of the Agent during that period. If the Financial Security has been estimated too low or high, the new level of Financial Security shall be set based on the Amount at Risk calculated from the sales reports of the agent.

#### **4.3.5 Regular monthly review of Financial Security amount**

After the first three months the IATA shall review the amount at risk monthly and set the level of the Financial Security computing it from the Agents net cash sales. When the amount at risk has increased by 20% or more during the last month, the IATA BSP Management must inform the Agent that the level of the Financial Security must be increased by 20 %.

#### **4.3.6 Considerable decrease in sales volume**

In case a considerable decrease, 20 per cent or more in the level of Sales at Risk is evidenced and the decrease is of permanent nature, the IATA may lower the amount of the Financial Security.

#### **4.3.7 Considerable seasonal variations in sales volume**

The Agents with considerable seasonal variations, 20 per cent or more in the level of amount at risk, the IATA shall request the Agent to provide additional Financial Security to cover the level of amount at risk.

#### **4.3.8 Agents during the First Three Years of Trading**

A Bank guarantee or insurance bond / has to be provided by all Agents during the first three (3) years of trading as an IATA Accredited Agent.

#### **4.3.9 New Agent and / or New Owner after Change of Ownership**

In case of Change of Ownership when the New Owner / Agent has to sign a new PSAA, the new Owner has to provide a Financial Security which will be required to be valid for three (3) full years following the date of the Change of Ownership.

#### **4.4 Change in Rating level**

a) If the rating changes to be level "B", the Agent has to provide a bank guarantee or an insurance company bond / guarantee within 30 days

b) If the rating level changes to be level "C", the agent has 30 days time to improve its financial status to be level "B" or better rating level and has to provide a bank guarantee or an insurance company bond / guarantee within these 30 days.

If the Agent cannot improve its financial status within 30 days, the Agent does not any more meet the minimum financial requirements required from and IATA accredited Agent and the Agent's access to the ticketing will be closed. Notice of termination of the PSAA will be done according to the IATA Resolutions.

c) If the Agent's rating level increases to be level "A" or better after the Agent has been IATA accredited Agent for at least three (3) years, the Agent's guarantee will be released.

#### **4.5 Release Financial Security**

##### **4.5.1 New Agents and / or New Owners after Change of Ownership**

The Financial Security will be released after the Agent's financial documents for the third compulsory Financial Security year have been analysed by Bisnode Finland Oy and subject to that the result of the analysis / credit rating level does not prevent it.

##### **4.5.2 Other Agents**

For other than Agents mentioned in 4.3.9 the Financial Security can be released after Bisnode Finland Oy has analysed the Agents financial documents and the applicable rating does not prevent it.

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**FRANCE**

(including French Guyana, Guadeloupe, Martinique, Mayotte, Monaco, Reunion Island, St. Barthelemy, St. Martin)

*(Effective 1 January 2017 – PAC/39)*

**1. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS**

1.1 All financial information used in the financial criteria will be extracted from the Agent's Audited Accounts.

1.2 The following financial tests apply to the evaluation of an Agent's Audited Accounts:

1.2.1 There must be positive Net Equity.

1.2.2 Net Equity divided by long-term debt and other long-term liabilities must be greater than 0.5.

1.2.3 EBITDA (Earnings Before Interest, Taxation, Depreciation, Amortization and extraordinary items)

(i) EBITDA must exceed the interest payable Interest Expense by a factor of a minimum of two.  
Except in cases listed in 1.2.3 (iii) below

(ii) EBITDA must be positive except in cases listed in 1.2.3 (iii) below

(iii) Exceptional circumstances:

Provision of letter from the Auditor(s) confirming that the company is in a position to fulfill its financial commitments.

In case of negative EBITDA for two consecutive financial years, the Agent shall provide a Financial Security or increase its' frequency of remittance to weekly. Any subsequent positive financial review as defined in these criteria will automatically induce return to previous remittance scheme for the Agent.

1.2.4 Adjusted Current Assets must exceed Current Liabilities or Adjusted Current Assets less pre-payments must exceed Current Liabilities less revenues received in advance.

1.2.5 The Audited Accounts must not have a qualified audit opinion or local regulatory equivalent.

**2. ANNUAL FINANCIAL REVIEWS****Agents accredited for two years or less**

2.1 All Agents must provide Audited Accounts not more than 12 months old at the time of submission to become an Agent for the purposes of evaluation against the financial tests in Section 1 of these criteria. If an Agent has been in business for less than 12 months at the time of application, an opening balance sheet must be provided instead.

2.2 All Agents must provide Audited Accounts no later than 6 months after each financial year end, or as required by legislation, during the first two years of accreditation for the purposes of evaluation against the financial tests in Section 1 of these criteria.

2.3 All Agents must provide a Financial Security during the first two years as an Agent in accordance with Section 4 of these criteria.

**Agents accredited for more than two years**

2.4 All Agents must provide Audited Accounts no later than 6 months after each financial year end, or as required by legislation, of that Agent for the purposes of evaluation against the financial tests in Section 1 of these criteria.

2.5 If an Agent passes all the financial tests and satisfies all the points below, the Agent will not be required to provide IATA with a Financial Security:

**2.5.1** The Agent has not had any of the following in the last 12 months:

- (i) a default (including defaults resulting from an accumulation of irregularities) and removal from the Agency List.
- (ii) a change of ownership subject to the conditions in Section 5.

**2.5.2** The Agent also passed all of the financial tests under Section 1 of these criteria based on the Audited Accounts provided for the previous year.

**2.5.2.1** In the first financial review following the effectiveness date of these criteria, 2.5.2 is not applicable. The result of the financial review will be exclusively determined on the accounts of the most recent financial year.

**2.6** If an Agent fails to pass any of the financial tests, the Agent must provide a Financial Security in accordance with Section 4 of these criteria.

**3. INTERIM FINANCIAL REVIEW**

**3.1** For any Financial Review conducted for cause at a time other than in respect of an Agent's financial year end, IATA may conduct a Financial Review in accordance with Section 2 of these criteria, as applicable to that Agent by reviewing the intermediate audited financial statements of the Agent. The Accounts must cover the period from the end of the previous annual financial statements and up to at least 60 days before the Interim Financial Review date and covering for a period of 6 months at a minimum.

**4. FINANCIAL SECURITY**

**4.1** An Agent will not be accredited or will not continue to be accredited until any Financial Security required to be provided to IATA has been received by IATA and confirmed to IATA by way of written confirmation received directly from the third party supporting the Financial Security that the Financial Security was issued by that third party and is valid.

**4.2** Financial Securities will be subject to a minimum notice period of ninety (90) days and ideally be valid for an unlimited period but will be expected to be valid for a minimum of at least one year.

**4.2.1** When an Agent is granted any additional IATA Numeric Code(s) then any Financial Security amount already provided by the Agent will be recalculated 60 days after the date that the additional IATA Numeric Code(s) is granted based on the Amount at Risk applicable to that Agent.

**4.3** For the purposes of calculating the amount of a Financial Security the following definitions apply:

**4.3.1** "Days' Sales at Risk"

Remittance frequency	Number of days covered	
	Payment by bank transfer	Payment by direct debit
Monthly	47	55
Fortnightly	32	39
Weekly	24	31

**4.3.2** "Amount at Risk" is calculated by dividing the Days' Sales at Risk by 90 days, and applying that percentage to the BSP cash turnover, or cash turnover as applicable, amount the Agent made in the three months period referred to in Section 4.5 or 4.7 of these criteria, as applicable:

$$\text{'Amount at Risk'} = \frac{\text{"Days' Sales At Risk"} \times \text{BSP cash turnover in applicable 3 month period}}{90}$$

**Agents accredited for two years or less**

**4.4** All Agents must provide a Financial Security with a minimum amount per Section 4.5.2 to be accredited.

**4.5** After the first three months of accreditation and after the first 12 months of accreditation, the amount of the Financial Security required must cover at a minimum the higher of:

**4.5.1** the Amount at Risk calculated as per Section 4.3 using the cash turnover amount equal to the average net monthly cash sales of the Agent during the previous three-month period; or

**4.5.2** A minimum fixed amount based on the remittance frequency of the Agent:

(i) Agents on monthly remittance: EUR 30,000.

(ii) Agents on fortnightly remittance: EUR 20,000.

(iii) Agents on weekly remittance: EUR 15,000.

If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

**4.6** Except for the amount of the initial Financial Security, all calculations of the amount of Financial Security required under these criteria or the Passenger Sales Agency Rules for Agents accredited for two years or less will be reviewed and calculated under Section 4.5 of these criteria.

#### **Agents accredited for more than two years**

**4.7** The amount of the Financial Security required must cover at a minimum the Amount at Risk calculated as per Section 4.3 using the BSP cash turnover, or cash turnover as applicable, amount equal to the average of the 3 months highest net cash sales in the previous 12 months. If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

**4.8** All calculations of the amount of Financial Security required under these criteria or the Passenger Sales Agency Rules for Agents accredited for more than two years will be calculated under Section 4.7 of these criteria.

### **5. CHANGES IN OWNERSHIP**

**5.1** This section applies to all changes in ownership or control or any other Review resulting from a change of ownership or control of the Agent in accordance with the Passenger Sales Agency Rules.

**5.2** The Agent must provide Audited Accounts to cover a period of 12 months including, at a minimum, the intermediate audited financial statements of the Agent from the end of the previous annual financial statements and up to at least 60 days before the declaration of change in ownership.

**5.3** For Agents that have a change in ownership or control (Including a new intra-European VAT code) that necessitates a new Passenger Sales Agency agreement the Agent will be considered as a new applicant (Reso 818g par. 10.3).

### **6. CHANGES IN FINANCIAL YEAR END**

**6.1** All Agents must notify IATA immediately of a change in its financial year-end.

**6.2** The Agent must provide both:

**6.2.1** The confirmation from the Trade Registry (K-Bis) mentioning the new financial year end, as soon as this is available after the change is published.

**6.2.2** Audited Accounts for the financial year end no later than 6 months after the new financial year end.

### **7. SIGNIFICANT CHANGE IN GROSS BSP SALES**

**7.1** A significant change means any change in the business of the Agent which results in a change in gross BSP sales of more than 20% as compared to the previous 12 months. A change can be an increase or a decrease in gross BSP sales.

**7.2** An Agent must notify IATA of any significant change as soon as the Agent becomes aware of it.

**7.3** An interim Financial Review may also be initiated by IATA where IATA becomes aware of a significant change in gross BSP sales in accordance with Section 3

### **DEFINITIONS OF TERMS USED IN THESE CRITERIA**

**Adjusted Current Assets**—are defined as

*A balance sheet item which equals the sum of cash and cash equivalents, accounts receivable, inventory, marketable securities, prepaid expenses, and other assets that could be converted to cash in less than one year.*

**Audited Accounts** - accounts prepared by an auditor recognized as competent by the regulatory authority in that country to perform an audit that are provided to IATA. For limited companies Audited account is required including and Audit report. For other agencies accounts certified by a chartered accountant or the yearly tax return format (liasse fiscale) is accepted.

**EBITDA**—Earnings Before Interest, Taxation, Depreciation and Amortization

**Financial Irregularity** means an irregularity applied as a result of any failure to adhere to the reporting and remittance procedures described in Resolution 818g Attachment “A” including but not limited to those irregularities described in Resolution 818g Attachment “A”.

**Financial Review** means a review of an Agent's financial position or the calculation of the amount of Financial Security required in accordance with this Resolution 800f, or both.

**Interest Expense** means an income statement account which is used to report the amount of interest incurred on debt during a period of time.

**Irregularity** means any irregularity applied under the Passenger Sales Agency Rules for non-compliance with those Rules including but not limited to Financial Irregularities.

**Net Equity or Shareholders'/Owners' Funds**—consists of:

- Share capital
- Share premium
- Retained earnings
- Other distributable reserves
- Shareholder's loans if subordinated less declared dividends.

**Long Term Debt** – All debt liabilities where repayment is due more than twelve months after the end of the financial period.

**Long Term Liabilities** – all liabilities where repayment is due more than twelve months after the end of the financial period.

**Review** means any assessment or evaluation of an Agent's continuing compliance with the Passenger Sales Agency Rules.

**FRENCH OVERSEAS TERRITORIES IN AREA 3**
**FINANCIAL EVALUATION**

The applicant shall submit a well-structured Balance Sheet so as to guarantee the timely remittance of payments to the airlines for sales made on their behalf. In order to comply with this requirement, the level of certain items in the Balance Sheet and their relationship to each other are defined by financial standards as set out hereunder.

Financial statements enabling verification of these standards shall be in the form of a Balance Sheet and Profit and Loss Account with attachments, and cover the latest fiscal period. For applicants operating as limited companies, such financial statements shall be certified by an auditor. For all other organizations, such documents shall be certified by a chartered accountant. To obtain a satisfactory evaluation, the applicant may be required to provide additional financial support in the form of recapitalization or a bank guarantee.

**FINANCIAL STANDARDS**
**Definitions**
**1. Turnover**

Calculation of the turnover to be taken into account shall be determined as follows:

Total of: — turnover excluding sales of BSP airlines;  
— commission on sales of BSP airlines.

The total amount for sales made on behalf of BSP airlines is hence not integrated; while only the commissions on such sales are included.

**2. Overhead Expenses**

Overhead expenses to be taken into account shall be calculated exclusive of BSP invoices.

**3. Capital**

Capital resources shall include:

— the share capital increased by reserves;  
— the balance brought forward; and  
— the result of the fiscal year.

However, and this during an adaptation period of three (3) years, current accounts of associates having been the object of a fund blocking agreement according to the terms of Law 83-1179 dated 29th December, 1993, shall be integrated for the calculation of capital resources.

**4. Financial Costs**

The financial costs to be taken into account shall be the short-term financial costs assessment.

**5. Summary**

Financial evaluation is based on a series of five tests with points awarded against a total of 20. A minimum of 10 points is considered satisfactory, provided the amount of capital resources (exclusive of intangible fixed assets) complies with the minimum level taken into account for the first test.

**1st Test — Minimum Capital Resources (4 points):**

CA	Minimum Capital Resources	
	4 Points	2 Points
Total CA < 20 MCFP	2 MCFP	1 MCFP
20 MCFP < CA < 40 MCFP	4 MCFP	2 MCFP
40 MCFP or >	8 MCFP	4 MCFP

(Above are the French abbreviations)

When a loss equal to half of the share capital appears in the Balance Sheet, the minutes of the Extraordinary General Assembly showing the decision to continue the applicant's activities must be produced.

For this test, a minimum of 2 points will need to be achieved, regardless of the total number of points obtained under the other tests. Failing this, a bank guarantee may be requested. An increase in the minimum capital resources may also be requested.

**2nd Test — Specific Bank Account Reserved for Airlines' Monies (4 points):**

A specific bank account reserved for airlines' monies to be maintained separately from the Agent's General business bank account; this account is to show all movement of funds in relation to transactions pertaining to the applicant's sales activities (payments from customers, reimbursements, settlement with BSP).

A maximum of 4 points will be awarded to the applicant for adherence to the operational rules of this account as follows:

1. All funds received as a deposit from customers before issuance of tickets must, within two days following the date of collection, be paid into this specific account to be opened in the applicant's name.
2. These funds may be remunerated by the banks within the framework of their investment activities.
3. This account is to function exclusively with the funds received from customers.
4. In no case can this account be used for compensation purposes or blocked.
5. All deposits paid into this account must remain therein pending:
  - (a) their remittance to the beneficiaries to whom the monies are due; or
  - (b) their reimbursement to the customers who made the corresponding remittance.
6. The amount of commissions received may be withdrawn from the account only after the remittance has been made to the beneficiaries to whom the monies are due.
7. Settlement of accounts relating to sales on credit cannot be made by means of this account but must be made through the applicant's general business bank account.
8. The use of deposits received from customers to finance any loan or advance, whatever the reason or purpose, is contrary to the operational rules governing this account.
9. The existence of this specific account and the deposits from customers are to be clearly identified in the applicant's books of account.

**3rd Test — Covering of Overhead Expenses by means of Current Assets (4 points):**

This test relates to the ratio of the average monthly amount of overhead expenses vis-à-vis current assets translated into number of months.

Current assets equal the long-term capital minus the fixed assets.

Long-term capital represents the capital resources increased by available funds on a long-term basis (loans over more than one year and current accounts of associates having been the object of a fund blocking agreement according to the terms of Law 83/1179 dated 19<sup>th</sup> December, 1993).

The applicant must dispose of current assets sufficient to meet its overhead expenses. This verification is necessary to make certain that the applicant disposes of sufficient current assets and adapted to the volume of transactions so as to meet seasonal fluctuations.

<b>Number of months for Cover</b>	<b>Points</b>
>2 months	4
1 to 2 months	2
0 to 1 month	1
0	0
negative CA	-2

**4th Test — Capital/Turnover (4 points):**

The ratio of Capital/Turnover means that the higher the turnover, the greater the amount of capital must be.

If capital in the amount of 1 MCFP is adequate for a turnover of 30<MCFP, it may appear totally inadequate for a turnover of 150 MCFP or even 100 MCFP.

A ratio of 1.5% would appear satisfactory and is awarded quite an important amount of points (2.5 out of a total of 4). However, a maximum number of points is awarded for a ratio of 3% taking into account the existence of a large margin of security.

Ratio	Points
>3%	4
1.5% to 3%	2.5
0% to 1.5%	1

**5th Test (4 points): Short Term Financial Costs/Turnover**

This ratio indicates an applicant's possible difficulties:

Ratio	Points
<2%	4
2% to 4%	2.5
4% to 6%	1
>6%	0

**Implementation of Financial Standards**

An applicant should establish a financial situation covering one (1) year's trading and complying with the above financial standards. However, to the extent its financial situation does not meet these requirements, the applicant may be considered provided it supplies a bank guarantee in an amount equal to one twelfth of the cash sales made during the previous year on behalf of BSP Participating Airlines.

Where the applicant has provided a Bank Guarantee to A.T.A.F. to cover liability for sales made through the BSP on French national carriers, this may be taken into account in determining the amount of bank guarantee required to cover the total amount of cash sales for all BSP Participating Airlines.

An applicant whose application has been rejected due to imbalance of the structure of its Balance Sheet is eligible, once the necessary steps to restore its financial situation have been taken, to file a new application for accreditation, together with an updated Balance Sheet.

An applicant with less than one (1) year's trading must provide:

- an opening Balance Sheet which must comply with the above financial standards;
- an estimate of its Profit and Loss Account;
- a bank guarantee for an amount equal to the expected sales over 30 days on behalf of IATA Member Airlines.

The bank guarantee shall remain valid until establishment of a Balance Sheet reflecting the applicant's situation after the end of the first fiscal year and meeting the criteria defined above. The amount of guarantee may be required to be adjusted at any time in relation to the monthly turnover achieved on the airlines mentioned above.

**GEORGIA***(Effective 1 January 2016 – PAC/38)***1. GENERAL RULES****Accounts**

1.1 Audited Accounts means accounts prepared by a statutory auditor, recognized as competent by the regulatory authority **or** Certified Accounts according to the local accounting practice.

Audited Accounts consist of:

- Profit and Loss Statement,
- Balance Sheet.

1.2 Newly formed companies that have traded for less than 12 months at the time of application or change of ownership must submit an audited/certified opening balance sheet.

**Remittance Frequency**

1.3 All Agents participating in BSP Georgia must settle their liabilities four times per calendar month.

**2. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS**

The below criteria apply both to New applicants and Accredited Agents. All financial information used in the financial criteria will be extracted from the Agent's Audited/Certified Accounts:

- (a) There must be positive **Net Equity** i.e. Total Assets must Exceed Total Liabilities.
- (b) **Profitability:** The accounts must show that the Agent has made a profit before tax at the end of an accounting period. For New Applicants, submitting opening balance sheet, Profit will be considered as 0.
- (c) **Liquidity:** The accounts must show a positive liquidity ratio i.e. current assets must exceed current liabilities at the end of an accounting period.

**3. ANNUAL FINANCIAL REVIEWS****New Applicants**

Agent must provide its most recent Audited/Certified Accounts prepared in accordance with the local accounting practices and covering 12 months of trading. If an Agent has been in business for less than 12 months at the time of application, it must submit an audited/certified opening balance sheet.

**Existing Agents**

All Agents must provide Audited/Certified Accounts not more than 4 months old and prepared in accordance with the local accounting practices, for the purpose of evaluation against the Criteria in Section 2 of this document. The accounts must cover a period of at least 12 months of trading.

**4. FINANCIAL SECURITY**

4.1. An Agent will not be accredited or will not continue to be accredited until a Financial Security required to be provided to IATA has been:

- (a) received by IATA; **and**

- (b) confirmed to IATA by way of written confirmation received directly from the third party supporting the Financial Security received through the SWIFT channel directly from the bank issued this Bank Guarantee that the Bank Guarantee was issued by the bank and is valid.

All Agents must provide a valid Financial Security as per calculation specified in this Section.

4.2. For the purposes of calculating the amount of a Financial Security the following definitions apply:

4.2.1. "Days' Sales at Risk" means the number of days from the beginning of the Agent's reporting period to the remittance date in respect of that reporting period or periods, plus a margin of five days.

4.2.2. "Amount at Risk" is calculated by dividing the Days' Sales at Risk by 90 days, and applying that percentage to the BSP net to be paid turnover, the Agent made in the three month period referred to in Section 4.5 or 4.6, as applicable.

"Amount at Risk" =  $\frac{\text{"Days' Sales At Risk"} \times \text{BSP cash turnover in applicable 3 month period}}{90}$

4.3. All Financial Security amounts are calculated to the nearest multiple of USD1000.

4.4. Financial Security must be strictly drafted as per specimen provided by IATA.

#### **Agents accredited for two years or less**

4.4. All Agents must provide a Financial Security, with a minimum amount of USD50,000.00.

4.5. After the first three months of accreditation, the amount of the Financial Security required must cover at a minimum the higher of:

4.5.1. the Amount at Risk calculated as per Sections 4.2 & 4.3 above, using the cash turnover amount equal to the BSP net to be paid turnover during the previous three month period; or

4.5.2. USD50,000.00.

If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk as per provision of Resolution 818g.

#### **Agents accredited for more than two years`**

4.6. The amount of the Financial Security must cover at a minimum, the higher of:

4.6.1. the Amount at Risk calculated as per Sections 4.2 & 4.3 above, using the cash turnover amount of the 3 month highest BSP net to be paid turnover in the previous 12 month period, or

4.6.2. USD50,000.00, in order to continue to be accredited.

If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk as per provision of Resolution 818g.

**GERMANY***(Effective 1 January 2016 – PAC/38)***1. GENERAL RULE**

In addition to a complete application the applicant must provide one of the following sureties:

- a bank guarantee payable on first demand according to IATA sample, or
- a guarantee by an insurance company payable on first demand according to IATA sample, or
- an assignment of a fixed deposit or a savings account according to IATA sample, or
- a transit account with a transfer quota of 100% in accordance with paragraph 4.4 below

**Bank guarantee**

References to a bank guarantee in this text mean providing a surety/collateral as described above. Only guarantees waiving the defences of preliminary injunction, of protest and set-off will be accepted. The surety will be kept by IATA.

The amount of the surety/collateral is assessed on the basis of the BSP (*Billing & Settlement Plan*) cash turnover estimate of the applicant in its first year as an IATA travel agent and according to the selected payment interval.

**Calculation of surety/collateral****Twice monthly payment:**

= BSP cash turnover-estimate for the first year as an IATA travel agent, divided by 360 days, multiplied by 35 days, rounded up to EUR 1,000 (minimum: EUR 20,000).

**Periodical (4 times per month) payment:**

= BSP cash\_turnover-estimate for the first year as an IATA travel agent, divided by 360 days, multiplied by 29 days, rounded up to EUR 1,000 (minimum: EUR 15,000).

The relevant IATA branch will make the necessary adjustments of the surety provided to the currently required surety level during the first 12 months, during which the travel agent is acting as an IATA accredited travel agent, and subsequently at regular intervals.

After the first 12 months and after preparation of the first annual accounts, which reflects the financial situation of the IATA travel agent in its accredited form, the IATA travel agent may either submit to a financial audit (data collection sheet model) or continue providing security.

Depending on the payment intervals and on the amount of average BSP cash turnover the local IATA branch will assess the amount of surety.

**2. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS**

As a matter of routine the local IATA branch will annually require all IATA accredited company headquarters either to submit the "data collection sheet for establishing liquidity" or – if necessary – to adjust the surety. For that purpose IATA provides a so-called "bond/guarantee overview", which shows the referenced turnover period, the surety/ies provided, the payment intervals as well as the current guarantee/collateral amounts.

**Documents to be provided to the agencies:**

- "data collection sheet for establishing liquidity" including all necessary annexes, in particular credit agreements to be considered, **or**
- "bond/guarantee overview" together with the required surety (depending on the amount of the BSP cash turnover and the payment intervals chosen)

All forms will be issued by the relevant IATA branch. IATA will inform of the latest date for submitting the above documents reasonably in advance. In the case of late receipt an administration fee of EUR 100.00 + VAT will be payable immediately. Should a further grace period have expired, the IATA travel agent will be banned from the ticketing and refund system until further notice, at the same time a further fee of EUR 300.00 + VAT will be charged.

#### **GUARANTEE MODEL**

If an IATA travel agent opts for the bond/guarantee model the following documents must be submitted:

- An adjusted financial security (depending on the amount of the BSP cash turnover and the payment intervals chosen)

The bond/guarantee overview will inform the IATA accredited travel agent:

- which sureties/collateral are currently deposited with IATA,
- to which turnover period the guarantee currently required refers and
- what guarantee amount is currently required with regard to twice-monthly or periodical payments

If the guarantee deposited is sufficient, no actions need to be taken by the agencies.

Should the guarantee/collateral deposited be insufficient or should the IATA travel agent have deposited guarantee/collateral for a higher amount than necessary, a new guarantee or a guarantee for the difference needs to be provided. Addendums declared by banks will also be accepted. It is also permissible for the IATA travel agent to change the payment interval in accordance with the guaranteed amounts. As soon as the documents will have been punctually submitted to IATA the process can be completed.

#### **Calculation of surety (hereinafter called "target guarantee/collateral"):**

##### **Twice-monthly payment:**

= BSP cash turnover during the last 12 months, divided by 360 days, multiplied by 35 days, rounded up to 1,000 EUR (minimum: EUR 20,000).

##### **Periodical (4 times per month) payment:**

= BSP cash turnover during the last 12 months, divided by 360 days, multiplied by 29 days, rounded up to 1,000 EUR (minimum: EUR 15,000).

In accordance with the governing IATA resolutions, IATA may at any time request necessary adjustments of the surety provided when the actual cash turnover deviates from the estimated amount.

### **3. ANNUAL FINANCIAL REVIEW**

#### **DATA COLLECTION SHEET MODEL**

The data collection sheet model was developed in order to provide an alternative to depositing a guarantee by the IATA travel agent by proving the agent's liquidity. If the IATA travel agent achieves a liquidity rate of more than 110%, the agent can expect a reduction of the otherwise required guarantee amount.

Only those IATA travel agents that have been accredited with IATA for 12 months and prepared annual accounts may opt for the data collection sheet model. IATA travel agents not yet having been accredited for 12 months have to provide surety.

The following documents must be submitted:

"Data collection sheet for establishing liquidity", including all necessary annexes, in particular any loan agreements to be considered.

Should there have been any changes in the shareholding etc. the form "Notice of Change" is to be submitted. In the case of changes of address the new address must be entered into the form.

The "data collection sheet for establishing liquidity" should show a liquidity rate of more than 110%. If not, no reduction of the otherwise required surety can be permitted. The data collection sheet contains a list of short-term

assets and of short-term liabilities. Outside its balance sheet the IATA travel agent may include – in relation to the amount of BSP turnover and the share of BSP cash turnover – in the short-term assets either a loan agreement or a guarantee deposited with IATA.

If the liquidity rate is below 140% a minimum surety in the amount of EUR 20,000 with twice-monthly payments and EUR 15,000 with periodical payments is required, irrespective of any bonus reduction granted.

Should there have been 2 irregularities registered - as per IATA Resolution 818g - within the last 12 months from the date of evaluating the data collection sheet, the agent will be downgraded by one bonus class.

Starting from a target guarantee of EUR 400,000 and a share of BSP cash turnover as defined in table 4.1 in this document, the IATA travel agents are obliged to transfer the defined percentages (hereinafter called "transit transfer account quota") of their daily BSP cash turnover to a special account assigned to IATA (hereinafter called "transit account"). The percentage depends on the bonus class confirmed by IATA.

IATA travel agents having to provide a target guarantee/collateral of less than EUR 400,000 or having a BSP cash turnover share lower than defined in table 4.1, are not obliged to transfer their BSP cash turnover to a transit account.

**4.1 FINANCIAL SECURITY - Surety/collateral and transit account transfer quotas**

Target guarantee/ collateral in EUR	BSP cash turnover share	Surety/collateral				
		1	2	3	4	5
Bonus classes						
Liquidity rates in %		> 140%	> 130% ≤ 140%	> 120% ≤ 130%	> 110% ≤ 120%	≤ 110%
≤ 250,000.00		0%	25%	50%	75%	100%
> 250,000.00 < 400,000.00		0%	25%	50%	75%	100%
		transit account transfer quota *				Collateralization
≥ 400,000.00 < 600,000.00	≥ 40%	50%	60%	75%	80%	100%
≥ 600,000.00 < 800,000.00	≥ 40%	60%	70%	75%	80%	100%
≥ 800,000.00 < 1,000,000.00	≥ 30% < 40%	50%	60%	75%	80%	100%
≥ 800,000.00 < 1,000,000.00	≥ 40%	65%	75%	80%	90%	100%
≥ 1,000,000.00 < 2,000,000.00	≥ 18% < 30%	50%	60%	75%	85%	100%
≥ 1,000,000.00 < 2,000,000.00	≥ 30% < 40%	60%	70%	80%	90%	100%
≥ 1,000,000.00 < 2,000,000.00	≥ 40%	72%	75%	85%	100%	100%
≥ 2,000,000.00	≥ 10% < 20%	50%	60%	70%	80%	100%
≥ 2,000,000.00	≥ 20% < 30%	60%	70%	80%	90%	100%
≥ 2,000,000.00	≥ 30% < 40%	70%	75%	85%	100%	100%
≥ 2,000,000.00	≥ 40%	72%	80%	90%	100%	

						100%
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The surety/collateral must be deposited by paying a percentage of the current daily turnover into a transit account.

#### **4.2 Formulae for calculating liquidity**

##### **a) If target guarantee/collateral is below EUR 2,000,000**

assets realisable in short term  
 + current loan agreement (if considered)  
 x 100  
 ÷ short-term liabilities

##### **b) If target guarantee/collateral is larger than or equal to EUR 2,000,000**

assets realisable in short term  
 + current guarantee (if considered)  
 x 100  
 ÷ short-term liabilities

#### **4.3 Rules and regulations**

IATA travel agents in the bonus category 1 with a target guarantee/collateral below EUR 400,000 do not need to deposit any additional surety/collateral. IATA travel agents in the bonus categories 2 to 4 with a target guarantee/collateral below EUR 400,000 must deposit a financial security in the amount of the share of the target guarantee/collateral fixed for their bonus category. IATA travel agents in the bonus categories 1 to 4 with a target guarantee/collateral above EUR 400,000 and a BSP cash turnover share as defined in table 4.1 must provide additional surety by keeping a transit account. IATA travel agents in the bonus categories 5 must always provide 100% surety as defined in paragraph 1 of this document.

Guarantees considered in the actual current liquidity calculation remain with IATA, even though the liquidity rate may be above 140%.

The BSP cash turnover portion is calculated from monthly BSP turnover during the previous 12 months. If the travel agent is obliged to keep a transit account, it can only be relieved from that obligation, if it has gone below the relevant cash portion for 12 months running (i.e. not on average).

As an alternative to keeping the transit account the IATA travel agent is entitled to provide a bank guarantee in the amount of the target guarantee/collateral, multiplied by the relevant transit account transfer rate.

During the course of a year IATA is entitled to require an adaptation of the above-mentioned bank guarantees (alternatively to the transit account), if the travel agent increases the BSP cash turnover for 3 months running by 10% in each month. In the framework of guarantee adaptations, a current proof of financial solvency may also be required. Sample forms for requesting such acceptance may be obtained from IATA.

#### **4.4 Establishing and handling of a transit account**

The Agent establishes a transit account, which is exclusively used for the administration of BSP cash sales. For that purpose it is necessary that this account is assigned to IATA. IATA provides a sample for such an assignment. After having obtained the declaration of assignment, IATA will submit a copy thereof to the account-keeping bank. That bank must confirm that it has arranged a blocking of the account in favor of IATA. IATA shall conduct a supervising function regarding this account. This means that IATA shall monitor and confirm that the percentage of the BSP cash turnover, as determined in table 4.1 has been transferred on a daily basis to the transit account.

Each time the required daily amount is not or not completely transferred to the transit account on the agreed daily basis, IATA shall record this as an incident. IATA shall record an additional incident each time the Agent fails to transfer such lacking amount on the following day. Should 3 incidents occur within one calendar week, IATA shall request the Agent to submit a bank guarantee within 30 days in the amount of the target guarantee multiplied by the applicable transit account transfer quota. After receipt of the guarantee the transit account will no longer be needed.

Should 4 incidents occur within one calendar year IATA shall remove the ticketing authority from the Agent according to Resolution 818g, Appendix A, Section 1, Chapter 1.7.7.2 and initiate a review of the Agent.

On the Remittance Date the total amount according to the Billing must be available for direct debiting on the transit account. If this is not the case, the standard Irregularity / Default process according to Resolution 818g, Appendix A, Section 1 + 2 applies.

The Agent shall provide IATA with an authorization for debiting the Agent's transit account directly. In accordance with the BSP calendar of payments, the Agent must ensure that there are sufficient funds in the transit account on remittance date.

#### 4.5 Prerequisites for accepting loan agreements as a means for achieving the required liquidity rate

Target guarantee/ surety in EUR	Requirements for loan agreement	Additional security measures
≤ 250.000,00	Loan agreement valid at least until last day of following year, provided the agreement is not older than 2 months and has not been cancelled.	None
> 250.000,00 < 600.000,00	Loan agreement valid at least until last day of following year, provided the agreement is not older than 2 months and has not been cancelled.	Personal, absolute guarantee by owner, shareholder (provided they are natural persons) or by a manager, payable on first demand** in the amount of the loan value, to the extent the loan amount is to be used for achieving the desired liquidity quota, certified by notary, in favour of IATA and the airlines taking part in BSP. The guarantee is limited to the amount of the target guarantee/surety.
≥ 600.000,00 < 800.000,00	Loan agreement with the following details: 1.) commitment restricted for covering the BSP cash turnovers 2.) validity at least until last day of following year 3.) bank undertakes to notify IATA immediately of notice of termination of the loan agreement (relevant clause contained in loan agreement)	Personal, absolute guarantee by owner, shareholder (provided they are natural persons) or by a manager, payable on first demand** in the amount of the loan value, to the extent the loan amount is to be used for achieving the desired liquidity quota, certified by notary, in favour of IATA and the airlines taking part in BSP. The guarantee is limited to the amount of the target guarantee/surety.
≥ 800.000,00 < 2.000.000,00	Loan agreement with the following details 1.) commitment restricted for covering the BSP cash turnover 2.) validity at least until last day of following year 3.) bank undertakes to notify IATA immediately of notice of termination of the loan agreement (relevant clause contained in loan agreement).	Personal, absolute guarantee by owner, shareholder (provided they are natural persons) or by a manager, payable on first demand** in the amount of the loan value, to the extent the loan amount is to be used for achieving the desired liquidity quota, certified by notary, in favour of IATA and the airlines taking part in BSP. The guarantee is limited to the amount of the target guarantee/surety.
≥ 2.000.000,00	* loan cannot be taken into account  > 110% < 140% liquidity rate	Providing a surety in the form of a bank guarantee in the amount of the otherwise required loan value. The surety will remain with IATA.

\*Improvement of the liquidity rate by taking into account of a guarantee. The IATA-travel agency must reach a liquidity rate of more than 110% by its own financial strength. Taking a loan agreement into account is not permitted. Instead of that, a bank guarantee must be provided, which helps the IATA-travel agency to reach a liquidity rate of at least more than 110%. Seeing that the individual rates can only be achieved by a bank guarantee, guarantees remain with IATA.

\*\*Only guarantees waiving the rights of preliminary injunction, protest and setting-off will be accepted.

#### **4.6 Personal guarantee**

Starting from target guarantee amounts of more than EUR 250,000 the IATA travel agencies are obliged – in the case of a loan agreement being taken into account in achieving the liquidity rate - to provide a personal, absolute guarantee by the owner, shareholder or manager in the framework of the data collection sheet model. The amount depends on the loan amount taken into account in calculating the liquidity rate. The wording must conform to the sample as provided by IATA. IATA will exclusively accept guarantees, which conform to the sample and are notarized.

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**GHANA***(Effective 1 January 2016 – PAC/38)***1. GENERAL RULES**

1.1 All Financial Reviews shall be conducted in accordance with Resolution 800f as specified in these local criteria.

**2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS**

2.1 All financial information used in the financial criteria will be extracted from the Agent/s Audited accounts

2.2 The following financial tests apply to the evaluation of an Agent's Audited accounts:

2.2.1 There must be a positive Net Equity

2.2.2 Net Equity divided by long-term debt and other long-term Liabilities must be greater than 0.5

2.2.3 EBITDA (Earnings before Interest, Taxation, Depreciation, Amortisation and extraordinary items) must be positive save in exceptional circumstances.

2.2.4 The EBITDA must exceed the Interest Payable by a factor of a minimum of Three

2.2.5 Adjusted Current Assets must exceed Current Liabilities.

**3. ANNUAL FINANCIAL REVIEW****3.1. Agents Accredited for two years or less:**

3.1.1. New Applicants must have been in operations for one year before becoming an IATA accredited Agents.

3.1.2. All Agents must provide Financial Accounts certified by a certified accountant / auditor not more than 12 months old at the time of submission to become an Agent for the purposes of evaluation against the financial tests as per section 2 of these criteria.

**3.2. Agents accredited for more than two years**

3.2.1. All Agents must provide Financial Accounts certified by a certified accountant / auditor no later than 6 months after each financial year end or as required by legislation, of that Agent for the purposes of evaluation against the financial tests in Section 2 of these criteria.

**4. FINANCIAL SECURITY**

4.1 Notwithstanding the result of the financial review, all New Applicants and existing Agents must provide a financial security. The financial security will be calculated per 4.3-4.5.

4.2 Financial Security will be subject to a minimum notice period of ninety (90) days and will be valid for a minimum of at least one year.

4.3 the amount of the financial Security required must cover at a minimum the Amount at Risk calculate as below using the BSP cash turnover, amount equal to the average of the 3 months highest net cash sales in the previous 12 months. If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

**(“Days Sales at Risk” X highest 3 months net cash sales)/90**

**Subject to a minimum of USD 50,000.00/-**

4.4 “Days at Risk” means the number of days from the beginning of the Agent's reporting period to the remittance date, plus a margin of 5 days:

**- Bi-Monthly: 35 days**

**- Weekly: 21 days**

4.5 New Applications are required to provide a Financial Security equal to:

**(“Days Sales at Risk” x Estimated Annual Sales) / 365**

Subject to a minimum of USD 50,000.00/-

## 5. DEFINITIONS OF TERMS USED IN THESE GUIDELINES

**Adjusted Current Assets** - are defined as Current Assets as in the balance sheet of the accountants after deducting:

- Stocks and work in progress
- Deposits given to third parties other than IATA
- Loans to Directors, Associate Companies, (including any subsidiary, associate or company under common ownership)
- Doubtful debtors
- Blocked funds except for funds held in favour of IATA.

*These generic descriptions may be modified to terms specifically defined under the applicable local Generally Accepted Accounting Principles (GAAP) and disclosed in the financial statements.*

**Current Liabilities** – are defined as current liabilities in the balance sheet of the accounts

**EBITDA** - Earnings Before Interest, Taxation, Depreciation and Amortisation.

**Financial Irregularity** means an irregularity applied as a result of any failure to adhere to the reporting and remittance procedures described in resolution 818g Attachment “A” including but not limited to those irregularities described in resolution 818g Attachment “A”

**Financial Review** means a review of an Agent’s financial position or the calculation of the amount of Financial Security required in accordance with this local financial criteria.

**Irregularity** means any irregularity applied under the Passenger Sales Agency Rules for non-compliance with those rules including but not limited to Financial Irregularities.

**Net Equity or Shareholders’/owners’ Funds**-Consists of:

- Share capital
- Share Premium
- Retained earnings
- Other distributive reserves
- Shareholder’s loans if subordinated less declared dividends

**Long Term Debt** - All debt liabilities where repayment is due more than twelve months after the end of the financial period

**Long Term Liabilities** - all liabilities where repayment is due more than twelve months after the end of the financial period

**Review** means any assessment or evaluation of an agent’s continuing compliance with the Passenger Sales Agency Rules

**GREECE***(Effective 1 February 2014 – MV A243)***1. GENERAL RULE**

**1.1** Audited Accounts means accounts reviewed by an auditor recognised as competent by the regulatory authority in that country to perform an audit that are provided to IATA. Certified accounts will be applicable in those countries where APJCs accept certified accounts according to local law. In all instances the established accounting rules in a country will apply

**1.2** If an Agent provides Audited Accounts to IATA with an audit report or local regulatory equivalent qualified in relation to the possibility to apply the financial tests under Section 2 and:

**1.2.1** the qualified audit report does not set out the exact adjustments which should be made to the Audited Accounts to enable the auditor to provide an unqualified audit report: the financial assessment will not be processed and the Agent will be required to provide IATA with a revised auditors report quantifying the adjustments which should be made to the Audited Accounts within 10 working days. The revised auditors report and the restated Accounts submitted by the Agent will be used in the financial assessment subject to the financial tests set out in Section 2.

**1.2.2** the qualified audit report does set out the adjustments which should be made to the Audited Accounts to enable the auditor to provide an unqualified audit opinion report: the Audited Accounts will be restated by the Agent, as a result of adjustments set out in the qualified audit opinion report. The restated Audited Accounts submitted by the Agent will be used in the financial assessment subject to the financial tests set out in Section 2.

**Multiple IATA Numeric Codes**

**1.3** If an Agent is granted an additional IATA numeric code(s) then any Financial Security already provided by the Agent will be re-calculated based on the gross BSP sales 60 days after the date that the additional IATA numeric code(s) is granted based on the Amount at Risk applicable to that Agent.

**2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS**

**2.1** All financial information used in the financial criteria will be extracted from the Agent's Audited Accounts or Certified Accounts.

**2.2** If an Agent's Audited or Certified Accounts are adjusted and restated in accordance with sections 1.2.1 and 1.2.2, the restated accounts must be used in calculating the financial tests set out in sections 2.3.1-2.3.5 below.

**2.3** The following financial tests apply to the evaluation of an Agent's Audited or Certified Accounts:

**2.3.1** There must be positive Net Equity.

Note: Only for the 2013 financial year-end, this criterion will be assessed as passed, provided that a minimum share capital increase is finalised till May 2014 by submitting the official documents from Greek Authorities. The minimum increase in the share capital is the amount required to pass this criterion.

**2.3.2** Adjusted Net Equity divided by long-term debt and other long-term liabilities must be greater than 0.5.

The adjusted net equity is calculated by adding the 75% of the fixed assets net book value to the Net Equity as shown in the balance sheet.

Note: Only for the 2013 financial year end, this criterion will be assessed as passed, provided that a minimum share capital increase is finalised till May 2014 by submitting the official documents from Greek Authorities. The minimum increase in the share capital is the amount required to pass this criterion.

**2.3.3** EBITDA (Earnings Before Interest, Taxation, Depreciation, Amortisation and extraordinary items) must be positive.

**2.3.4** The EBITDA must exceed the Interest Payable by a factor of two.

This criterion will be assessed as passed if EBITDA exceeds the Interest Payable by a factor of one and a half (1.5), once in three continuous years' time.

Financial year end of 2013 will be the starting year for the calculation of the continuous three years' time.

**2.3.5** Adjusted Current Assets must exceed Current Liabilities.

Adjusted Current Assets are defined as Current Assets as in the Balance Sheet of the Accounts after:

- deducting loans to Directors, Associate Companies (including any subsidiary, associate or company under common ownership),
- deducting doubtful debtors,
- deducting blocked funds related to guarantees, except those given to IATA and those blocked funds related to equal liabilities as indicated in the auditor's report.
- adding accrued income as shown in the accrued accounts of the balance sheet if invoiced till the submission date of the financial statements.

Note: Only for the 2013 financial year end, this criterion will be assessed as passed, provided that a minimum share capital increase is finalised till May 2014 by submitting the official documents from Greek Authorities. The minimum increase in the share capital is the amount required to pass this criterion.

**2.4** All Agents must retain and provide valid Tax clearance certificate (Φορολογική Ενημερότητα) and Social Security clearance certificate (Ασφαλιστική Ενημερότητα).

### **3. ANNUAL FINANCIAL REVIEWS**

#### **A. Agents keeping 'C' category books**

##### **Agents accredited for two years or less**

**3.1** All Agents must provide Audited or Certified Accounts not more than 12 months old at the time of submission to become an Agent for the purposes of evaluation against the financial tests in section 2. If an Agent has been in business for less than 12 months at the time of application, an opening balance sheet must be provided instead.

**3.2** All Agents must provide Audited or Certified Accounts no later than 4 months after each financial year end, or as required by legislation, during the first two years of accreditation for the purposes of evaluation against the financial tests in section 2.

**3.3** All Agents must provide a Financial Security during the first two years as an Agent in accordance with section 5.

##### **Agents accredited for more than two years**

**3.4** All Agents must provide Audited or Certified Accounts no later than 4 months after each financial year end, or as required by legislation, of that Agent for the purposes of evaluation against the financial tests in section 2.

**3.5** If an Agent passes all the financial tests and satisfies all the points below, the Agent will not be required to provide IATA with a Financial Security:

**3.5.1** The Agent has not had any of the following in the last 12 months:

- (i) a default (including defaults resulting from an accumulation of irregularities) and removal from the Agency list.

(ii) a Change of ownership subject to the conditions in Section 6.

**3.6** If an Agent fails to pass any of the financial tests, the Agent must provide a Financial Security in accordance with section 5.

**B. Agents keeping 'B' (income-expenses) category books**

Agents with legal status Sole proprietorship, EE and OE keeping 'B' (income-expenses) category books, that cannot provide Audited or Certified Accounts, must provide the official submitted to the Greek Tax Authorities E3 financial statement report, no later than the date required by Greek legislation. Financial Security must be provided to cover the Amount at Risk.

**4. INTERIM FINANCIAL REVIEWS:** As described on IATA resolution 818g

**5. FINANCIAL SECURITY**

**5.1** An Agent will not be accredited or will not continue to be accredited until any Financial Security required to be provided to IATA has been received by IATA and confirmed to IATA by way of written confirmation received directly from the third party supporting the Financial Security that the Financial Security was issued by that third party and is valid.

**5.2** Financial Securities will be subject to a minimum notice period of ninety (90) days and ideally be valid for an unlimited period but will be expected to be valid for a minimum of at least one year.

**5.3** For the purposes of calculating the amount of a Financial Security the following definitions apply:

**5.3.1** "Days' Sales at Risk" means the number of days from the beginning of the Agent's reporting period to the remittance date in respect of that reporting period or periods, plus a margin of five days.

**5.3.2** "Amount at Risk" is calculated by dividing the Days' Sales at Risk by 360 days, and applying that percentage to the BSP cash turnover, or cash turnover as applicable, amount the Agent made in the previous twelve months period referred to in section 5.5 or 5.7, as applicable:

**"Amount at Risk" =  $\frac{\text{"Days' Sales At Risk"} \times \text{BSP cash turnover in applicable 12 month period}}{360}$**

**5.3.3** Calculation of Financial Security

Fortnightly Remittance:

= BSP cash turnover in the latest applicable 12 months, divided by 360 days, multiplied by 37 days and rounded to 1,000 EUR (minimum amount EUR 18,500)

Voluntary Monthly Remittance with satisfactory financial standing according to the local financial criteria:

= BSP cash turnover in the latest applicable 12 months, divided by 360 days, multiplied by 15 days and rounded to 1,000 EUR (minimum amount EUR 25,000)

Voluntary Monthly Remittance with unsatisfactory financial standing according to the local financial criteria:

= BSP cash turnover in the latest applicable 12 months, divided by 360 days, multiplied by 50 days and rounded to 1,000 EUR (minimum amount EUR 25,000)

### **Agents accredited for two years or less**

**5.4** All Agents must provide a Financial Security with a minimum amount of **EUR 18,500** to be accredited.

**5.5** After the first three months of accreditation and after the first 12 months of accreditation, the amount of the Financial Security required must cover at a minimum the higher of:

**5.5.1** the Amount at Risk calculated as per section 5.3 using the cash turnover amount equal to the average net monthly cash sales of the Agent during the previous twelve months period; or

**5.5.2 EUR 18,500.**

If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

**5.6** Except for the amount of the initial Financial Security, all calculations of the amount of Financial Security required under these financial evaluation criteria or the Passenger Sales Agency Rules for Agents accredited for two years or less will be reviewed and calculated under section 5.5.

### **Agents accredited for more than two years**

**5.7** The amount of the Financial Security required must cover at a minimum the Amount at Risk calculated as per section 5.3 using the BSP cash turnover, or cash turnover as applicable, amount equal to the average of the twelve previous months' net cash sales. If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

**5.8** All calculations of the amount of Financial Security required under these Agents' financial evaluation criteria or the Passenger Sales Agency Rules for Agents accredited for more than two years will be calculated under section 5.7.

## **6. CHANGES IN OWNERSHIP**

**6.1** This section applies to all changes in ownership or control or any other Review resulting from a change of ownership or control of the Agent in accordance with the Passenger Sales Agency Rules.

**6.2** The Agent must provide Audited or Certified Accounts, no later than 90 days after the change of ownership or control is affected. The Accounts must cover a period of 12 months including, at a minimum, the first month after the change of ownership or control takes effect and IATA will use these Accounts to conduct the Financial Review applicable to the Agent.

## **7. CHANGES IN FINANCIAL YEAR END**

**7.1** All Agents must notify IATA immediately of a change in its financial year-end.

**7.2** The Agent must provide both:

**7.2.1** Audited or Certified Accounts within 60 days after the change is made and IATA will conduct the Financial Review applicable to the Agent under these criteria.

**7.2.2** Audited or Certified Accounts for the financial year end that would have applied to the Agent before the Agent changed its financial year end. These must be provided to IATA within 60 days of the former financial year end.

## **8. SIGNIFICANT CHANGE IN NET PAYABLE BSP SALES:**

**8.1** A significant change means any change in the business of the Agent which results in a change in net BSP payable sales of more than 50% as compared to the previous 12 months. A change can be an increase in net BSP payable sales.

**8.2** An interim Financial Review may also be initiated by IATA where IATA becomes aware of a significant change in net BSP payable sales in accordance with Section 4.

#### **DEFINITIONS OF TERMS USED**

**Current Liabilities** - are defined as Current Liabilities as in the Balance Sheet of the Accounts

**EBITDA** – Earnings Before Interest, Taxation, Depreciation and Amortisation

**Financial Irregularity** means an irregularity applied as a result of any failure to adhere to the reporting and remittance procedures described in Resolution 818g Attachment “A” including but not limited to those irregularities described in Resolution 818g Attachment “A”.

**Financial Review** means a review of an Agent’s financial position or the calculation of the amount of Financial Security required, or both.

**Irregularity** means any irregularity applied under the Passenger Sales Agency Rules for non-compliance with those Rules including but not limited to Financial Irregularities.

**Net Equity or Shareholders’/Owners’ Funds** – consists of:

- Share capital
- Share premium
- Retained earnings
- Other distributable reserves
- Shareholder’s loans if subordinated less declared dividends

**Long Term Debt** – All debt liabilities where repayment is due more than twelve months after the end of the financial period.

**Long Term Liabilities** – all liabilities where repayment is due more than twelve months after the end of the financial period.

**Review** means any assessment or evaluation of an Agent’s continuing compliance with the Passenger Sales Agency Rules.

**GULF AREA (Bahrain, Oman, Qatar & UAE)**  
(Effective 1 June 2016 – PAC/38)

**FINANCIAL**

Requirements for New Applicants (with no previous trading history)

The following documents should be submitted:

- Applicants must provide a bank guarantee for the greater of the following:
  - a. For those Agents volunteering to remit on a more frequent basis (four times per month) an amount calculated based on estimated average monthly cash sales provided by the applicant multiplied by a factor of 0.7;  
  
For those Agents remitting on the standard remittance calendar (twice per month) an amount calculated based on estimated average monthly cash sales provided by the applicant multiplied by a factor of 1.25;  
**OR**
  - b. USD100,000 (One Hundred Thousand US Dollars)

**Requirements for Existing Agents (those with trading history e.g. non-IATA)**

The following documents should be submitted:

- Full/Audited financial statements – not be older than 6 months - comprising a balance sheet, income statement, statement of changes in equity and statement of changes of cash flow. Financial statements must disclose preferential claims on the assets, contingent liabilities and details of any pending litigation.
- Copies of bank statement for preceding three (3) months
- List of separate bank guarantees given to IATA Airlines
- Net cash sales (market fares) airline wise on all IATA airlines for a period of 12 months
- For those agents volunteering to remit on a more frequent basis (four times per month), a Bank Guarantee that covers the average of the 3 months highest cash sales of the preceding 12 months multiplied by a factor of 0.7 subject to a minimum of USD100,000 (One Hundred Thousand US Dollars)
- For those agents remitting according to the standard remittance calendar (twice per month), a Bank Guarantee that covers the average of the 3 months highest cash sales of the preceding 12 months multiplied by a factor of 1.25 subject to a minimum of USD100,000 (One Hundred Thousand US Dollars)

**Financial Review****Newly Accredited Agents (those with no prior trading history)**

- Newly accredited agents will be subject to Financial review within six (6) months of the approval date and/or submission of the provisional Bank Guarantee, and accordingly will be required to submit a revised Bank Guarantee based on:
  - For those agents volunteering to remit on a more frequent basis (four times per month), a Bank Guarantee that covers the average of the 3 months highest cash sales of the preceding 6 months multiplied by a factor of 0.7 subject to a minimum of USD100,000 (One Hundred Thousand US Dollars)
  - Agents remitting according to the standard remittance calendar (twice per month), a Bank Guarantee that covers the average of the 3 months highest cash sales of the preceding 6 months multiplied by a factor of 1.25 subject to a minimum of USD100,000 (One Hundred Thousand US Dollars)

**Existing Agents**

A financial review of an Agent will be completed in the following circumstances:

- On an annual basis.
- On an ad-hoc basis as requested by member airlines
- Based on the review the agent will be required to submit a revised Bank Guarantee based on the following:
  - For those agents volunteering to remit on a more frequent basis (four times per month), a Bank Guarantee that covers the average of the 3 months highest cash sales of the preceding 12 months multiplied by a factor of 0.7 subject to a minimum of USD100,000 (One Hundred Thousand US Dollars)
  - Agents remitting according to the standard remittance calendar (twice per month), a Bank Guarantee that covers the average of the 3 months highest cash sales of the preceding 12 months multiplied by a factor of 1.25 subject to a minimum of USD100,000 (One Hundred Thousand US Dollars)
- Audited financial statements within 6 months of the end of the agent's financial year (comprising a balance sheet, income statement, statement of changes in equity and statement of changes in cash flow. Financial statements must disclose the existence of preferential claims on the assets, contingent liabilities and details of any pending litigation).

#### **Common Requirements**

In case of new and/or existing agents with multi-locations (branches and/or implants), the financial documents of the approved and operating HO should be submitted. Consequently the financial security (BG) should cover the entire agency network.

- Periodic & Ad-hoc Reviews shall be constructed in accordance with the established applicable Resolutions
- Financial Review should be conducted in accordance with:
  - Resolution 800f (to be used as a model)
  - Average sales of the previous September to August period
- Bank guarantee must be submitted to the IATA office within 4 weeks of the date of request.

#### **Approved Payment Methods – BSP Remittances**

Approved forms of payments for BSP Remittances are limited to:

- Electronic Bank Transfers
- Direct Debit

#### **Bank Guarantee format**

The bank guarantee is to be provided in the specified format drawn on a bank with a minimum Standard & Poor's (or equivalent) rating of BBB- or a government owned bank.

Government owned entities are exempted from providing Bank Guarantees. However Guarantee & Undertaking letter should be provided by the owning governmental party.

#### **Staff Criteria**

The applicant must have in its employment competent and qualified staff able to sell international air transportation and correctly issue electronic travel documents and report these to the BSP.

#### **BSP Procedures**

Information on the procedures and responsibilities of agents in respect of the reporting and settlement rules is contained in the BSP Manual for Agents supplied to each Approved Location. IATA offers regular BSP procedural training sessions. Any agent wishing to undertake such training is encouraged to contact the local BSP office.

**Automation**

Travel Agents must have a PC with Internet connection in order to access BSPlink and download billing electronically and also must have an Automated or Electronic Ticketing System at the location.

**License**

- **UAE:** In general, Tourism Authority and Economic Department.
  - **Bahrain:** Commercial registration from the Ministry of Commerce, License from the Ministry of information and Tourism Affairs.
  - **Qatar:** Civil Aviation Authority, Ministry of Economy & Trade and Municipality.
  - **Oman:** Commercial Registration from the Ministry of Commerce, License from Ministry of Tourism and Chamber of Commerce and Industry.
-

**HONG KONG (SAR, China)**  
*(Effective 1 January 2016 – PAC/38)*

**1. GENERAL RULE****1.1 General Financial Requirements****New Applicants**

Applicants must:

- a. be established and in business as a travel agent for not less than 18 months from the date of licensing prior to the date of application, and
- b. after accreditation, contribute to the Industry Trust Fund in accordance with its terms and conditions as determined by the Agency Programme Joint Council — HKG SAR from time to time.
- c. submit to IATA a certified complete set of audited financial statements which must not be older than 9 months at the time of submission and in the auditor's opinion, the financial statements give an unqualified true and fair view of the state of the company's affairs.

**1.2 Definitions****a. Encumbrance**

Encumbrance means any asset of the applicant or Agent which has been pledged to any person for the security of any arrangement granted by any person for the benefit of any person other than the applicant or Agent.

**Related party**

A related party means any shareholder or director and their immediate families, trustees or partners, associated and subsidiary companies, holding companies and their associated and subsidiary companies, or related company.

**c. Intangible**

Intangible includes goodwill, trademarks, royalty, deferred expenses, deferred cost of advertising.

**d. Contingent liability**

Contingent liability does not include bank guarantee provided for trade creditors of the applicant or Agent.

**e. Tangible net worth**

Tangible net worth is the aggregate amount of:-

- paid-up share capital;
- reserves;
- professional property revaluation reserves; and
- retained profits;

minus

- retained losses;
- intangibles;
- encumbrances;
- deferred tax assets;
- contingent liabilities; and
- net amount of loans to related parties.

**f. Tangible net worth deficiency**

Tangible net worth deficiency occurs when the requirement in Test 1 in section 2.2 has not been met, and the amount of deficiency is the difference between the Tangible Net Worth of the Agent and the requirement in Test 1.

**2. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS**

When assessing whether the applicant or Agent meets the financial standing the following will be taken into account using the criteria set out in section 2.1 & 2.2.

- a) availability of adequate liquid funds to meet normal trading commitments,
- b) capital required to be commensurate with fixed assets,
- c) the existence of preferential claims on the assets and the existence of contingent liabilities.

**2.1 Minimum Paid Up Capital**

Have as a minimum paid up capital of HKD500,000;

**2.2 Financial Criteria**

To meet the financial criteria, the applicant or Agent must have a minimum score of 85.

**Test 1 – Tangible Net Worth**

A minimum requirement of HKD 500,000 or 150% of the amount of net loss after tax for the immediately preceding financial year, whichever is higher. The loss must be increased by the amount of expenses which in normal circumstances should have been charged, for example, the fair market price of rent for office premises provided rent-free.

Tangible Net Worth	Score
HKD 500,000 or 150% of the amount of net loss after tax, whichever is higher	80
< HKD 500,000	0

**Test 2 – Working Capital Ratio**

$$\text{Working Capital Ratio} = \frac{\text{Total current assets less encumbrances and loans to related parties}}{\text{Total current liabilities}}$$

Working Capital Ratio	Score
=> 1	10
0.9 – 0.99	5
< 0.9	0

**Test 3 – Liquidity ratio**

$$\text{Liquidity Ratio} = \frac{\text{Total current assets less encumbrances, deposits (except payments in advance to trade suppliers), prepayment, stock in trade, and loans to related parties}}{\text{Total current liabilities less bank overdraft, loans from related parties, incomplete tours and/or customer deposit}}$$

Liquidity Ratio	Score
=> 0.8	10
0.7 – 0.79	5
< 0.7	0

**3. ANNUAL FINANCIAL REVIEWS**

Accredited Agents must submit annually a certified complete set of audited financial statements which must not

be older than 9 months at the time of submission and in the auditor's opinion the financial statements give an unqualified true and fair view of the state of the company's affairs.

Agents must submit their audited annual financial statements within 9 months from the year end date.

Financial Standing

**(I) Satisfactory without condition**

Where the applicant's or Agent's overall score is 85 or more.

**(II) Satisfactory subject to provision of additional financial support**

Where the applicant's or Agent's overall score is below 85.

**(III) Unsatisfactory**

Where the applicant's or Agent's financial standing has not been found satisfactory without condition and request to provide additional financial support has not been complied with on or before the deadline.

#### **4. FINANCIAL SECURITY**

##### **Category A**

The applicant or Agent has met the Tangible Net Worth requirement in Test 1:

- A1 - If its Annual BSP Payable Amount exceeds HKD 600 million, it is required to provide a 10-day bank guarantee/insurance bound
- A2 - If its Annual BSP Payable Amount is within HKD 300 - HKD 600 million, it is required to provide a 14-day bank guarantee/insurance bound
- A3 - If its Annual BSP Payable Amount is below HKD 300 million, it is required to provide a 18-day bank guarantee/insurance bound

##### **Category B**

The applicant or Agent has failed to meet the Tangible Net Worth requirement in Test 1 and its annual turnover is below HKD 20 million:

- B1 - If its Tangible Net Worth deficiency is below HKD 1 million and its Annual BSP Payable Amount exceeds HKD 600 million, it is required to provide a 10-day bank guarantee/insurance bound
- B2 - If its Tangible Net Worth deficiency is below HKD 1 million and its Annual BSP Payable Amount is within HKD 300 - HKD 600 million, it is required to provide a 14-day bank guarantee/insurance bound
- B3 - If its Tangible Net Worth deficiency is below HKD 1 million and its Annual BSP Payable Amount is below HKD 300 million, it is required to provide a 18-day bank guarantee/insurance bound
- B4 - If its Tangible Net Worth deficiency is HKD 1 million or higher, it is required to provide a 19-day bank guarantee/insurance bound

##### **Category C**

The applicant or Agent has failed to meet the Tangible Net Worth requirement in Test 1 and its annual turnover is HKD 20 million or higher:

- C1 - If its Tangible Net Worth deficiency is below HKD 3 million and its Annual BSP Payable Amount exceeds HKD 600 million, it is required to provide a 10-day bank guarantee/insurance bound
- C2 - If its Tangible Net Worth deficiency is below HKD 3 million and its Annual BSP Payable Amount is within HKD 300 - HKD 600 million, it is required to provide a 14-day bank guarantee/insurance bound

- C3 - If its Tangible Net Worth deficiency is below HKD 3 million and its Annual BSP Payable Amount is below HKD 300 million, it is required to provide a 18-day bank guarantee/insurance bound
- C4 - If its Tangible Net Worth deficiency is HKD 3 million or higher, it is required to provide a 19-day bank guarantee/insurance bound

Category	Annual Turnover	Tangible Net Worth Deficiency	Annual BSP Payable Amount	Financial Support
A1	N/A	Nil	> HKD 600 mil	10-day bank guarantee/insurance bond
A2			=> HKD 300 mil <= HKD 600 mil	14-day bank guarantee/insurance bond
A3			< HKD 300 mil	18-day bank guarantee/insurance bond
B1	< HKD 20 mil	< HKD 1 mil	> HKD 600 mil	10-day bank guarantee/insurance bond
B2			=> HKD 300 mil <= HKD 600 mil	14-day bank guarantee/insurance bond
B3			< HKD 300 mil	18-day bank guarantee/insurance bond
B4		=> HKD 1 mil	N/A	19-day bank guarantee/insurance bond
C1	=> HKD 20 mil	< HKD 3 mil	> HKD 600 mil	10-day bank guarantee/insurance bond
C2			=> HKD 300 mil <= HKD 600 mil	14-day bank guarantee/insurance bond
C3			< HKD 300 mil	18-day bank guarantee/insurance bond
C4		=> HKD 3 mil	N/A	19-day bank guarantee/insurance bond

#### Financial Security Amount

For applicants and Agents, the amount of bank guarantee/insurance bond required is equivalent to the applicant's BSP cash turnover based on the previous 6 months. The bank guarantee/ insurance bond covers its average 10-day/14-day/18-day/19-day BSP cash turnover, depending on its financial assessment result. Minimum bank guarantee/insurance bond amount is HKD 50,000.

#### 5. LICENCE

The applicant or Agent must be in possession of a valid licence from the Registrar of Travel Agents to operate as a travel agent.

**HUNGARY***(Effective 1 July 2015 – MV/A262)***1. GENERAL RULE – (Accounts / Documents to be provided)**

1. In the event of any conflict, contradiction or inconsistency between the provisions of this document and any provisions contained within the applicable Passenger Sales Agency Rules for a market, the provisions of the Passenger Sales Agency Rules shall prevail.

2. The definitions of terms and expressions used in this document adopt the definitions in Resolution 866. The use of words and expressions in the singular will, where the context so permits, be taken to include their use in the plural and vice versa. Paragraph headings are for ease of reference only and do not form part of this document.

1.1 Audited Accounts means accounts reviewed by an auditor recognized as competent by the regulatory authority in Hungary to perform an audit that are provided to IATA. Certified accounts will be applicable only in case the Hungarian law, i.e. the Accounting Law (2000/No 100) requires so. In all instances the established accounting rules will apply.

1.2 If an Agent provides Accounts to IATA in relation to the possibility to apply the financial tests under Section 2 and:

1.2.1 The qualified report does not set out the adjustments which should be made to the Accounts to enable the public accountant or the auditor to provide an unqualified report, the Agent will be required to provide a Financial Security calculated in accordance with the Amount at Risk applicable to the Agent under this document.

The calculation will be made and accepted as final by the accountant if the audit is not obligatory by law for the agent, or by the auditor if the audit is obligatory by law for the agent.

**DEFINITIONS OF TERMS USED IN THESE GUIDELINES**

**EBITDA** – Earnings before Interest, Taxation, Depreciation and Amortization, Extraordinary items

**Financial Irregularity** means an irregularity applied as a result of any failure to adhere to the reporting and remittance procedures described in Resolution 818g Attachment “A” including but not limited to those irregularities described in Resolution 818g Attachment “A”.

**Financial Review** means a review of an Agent’s financial position or the calculation of the amount of Financial Security required in accordance with this document, or both.

**Irregularity** means any irregularity applied under the Passenger Sales Agency Rules for non-compliance with those Rules including but not limited to Financial Irregularities.

**Net Equity or Shareholders’/Owners’ Funds** – consists of:

- Share capital
- Share premium
- Retained earnings
- Other distributable reserves
- Shareholder’s loans if subordinated less declared dividends:

**Long Term Debt** – All debt liabilities where repayment is due more than twelve months after the end of the financial period.

**Long Term Liabilities** – all liabilities where repayment is due more than twelve months after the end of the financial period.

**Liquid index II: Money** {cash and bank} **PLUS short term debits** {in accordance with the Hungarian Accounting Law, trade debtors, short-term receivables from affiliated and independent partners and any other short-term receivables} **PLUS securities / short term liabilities** {correspondently with Hungarian Accounting Law, bank and other short-term loans, advances from customers, accounts payables, short-term liabilities to affiliated and independent partners and other short-term liabilities})

**Money:** cash and bank

**Short-term debits:** in accordance with the Hungarian Accounting Law, trade debtors, short-term receivables from affiliated and independent partners and any other short-term receivables.

**Short-term liabilities** in accordance with Hungarian Accounting Law, bank and other short-term loans, advances from customers, accounts payables, short-term liabilities to affiliated and independent partners and other short-term liabilities.

**Review** means any assessment or evaluation of an Agent's continuing compliance with the Passenger Sales Agency Rules.

## 2. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS

2.1 All financial information used in the financial criteria will be extracted from the Agent's Accounts.

2.2 If an Agent's Accounts are adjusted and restated in accordance with section 1.2.1 of this document, the restated accounts must be used in calculating the financial tests set out in sections 2.3.1-2.3.5 below.

2.3 The following financial tests apply to the evaluation of an Agent's Accounts:

2.3.1 There must be positive Net Equity

2.3.2 Net Equity divided by long-term debt and other long-term liabilities must be greater than 0.5.

2.3.3 EBITDA must be positive save in all circumstances.

2.3.4 The EBITDA must exceed the Interest Payable.

2.3.5 Liquid index II: Money (bank and cash) + short-term debits+securities/short-term liabilities must exceed 0.5.

## 3. ANNUAL FINANCIAL REVIEWS

### Agents accredited for two years or less

3.1 All agents applying for IATA accredited Agent status must operate at least 12 months as non-IATA travel agency. All Agents must provide Accounts not more than 12 months old at the time of submission to become an Agent for the purposes of evaluation against the financial tests in section 2 of this document.

3.2 All Agents must provide Accounts no later than 6 months after each financial year end, or as required by legislation, during the first two years of accreditation for the purposes of evaluation against the financial tests in section 2 of this document.

3.3 All Agents must provide a Financial Security during the first two years as an Agent in accordance with section 5 of this document.

### Agents accredited for more than two years

3.4 All Agents must provide Accounts no later than 6 months after each financial year end, or as required by legislation of that Agent for the purposes of evaluation against the financial tests in section 2 of this document.

3.5 If an Agent passes all the financial tests and satisfies all the points below, the Agent will not be required to provide IATA with a Financial Security:

3.5.1 The Agent has not had any of the following in the last 12 months:

(i) a default (including defaults resulting from an accumulation of irregularities) and removal from the Agency list.

3.5.2 The agent also passed all the financial tests under section 2 of this document based on the Accounts provided in accordance with points 1.1 and 1.2 above for the previous year.

3.6 If an Agent fails to pass any of the financial tests, the Agent must provide a Financial Security in accordance with section 4 of this document.

#### Interim Financial Reviews

3.7 For any Financial Review conducted for cause at a time other than in respect of an Agent's financial year end, IATA may conduct a Financial Review in accordance with section 3 of this document, as applicable to that Agent by reviewing the internal monthly management accounts of the Agent showing the results for each month since the last accounting date, the cumulative results to date and the latest balance sheet.

### 4. FINANCIAL SECURITY

4.1 An Agent will not be accredited or will not continue to be accredited until any Financial Security required to be provided to IATA has been received by IATA.

4.2 Financial Securities will be subject to a minimum notice period of ninety (90) days and ideally be valid for an unlimited period but will be expected to be valid for a minimum of at least one year.

4.3 For the purposes of calculating the amount of a Financial Security the following definitions apply:

4.3.1 "Days" Sales at Risk" means the number of days from the beginning of the Agent's reporting period to the remittance date in respect of that reporting period or periods, plus a margin of up to two calendar days.

4.3.2 "Amount at Risk" is calculated by dividing the „Days" Sales at Risk by **360** days, and applying that percentage to the BSP cash turnover, or cash turnover as applicable, amount the Agent made in the 12 month period referred to in section 4.5 or 4.7 of this document, as applicable:

"Amount at Risk" = "Days" Sales at Risk" x BSP cash turnover in applicable 12 month period /**360**

#### Agents accredited for two years or less

4.4 All Agents must provide a Financial Security with a minimum amount of HUF 10,000,000 to be accredited.

4.5 After the first three months of accreditation and after the first 12 months of accreditation, the amount of the Financial Security required must cover at a minimum the higher of:

4.5.1 the Amount at Risk calculated as per section 4.3 using the cash turnover amount equal to the average net monthly cash sales of the Agent during the previous 12 month period; or

4.5.2 HUF 10,000,000.

If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

4.6 Except for the amount of the initial Financial Security, all calculations of the amount of Financial Security required under this document or the Passenger Sales Agency Rules for Agents accredited for two years or less will be reviewed and calculated under section 4.5 of this document.

#### Agents accredited for more than two years

4.7 The amount of the Financial Security required must cover at a minimum the Amount at Risk calculated as per section 4.3 using the BSP cash turnover, or cash turnover as applicable. If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount as Risk.

4.8 All calculations of the amount of Financial Security required under this document or the Passenger Sales Agency Rules for Agents accredited for more than two years will be calculated under section 4.7 of this document.

#### Changes in financial year end

4.9 All Agents must notify IATA immediately of a change in its financial year-end.

**4.10** The Agent must provide both:

**4.10.1** Accounts within 60 days after the change is made and IATA will conduct the Financial Review applicable to the Agent under this document.

**4.10.2** Accounts for the financial year end that would have applied to the Agent before the Agent changed its financial year end. These must be provided to IATA within 60 days of the former financial year end.

#### **5. SIGNIFICANT CHANGE IN GROSS BSP SALES**

**5.1** A significant change means any change in the business of the Agent which results in a change in net BSP sales of more than 20% as compared to the previous 12 months. A change can be an increase or a decrease in net BSP sales.

**5.2** An Agent must notify IATA of any significant change as soon as the Agent becomes aware of it

**5.3** An interim Financial Review may also be initiated by IATA where IATA becomes aware of a significant change in gross BSP sales in accordance with section 3.7.

**INDIA***(Effective 1 January 2014 – PAC/36)***1. GENERAL RULE**

- 1.1. Audited Accounts means accounts reviewed by an auditor recognized as competent by the regulatory authority to perform an audit that are provided to IATA

**2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS**

- 2.1. All financial information used in the financial criteria will be extracted from the Agent's Audited Accounts.
- 2.2. The following financial tests apply to the evaluation of an Agent's Audited Accounts:
- 2.2.1. There must be positive Net Equity
  - 2.2.2. Net Equity divided by long-term debt and other long-term liabilities must be greater than 0.5.
  - 2.2.3. EBITDA (Earnings Before Interest, Taxation, Depreciation, Amortization and extraordinary items) must be positive save in exceptional circumstances
  - 2.2.4. The EBITDA must exceed the Interest Payable by a factor of a minimum of two
  - 2.2.5. Adjusted Current Assets must exceed Current Liabilities.

**3. ANNUAL FINANCIAL REVIEWS**

- 3.1. All Agents must provide Audited Accounts no later than 12 months after each financial year end, of that Agent for the purposes of evaluation against the financial tests in section 2

**4. INTERIM FINANCIAL REVIEWS**

- 4.1 For any Financial Review conducted for cause at a time other than in respect of an Agent's financial year end, IATA may conduct a Financial Review in accordance with section 3 as applicable to that Agent by reviewing the internal monthly management accounts of the Agent showing the results for each month since the last accounting date, the cumulative results to date and the latest balance sheet.

**5. FINANCIAL SECURITY**

- 5.1 An Agent will not be accredited or will not continue to be accredited until any Financial Security required to be provided to IATA has been received by IATA and confirmed to IATA by way of written confirmation received directly from the third party supporting the Financial Security that the Financial Security was issued by that third party and is valid.
- 5.2 Financial Securities will be subject to a minimum notice period of ninety (90) days and be valid for a minimum of at least one year.
- 5.3 All Agents must provide a Financial Security with an amount of USD10000/- to be accredited or to remain accredited or furnish a Financial Security for an amount calculated on the basis of the BSP average cash sales over last 12 months, for the number of Days Sales at Risk, whichever is higher
- 5.4 "Days Sales at Risk" means the number of days from the beginning of the Agent's reporting period to the remittance date in respect of that reporting period or periods, plus a margin of up to five days.
- 5.5 At any point in time, if the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.
- 5.6 Amount at Risk is calculated by dividing the Day's Sales at Risk by 360 and applying that percentage to the BSP cash turnover, or cash turnover as applicable:

$$\text{"Amount at Risk"} = \frac{\text{"Days at Risk"} \times \text{BSP cash turnover last 12 month period}}{360}$$

**6. SIGNIFICANT CHANGE IN GROSS BSP SALES**

- 6.1 A significant change means any change in the business of the Agent which results in a change in gross BSP sales of more than 25% as compared to the previous 12 months. A change can be an increase or a decrease in gross BSP sales.
- 6.2 An interim Financial Review may also be initiated by IATA where IATA becomes aware of a significant change in gross BSP sales in accordance with Section 4.

## 7. DEFINITIONS OF TERMS USED IN THESE CRITERIA

- 7.1. **Adjusted Current Assets** – are defined as Current Assets as in the Balance Sheet of the Accounts after deducting:
- Stocks and work in progress.
  - Deposits given to third parties other than IATA,
  - Loans to Directors, Associate Companies, (including any subsidiary, associate or company under common ownership)
  - Doubtful debtors,
  - Blocked funds, except for funds held in favour of IATA.
- 7.2. **Current Liabilities** - are defined as Current Liabilities as in the Balance Sheet of the Accounts
- 7.3. **EBITDA** – Earnings Before Interest, Taxation, Depreciation and Amortization
- 7.4. **Financial Irregularity** means an irregularity applied as a result of any failure to adhere to the reporting and remittance procedures described in Resolution 818g Attachment “A” including but not limited to those irregularities described in Resolution 818g Attachment “A”.
- 7.5. **Financial Review** means a review of an Agent’s financial position or the calculation of the amount of Financial Security required in accordance with this Resolution 800f, or both.
- 7.6. **Irregularity** means any irregularity applied under the Passenger Sales Agency Rules for non-compliance with those Rules including but not limited to Financial Irregularities.
- 7.7. **Net Equity or Shareholders’/Owners’ Funds** – consists of:
- Share capital
  - Share premium
  - Retained earnings
  - Other distributable reserves
  - Shareholder’s loans if subordinated less declared dividends:
- 7.8. **Long Term Debt** – All debt liabilities where repayment is due more than twelve months after the end of the financial period.
- 7.9. **Long Term Liabilities** – all liabilities where repayment is due more than twelve months after the end of the financial period.
- 7.10. **Review** means any assessment or evaluation of an Agent’s continuing compliance with the Passenger Sales Agency Rules.
- 7.11. **Financial Security** means a Bank Guarantee (issued by a Scheduled Bank) or an Insurance Policy issued by an approved Insurer.
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**INDONESIA**
*(Effective January 2017, PAC/39)*
**1. GENERAL RULE**
**Finances**

- 1.1** the applicant must provide a certified or properly audited balance sheet and Profit and Loss account statement not older than six months at time of submission. This statement has to be audited by a Registered Public Accountant who is a member of the Association of Indonesian Public Accountants.

**2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS.**

- 2.1** applicants must:
- 2.2(a)** have as a minimum paid up capital of IDR 500,000,000 or as required by the Directorate General of Tourism regulations;
- 2.2(b)** submit a satisfactory banker's report;
- 2.2(c)** submit a minimum financial guarantee of not less than the average of the respective BSP credit term period's turnover or USD 15,000, whichever is higher, in the form of bank guarantee or insurance as established from time to time;
- 2.2(d)** be in airline trading business as a travel agent not less than six months prior to the date of application.
- 2.3(a)** when assessing whether the applicant meets the financial standing described in Subparagraph 1.1 of this Paragraph the following shall be taken into account:

**2.3(a)(i) Working Capital**

Current year>Previous year	10
Current year=Previous year	7.5
Current year<Previous year	5

**2.3(a)(ii) Current Ratio**

Greater than 2	15
1.5 to 2	11.25
1 to less than 1.5	7.5
Lesser than 1	3.75

**2.3(a)(iii) Quick Ratio**

Greater than or equals 1	35
Lesser than 1	17.5

**2.3(a)(iv) Account Receivable Turnover**

Greater than or equals 18 times	15
9 times to 17 times 1	1.25
Lesser than 9 times	7.5

**2.3(a)(v) Average Age of Receivables**

Lesser than or equals 14 days	15
15 days to 30 days	11.25
31 days to 90 days	7.5
Greater than 90 days	3.75

**2.3(a)(vi) Debts to Total Assets Ratio**

Lesser than 35%	10
35% to 50%	7.5
Greater than 50%	5

**2.3(a)(vii)** Based on the above 6 tests and the allocation of applicable points to each test, a total of 60 points or more is considered satisfactory providing that the Applicant maintain the minimum level of paid up capital.

**2.3(a)(viii)** It is recognized that different interpretations of financial accounts are possible and do occur. Accordingly, the Financial Assessor shall have discretion as to the most appropriate classification in accordance with standard accounting practices for all items included in the statements. It is in the applicant's best interest to supply any additional information that has a bearing on the review.

### **3. ANNUAL FINANCIAL REVIEWS**

**3.1** To be conducted in accordance with financial criteria assessment detailed in Section 2 above.

### **4. FINANCIAL SECURITY**

**4.1** A financial guarantee equivalent to the sales at risk amount is required for any existing accredited IATA agents who fail the criteria as set forth in 2.3(a)(i)-(vii). The number of "Days' Sales at Risk" is to be counted from the beginning of the reporting period to the remittance date in respect of that reporting period or periods, plus a margin of five days. The result is to be divided by 360 days and then applied to the annual cash turnover estimation to calculate the estimated Amount at Risk and the amount of guarantee required.

### **5. OTHER**

#### **5.1. Premises**

If located on the premises of an organization, plant or commercial firm and dedicated substantially to the travel requirements of that organization, plant or commercial firm, be a Branch of an existing Accredited Agent and meet all the qualifications of this Section, except that it need not be freely accessible to the general public.

#### **5.2. Licence**

The applicant must be in possession of a valid license from the Directorate General of Tourism and the respective local government authority including fiscal certificate issued by Local Tax Service Office, whenever required.

**IRELAND**

*(Effective 1 April 2017 – PAC/39)*

**1. GENERAL RULE**

The financial standing of IATA New Applicants and of IATA Accredited Agents is evaluated by IATA.

It is important that only Agents that demonstrate their ability to settle their liabilities will be accepted and the financial criteria have been set with the objective of ensuring that only financially sound applicants are accredited.

The Settlement dates in Ireland are:

- The 1<sup>st</sup> and 15<sup>th</sup> of the month following the month of sales, for Agents settling their BSP liabilities twice per calendar month
- 8 days after each reporting period for Agents settling their BSP liabilities four times per calendar month. The reporting periods are: 1<sup>st</sup>-7<sup>th</sup>, 8-15<sup>th</sup>, 16-23<sup>rd</sup> and 24<sup>th</sup> to the end of the calendar month.

**2. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS**

A financial review is conducted each year by IATA. The review is based on the examination of the full set of the most recent audited annual accounts and is based on the following key financial criteria:

- (a) Equity/Capital Account**
- (b) Liquidity**
- (c) Profitability**

**(a) Equity (for limited companies) or Capital account (for partnerships & sole traders)**

This is based on the projected annual turnover of the Agent for airlines sales including revenue to non-IATA airlines participating in the BSP and less substantiated credit card sales.

The levels of equity required are shown below and must be met without exception. The total equity must not fall below the levels stated hereunder. Equity for this purpose is capital paid up, reserves, and profit and/or loss carried forward.

There are two levels set – the normal minimum for companies that have traded for less than 2 years as an Accredited Agent, and the traded minimum for companies that are able to submit 2 consecutive years' accounts.

	Less than 2 years trading	2 years' Accounts
BSP Cash Sales	Normal Minimum (EUR)	Traded Minimum (EUR)
1 million	40,000	40,000
2 million	50,000	40,000
3 million	60,000	40,000
4 million	80,000	40,000
5 million	100,000	50,000
6 million	120,000	60,000
7 million	140,000	70,000
8 million	160,000	80,000
9 million	180,000	90,000
10 million and over	200,000	100,000

**(b) Liquidity**

The accounts must show a positive liquidity ratio i.e. current assets must exceed current liabilities at the end of an accounting period.

**(c) Profitability**

Agents' accounts must show a profit before tax in at least one of the last two accounting periods. This requirement will be applicable to annual accounts falling due for review as from 01 April 2017 onwards.

If an Agent Accounts do not show a profit in at least one of the last two accounting periods, the Agent is required to meet one of the following:

c1) If an Agent's Net Current Assets meet or exceed 8% of cash sales of their annual BSP turnover (net to be paid), the Agent can remit twice monthly.

c2) If an Agent does not meet c1) above and their Net Current Assets meet or exceed 4% of cash sales of their annual BSP turnover (net to be paid), the Agent must remit on a weekly basis, unless the Agent provides a Financial Security (bank guarantee/ insurance bond) of 8% of yearly BSP cash sales turnover (net to be paid) to continue to remit twice monthly.

c3) If an Agent does not meet c1) or c2) above, the Agent must remit weekly and must provide a Financial Security (bank guarantee/ insurance bond) of 4% of the yearly BSP Cash Sales turnover (net to be paid).

For the purpose of calculating the liquidity ratios, the BSP cash sales turnover (net to be paid) used will be for the same 12 month period as the financial year under assessment.

For the purpose of the liquidity tests above, the Current Assets will be adjusted to include the value of freehold properties provided that audited accounts are submitted for the annual review and:

- The value of the total charges and indebtedness secured on the property is disclosed by the Agent in the audited accounts.
- The value of the property must be stated in the audited accounts and must be certified by a qualified and independent valuer, i.e. a professional auctioneer or real estate agent.
- The valuation of the property must not be older than three years with the date of the valuation stated in the audited accounts. For newly accredited Agents or when an Agent presents audited accounts for the first time, the valuation must not be older than 3 months.

### 3. ANNUAL FINANCIAL REVIEWS

#### New Applicants

New Applicants must submit with their application a full set of audited accounts for their company for the most recent financial year and a copy of their government license. New Applicants for a Head Office IATA License and for Branches of Head Office Licenses based overseas will be required to put in place a Financial Security (insurance bond or bank guarantee) and settle their BSP liabilities on a weekly basis, for a minimum period of 2 years – see "Financial Security (Bank guarantee/ Insurance bond) requirements" below.

These conditions will stay in place until two annual reviews of company accounts have taken place and if found satisfactory the Agent will follow the requirements applicable, in accordance with the Local Financial Criteria.

Newly formed companies that have traded for less than 12 months at the time of application may submit an opening balance sheet, prepared by their statutory auditor.

#### Accredited Agents - Annual Financial Reviews

Accredited Agents must submit a full set of audited accounts within 4 months of the end of their financial year. Sole Traders and Partnerships may submit a full set of Certified Accounts.

#### Exemption from Audit

Notwithstanding the provisions above, sole traders, partnerships and Irish registered limited companies, that meet the conditions for exemption from audit as a small company as defined by the Irish Company Law, may submit certified accounts for financial review, provided that (i) the certification is issued by an independent Reporting Accountant and (ii) the Agent settles its BSP liabilities four times monthly, according to the published BSP Reporting Calendar.

Reporting Accountant is defined on Note 1 below.

**4. FINANCIAL SECURITY**

For New Applicants

A Financial Security (bank guarantee/ insurance bond) will be required for the first 2 years of trading as an IATA accredited Agent.

**For accredited IATA Agents** a Financial Security (bank guarantee / insurance bond) will be required if their annual accounts show that:

- (a) They do not meet either of the requirements in a, b or c above
- (b) The Agent undergoes a significant change of ownership (see below).

The Financial Security levels will be as follows:

Calculation of Financial Security requirement for New Applicants or Accredited Agents

Twice-monthly Payment	Financial Security will be at a level of 8% of BSP Cash Sales Turnover (net to be paid)*
Weekly Payment	Financial Security will be at the level of 4% of annual BSP Cash Sales Turnover (net to be paid)*

\*Or projected annual BSP Cash Turnover for new applicants.

For the purpose of calculating the level of Financial Security required the BSP cash sales turnover (net to be paid) is calculated using the sales figures for the most recent 12 month period available (being 12 full calendar months) at the time of the assessment.

The Financial Security levels are calculated to the nearest multiple of EUR500 and are subject to a minimum of EUR40,000 for New Applicants and of EUR20,000 for Travel Agents trading for 2 or more years as an accredited IATA Agent.

A Financial Security may be arranged through a bank registered in the Republic of Ireland or through an Insurance Company approved by IATA (a list will be provided upon request).

**OTHER**

Effect of changes of ownership on Financial Security requirements

A Financial Security (bank guarantee/ insurance bond) will also be required if your Agency undergoes a complete or significant change of ownership after approval.

This is defined as a total acquisition, or a transfer exceeding 49% of the paid-up share capital, representing a change in control. Cumulative changes will be taken into account. The Financial Security will continue (and may be adjusted in line with turnover) until at least three years' accounts under the new ownership have been submitted and assessed.

Notwithstanding the above and for the purposes of this section only, the credit rating of an Agent obtained from a Credit Information company appointed by IATA, may be taken into account to form a complete evaluation of the financial status and creditworthiness of an Agent. Provided that the credit rating of an Agent is at a level of "good credit worthiness" (or the equivalent) an Agent will not be required to provide a Financial Security.

The Credit Rating will be monitored by IATA for the full period of 3 yearly financial reviews under the new ownership and if it falls below "good credit worthiness" a Financial Security will be required for the remaining period of the 3 years.

**License issued by the Commission for Aviation Regulation (CAR)**

Required

**Note 1 - Reporting Accountant**

The Reporting Accountant shall be either a statutory auditor, which in Ireland means a person eligible for appointment as a statutory auditor as set out in Part 42 Statutory Auditors of the Companies Act 2006 or an independent qualified accountant holding a current practising certificate with a recognised accountancy body. We list below the accepted recognised accountancy bodies:

- Institute of Chartered Accountants of England & Wales
  - Institute of Chartered Accountants of Scotland
  - Institute of Chartered Accountants of Ireland
  - Association Chartered Certified Accountants
  - Association of Authorised Public Accountants
  - Chartered Institute of Management Accountants
  - Association of International Accountants
  - Institute of Chartered Secretaries and Administrators
  - Institute of Financial Accountants
  - Association of Certified Public Accountants in Ireland
  - Institute of Chartered Accountants Ireland
-

**ITALY**
*(Effective 1 April 2016 – Mail Vote/A267)*
**Finances**

Balance Sheet and Profit and Loss Account (duly certified by an outside public accountant) indicating a satisfactory financial standing.

If an applicant or Agent is required to provide additional financial support the following are acceptable:

- bank guarantee, insurance coverage. Other alternatives will be examined case-by-case.

The following indexes are used in the financial evaluation:

Current ratio	<u>Adjusted Current Assets</u> Adjusted Current Liabilities	Current Assets on the balance sheet which can either be converted to cash or used to pay current liabilities within 12 months. Include cash, cash equivalents (short-term government bonds, marketable securities), accounts receivable and the portion of prepaid liabilities which will be paid within 1 year.  Current Liabilities of balance sheet that are to be settled in cash within 12 months. Include accounts payable for goods and services, short-term debts, tax debts.	Index score range from 0 to 20  <table border="1" data-bbox="1158 757 1444 1014"> <thead> <tr> <th>Value x class</th> <th>scoring</th> </tr> </thead> <tbody> <tr> <td>0,0 – 0,5</td> <td>5</td> </tr> <tr> <td>0,51 – 0,9</td> <td>10</td> </tr> <tr> <td>0,91 – 2,0</td> <td>20</td> </tr> <tr> <td>2,01 – 3,0</td> <td>10</td> </tr> <tr> <td>3,01 – 5,0</td> <td>5</td> </tr> <tr> <td>5,01 - above</td> <td>0</td> </tr> </tbody> </table>	Value x class	scoring	0,0 – 0,5	5	0,51 – 0,9	10	0,91 – 2,0	20	2,01 – 3,0	10	3,01 – 5,0	5	5,01 - above	0
Value x class	scoring																
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0,51 – 0,9	10																
0,91 – 2,0	20																
2,01 – 3,0	10																
3,01 – 5,0	5																
5,01 - above	0																
Net worth to Loan Ratio	<u>Equity</u> Bank & Loans	Equity includes Share Capital, Reserves, plus Net Profit/minus Losses.  Short and Long-term debts.	Index score range from 0 to 20  <table border="1" data-bbox="1158 1225 1444 1482"> <thead> <tr> <th>Value x class</th> <th>scoring</th> </tr> </thead> <tbody> <tr> <td>0,00 – 0,25</td> <td>0</td> </tr> <tr> <td>0,251 – 0,50</td> <td>5</td> </tr> <tr> <td>0,501 – 1,50</td> <td>10</td> </tr> <tr> <td>1,501 – 2,00</td> <td>20</td> </tr> <tr> <td>2,001 – 5,00</td> <td>20</td> </tr> <tr> <td>5,001 – above</td> <td>10</td> </tr> </tbody> </table>	Value x class	scoring	0,00 – 0,25	0	0,251 – 0,50	5	0,501 – 1,50	10	1,501 – 2,00	20	2,001 – 5,00	20	5,001 – above	10
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0,501 – 1,50	10																
1,501 – 2,00	20																
2,001 – 5,00	20																
5,001 – above	10																
Assets to Equity Ratio	Total Assets Equity	Total assets of balance sheet net of Reserves for Depreciation.  Equity includes Share Capital, Reserves, plus Net Profit/minus Losses.	Index score range from 0 to 20  <table border="1" data-bbox="1158 1630 1444 1861"> <thead> <tr> <th>Value x class</th> <th>scoring</th> </tr> </thead> <tbody> <tr> <td>0 – 1</td> <td>0</td> </tr> <tr> <td>1,01 – 2</td> <td>20</td> </tr> <tr> <td>2,01 - 5</td> <td>10</td> </tr> <tr> <td>5,01- 10</td> <td>5</td> </tr> <tr> <td>10,01 - above</td> <td>0</td> </tr> </tbody> </table>	Value x class	scoring	0 – 1	0	1,01 – 2	20	2,01 - 5	10	5,01- 10	5	10,01 - above	0		
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0 – 1	0																
1,01 – 2	20																
2,01 - 5	10																
5,01- 10	5																
10,01 - above	0																

Payables Turnover Ratio	$\frac{\text{Total Purchases}}{\text{Total Accounts Payable}}$	Total costs excluding depreciation, levies and taxes, discounts and rebates.  Total accounts payable.	Index score range from 0 to 20										
			<table border="1"> <thead> <tr> <th>Value x class</th> <th>scoring</th> </tr> </thead> <tbody> <tr> <td>0 – 30</td> <td>10</td> </tr> <tr> <td>30,01 - 90</td> <td>20</td> </tr> <tr> <td>90,01 - 120</td> <td>10</td> </tr> <tr> <td>120,01 - 180</td> <td>5</td> </tr> <tr> <td>180,01- above</td> <td>0</td> </tr> </tbody> </table>	Value x class	scoring	0 – 30	10	30,01 - 90	20	90,01 - 120	10	120,01 - 180	5
Value x class	scoring												
0 – 30	10												
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120,01 - 180	5												
180,01- above	0												
Receivables Turnover Ratio	$\frac{\text{Sales}}{\text{Total Accounts Receivable}}$	Total revenues net of returns, discount and rebates.  Total accounts receivable.	Index score range from 0 to 20										
			<table border="1"> <thead> <tr> <th>Value x class</th> <th>scoring</th> </tr> </thead> <tbody> <tr> <td>0 – 30</td> <td>10</td> </tr> <tr> <td>30,01 - 90</td> <td>20</td> </tr> <tr> <td>90,01 - 120</td> <td>10</td> </tr> <tr> <td>120,01 - 180</td> <td>5</td> </tr> <tr> <td>180,01 - above</td> <td>0</td> </tr> </tbody> </table>	Value x class	scoring	0 – 30	10	30,01 - 90	20	90,01 - 120	10	120,01 - 180	5
Value x class	scoring												
0 – 30	10												
30,01 - 90	20												
90,01 - 120	10												
120,01 - 180	5												
180,01 - above	0												

Once the five indexes are determined, a value is assigned to each of them according to the above table. If the total value reached is between 0 and 49, the applicant does not qualify, between 50 and 79 the applicant is required to supply additional financial support and from 80 and 100 the applicant qualifies without condition.

**Financial Security**

**Applicants** — On the basis of financial evaluation and minimum Commercial Risk Average of the region prorated by:

- 19 days in case of voluntary weekly remittance, rounded up to 1.000 Euro.
- 5 days in case of voluntary daily direct debit remittance, rounded up to 1.000 Euro.
- The minimum bank guarantee for New Applicant under the voluntary weekly remittance shall be of Euro 16.000.
- The minimum bank guarantee for New Applicant under the voluntary daily direct debit shall be of Euro 5.000.

**Accredited Agents** - Average monthly BSP Net Cash Sales of the last 12 months of the month of the date of calculation, multiplied by 1.5 (45 days).

Whenever an Agent is interested in the voluntary weekly remittance the formula below will be applied:

BSP Net Cash Sales during the last 12 months, divided by 360 days, multiplied by 19 days, rounded up to 1.000 EUR.

Whenever an Agent is interested in the voluntary daily direct debit remittance, the formula below will be applied: BSP Net Cash Sales during the last 12 months, divided by 360 days, multiplied by 5 days, rounded up to 1.000 Euro.

**Changes of Ownership** - For Agents that have a change in ownership or control that necessitates a new Passenger Sales Agency Agreement a financial security, calculated as the above formula, is required.

**Reviews** — Where a discrepancy between the guarantee level and productivity is ascertained, review will take place based on new Balance Sheet/BSP Net Cash Sales, requiring realignment in a maximum of 60 working days from the date of the request in accordance with following scale:

- requests for increases up to 50% of the guarantee level to be met in 30 working days;
- requests for increases over and above 50% of the guarantee level to be met in 60 working days.

Whenever the risk is already covered by a financial security the agent may not submit the annual balance sheet for review.

**Sole Traders with simplified accounting**

If a Sole Trader with simplified accounting is not able to submit a certified Balance Sheet and Profit & Loss account, the Agent shall automatically be requested to produce a bank guarantee.

**Minimum amount**

Euro 26,000 is the minimum bank guarantee level to be applied to all BSP operating agencies irrespective of the average of their cash sales.

The minimum bank guarantee for new applicants and existing Agents under the voluntary weekly remittance shall be of Euro 16.000.

The minimum bank guarantee for new applicants and existing Agents under the voluntary daily remittance shall be of Euro 5.000

**BSP Procedures**

Information on the procedures and responsibilities of agents in respect of the reporting and settlement rules is contained in the BSP Manual for Agents supplied to each Approved Location. Additional copies if needed can be requested through your local BSP contact.

IATA offers regular BSP procedural training sessions. Any agent wishing to undertake such training is encouraged to contact the local BSP office.

**License**

Required (except for Vatican City).

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**JAPAN***(Effective 1 June 2015 – MV A255)***1. GENERAL RULES**

- 1.1 All IATA accredited agents are required to submit the financial securities in the form of Bank Guarantee (BG). The bank must have the banking license granted by Financial Services Agency of the Japanese Government and bank office is resided in Japan.
- 1.2 IATA agents are required to retain the valid Japanese travel agency license category 1/2/3.
- 1.3 If an Agent applies an additional IATA numeric code for the Branch Office, Bank Guarantees will be re-calculated based on the forecasted sales at risk.

**2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS**

- Must have minimum paid-up share capital in the sum of JPY 10,000,000
- The financial statements must show minimum shareholders' equity of JPY 44,000,000. Shareholders' equity is defined as total assets minus total liabilities.
- Equity Ratio must exceed 10% and up

Equity Ratio is calculated by dividing the shareholders' equity by the total assets.

**3. ANNUAL FINANCIAL REVIEWS****3.1 New Agents**

Balance Sheet (BS), Profit & Loss Statement (PL), Statements of Shareholders' Equity (SS) and the detailed statements, showing the most recent one full 12 months financial terms certified by an independent KONINKAIKEISHI (English Equivalent to Certified Public Accountant) or ZEIRISHI (English Equivalent to Certified Tax Accountant), must be submitted to IATA, together with the other application forms.

**3.2 Existing Agents**

Balance Sheet (BS), Profit & Loss Statement (PL), Statements of Shareholders' Equity (SS), showing the most recent one term, must be submitted to IATA, within 4 months after the Agent's accounting year-end. Certification concerning submitted Financial Statement with seal and/or stamp by an independent KONINKAIKEISHI or ZEIRISHI is mandatory.

**4. FINANCIAL SECURITY**

Financial Security is calculated:

- 4.1 Equivalent to 21/365 on the basis of BSP cash sales over the last 12 months.  
Effective 1 October 2015: Equivalent to 17/365 on the basis of BSP cash sales over the last 12 months
- 4.2 The amount is more than JPY 5 million (minimum), but not more than JPY 500 million (maximum)
- 4.3 BG amount is rounded up to the nearest JPY 1 million.

**<Note>**

When agents who fulfil all the following conditions in addition to 2, the financial security amount is reduced by 50%. Nevertheless, when 50% of 4.1 is less than minimum amount in 4.2, minimum amount applies. When 50% of 4.1 is more than maximum amount in 4.2, maximum amount applies.

1. Agent has been accredited for 2 years or longer.
2. The financial statements are audited by the independent KONINKAIKEISHI.
3. To satisfy the following financial index:
  - a. Net Equity divided by long-term liabilities must be greater than 0.5
  - b. EBITDA (Earnings Before Interest, Taxation, Depreciation, Amortisation and extraordinary items) must be positive
  - c. EBITDA must exceed the interest payable by a factor of a minimum of three
  - d. Current Assets must exceed Current Liabilities

**JORDAN***(Effective 1 January 2009)*

**FINANCE** – (In accordance to Resolution 800f and APJC JO decisions)

**1. FINANCIAL STATEMENT****1.1.1 New Applicants Financial Statements**

a. Complete set of audited financial statements as detailed in 1.2 paragraphs, and not older than 6 months upon the date of submission, and in English language, and duly signed, stamped and certified by a certified public audit firm.

b. For applicants who have just commenced trade without financial records, the following should be submitted:

1. Opening Balance Sheet
2. Statement of Accounts receivable and payable
3. Any other document deemed necessary by the FIN Assessor

**1.2 Required Financial Statements from new applicants, and required ratios**

All new applicants must submit the following statements, and comply with the following minimum financial ratios:

**a. Liquidity - Statement of Assets & Liabilities**

Ratio: Current Assets divided by Current Liabilities **should not be less than one**

**b. Profitability – Net Income & Stockholder's Equity statements**

Ratio: Net Income divided by Stockholder's Equity **should not be less than 10%**

c. Any *other documents and statements* deemed necessary by the Financial Assessor to determine the agency's financial standing.

**1.3 Accredited Agencies Financial Statements**

a. An accredited agent undergoing a Financial Review must submit Financial Statements and comply with the minimum Financial Ratios, as given in details in 1.1 and 1.2 paragraphs

b. The financial ratios minimum levels given in 1.2 paragraph must be always met, and will be the base of deciding additional financial security requirements (i.e. Higher Bank Guarantee, or Default Insurance Policy), as deemed necessary by the Financial Assessor.

**2. FINANCIAL SECURITIES**

**2.1** All new applicants and accredited agencies are required to comply all the time with the *financial security* requirements as decided in the locally established criteria of Jordan, even if the financial review of a new applicant and/or an accredited agency reflects achieving or exceeding the minimum financial ratios given in 1.2 paragraph.

**2.2** One of the following two methods of Financial Securities are decided by the APJC:

**a. Bank Guarantee**

(i) New applicants that did not commence trade yet, or just commenced trading, without sales record, will be required to submit a Bank Guarantee of JOD 40,000.00 as a minimum level of financial security. The minimum level could be increased if the ASO has reasons indicating financial risk

(ii) New applicants that had commenced trade with sales record (i.e. sales out side BSP umbrella) will be required to submit a Bank Guarantee of JOD 40,000.00 as a minimum level of financial security, or Bank

Guarantee levels higher than JOD 40,000.00 as decided by the ASO based on new applicant's sales record and any other financial risk indicator assessed by ASO

- (iii) All accredited agencies will have to under go an annual Bank Guarantee adjustment process, by which the ASO will communicate to each agency it's highest sales level in 3 (three) cumulative months (and not necessarily consecutive) during the previous year (JAN-DEC), divided on 3 (three), which will be new Bank Guarantee level for the accredited agency. The new Bank Guarantee level will be communicated to the concerned agencies by ASO in JAN of each year, with a deadline to comply by no later than MAR 31<sup>st</sup> or the next working day, should that date is a non-working day
- (iv) For accredited agencies with less than JAN-DEC BSP sales record, the same rule mentioned in (iii) will be applied as well.
- (v) ASO will communicate the Bank Guarantee adjustment level, only to the agency with an increase requirement. However, Agencies have the right to request reducing the Bank Guarantee level based on a decrease in the sales record of previous year's highest 3 months average sales, provided the decrease will always comply with the minimum JOD 40,000.00 Bank Guarantee requirement
- (vi) The bank Guarantee level can be adjusted for an agency/agencies undergoing a Financial Assessment or Review, based on the review results compared to the minimum accepted ratios in 1.2 paragraph under Financial Statement.

**b. Default Insurance Policy - DIP**

- (i) Is an optional financial security method which the agencies might choose, instead of the basic Bank Guarantee method.
  - (ii) The DIP accepted in BSP JO is the one discussed by the 20<sup>TH</sup> APJC JO meeting held on APR 17<sup>TH</sup>, 2008, and the implementation to start on SEP 1<sup>ST</sup> 2008, or the date of obtaining concerned parties signature, as decided by the 21<sup>ST</sup> APJC JO meeting held on AUG 3<sup>RD</sup>, 2008.
  - (iii) Any change in the Policy rules and conditions and/or in the Insurance Company, must be first discussed and processed first through the APJC JO Council.
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**KAZAKHSTAN**

(PAC/37 and MV A253, effective 1 January 2015)

**New Applicants**

New applicants must have been in operation for 12 months as an Air Travel Agent before applying to be an Agent. The applicant must be in possession of a valid license / certificate to relative types of activities (if required) issued by appropriate state authorities according to Kazakhstan legislation.

The complete file to be sent to the IATA Accreditation Office, consisting of the following:

- completed application form,
- certified copies of the certificate of state registration, tax payer certificate, copy of statute and constituent agreement,
- certified Balance Sheet, Profit & Loss account, Credit and Debt Statement and Cash Flow Account for the last financial year
- list of owners, managers and staff in the format of Part V(A) of the application,
- photographs of the interior and the exterior of the Agency,
- copies of certificates of courses and work experience of the staff,
- statement of International Sales confirmed by the concerned airlines or IATA accredited Agent,
- sample of the Agent's letterhead.

**Completeness of applications**

Submission of all application forms and financial documents must be done electronically in PDF format. Paper files can only be submitted upon request by IATA.

The Agent must submit the following documents for the most recent financial year, prepared in accordance with the Kazakhstan accounting practices both on paper and in an electronic format.

- Balance Sheet
- Profit and Loss Account
- Credit and Debt Statement.
- Cash Flow Account

Financial assessment of applicants and Agents can only be conducted by a financial assessor appointed by IATA. Such action can be requested only by IATA office.

The financial criteria will be analyzed to ascertain the suitability of the Agent-applicant to become an Agent or for an Agent to remain accredited, as well as determine any level of discount or supplement to the Financial Guarantee (as defined below under "Financial Guarantee"). The definitions of the financial criteria used for the evaluation are as follows:

1) Absolute **liquidity** ratio measures availability of an Agent's cash to pay its debt. Absolute liquidity ratio is used where only cash and bank balances are used for current assets and then divided by short-term liabilities and liabilities held for sale. Short-term liabilities include Loans, Derivative financial liabilities, Other short-term financial liabilities, Short-term trade and other payables, Short-term provisions, Current income tax liabilities, Remuneration to employees payable, Other short- term liabilities.

	Cash and bank balances	Cash and bank balances	Line 010 from Form 1
Liquidity (Absolute ratio) =	=	=	=
	Total short- term Liabilities + Liabilities held for sale	Loans + Derivative financial liabilities + Other short-term financial liabilities + Short- term trade and other payables + Short-term provisions + Current income tax liabilities + Remuneration to employees payable + Other short-term liabilities + Liabilities held for sale	Line 300 from Form 1 + Line 301 from Form 1

2) **Solvency** ratio measures the ability of an Agent to cover its long term debts. Equity here includes any Charter (share) capital, Additional paid-in capital, Purchased own equity instruments, Reserves, Retained earnings (retained loss). Total liabilities include Short-term loans, Short-term derivative financial liabilities, Other short-term financial liabilities, Short-term trade and other payables, Short-term provisions, Current income tax liabilities, Remuneration to employees payable, Other short-term liabilities, Liabilities held for sale, Long-term loans, Long-term derivative financial liabilities, Other long-term financial liabilities, Long-term trade and other payables, Long-term provisions, Deferred income tax liabilities, Other long-term liabilities.

Solvency =	<p>Total equity _____ =</p> <p>Total short-term liabilities + Liabilities held for sale + Total long-term liabilities</p>	<p>Charter (share) capital + Additional paid-in capital + Purchased own equity instruments + Reserves + Retained earnings (retained loss)</p> <hr/> <p>Short-term loans + Short-term derivative financial liabilities + Other short-term financial liabilities + Short-term trade and other payables + Short-term provisions + Current income tax liabilities + Remuneration to employees payable + Other short-term liabilities + Liabilities held for sale + Long-term loans + Long-term derivative financial liabilities + Other long-term financial liabilities + Long-term trade and other payables + Long-term provisions + Deferred income tax liabilities + Other long-term liabilities</p>	<p>Line 500 from Form 1</p> <hr/> <p>Line 300 from Form 1 + Line 301 from Form 1 + Line 400 from Form 1</p>
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3) **Profitability** is a measure of an Agent's ability to generate profit out of its turnover. Net income in this ratio is the profit after tax and total revenue is the commission income (excluding ticket price) that an Agent receives before incurring expenses.

$$\text{Profitability} = \frac{\text{Profit for the year}}{\text{Gross revenue from Ticket commissions}} = \frac{\text{Line 300 from Form 2}}{\text{Line 010 from Form 2}}$$

4) **Cash flow** is the net cash movement (cash increase or cash decrease) in the statement of cash movement where both cash inflows and cash outflows within a period are reflected. This is line 130 in the Form 3A or line 500 in the Form 3B.

**New Applicants**

New applicants must present audited financial statements showing:

- Rate of Liquidity - over 0.5
- Rate of Solvency - over 0.5
- Rate of Profitability - over 10%
- Cash flow - positive

New applicants, whose financial results do not meet these criteria, will be refused accreditation.

**Financial Guarantee**

All Accredited Agents are required to present a Bank Guarantee or Insurance Bond/Certificate, issued by recognized bank/insurance company ("Financial Guarantee").

A recognized bank/insurance company is a financial institution authorized to issue Bank Guarantees or Insurance Bonds/Certificates for Agents in Kazakhstan and duly registered and licensed to operate without limitations in the Republic of Kazakhstan. The guarantees must be issued strictly according to IATA templates.

In the event that the financial institution that has provided the Bank Guarantee on behalf of the accredited agent, have a change in status whereby they either have their license to issue Bank Guarantees suspended by the national Bank of Kazakhstan, or have their credit rating downgraded to credit rating D, the accredited agent shall provide IATA a new Bank Guarantee from a financial institution who does have a current license to issue Bank Guarantees and has a credit rating of Caa2 (Moody) or above and at the same time CCC (S&P) or above. The new Bank Guarantee must be presented within 1 month of the notification from the Agency Services Manager of any such change in status.

Such documents must be issued for the Head Office of the Agent for coverage of the full Amount of Risk of the Head Office and all its Branch Offices/Locations, pursuant to any discounts or supplements to the Financial Guarantee which the Agent may be eligible for, or obliged to, under the scheme below.

IATA will not accept a bank guarantee or insurance bond/certificate if it does not fully comply with these conditions.

The Amount at Risk is calculated as 1/24 of the last 12 months net BSP cash sales and will be rounded up to the next 5,000 USD, but it cannot be less than 100,000 USD. In the case of a new applicant, the Amount at Risk is based on the declaration of the applicant about previous sales volumes.

**Calculation of Amount at Risk for different categories of Agents:**

Agents with an Amount at Risk over US\$ 200,000, and have more than 2 full calendar years trading as an IATA Accredited Agent, are entitled for discount of the amount of their Financial Guarantee subject to the criteria stated below.

**Group A**

Criteria 1: Rate of Liquidity	≥ 0.2
Criteria 2: Rate of Solvency	≥ 0.2
Criteria 3: Rate of Profitability	≥ 0%
Criteria 4: Cash flow	positive
Separator 1: Amount at risk, in USD	> 200,000 (inclusive)
Separator 2: Default stand and existence	no default, over 3 years
<b>Result</b>	<b>15% discount from BG, but &gt;\$200,000</b>

**Group B**

Criteria 1: Rate of Liquidity	≥ 0.3
Criteria 2: Rate of Solvency	≥ 0.3
Criteria 3: Rate of Profitability	≥ 5%
Criteria 4: Cash flow	positive
Separator 1: Amount at risk, in USD	> 200,000 (inclusive)
Separator 2: Default stand and existence	no default over 3 years
<b>Result</b>	<b>20% discount from BG, but BG &gt;\$200,000</b>

<b>Group C</b>	Criteria 1: Rate of Liquidity	≥ 0.4
	Criteria 2: Rate of Solvency	≥ 0.4
	Criteria 3: Rate of Profitability	≥ 7%
	Criteria 4: Cash flow	positive
	Separator 1: Amount at risk, in USD	> 200,000 (inclusive)
	Separator 2: Default stand and existence	no default over 3 years
	<b>Result</b>	<b>25% discount from BG, but BG &gt; \$200,000</b>

<b>Group D</b>	Criteria 1: Rate of Liquidity	≥ 0.5
	Criteria 2: Rate of Solvency	≥ 0.5
	Criteria 3: Rate of Profitability	≥ 10%
	Criteria 4: Cash flow	positive
	Separator 1: Amount at risk, in USD	> 200,000 (inclusive)
	Separator 2: Default stand and existence	no default over 3 years
	<b>Result</b>	<b>30% discount from BG, but BG &gt; \$200,000</b>

The Agent must meet all the criteria within any single Group to qualify for that Group and accordingly receive discount for that Group.

**Additional Agent Group Classifications:**

**Group E:** For Agents who:

- (a) meet the criteria as defined in Group A and
- (b) have never had a default and
- (c) have an Amount at Risk less than US\$100,000

the Agent must provide a guarantee for a minimum US\$100,000.

**Group F:** For Agents who:

- (a) meet the criteria as defined in Group A and
- (b) have not defaulted in BSP and
- (c) have an Amount at Risk greater than US\$100,000, but less than US\$200,000;

or

- (d) meet the criteria as defined in Group A (e) have defaulted once in BSP and
- (e) have an Amount at Risk that is greater than US\$100,000

no discount from the Financial Guarantee will be applied.

**Group G:** For Agents who:

- (a) have not defaulted in BSP previously and
- (b) upon review one out of Criteria 1,2 or 3 are not met and
- (c) have a positive Cash Flow

a Financial Guarantee equal to 105% of the Amount at Risk is required. In addition, for Agents who:

- (d) have not defaulted in BSP previously and
- (e) upon review two out of Criteria 1,2 or 3 are not met and
- (f) have a positive Cash Flow

a Financial Guarantee equal to 110% of the Amount at Risk is required.

**Group H:** For Agents who:

- (a) have defaulted in BSP once previously and
- (b) upon review one out of Criteria 1,2 or 3 are not met and
- (c) have a positive Cash Flow

a Financial Guarantee equal to 110% of the Amount at Risk is required.

In addition, for Agents who:

- (d) have defaulted in BSP once previously and
- (e) upon review two out of Criteria 1,2 or 3 are not met and
- (f) have a positive Cash Flow

a Financial Guarantee equal to 115% of the Amount at Risk is required.

Until IATA receives the additional Financial Guarantee from Agents in this Group H, the Agent will be suspended.

**Group I:** For Agents who:

- (a) have defaulted in BSP twice previously and
- (b) upon review one out of Criteria 1,2 or 3 are not met and
- (c) have a positive Cash Flow

a Financial Guarantee equal to 120% of the Amount at Risk is required. In addition, for Agents who:

- (d) have defaulted in BSP twice previously and
- (e) upon review two out of Criteria 1,2 or 3 are not met and
- (f) have a positive Cash Flow

a Financial Guarantee equal to 130% of the Amount at Risk is required.

Until IATA receives the additional Financial Guarantee from Agents in this Group I, the Agent will be suspended.

**Group J:** For Agents who:

- (a) have defaulted in BSP more than twice or
- (b) upon review, none of Criteria 1, 2 or 3 are met or
- (c) have a negative Cash Flow

approval for accreditation as an Agent will be refused (for new applicants) and existing Agents will be given notice of termination in accordance with Passenger Sales Agency Agreement.

## **Risk Evaluation and Bank Guarantee Amendments**

### **Renewal of BG**

Two months before the expiry date of the current Bank Guarantee or Insurance Bond/Certificates, IATA will inform the Agent about the Amount at Risk to be covered by the new guarantee, based on net BSP cash sales of the last 12 month period. Such new guarantee must be valid for at least 6 months.

### **Periodical review**

Amount at Risk will be reviewed every six months, based on the calculations for the last 12 month period.

During the process of regular financial review it is not a requisite that agency financial reporting documents bear the stamp and signatures of local tax authorities. Notwithstanding, should as a result of the financial review an agency qualify for any discount to the level of financial guarantee, a third party audit of the annual reports must be provided by the agency.

When such review shows substantial increase or decrease of the Amount at Risk, the Agency Service Manager shall require an amendment in the existing guarantee with 1 month pre-notice.

Such amendment shall be requested only if the newly calculated Amount at Risk satisfies both criteria as specified below:

Amount at Risk band (USD)

From / To	Criteria A	Criteria B (USD)
100,000 - 200,000	>25%	> 50,000
200,001 - 500,000	>20%	>100,000
500,001 - 1,000,000	>15%	>150,000
1,000,001 - 2,500,000	>10%	>250,000
Over 2,500,000	> 5%	>250,000

Criteria A is calculated as:  $\frac{\text{New Amount at Risk} - \text{existing Amount of Guarantee}}{\text{Existing Amount of Guarantee}} \times 100$

Criteria B is calculated as:  $(\text{New Amount at Risk}) - (\text{Existing Amount of Guarantee})$

#### **Review after the financial assessment**

After the Annual Financial Review is completed, all Agents are presented with their results.. The conclusions of this Report will be implemented in the next scheduled Risk Evaluation, based on the calculations for the last 12 month period.

#### **Early warning system**

The Agency Services Manager is empowered to undertake an intermittent review of the Amount at Risk of any Agent, ahead of the scheduled review, should he/she ascertain from BSP Billings that the Amount at Risk during 3 consecutive months is 30% higher than the currently available Financial Guarantee (excluding discounts). In such cases, the Agency Service Manager shall require from the Agent to present within 30 days an additional or amended Bank Guarantee which covers the Amount at Risk calculated on the base of sales reported during these 3 months.

The Agency Services Manager is empowered to undertake an instant review of the Amount at risk, should he/she, ascertain from BSP Billings, that the Amount at risk for the present 1 month period, is 50% higher (excluding discounts), compared to the previous 1 month period.

The new or amended Bank Guarantee has to be provided, not later, than 30 days, after the date of presentation of the written request from IATA.

**KOREA**
*(Effective 20 August 2014 – MV A248)*
**1. GENERAL RULES**

For a financial review, all applicants and Agents must provide the following documents for assessment under these criteria:

- (a) Balance Sheet
- (b) Profit and Loss statement

**2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS**

**2.1** Applicants must be established and in business as a travel agent not less than six months prior to the date of application.

**2.2** All Applicants and Agents must have a minimum paid capital of KRW 100,000,000.

**2.3** The following points allocations apply for the financial ratio assessment:

**Financial Assessment Indicators**

Current Ratio	Points	Debt Ratio	Points
$\geq 2.00$	12	$\leq 0.01$	12
1.50 - 1.99	10	0.02 - 0.59	10
1.00 - 1.49	8	0.60 - 1.09	8
0.50 - 0.99	6	1.10 - 1.59	6
0.30 - 0.49	4	1.60 - 1.79	4
0.10 - 0.29	2	1.80 - 1.99	2
$< 0.10$	0	negative or $\geq 2.00$	0

Profitability Ratio	Points	Total Points	Grade
$\geq 0.200$	12	$\geq 30$	A
0.130 - 0.199	10	22 - 29	B
0.070 - 0.129	8	12 - 21	C
0.030 - 0.069	6	6 - 11	D
0.010 - 0.029	4	$\leq 5$	E
0.000 - 0.009	2		
$< 0.000$	0		

**2.4** The minimum passing grade for the financial ratio assessment is C. Any financial ratio assessment result with grade D & E would be failure to meet financial assessment criteria.

**2.5** To pass a financial review, Applicants and Agents must pass the financial ratio assessment and meet the requirements of section 2.2. Applicants must also meet the requirement under section 2.1.

**2.6** If an Applicant fails the financial review, the Applicant will not be approved to be accredited as an Agent.

**3. ANNUAL FINANCIAL REVIEWS**

The Criteria for evaluation of Applicants' and Agents' accounts in Subparagraph 2 will be applied in the assessment of Agents' accounts for the Annual Financial Review.

#### **4. INTERIM FINANCIAL REVIEWS**

The Criteria for evaluation of Applicants' and Agents' accounts in Subparagraph 2 will be applied in the assessment of Agents' accounts for financial reviews performed at any other time.

#### **5. FINANCIAL SECURITY**

Notwithstanding whether an Agent obtains a satisfactory or unsatisfactory result in a financial review, all Agents must provide IATA with a financial security equivalent to an average of 13 days cash sales subject to a minimum of KRW 200 million. There must be at least one financial guarantor liable jointly or severally.

The acceptable forms of financial securities are as follows:

- Bank guarantee
- Insurance bond

#### **6. REMITTANCE FREQUENCY**

Effective 1 January 2012, Korea will move to 6 times monthly remittance frequency.

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**KUWAIT**

(Effective 19 November 2010 = PAC/33)

**NEW APPLICANTS****Finances****a. Financial Statements**

Certified accounts i.e. balance sheet/Opening balances, bank's statement(s) of accounts, auditor's statement of preferential claims on assets and contingent liabilities.

**b. Financial Security**

Applicants must provide a minimum level of provisional Bank Guarantee of KWD 75,000/- per location.

**c. Financial Review**

Newly accredited agents will be subject to Financial review within six months of the approval date and/or the submission of the provisional Bank Guarantee, and accordingly will be required to submit a revised Bank Guarantee that covers 5 weeks of sales turnover subject to a minimum of KD 75,000/- per location.

**EXISTING AGENTS****Finances****a. Financial Statements**

- Certified accounts, which are not more than 6 months old (i.e. balance sheet, profit & loss account indicating a satisfactory financial standing), aged statement of accounts receivable and payable, bank's statement (s) of accounts for preceding three months, auditor's statement of preferential claims on assets and contingent liabilities.
- For the avoidance of doubt, certified financial Statements must be submitted to IATA irrespective of the type of Financial Security used.

**b. Financial Securities**

Qualifying agents may choose one of the following two methods of Financial Security:

**1. Bank Guarantee**

Agents must provide a Bank Guarantee equivalent to an average 4 weeks sales (based on previous 12 month sales) subject to a minimum of KWD 50,000/- and maximum of KWD 200,000/- **per location**

In case of new and/or existing agents with multi-locations (branches and/or implants), the financial documents of the approved and operating HO should be submitted. Consequently the financial security (BG) should cover the entire agency network.

**2. Default Insurance Policy (DIP)**

- (i) Is an optional financial security method which that qualifying Agencies might choose, instead of the basic Bank Guarantee method outlined in (1) above subject to. DIP will be available to those Agency locations that have completed a minimum of three (3) years of trading in the BSP using a bank guarantee as the form of security.
- (ii) The DIP accepted in BSP KW is the one discussed by the 22nd APJC KW meeting held on 5 August 2010 and the implementation to start on 01 November 2010, or the date of finalizing necessary Agreement.
- (iii) Those locations which have completed three years of trading within BSP Gulf using the bank guarantee.
- (iv) For the avoidance of doubt:

- a. In the case where existing agency that opens a new branch or sales activity, such locations would not be able to apply to join the DIP scheme until they have completed three (3) years of trading using a bank guarantee.
  - b. In the case where an agent is using DIP scheme and there is a change in Ownership must inform IATA of the change of ownership and withdraw from the DIP and revert to use of the Bank Guarantee. It would be eligible to join the DIP scheme having completed three (3) years of trading using a bank guarantee.
  - c. Any agent defaulted (including technical defaults for accumulation of points) will be required to withdraw from the DIP scheme and revert to use of the bank guarantee.
- (iv) Any change in the Policy rules and conditions and/or in the Insurance Company, must be first discussed and processed first through the APJC KW Council.

#### **Financial review**

- Periodic and ad hoc reviews shall be conducted in accordance with the established applicable Resolutions.
- Required Adjustment on Agents Bank Guarantees following review shall be covering the average sales turnover of 4 weeks (28 days) of sales subject to a minimum of KD 50,000/- and a maximum of KD 200,000/-.
- All financial reviews shall be conducted in accordance with:
  - Resolution. 800f
  - And the average sales of the precedent 12 month period.

#### **Staff Criteria**

The applicant must have in its employment competent and qualified staff able to sell international air transportation and correctly issue electronic travel documents and report these to the BSP.

#### **BSP Procedures & Training**

Information on the procedures and responsibilities of agents in respect of the reporting and settlement rules is contained in the BSP Manual for Agents supplied to each Approved Location. IATA offers regular BSP procedural training sessions. Any agent wishing to undertake such training is encouraged to contact the local BSP office.

#### **License**

- Registration Certificate from DGCA.
  - License from Ministry of Commerce & Industry.
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**KYRGYZSTAN***(Effective 1 January 2013 – PAC/35)***1. NEW APPLICANTS**

New applicants must have been in operation for 12 months as an Air Travel Agent before applying to be an Agent. The applicant must be in possession of a valid license / certificate to, issued by appropriate state authorities according to the legislation of Kyrgyz Republic.

**Documents required:**

The complete file to be sent to IATA, consisting of the following:

- certified copies of the certificate of state registration, tax payer certificate and statistical card,
- copies of corresponding licenses;
- certified by independent auditor: Balance Sheet, Profit & Loss account, Credit and Debt Statement and Cash Flow Account for the last financial year,
- list of owners, managers and staff in the format of Part V(A) of the application,
- photographs of the interior and the exterior of the agency,
- copies of certificates of courses and work experience of the staff,
- statement of international sales volumes. The applicant must provide proof of sales through other accredited Agents or Airlines. There is no minimum level that an applicant must reach before submitting the application.
- a sample of the Agent's letterhead.

**Financial documentation:**

The Agent must present the following financial documentation for the last financial year, according to the accounting standards, valid for Kyrgyzstan, in both paper and electronic format.

- Balance Sheet, certified by local tax authorities
- Profit & Loss account, certified by local tax authorities

The results of the financial review will be treated in a strictly confidential way.

**Financial evaluation process:**

The established ratios for financial evaluation are:

Rate of Liquidity = Current Assets / Current Liabilities

Rate of Solvency = Total Capital / Total Liabilities

The calculation of both rates will be applied to the last financial year.

For a "satisfactory" financial standing to be determined, both ratios must be greater than or equal to 1.00

**Results of Financial evaluation**

New applicants, with "unsatisfactory" financial standing are to be rejected.

Existing Agents with "unsatisfactory" financial standing will receive from IATA:

- a) a term of 6 months for submission of new documents showing that the ratios are met and improved financial standing is in place.;  
and
- b) immediate request for a bank guarantee to cover 100% of agent's 15-days average turnover. Turnover will be calculated for both the last 12 months and the last 3 months and the greater must be covered by the bank guarantee.

In case the submitted financial documents continue to show the ratios are not met, the Agent is obliged to present an additional bank guarantee for an amount equal to 30% of the existing guarantee for at least 6 months or until the Agent proves satisfactory financial standing, whichever is later.

**Bank Guarantee**

All Agents in Kyrgyzstan must present a valid bank guarantee. The bank guarantee will be accepted by IATA, only if issued by a bank, fully licensed to operate in Kyrgyz Republic and in accordance with the template approved by IATA.

All new applicants and Agents, which have not completed two years of trading, must submit a Bank Guarantee, which will cover the 15 days' net BSP cash sales at risk amount but cannot be less than 50,000 USD.

IATA has to recalculate the average 15-day turnover /for the last 12 months/ on a quarterly basis at a minimum and in case the new level of turnover exceeds the existing bank guarantee does not cover the amount at risk, to advise the Agent in writing that an additional bank guarantee must be provided.

All Agents which have completed two years of trading without an irregularity resulting from non-payment or short payment in the previous twelve months and have a "Satisfactory" financial standing in two consecutive annual reviews, must submit a Bank Guarantee according to the following sliding scale:

Agent's 15 day's amount at risk turnover		Required BG Coverage
1	below <= \$50,000	\$ 50,000
2	> \$50,000 <= \$100,000	75% but not less than \$ 50,000
3	> \$100,000 <= \$500,000	65% but not less than \$ 75,000
4	> \$500,000 <= \$1,000,000	50% but not less than \$ 325,000
5	> \$1,000,000 <= \$2,000,000	35% but not less than \$ 500,000
6	> \$2,000,000 <=	25% but not less than \$ 700,000

In case the Agent is declared in Default, Overdue Remittance or in Default or default due to Accumulation of Irregularities the Agent must immediately present a bank guarantee covering 100% of the 15 days amount at risk.

**LATIN AMERICA AND CARIBBEAN**

(Effective 1 January 2017 – PAC/39)

**PREMISES**

The premises must be devoted exclusively to the promotion and sale of air passenger transportation and related services. The premises must be clearly identified as a travel agency and must be readily accessible to the general public during normal business hours.

**SECURITY**

Minimum Security Standards are applicable to all Travel Agents. Such Minimum Security Standards are stipulated under the provisions of Resolution 818g, Section 5 of this Handbook.

**FINANCIAL STANDARDS**

Resolution 800f applies to all countries under Resolution 818g. The following principles highlight minimum financial criteria requirements, specific criteria follows under appropriate headings.

The applicant/Agent shall submit independently produced financial statements prepared in accordance with local accounting practices and shall be evaluated and found satisfactory pursuant the methodology and standards provided below. In addition, every Agent shall be required to submit annual financial statements to ensure continued compliance.

**Financial Statements**

- must not be older than six months,
- must be certified by an external public accountant,
- must comply with the minimum financial criteria established for the country (shown hereafter),
- must be evaluated against Ratio Tests<sup>1</sup>

**Ratio Tests used and maximum number of points obtainable per ratio test:**

Ratio	Points	
Liquidity ratio	14	A measure of the short-term solvency of the entity
Debt ratio	14	Amount of assets provided by creditors for each dollar of total assets
Turnover ratio	7	The average number of days to collect a receivable
Cash flow ratio	5	Level of debt versus profits

**Scale of Points per Ratio Test:**

$$\text{Liquidity Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Over 1.99	14 points
1.50 – 1.99	12 points
1.25 – 1.49	10 points
1.00 – 1.24	8 points
0.96 – 0.99	6 points
0.91 – 0.95	4 points
0.86 – 0.90	2 points
under 0.85	0 points

<sup>1</sup> Ratio Tests Definition and Parameters: An acceptable financial ratio analysis measured by the application of four ratio tests against which points are allocated. A maximum of 40 points may be attained. To be considered acceptable, a minimum of 22 points shall be scored.

$$\text{Turnover Ratio} = \frac{\text{Net Receivables}}{\text{Total Sales}}$$

For BSP countries with sales remittance cycles up to 10 days:

Under 15 days	7 points
15 – 16 days	6 points
17 – 18 days	5 points
19 – 20 days	4 points
21 – 23 days	3 points
24 – 26 days	2 points
27 – 29 days	1 point
30 days	0 points

For BSP countries with sales remittance cycles between 10 to 15 days:

Under 15 days	7 points
15 – 18 days	6 points
19 – 2 days	5 points
23 – 27 days	4 points
28 – 31 days	3 points
32 – 35 days	2 points
36 – 39 days	1 point
over 40 days	0 points

$$\text{Debt Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

Under 0.4	14 points
0.4 – 0.59	12 points
0.6 – 0.89	10 points
0.9 – 0.99	8 points
1.0 – 1.19	6 points
1.2 – 1.34	4 points
1.35 – 1.49	2 points
over 1.5	0 points

$$\text{Cash Flow Ratio} = \frac{\text{Profit After Tax}}{\text{Long-term Liabilities}}$$

0.20	5 points
0.18	4 points
0.15	3 points
0.13	2 points
0.10	1 point
under 0.09	0 points

## FINANCIAL INFORMATION DEFINITIONS

### Current Assets

This amount excludes notes or receivables from related parties, including shareholders, employees, officers, associates as well as Cash and Term Deposits pledged for security.

### Current Liabilities

This amount must include the current portion of long-term debt.

**Gross or Total Sales**

In the event this figure is not specifically identified in the financial statements, please provide the gross sales figures for the period including ticket sales, package tours, hotels, car rental, insurance, miscellaneous income, etc., net of tax.

**Long-term Liabilities**

All long term loans from third parties. It does not include non-current loans provided by shareholders or proprietors.

**Net Receivables**

This amount should be net of bad debt and should be broken down to reflect separately,

- Trade receivables net of provision for bad debt
- Commissions receivable
- Receivables from related parties. Refer to definition of current assets
- Supplier deposits

**Profit After Tax**

Profit after taxes but before extraordinary items.

**Total Assets**

Total assets including intangible assets such as goodwill, franchise fees, client lists, etc.

**Total Liabilities**

Include current liabilities and all loans from third parties. It does not include non-current loans provided by shareholders or proprietors. Loans from associate parties are included, unless subordinated to other parties.

**REQUIRED FINANCIAL CRITERIA BY COUNTRY****Argentina****1. GENERAL RULE – (Accounts / Documents to be provided)****1.1 Existing Agents (more than two years of accreditation)**

- Accredited agents must comply with financial assessment criteria approved for the corresponding country. These criteria will be revised by local APJC on an annual basis.
- In order to be evaluated, every accredited agent must present the documentation described below. The agent must also fulfill the Minimum Tangible Net Worth (MTNW) requirements through the ownership of real estate or the provision of financial guarantees (bank guarantees or insurance bonds), as defined in Section 4.

**1.2 New Agents**

In case of initial accreditation and during a two-year term, the only accepted mechanism for the fulfillment of the MTNW requisites will be the provision of financial guarantee (bank guarantees or insurance bonds). After the second year of accreditation, the agent will have the option either to maintain its financial guarantee or to present real estate of its ownership at the aim of fulfilling the MTNW requisites, under the terms defined in Section 4.

**Documentation to be submitted according to society type****1.1. Partnership and sole proprietorship**

Agencies presenting real estate registered under the name of the agency's owner or owners:

- Agency owner or owners' assets declaration, certified by a Public Accountant. Accountant's signature must be certified by the College or Council in which he/she is registered.
- Ownership certificate of each real estate presented by the agency's owner or owners. Validity of the certificate will be 30 days. Each real estate submitted must be free of any encumbrance (garnishment, mortgage, usufruct, etc.) and fully available by its owner.
- Agency owner or owners' certificate of non-encumbrance. Validity of the certificate will be 30 days.
- Two assessments done by nearby real estate agencies or public auctioneer, showing the estimated market value of the real estate presented as guarantee.
- In case of conjugal shared possessions, where the spouse is not a partner to the agency society, a "Fianza Solidaria" granting the agency's operations must be submitted. This document must be signed by the spouse and certified by Public Notary. A model of "Fianza Solidaria" must be requested.

Agencies not owning real estate registered under the name of the agency's owner:

- Agency owner or owners' assets declaration, certified by a Public Accountant. Accountant's signature must be certified by the College or Council in which he/she is registered.

**1.2. Corporations and Limited Companies**

Agencies presenting real estate registered under company name:

- Complete audited up-to-date Financial Statements (Balance Sheet, Profit & Loss Statement, Notes and Annexes). Accountant's signature must be certified by the College or Council in which he/she is registered.
- Ownership certificate of each real estate owned by the agency. Validity of the certificate will be 30 days. Each real estate submitted must be free of any encumbrance (garnishment, mortgage, usufruct, etc.) and fully available by its owner.
- Agency owner or owners' certificate of non-encumbrance. Validity of the certificate will be 30 days.
- Two assessments done by nearby real estate agencies or public auctioneer, showing the estimated market value of the real estate presented as guarantee.

Agencies not owning registered real estate:

- Complete audited up-to-date Financial Statements (Balance Sheet, Profit & Loss Statement, Notes and Annexes). Accountant's signature must be certified by the College or Council in which he/she is registered.

**1.3. Government departments accredited as travel agents**

- Government departments accredited as travel agents whom, per constitution, do not release financial statements, will be exempt from submitting such statements but will have to present and maintain financial securities permanently. The amount of such financial will be calculated based on the last 12 months cash sales average.

**2. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS**

The Financial Statement assessment will be based on the calculation of the Financial Indicators and the achievement of the score described below:

Financial Indicator	Maximum possible score	Description
Liquidity	14	Short-term solvency
Debt	14	Level of assets financed by debt
Collection Average	7	Collection days to cover sales
Cash Flow	5	Coverage of long-term debt through earnings

Formula and score applicable to Financial Indicators:

**Liquidity = Current Assets / Current Liabilities**

Above 1.99	14 points
1.50 – 1.99	12 points
1.25 – 1.49	10 points
1.00 – 1.24	8 points
0.96 – 0.99	6 points
0.91 – 0.95	4 points
0.86 – 0.90	2 points
Below 0.85	0 points

**Collection Term Average = (Receivables / Sales) \* 365**

Below 15 days	7 points
15 - 16 days	6 points
17 – 18 days	5 points
19 – 20 days	4 points
21 – 23 days	3 points
24 – 26 days	2 points
27 – 29 days	1 points
Above 30 days	0 points

**Debt = Total Liabilities / Total Assets**

Below 0.4	14 points
0.4 – 0.59	12 points
0.6 – 0.89	10 points
0.9 – 0.99	8 points
1.0 – 1.19	6 points
1.2 – 1.34	4 points
1.35 – 1.49	2 points
Above 1.5	0 points

**Cash Flow = After-tax earnings / Long-term Debt**

0.20	5 points
0.18	4 points
0.15	3 points
0.13	2 points
0.10	1 points
0.09	0 points

Definitions:

**Current Assets:** Receivables from related companies, shareholders, employees, directors, partners as well as cash and fix-term deposits in escrow must be excluded.

**Current Liabilities:** It must include the current portion of long-term debt.

**Total Sales:** The amount must appear specifically in the Financial Statements. And correspond to gross sales obtained in the period including (but not limited to) ticket sales, packages, hotels, car rental, insurances, miscellaneous, etc.

**Long-term Liabilities:** It comprises all third parties long-term debt. Loans to shareholders or proprietors must be excluded.

**Receivables:** It must be shown as a breakdown of commercial receivables, fees, commissions, related companies receivables and advances granted to suppliers. Bad debt must be excluded.

**Earnings after taxes:** Extraordinary earnings must be excluded.

**Total Assets:** Intangible assets must be included.

**Total Liabilities:** It includes current liabilities and third parties loans. Loans granted to shareholders or owners must be excluded. It must include related companies liabilities less the corresponding subordinated tranche (receivable).

**3. ANNUAL FINANCIAL REVIEWS**

**Conditions for the analysis of Financial Statements presented by the Agent**

Maximum validity of Financial Statements presented by agents will be **8 months as from closing date**. Presentation Calendar is shown in the table below:

Closing Date	Presentation to IATA	
	1st. deadline	Final deadline
31-Jan	15-Aug	15-Sep
28-Feb	15-Sep	15-Oct
31-Mar	15-Oct	15-Nov
30-Apr	15-Nov	15-Dec
31-May	15-Dec	15-Jan
30-Jun	15-Jan	15-Feb
31-Jul	15-Feb	15-Mar
31-Aug	15-Mar	15-Apr
30-Sep	15-Apr	15-May
31-Oct	15-May	15-Jun
30-Nov	15-Jun	15-Jul
31-Dec	15-Jul	15-Aug

The Calendar above contains dates which will be adjusted subject to week-ends and local holiday. The agent must follow these deadlines in order to comply with the Financial Statements presentation and evaluation requisites within the 8-month term mentioned above.

**Satisfactory result in the financial evaluation**

The maximum score to be obtained as a result of the application of the 4 financial indicators will be 40 points. In order to achieve a satisfactory evaluation, the minimum acceptable score will be **22 points**.

**Unsatisfactory result in the financial evaluation**

In case of obtaining an unsatisfactory result in the evaluation performed to the Financial Statements presented (score **below 22 points**), the USD 1.000.000 cap established in the MTNW table shown in the following section will not apply and the agent will have to provide a financial guarantee (bank guarantee or insurance bond) for the corresponding total 3-week cash sales average.

**4. FINANCIAL SECURITY**

**Financial requirements: Minimum Tangible Net Worth**

Minimum Tangible Net worth (MTNW) for Accredited Agents will be the amount stated in column “MTNW” on the table presented below. In order to determine the applicable MTNW, it is necessary to estimate the Agent’s 3-week cash sales amount, which are calculated based on the last 12 months cash sales average. In order to guarantee the MTNW determined, the Agent must be owner of:

- (i) In case of sole proprietorship or partnership: real estate for an equivalent amount, registered under the name of the partner or partners;
- (ii) In case of legal entity (SRL or SA): real estate for an equivalent amount, registered under the name of that legal entity (SRL or SA).

In case of **not being owner of real estate**, a **bank guarantee or an insurance bond** for an amount equivalent to the MTNW value must be submitted. The list of accepted providers for these guarantees will be delivered by IATA.

3 weeks cash sales average (USD)		MTNW
From	Up to	
0	19.999	10.000
20.000	39.999	20.000
40.000	59.999	40.000
60.000	79.999	60.000
80.000	99.999	80.000
100.000	119.999	100.000
120.000	139.999	120.000
140.000	159.999	140.000
160.000	179.999	160.000
180.000	199.999	180.000
200.000	219.999	200.000
220.000	239.999	220.000
240.000	259.999	240.000
260.000	279.999	260.000
280.000	299.999	280.000
300.000	319.999	300.000
320.000	339.999	320.000
340.000	359.999	340.000
360.000	379.999	360.000
380.000	399.999	380.000
400.000	419.999	400.000
420.000	439.999	420.000
440.000	459.999	440.000
460.000	479.999	460.000
480.000	499.999	480.000
500.000	519.999	500.000
520.000	539.999	520.000
540.000	559.999	540.000
560.000	579.999	560.000
580.000	599.999	580.000
600.000	619.999	600.000
620.000	639.999	620.000
640.000	659.999	640.000
660.000	679.999	660.000
680.000	699.999	680.000
700.000	719.999	700.000
720.000	739.999	720.000
740.000	759.999	740.000
760.000	779.999	760.000
780.000	799.999	780.000

800.000	849.999	800.000
850.000	899.999	850.000
900.000	949.999	900.000
950.000	999.999	950.000
1.000.000	1.049.999	1.000.000
1.050.000	1.099.999	1.050.000
1.100.000	1.149.999	1.100.000
1.150.000	1.199.999	1.150.000
1.200.000	and higher amounts	1.200.000

Agent accreditation and initial 2-year period

Upon accreditation, every agent must present a financial guarantee (bank guarantee or insurance bond) for an amount equivalent to **USD 30.000**, in order to constitute its initial MTNW.

As from then and on a four-month basis, IATA will recalculate the 3-week cash sales average done by the agent and, in case an increase is registered, a guarantee increment equal to or higher than USD 10.000 will be requested.

Agents presenting real estate assets as a guarantee will have the option, when an increase in their sales average is registered, to present a Stand By Letter of Credit to cover for the guarantee increment requested, provided that their financial statements assessment result continues to be satisfactory.

During the first 2 years of accreditation, the provision of a financial guarantee according to the terms described above will be mandatory for the agent.

In the case of a new agency constituted as a branch of a previously accredited one, the sales average of the new branch will be added to those of its headquarters at the aim of calculating the financial guarantee requested.

Agents with more than 2 year of accreditation

Upon 2 years of accreditation and in case of having achieved a satisfactory result in the financial evaluation performed on the Financial Statements presented, the agent must decide whether to continue to provide a financial guarantee under the terms above described or to constitute its MTNW through the presentation of real estate of its ownership, as established above.

The MTNW amount will continue to be revised on a four-month basis through the recalculation of the 3-week cash sales average done by the agent during the previous 12-month period. In case an increase is detected, an increment in the corresponding guarantee equal to or higher than USD 10.000 will be requested.

<b>OTHER</b>
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None.

**Bahamas, British Virgin Islands and Turks & Caicos Islands**

Certified, audited current Balance Sheet not more than 6 months old, notarized and signed by a C.A. Bank and/or Credit Report covering 3 months preceding the date of the Balance Sheet. All Agents/applicants will be required to submit a Profit and Loss statement. Financial Statements in US funds or equivalent must show Working Capital of not less than USD 25,000 plus USD 7,500 for each branch office.

**Bolivia****1. GENERAL RULE – (Accounts / Documents to be provided)**

The Agents presents the Financial Statements with an Audit report only when required by law or when the Travel Agent is applying to qualify and operate under no guarantee scheme. A copy of the Financial Statement in electronic form submitted to the Tax Authority shall be included.

**2. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS**

Local Financial Criteria adopts the tests of Resolution 800f, subject to annual reviews by APJC to confirm or change and propose new tests

**New applicant requirements**

The Financial Statements are required with an Audit report performed by external audit firm.

**Minimum capital requirement**

Registered capital paid in full by shareholders and duly registered at government registration entity.

**Minimum capital expressed in local currency**

- USD 25,000 for La Paz, Cochabamba and Santa Cruz
- Rest of cities in Bolivia: USD 20,000

Any variances over 10% in local currency, due to devaluation of BOB/USD will be adjusted annually when presenting financial documentation for financial reviews.

Minimum registered capital is expressed in accounting books in Bolivian currency and accreditation requirements for the amounts are fixed in US dollars. If devaluation affects Bolivia, The Agent will adjust the registered capital at year-end when presenting annual balance sheet to government and to IATA for the Annual Financial Review.

**3. ANNUAL FINANCIAL REVIEWS**

The presentation of Financial Statements for the annual financial review will be 30 days after the legal presentation date with a maximum of 8 months after the closing date.

**4. FINANCIAL SECURITY**

Adopts Resolution 800f 5 tests evaluation with the following modifications in the financial criteria:

- For the purposes of the calculation of a guarantee, the amount at risk shall be calculated by considering the sale of 360 days to give average sales of 22 days (total net sales / 360 x 22)
- The minimum guarantee for new accredited agents in Bolivia will be USD 20,000 when required

**Security is not required when the Agent passes the 5 tests subject to:**

- No irregularity received in the last 12 months
- No change of ownership in the last 12 months
- Minimum 2 years affiliation
- Presents an Audit report from an audit firm, when required by legislation

**Security is required when the Agent fails one or more of the 5 tests subject to:**

- Calculation of risk of 22 days based on net cash sales of last 12 months

**5. MINOR ERROR RULE**

Minor Error: An Agent shall be subject to two instances of Irregularity following a short payment or/and late payment (pursuant to Resolution 818g), however the financial criteria requirement to submit a Financial Security will be waived twice, in a twelve month period whenever the Agent demonstrates satisfactory evidence from the bank, that the total amount due was available in the Agent's bank account on the date of remittance and the amount due was paid within demand period.

**OTHER**

**No changes**

**Brazil**

Independently produced financial statements, prepared in accordance with general accounting practices. Financial statements must comply with the following minimum criteria: 1) must not be older than six months; 2) must be certified by an independent certified public accountant; 3) must comply with the minimum financial criteria. These statements must reflect minimum social capital of BRL 40,000.

*Ratio Tests for Financial Reviews:*

Financial Indicators	Indicator	Formula	Maximum Score	Formula Result	Corresponding Score
Liquidity	ILG	Current Assets + Long Term Assets / Current Liabilities + Long Term Liabilities	7	Over 1.97	7
				1.50 - 1.97	6
				1.25 - 1.49	5
				1.00 - 1.24	4
				0.96 - 0.99	3
				0.91 - 0.95	2
				0.86 - 0.90	1
	Under 0.85	0			
	ILC	Current Assets / Current Liabilities	7	Over 1.97	7
				1.50 - 1.97	6
				1.25 - 1.49	5
				1.00 - 1.24	4
				0.96 - 0.99	3
				0.91 - 0.95	2
0.86 - 0.90				1	
Under 0.85	0				
Debt	CE	Current Assets / Current Liabilities + Long Term Liabilities	4,2	Under 0.50	4.2
				0.50 - 0.59	3.6
				0.60 - 0.89	3.0
				0.90 - 0.99	2.4
				1.00 - 1.19	1.8
				1.20 - 1.34	1.2
				1.35 - 1.49	0.6
	Over 1.5	0			
	PCT	Current Assets + Long Term Liabilities / Equity	9,8	Under 0.50	9.8
				0.50 - 0.59	8.4
				0.60 - 0.89	7.0
				0.90 - 0.99	5.6
				1.00 - 1.19	4.2
				1.20 - 1.34	2.8
1.35 - 1.49				1.4	
Over 1.5	0				
Financial Indicators	Indicator	Formula	Maximum Score	Formula Result	Corresponding Score

Solvency	Kanitz	$(^1\text{Profitability Net Equity} * 0.05) + (\text{ILG} * 1.65) + (\text{ILC} * 3.55) - (\text{ILC} * 1.06) - (\text{PCT} * 0,33)$	7	Over 5.99	7
				5.00 - 5.99	6
				4.00 - 4.99	5
				3.00 - 3.99	4
				2.00 - 2.99	3
				0.00 - 1.99	2
				(3.00) - (0.01)	1
				Under (3.00)	0
	Net Operating Margin	Net Profit/Net Operating Revenue	5	Over 0.14	5
				0.08 - 0.14	4
				0.06 - 0.07	3
				0.04 - 0.05	2
				0.02 - 0.03	1
				Under 0.01	0
	$^1\text{Profitability NE} = \text{Net Profit} / \text{Net Equity}$		40	Maximum score	
		22	Minimum for approval		

**DEFINITIONS OF TERMS USED IN THESE GUIDELINES**

**Current Assets:** excludes notes or receivables from related parties, including shareholders, employees, officers, associates as well as Cash and Term Deposit pledged for security.

**Current Liabilities:** this amount includes the current portion of long term debt.

**Long Term Assets:** excludes investments, fixed assets and intangible assets.

**Net Profit:** means net Revenues (deducted from taxes and contributions) minus Total expenses plus Net Financial Result.

**Caribbean and West Indies**

Certified Statement of Assets and Liabilities reflecting the financial position of the Agency, dated not older than six months of the application, must be submitted. The agency must have the equivalent of USD 25,000 net in current assets, USD 25,000 working capital (the difference between total current assets over total current liabilities) and net worth or equity of at least USD 25,000. Additionally, for each Branch Office Location, the Agency would be required to have a further USD 7,500 in each of the above-mentioned areas.

**Cayman Islands and Jamaica**

Certified statement of Assets and Liabilities reflecting the financial position of the Agency dated not older than six months of the application, or date of financial year-end of the Travel Agency (whichever is applicable) must be submitted.

**Net Tangible Assets:** The Agency must have USD 25,000 in net tangible assets. Net tangible assets represent the equity of the shareholder(s)/owner(s) in the business. This is calculated by taking the total assets less any intangible assets such as goodwill, etc., less all liabilities, both current and non-current and including loans due to the shareholder(s)/owner(s). Additionally, for each Branch Office Location, the Agency would be required to have a further USD 7,500 in net tangible assets.

Working Capital: The minimum working capital requirement is USD 25,000 (which is the difference between total current assets over total current liabilities) less any non-current shareholder loans to the business. Additionally, for each Branch Office Location, the Agency would be required to have a further USD 7,500 in working capital.

**Central America****(Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama)**

Recent Audited Financial Statements where applicable, else Financial Statements certified by a Public Accountant shall suffice.

Minimum working capital USD 20,000.

**Chile**

- The presentation of Financial Statements for the annual financial review will be 30 days after the legal presentation date.
- Their financial statements must consist of a Balance Sheet, Profit and Loss Statement and Statement of Cash Flow, prepared by a certified external auditor in the format provided by IATA.
- The amount of the guarantee to be presented will be the 22 days "Amount at risk". The calculation of the 22 days "Amount at risk" for Chile will consider a 12 month average of the agent's sales.
- The minimum guarantee for new or accredited agents in Chile will be USD 10,000 when required.

**Colombia**

Minimum capital established in US dollars, but must reflect value in Colombian pesos, at the official exchange rate when presenting the application.

Minimum Registered Capital requirements for Agents located in:

Bogotá	USD 35.000
Medellín y Cali	USD 25.000
Other Cities	USD 15.000

Minimum Registered Capital is to be maintained at all times.

Definition of Registered Capital:

Registered Capital is the capital that the partners commit to pay and maintain into the business. Registered Capital is comprised of Subscribed Capital and Paid-In Capital,

- Subscribed Capital - The payment of the subscribed capital can be in cash or by installments within a period not exceeding one year.
- Paid in Capital is the part of the subscribed capital that actually must be paid at the time of incorporation. It is the capital that the company can count at the time of its constitution.

Financial statements shall be prepared by a certified public accountant who shall sign them and include the number of his valid professional license

**Dominican Republic and Haiti**

Certified, audited current balance sheet not more than 6 months old, notarized and signed by a Certified Accountant. Bank and/or Credit report covering 3 months preceding the date of the balance sheet. All agents/applicants will be required to submit a Profit and Loss statement.

Financial statements in US funds or equivalent must show a minimum of USD 25,000.00 in working capital ("active") minus current liabilities ("passive"), plus additional USD 7,500.00 for each branch office.

**Ecuador**

The Social Capital, subscribed and paid, of Accredited Agents should not be less than USD 6,000. Agents shall present financial statements annually, 30 days after the closing of their fiscal year, or before May 31 of each year. The financial statements should be prepared and signed by a certified accountant.

Acceptable financial statements for Ecuador travel agencies to present during annual financial review by IATA should be the same ones presented to SRI on a yearly basis.

**Additional requirements:**

Default - Bank Guarantee required for a two-year minimum equivalent to the number of 'Days Sales at Risk' or a minimum of USD 50,000 (applicable to all cities).

### **Mexico**

Minimum working capital of 50,000 pesos. Present Financial Statements (Statement of Financial Position, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement) not older than six months of the fiscal year.

Working Capital is current assets less current liabilities.

The Financial Statements must be financially audited by a Certified Public Accountant registered with the Mexican Institute of Public Accountants or the College of Public Accountants of Mexico.

Attach a copy of the Annual Statement filed with the tax authorities.

In case the Financial Statements are found to be unsatisfactory IATA will require the Agent to provide a Financial Security based on average cash sales of 22 days and the minimum amount will be 20,000 U.S. dollars equivalent in pesos.

For new applicants a minimum guarantee of 20,000 U.S. dollars equivalent in pesos is required for the first two years in the BSP.

Agents in Mexico meeting the below qualifications may opt to issue Standard Traffic Documents via the BSP exclusively by credit/charge card, by signing a supplement to the Passenger Sales Agency Agreement. Agents opting for this restriction agree not to issue Cash sales through the BSP. The following criteria apply only to eligible Agents choosing to restrict their Cash sales and with whom IATA has signed said supplementary agreement:

In lieu of audited financial statements, the Agent may submit for its annual financial review a copy of its Annual Tax Declaration and financial statements on which this was based, along with the confirmation of receipt provided by the authorities.

Given the restriction on Cash Sales, in the event that the result of the Agent's annual financial review is not satisfactory, no financial guarantee will be required from the Agent, provided the following criteria are met:

- The Agent must not have been declared in Default in the past two years.
- The Agent must not have had a payment-related irregularity over the past 12 consecutive months.
- The Agent's quarterly Cash turnover from ADMs and Chargebacks through the BSP does not exceed the equivalent of 5,000USD.

Compliance with all other applicable agency criteria as set forth in the Travel Agent Handbook.

- In addition to the requirements established in Passenger Sales Agency Rules, new applicants applying to become accredited with a restriction on Cash sales must provide the following:
- The applicant must submit the "Cedula de Empadronamiento" issued by the Ministry of Tourism, and its "Registro Federal de Contribuyente".
- The applicant must submit the most recent tax statement filed with the authorities and confirmation of receipt provided by the authorities.

The applicant will not be required to submit a financial guarantee at the time of application, so long as the applicant agrees not to issue any Cash transactions. Should the applicant wish at any time to opt out of the supplementary agreement and be able to issue Cash sales, the applicant will be required to provide comply with the requirements stipulated herein, including provision of a bank guarantee for the initial two years of trading with Cash sales.

In the event that the Agent does not comply with the conditions stipulated in the supplementary agreement, and/or default action is taken against the Agent, then the Agent will be required to provide a financial security to cover the "Amount at Risk" resulting from ADMs and Chargebacks, as defined in Resolution 800f, or in the minimum amount of the equivalent of 10,000 USD, whichever is greater.

The financial security will be required for a period of no less than one year, and will be returned subsequent to the one year period only if review of the Agent's sales demonstrates the Agent's quarterly Cash turnover from ADMs and Chargebacks is below the equivalent of 5,000USD.

## Paraguay

### General Rule

- Accredited agents must comply with financial assessment criteria approved for the corresponding country. These criteria will be revised by local APJC on an annual basis.
- In order to be evaluated, every accredited agent must present the documentation described in Section I. The agent must also fulfill the Minimum Tangible Net Worth (MTNW) requirements through the provision of financial securities (bank guarantee or insurance bond), as defined in Section III. Although fulfilling the requirement of financial security, the agency must accomplish with documentation submission required.

#### I. Documentation to be submitted

Complete up-to-date Financial Statements, presented to the Fiscal Authority (SET) (Balance Sheet, Profit & Loss Statement, Notes and Annexes), must be submitted. Tax affidavit copies, in replacement of Financial Statements, are not acceptable.

#### II. Conditions for the analysis of Financial Statements presented by the Agent

Maximum validity of Financial Statements presented by agents will be **8 months as from closing date**. Presentation Calendar is shown in the table below:

Closing Date	Presentation to IATA	
	1st. deadline	Final deadline
31-Jan	15-Aug	15-Sep
28-Feb	15-Sep	15-Oct
31-Mar	15-Oct	15-Nov
30-Apr	15-Nov	15-Dec
31-May	15-Dec	15-Jan
30-Jun	15-Jan	15-Feb
31-Jul	15-Feb	15-Mar
31-Aug	15-Mar	15-Apr
30-Sep	15-Apr	15-May
31-Oct	15-May	15-Jun
30-Nov	15-Jun	15-Jul
31-Dec	15-Jul	15-Aug

The Calendar above contains dates which will be adjusted subject to week-ends and local holiday. The agent must follow these deadlines in order to comply with the Financial Statements presentation and evaluation requisites within the 8-month term mentioned above.

The Financial Statement assessment will be based on the calculation of the Financial Indicators and the achievement of the score described below:

Financial Indicator	Maximum possible score	Description
Liquidity	14	Short-term solvency
Debt	14	Level of assets financed by debt
Collection Average	7	Collection days to cover sales
Cash Flow	5	Coverage of long-term debt through earnings

The maximum score to be obtained as a result of the application of the 4 financial indicators will be 40 points. In order to achieve a satisfactory evaluation, the minimum acceptable score will be **22 points**.

**Formula and score applicable to Financial Indicators:**
**Liquidity = Current Assets / Current Liabilities**

Above 1.99	14 points
1.50 – 1.99	12 points
1.25 – 1.49	10 points
1.00 – 1.24	8 points
0.96 – 0.99	6 points
0.91 – 0.95	4 points
0.86 – 0.90	2 points
Below 0.85	0 points

**Collection Term Average = (Receivables / Sales) \* 365**

Below 15 days	7 points
15 - 16 days	6 points
17 – 18 days	5 points
19 – 20 days	4 points
21 – 23 days	3 points
24 – 26 days	2 points
27 – 29 days	1 point
Above 30 days	0 points

**Debt = Total Liabilities / Total Assets**

Below 0.4	14 points
0.4 – 0.59	12 points
0.6 – 0.89	10 points
0.9 – 0.99	8 points
1.0 – 1.19	6 points
1.2 – 1.34	4 points
1.35 – 1.49	2 points
Above 1.5	0 points

**Cash Flow = After-tax earnings / Long-term Debt**

0.20	5 points
0.18	4 points
0.15	3 points
0.13	2 points
0.10	1 point
0.09	0 points

**Definitions**

**Current Assets:** Receivables from related companies, shareholders, employees, directors, partners as well as cash and fix-term deposits in escrow must be excluded.

**Current Liabilities:** It must include the current portion of long-term debt.

**Total Sales:** The amount must appear specifically in the Financial Statements. And correspond to gross sales obtained in the period including (but not limited to) ticket sales, packages, hotels, car rental, insurances, miscellaneous, etc.

**Long-term Liabilities:** It comprises all third parties long-term debt. Loans to shareholders or proprietors must be excluded.

**Receivables:** It must be shown as a breakdown of commercial receivables, fees, commissions, related companies receivables and advances granted to suppliers. Bad debt must be excluded.

**Earnings after Taxes:** Extraordinary earnings must be excluded.

**Total Assets:** Intangible assets must be included.

**Total Liabilities:** It includes current liabilities and third parties loans. Loans granted to shareholders or owners must be excluded. It must include related companies liabilities less the corresponding subordinated tranche (receivable).

**III. Financial requirements: Minimum Tangible Net Worth**

Minimum Tangible Net Worth (MTNW) for Accredited Agents will be the amount stated in column “MTNW” on the table presented below. In order to determine the applicable MTNW, it is necessary to estimate the Agent’s 22-days cash sales amount according to the following formula:

$$\text{Cash sales average} = \frac{\text{Last 12 months cash sales} \times 22}{360}$$

In order to secure the MTNW determined, the Agent must provide a financial security bank guarantee or an insurance bond for an amount equivalent to the MTNW. The list of accepted insurance providers must be requested to IATA.

<b>22–days Cash Sales Average (USD)</b>		<b>MTNW</b>
<b>From</b>	<b>Up to</b>	
0	19.999	10.000
20.000	29.999	20.000
30.000	39.999	30.000
40.000	49.999	40.000
50.000	59.999	50.000
60.000	69.999	60.000
70.000	79.999	70.000
80.000	89.999	80.000
90.000	99.999	90.000
100.000	109.999	100.000
110.000	119.999	110.000
120.000	129.999	120.000
130.000	139.999	130.000
140.000	149.999	140.000
150.000	159.999	150.000
160.000	169.999	160.000
170.000	179.999	170.000
180.000	189.999	180.000
190.000	199.999	190.000
200.000	and higher amounts	200.000

**Agent initial accreditation**

Upon accreditation, every agent must present a financial security for an amount equivalent to **USD 10.000**, in order to constitute its initial MTNW.

As from then and on a four-month basis, IATA will recalculate the 22-days cash sales average done by the agent, according to the formula presented under Section III and, in case an increase resulting in a MTNW step change according to the table above is detected, a financial security increment will be requested.

**Unsatisfactory result in the financial evaluation**

In case of obtaining an unsatisfactory result in the evaluation performed to the Financial Statements presented (score **below 22 points**), the USD 200.000 cap established in the MTNW table shown in this Section will not apply and the agent will have to provide a financial security for the corresponding total 22-days cash sales average.

**Peru****1. GENERAL RULE – (Accounts / Documents to be provided)**

Agents will present the Formal Annual Tax Declaration with all its annexes that support the amounts declared, submitted to SUNAT the Government Tax Regulator, in the government official template. All accounting documents and SUNAT declaration must be duly signed by a chartered accountant sending copy of the proof of habilitation of Accountant.

The Agents presents the Financial Statements with an Audit report only when required by law.

**2. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS**

Local Financial Criteria adopts the tests of Resolution 800f, subject to annual reviews by APJC to confirm or change and propose new tests.

Evaluations will be performed with **the 5 financial tests** set out in sections 2.3.1-2.3.5 of Criteria for Evaluation of Agents Accounts. The following financial tests apply to the evaluation of an Agent's Audited Accounts:

1. There must be positive Net Equity.
2. Net Equity divided by long-term debt and other long-term liabilities must be greater than 0.5
3. EBITDA (Earnings before Interest, Taxation, Depreciation, Amortization and extraordinary items) must be positive save in exceptional circumstances.
4. The EBITDA must exceed the interest payable by a factor of a minimum of two and ideally three.
5. Adjusted Current Assets must exceed Current Liabilities.

Test 2: Net equity divided by long term liabilities debt and other long term liabilities to approve test must be equal to or greater than 0.5. When the agent has a positive Net Equity (test 1) and has no long-term liabilities the test is positive.

**3. ANNUAL FINANCIAL REVIEWS**

The presentation of Financial Statements for the annual financial review will be 30 days after the legal presentation date.

**New Agents:**

Present the formal documentation submitted to Sunat with annexes as detailed in Annual Reviews requirements, with annual information presented to Sunat, of the previous year to application, when the applicant has operations from a previous year and in addition Statement of Assets and Liabilities, Profit and Loss of the months of the unclosed current year, signed by a chartered accountant sending copy of the proof of habilitation of the accountant.

**Existing Agents**

Agents will present the Formal Annual Tax Declaration with all its annexes that support the amounts declared, submitted to SUNAT the Government Tax Regulator, in the government official template, in addition Statement of Assets and Liabilities, Profit and Loss as of 31 de December. All accounting documents and SUNAT declaration must be duly signed by a chartered accountant sending copy of the proof of habilitation of Accountant.

**Minimum capital** of new applicants: Agent must comply with USD 5,000 or equivalent in local currency. At annual review, check and if required, will have to comply with an annual adjustment to minimum required.

**Registered capital** is defined as registered capital paid in full by shareholders and duly registered at government registration entity.

**Last presentation date for documentation** (Financial Statements) is May 15 for each year (or the next business day)

**Audit report:** Will be presented with documentation only when the law mandates this requirement.

**4. FINANCIAL SECURITY**

Adopts Resolution 800f 5 tests evaluation with the following modifications in the financial criteria:

- ✓ For new and annual financial reviews or any periodic reviews, when a calculation is required to cover the risk of 22 days, the formula must be based on the average of last 12 months net cash sales, (net cash sales/360 x 22), using accumulated sales information to the previous month of the calculation.

- ✓ Minimum guarantee level: for a new or accredited Agent USD 10,000.

**Security is not required when the Agent passes the 5 tests subject to:**

- No irregularity received in the last 12 months
- No change of ownership in the last 12 months
- Minimum 2 years affiliation
- Presents an Audit report from an audit firm, when required by legislation

**Security is required when the Agent fails one or more of the 5 tests subject to:**

- Calculation of risk of 22 days based on net cash sales of last 12 months

**5. UPON SHORT OR NON-PAYMENT, ISSUE IRREGULARITY LETTER**

- a) Request the 12 month guarantee to the IATA Agents that do not operate with a guarantee.
- b) When an Irregularity Letter is issued to an Agent that is operating under a guarantee, the Agent can continue to use the existing guarantee through its expiration and proceed to have a new one issued upon its expiration. The new guarantee must meet the minimum requirement of 12 months from the date in which the Irregularity Letter was issued.

**6. MINOR ERROR RULE**

**Minor Error:** An Agent shall be subject to two instances of Irregularity following a short payment or/and late payment (pursuant to Resolution 818g), however the financial criteria requirement to submit a Financial Security will be waived twice, in a twelve month period whenever the Agent demonstrates satisfactory evidence from the bank, that the total amount due was available in the Agent's bank account on the date of remittance and the amount due was paid within demand period.

**Uruguay**

**General Rule**

- Accredited agents must comply with financial assessment criteria approved for the corresponding country. These criteria will be revised by local APJC on an annual basis.
- In order to be evaluated, every accredited agent must present the documentation described in Section I. The agent must also fulfill the Minimum Tangible Net Worth (MTNW) requirements through the ownership of real estate or the provision of financial securities (bank guarantee), as defined in Section III.
- In case of initial accreditation and during a two-year term, the only accepted mechanism for the fulfillment of the MTNW requisites will be the provision of financial security. As from the second year of accreditation, the agent will have the option either to maintain its financial security or to present real estate of its ownership at the aim of fulfilling the MTNW requisites, under the terms defined in Section III.

**I. Documentation to be submitted**

Agencies owning real estate:

- Complete up-to-date Financial Statements (Balance Sheet, Profit & Loss Statement, Notes and Annexes) with Public Accountant's Compilation Report, as a minimum (Limited Review and Audit reports should be acceptable).
- Notarial certification where the Notary relates real estate and its ownership, certifying if they are free of any liens (garnishment, mortgage, usufruct, etc.), and if its owner's freedom to dispose of them.
- Two assessments done by nearby real estate agencies or public auctioneer, showing the estimated market value of the real estate presented as guarantee.

Agencies not owning real estate:

- Complete up-to-date Financial Statements (Balance Sheet, Profit & Loss Statement, Notes and Annexes) with Public Accountant's Compilation Report, as a minimum (Limited Review and Audit reports should be acceptable).

**II. Conditions for the analysis of Financial Statements presented by the Agent**

Maximum validity of Financial Statements presented by agents will be **8 months as from closing date**. Presentation Calendar is shown in the table below:

Closing Date	Presentation to IATA	
	1st. deadline	Final deadline
31-Jan	15-Aug	15-Sep
28-Feb	15-Sep	15-Oct
31-Mar	15-Oct	15-Nov
30-Apr	15-Nov	15-Dec
31-May	15-Dec	15-Jan
30-Jun	15-Jan	15-Feb
31-Jul	15-Feb	15-Mar
31-Aug	15-Mar	15-Apr
30-Sep	15-Apr	15-May
31-Oct	15-May	15-Jun
30-Nov	15-Jun	15-Jul
31-Dec	15-Jul	15-Aug

The Calendar above contains dates which will be adjusted subject to week-ends and local holiday. The agent must follow these deadlines in order to comply with the Financial Statements presentation and evaluation requisites within the 8-month term mentioned above.

The Financial Statement assessment will be based on the calculation of the Financial Indicators and the achievement of the score described below:

Financial Indicator	Maximum possible score	Description
Liquidity	14	Short-term solvency
Debt	14	Level of assets financed by debt
Collection Average	7	Collection days to cover sales
Cash Flow	5	Coverage of long-term debt through earnings

The maximum score to be obtained as a result of the application of the 4 financial indicators will be 40 points. In order to achieve a satisfactory evaluation, the minimum acceptable score will be **22 points**.

Formula and score applicable to Financial Indicators:

**Liquidity = Current Assets / Current Liabilities**

Above 1.99	14 points
1.50 – 1.99	12 points
1.25 – 1.49	10 points
1.00 – 1.24	8 points
0.96 – 0.99	6 points
0.91 – 0.95	4 points
0.86 – 0.90	2 points
Below 0.85	0 points

**Collection Term Average = (Receivables / Sales) \* 365**

Below 15 days	7 points
15 - 16 days	6 points
17 – 18 days	5 points
19 – 20 days	4 points
21 – 23 days	3 points
24 – 26 days	2 points
27 – 29 days	1 point
Above 30 days	0 points

**Debt = Total Liabilities / Total Assets**

Below 0.4	14 points
0.4 – 0.59	12 points

0.6 – 0.89	10 points
0.9 – 0.99	8 points
1.0 – 1.19	6 points
1.2 – 1.34	4 points
1.35 – 1.49	2 points
Above 1.5	0 points

**Cash Flow = After-tax earnings / Long-term Debt**

0.20	5 points
0.18	4 points
0.15	3 points
0.13	2 points
0.10	1 point
0.09	0 points

**Definitions:**

**Current Assets:** Receivables from related companies, shareholders, employees, directors, partners as well as cash and fix-term deposits in escrow must be excluded.

**Current Liabilities:** It must include the current portion of long-term debt.

**Total Sales:** The amount must appear specifically in the Financial Statements. And correspond to gross sales obtained in the period including (but not limited to) ticket sales, packages, hotels, car rental, insurances, miscellaneous, etc.

**Long-term Liabilities:** It comprises all third parties long-term debt. Loans to shareholders or proprietors must be excluded.

**Receivables:** It must be shown as a breakdown of commercial receivables, fees, commissions, related companies receivables and advances granted to suppliers. Bad debt must be excluded.

**Earnings after Taxes:** Extraordinary earnings must be excluded.

**Total Assets:** Intangible assets must be included.

**Total Liabilities:** It includes current liabilities and third parties loans. Loans granted to shareholders or owners must be excluded. It must include related companies liabilities less the corresponding subordinated tranche (receivable).

**III. Financial requirements: Minimum Tangible Net Worth**

Minimum Tangible Net Worth (MTNW) for Accredited Agents will be the amount stated in column “MTNW” on the table presented below. In order to determine the applicable MTNW, it is necessary to estimate the Agent’s 22-days cash sales amount according to the following formula:

$$\text{Cash sales average} = \frac{\text{Last 12 months cash sales} \times 22}{360}$$

In order to secure the MTNW determined, the Agent must be owner of real estate for an equivalent amount, registered under the name of the partner or partners or registered under the name of the legal entity (SRL or SA).

In case of not being owner of real estate, a financial security\_for an amount equivalent to the MTNW value must be submitted.

22-days Cash Sales Average (USD)		MTNW
From	Up to	
-	14.999	10.000
15.000	19.999	15.000
20.000	24.999	20.000
25.000	49.999	25.000
50.000	74.999	50.000
75.000	99.999	75.000
100.000	149.999	100.000
150.000	199.999	150.000
200.000	299.999	200.000
300.000	399.999	300.000
400.000	499.999	400.000
500.000	599.999	500.000
600.000	699.999	600.000
700.000	799.999	700.000
800.000	and higher amounts	800.000

**Agent accreditation and initial 2-year period**

Upon accreditation, every agent must present a financial security for an amount equivalent to **USD 20.000**, in order to constitute its initial MTNW.

As from then and on a four-month basis, IATA will recalculate the 22-days cash sales average of the agent according to the formula presented under Section III above and, in case an increase resulting in a MTNW step change according to the table above is detected, a financial security increment will be requested.

During the first 2 years of accreditation, the provision of a financial guarantee according to the terms described above will be mandatory for the agent.

**Agents with more than 2 year of accreditation**

Upon 2 years of accreditation and in case of having achieved a satisfactory result in the financial evaluation performed on the Financial Statements presented, the agent must decide whether to continue to provide a financial security under the terms above described or to constitute its MTNW through the presentation of real estate of its ownership, as established above.

The MTNW amount will continue to be revised on a four-month basis through the recalculation of the 22-days cash sales average done by the agent during the previous 12-month period. In case an increase is detected, resulting in a MTNW step change according to the table above, a financial security increment will be requested.

**Unsatisfactory result in the financial evaluation**

In case of obtaining an unsatisfactory result in the evaluation performed to the Financial Statements presented (score **below 22 points**), the USD 800.000 cap established in the MTNW table shown in this Section will not apply and the agent will have to provide a financial security for the corresponding total 22-days cash sales average.

**Venezuela**

Each Agent shall file annually with the Agency Administrator, within 90 days of the end of the Agent's fiscal year, a financial statement prepared in accordance with generally accepted accounting principles for evaluation. The Agent's total paid-up capital shall be in accordance with the following:

Caracas and Metropolitan Area:	USD 10,000
Maracaibo and Valencia:	USD 10,000
Rest of country:	USD 10,000

Guarantee for new applicants: USD 10.000

Agent's Home Office Locations situated in other than the cities listed and opening a Branch Location in Caracas, must consolidate its paid-up capital to the equivalent of USD 10,000.

## ALL COUNTRIES: FINANCIAL GUARANTEE REQUIREMENTS

New Applicants and/or Agents will be subject to the presentation of a financial guarantee as described below:

- **New Applicants:** Head Office and/or Branch Location are required to present a guarantee for a period of two years in accordance with Resolution 800f. Amount of guarantee described below. (Except Brazil whereby Branch Location applications will not be required to present a financial guarantee if financials of the Head Office are satisfactory).
- **Payment related Irregularity** – financial guarantee is required whenever Agent short pays or fails to pay on remittance date.
- **Minor Error Rule** – An Agent shall be subject to two instances of irregularity following a short payment and/or late payment (pursuant to Resolution 818g), however, the financial criteria requirement to submit a financial guarantee will be waived once, in a twelve month period, whenever the Agent demonstrates satisfactory evidence from the bank, that total amount due was available in Agent's bank account on the date of remittance and the amount due was paid within the demand period.
- **Minor Error Rule – Argentina, Paraguay, Uruguay only** - An Agent shall be subject to two instances of irregularity following a short payment and/or late payment (pursuant to Resolution 818g), however, the financial criteria requirement to submit a financial guarantee will be waived **three times**, in a twelve month period, whenever the Agent demonstrates satisfactory evidence from the bank, that total amount due was available in Agent's bank account on the date of remittance and the amount due was paid within the demand period.
- **Minor Error Rule Chile and Colombia only** – An Agent shall be subject to two instances of irregularity following a short payment and/or late payment (pursuant to Resolution 818g), however, the financial criteria requirement to submit a Financial Security will be waived twice, in a twelve month period, whenever the Agent demonstrates satisfactory evidence from the bank, that total amount due was available in Agent's bank account on the date of remittance and the amount due was paid within the demand period.
- **Default** – financial guarantee is required as a condition for reinstatement to full credit privileges and once all outstanding monies have been paid in full.
- **Unsatisfactory Financial Standing** – financial guarantee is required when Agent's financial statements fail to comply with financial criteria established in this Manual.
- **Changes of Ownership** – financial guarantee is required whenever a change in ownership or control of the Agent is equivalent to 30% or more of the total stock issued.

### Duration of guarantee:

- One-year minimum for Approved Agents. Prior to the expiry of the guarantee Agents will be requested to submit their financial statements for review.
- Two-years for Applicants subject to satisfactory results of financial review prior to expiry of the guarantee.

### Amount of guarantee

### Accredited Agents:

Agent's average annual net cash sales of the previous 12 months equivalent to the number of "Days' Sales at Risk".

The number of Days' Sales at Risk is to be counted from the beginning of the reporting period to the remittance date in respect of that reporting period plus a margin of five days. This criterion follows framework established by Resolution 800f.

**New Applicants (Head Office and/or Branch Locations):**

Annual country net cash sales volume of Agents in the BSP, minus sales of top 10% of Agents and bottom 20% of Agents to determine the average net cash sales of remaining Agents, equivalent to the number of "Days' Sales at Risk". Certain country exceptions are listed below:

<b>Argentina:</b>	USD 30,000
<b>Bahamas:</b>	USD 65,000
<b>Brazil:</b>	BRL 18,000
<b>Central America*:</b>	USD 20,000
*Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama	
<b>Chile:</b>	USD 10,000
<b>Colombia:</b>	
Bogota	USD 35,000
Cali and Medellin:	USD 25,000
Other Cities:	USD 15,000
<b>Eastern Caribbean*:</b>	USD 25,000
*Aruba, Antigua, Barbados, Bonaire, Curacao, Dominica, Grenada, Guyana, Montserrat, St. Kitts, St. Lucia, St. Maarten, St. Vincent, Trinidad and Tobago	
<b>Ecuador:</b>	
Quito & Guayaquil	USD 30,000
Other cities	USD 20,000
<b>Paraguay:</b>	USD 10,000
<b>Peru:</b>	USD 10,000
<b>Uruguay:</b>	USD 20,000

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**LATVIA**

*(Effective from 1 May 2017 – Mail A280)*

**1. GENERAL RULE**

All IATA Accredited Agents must remit four (4) times monthly (weekly).

**2. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS****New Agents**

**2.1** Financial statements must show a positive balance of current assets over current liabilities.

**Existing Agents****2.2 Profitability**

An Agent is required to show profit before tax at the end of the financial year.

However, a loss in a particular year will not result in negative financial standing for established IATA agents with at least three full years as accredited agent and if the outcome of the previous financial review was satisfactory.

**2.3 Equity Capital**

Rate of solidity =  $\frac{\text{Equity capital}}{\text{Total capital}}$  = min 6%

**2.4 Solvency**

Rate of liquidity =  $\frac{\text{Current assets}}{\text{Current liabilities}}$  = min 1.0

**3. ANNUAL FINANCIAL REVIEWS****New Applicants**

**3.1** New Applicants must submit independently audited balance sheet and profit and loss accounts.

**3.2** The financial statements must be produced by a nationally approved Public Auditor in accordance with International Accounting Standards.

**3.3** The financial statements must be translated into English and must not be older than 6 months at the time of submission to IATA.

**3.4** IATA has the right to request the annual report including balance sheet and profit and loss accounts in original.

**3.5** New Applicants which have been established as a company for less than one year must submit a copy of a certified opening balance sheet.

### **Existing Agents**

**3.6** Accredited Agents must provide IATA with a copy of their audited balance sheet and profit and loss Accounts in accordance with the time frame for filling reports required by the local authorities (currently 6 months after financial year end).

**3.7** The financial statements must be produced by a nationally approved Public Auditor in accordance with International Accounting Standards.

**3.8** The financial statements must be translated into English.

**3.9** Notwithstanding the above provisions, Agencies that meet the conditions for exemption from audit as a small company as defined by the Latvian Law on Annual Accounts and Consolidated Annual Accounts may submit certified balance sheet and profit and loss Accounts, provided that they hold a valid Financial Security with IATA (alternatively, if a Financial Security is not held at the time of assessment, the agent will be requested to provide one regardless of the result of the assessment). Such financial security will be held by IATA until an assessment is performed on Agency's Audited financial statements and the outcome is satisfactory.

**3.10** If an Agent passes all the financial tests in section 2 of these criteria based only on Audited Accounts during two (2) consecutive years and satisfies all the points below, the Agent will not be required to provide IATA with a Financial Security:

**3.10.1** The Agent has not been placed in Default in the last 12 months.

**3.10.2** A change of ownership has not taken place in the last 12 months.

## **4. FINANCIAL SECURITY**

**4.1** Bank Guarantees and Insurance Bonds must be drafted in the English language, using a standard text provided by IATA.

**4.2** Accepted Financial Security types are the following:

- a. Bank Guarantee
- b. Insurance Bond

### **New Applicants and Agents accredited for less than 2 years**

**4.3** All New Applicants and Agents accredited for less than 2 years must provide a Bank Guarantee or Insurance Bond of minimum EUR 35,000 in order to become or to remain accredited.

**4.4** Newly IATA accredited Agents will continuously be reviewed in relation to their BSP net cash sales generated during the previous 12 months' to adjust the amount of Financial Security to be provided as follows:

- a. 5.3% of the previous 12 months' net cash sales

**Existing Agents (Agents accredited for more than three years)**

**4.5** All IATA Accredited Agents must submit a Bank guarantee or Insurance Bond of 5.3% based on their calculated or actual annual sales processed through the BSP on all their approved locations.

Upon three (3) full years of trading in the BSP, when an IATA Accredited Agent passes the financial tests in section 2 of these criteria, the Financial Security amount will be adjusted as follows:

- a. 4.5 % of the Agent's previous 12 months' net cash sales of all their approved locations.
-

**LEBANON***(Effective 1 January 2015 – PAC/37)***1. GENERAL RULES**

- 1.1 Audited Accounts means accounts reviewed by an auditor recognized as competent by a regulatory authority in Lebanon to perform an audit that are provided to IATA.
- 1.2 All Financial Reviews shall be conducted in accordance with Resolution 800F.

**2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS**

- 2.1 All financial information used in the Financial Criteria will be extracted from the Agent/s Audited accounts
- 2.2 The following financial tests apply to the evaluation of an Agent's Audited accounts:
- 2.2.1 There must be a positive Net Equity
- 2.2.2 Net Equity divided by long-term debt and other long-term Liabilities must be greater than 0.5
- 2.2.3 EBITDA (Earnings before Interest, Taxation, Depreciation, Amortisation and extraordinary items) must be positive save in exceptional circumstances.
- 2.2.4 The EBITDA must exceed the Interest Payable by a factor of a minimum of two and ideally three.
- 2.2.5 Adjusted Current Assets must exceed Current Liabilities.

**3. ANNUAL FINANCIAL REVIEW**

- 3.1 All Agents must provide Audited Accounts, not more than 12 months old at the time of submission to become an Agent for the purposes of evaluation against the financial tests as per section 2 of this criteria
- 3.2 If an Agent has been in business for less than 12 months at the time of application, an Opening Balance sheet must be provided instead
- 3.3 All Agents must provide Audited Accounts no later than, July 1<sup>st</sup> of each year which is 6 months after each Financial Year End, for the purposes of evaluation against financial test in section 2 of this LFC.
- 3.4 All agents must provide a financial Security in accordance with section 4 of these criteria. Financial security level versus actual turnover to be reviewed quarterly or as required.
- 3.5 Meeting the minimum requirements of the Financial Review does not mean eliminating the need to have additional Financial Security, whenever deemed necessary.

**4. FINANCIAL SECURITY**

- 4.1 Financial Security will be subject to a minimum notice of termination period on the part of the Financial Security Provider of ninety (90) days and will be valid for a minimum of at least one year.
- 4.2 The amount of the financial Security required must cover at a minimum the Days Sales at Risk calculated as below using the BSP Days at Risk, multiply by the highest 3 months sales of the last 12 months sales over 90 days. If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.
- “Days Sales at Risk” x (Highest 3 months sales in the last 12 months sales / 90)**
- Subject to a minimum of USD 100,000 (One Hundred Thousand US Dollars)
- 4.3 “Days sales at Risk” means the number of days from the beginning of the Agent's reporting period to the remittance date, plus a margin of 5 days.
- 4.4 Agents that are defaulted three times or more within 12 months must provide a Financial Security that covers the Sales Days at Risk subject to a minimum of USD 150,000.00 (One Hundred Fifty Thousand US Dollars) valid for twelve months.

#### 4.5 Default Insurance Program (DIP)

4.5.1 Any Agent can provide a Financial Security method of DIP after 12 months of accreditation without any default and/or suspension action.

4.5.2 Any agent under DIP (Default Insurance Program) whose Average days sales at Risk exceeds its maximum DIP limit, must provide a Bank Guarantee, or additional DIP cover for the excess amount

4.5.3 A Financial Security must be provided within 30 days from the date of notification by IATA.

### 5 DEFINITIONS OF TERMS USED IN THESE GUIDELINES

5.1 Adjusted Current Assets - are defined as Current Assets as in the balance sheet of the accountants after deducting:

- Stocks and work in progress
- Deposits given to third parties other than IATA
- Loans to Directors, Associate Companies, (including any subsidiary, associate or company under common ownership)
- Doubtful debtors
- Blocked funds except for funds held in favour of IATA.

*These generic descriptions may be modified to terms specifically defined under the applicable local Generally Accepted Accounting Principles (GAAP) and disclosed in the financial statements.*

**Current Liabilities** – are defined as current liabilities in the balance sheet of the accounts

**EBITDA** - Earnings before Interest, Taxation, Depreciation and Amortisation.  
**Financial Irregularity** means an irregularity applied as a result of any failure to adhere to the reporting and remittance procedures described in resolution 818g Attachment “A” including but not limited to those irregularities described in resolution 818g Attachment “A”

**Financial Review** means a review of an Agent’s financial position or the calculation of the amount of Financial Security required in accordance with this local Financial Criteria.

**Irregularity** means any irregularity applied under the Passenger Sales Agency Rules for non-compliance with those rules including but not limited to Financial Irregularities.

**Net Equity or Shareholders’/owners’ Funds**-Consists of:

- Share capital
- Share Premium
- Retained earnings
- Other distributive reserves
- Shareholder’s loans if subordinated less declared dividends

**Long Term Debt** - All debt liabilities where repayment is due more than twelve months after the end of the financial period.

**Long Term Liabilities** - all liabilities where repayment is due more than twelve months after the end of the financial period.

**Review** means any assessment or evaluation of an agent’s continuing compliance with the Passenger Sales Agency Rules.

**LITHUANIA**

*(Effective from 1 May 2017 – MAIL/A281)*

**1. GENERAL RULE**

All IATA Accredited Agents must remit four (4) times monthly (weekly).

The financial standing of Applicants and IATA Accredited Agents in Lithuania is evaluated by a financial assessor appointed by IATA.

**2. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS****New Agents**

**2.1** Financial statements must show a positive balance of current assets over current liabilities

**Existing Agents****2.2 Profitability**

An Agent is required to show profit before tax at the end of the financial year.

**2.3 Equity Capital**

Rate of solidity =  $\frac{\text{Equity capital}}{\text{Total capital}}$  = min 6%

**2.4 Solvency**

Rate of liquidity =  $\frac{\text{Current assets}}{\text{Current liabilities}}$  = min 1.0

**3. ANNUAL FINANCIAL REVIEWS****New Applicants**

**3.1** New Applicants must submit independently audited balance sheet and profit and loss accounts.

**3.2** The financial statements must be produced by a nationally approved Public Auditor in accordance with International Accounting Standards.

**3.3** The financial statements must be translated into English and must not be older than 6 months at the time of submission to IATA.

**3.4** IATA has the right to request the annual report including balance sheet and profit and loss accounts in original.

**3.5** New Applicants which have been established as a company for less than one year must submit a copy of a certified opening balance sheet.

**Existing Agents**

**3.6** Accredited Agents must provide IATA with a copy of their audited balance sheet and profit and loss Accounts in accordance with the time frame for filling reports required by the local authorities (currently 6 months after financial year end).

**3.7** The financial statements must be produced by a nationally approved Public Auditor in accordance with International Accounting Standards.

**3.8** The financial statements must be translated into English.

**3.9** Notwithstanding the above provisions, Agencies that meet the conditions for exemption from audit as a small company as defined by Law of Accounting of the Republic of Lithuania, may submit certified balance sheet and profit and loss Accounts, provided that they hold a valid Financial Security with IATA (alternatively, if a Financial Security is not held at the time of assessment, the Agents will be requested to provide one regardless of the result of the assessment). Such financial security will be held by IATA until an assessment is performed on Agency's Audited financial statements and the outcome is satisfactory.

**3.10** If an Agent passes all the financial tests in section 2 of these criteria and satisfies all the points below, the Agent will not be required to provide IATA with a Financial Security:

**3.10.1** The Agent has not been placed in Default in the last 12 months.

**3.10.2** The Agent also passes all of the financial tests under section 2 of these criteria

based on Audited Accounts provided for the previous financial year.

## **4. FINANCIAL SECURITY**

**4.1** Bank Guarantees and Insurance Bonds must be drafted in the English language, using a standard text provided by IATA.

**4.2** Accepted Financial Security types are the following:

- a) Bank Guarantee
- b) Insurance Bond

### **New Agents and Agents accredited for less than 3 years**

**4.3** New Applicants must provide a Bank Guarantee or Insurance Bond of minimum EUR 29,000 for the first three (3) consecutive years as IATA accredited.

**4.4** Newly IATA accredited Agents will continuously be reviewed in relation to their BSP net cash sales generated during the previous 12 months' to adjust the amount of Financial Security to be provided as follows:

- a. 5.3% of the previous 12 months' net cash sales

### **Existing Agents (Agents accredited for more than three years)**

**4.5** Upon three (3) full years of trading in the BSP, the Financial Security amount will be adjusted, based on the Agent's net cash sales of all their approved locations generated during the previous 12 months, as follows

a. 5.3% of the previous 12 months' net cash sales

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**MACAU (SAR, China)**  
*(Effective 1 January 2016 – PAC/38)*

**1. GENERAL RULE****1.1 General Financial Requirements****New Applicants**

Applicants must:

- a) be established and in business as a travel agent for not less than two years from the date of licensing prior to the date of application, and
- b) submit a certified complete set of audited financial statements which must not be older than 9 months at the time of submission and in the auditor's opinion, the financial statements give an unqualified true and fair view of the state of the company's affairs.

**1.2 Definitions****a. Encumbrance**

Encumbrance means any asset of the applicant or Agent which has been pledged to any person for the security of any arrangement granted by any person for the benefit of any person other than the applicant or Agent.

**b. Related party**

A related party means any shareholder or director and their immediate families, trustees or partners, associated and subsidiary companies, holding companies and their associated and subsidiary companies, or related company.

**c. Intangible**

Intangible includes goodwill, trademarks, royalty, deferred expenses, deferred cost of advertising.

**d. Contingent liability**

Contingent liability does not include bank guarantee provided for trade creditors of the applicant or Agent.

**e. Tangible net worth**

Tangible net worth is the aggregate amount of:-

- paid-up share capital;
- reserves;
- professional property revaluation reserves; and
- retained profits;

minus

- retained losses;
- intangibles;
- encumbrances;
- deferred tax assets;
- contingent liabilities; and
- net amount of loans to related parties.

**f. Tangible net worth deficiency**

Tangible net worth deficiency occurs when the requirement in Test 1 in section 2.2 has not been met, and the amount of deficiency is the difference between the Tangible Net Worth of the Agent and the requirement in Test 1.

**2. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS**

When assessing whether the applicant or Agent meets the financial standing the following shall be taken into account using the criteria set out in section 2.1 & 2.2.

- a) availability of adequate liquid funds to meet normal trading commitments,
- b) capital required to be commensurate with fixed assets,
- c) the existence of preferential claims on the assets and the existence of contingent liabilities.

**2.1 Minimum Paid Up Capital**

Have as a minimum paid-up capital of MOP 1 million;

**2.2 Financial Criteria**

To meet the financial criteria, the applicant or Agent must have a minimum score of 85.

**Test 1 – Tangible Net Worth**

A minimum requirement of MOP 1 million or 150% of the amount of net loss after tax for the immediately preceding financial year, whichever is higher. The loss must be increased by the amount of expenses which in normal circumstances should have been charged, for example, the fair market price of rent for office premises provided rent-free.

Tangible Net Worth	Score
MOP 1 million or 150% of the amount of net loss after tax, whichever is higher	80
< MOP 1 million	0

**Test 2 – Working Capital Ratio**

$$\text{Working Capital Ratio} = \frac{\text{Total current assets less encumbrances and loans to related parties}}{\text{Total current liabilities}}$$

Working Capital Ratio	Score
=> 1	10
0.9 – 0.99	5
< 0.9	0

**Test 3 – Liquidity ratio**

$$\text{Liquidity Ratio} = \frac{\text{Total current assets less encumbrances, deposits (except payments in advance to trade suppliers), prepayment, stock in trade, and loans to related parties}}{\text{Total current liabilities less bank overdraft, loans from related parties, incomplete tours and/or customer deposit}}$$

Liquidity Ratio	Score
=> 0.8	10
0.7 – 0.79	5
< 0.7	0

**3. ANNUAL FINANCIAL REVIEWS**

Accredited Agents must submit annually a certified complete set of audited financial statements which must not be older than 9 months at the time of submission and in the auditor's opinion the financial statements give an unqualified true and fair view of the state of the company's affairs.

Agents must submit their audited annual financial statements within 9 months from the year end date.

**Financial Standing**

**(I) Satisfactory without condition**

Where the applicant's or Agent's overall score is 85 or more.

**(II) Satisfactory subject to provision of additional financial support**

Where the applicant's or Agent's overall score is below 85.

**(III) Unsatisfactory**

Where the applicant's or Agent's financial standing has not been found satisfactory without condition and request to provide additional financial support has not been complied with on or before the deadline.

**4. FINANCIAL SECURITY****Category A**

The applicant or Agent has met the Tangible Net Worth requirement in Test 1:

- A1 - If its Annual BSP Payable Amount exceeds MOP 600 million, it is required to provide a 10-day bank guarantee/insurance bound
- A2 - If its Annual BSP Payable Amount is within MOP 300 - MOP 600 million, it is required to provide a 14-day bank guarantee/insurance bound
- A3 - If its Annual BSP Payable Amount is below MOP 300 million, it is required to provide a 18-day bank guarantee/insurance bound

**Category B**

The applicant or Agent has failed to meet the Tangible Net Worth requirement in Test 1 and its annual turnover is below MOP 20 million:

- B1 - If its Tangible Net Worth deficiency is below MOP 1 million and its Annual BSP Payable Amount exceeds MOP 600 million, it is required to provide a 10-day bank guarantee/insurance bound
- B2 - If its Tangible Net Worth deficiency is below MOP 1 million and its Annual BSP Payable Amount is within MOP 300 - MOP 600 million, it is required to provide a 14-day bank guarantee/insurance bound
- B3 - If its Tangible Net Worth deficiency is below MOP 1 million and its Annual BSP Payable Amount is below MOP 300 million, it is required to provide a 18-day bank guarantee/insurance bound
- B4 - If its Tangible Net Worth deficiency is MOP 1 million or higher, it is required to provide a 19-day bank guarantee/insurance bound

**Category C**

The applicant or Agent has failed to meet the Tangible Net Worth requirement in Test 1 and its annual turnover is MOP 20 million or higher:

- C1 - If its Tangible Net Worth deficiency is below MOP 3 million and its Annual BSP Payable Amount exceeds MOP 600 million, it is required to provide a 10-day bank guarantee/insurance bound
- C2 - If its Tangible Net Worth deficiency is below MOP 3 million and its Annual BSP Payable Amount is within MOP 300 - MOP 600 million, it is required to provide a 14-day bank guarantee/insurance bound
- C3 - If its Tangible Net Worth deficiency is below MOP 3 million and its Annual BSP Payable Amount is below MOP 300 million, it is required to provide a 18-day bank guarantee/insurance bound
- C4 - If its Tangible Net Worth deficiency is MOP 3 million or higher, it is required to provide a 19-day bank guarantee/insurance bound

Category	Annual Turnover	Tangible Net Worth Deficiency	Annual BSP Payable Amount	Financial Support
A1	N/A	Nil	> MOP 600 mil	10-day bank guarantee/insurance bond
A2			=> MOP 300 mil <= MOP 600 mil	14-day bank guarantee/insurance bond
A3			< MOP 300 mil	18-day bank guarantee/insurance bond
B1	< MOP 20 mil	< MOP 1 mil	> MOP 600 mil	10-day bank guarantee/insurance bond
B2			=> MOP 300 mil <= MOP 600 mil	14-day bank guarantee/insurance bond
B3			< MOP 300 mil	18-day bank guarantee/insurance bond
B4		=> MOP 1 mil	N/A	19-day bank guarantee/insurance bond
C1	=> MOP 20 mil	< MOP 3 mil	> MOP 600 mil	10-day bank guarantee/insurance bond
C2			=> MOP 300 mil <= MOP 600 mil	14-day bank guarantee/insurance bond
C3			< MOP 300 mil	18-day bank guarantee/insurance bond
C4		=> MOP 3 mil	N/A	19-day bank guarantee/insurance bond

**Financial Security Amount**

For applicants and Agents, the amount of bank guarantee/insurance bond required is equivalent to the applicant's BSP cash turnover based on the previous 6 months. The bank guarantee/insurance bond covers its average 10-day/14-day/18-day/19-day BSP cash turnover, depending on its financial assessment result. Minimum bank guarantee/insurance bond amount is MOP 50,000.

**5. LICENCE**

The applicant or Agent must be in possession of a valid licence from the Macau Government Tourist Office to operate as a travel agent.

## MALAWI

### FINANCIAL CRITERIA

- (a) An Agent applying for IATA accreditation must have been in operation as a Travel Agency for a minimum of 6 consecutive months.
- (b) New applicants for IATA approval must submit an audited Balance Sheet and Profit And Loss Statement, duly certified by an external public accountant/auditor for the most recent financial year end/period.
- (c) A minimum entry-level bank guarantee amount will be USD 18,000.00, based on the IATA exchange rate. Guarantees are to be standard IATA legal format, along with a standard written notice period of 3 months. Newly approved Agents will be re-evaluated on a quarterly basis for one year and the amount of the guarantee will be based on average sales levels. There will be a financial review should a major change in the financial stability/ownership of the agency occur. Bank guarantees will also be re-evaluated if the \$:MWK exchange rate declines more than 20%.
- (d) Accredited Agents are obliged to submit a copy of their report and audited accounts within 6 months of the end of the financial year. All Agencies will be reassessed every year, in order to determine their financial stability. In the case of private or individually owned organizations (not LTD) a certified statement of the owner's capital assets must be added. An Agent with a Qualified Audit Report will be put on immediate cash basis.

### Solvency

- Current ratio (current assets to current liabilities) 1:1 Minimum
- Positive net worth/shareholders interest:
- Should the balance sheet indicate that the Agent is insolvent, that Agent shall be suspended from trading, with immediate effect. If the position is not re-addressed within 60 days, the Agent agreement will be terminated.

### Profitability

Agents must operate their business with the intention making a profit.

### Guarantee Evaluation

Following the submission of the initial guarantee, subsequent annual reviews and settings of the guarantee levels will be calculated as follows:

- Average 4 weeks' cash sales are to be covered in full based on the most recent 12 month sales.

IATA/BSP will have the right to request for additional guarantee if the average sales during a period of any 4 months exceed the annual sales average by 50%.

The guarantees must be obtained from acceptable financial institutions as approved by IATA

All guarantees must be from local banks/ institutions.

### Reduction of Guarantee

To qualify for any reduction in the guarantee amount the agent must comply with the following:

- Must meet the solvency criteria (Minimum Liquidity ratio 1:1)
- The Agent must have been an approved IATA travel agent for more than 3 years
- The Agent should not have more than 2-recorded instances of irregularities for late payment against the Agency in the previous 12 months; and, on change of ownership, the instances of irregularities in the last 12 months recorded for the Agency falls away.
- The Agent must not have been placed into default in the preceding 3 years of trading.

The reduction of the guarantee will be as follows:

<b>No. of Years as IATA Accredited Agent (inclusive)</b>	<b>% Reduction</b>
0-3	0%
4-7	10%
8-10	20%
10+	30%

#### **STAFF CRITERIA**

The Agent must have in its employment competent and qualified staff able to sell international air transportation and correctly issue electronic travel documents and report these to the BSP.

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**MALAYSIA**
*(Effective 20 August 2014 – Mail Vote A249)*
**1. Finances**

**1.1** The applicant must provide a certified and audited balance sheet and Profit and Loss not more than twelve months old.

**1.2** Applicants must have as a minimum paid up capital of MYR 300,000.

**1.3** When assessing whether the applicant meets the financial standing described in Subparagraph 1.1 of this paragraph the following shall be taken into account:

**1.3(a)**

Liquidity Ratio	Value		Points	Efficiency Ratio	Value		Points
	Between	And			Between	And	
<u>Current Assets</u> <sup>1</sup> Current Liabilities <sup>2</sup>	1.00	above	20	<u>Receivables</u> <sup>3</sup> x 365 <u>Sales</u> <sup>4</sup>	60 days	or less	30
	0.80	0.99	10		61 days	120 days	15
	0.70	0.79	5		121 days	150 days	5
	0.49	0.69	2		151 days	and above	0
	0.48	below	0				

<sup>1</sup> Current Assets are defined as Current Assets as in the Balance Sheet of the Accounts after deducting:

- Stocks and work in progress
- Deposits given to third parties other than IATA
- Loans to Directors, Associate Companies (including any subsidiary, associate or company under common ownership)
- Doubtful debtors
- Blocked funds, except for funds held in favour of IATA

<sup>2</sup> Current Liabilities are defined as Current Liabilities as in the Balance Sheet of the Accounts

<sup>3</sup> Receivables are defined as sales made but payment for the same not received

<sup>4</sup> Sales are defined as amount realized from selling in the normal operation in a specified period

Gearing Ratio	Value		Points	Payment History	Value	Points
	Between	And				
<u>Total Liabilities</u> <u>Total Equity</u> <sup>5</sup>	2.00	or less	20	No. of irregularities in the last 2 years	0 or 1	20
	2.01	3.00	10		2	15
	3.01	4.00	5		>3	0
	4.01	and above	2			

<sup>5</sup> If the total equity is negative value, the points for the Gearing Ratio will be deemed as zero.

Profitability Ratio	Value		Points	Quick Ratio	Value		Points
	Between	And			Between	And	
<u>Net Income (after tax)</u> <u>Total Revenue</u>	$\geq 0.050$		5	<u>Quick Asset</u> <sup>6</sup> <u>Current Asset</u> <sup>7</sup>	$\geq 1.00$		10
	0.000	0.049	3		0.80	0.99	5
	$< 0.00$		0		0.70	0.79	2
					0.49	0.69	1
					$\leq 0.48$		0

<sup>6</sup> Quick Asset is defined as Cash and other assets which can or will be converted into cash fairly soon such as accounts receivables, or equivalently current assets minus receivables.

<sup>7</sup> Current Asset is defined as asset that is expected to last or be in use for less than one year.

**1.3(b)** the minimum passing score for annual financial assessment on audited statement is 50 points.

## **2. Financial Security**

**2.1** Notwithstanding whether an agent obtains a satisfactory or unsatisfactory result in the financial review, all agents must submit a bank guarantee or an insurance scheme approved by IATA whichever opted by the applicant provided that in case of bank guarantee, the level of such guarantee shall be:

- (a) 100 per cent of average 16 days sales turnover for all agency locations calculated based on last 12 months cash sales;
- (b) Provided further that such financial guarantee shall not be less than MYR 100,000;
- (c) Provided further that such financial guarantee shall not be less than MYR 60,000 in all areas for Bumiputra applicants holding a letter of appointment from the Ministry of Finance;
- (d) Provided further that in case of insurance scheme, the level of such guarantee shall be 100 per cent of the net sales turnover based on the remittance amount under the BSP.

**2.2** Additional 20% to the financial security amount calculated in 2.1 for Agents obtaining 30-49 points in Section 1.3.

**2.3** Additional 50% to the financial security amount calculated in 2.1 for Agents obtaining less than 30 points in Section 1.3.

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**MALTA**

( Effective 1 February 2014 - PAC/36 and MV A243)

**1. Agents' Financial Evaluation Criteria****New applicants**

A full set of audited accounts must be presented for the most recent financial year and must not be more than 10 months old at the time of submission to become an Agent for the purposes of the evaluation against the financial tests in Section 2.

Companies with less than one year's trading record must submit a copy of a certified opening Balance Sheet. Where an applicant is the subsidiary of a larger parent organization, then a copy of the audited accounts for the parent organization must also be submitted.

**Accredited Agents**

Accredited Agents are obliged to submit a Balance Sheet and Profit and Loss account (duly certified by an outside certified public accountant and auditor) within 10 months of the end of their most recent financial year. All financial statements should be prepared in accordance with the requirements of the EU International Accounting Standards.

**2. Criteria for evaluation of agents' account**

The criteria assume that the tour wholesaling or other business are not part of the same legal entity as the retail business. Turnover is defined as BSP cash turnover or cash turnover when applicable.

The following financial tests apply to the evaluation of an Agents' Audited Accounts:

An Agent is required to show profit before tax at the end of the trading period. The profit criteria relates to the core business.

An Agent is required to show that current assets exceed current liabilities at the end of a trading period. In the event that current liabilities exceed current assets the level and quality of an Agent's fixed assets may be taken into consideration, using a rate of solidity test as follows

Rate of solidity:  $\text{Equity capital} / \text{Total Assets} = \text{min } 10\%$

**New Applicants**

Should a new applicant not meet any one of the criteria above, a minimum bank guarantee of either Euro 20,000 or the equivalent of 16% of their forecast cash turnover, whichever is the highest, will be required.

Applicants meeting all the above criteria need not provide a bank guarantee.

Applicants submitting an insolvent Balance Sheet will be disapproved.

**3. Financial Reviews**

Should an Accredited Agent, following a financial review, not meet any one of the criteria itemized above, then, depending on the remittance frequency, a bank guarantee to a level of 16% or 8%, as the case may be, of his latest twelve months BSP cash turnover, will be applied.

If the existing bank guarantee deviates from the actual 16% or Euro 20,000 or 8% or Euro 10,000, depending on the remittance frequency as stated in para 4.1 and para 4.2, the amount of the BG is to be adjusted based on the BSP sales report and according to the formula below.

**4. Financial Security**

Bank guarantees are to be issued in accordance to the IATA specimen. For the purpose of calculating the amount of a bank guarantee the following formula applies:

4.1 Monthly payment  
16% of the agent's latest 12 months BSP cash turnover with a minimum of Euro 20000

4.2 Fortnightly payment  
8% of the agent's latest 12 months BSP cash turnover, with a minimum of Euro 10000

## 5. License

(a) A valid license, issued by the Malta Tourism Authority in accordance with the Malta Travel and Tourism Services Act 1999, Chapter 409 is required.

(b) A copy of the license is required by a new applicant and proof of its renewal to be presented annually thereafter.

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**MAURITIUS***(Effective 1 January 2011 – PAC/33)***1. Financial Criteria**

Audited annual financial statements duly certified by a Certified Public Accountant must be produced annually and submitted to the ASO-JNB. The documents shall not be older than 6 months from financial end year date.

A bank guarantee, which has to be provided, must be irrevocable and must be written as per the IATA specimen. The validity of the guarantee shall not be less than one year from the date of issue. Bank Guarantee must be renewed at least one month prior to expiry date.

**2. New Application**

New applicants must have been in operations for one year and are required to submit:

- Latest audited Balance Sheet and Income Statement;
- Certificate of Morality of owners and shareholders;
- Bank Guarantee
- Minimum Bank Guarantee amounting to MUR 1,800,000.

If the forecasted average monthly BSP sale is higher than MUR 1,800,000, a higher bank guarantee equivalent to the forecasted average monthly sales shall be submitted.

If BSP sales figure exceeds the bank guarantee amount by more than 30 % over 4 consecutive months, the agent shall be requested to submit a new bank guarantee equivalent to the average of the past 4 months sales.

Bank guarantee should be written as per the IATA Specimen and should be valid at least 1 year from the date of issue.

**Equity:** The owner's equity (capital paid-in, reserves, profit or loss carried forward) should not be lower than equivalent of 10,000 USD. If this requirement is not met a new applicant may not be accredited.

**Current Ratio:** Current ratio (current assets over current liabilities) should not be lower than 1.

**Debt Ratio:** Debt ratio (long-term and short-term liabilities over owner's equity) should not be more than 2.5.

**Operation Profit:** Profit and Loss Account must show an operating profit.

**Alternative to Bank Guarantee**

A Default Insurance Programme in line with Resolution 850p may be offered as an alternative to a Bank Guarantee.

**3. Established Agents**

Agents are required to submit:

- Audited Annual financial statements.

**Equity:** The owner's equity (capital paid-in, reserves, profit or loss carried forward) should not be lower than equivalent of 10,000 USD. If this requirement is not met an established Agent may not be retained.

**4. Bank Guarantee**

Following the submission of the initial bank guarantee, subsequent annual reviews and setting of the guarantee level will be calculated as follows:

- 0-3 years of trading as an accredited agent:  
Average one-month BSP Net Cash sales are to be covered in full.
- 4 years or more as an accredited agent:

Bank Guarantee will be based on average one-month BSP Net Cash sales less applicable deductions as depicted below.

#### **5. Reduction of Guarantee**

To qualify for a reduction in the guarantee amount as set out above the agency is to meet the following criteria:

- (a) The agent must have been in business for more than 3 years;
- (b) No more than 2 recorded instances of irregularities for late payment against the Agency in the previous 12 months;
- (c) On change of ownership, number of years of service is deemed as nil;
- (d) The agency has not been placed in default in the preceding 3 years of trading;
- (e) Reduction in the bank guarantee based on the above requirements and the number of consecutive years in business as BSP agent shall be as follows:

<b>No. of years</b>	<b>% Reduction</b>
0-3	nil
4-6	5%
7-10	10%
11-15	20%
16-20	30%
21+	50%

- (f) The bank guarantee shall be reviewed by IATA if an actual monthly BSP sale exceeds the bank guarantee amount by 30 % over 4 consecutive months.

The required bank guarantee shall be submitted within 45 days from the date of the review letter.

#### **6. Staff**

The Agent must have in its employment competent and qualified staff able to sell international air transportation and correctly issue electronic travel documents and report these to the BSP.

#### **7. BSP Procedures**

Information on the procedures and responsibilities of agents in respect of the reporting and settlement rules is contained in the BSP Manual for Agents supplied to each Approved Location. Additional copies can be requested through your local BSP contact.

IATA offers regular BSP procedural training sessions. Any agent wishing to undertake such training is encouraged to contact the local BSP office.

#### **8. Automation**

Agents must have an automated ticketing system and facilities to download billing electronically.

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**MONGOLIA***(Effective 1 January 2016 – PAC/38)***1. GENERAL RULE – (Accounts / Documents to be provided)**

New Applicants and existing Agents must:

1.1 be established and in business as a travel agent not less than six months prior to the date of application.

**2. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS**

New Applicants and existing Agents must

1.1 provide accredited accounts showing satisfactory financial standing and ability to remain solvent and pay bills:

1.2 have as a minimum paid capital of USD 100,000 and

1.3(a) when assessing whether the applicant or the Agent meets the financial standing described in Subparagraph 1.1 of this Paragraph the following shall be taken into account:

1.3(a) (i) availability of adequate liquid funds to meet normal trading commitments,

1.3(a) (ii) capital required to be commensurate with fixed assets,

1.3(a) (iii) the existence of preferential claims on the assets and the existence of contingent liabilities.

**3. ANNUAL FINANCIAL REVIEWS**

1.3 The Agency Services manager shall conduct periodic examinations of the financial standing of Agents. He may request and the Agent concerned shall be under obligation to furnish, by the date specified in the Agency Services manager's letter of request, the documents deemed necessary by the Agency Services Manager to conduct such examination. Failure by the Agent to submit such documents as prescribed shall be grounds for the Agency Services Manager to

request the Agency Administrator to place the Agent on a Cash Basis and give the Agent notice of termination of the Sales Agency Agreement, provided that if the Agent demonstrates to the Agency Administrator prior to the termination date that it meets the financial criteria incorporated in the Travel Agency's Handbook the termination shall not take effect.

1.4 When the financial position of an Agent is subject to examination by the Agency Administrator, and the Agent is unable to meet the financial criteria of Travel Agent's Handbook, the Agency Administrator shall take normal business fluctuations into account and provide the Agent with a reasonable period of time to meet those criteria.

**4. FINANCIAL SECURITY**

New Applicants and existing Agents must:

1.5 provide a bank guarantee equivalent to average 18 days sales turnover based on the sales in the last 12 months of the total passenger sales on behalf of the BSP Mongolia participating airlines but not less than minimum USD 200,000 whichever is higher.

**MOROCCO**
*(Effective 1 January 2015 – PAC/37)*
**1. GENERAL RULES**

1.1 **License:** A permanent license to trade as a travel agency issued by the Ministry of Tourism is required.

**2. ANNUAL FINANCIAL REVIEW**

2.1 The Applicant/Agent must provide current Financial Statements, including Balance Sheet, Profit and Loss account and attachments, further to the local legislation, stamped by the Tax Authorities. No later than 6 months after each financial year end, or as required by legislation, of that Agent for purposes of evaluation against the financial tests in this criteria.

2.2 If the Agent is has been in business for less than 12 months at the time of application, an Opening Balance sheet must be provided instead.

**3. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS**
**3.1 Ratios and Criteria**

		<b>Ratios and Criteria</b>	<b>Grade</b>	<b>Comments</b>
<b>FINANCIAL STRUCTURE</b>	1	<u>In the case of the legal form "SNC"</u>	0 if positive	The owner of an SNC " Societe nom Collectif" is fully liable for its debts, his personal available assets  Should be evaluated to appreciate its solvability.
		Private assets of the owner	2 if negative	
	2	<u>In the case of a "SARL":</u> Net assets $\geq$ 100 000,00 Dh	0 if No	The minimum paid capital is of 100.000 Dh for the "SARL" and 300.000 Dh for the "S.A", the net  Assets should not be lower than this minimum in case of accumulation of reported losses.
		<u>"S.A":</u> Net assets $\geq$ 300 000,00 Dh	1 if yes	
	3	Net equity / yearly BSP sales for the last 12 months with airlines $>$ 1%	0 if $R < 1\%$ 1 if $R > 1\%$	This criteria is already required by IATA in Morocco and other Countries

	4	Net equity/Permanent Financing $\geq$ 50%	0 if $R < 50\%$	The financial structure of the permanent financing (net equity + long term debt) should be composed at least by 50% with equity.
			1 if $R \geq 50\%$	
	5	Net equity/Total assets $\geq$ 20%	0 if $R < 20\%$	The net equity should represent at least 20% of the total Assets.,
			1 if $R \geq 20\%$	
	6	Long term financing/Net fixed assets $\geq$ 1	0 if $R < 1$	This is to ensure basic financial balance between the company's resources and liabilities:
	7	Shareholder's financing/Net Equity $< 1$ Shareholders loan/ capital	0 if $R > 1$	This criteria is not applicable for "SNC"
1 if $R < 1$				
LIQUIDITY	8	Current assets/Current Liabilities (including Short term Cash) $\geq$ 1	0 if $R < 0.75$	Current assets (receivables + cash) should cover at least 100% of the short term liabilities.  The bad debts should not be including in the current assets
			1 if $R \leq 1$	
			2 if $R < 1.25$	
9	Cash/Current liabilities (excluding cash debt) $\geq$ 30%,	0 if $R < 30\%$	The cash availability should exceed at least 30% of the debts.	

			1 if $R \geq 30\%$	This ratio allows the evaluation of the liquidity of the agency.
10	Debts payment delays		0 if $R > 60$ days	The bad debts should not be included in the calculation of this ratio  If no debts available a 10 to 15% security margin should be applied to Client account  Formula: $=(\text{trade debtors}/\text{BSP annual sales}) \times 365$
	"Ticketing"		1 if $R < 60$ days	
PROFITABILITY	11	Financial charges/Operating income $< 20\%$	0 if $R > 20\%$	An agency represents a risk if the operating income barely covers the financial charges.  The ratio between the financial charges and the operating income should not exceed 20%
			1 if $R < 20\%$	
12	Financial income/Operating income $< 20\%$		0 if $R < 20\%$	
			1 if $R > 20\%$	

	13	<p><u>Financial profitability:</u></p> <p>Net income/ Net Equity &gt; 5%</p>	<p>0 if R &lt; 5%</p> <p>2 if R &gt; 5%</p>	<p>This ratio allows to assess the profitability with respect to the equity provided</p> <p>By the shareholders. The minimum profit ratio required is of 5%</p>
ACTIVITY	14	<p><u>Work productivity:</u></p> <p>Personal charges / added value</p>	0 if R > 70%	<p>The ratio identifies the impact of employment cost with respect to the value added.</p> <p>The lower the ratio the better the productivity.</p>
			1 if R < 70%	
OTHER	15	<p>(Short term financing)/</p> <p>current liabilities excluding cash &gt;= 50% (Lines of credits – cash liabilities)</p>	0 Si R >= 50%	<p>An agency who has financing facility allowing to meet deadlines for debt payment has a better</p> <p>Solvability. The agency should provide proof of the existence of the financing facilities.</p>
			1 Si R < 50%	
	16	<p>Incident of late payment irregularity during the past 2 years</p>	<p>(-2) if yes</p> <p>1 if no</p>	<p>The agency with a payment incident should be penalized.</p>
	17	Date of IATA accreditation	<p>1. If less than 3 years = 0</p> <p>2. If between 3 and 5 years = 1</p> <p>3. If more than 5 years = 2</p>	

**3.2 GRADE:** The agency is graded with respect to 20.

0<grade>6	7<Grade<10	11<Grade<21
Agent must provide a Financial Security (FS) according to frequency of Remittance;  Bi-monthly remittance = Last 6 months sales / 180 x 30  Monthly remittance = Last 6 Months sales / 180 x 60  for member airlines =	Agent must provide a Financial Security (FS) according to Frequency of Remittance;  Bi-monthly remittance = Last 6 months sales / 180 x 15.  Monthly remittance = Last 6 Months sales / 180 x 30	No Guarantee required

**4. FINANCIAL SECURITY**

**a. Agents Accredited for less than 2 years:**

- i. Applicants must provide a Financial Security that covers the average of 60 days sales out of the estimated sales provided by the Agent, subject to a minimum of MAD 300,000.00 (Three Hundred Thousand Moroccan Dirham).
- ii. Financial Security must be valid for a minimum of 2 years.

**b. Agents Accredited for more than 2 years:**

- i. Agents must provide a Financial Security according to point 3.2 of these criteria.

**MOZAMBIQUE***(Effective 1 January 2016 – PAC/38)***FINANCIAL CRITERIA****1. Financial Reviews**

- (a) An Agent applying for IATA accreditation must have been in operation as a Travel Agency for a minimum of 12 consecutive months.
- (b) New applicants for IATA approval must submit an audited Balance Sheet and Profit And Loss Statement, duly certified by an external public accountant/auditor and must not be older than 6 months.
- (c) With the exception of new Agents (within the past 6 months), all Agents will be subject to an annual financial review and are obliged to submit a copy of their report and annual accounts within 3 months of the end of the financial year and which must be duly certified by a government registered accountant.
- (d) IATA can at any time request an Agent to provide the latest Audited Financial Statements in accordance with the Passenger Sales Agency Rules. In the case of private or individually owned organizations (not LTD) a certified statement of the owner's capital assets must be submitted together with the Audited Financial Statements.

**2. Criteria for Evaluation of Agents' Accounts****SOLVENCY**

- Current ratio (current assets to current liabilities) **1:1 Minimum**
- The amount of Net Current Assets must exceed the Agent's amount at risk
- Positive net worth/shareholders interest:

**NET EQUITY**

The Net Equity must exceed the sum of Long-term Debt and other Long-term Liabilities

**3. Financial Security**

- a) A minimum amount of bank guarantee amount must be provided by all new and existing Agents as follows depending on the payment cycle:

i. Weekly	USD 45,000.00
ii. Fortnightly	USD 90,000.00

- b) The bank guarantee levels will be calculated as follows:

Except where an Agent is being reinstated after default, the following will determine the amount of the guarantee for a period of one year from the date of such notice by IATA:

1. Based on the most recent 12 months sales, an average of two weeks' (for Agents on weekly cycle) and four weeks' (for Agents on fortnightly cycle) net BSP cash sales are covered by the minimum Guarantee provided to IATA.
2. The amounts will be calculated based on the prevailing exchange rate. The financial security document must be provided in the standard form accepted by IATA.
3. A six month financial review will be undertaken for all new Agents to ensure that the average two weeks' (for Agents on weekly cycle) and four weeks' (for Agents on fortnightly cycle) net BSP cash sales are covered by the minimum Guarantee provided to IATA.

- c) The guarantees must be obtained from financial institutions acceptable to IATA.

**REDUCTION OF GUARANTEE**

To qualify for any reduction in the guarantees the Agent must comply with all of the following:

- Must meet the solvency criteria (Minimum Liquidity ratio 1:1).
- The Agent must have been an Agent for more than 10 years.
- The agent must not have more than 2-recorded instances of irregularities for late payment against the Agent in the previous 12 months;
- The Agent must not have been placed in default or technical default during the preceding 5 years of trading.

The reduction of the guarantee will be as follows:

<b>No. of years as IATA Accredited Agent (inclusive)</b>	<b>% Reduction</b>	<b>Liquidity Ratio</b>
0-10	Nil	1:1
11-15	5%	1:1
16-20	20%	1.2:1
21+	30%	1.5:1

**NEPAL**

*(Effective 1 January 2017 – PAC/39)*

**1. GENERAL RULE – (Accounts / Documents to be provided)**

These criteria will apply equally to applicants and Accredited Agents.

The applicant must be established and in business as a Travel Agent of international ticketing for not less than 12 months prior to the date of application

The Applicant / Agent shall provide the latest independently audited financial statements prepared in accordance with standard accounting practices.

- 1) Prepared by a Chartered Accountant and signed by one director or the proprietor(s). The accounts must be audited.
- 2) Change of Ownership  
If the business is continuing, the applicant must submit the latest year ending statements of audited accounts reflecting the position of the Accredited Agent in operation and a certified opening balance sheet reflecting the position of the new entity taking over the business.

**2. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS**

**1) Minimum Capital**

- i) Minimum paid up share capital for both Applicant and existing Agent in the sum of NPR100,000/-
- ii) Level of share capital should be increased if required based on the following scale:

Total Revenue (NPR)	SHARE CAPITAL (NPR)
Up to 10 million	100,000
10 to 20 million	120,000
20 to 30 million	140,000
30 to 40 million	160,000
40 to 50 million	180,000
Over 50 million	200,000

Applicants who do not meet the above criteria will be given a period of 1 month in which to meet the minimum requirement.

Approved agents who do not meet the above criteria will be given a period of 6 months in which to meet the minimum requirement.

**2) Financial Assessment**

Based on 5 tests and the allocation of applicable points per each test, maximum applicable points are 30. The total of 15 points or more is considered a satisfactory result providing the Applicant maintains the minimum level of share capital/owners capital.

The maximum number of points obtainable is made up as follows:

- |                                    |          |
|------------------------------------|----------|
| (i) Integrity of Accounting system | 2 points |
| (ii) Current Ratio                 | 8 points |
| (iii) Debt Ratio                   | 8 points |
| (iv) Profitability Ratio           | 4 points |
| (v) Tangible net worth to turnover | 8 points |

TOTAL

30 points

**(i) Integrity of Accounting System**

The accuracy and integrity of internal accounting system is considered to be critical to the Agents ability to manage the system. This test is determined by a "Clean" Auditor's Report devoid of qualifications.

**(ii) Current Ratio**

Current Assets divided by Current Liabilities

Current Assets are defined as Current Assets as in the Balance sheet deducting receivables from Shareholders. Current Liabilities are defined as Current Liabilities as in the Balance Sheet deducting loans provided by Shareholders or proprietor/ partner

Over 1.50	8 points
1.25 – 1.49	7 points
1.00 – 1.24	6 points
0.95 – 0.99	5 points
0.90 – 0.94	4 points
0.85 – 0.89	3 points
0.80– 0.84	2 points
0.75 – 0.79	1 point
Under 0.75	0 points

**(iii) Debt Ratio**

Total Debt divided by Tangible Assets

Total Debt includes Current Liabilities and all loans from 3rd parties

Tangible Assets are defined as Total Assets in the Balance Sheet at market value (including receivables from shareholders) less intangible assets such as goodwill, franchise fees, client lists and preliminary expenses. Goodwill attaching to premises for this purpose will be considered as intangible asset unless supported by a written valuation from an independent registered valuer.

Under 0.5	8 points
0.50 – 0.59	7 points
0.60 – 0.69	6 points
0.70 – 0.79	5 points
0.80 – 0.89	4 points
0.90 – 0.99	3 points
1.00 – 1.19	2 points
1.20 – 1.29	1 point
Over 1.29	0 points

**(iv) Profitability Ratio**

$$\frac{\text{Net Profit before Tax}}{\text{Shareholders' Funds}} \times 100$$

Net profit before tax is defined as profit before tax and before extra-ordinary items. Shareholders' funds are defined as the paid up share capital/owners capital plus retained earnings or minus deficit in case of loss plus other recourses.

Over 19.99%	4 points
15%-19.99%	3 points
10%-14.99%	2 points
0%-09.99%	1 point
Under 0	0 points

**(v) Tangible Net Worth to Turnover Ratio**

$$\frac{\text{Tangible Net Worth}}{\text{Total Turnover}}$$

Tangible Net Worth is defined as Shareholders fund as in ratio 4 above less intangibles as in ration 3 above minus loans to shareholders/proprietors.

Total turnover is BSP net to be paid figure for the latest 12 months.

Over 2	8 points
1.50 – 2.00	7 points
1.25 – 1.49	6 points
1.00 – 1.24	5 points
0.75 – 0.99	4 points
0.50 – 0.74	3 points
0.25 – 0.49	2 points
Under 0.25	1 point

- 3 In all cases financial evaluation conducted by the financial assessor appointed by IATA will be final and binding.

### 3. ANNUAL FINANCIAL REVIEWS

The documents deemed necessary for a financial review are enumerated in Section 1 and the tests that will determine whether or not they satisfactorily meet the financial criteria, in Section 2.

Accredited Agents who are unable to meet the financial criteria will be provided with a detailed feedback on their financial standing and the review conducted. Such Agents will be given a minimum of 6 months after receipt of their assessment results / findings to meet the criteria as defined in Paragraph 2 above. During the 6 months, the Agent's status will be "Under Review".

If the agent is unable to meet the criteria within 6 months, compliance action will be initiated in accordance with governing Resolution 818g.

### 4. FINANCIAL SECURITY

All applicants are required to provide a Financial Security in NPR equivalent of USD 10,000. Daily Bankers Selling Rate (BSR) as on the date of issuance of the Financial Security demand will be used.

Subsequently and after completion of 6 months of trading in BSP, the agency will be evaluated on the basis of their audited financial documents and net cash sales as per BSP records.

#### Accredited Agents in Nepal

Agent must furnish a Financial Security for an amount equal to his "Amount at Risk". "Amount at Risk" is calculated as the total BSP net cash sales of Agent for the previous twelve months, applied to the number of days at risk per the remittance calendar plus a margin of up to five days. BSP net cash sales is value appearing in the "Amount Payable" column of BSP Billing Statements for cash sales in NPR + cash sales in USD converted to NPR at the Bankers Selling Rate (BSR) on the date the Bank Guarantee demand is issued.

### OTHER

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**NETHERLANDS***(Effective 1 June 2013 – PAC/35)***Finances**

- Latest Balance Sheet and Profit and Loss Account not older than 3 months
- Completed questionnaire for financial assessment
- Indexes used in the financial evaluation:

		<b>Norm</b>
Solvency	= $\frac{\text{Capital (Equity + Reserves)}}{\text{Total assets}}$	<b>20</b>

(Subordinated loans will be added to the capital, when subordinated to IATA.)

Liquidity =	$\frac{\text{All Trade debtors+Liquid Assets}}{\text{Current liabilities}}$	<b>1</b>
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Profitability	= $\frac{\text{Operating (Profit before Taxes)}}{\text{Capital (Equity + Reserves)}}$	<b>10</b>
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<sup>1</sup> The Profitability may be lower than 10 for one year (but must be at least 3 when the other financial criteria have been met).

Cash flow (Profit after tax + depreciation) must be positive.

New applicants commencing operations (or operating for less than two years) must provide a bank guarantee of six weeks BSP sales based on the assumed turnover, with a minimum of EUR 75.000.

Travel agents have the option to choose for VMFR (Voluntary More Frequent Remittance) which will allow them to pay on a monthly/bi-monthly/or weekly payment scheme.

Sole proprietors are required to provide a bank guarantee of six weeks' sales.

An insurance programme can be offered by IATA accredited insurance providers. Insurance providers and products need to comply with the IATA requirements for approval of insurance providers and products under the sales agency rules. A yearly accreditation and approval process of such providers and products will take place.

**License**

Travel Agents can be requested to provide a VOG (Certification of good conduct for Legal Entities).

**NETHERLANDS***(Effective 1 April 2017 – PAC/39)***1. GENERAL**

“All Agents are required to remit not less frequently than twice per month:

- For sales made 1st to 15th of the month, the Remittance Date is the 25th day the same month; and
- For sales made 16th until the end of the month, the Remittance Date is the 10th day the following month.”

**2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS**

**2.1** Audited Accounts must be provided not later than 6 months following the financial year end of the Agent

**2.2** The following financial tests apply to the evaluation of an Agent's Audited Accounts:

**2.2.1 Solvency** = Net Equity / Total Assets > 20 % (Subordinated loans will be added to the capital when subordinated to IATA)

**2.2.2 Liquidity** = Adjusted Current Assets / Current Liabilities > 1

**2.2.3 Profitability** = Profit before tax > 0

**2.2.4 Cash Flow** (Profit after taxes + depreciation) must be positive

**3. ANNUAL FINANCIAL REVIEWS****Agents accredited for two years or less**

**3.1** All Agents must provide Audited Accounts not more than 6 months old at the time of submission to become an Agent for the purposes of evaluation against the financial tests in Section 1 of this Resolution. If an Agent has been in business for less than 12 months at the time of application, an opening balance sheet must be provided instead.

**3.2** All Agents must provide Audited Accounts no later than 6 months after each financial year end, or as required by legislation, during the first two years of accreditation for the purposes of evaluation against the financial tests in Section 2 of these Local Financial Criteria.

**3.3** All Agents must provide a Financial Security during the first two years as an Agent in accordance with Section 5 of these Local Financial Criteria.

**Agents accredited for more than two years**

**3.4** All Agents must provide Audited Accounts no later than 6 months after each financial year end, or as required by legislation, of that Agent for the purposes of evaluation against the financial tests in Section 2 of these Local Financial Criteria.

**3.5** If an Agent passes all the financial tests and satisfies all the points below, the Agent will not be required to provide IATA with a Financial Security:

**3.5.1** The Agent has not had the following in the last 12 months:

A default (including defaults resulting from an accumulation of irregularities) and removal from the Agency List.

**3.5.2** The Agent also passed all of the financial tests under Section 2 of these Local Financial Criteria based on the Audited Accounts provided for the previous two years.

**3.6** If an Agent fails to pass any of the financial tests, the Agent must provide a Financial Security in accordance with Section 5 of these Local Financial Criteria.

**4. INTERIM FINANCIAL REVIEWS**

**4.1** For any Financial Review conducted for cause at a time other than in respect of an Agent's financial year end, IATA may conduct a Financial Review in accordance with Section 3 of these Local Financial Criteria as

applicable to that Agent by reviewing the internal monthly management accounts of the Agent showing the results for each month since the last accounting date, the cumulative results to date and the latest balance sheet.

## 5. FINANCIAL SECURITY

**5.1** An Agent will not be accredited or will not continue to be accredited until any Financial Security required to be provided to IATA has been received by IATA and confirmed to IATA by way of written confirmation received directly from the third party supporting the Financial Security that the Financial Security was issued by that third party and is valid.

**5.2** Financial Securities will be subject to a minimum notice of termination period on the part of the Financial Security Provider of ninety (90) days and ideally be valid for an unlimited period but will be expected to be valid for a minimum of at least one year.

**5.2.1** If an Agent is granted an additional IATA numeric code(s) then any Financial Security already provided by the Agent will be re-calculated based on the gross BSP sales 60 days after the date that the additional IATA numeric code(s) is granted based on the Amount at Risk applicable to that Agent.

**5.3** For the purposes of calculating the amount of a Financial Security the following definitions apply:

**5.3.1** "Days' Sales at Risk" means the number of days from the beginning of the Agent's Reporting Period to the Remittance Date in respect of that Reporting Period or Periods, plus a margin of up to five days. An additional margin of 2 days will be added for SEPA transaction.

**5.3.2** "Amount at Risk" is calculated by dividing the Days' Sales at Risk by 90 days, and applying that percentage to the BSP cash turnover, or cash turnover as applicable, amount the Agent made in the three-month period referred to in Section 5.5 or 5.7 of these Local Financial Criteria, as applicable:

**Amount of risk = "Days' Sales at Risk" × BSP cash turnover in applicable 3 months period / 90**

**5.3.3** Notwithstanding the actual number of 'Days' Sales at Risk, the number of 'Days' Sales at Risk' for sole proprietors will always be 25.

### Agents accredited for two years or less

**5.4** All Agents must provide a Financial Security with a minimum amount of EUR 75,000 to be accredited.

**5.5** After the first three months of accreditation and after the first 12 months of accreditation, the amount of the Financial Security required must cover at a minimum the higher of:

**5.5.1** the Amount at Risk calculated as per Section 5.3 of these Local Financial Criteria using the cash turnover amount equal to the average net monthly cash sales of the Agent during the previous three-month period; or

**5.5.2** EUR 75,000.

If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

**5.6** Except for the amount of the initial Financial Security, all calculations of the amount of Financial Security required under these Local Financial Criteria or the Passenger Sales Agency Rules for Agents accredited for two years or less will be reviewed and calculated under Section 5.5 of these Local Financial Criteria.

### Agents accredited for more than two years

**5.7** The amount of the Financial Security required must cover at a minimum the Amount at Risk calculated as per Section 5.3 of these Local Financial Criteria using the BSP cash turnover, or cash turnover as applicable, amount equal to the average of the 3 months highest net cash sales in the previous 12 months. If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

**5.8** All calculations of the amount of Financial Security required under these Local Financial Criteria or the Passenger Sales Agency Rules for Agents accredited for more than two years will be calculated under Section 5.7 of these Local Financial Criteria.

## 6. CHANGES IN OWNERSHIP

**6.1** This section applies to all changes in ownership or control or any other Review resulting from a change of ownership or control of the Agent in accordance with the Passenger Sales Agency Rules.

**6.2** The Agent must provide Audited Accounts, no later than 90 days after the change of ownership or control is effected. The Accounts must cover a period of 12 months including, at a minimum, the first month after the change of ownership or control takes effect and IATA will use these Accounts to conduct the Financial Review applicable to the Agent under these Local Financial Criteria.

**6.3** License: Travel Agents can be requested to provide a VOG (Certification of good conduct for Legal entities)

## 7. CHANGES IN FINANCIAL YEAR END

**7.1** All Agents must notify IATA immediately of a change in its financial year-end.

**7.2** The Agent must provide both:

**7.2.1** Audited Accounts within 60 days after the change is made and IATA will conduct the Financial Review applicable to the Agent under these Local Financial Criteria.

**7.2.2** Audited Accounts for the financial year end that would have applied to the Agent before the Agent changed its financial year end. These must be provided to IATA within 60 days of the former financial year end.

## 8. SIGNIFICANT CHANGE IN GROSS BSP SALES

**8.1** For Agents that have a change in ownership or control that necessitates a new Passenger Sales Agency Agreement, consideration will be given by the local APJC as to whether a Financial Security is required.

**8.2** An Agent must notify IATA of any significant change as soon as the Agent becomes aware of it. A significant change means any change in the business of the Agent which results in a change in net BSP cash sales of more than 20% as compared to the previous 12 months. A change can be an increase or a decrease in net BSP cash sales.

**8.3** An interim Financial Review may also be initiated by IATA where IATA becomes aware of a significant change in gross BSP sales in accordance with Section 3 of these Local Financial Criteria.

## DEFINITIONS OF TERMS USED IN THESE GUIDELINES

**Adjusted Current Assets**—are defined as Current Assets as in the Balance Sheet of the Accounts after deducting:

- Stocks and work in progress,
- Deposits given to third parties other than IATA,
- Loans to Directors, Associate Companies, (including any subsidiary, associate or company under common ownership),
- Doubtful debtors,
- Blocked funds, except for funds held in favor of IATA.

**Audited Accounts** means the Agent's financial and accounting records and procedures that have been reviewed and certified by an auditor recognized as competent by the regulatory authority in that country to perform an audit that are provided to IATA and which includes the auditor's opinion of those accounts. *Certified accounts will be applicable in those countries where APJCs accept certified accounts according to local law.* In all instances the established accounting rules in a country will apply.

**Current Liabilities** – are defined as Current Liabilities as in the Balance Sheet of the Accounts.

**Profit before Tax** – Earnings Before Interest, Taxation, Depreciation and Amortization.

**Financial Review** means a review of an Agent's financial position or the calculation of the amount of Financial Security required in accordance with this Resolution, or both.

**Irregularity** means any irregularity applied under the Passenger Sales Agency Rules for non-compliance with those Rules including but not limited to Financial Irregularities.

**Net Equity or Shareholders'/Owners' Funds**—consists of:

- Share capital
- Share premium
- Retained earnings

- Other distributable reserves
- Shareholder's loans if subordinated less declared dividends.

**Total Assets** are defined as Total Assets in the Balance Sheet of the Annual Accounts

**Review** means any assessment or evaluation of an Agent's continuing compliance with the Passenger Sales Agency Rules.

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**NEW ZEALAND****FINANCIAL EVALUATION**

The term “applicant” where used in these Criteria shall be understood to include an Accredited Agent.

The applicant shall provide confirmation that they are Members of the Travel Agents' Association of New Zealand (“TAANZ”), or alternatively provide financial statements prepared by a Chartered Accountant in accordance with standard accounting practice and signed by one director or the proprietor(s). Such statements shall be evaluated pursuant to the financial standards established from time to time by the General Assembly and set forth in the Handbook.

**Change of Ownership/New Applications**

If the business is continuing, a new applicant must submit Statements reflecting the position of the agency in operation. Historical data will thus be available for evaluation. Otherwise an applicant shall submit a certified opening balance sheet reflecting the position of the new entity on commencing business. Budgets of projected turnover and expenses will be required.

**Newly Accredited Agents**

Newly Accredited Agents will be so classified for a minimum period of 18 months following Accreditation. At least 2 “annual reviews” must be conducted during the minimum period, e.g. Accreditation in August 2002 with annual balance date of 31 March. Newly Accredited criteria applies for reviews based on annual reviews to 31 March 2003 and 2004.

The new Agent status applies if the company or entity is applying for Accreditation, however applicants can apply for exemption from this requirement on the following grounds:

- (a) The new applicant is a company or entity resulting from the merger or reconstruction or sale and purchase of established businesses, and
- (b) There is continuity of senior management or Directors; and
- (c) The applicant is, in the opinion of the IATA Financial Assessor, adequately capitalized.

New Agents are required to provide interim financial statements covering the first 6 months of each financial year. This requirement will not apply in the first period of Accreditation if the interim reporting period would be less than three months.

The interim financial statements may be in the form of internally generated management reports but must incorporate a statement of financial position as well as operating results.

The interim reports must be accompanied by a directors/proprietors declaration that the company is solvent and is properly accounting for clients and principal funds.

**1. ANNUAL FINANCIAL REVIEW**

A full review of all Accredited Agents will be carried out periodically by the duly appointed Financial Assessor. The financial statements shall reflect the financial position of an applicant no more than 4 months prior to date of submission.

The financial statements must be accompanied by a directors/proprietors declaration that the company is solvent and is properly accounting for client and principal funds.

Late or incomplete submission of such financial statements will attract a penalty as determined by the Executive Council — New Zealand from time to time.

The Agency Services Manager may at the request of the Financial Assessor direct that the accounts be audited, the cost thereof to be borne by the Agency Programme.

## 2. FORM AND CONTENTS OF ACCOUNTS

As a standard industry practice, the following items must be disclosed in the financial statements, either in the accounts themselves or as notes thereto:

### (a) Gross sales revenue

Gross sales revenue will be used for the calculation of the Bank Guarantee level. However applicants with substantial sales revenue other than as a travel agent may wish to advise the level of non-agent sales revenue if they consider a lower Guarantee would be more appropriate to the level of risk to travel consumers and airlines.

### (b) Recognition of Income Earned

The earliest point that an Agent may recognize income in financial statements used for Annual Financial Review calculation is:

1. When a deposit has been received, the amount of the deposit, to the extent that it covers a cancellation fee in accordance with the booking conditions.
2. The full commission value of the travel arrangement may be recognized as income when either a ticket or redeemable voucher has been issued to the customer or when the principal has been paid.

The basis of recognition of income earned must be explained in the Notes to the Accounts.

- a) Salary and other remuneration to directors and shareholders.
- b) The amount held in bank accounts and representing advance payments by clients must be separately identified.
- c) Accounts receivable to show as separate items:
  - (i) Amounts due from clients
  - (ii) Amounts due from airlines
  - (iii) Amounts due from shareholders
  - (iv) Other

If the amount shown as "other" is material, it should be fully explained.
- d) Accounts payable should show separately:
  - (i) Amounts due to clients
  - (ii) Amounts due to airlines and principals
  - (iii) Other trade creditors
  - (iv) Amounts due to shareholders

Amounts due to clients and airlines and from clients and airlines must be separately disclosed and must not be offset unless a legal right of offset exists i.e. amounts due to one client or airline must not be offset against amounts due from other clients or airlines.

- e) State whether bank overdraft or loan facilities are secured and details of securities.
- f) Disclose the nature of any encumbrances. For example if the assets of the applicant are used as security for third parties.
- g) Details of total commissions received.

## 3. CAPITAL ADEQUACY

A minimum shareholders' equity of \$40,000 will be required but in many cases a larger amount will be required to cover goodwill, fixed assets and working capital.

Shareholder, parent and associated company debit balances (other than in the general course of the travel business) will be deducted in assessing shareholders funds. They will be treated like a distribution to shareholders.

#### 4. CLIENTS' AND PRINCIPALS' FUNDS

##### Required Practice:

All monies paid to an Agent for services to be rendered by other parties, must be kept separate from other funds (in a travel funds account) and shall be deposited or invested only with the following:

- (a) Any New Zealand registered bank and their subsidiary
- (b) Trustee savings banks
- (c) New Zealand Government or Local Body Investments

The only funds which can be drawn from a travel funds account are:

- (a) Payment to an airline or other principal on account of the party who provided the funds.
- (b) Refund to clients
- (c) Withdrawal of commission and interest earned on the relevant transactions
- (d) Temporary investment as listed above.

In essence this requirement means that an Agent must maintain one bank account for client travel funds. Another bank account is required for the payment of operating expenses, including shareholder drawings in anticipation of salary.

The Civil Aviation (Passenger Agents' Commission Regime) Notice 1983, together with the Passenger Sales Agency Agreement, provide that all monies received by an agent in relation to the sale of international travel by air shall be kept in a separate bank account on behalf of the principal until it is accounted for to the principal by the agent. These requirements extend that requirement to funds received from consumers on behalf of all principals.

Directors or proprietors will be required to provide an annual declaration of compliance with the above procedures. In addition IATA can require evidence that the appropriate level of funds are held in properly designated bank accounts.

#### 5. REMITTANCE PERIOD

New Agents will be required to remit on a 7 Day BSP Remitting frequency until at least 2 "annual reviews" have been conducted. All other Agents will have the option of 7 or 14 day BSP remitting frequency.

#### 6. DEFAULT PROTECTION

Every applicant will either:

If it is a member of TAANZ participate in a collective bond that has been agreed to by the Airlines and is administered by TAANZ pursuant to the TAANZ/Airline Agreement and/or Wholesale/Airline Agreements as applicable during the currency of such Agreement, or

If it is not a member of TAANZ, provide and maintain for the protection of airline principals ("The Airlines") and the applicant's own customers as follows:

##### 1. For Seven Day Remitting Frequency

**Newly Accredited Agents** — a Bank Guarantee for \$50,000 or in an amount equal to 4.00% of their adjusted gross sales, whichever is greater, but not exceeding \$500,000,

**All Other Agents** — a Bank Guarantee for \$50,000 or in an amount equal to 2.66% of their adjusted gross sales, whichever is greater, but not exceeding \$500,000, or

**2. For Fourteen Day Remitting Frequency** — a Bank Guarantee for \$80,000 or in an amount equal to 4.00% of their adjusted gross sales, whichever is greater, but not exceeding \$750,000.

(For new applicants the gross sales for the first year shall be estimated).

##### Calculation of Adjusted Turnover:

For the purposes of determining the level of the Bank Guarantee, each Agent's turnover is calculated as follows:

1. Start with the annual gross travel business turnover of the Agent, i.e. the gross value of the goods and services billed as retailer, consolidator, or wholesaler. (Directors will be required to provide an annual declaration of this turnover).
2. Deduct the gross value of airline services for which payment was made direct to an airline or through BSP by way of the recognized credit card. This gives "turnover for Guarantee purposes".
3. Deduct the amount of commissions payable to the Agent by principals on the "turnover for Guarantee purposes".

Upon request, Agents must provide the IATA Financial Assessor with any other information within the timeframe stipulated that may be required.

#### **7. LIMITED INDEPENDENT VERIFICATION**

Agents may be required to provide with their financial statements independent verification of certain financial procedures and contents of their financial statements.

(Note – details of those requirements are to be determined from time to time by IATA).

- (a) Bank account balances and the distribution between client/airline funds and the Agent's funds.
- (b) The collection of major debtors accounts subsequent to balance date.
- (c) Cut-off procedures to ensure that income is not brought into account prematurely and that there is a correct matching of income and expenditure.
- (d) That all major creditors at balance date have been properly brought into account.
- (e) That client deposits/prepayments have throughout the year been paid into a designated "travel fund" and year-end balances are properly accounted for).

#### **8. FINANCIAL DISCRETION**

It is recognized that different interpretations of financial accounts are possible and do occur. Accordingly the Financial Assessor shall have discretion as to the most appropriate classification in accordance with standard accounting practices for all items included in Financial Statements.

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**NIGERIA**

(Effective 1 July 2015 – MV/A264)

**License**

The Agency must be licensed by Government as a limited liability company.

**Share Capital**

Minimum paid-up share capital of 30m Naira for new applicants effective 1<sup>st</sup> September 2009.

**FINANCES****1. Financial Statement**

Audited annual financial statements duly certified by a Certified Public Accountant disclosing airlines sales and aged debtors must be produced annually and supplied to IATA within 6 months of the Agent's financial year-end.

The accounts must reflect a satisfactory financial standing by meeting the following financial tests:

- a) There must be positive Net Equity
- b) The Net Equity must exceed the sum of Long Term Debt and other Long Term Liabilities
- c) EBITDA (Earnings before Interest, Taxation, Depreciation, Amortization and extraordinary items) must be positive
- d) The EBITDA must exceed the Interest Payable by a factor of at least three
- e) Liquid Current Assets must exceed Current Liabilities.

There must have been no defaults (including defaults resulting from an accumulation of irregularities) in the previous 12 months.

**Net Equity or Shareholders'/Owners' Funds –**

In computing the Net Equity, adjustments must be made to write down to zero the following:

- a) The balance of all intangible assets, including goodwill,
- b) All unamortized research and development costs,
- c) The value of all unquoted investments,
- d) All encumbered Assets,
- e) All trading losses for the current financial period.
- f) All share capital not paid in cash

Liquid Current Assets – are defined as Current Assets as in the Balance Sheet of the Accounts after deducting:

- a) Stocks and work in progress.
- b) Deposits or guarantees given to third parties other than IATA,
- c) Loans to Directors, Associate Companies, (including any subsidiary, associate or company under common ownership)
- d) All intercompany balances
- e) Payments in advance,
- f) Deferred Expenses,
- g) Doubtful debtors,
- h) Blocked funds.

Long Term Debt – All debt liabilities where repayment is due more than twelve months after the end of the financial period.

Long Term Liabilities – all liabilities where repayment is due more than twelve months after the end of the financial period.

**2. Financial Review****2.1 Agents accredited for two years or less:**

- 2.1.1 All Agents must provide Audited Accounts for each financial year end during the first two years of accreditation for the purposes of evaluation against the financial criteria tests mentioned in the financial statements section 1.
- 2.1.2 All Agents must provide a Financial Security during the first two years in accordance with the Financial Security section 3.

**2.2. Agents accredited for more than two years:**

- 2.2.1. All Agents must continue to provide Audited Accounts for each financial year end during and after the first two years of accreditation for the purposes of evaluation against the financial criteria tests mentioned in financial statements section 1.1.
- 2.2.2. All agents must provide a Financial Security that covers at a minimum the Amount at Risk calculated using the BSP cash turnover amount equal to the average of the 3 months highest net cash sales in the previous 12 months in accordance with the Financial Security section 3.
- 2.2.3 All Agents must undergo a financial review by IATA annually or on the anniversary of their financial security document. In addition, every Agency shall undergo a Quarterly (every 3 months) or as required financial security review based on section 3 of these criteria.

Where any review indicates that an Agency is required to increase their financial security, the subject agency must provide the required increase within 30 days. If at the end of the 30 days, the Agency has not provided the required increase, the Agency will be placed under review and suspended from participation in the BSP until the increased security is provided.

- 2.2.4. Agents will have the option to join the Voluntarily More Frequent Remittance (VMFR) scheme by signing a supplementary Passenger Sales Agency Agreement (S-PSAA) to remit on weekly basis.
- 2.2.5. In the event that an agency has joined the VMFR scheme, agent must provide Financial Security that covers at a minimum 60% of “the Amount at Risk calculated using the BSP cash turnover amount equal to the average of the 3 months highest net cash sales in the previous 12 months”.

**3. Financial Security**

The financial security for the BSP shall be either insurance by way of a Default Insurance Programme (DIP) or Bank Guarantee (BG). Agents may obtain either a DIP or BG in accordance with criteria laid down for obtaining either form of financial security.

The DIP certificate/policy and Bank Guarantee respectively shall be issued by the following only:

- an insurance company or companies acceptable to IATA from time to time (complying with the criteria for the evaluation, approval and review of providers and products established pursuant to Passenger Agency Conference Resolution 850p) hereafter known as the Provider; or
- a local bank or banks acceptable to IATA from time to time (complying with the criteria for the evaluation, approval and review of providers and products established)

**Default Insurance Programme**

The DIP shall operate in Nigeria on the following terms:

- i. Any Agency trading above the individual policy limit shall be required to increase their financial security as advised by IATA within the timelines stipulated above to cover the difference between the individual policy limit covered by the provider and that Agency's Amount at Risk.

## Bank Guarantee

The BG shall operate in Nigeria based on the following terms:

- i. The minimum Bank Guarantee for new applicants shall be N10 Million Naira (Ten Million) for the first 1 (one) year of trading in the BSP and shall be issued from the Head Office of the Issuing Bank.
  - ii. All Agencies who choose bank guarantee as their form of financial security shall produce a bank guarantee which must cover at a minimum the Amount at Risk calculated using the BSP cash turnover, or cash turnover as applicable, amount equal to the average of the 3 months highest net cash sales in the previous 12 months.
- 3.1. An Agent will not be accredited or will not continue to be accredited unless all the following criteria are met in relation to the Financial Security required by IATA:
- (a) The Original Financial Security document has been received by IATA; and
  - (b) The Financial Security is confirmed to IATA by way of written confirmation received directly from the third party supporting the Financial Security that the Financial Security was issued by that third party and is valid; and
  - (c) The Financial Security must be for an unlimited period and subject to a minimum notice period of cancellation of ninety (90) days.
- 3.2. For the purposes of calculating the amount of a Financial Security the following definitions apply:
- 3.2.1. "Days' Sales at Risk" means the number of days from the beginning of the Agent's reporting period to the remittance date in respect of that reporting period or periods, plus a margin of five days.
- 3.2.2. "Amount at Risk" is calculated by dividing the Days' Sales at Risk by 90 days, and applying that percentage to the BSP cash turnover amount the Agent made in the three month period referred to in the Bank Guarantee section point i or ii as applicable.
- $$\text{"Amount at Risk"} = \frac{\text{"Days' Sales At Risk"} \times \text{BSP cash turnover in applicable 3 month period}}{90}$$
- 3.3. Agents accredited for two years or less.
- 3.3.1. All new applicants must provide a Financial Security with a minimum amount of NGN 10 Million to be accredited, or the average monthly sales calculated on the 3 highest months of the previous 12 months where a travel agent was already in business, as referred to in the Bank Guarantee section point i or ii as applicable.
- 3.3.2. After the first three months of accreditation, the amount of the Financial Security required must cover at a minimum the Amount at Risk calculated using the cash turnover amount equal to the average net BSP monthly cash sales of the Agent during the previous three month period.
- If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.
- 3.4. Agents accredited for more than two years
- 3.4.1. The amount of the Financial Security required must cover at a minimum the Amount at Risk calculated using the BSP cash turnover, or cash turnover as applicable, amount equal to the average of the 3 months highest net cash sales in the previous 12 months.
- 3.4.2. If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover

## 4. CHANGES IN OWNERSHIP

- 4.1. This section applies to all notifications to IATA of a change in ownership or control or any other Review resulting from a change of ownership or control of the Agent in accordance with the Passenger Sales Agency Rules.
- 4.2. The Agent must provide Audited Accounts no later than 90 days after the change of ownership or control is affected. The Accounts must cover a period of 12 months including, at a minimum, the first month after the change of ownership or control takes effect and IATA will use these Accounts to conduct the Financial Review applicable to the Agent under this Resolution.

4.3. All Agents that have a change in ownership or control will be required to provide a Financial Security calculated in accordance with the Amount at Risk applicable to the Agent under section 3.

4.4. Changes of ownership or control shall be in compliance with the Resolution 818g and Passenger Sales Agreement (PSAA).

#### **5. CHANGES IN FINANCIAL YEAR END**

5.1. All Agents must notify IATA immediately of a change in its financial year-end.

5.2. The Agent must provide both:

(a) Audited Accounts at the time of the notification of change of financial year end within 60 days after the change is made and IATA will conduct the Financial Review applicable to the Agent.

(b) Audited Accounts for the financial year end that would have applied to the Agent before the Agent changed its financial year end. These must be provided to IATA within 60 days of the former financial year end.

5.3. All Agents that have a change in financial year end will be required to provide a Financial Security calculated in accordance with the Amount at Risk applicable to the Agent under Section 3.

#### **6. SIGNIFICANT CHANGE IN GROSS BSP SALES**

6.1. A significant change means any change in the business of the Agent which results in a change in gross BSP sales of more than 20% as compared to the previous 12 months. A change can be an increase or a decrease in gross BSP sales.

6.2. An Agent must notify IATA of any significant change as soon as the Agent becomes aware of it.

6.3. A Financial Review can also be initiated by IATA as soon as IATA becomes aware of a significant change.

6.4. Where there is a significant change in the business of the Agent, IATA will conduct a Financial Review and calculate the amount of the Financial Security required in accordance with section 3.

#### **7. CRITERIA FOR STAFF QUALIFICATION**

The Agency must have in its employment competent and qualified staff able to sell international air transportation and correctly issue electronic travel documents and report to the BSP.

**PAKISTAN***(Effective 1 January 2017 – MV A277)***1. GENERAL RULE**

The applicant must have conducted travel agent business for at least twenty four (24) months having a Government License issued by Department of Tourist Services, Ministry of Tourism, Government of Pakistan.

**2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS**

2.1 All financial information used in the financial criteria will be extracted from the Agent's Audited Accounts.

2.2 The following financial tests apply to the evaluation of an Agent's Audited Accounts:

2.2.1 There must be positive Net Equity.

2.2.2 Net Equity divided by long-term debt and other long-term liabilities must be greater than 0.5.

2.2.3 EBITDA (Earnings Before Interest, Taxation, Depreciation, Amortization and extraordinary items) must be positive save in exceptional circumstances

2.2.4 The EBITDA must exceed the Interest Payable by a factor of a minimum of two;

2.2.5 Adjusted Current Assets must exceed Current Liabilities.

2.2.6 Minimum paid-up Capital/Investment of PKR 5 million for Head Office and PKR 1 million for each Branch Office. The minimum paid-up Capital/Investment criteria will be applicable to existing and new IATA approved agents from 01 January 2014.

**3. ANNUAL FINANCIAL REVIEWS**

All Agents must provide Audited Accounts no later than 12 months after each financial year end, of that agent for the purposes of evaluation against the financial tests in Section 2.

**4. INTERIM FINANCIAL REVIEWS**

For any Financial Review conducted for cause at a time other than in respect of an Agent's financial year end, IATA may conduct a Financial Review in accordance with section 3 as applicable to that Agent by reviewing the internal monthly management accounts of the Agent showing the results for each month since the last accounting date, the cumulative results to date and the latest balance sheet.

**5. FINANCIAL SECURITY**

5.1 An Agent will not be accredited or will not continue to be accredited until any Financial Security required to be provided to IATA has been received by IATA and confirmed to IATA by way of written confirmation received directly from the third party supporting the Financial Security that the Financial Security was issued by that third party and is valid.

5.2 Financial Securities will be subject to a minimum notice period of ninety (90) days and be valid for a minimum of at least one year.

5.3 All Agents must provide a Financial Security with a minimum amount of PKR 7,000,000 to be accredited or to remain accredited or

5.4 Furnish a Financial Security for the amount at risk computed as the average cash sales during the latest 12 month period for the number of days at risk, subject to a minimum financial security as defined in paragraph 5.3 above.

5.5 For Agents accredited for less than 12 months, the minimum Financial Security / Bank Guarantee will be PKR 10 million.

5.6 At any point in time, if the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

## 6. DEFINITIONS OF TERMS USED IN THESE GUIDELINES

6.1 Adjusted Current Assets – are defined as Current Assets as in the Balance Sheet of the Accounts after deducting:

- Stocks and work in progress.
- Deposits given to third parties other than IATA,
- Loans to Directors, Associate Companies, (including any subsidiary, associate or company under common ownership)
- Doubtful debtors,
- Blocked funds, except for funds held in favour of IATA.

These generic descriptions may be modified to terms specifically defined under the applicable local Generally Accepted Accounting Principles (GAAP) and disclosed in the financial statements.

6.2 Current Liabilities - are defined as Current Liabilities as in the Balance Sheet of the Accounts

6.3 EBITDA – Earnings Before Interest, Taxation, Depreciation and Amortisation

6.4 Financial Irregularity means an irregularity applied as a result of any failure to adhere to the reporting and remittance procedures described in Resolution 818g Attachment “A” including but not limited to those irregularities described in Resolution 818g Attachment “A”.

6.5 Financial Review means a review of an Agent’s financial position or the calculation of the amount of Financial Security required in accordance with this Resolution 800f, or both.

6.6 Irregularity means any irregularity applied under the Passenger Sales Agency Rules for non-compliance with those Rules including but not limited to Financial Irregularities.

6.7 Net Equity or Shareholders’/Owners’ Funds – consists of:

- Share capital
- Share premium
- Retained earnings
- Other distributable reserves
- Shareholder’s loans if subordinated less declared dividends:

6.8 Long-term Debt – All debt liabilities where repayment is due more than twelve months after the end of the financial period.

6.9 Long-term Liabilities – all liabilities where repayment is due more than twelve months after the end of the financial period.

6.10 Review means any assessment or evaluation of an Agent’s continuing compliance with the Passenger Sales Agency Rules.

**PAPUA NEW GUINEA***(Effective 14 November 2011 – PAC/34)***1. GENERAL RULES**

Before completing the 'Application Form for Approval as an IATA Passenger Sales Agent', applicant must comply with the following:

- Be established and in business as a Travel Agent for not less than 12 months prior to the date of application.

At the time of application, the applicant must at the location for which IATA approval is being sought satisfy the following:

**1.1** The following documentation must be submitted with the application:

- Certificate of Incorporation and (if trading name used), Certificate of Registration of Business Name, issued by the Registrar of Companies.
- Photographs of the travel agency premises, one of the interior and one of the exteriors.

**2. CRITERIA FOR EVALUATION OF AGENT'S ACCOUNTS**

When assessing Agent's financial standing, the following criteria applies:

**2.1 Paid up capital must not be less than PGK 5,000****2.2 There must be Net Equity**

a. There must be Net Equity in the business. The most recent financial statements, to be received no later than 3 months following the latest accounting year-end of the Agent concerned, must show a positive balance on shareholders'/owners' funds. In computing the Net Equity, adjustments must be made to write down to zero the following:

- i. The balance of all intangible assets, including goodwill;
- ii. All unamortized research and development costs;
- iii. The value of all unquoted investments;
- iv. All encumbered Assets;
- v. All trading losses for the current financial period

**2.3 The Net Equity must exceed the sum of Long-term Debt and other Long-term Liabilities**

a. Net Equity must be greater than the sum of Long-term Debt and other Long-term Liabilities. Long-term is defined to be where repayment is due more than twelve months after the end of the financial period.

**2.4 The amount of Net Current Assets must exceed the Amount at Risk**

a. Current Assets must exceed Current Liabilities. The following are to be excluded from Current Assets in making the calculation:

- i. Stocks and work in progress;
- ii. Deposits or guarantees given to third parties other than IATA;
- iii. Loans to Directors, Associate Companies;
- iv. Payments in advance;
- v. Deferred Expenses;
- vi. Doubtful debtors;
- vii. Blocked funds

b. Current Liabilities are to be increased for the amount of Long-term Liabilities which exceed Net Equity

c. Current Assets less Current Liabilities (the Net Current Assets) must be greater than the Amount at Risk (average annual net cash sales multiplied by the number of Days' Sales at Risk)

### **3. ANNUAL FINANCIAL REVIEWS**

#### **3.1 Applicants**

At the time of application, an applicant must submit Balance Sheet and Profit & Loss Account prepared in accordance with local accounting standards of the country of incorporation, audited or certified by outside public accountant and not more than six months old.

#### **3.2 Existing Agents**

Existing Agents must provide Balance Sheet and Profit & Loss Account, prepared in accordance with local accounting standards of the country of incorporation, audited or certified by outside public accountant, every year for financial review. Balance Sheet and Profit & Loss account are to be provided to IATA no later than three months after the Agent's financial year end.

If an applicant or Agent fails to pass any of the criteria tests: 2.2 – 2.4, the applicant/Agent must provide a Financial Security in the form of a Bank Guarantee, up to the ceiling stipulated in 4.1 and 4.2.

### **4. FINANCIAL SECURITY**

Notwithstanding whether an applicant or Agent obtains a satisfactory or unsatisfactory in a financial review, all applicants/Agents must provide IATA with a financial security as per criteria below.

#### **4.1 Applicants**

A Bank Guarantee will be required for the "Amount at Risk" on the basis of the estimation.

#### **4.2 Existing Agents**

After the first six months of accreditation, the amount of the Financial Security required will be reviewed based on the "Amount at Risk" computed with reference to the average BSP net cash sales of the Agent during the immediately preceding six month period.

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**PHILIPPINES**
*(Effective 15 July 2016 – PAC/38)*
**1. FINANCES**

1.1 The applicant must have conducted travel agent business for at least twelve (12) months.

1.2 Applicants must have, as a minimum:

1.2(a) paid-up capital of PHP 3.0 million

1.2(b) working capital of PHP 1.2 million

**2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS**
**CRITERIA**
**FORMULA**
**Liquidity**

Current Assets / Current Liabilities

Values	Rating
1.20 and above	30
1.00 to 1.19	15
0.99 and below	0

**Stability**

Total Liabilities / Total Equity

Values	Rating
<1.5	25
1.5 and <2.0	10
>=2.0	5

**Profitability**

Net Income (Before Tax) / Total Revenue

Values	Rating
0.050 and above	15
0.000 to 0.049	10
Below 0.000	0

**Investment Returns**

Net Income (Before Tax) / Stockholders Equity

Values	Rating
>0	5
< 0	0

**Payment History**

No. of Irregularities in the last 3 years

Values	Rating
0 or 1	25
2	10
3 and above	0

**Risk Assessment**

Sum of all the Ratings above

Risk Category
CA1: 90-100
CA2: 80-89
CA3: 70-79
CA4: 60-69
CA5: 50-59
CA6: 49 and below

Agents must have a Risk Assessment rating of CA3 (average risk)

### **3. ANNUAL FINANCIAL REVIEWS**

#### **New Agents**

**3.1** Applicants must provide their latest audited financial statements that are not more than 12 months old at the time of application to become an Agent for the purposes of evaluation against the financial criteria test set forth in these criteria.

**3.2** Applicants will not be approved for accreditation if they fail to meet any of the following:

- (a) A minimum Risk Assessment rating of CA3 (CA3 to CA1)
- (b) The minimum level of paid-up capital in accordance with section 1.2(a) of these criteria
- (c) The minimum level of working capital in accordance with section 1.2(b) of these criteria
- (d) Financial Security in accordance with section 4.2 of these criteria

#### **Existing Agents**

**3.3** All existing Agents must provide audited financial statements for each financial year end of that Agent for the purpose of evaluation against the financial criteria tests set forth in these criteria.

**3.4** Audited financial statements must be provided not later than 6 months after the Agent's financial year end.

### **4. FINANCIAL SECURITY**

**4.1** All Agents must provide IATA with a Financial Security, in accordance with this section 4.

**4.2** Applicants must provide IATA with a Financial Security with a minimum amount of PHP 2.0 million.

**4.3** All existing Agents must provide a Financial Guarantee for an amount equal to the Agent's highest consecutive 3 weeks net BSP cash sales over the last 12 months provided said period is sufficient to determine whether agent's remittances have been duly credited. For the purpose of calculating this number, the 12 month calculation period is the 12 months before the review of the current Financial Guarantee. In calculating the net BSP cash sales, all USD net sales will be converted to PHP using the latest IATA 5-day rate. In the event that the conversion results in a variance of 10% or less, the Agent is not required to adjust the Financial Guarantee. If the Financial Guarantee is in USD, then PHP net sales will be converted to USD using the prevalent IATA 5-day rate at the time of review.

**4.4** Agents who have a financial rating below CA3 (CA4 to CA6), who are on holdout of other types of Financial Guarantees except for DIP, must increase their Financial Guarantee amount by 50%, or enroll in a DIP program for the entire amount of their coverage.

**POLAND***(Effective 1 August 2016 – Mail Vote/A271)***1. Documents**

1.1 New applicants for IATA accreditation have to submit:

- (a) A current extract from the National Court Register or certificate of entry into the business register (aktualny wyciąg z Krajowego Rejestru Sądowego lub zaświadczenie o wpisie do ewidencji działalności gospodarczej), indicating that they are allowed to provide tourism activities and have been trading for at least 6 months;
- (b) Audited Financial Statements (entities which are required under the Polish Accounting Act to prepare financial statements and submit them for audit) or Statutory Accounts (Balance Sheet and Profit & Loss Account) reviewed and duly certified by an outside independent auditor (entities which are not required under the Polish Accounting Act to prepare financial statements and submit them for audit) for the most recent accounting year-end;
- (c) Tax Office certification (certification that the Agent has paid all taxes) and social security certification (certification that the Agent has paid all social security payments). Documents shall not be older than 3 months.

1.2. Upon IATA's request, Accredited Agents have to submit:

- (a) A current extract from the National Court Register or certificate of entry into the business register (aktualny wyciąg z Krajowego Rejestru Sądowego lub zaświadczenie o wpisie do ewidencji działalności gospodarczej);
- (b) Tax Office certification (certification that the Agent has paid all taxes) and social security certification (certification that the Agent has paid all social security payments). Documents shall not be older than 3 months.

**2. Remittance frequency**

2.1 As of 1<sup>st</sup> of July 2015 the weekly remittance scheme is mandatory for all accredited agents

**3. Financial securities**

Financial securities must be provided by all IATA Accredited agents in Poland in the form of Bank Guarantees, Insurance Bonds, Default Insurance Program as approved by IATA

**4. General rules for Bank guarantees and Insurance Bonds:**

Bank guarantees and insurance bonds must cover 100% of the Amount at Risk as per 4.3.

- 4.1 All guarantees must be issued for a period of at least 6 months in the form agreed by IATA and submitted no later than 30 days from IATA's official request.
- 4.2 Expiring guarantees must be renewed and presented to IATA no later than 15 days before expiration
- 4.3 Amount at Risk:
  - 4.3.1 "Turnover": The amount should be calculated on the basis of the Agent's net BSP cash turnover in the most recent 12 months. For new applicants the amount is based on the estimation, as provided by the applicant, of its net BSP cash turnover in his first year as an IATA accredited Agent.
  - 4.3.2 The number of "Days Sales at Risk" is to be counted from the beginning of the reporting period to the remittance date in respect of that reporting period.

The Amount at Risk is calculated by the formula:

$$\frac{\text{"Turnover"} \times \text{"Days Sales at Risk"}}{360}$$

360

- 4.4 The minimum level of guarantee amounts to 15,000 EUR (equivalent in PLN, at the NBP average rate of exchange on the date of the letter of request issued by IATA).
- 4.5 IATA will review the Amount at Risk on a monthly basis based on the Amount at Risk computed with reference to the average net BSP cash sales of the Agent during that period.
- 4.6 Upon review of the Amount at Risk, provided that the value of the actual Amount at Risk differs by more than 20% from the existing amount of guarantee, IATA shall request adjustment of the amount of guarantee.

## 5. FINANCIAL REVIEWS

- 5.1 Each year, not later than 6 (six) months after financial year-end all agents are required to submit Financial Statements or Statutory Accounts (Balance Sheets and Profit & Loss Account) for the twelve months since their last accounting year end, filed with the Fiscal Authorities within the last 12 months.
- 5.2 The financial reviews are conducted in accordance with the Criteria for Evaluation of Agents' Financial Performance.

## 6. GLOSSARY OF TERMS

### 6.1 Equity

Equity = Total Assets - Liabilities and Provisions for Liabilities

*Pasywa A. Kapitał (fundusz) własny = Aktywa razem – Pasywa B. Zobowiązania i rezerwy na zobowiązania*

Liabilities and Provisions for Liabilities = Provisions for Liabilities + Long-term Liabilities + Short-term Liabilities + Deferred Income

*Pasywa B. Zobowiązania i rezerwy na zobowiązania = Pasywa B.I. Rezerwy na zobowiązania + Pasywa B.II. Zobowiązania długoterminowe + Pasywa B.III. Zobowiązania krótkoterminowe + Pasywa B.IV. Rozliczenia międzyokresowe*

### 6.2 Current Ratio

Current ratio = Current Assets/ Current Liabilities

Current Liabilities = Short-term Liabilities + Deferred income

*Wskaźnik bieżącej płynności = Aktywa B. Aktywa obrotowe/ (Pasywa B.III. Zobowiązania krótkoterminowe + Pasywa B.IV. Rozliczenia międzyokresowe)*

### 6.3 Debt Ratio

Debt Ratio = (Long-term Liabilities + Short-term Liabilities) / owner's Equity

*Wskaźnik zadłużenia = (Pasywa B.II. Zobowiązania długoterminowe + Pasywa B.III. Zobowiązania krótkoterminowe)/ Pasywa A. Kapitał (fundusz) własny*

## 7. CRITERIA FOR EVALUATION OF AGENTS' FINANCIAL PERFORMANCE, applicable until 31th March 2017

### 7.1 Criteria I

- (a) There must be Equity not lower than 30,000 PLN
- (b) The Current Ratio must not be lower than 1.2
- (c) The Debt Ratio must not be greater than 2.5
- (d) The Profit and Loss account must show an Operating Profit
- (e) No default in the previous 12 months

7.2 Provided an established Agent having completed two years of trading as an IATA Agent meets the above criteria I (7.1), it is entitled to:

- 7.2.1. provide a guarantee to cover 70% of the Amount at Risk

### 7.3 Criteria II

- (a) There must be Equity not lower than 30,000 PLN
- (b) The Current Ratio must not be lower than 1.85
- (c) The Debt Ratio must not be greater than 1.5
- (d) The Profit and Loss account must show an Operating Profit
- (e) No default in the previous 12 months

7.4 Provided an established Agent having completed two years of trading as an IATA Agent meets the above criteria II (7.3), it is entitled to:

- 7.4.1 provide a guarantee to cover 50% of the Amount at Risk

## **8. CHANGES IN FINANCIAL YEAR-END & CHANGE OF OWNERSHIP**

- 8.1 Notification to IATA of a change in year-end, without a change in ownership, will result in a review of the Agent's financial position in accordance with the Criteria for Evaluation of Agents' Financial Performance to determine whether a financial guarantee is required.
- 8.2 The Agent must, as a minimum, submit Financial Statements/ Statutory Accounts described in point 5 for the twelve (12) months period since its last accounting year-end, within six (6) months of the end of that period. IATA will conduct the financial evaluation based on these Financial Statements/ Statutory Accounts with reference to the Amount at Risk applicable to the Agent.
- 8.3 Failure by the Agent to provide Financial Statements/ Statutory Accounts described in point 5 for the twelve (12) months since the last year-end, within the due date, will result in the Agent being required to provide a guarantee for the total Amount at Risk within thirty (30) days from the date of being notified to do so.

## **9. EFFECTIVENESS**

- 9.1 These 'Locally established criteria for approval and retention of Agents' will enter into effect on the 1<sup>st</sup> of August 2016
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**PORTUGAL***(Effective 1 July 2013 – PAC/35)***1. Requirements for Accreditation of new Agent****a. Documentation**

Provided below is a description of the original documents required to become an Accredited Agent.

- Certified or attested photocopy of the National Identity Document or Foreigners' Identity Number (NIE) of the joint and several administrator/s, managing director, legal representative/s and director/s of the new Agent.
- Original criminal record certificate of the joint and several administrator/s, managing director, legal representative/s and director/s of the new Agent.
- Original, certified or attested certificate from the General Treasury of the Social Security confirming that the new Agent is up-to-date with the payment of Social Security contributions.
- Official Balance Sheet and Profit and Loss Account form of the last Financial Year submitted by the IES (Informação Empresarial Simplificada – official document that agencies must present to Treasury) and financial statements for the period between the beginning of the current year and the date in which the accreditation is requested. In the event that the new agent is a newly established company and therefore does not have any financial statements available, it must present an Opening Balance Sheet. For those companies requested to proceed with audit, a copy of the Audit Report will be required.
- Certified or attested photocopy of the Company's formation deed in which the names of the new Agent's administrator/s and legal representative/s are clearly specified.
- If the administrator/s and director/s of the new Agent are not EU citizens, please provide a certified or attested copy of their Portuguese Residence Permit/s, which must be valid for at least five (5) years.
- Certified or attested photocopy of the registration with the RNAVT (Decreto-Lei 61/2011).
- Certified or attested photocopy of the contract (excluding the financial terms) with an accredited Reservation System, or otherwise a letter from the GDS confirming the installation of the system in the Agent's premises
- Online access code to the Chamber of Commerce

**b. Financial Requirements**

*The new agent must submit a bank guarantee with a value of seventy-five thousand euros (75,000 €.)*

The bank guarantee provided by all new Agents under this section 1 to IATA at the time of accreditation as a new Agent must continue in effect for a minimum period of 1 year from the date of accreditation as a new Agent notwithstanding the result of any financial assessment of the Agent required in accordance with section 4 of these financial criteria during that time.

**2. Requirements for Changes in Ownership****a. Documentation**

Described below are the original documents required by IATA for a change in the ownership of an Agent or in its shareholders (if the change involves a change in the control of the company) to become effective.

- Certified or attested photocopy by the auditor of the National Identity Document or Foreigners' Identity Number (NIE) of the new joint and several administrator/s, managing director, legal representative/s and director/s of the Agent.
- Original criminal record certificate of the new joint and several administrator/s, managing director, legal representative/s and directors of the Agent.

- Original, certified or attested certificate from the General Treasury of the Social Security confirming that the Agent is up-to-date with the payment of Social Security contributions.
- Official Balance Sheet and Profit and Loss Account form of the last Financial Year submitted by the IES (Informação Empresarial Simplificada – official document that agencies must present to Treasury) and financial statements for the period between the beginning of the current year and the date in which the change of ownership is requested.
- Certified or attested photocopy of the change in ownership deed in which the names of the new joint and several administrator/s, managing director, legal representative/s and director/s of the Agent are clearly specified.
- If the new joint and several administrator/s, managing director, legal representative/s and director/s of the travel Agent are not EU citizens, please provide a certified or attested photocopy of their Portuguese residence permit/s, which must be valid for at least four (4) years.
- Online access code to the Chamber of Commerce

**b/ Financial Requirements**

A bank guarantee must be provided and it is established as follows:

$$\text{Total Average Daily Sales} = \frac{\text{Total BSP cash sales Jan-Dec}}{365 \text{ Calendar days}}$$

$$\text{Bond Value} = \text{Total Average Daily Sales} \times 50.$$

**3. Requirements for Accredited Agents to be reinstated**

**A.** In the event of irregularity/ies in any of the payments to the BSP, giving rise to default by the Agent, the Agent may be reinstated in the system provided that, as well as meeting the requirements provided in the IATA Resolutions, a bank guarantee in the authorized format is provided to IATA calculated as follows:

Amount equal to the average fifty days (50) net BSP cash sales of the Agent over the previous 12 months.

In this case, the bank guarantee provided by the Agent to IATA at the time of reinstatement must continue in effect for a minimum period of three (3) years from the date of reinstatement as an Agent notwithstanding the result of any financial assessment of the Agent required in accordance with section 4 of these financial criteria during that time.

**B.** In the event of the Agent falling into technical default as a result of accumulated irregularities, the Agent may be reinstated in the system provided that, as well as meeting the requirements provided in the IATA Resolutions, a bank guarantee in the authorized format is provided to IATA calculated as follows:

Amount equal to the average fifty days (50) net BSP cash sales of the Agent over the previous 12 months.

**4. Continuity of accredited Agent requirements**

Existing Agents are required to supply a copy of the Official Balance Sheet and Profit and Loss Account form after stamped receipt from the Tax Department, covering the previous Financial Year (“Documentation required”).

Any additional information must be provided if requested in order to complete the assessment in accordance with the criteria below:

↗ **Financial evaluation for existing Agents**

The following indexes are used in the financial evaluation:

$$\text{Rate of liquidity} = \frac{\text{Current assets}}{\text{Current liabilities}} = \text{min } 1.0$$

$$\text{Rate of solvency} = \frac{\text{Total capital}}{\text{Total liabilities}}$$

In the event the Balance Sheet as specified in "Documentation required" indicates a negative (loss) result, the required minimum Rate of Solvency would be 1.0.

Negative results as specified in "Documentation required" or accumulated negative results are required to be not more than 25% of Share Capital.

The Total Capital is required to be equal or more than the Share Capital.

The defaulted Agents will be required to provide a Bond equal, at least, to the Default value for a period of a year.

#### ↗ **Failure to meet requirement**

Failure to meet any of the criteria specified in "Documentation required" and "Financial Evaluation for Existing Agents" above will result in the imposition of a Bond.

The MINIMUM Bond value required is established as follows:

$$\text{Total Average Daily Sales} = \frac{\text{Total BSP cash sales Jan-Dec}}{365 \text{ Calendar days}}$$

$$\text{Bond Value} = \text{Total Average Daily Sales} \times 50.$$

#### **Calculations for VMFR**

$$\text{Daily Sales} = \text{Daily Risk} = \frac{\text{Sum of last 12 months sales}}{365}$$

#### **Effective 1 July 2013:**

Calculation for fortnightly remittance:

$$15 \text{ days of sales} + 15 \text{ days for remittance} + 5 \text{ days action} \\ \text{Amount at risk} = \text{BG value} = \text{daily risk} \times 35 \text{ days}$$

#### **Effective 1 July 2015:**

Calculation for weekly remittance:

$$7 \text{ days of sales} + 14 \text{ days for remittance} + 4 \text{ days action} \\ \text{Amount at risk} = \text{BG value} = \text{daily risk} \times 25 \text{ days}$$

**ROMANIA & MOLDOVA***(Effective 1 December 2015 – PAC/38)***1. GENERAL RULE – (Accounts / Documents to be provided)**

1.1 New applicants shall be legally established companies holding a valid tourism licence for at least 12 months and should have filed at least one Statutory Accounts with the Fiscal Authorities within the last 12 months. The applicant must have access to CRS and work with airlines directly or via another IATA Accredited Location. A ticketing sales report for this period must be presented at accreditation and endorsed by the airline or IATA Accredited Location.

**2. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS**

- 2.1 (a) There must be Net Equity
- 2.1 (b) The Net Current Assets must be positive
- 2.1 (c) The Solvency Ratio must be greater than 1

**2.2 Net Equity**

There must be Net Equity in the business. The most recent Statutory Accounts- must show a positive balance on shareholders'/owners' funds. In computing the Net Equity, adjustments must be made to write down to zero the following:

- 2.2 (a) The balance of all intangible assets, including goodwill
- 2.2 (b) All unamortized research and development costs
- 2.2 (c) All encumbered Assets, other than for IATA
- 2.2 (d) All trading losses for the current financial period

**2.3 Net Current Assets**

2.3.1. Current Assets must exceed Current Liabilities.

The following are to be excluded from Current Assets when making the calculation:

- 2.3.1 (a) Stocks and work in progress
- 2.3.1 (b) Deposits or guarantees given to third parties other than IATA
- 2.3.1 (c) Loans to Directors, Associates, Companies
- 2.3.1 (d) Payments in advance
- 2.3.1 (e) Deferred Expenses
- 2.3.1 (f) Doubtful debtors
- 2.3.1 (g) Blocked funds

The following are to be excluded from Current Liabilities when making the calculation.

2.3.1 (h) Deferred income / income booked in advance, related to future periods, such as amounts invoiced to customers or cashed from customers for rent, subscriptions, insurance etc, or subsidies for future periods.

**2.4 Solvency Ratio**

Rate of Solvency =  $\frac{\text{Total Assets}}{\text{Total Debts}} > 1$

2.4.1 Total debts including Current Liabilities plus Long Term Liabilities

**3. ANNUAL FINANCIAL REVIEWS**

3.1 All agencies may be reviewed by periodical examination of the financial standing in accordance with Subparagraph 2.2 of Resolution 818g – Section 2 in order to determine their financial stability and amount at risk.

**3.2** Notwithstanding the frequency of periodic reviews, Accredited Agents must submit annual Statutory Accounts. Failure to do so within the due date as advised by IATA will result in the Agent being required to provide a guarantee to cover the amount at risk in full, within 30 days from being notified.

**3.3** Intermediary review with accounts of the last 6 months at the specific request of the Accredited Agent that called for his own revision.

**3.4** The financial reviews are conducted in accordance with the criteria for evaluation of Agents' accounts.

#### **4. FINANCIAL SECURITY**

**4.1** Agents will be required to provide sufficient financial guarantee as detailed below.

##### **4.2 AGENTS DURING THE FIRST TWO YEARS OF TRADING**

**4.2.1** Bank Guarantee or Insurance Guarantee to be provided by all Agents during the first two years of trading as an Agent. All guarantees shall be issued for a period of at least 6 months in the form provided by IATA. Expiring guarantees shall be renewed and presented to IATA before expiration.

##### **4.2.2 Amount of Guarantee Required**

**4.2.2 (a)** For new applicants the amount should be calculated on the basis of the estimation, as provided by the applicant. After the first year of accreditation the amount should be calculated on the basis of the agent's BSP cash turnover in his first year as IATA accredited agent, adjusted for the numbers of "Days' Sales at Risk"

**4.2.2 (b)** The number of "Days' Sales at Risk" is to be counted from the beginning of the reporting period to the remittance date in respect of that reporting period, plus a margin of 5 days. For agents on Weekly remittance, this is 27 days. The result is to be divided by 360 days, and then applied to the "annual cash turnover" (after the first year of accreditation) or "sales estimation" (for the new applicants) to calculate the amount at risk and the amount of guarantee required.

**4.2.3** The minimum level of guarantee in the first 2 years of trading amounts to 24,000 EUR. The local IATA manager may review the level of the guarantee after the first month based on the amount at risk computed with reference to the average net cash sales of the Agent during that period. The amount of guarantee required will be increased if it is found to be insufficient to cover the amount at risk.

##### **4.3 AGENTS WHICH HAVE COMPLETED TWO YEARS OF TRADING**

**4.3.1** If an established agent fails to meet any of the above criteria in section 2, he may be retained, provided that a full guarantee to cover the amount at risk is submitted within thirty (30) days from being notified to do so.

**4.3.2** All guarantees shall be issued for a period of at least 6 months in the form provided by IATA. Expiring guarantees shall be renewed and presented to IATA before expiration.

**4.3.3** Agents which have completed two or more years of trading as an IATA Agent without a financial irregularity (late payment, dishonoured cheques, etc) in the previous twelve months will be given the option to:

**4.3.4** Continue to provide a guarantee to cover the amount at risk in full. The level of Agent's guarantee will be reviewed based on the business of the previous accounting year. The minimum level of guarantee is 15,000 EUR.

**4.3.5** If all of the criteria set out in section 2 above are met, then the level of guarantee is to be reduced to cover 20% of the amount at risk, but not less than 15,000 EUR.

**4.3.6** However, if the Agent has financial irregularities in the previous 12 months, he shall provide a Guarantee to cover the amount at risk in full but not less than 15,000 EUR.

#### **5. OTHER**

##### **5.1 Changes in Ownership**

**5.1.1** Notification to the Accreditation department of a change in ownership or change in control, other than the cases of corporations where the shares are regularly traded through a recognized stock exchange, should be accompanied by the most recent Statutory Accounts to be presented within sixty (60) days from the change in control.

**5.1.2** Failure to provide accounts within the due date will result in Agent being treated in the same way as a recently accredited Agent: the Agent will be required to provide within thirty (30) days a guarantee to cover the amount at risk.

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**RUSSIAN FEDERATION***(Effective 1 January 2017 – PAC/39)***1. GENERAL RULE**

1.1. This rule is applicable to both new and existing Agents.

1.2. New applicants must have been in operation for 12 months as an Air Travel Agent before applying for IATA Accreditation.

1.3. For the Financial Review the new applicant or Agent regardless of the form of taxation must submit Audited Accounts which must consist of:

- Balance Sheet (Форма по ОКУД 0710001),
- Report on Financial Results (Форма по ОКУД 0710002),
- Auditor's Conclusion,
- Any other documents related to the finances of the Agent required to calculate the financial ratios used in the Financial Review of the Agent.

1.4. Audited Accounts must be for a period of at least 12 months:

- (i) Covering previous financial year already closed - for annual review or new applicants;
- (ii) Covering previous 12 months of operations - for all other types of review.

**2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS**

2.1. In order for the Financial Review to be considered satisfactory the following criteria (financial tests) must be met:

- Net Equity must be positive,
- The Net Equity must be greater than the sum of Long Term Debt and other Long Term Liabilities,
- Adjusted Current Assets must exceed Current Liabilities,
- The accounts must indicate that there is a net profit, at least in one of the two last financial years.

**3. ANNUAL FINANCIAL REVIEWS****Agents accredited for two years or less**

3.1. All agents must provide Audited Accounts according to Section 1 of these criteria for the purposes of evaluation against the financial tests in Section 2 of these criteria.

3.2. All Agents must provide Audited Accounts no later than 4 months after each financial year end.

**Agents accredited for more than two years**

3.3. All Agents must provide Audited Accounts no later than 4 months after each financial year end for the purposes of evaluation against the financial tests in Section 2 of these criteria.

3.4. If an Agent passes all the financial tests in Section 2 and satisfies all the points below, the Agent must provide IATA with a Financial Security according to Section 4.4 of these criteria.

3.4.1 The Agent has not had any of the following:

- (i) A default (including defaults resulting from an accumulation of irregularities) and removal from the Agency List in the last 12 months;
- (ii) A Change of Ownership subject to the conditions in Section 6.

3.5. If an Agent fails to pass any of the financial tests, the Agent must provide a Financial Security in accordance with Section 4.5 of these criteria.

**4. FINANCIAL SECURITY**

4.1. An Agent will not be accredited or will not continue to be accredited until Bank Guarantee required to be provided to IATA has been received by IATA and confirmed to IATA by way of written confirmation received

through the SWIFT channel directly from the Bank issued this Bank Guarantee that the Bank Guarantee was issued by the Bank and is valid.

4.2. For the purposes of calculating the amount of Bank Guarantee the following definitions apply:

4.2.1. 'Days' Sales at Risk' means the number of days from the beginning of the Agent's Reporting Period to the Remittance Date in respect of that Reporting Period, plus a margin of up to 5 days.

4.2.2. 'Amount at Risk' is calculated by dividing the Days' Sales at Risk by 365 days, and applying that portion to the amount of cash turnover the Agent made in the previous 12 months' period as applicable:

$$\text{Amount at Risk} = \frac{12 \text{ months' BSP cash turnover} \times \text{Days' Sales at Risk}}{365 \times \text{Average RUB/USD Central Bank RF rate of exchange}}$$

4.2.3. If the Agent is in operations less than 365 days, actual number of calendar days in operations and appropriate cash turnover will be taken into consideration for calculation of Amount at Risk.

**Agents accredited for two years or less**

4.3. A Bank Guarantee is required to cover 100% of Amount at Risk, generated by the Agent but cannot be less than USD 50,000.

**Agents accredited for more than two years**

4.4. All Agents who have completed 2 years of trading as an Agent without a default in the previous 12 months, change of ownership subject to the conditions in Section 6 and whose annual Financial Review is established as satisfactory must submit a Bank Guarantee according to the following scale:

Agent's 19 days' amount at risk turnover (USD)	Required BG coverage (USD)
Below or equal to \$100,000	100% but not less than \$50,000
More than \$100,000, below or equal to \$500,000	85% but not less than \$85,000
More than \$500,000, below or equal to \$1,000,000	75% but not less than \$425,000
More than \$1,000,000, below or equal to \$2,000,000	45% but not less than \$750,000
More than \$2,000,000, below or equal to \$5,000,000	40% but not less than \$900,000
More than \$5,000,000	30% but not less than \$2,000,000

4.5. A Bank Guarantee which covers 100% of Amount at Risk must be submitted by the following Agents:

- Agents whose annual Financial Review was not satisfactory,
- Agents reinstated after default – for the following 12 months,
- Agent who was subject to a change of ownership, involving more than 30% of the shares movement within 12-month period which resulted in change of control. 100% coverage of Amount at Risk should be maintained during 24 months following change registration in IATA.

4.6. Agents must provide Bank Guarantees issued by a bank holding a license of the Central Bank of Russian Federation with an international credit rating that is equal or higher than B- or B3 or Russian credit rating from agencies Expert RA or/and National Rating Agency equal or higher than A+. In case of significant reducing of the country's sovereign rating, or for any other reasons, due to which international rating agencies are not applicable for Russian banks, Russian rating agencies ratings will be taken as the basis.

4.7. The wording used for the Bank Guarantee provided must comply with IATA requirements.

4.8. If Bank Guarantee review results in increase of the Bank Guarantee for the sum above or equal to 5% from existing Guarantee but not less than USD 5,000, an amendment to the Bank Guarantee must be provided to IATA.

4.9. In the event that the Financial Institution that has provided the Bank Guarantee on behalf of the Accredited Agent, have a change in status whereby its license suspended by the Central Bank of Russian Federation, or its credit rating downgraded below the established for acceptance, the Accredited Agent shall provide IATA with a new Bank Guarantee from a Financial Institution which holds a valid license and required credit rating. For the transitional period, the agent must provide alternative security covering the applicable to Agent amount at risk.

4.10. In case of renewal of Bank Guarantee its original hard copy and confirmation from the issuing bank must be provided to IATA office 19 days before expiry date of the previous Guarantee.

## 5. INTERIM FINANCIAL REVIEWS

5.1. For any Financial Review conducted for cause at a time other than in respect of an Agent's financial year end, IATA may conduct a Financial Review in accordance with Section 3 of these criteria, as applicable to that Agent by reviewing the internal quarterly management accounts of the Agent showing the results for each quarter since the last annual review, the cumulative results to date and the latest balance sheet.

## 6. CHANGES IN OWNERSHIP

6.1. If any agent is subject to a change of ownership, involving more than 30% of the shares movement within 12-month period, which resulted in change of control, the Agent's Bank Guarantee level will be recalculated in accordance with Paragraph 4.3 of these Criteria.

## 7. SIGNIFICANT CHANGE IN NET BSP SALES

7.1. A significant change means any change in the business of the Agent which results in a change in its net BSP sales of more than 20% as compared to the previous 12 months. A change can be an increase or a decrease in net BSP sales.

7.2. An Agent must notify IATA of any significant change as soon as the Agent becomes aware of it.

7.3. An interim Financial Review may also be initiated by IATA where IATA becomes aware of a significant change in net BSP sales in accordance with Section 5.

## DEFINITIONS OF TERMS USED IN THESE CRITERIA

**Adjusted Current Assets** – are defined as Current Assets as in the Balance Sheet of the Accounts after deducting:

- Stocks and work in progress,
- Deposits given to third parties other than IATA,
- Loans to Directors, Associate Companies, (including any subsidiary, associate or company under common ownership),
- Doubtful debtors,
- Blocked funds, except for funds held in favor of IATA.

**Current Liabilities** - are defined as Current Liabilities as in the Balance Sheet of the Accounts.

**Net Equity consists of:**

- Share capital,
- Share premium,
- Retained earnings,
- Other distributable reserves,
- Shareholder's loans if subordinated less declared dividends.

**Long Term Debt** – all debt liabilities where repayment is due more than twelve months after the end of the financial period.

**Long Term Liabilities** – all liabilities where repayment is due more than twelve months after the end of the financial period.

**Net profit** – profit after all costs and taxes are deducted.

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**RWANDA***(Effective 1 October 2012 – Mail Vote A220)***1. Financial Statements**

Audited annual financial statements duly certified by a Certified Public Accountant disclosing airlines sales and aged debtors must be produced annually and supplied to IATA within 6 months of the Agent's financial year-end.

The accounts must reflect a satisfactory financial standing by meeting the following financial tests:

- (a) There must be positive Net Equity
- (b) The Net Equity must exceed the sum of Long Term Debt and other Long Term Liabilities
- (c) EBITDA (Earnings Before Interest, Taxation, Depreciation, Amortization and extraordinary items) must be positive
- (d) The EBITDA must exceed the Interest Payable by a factor of at least three
- (e) Liquid Current Assets must exceed Current Liabilities.
- (f) There must have been no defaults (including defaults resulting from an accumulation of irregularities) in the previous 24 months

**Irregularity** means any irregularity applied under the Passenger Sales Agency Rules for non-compliance with those Rules including but not limited to Financial Irregularities.

**Net Equity or Shareholders'/Owners' Funds –**

In computing the Net Equity, adjustments must be made to write down to zero the following:

- a) The balance of all intangible assets, including goodwill,
- b) All unamortised research and development costs,
- c) The value of all unquoted investments,
- d) All encumbered Assets,
- e) All trading losses for the current financial period.
- f) All share capital not paid in cash

**Liquid Current Assets** – are defined as Current Assets as in the Balance Sheet of the Accounts after deducting:

- a) Stocks and work in progress,
- b) Deposits or guarantees given to third parties other than IATA,
- c) Loans to Directors, Associate Companies, (including any subsidiary, associate or company under common ownership)
- d) all intercompany balances
- e) Payments in advance,
- f) Deferred Expenses,
- g) Doubtful debtors,
- h) Blocked funds.

**Long Term Debt** – All debt liabilities where repayment is due more than twelve months after the end of the financial period.

**Long Term Liabilities** – all liabilities where repayment is due more than twelve months after the end of the financial period

**2. Financial Review****2.1 Agents accredited for two years or less**

2.1.1 All Agents must provide Audited Accounts for each financial year end during the first two years of accreditation for the purposes of evaluation against the financial criteria tests mentioned in the financial statements section 1

2.1.2 All Agents must provide a Financial Security during the first two years in accordance with the Financial Security section 3.

## 2.2 Agents accredited for more than two years

2.2.1 All Agents must provide Audited Accounts for each financial year end during the first two years of accreditation for the purposes of evaluation against the financial criteria tests mentioned in financial statements section 1.1.

2.2.2. If an Agent passes all the financial criteria tests and satisfies all the points below, the Agent will be eligible for a discount as per the below table:

(a) The Agent has not had any of the following in the current year or the previous two years:

- (i) Default (including defaults resulting from an accumulation of irregularities).
- (ii) Change of Ownership.
- (iii) Change in Financial Year End.
- (iv) Significant Change in gross BSP sales.

(b) The Agent also passed all of the financial criteria tests under section 1 based on the Audited Accounts provided for the previous two years.

### Reduction in Bank Guarantee

No. of Years in Business as an IATA agent	% Discount
0 to 2	Nil
3 to 5	15
5 to 7	30
7 to 10	40
Above 10	60

2.2.3 If an Agent fails to pass any of the financial criteria tests, the Agent must provide a Financial Security that covers at a minimum the Amount at Risk calculated using the BSP cash turnover amount equal to the average of the 3 months highest net cash sales in the previous 12 months in accordance with the Financial Security section 3.

## 3. Financial Security

3.1 An Agent will not be accredited or will not continue to be accredited unless all the following criteria are met in relation to the Financial Security required by IATA:

- (a) The original Financial Security document has been received by IATA; and
- (b) The Financial Security is confirmed to IATA by way of written confirmation received directly from the third party supporting the Financial Security that the Financial Security was issued by that third party and is valid; and
- (c) The Financial Security must be for an unlimited period and subject to a minimum notice period of cancellation of ninety (90) days.

3.2 For the purposes of calculating the amount of a Financial Security the following definitions apply:

3.2.1 "Days' Sales at Risk" means the number of days from the beginning of the Agent's reporting period to the remittance date in respect of that reporting period or periods, plus a margin of five days.

3.2.2 "Amount at Risk" is calculated by dividing the Days' Sales at Risk by 90 days, and applying that percentage to the BSP cash turnover amount the Agent made in the three month period referred to in section 3.2.2(a) or 3.3.1 as applicable.

$$\text{"Amount at Risk"} = \frac{\text{"Days' Sales At Risk"} \times \text{BSP cash turnover in applicable 3 month period}}{90}$$

## 3.3 Agents accredited for two years or less

3.3.1 All Agents must provide a Financial Security with a minimum amount of USD 50,000 to be accredited, or the average monthly sales calculated on the 3 highest months of the previous 12 months where a travel agent was already in business.

**3.3.2** After the first three months of accreditation, the amount of the Financial Security required must cover at a minimum the higher of:

- (a) The Amount at Risk calculated using the cash turnover amount equal to the average net BSP monthly cash sales of the Agent during the previous three month period; or
- (b) USD 50,000.

If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

#### **3.4 Agents accredited for more than two years**

**3.4.1** The amount of the Financial Security required must cover at a minimum the Amount at Risk calculated using the BSP cash turnover, or cash turnover as applicable, amount equal to the average of the 3 months highest net cash sales in the previous 12 months.

**3.4.2** If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

**3.4.3** If an Agent decides to go on more frequent remittance, such Agent will qualify for a reduction of 40% of the Financial Security otherwise required under section 3.3.1.

#### **4. CHANGES IN OWNERSHIP**

**4.1.** This section applies to all notifications to IATA of a change in ownership or control or any other Review resulting from a change of ownership or control of the Agent in accordance with the Passenger Sales Agency Rules.

**4.2** The Agent must provide Audited Accounts no later than 90 days after the change of ownership or control is effected. The Accounts must cover a period of 12 months including, at a minimum, the first month after the change of ownership or control takes effect and IATA will use these Accounts to conduct the Financial Review applicable to the Agent under this Resolution.

**4.3** All Agents that have a change in ownership or control will be required to provide a Financial Security calculated in accordance with the Amount at Risk applicable to the Agent under section 3.

#### **5. CHANGES IN FINANCIAL YEAR END**

**5.1** All Agents must notify IATA immediately of a change in its financial year-end.

**5.2** The Agent must provide both:

- (a) Audited Accounts at the time of the notification of change of financial year end within 60 days after the change is made and IATA will conduct the Financial Review applicable to the Agent.
- (b) Audited Accounts for the financial year end that would have applied to the Agent before the Agent changed its financial year end. These must be provided to IATA within 60 days of the former financial year end.

**5.3** All Agents that have a change in financial year end will be required to provide a Financial Security calculated in accordance with the Amount at Risk applicable to the Agent under section 3.

#### **6. SIGNIFICANT CHANGE IN GROSS BSP SALES**

**6.1** A significant change means any change in the business of the Agent which results in a change in gross BSP sales of more than 20% as compared to the previous 12 months *[or \$X whichever is less]*. A change can be an increase or a decrease in gross BSP sales.

**6.2** An Agent must notify IATA of any significant change as soon as the Agent becomes aware of it

**6.3** A Financial Review can also be initiated by IATA as soon as IATA becomes aware of a significant change.

**6.4** Where there is a significant change in the business of the Agent, IATA will conduct a Financial Review and calculate the amount of the Financial Security required in accordance with section 3.

**SAUDI ARABIA***(Effective 1 April 2016 – Mail Vote/A268)***1. General Rules****1.1 All Applicants and Agents must:**

- 1.1.1 Hold a valid license to trade from the Saudi Commission of Tourism and National Heritage, in accordance with their resolution.
- 1.1.2 Hold a valid Commercial Registration (CR), covering travel agent activity at the location.
- 1.1.3 Provide an attested copy of their Articles of Association for all types of partnership companies.

**2. Criteria for Evaluation of Agents' Accounts**

The following financial tests apply to the evaluation of an Agent's Audited accounts:

- 2.1 There must be a positive Net Profit
- 2.2 Liquidity ratio: Current Assets/ Current Liabilities must not be less than 1:1
- 2.3 Agent must show a collection period of Accounts receivable of not more than an average of 21 days.

**3. Financial Views**

- 3.1 All Agents must provide Audited Financial Documents (balance sheet, ageing statement of accounts receivable and accounts payable, cash flow statement, profit/loss, and the audit report), no later than 6 months after each financial year end, or as required by legislation, of that agent for the purposes of evaluating against the financial tests in section 2 of this criteria.
- 3.2 If an Agent has been in business for less than 12 months at the time of application, a certified opening balance sheet must be provided instead
- 3.3 Financial Statement must be provided in either English or Arabic language and duly audited and signed by a certified chartered public accountant.

**4. Financial Security**

- 4.1 The financial Security required must cover at a minimum the "Amount at Risk" calculated as below using the BSP net cash sales, amount equal to the average annual net cash sales. If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk

"Days Sales at Risk" X (Annual net cash sales/365)

- 3.1 New applicants that only provide opening balance sheet must provide an auto-renewable Financial Security of SAR 500,000.00 for the first year of accreditation.

- 3.2** New applicants that provided annual Audited Accounts and who obtain a satisfactory evaluation must provide a Financial Security for an amount equals to the Agent's amount at risk, as described in 4.1. If such applicant obtains an unsatisfactory evaluation, they must provide an auto-renewable Financial Security equals to the Agent's amount at risk as described in 4.1 subject to a minimum of SAR 500,000.00
- 3.3** Agents that obtain an unsatisfactory evaluation must provide a Financial Security for an amount equal to the Amount at Risk, as described in 4.1.
- 3.4** Agents that obtain a satisfactory evaluation must provide a Financial Security for an amount equals to the Amount at Risk, as described in 4.1, less the amount of net current assets. If the Amount at Risk increases or decreases in subsequent satisfactory evaluations, they will be liable to increase or eligible for decrease in the Financial Security provided accordingly. However, if their Net Current Assets is greater than their Amount at Risk, they will be eligible for release of the Financial Security provided:
- 3.4.1** The Agent has been approved for at least two years.
- 3.4.2** The Agent has not had a default (including defaults resulting from an accumulation of irregularities) and removal from the agency list in the last 12 months.
- 3.4.3** The Agent also passed all of the financial tests under Section 2 based on the audited accounts provided for the previous two years.
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**SCANDINAVIA**  
**(including Denmark, Greenland, Iceland, Norway and Sweden)**

*(Effective 1 August 2016 – Mail Vote/A272)*

## 1. GENERAL RULES

The financial aspects of IATA applications are evaluated by a Financial Assessor in the employ of IATA.

## 2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS

**2.1** The minimum financial criteria for Denmark, Greenland, Norway and Sweden fall into two areas, financial tests and credit rating. For Iceland, the financial criteria are only based on the financial tests, and any reference to credit rating below can be disregarded.

The financial tests defined below for Equity (a) and Liquidity (b) must be met at all times.

### (a) Equity Capital

Rate of solidity  $\frac{\text{Equity capital}}{\text{Total capital}} = \text{min } 6\%$

If the Agent shows a profit before extraordinary items, otherwise min 8%.

### (b) Liquidity

Rate of Liquidity  $\frac{\text{Current assets}}{\text{Current liabilities}} = \text{min } 1.0$

In preparation of the financial statements, generally accepted accounting principles and national legislation of the respective country must be taken into consideration. The signed Auditor's Report must not indicate any deviation from the generally accepted accounting principles of the respective country.

## 2.2 Credit Rating

The current credit rating of the Agent/applicant, obtained from a credit rating company, as agreed by the APJC, is also taken into account to form a complete evaluation of the financial status and credit worthiness of an applicant/Accredited Agent.

The credit rating so obtained for a specific Agent must at all times be higher than the Dun & Bradstreet 'B' rating (or the equivalent rating from another supplier).

An Agent that is rated as Dun & Bradstreet 'B' rating, 'C' rating or "No Rating" will be requested to submit a Financial Security or take action to have their credit rating improved.

In addition, an Agent that has received a Financial Security request based on unsatisfactory rating, has the possibility to send proof of a satisfactory rating from a second rating company, approved by IATA.

Following rating classes / companies are currently approved:

Denmark – Minimum "Risk Class Moderate" from Experian  
Norway – Minimum "Risk Class Moderate" from Experian  
Sweden – Minimum "Risk Class 3" from UC

The Financial Security request will then be withdrawn, but satisfactory rating from the second supplier will have to be provided in 6 months intervals, unless the Dun & Bradstreet rating goes back to satisfactory level.

When assessing the credit rating of a Branch Office Location in Scandinavia, the credit rating of its Head Office Location in Scandinavia (if any) will be used.

## 3. FINANCIAL REVIEWS

### New Applicants

**3.1** New applicants with more than one year's trading record must submit with the application a full set of financial statements, including balance sheet, profit and loss account, notes to accounts, if available, for their company for the most recent financial year. Documents must be produced by a nationally approved Public Auditor in accordance with generally accepted accounting principles and national legislation.

**3.2** Companies with less than one year's trading record must submit a copy of a certified opening balance sheet.

**3.3** IATA has the right to require the documents to be translated into English.

#### **Accredited Agents**

**3.4** Accredited Agents are obliged to submit a copy of their Audit Annual Report and financial statements in accordance with time frame for filling reports required by the local authority in each country currently:

Denmark and Iceland – 6 months after financial year end

Sweden – 7 months after financial year end

Norway – 8 months after financial year end

**3.5** Documents must be reviewed by a nationally approved Public Auditor in accordance with generally accepted accounting principles and national legislation.

**3.6** IATA has the right to require the documents to be translated into English.

#### **4. FINANCIAL SECURITY**

**4.1** Accepted types of Financial Securities are the following:

- a. Bank guarantee
- b. Insurance bond/guarantee

#### **4.2 New Agents**

**4.2.1** All new approved Head Offices must provide a Financial Security before ticketing authorities can be granted. Ticketing authorities will be granted only after IATA has received such Financial Security.

**4.2.2** The Financial Security must not be for a limited period and needs to be open-ended and subject to a minimum notice period of cancellation of ninety (90) days. The required Financial Security amount is 8,5% calculated on the basis of the estimation, as provided by the applicant, of the agent's average annual BSP cash sales during his first two years as IATA accredited agent. Minimum Financial Security is SEK 200,000 or equivalent in local currency.

**4.2.3** The Financial Security must remain in place until the third set of annual audited accounts (the three sets covering at least 36 months) has been submitted and reviewed by IATA. If the Agent at the end of the 3 year period and after third annual review and, having passed the Criteria for evaluation in Section 2, ceases to be required to provide a Financial Security, any existing Financial Security of that Agent may be allowed to lapse or terminate.

#### **4.3 Accredited Agents**

If an Accredited Agent fails to meet any of the criteria specified under the Criteria for evaluation of agents' accounts he may, however, be approved or retained, provided that a Financial Security is submitted in accordance with the following requirements:

- the amount of the Financial Security must be 8.5% of the actual turnover from the last 12 months ticket sales for IATA Member Airlines and Airlines participating in the Billing and Settlement Plan
- the amount must be calculated on net sales, i.e.:
  - Agent's remuneration to be deducted
  - credit card sales to be deducted
- minimum Financial Security is SEK 200,000 or equivalent in local currency
- Agents will continuously be reviewed in relation to its actual turnover through BSP

**4.4 Guarantor**

Effective 01 January 2016, parent company guarantees will not be accepted.

Government-owned entities are exempted from providing a Financial Security. In lieu of a Financial Security, a Letter of Guarantee and Undertaking must be provided to IATA to ensure appropriate and sufficient coverage in the event of a Default.

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**SERBIA & MONTENEGRO***(Effective 1 July 2013 - Mail Vote A229)***I. FINANCIAL CRITERIA****1. FINANCIAL EVALUATION CRITERIA****1.1 New Applicants**

An Agent who applies for IATA accreditation must provide the following documents for assessment under the financial ratios in section 1.2:

- Current balance sheet – not older than 6 months
- Profit and loss account

An Agent is considered as a 'New Agent' for a period of two years from the date they become an Agent.

**1.2 Financial Assessment**

Financial evaluation for Agents in Serbia & Montenegro will be performed at least yearly.

An Agent must comply with the following elements:

- Net profit in the accounting period
- No blocked periods for the current accounts in the last 12 months
- Short term liquidity coefficient:

$$\frac{\text{Current assets-long-term business claims}}{\text{Short-term financial and business liabilities}} \geq 1$$

If the Agent fully complies with all other criteria, a short-term liquidity coefficient between 0,75 and 1 is acceptable.

**1.3 Documents needed to be provided by an existing Agent who is subject of an annual financial assessment**

All Agents must submit the documents listed below:

1. Current balance sheet – not older than 6 months
2. Solvency certificate (document that displays turnover and blocked period)

Documents provided must be original or copy with signature and stamp:

- in case of small size Agent signature and stamp provided must be of an outsourced Certified Public Accountant or notarized,
- in case of big size Agent signature and stamp of the internal accounting department are allowed.

The cost of the provision of all financial documents must be borne by the Agent.

**1.4 Classification of High Risk Agent**

After the analysis of submitted financial documents, Agents will be qualified as 'normal risk Agents' or 'high risk Agents'.

The Agent is considered as a 'high risk Agent' if:

- based on the yearly financial assessment his short-term liquidity coefficient is lower than 0,75
- he has had defaults in the last 36 months
- it has had late payment irregularity within the last 12 months

The Agent will be considered as a 'high-risk Agent' for the next 12 months, until the next yearly financial assessment.

**2. FINANCIAL SECURITY**

2.1 Bank guarantees are required from all Accredited Agents and New Agents as financial security.

2.2 All banks approved by National Bank of Serbia (NBS) and National Bank of Montenegro (NBCG) are authorized to issue the guarantee.

2.3 All Agents must possess a valid bank guarantee all the time.

In the case of Serbia, due to the fact that the only BSP currency is the local one (RSD) and that bank guarantee amounts are expressed in EUR currency, the exchange rate applied will be the NBS (National Bank of Serbia) official middle rate valid on the date when the information regarding the bank guarantee amount should be sent to the Agent.

The bank guarantee amount will be rounded up to the nearest 1.000 EUR above the amount resulting from the calculation.

2.4 New Agents must provide a bank guarantee to the amount of 25.000 EUR.

2.5 Existing Agents

The full bank guarantee amount is based on the average 22 days cash turnover in the previous 12 consecutive months ending with the last remittance period for which information is available.

(a) Normal risk Agents with average 22 days cash turnover between 0 EUR and 75.000 EUR will be required to provide 50% of a full bank guarantee with a minimum amount of 25.000 EUR.

(b) Normal risk Agents with average 22 days cash turnover between 75.001 EUR and 150.000 EUR will be required to provide a bank guarantee that covers 40% of a full bank guarantee with a minimum amount of 40.000 EUR.

(c) Normal risk Agents with average 22 days cash turnover over 150.001 EUR will be required to provide a bank guarantee that covers 30% of a full bank guarantee with a minimum amount of 65.000 EUR.

High risk Agents will be required to provide a full bank guarantee.

Minimum amount of the bank guarantee is 25.000 EUR.

(a) An adjusted bank guarantee will be requested only in case when existing bank guarantee amount required to be increased/decreased by more than 10%.

2.6 A comparison/check of the amount of the financial security provided by an Agent versus actual cash turnover will be executed at least twice a year.

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**SINGAPORE**
*(Effective 1 January 2015 – PAC/37)*
**1. Finances**

1.1. Applicants must:

1.1.a. Have a minimum paid up capital of SGD100,000, and

1.1.b. Be established and In business as a travel agent not less than twelve months prior to the date of application, provided that if an applicant with less than twelve months trading record may be approved if the applicant furnishes a minimum financial security of SGD50,000/- valid until the receipt of audited annual accounts, provided further that during this period if the average monthly sales exceeds this amount it shall be adjusted accordingly. This financial security should be provided in addition to the minimum security required based on the assessment result.

1.2.a. When assessing whether the applicant meets the financial standing described in Subparagraph 1.1 of this Paragraph, the following shall be taken into account.

1.2.a(i) Financial Assessment Indicators

<b>Paid-up Capital</b>	<b>Score</b>
100,000	1
100,001 - 150,000	2
150,001 - 180,000	3
180,001 - 210,000	4
210,001 - 300,000	5
300,001 - 500,000	6
500,001 - 700,000	7
700,000 - 1,200,000	8
1,200,001 - 10,000,000	9
> 10,000,000	10

<b>Business Scale</b>	<b>Score</b>
1 - 1,000,000	1
1,000,001 - 2,700,000	2
2,700,001 - 5,000,000	3
5,000,001 - 6,500,000	4
6,500,001 - 8,000,000	5
8,000,001 - 10,500,000	6
10,500,001 -13500000	7
13,500,001 - 20800000	8
20,800,001 - 35000000	9
> 35,000,000	10

<b>Profitability*</b>	<b>Score</b>
< (250,000)	1
(249,999) - (90,000)	2
(89,999) - (22,000)	3
(21,999) - 0	4
1 - 5,000	5
5,001 - 16,500	6
16,501 - 39,500	7
39,501 - 90,000	8
90,001 - 213,000	9
> 213,000	10

<b>Liquidity</b>	<b>Score</b>
0.01 - 0.60	1
0.60 - 0.75	2
0.75 - 0.95	3
0.96 - 1.05	4
1.06 - 1.17	5
1.18 - 1.26	6
1.26 - 1.45	7
1.46 - 1.68	8
1.68 - 2.50	9
> 2.51	10

Leverage	Score
Negative or > 25.00	1
12.51 - 25.00	2
6.01 - 12.50	3
4.31 - 6.00	4
3.11 - 4.30	5
2.12 - 3.10	6
1.61 - 2.11	7
1.01 - 1.60	8
0.66 - 1.00	9
0.01 - 0.65	10

Reserve	Score
< (1,750,000)	1
(1,749,999) - 90,000	2
90,001 - 130,000	3
130,001 - 200,000	4
200,001 - 400,000	5
400,001 - 680,000	6
680,001 - 1,200,000	7
1,200,001 - 2,300,000	8
2,300,001 - 7,500,000	9
> 7,500,000	10

Margin Trends	Score
↑ ↑	5
↓ ↑	3
↑ ↓	-3
↓ ↓	-5

Score	Rating Scale
≥ 60	A
46 - 59	B
35 - 45	C
12 - 34	D
≤ 12	Fail

\*2 years AVERAGE of profit and/or losses.  
 \*\*Based on Rate of Net Profit after Sales.

**Definition of Financial Assessment Indicators**

**Paid up Capital** is the amount of a company's capital that has been funded by shareholders. Paid-up capital can be less than a company's total capital.

**Business Scale** is the firm's/ company's turnover. This is the annual sales volume net of all discounts and taxes.

**Profitability** is the capacity to make a profit. Net Profit is measured by what is left over from income earned after having deducted all costs and expenses related to earning the income in a specific financial year. Profitability is measured as the average Net Profit of the current financial year and previous financial year.

**Liquidity** is the Liquidity Ratio. The calculation of a company's available cash and marketable securities against outstanding debt.

**Leverage** is the ratio of a company's loan capital (debt) to its Equity (Equity is the value of its ordinary shares and accumulated profits/reserves).

**Reserve** is any part of Shareholders' Equity, except for basic share capital. (Shareholders' Equity' is a firm's total assets minus its total liabilities).

**Net Worth**, also known as Shareholders Equity is a firm's total assets minus its total liabilities.

**Margin** is the Total Sale comparison year over year and **Trends** is the profitability comparison year over year (in both cases current financial year versus previous financial year).

## 2. Financial Security

### **Effective 01 January 2015 until 31 December 2015**

- 2.1 Minimum Financial Security for an existing agent is SGD 40,000 or equivalent to 19/360 days' average sales based on the last 12 months activity whichever is higher.

### **Effective 01 January 2016:**

- 2.2 Minimum Financial Security for an existing agent is SGD 40,000 or equivalent to 21/360 days' average sales based on the last 12 months activity whichever is higher.
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**SLOVENIA***(Effective 1 June 2013 – Mail Vote A232)***1. FINANCIAL EVALUATION CRITERIA****New Applicants**

New applicants will be required to present ~~to a~~ bank guarantee corresponding to an estimated 23 days worth of BSP net cash sales. The minimum amount of the bank guarantee is 30,000 EUR and must be provided for a period of 2 years. If the average amount of 23 days BSP net cash sales increases, the amount of the bank guarantee must be increased to cover the increased amount at a minimum.

**Accredited Agents**

1. Net profit in the accounting period
2. No blocked periods for the current accounts in the last 12 months
3. No Notices of Irregularity for overdue/dishonored remittances within the last 12 months
4. Short-term liquidity coefficient must be:

$$\frac{\text{Current assets} - \text{long-term business claims}}{\text{Short-term financial and business liabilities}} > -1$$

Or a short-term liquidity coefficient between 0.75 and 1 is acceptable if the Agent:

- (a) complies fully with criteria set under 1, 2 and 3
- (b) has cash and cash equivalents not lower than its average 10 days BSP net cash sales for the past 12 months.

5. Equity ratio

$$\frac{\text{Equity}}{\text{Total assets}} * 100 \geq 12\%$$

A bank guarantee equal to the average 23 days' BSP net cash sales for the past 12 months is required when an Agent does not meet any one of the above criteria.

In case that an Agent is not able to provide required amount of bank guarantee, voluntary increased remittance frequency can be applied. In that case, the amount of the bank guarantee must be equal to 50% of the required bank guarantee amount, but not lower than the minimum amount of a bank guarantee for a new applicant.

**Required documentation for the Agent financial assessment**

1. Profit and Loss Account (copies with original stamp and signature acceptable)
2. Balance Sheet (copies with original stamp and signature acceptable)
3. Solvency assessment provided by all commercial banks, where the Agent has opened its current accounts that must be not older than 30 days. Copies acceptable.
4. External Audit Report (where required by Slovenian legislation)

Agents (all type of entities except Joint Stock Companies are required to provide IATA with the documentation specified above by 30 April of the current year.

Agents registered as Joint Stock Companies ("d.d.") are required to submit entire documentation (including external Audit report) by 31 July of the current year.

The assessment is carried out on the basis of Slovenian legislation and Slovenian Accounting Standards.

An Agent can request a voluntary financial review at any time at its own expense. Such review could result in decrease or elimination of existing bank guarantee.

**Bank Guarantee**

The bank guarantee must be issued by a bank authorized by the Bank of Slovenia. The bank guarantee may be replaced by insurance accepted by IATA in accordance with criteria established under Resolution 850p.

If the average amount of 23 days BSP net cash sales increases, the amount of the bank guarantee must be increased to cover the increased amount at a minimum.

**License**

Official Travel Agent license is required issued by the Chamber of Commerce and Industry of Slovenia (Gospodarska zbornica Slovenije).

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## SOUTH WEST PACIFIC ISLANDS

**FINANCIAL EVALUATION**

The term “applicant” where used in these Criteria shall be understood to include an Accredited Agent.

The applicant shall provide audited or certified financial statements prepared in accordance with standard accounting practices. Such statements shall be evaluated and found satisfactory pursuant to the financial standards and financial ratio analysis established from time to time by the South West Pacific General Assembly and set forth in this Handbook.

To obtain a satisfactory evaluation, the applicant will be required to provide additional financial support in the form of a bank guarantee or an insurance cover from an Insurance Company acceptable to IATA.

For **Fiji** the bank guarantee or insurance cover will be equivalent to three weeks average BSP sales net of credit card sales and commission for weekly reporting transacted for international sales. For **Tonga** the bank guarantee or insurance cover will be equivalent to three weeks average BSP sales net of credit card sales and commission for weekly reporting transacted for international sales. For **Samoa** the bank guarantee or insurance cover will be equivalent to three weeks average BSP sales net of credit card sales and commission for weekly reporting transacted for international sales. For the **Cook Islands** the bank guarantee or insurance cover will be equivalent to five weeks average BSP sales net of credit card sales and commission for fortnightly reporting or three weeks average BSP sales net of credit card sales and commission for weekly reporting transacted for international sales. For **Vanuatu** the bank guarantee or insurance cover will be equivalent to 3 million Vatu or 4 weeks average turnover transacted for international sales whichever is the greater. For **all other countries** the bank guarantee or insurance cover will be equivalent to four weeks average turnover for international sales.

The financial statements will be evaluated by a Financial Assessor appointed by the Agency Services Manager.

**1. PREPARATION**

**1.1** The financial statements must be audited or be certified by a Chartered Accountant (Registered Accountant in Samoa) and signed by one director or the proprietor(s).

The financial data and documents supporting an application shall reflect the current financial position of the applicant and shall be submitted in accordance with the requirements set out in the Agency Services Manager's letter of request.

**1.2 Change of Ownership/New Applications** — If the business is continuing, a new applicant must submit statements reflecting the position of the agency in operation. Historical data will thus be available for evaluation.

Otherwise, an applicant shall submit a certified opening balance sheet reflecting the position of the new entity on commencing business. Budgets of projected turnover and expenses will be required.

**1.3 Contents of Accounts** — As a standard industry practice, the following items should be disclosed in the financial statements or as notes thereto:

**1.3.1** Gross Sales includes ticket sales, package tours, hotels, car rental, insurance, accommodation, miscellaneous income, etc. net of VAT or any other similar tax imposed within the countries covered by these Criteria and before deduction of commission. Non-travel turnover should also be included.

**1.3.2** Salary to directors and shareholders. Also franchise fees and management fees which may need to be considered in assessing profitability should be disclosed.

**1.3.3** Accounts receivable to show:

- amounts due from clients
- amounts due from airlines
- amounts due from associated persons
- other

If the amount shown as “other” is material, it should be fully identified.

**1.3.4** Accounts payable should show:

- amounts due to clients
- amounts due to airlines
- amounts due to associated persons
- other trade creditors

**1.3.5 Encumbrances** — should any Balance Sheet assets of an applicant be used as security for loans which do not appear on the Balance Sheet, (e.g. Third party loan to directors) those loans will be deducted from assets, up to the maximum amount of the liability secured by the applicant's assets. Details of such encumbrances will require immediate disclosure and will be included in the Annual Financial Accounts.

All charges over an applicant's assets, both fixed and floating, require immediate disclosure to the Agency Services Manager at the time of their creation. Failure to notify the creation of a charge will be regarded as a serious departure from these financial requirements. Retirement of all charges during the year should also be notified to the Agency Services Manager.

**2. FINANCIAL STANDARDS**
**2.1 Minimum Capital**

Each applicant shall have minimum paid up share capital of FJD 20,000 for Fiji, WST 30,000 for Samoa, NZD 30,000 for Cook Islands, TOP 10,000 for Tonga, VATU 1.5 million for Vanuatu and for other countries the capital should be paid up sufficient so that the company is not undercapitalized in the overall total funds employed by the company.

For each branch location, the applicant must increase paid up share capital by FJD 5,000 for Fiji, WST 5,000 for Samoa, NZD 5,000 for Cook Islands, TOP 5,000 for Kingdom of Tonga, VATU 300,000 for Vanuatu and SBD 5,000 for Solomon Islands in addition to the minimum paid-up share capital or the following scale based on turnover whichever is the greater.

**FIJI:**

<b>Total Gross Sales (FJD)</b>	<b>Share Capital (FJD)</b>
Minimum	\$20,000
Up to \$2 million	\$20,000
\$2 to \$3 million	\$30,000
\$3 to \$4 million	\$40,000
\$4 to \$5 million	\$50,000
\$5 to \$6 million	\$60,000
\$6 to \$7 million	\$70,000
\$7 to \$8 million	\$80,000
\$8 to \$9 million	\$90,000
\$9 to \$10 million	\$100,000
Over \$10 million	1% of total gross turnover

**SAMOA:**

<b>Total Gross Sales (WST)</b>	<b>Share Capital (WST)</b>
Minimum	\$30,000
Up to \$3 million	\$30,000
\$3 to \$4 million	\$40,000
\$4 to \$5 million	\$50,000
\$5 to \$6 million	\$60,000
\$6 to \$7 million	\$70,000
\$7 to \$8 million	\$80,000
\$8 to \$9 million	\$90,000
\$9 to \$10 million	\$100,000
Over \$10 million	1% of total gross turnover

**COOK ISLANDS:**

<b>Total Gross Sales (NZD)</b>	<b>Share Capital (NZD)</b>
Minimum	\$30,000
Up to \$3 million	\$30,000
\$3 to \$4 million	\$40,000
\$4 to \$5 million	\$50,000

\$5 to \$6 million	\$60,000
\$6 to \$7 million	\$70,000
\$7 to \$8 million	\$80,000
\$8 to \$9 million	\$90,000
\$9 to \$10 million	\$100,000
Over \$10 million	1% of total gross turnover

**KINGDOM OF TONGA:**

<b>Total Gross Sales (TOP)</b>	<b>Share Capital (TOP)</b>
Minimum	\$10,000
Up to \$2 million	\$10,000
\$2 to \$3 million	\$20,000
\$3 to \$4 million	\$30,000
\$4 to \$5 million	\$40,000
\$5 to \$6 million	\$50,000
\$6 to \$7 million	\$60,000
\$7 to \$8 million	\$70,000
\$8 to \$9 million	\$80,000
\$9 to \$10 million	\$90,000
Over \$10 million	1% of total gross turnover

**VANUATU:**

<b>Total Gross Sales (VUV)</b>	<b>Share Capital (VUV)</b>
Minimum	1,500,000
Up to 1.5 million	1,500,000
Over 1.5 million	1% of total gross turnover

A sole trader or partnership will have the same equivalent levels of paid up capital.

**2.2 Financial Assessment**

The financial assessment is based on four tests and the allocation of the applicable points to each test. Maximum points are 30 and a total of 15 points or more is considered satisfactory providing the applicant maintains the minimum level of share capital.

The maximum number of points obtainable is made up as follows:

Current Ratio	8 points
Debt Ratio	8 points
Profitability	6 points
Tangible Net Worth to Turnover	8 points
<b>TOTAL</b>	<b>30 points</b>

**2.3 Current Ratio**

$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

This ratio provides a measure of the short-term solvency of the entity.

Current Assets: This amount excludes receivables from shareholders.

Current Liabilities: This amount includes the current portion of external long-term debt, but excludes loans provided by shareholders or proprietors.

Over 1.99	8 points
1.50 — 1.99	7 points
1.25 — 1.49	6 points
1.00 — 1.24	5 points
0.95 — 0.99	4 points
0.90 — 0.94	3 points
0.85 — 0.89	2 points
0.80 — 0.84	1 point
Under 0.80	0 points

**2.4 Debt Ratio**

$$\frac{\text{Total Debt}}{\text{Tangible Assets}}$$

This ratio measures the amount of assets provided by creditors for each dollar of Tangible Assets.

Total debt: Includes current liabilities and all loans from third parties and includes loans provided by shareholders or proprietors.

Tangible Assets: Total Assets (including receivables from shareholders and related parties) less intangible assets such as goodwill, franchise fees, client lists and preliminary expenses. Goodwill attaching to premises will be classed as intangible unless supported by a written valuation from an independent valuer.

Under 0.50	8 points
0.50 — 0.59	7 points
0.60 — 0.69	6 points
0.70 — 0.79	5 points
0.80 — 0.89	4 points
0.90 — 0.99	3 points
1.00 — 1.19	2 points
1.20 — 1.29	1 point
Over 1.29	0 points

**2.5 Profitability Ratio**

$$\frac{\text{Net Profit after Tax}}{\text{Shareholders' Funds}} \times \frac{100}{1}$$

This ratio is a measure of how well the owner's investment has been employed by management.

Net Profit after Tax: Profit after taxes but before extraordinary items.

Shareholders Funds: This is calculated by summing share capital plus retained earnings (minus deficit) plus other reserves.

Over 19.99%	6 points
15.00% — 19.99%	5 points
10.00% — 14.99%	4 points
0% — 9.99%	3 points
Under 0%	0 points

**2.6 Tangible Net Worth to Turnover**

$$\frac{\text{Tangible Net Worth}}{\text{Total Turnover}} \times \frac{100}{1}$$

This ratio equates the tangible net worth of an applicant with its turnover and recognizes that the greater the turnover of an organization the greater should be its tangible net worth.

Tangible Net Worth: Shareholders Funds as in Ratio 2.5 less intangible assets such as goodwill etc. (See Ratio 2.4). Loans to Shareholders/Proprietors will be excluded.

Total Turnover: Total annual gross sales from all sources.

Over 2.00%	8 points
1.50% — 2.00%	6 points
1.00% — 1.49%	4 points
0.75% — 0.99%	3 points
0.50% — 0.74%	2 points
0.25% — 0.49%	1 point
Under 0.25%	0 points

**3. FINANCIAL DISCRETION**

It is recognized that different interpretations of financial accounts are possible and do occur. Accordingly the Financial Assessor shall have discretion as to the most appropriate accounting classification in accordance with standard accounting practices for all items included in Financial Statements.

**4. ADDITIONAL FINANCIAL SUPPORT AND GUARANTEES**

Any applicant who is unable to meet the financial criteria may be required to provide additional protection to the airlines by any of the following measures to be agreed with the applicant:

- a reduction of the BSP remitting period;
- other forms of guarantee acceptable to the Agency Administrator.

**5. FINANCIAL REVIEW**

A fully review of all Accredited Agents will be carried out periodically by a duly appointed Financial Assessor. All financial data and documents required for this purpose are to be submitted by the date specified in the Agency Services Manager's letter of request. Late or incomplete submission by an Agent of such data and/or documents will attract an administrative charge. The amount of the administrative charge shall be as determined from time to time by the Passenger Agency Conference.

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**SOUTHERN AFRICA**

(including Botswana, Lesotho, Namibia, South Africa and Swaziland: *effective 1 February 2016 – PAC/38*)

**1. GENERAL RULES**

**1.1.** Audited Accounts means accounts reviewed by an auditor recognised as competent by the regulatory authority in that country to perform an audit that are provided to IATA. In all instances the established accounting rules in a country will apply.

**1.2.** If an Agent provides Audited Accounts to IATA with an audit report in relation to the possibility to apply the financial tests under Section 2 and:

**1.2.1.** The qualified audit report does not set out the adjustments which should be made to the Audited Accounts to enable the auditor to provide an unqualified audit report, the Agent will be required to provide a Financial Security calculated in accordance with the Amount at Risk applicable to the Agent under this Resolution.

**1.2.2.** The determination made by the third party financial assessor under section 1.2.1 will be final, subject to the provisions of Resolution 820e.

**2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS**

**2.1.** All financial information used in the financial criteria will be extracted from the Agent's Audited Accounts.

**2.2.** The following financial tests apply to the evaluation of an Agent's Audited Accounts:

**2.2.1.** There must be positive Net Equity.

**2.2.2.** EBITDA (Earnings Before Interest, Taxation, Depreciation, Amortisation and extraordinary items) must be positive save as specified below based on the IFRS reporting standards: ("IFRS International Financial Reporting Standards")

**2.2.2.1.** Fair value adjustments

**2.2.2.2.** Non-cash items

**2.2.2.3.** IFRS exceptional items as defined in International Accounting Standards ("IAS")

**2.2.3.** Current Assets must exceed Current Liabilities.

**3. ANNUAL FINANCIAL REVIEWS****Agents accredited for four years or less**

**3.1.** All Agents must provide Audited Financial Statements not more than 12 months old at the time of submission to become an Agent for the purposes of evaluation against the financial tests in section 2. If an Agent has been in business for less than 12 months at the time of application, a recent set of management accounts must be provided instead.

**3.2.** All Agents must provide Audited Financial Statements no later than 6 months after each financial year end, or as required by legislation, during the first four years of accreditation for the purposes of evaluation against the financial tests in section 2.

**3.3.** All Agents must provide a Financial Security during the first four years as an Agent in accordance with section 5.

**Agents accredited for more than four years**

**3.4.** All Agents must provide Audited Accounts no later than 6 months after each financial year end, or as required by legislation, of that Agent for the purposes of evaluation against the financial tests in section 2.

**3.5.** If an Agent passes all the financial tests and satisfies all the points below, the Agent will be required to provide IATA with the minimum Financial Security subject to the Remittance Frequency and the following:

**3.5.1.** The Agent has not had any of the following in the last 12 months:

- a default (including defaults resulting from an accumulation of irregularities and removal from the Agency List.
- a change of ownership subject to the conditions in Section 6.

**3.6.** If an Agent fails to pass any of the financial tests, the Agent must provide a Financial Security in accordance with section 5.

#### **4. INTERIM FINANCIAL REVIEWS**

**4.1.** For any Financial Review conducted for cause at a time other than in respect of an Agent's financial year end, IATA may conduct a Financial Review in accordance with section 2, as applicable to that Agent by reviewing the internal monthly management accounts of the Agent showing the results for each month since the last accounting date, the cumulative results to date and the latest balance sheet.

#### **5. FINANCIAL SECURITY**

**5.1.** An Agent will not be accredited or will not continue to be accredited until any Financial Security required to be provided to IATA has been received by IATA and confirmed to IATA by way of written confirmation received directly from the third party supporting the Financial Security that the Financial Security was issued by that third party and is valid.

**5.2.** Financial Securities will be subject to a minimum notice period of ninety (90) days and will be required to be valid for a minimum of at least one year.

**5.3.** For the purposes of calculating the amount of a Financial Security the following definitions apply:

**5.3.1.** "Days Sales at Risk" means the number of days from the beginning of the Agent's reporting period to the remittance date in respect of that reporting period or periods, plus a margin of five days.

**5.3.2.** "Amount at Risk" is calculated by dividing the Days Sales at Risk by 90 days, and applying that percentage to the BSP cash turnover, or cash turnover as applicable, amount the Agent made in the three month period referred to in section 5.5 or 5.7 of this criteria,

##### **Agents accredited for four years or less**

**5.4.** All Agents must provide a Financial Security subject to the remittance frequency and subject to the minimum amount in point 5.8.

**5.5.** After the first three months of accreditation and after the first 12 months of accreditation, the amount of the Financial Security required must cover at a minimum the higher of:

**5.5.1.** the Amount at Risk calculated as per section 5.3 using the cash turnover amount equal to the average net monthly cash sales of the Agent during the previous three month period; or

**5.5.2.** the minimum amount as in point 5.8

If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

**5.6.** Except for the amount of the initial Financial Security, all calculations of the amount of Financial Security required for Agents accredited for four years or less will be reviewed and calculated under section 5.5

##### **Agents accredited for more than four years**

**5.7.** The amount of the Financial Security required must cover at a minimum the Amount at Risk calculated as per section 5.3 using the BSP cash turnover,

**5.8.** All calculations of the amount of Financial Security required for Agents accredited for more than four years will be calculated under section 5.7 of this Resolution taking into consideration the following elements:

**5.8.1.** Minimum Financial Security subject to Remittance Frequency:

**5.8.1.1.** Weekly Remittance: ZAR 160,000.00 (or equivalent in NAD, LSL, SZL or BWP for each country operation as communicated by IATA)

**5.8.1.2.** Fortnightly Remittance: ZAR 250,000.00 (or equivalent in NAD, LSL, SZL or BWP for each country operation as communicated by IATA)

5.8.1.3. Monthly Remittance: ZAR 500,000.00 (or equivalent in NAD, LSL, SZL or BWP for each country operation as communicated by IATA)

**Financial Security calculation subject to the minimum above:**

Additional financial Security	Risk amount less Net equity
Risk Amount	For monthly remitters: (Last 12 months BSP cash sales / 365) * 50 For fortnightly remitters : (Last 12 months BSP cash sales /365) *35 For weekly remitters : (last 12 months cash sales / 365) *17 *Sales Period Under Review
Net Equity	Consists of: - Share capital - Share premium - Retained earnings - Other distributable reserves - Shareholder’s loans if subordinated less declared dividends

**Exception:**

When an Agent is defaulted due to late payment or accumulation of Irregularities the Agent might be requested to provide a Financial Security that covers the “Sales at Risk” in accordance to Resolution 818g Att A 2.2(A)

**Reduced Guarantee:**

If the Agent is required to provide additional guarantees (over the minimum guarantee per Agent indicated in the above table subject to remittance frequency), the additional guarantee will be reduced by the appropriate percentage as indicated in the table below:

Number of years in Business	% reduction
0-4	0%
5-7	10%
8-10	20%
11-12	30%
13-15	40%
>15	50%

Exception to this reduction is for Agents with non-payment default during the past 12 months:

**6. CHANGES IN OWNERSHIP**

**6.1.** This section applies to all changes in ownership or control or any other Review resulting from a change of ownership or control of the Agent in accordance with the Passenger Sales Agency Rules.

**6.2.** The Agent must provide Audited Accounts, no later than 90 days after the change of ownership or control is effected. The Accounts must cover a period of 12 months including, at a minimum, the first month after the change of ownership or control takes effect and IATA will use these Accounts to conduct the Financial Review.

**7. CHANGES IN FINANCIAL YEAR END**

**7.1.** All Agents must notify IATA immediately of a change in its financial year-end.

**7.2.** The Agent must provide both:

**7.2.1.** Audited Accounts within 90 days after the change is made and IATA will conduct the Financial Review applicable to the Agent.

**7.2.2.** Audited Accounts for the financial year end that would have applied to the Agent before the Agent changed its financial year end. These must be provided to IATA within 90 days of the former financial year end.

**8. SIGNIFICANT CHANGE IN GROSS BSP SALES**

**8.1.** A significant change means any change in the business of the Agent which results in a change in gross BSP cash sales of more than 20% as compared to the previous 12 months. A change can be an increase or a decrease in gross BSP sales.

**8.2.** An Agent must notify IATA of any significant change as soon as the Agent becomes aware of it

**8.3.** An interim Financial Review may also be initiated by IATA where IATA becomes aware of a significant change in gross BSP sales in accordance with Section 4.

#### **DEFINITIONS OF TERMS USED IN THESE GUIDELINES**

**Current Assets** – are defined as Current Assets as in the Balance Sheet of the Accounts.

**Current Liabilities** - are defined as Current Liabilities as in the Balance Sheet of the Accounts

**EBITDA** – Earnings Before Interest, Taxation, Depreciation and Amortization

**Financial Irregularity** means an irregularity applied as a result of any failure to adhere to the reporting and remittance procedures described in Resolution 818g Attachment “A” including but not limited to those irregularities described in Resolution 818g Attachment “A”.

**Financial Review** means a review of an Agent’s financial position or the calculation of the amount of Financial Security required in accordance with this Resolution 800f, or both.

**Irregularity** means any irregularity applied under the Passenger Sales Agency Rules for non-compliance with those Rules including but not limited to Financial Irregularities.

**Net Equity or Shareholders’/Owners’ Funds** – consists of:

- Share capital
- Share premium
- Retained earnings
- Other distributable reserves
- Shareholder’s loans if subordinated less declared dividends:

**Long Term Debt** – All debt liabilities where repayment is due more than twelve months after the end of the financial period.

**Long Term Liabilities** – all liabilities where repayment is due beyond twelve months after the end of the financial period.

**Review** means any assessment or evaluation of an Agent’s continuing compliance with the Passenger Sales Agency Rules.

**Sales Period Under Review:** will be counted back from the start date of the review i.e. review initiated in December for 12 months will include all months between December and December.

**SPAIN**

(Valid from 1 May 2015 – PAC/36)

**1. Requirements for Accreditation of new Agent****A. Documentation**

Provided below is a description of the original documents required to become an Accredited Agent. These documents must not be older than three (3) months from the date of the Agent accreditation application described in the official form.

- Certified or attested photocopy of the National Identity Document or Foreigners' Identity Number (NIE) of the joint and several administrator(s), Managing Director, legal representative(s) and director(s) of the new Agent.
- Original criminal record certificate [certificado de penales] of the joint and several administrator(s), Managing Director, legal representative(s) and director(s) of the new Agent.
- Original, certified or attested certificate from the General Treasury of the Social Security Office confirming that the new Agent is up-to-date with the payment of social security contributions.
- Limited audit carried out by a member auditor of the Official Registry of Auditors (ROAC) of the accounts of the previous financial year submitted to the Trade Registry, and interim financial statements for the period spanning from the start date of the current financial year to the date of the Agent accreditation application to be assessed in accordance with section B2 below. If the new Agent is a newly formed company without interim financial statements due to its short period in operation, the new Agent must provide the duly checked opening balance sheet. The opening balance sheet will not be subject to any assessment.
- Certified or attested photocopy of the Company's formation deed in which the names of the new Agent's administrator(s) and legal representative(s) are clearly specified.
- If the new Agent has had any change in ownership at any time after the formation of the company and prior to the Agent accreditation application, the new Agent must provide a copy of the change in ownership deed or the change in administrator(s), legal representative(s) and director(s) deed certified or attested by the auditor or a notary.
- If the administrator(s) and director(s) of the new Agent are not EU citizens, they will have to provide a certified or attested copy of their Spanish Resident's Permit, which must be valid for a minimum period of four (4) years.
- Certified or attested photocopy of the new Agent authorization issued by the autonomous regional authorities.
- Certified or attested photocopy of the business tax (IAE) payment receipt (*Impuesto de Actividades Económicas*, IAE)
- Certified or attested photocopy of the contract (excluding financial terms) with an accredited reservations system or otherwise a letter from the GDS confirming the installation of the system in the Agent's premises.

**B. Financial Requirements**

1. The new Agent is a newly-formed agency (less than one (1) year since the formation of the company):

The new Agent must provide a bank guarantee for an amount of forty thousand Euros (€40,000).

2. The new Agent is a pre-existing agent (more than one (1) year since the formation of the company):

IATA will appoint a company specialized in risk and solvency analysis and external to both, travel agencies and airlines to perform impartial risk and solvency analyses on the new Agent. The results of the analyses will give a score ranging from zero (0) to ten (10), where ten (10) is the highest score and zero (0) the lowest. Likewise, the external company will perform a creditworthiness assessment and a RAI (*Registro de Aceptaciones Impagadas*, Unpaid Receivables Registry) incidents analysis on the new Agent.

For the results to be valid, the new Agent must have submitted the accounts for the most recent financial year to the Trade Registry by the deadline established by law. If the Agent has been in operation for more than one (1) year but has not yet been required to submit its accounts to the Trade Registry, the Agent must provide its limited audited provisional accounts to the external company performing the analyses. Otherwise, the results of the solvency ratio analysis will be considered to be zero (0).

The Agent is required to achieve a score of five (5) in the results of each of the analyses performed at the time of applying for accreditation as a new Agent. The new Agent is also required to be given a creditworthiness rate above six thousand (€6,000) euros and to have no incidents in the RAI (Unpaid Receivables Registry).

In addition to meeting the evaluation criteria, the new Agent is to provide a bank guarantee of forty thousand Euros (€40,000).

The bank guarantee provided by all new Agents under this section 1 to IATA at the time of accreditation as a new Agent must continue in effect for a period of three (3) years from the date of the form of application to join the BSP as notwithstanding the result of any financial assessment of the Agent required in accordance with section 4 of these financial criteria during that time.

## **2. Requirements for changes in ownership**

### **A. Documentation**

Described below are the original documents required by IATA for a change in the ownership of an Agent or in its shareholders (if the change involves a change in the control of the company) to become effective. These documents must not be older than three months from the date of the application for changes in ownership authorisation described in the official form:

- A certified or attested photocopy by the auditor of the National Identify Document or Foreigners' Identify Number (NIE) of the new joint and several administrator(s), Managing Director, legal representative(s) and director(s) of the Agent.
- An original criminal record certificate [certificato de penales] of the new joint and several administrator(s), Managing Director, legal representative(s) and director(s) of the Agent.
- Original, certified or attested certificate from the General Treasury of the Social Security Office confirming that the new Agent is up-to-date with the payment of Social Security contributions.
- Limited audit carried out by a member auditor of the Official Registry of Auditors (ROAC) of the accounts of the previous financial year submitted to the Trade Registry and interim financial statements for the period spanning from the start date of the current financial year to the date of the application for the change in ownership authorisation.
- Certified or attested photocopy of the change in ownership deed in which the names of the new joint and several administrator(s), Managing Director, legal representatives and director(s) of the Agent are clearly specified.
- If the new joint and several administrator(s), Managing Director, legal representative(s) and director(s) of the travel Agent are not EU citizens, they will have to provide a certified or attested photocopy of their Spanish Resident's Permit, which must be valid for a minimum period of at least four (4) years.
- A certified or attested photocopy of the agent authorization issued by the autonomous regional authorities.

### **B. Financial Requirements**

IATA will appoint a company specialized in risk and solvency analysis and external to both, travel agencies and airlines to perform impartial risk and solvency analyses on the Agent. The results of the analyses will give a score ranging from zero (0) to ten (10), where ten (10) is the highest score and zero (0) the lowest. Likewise, the external company will perform a creditworthiness analysis and a RAI (Unpaid Receivables Registry) incidents analysis on the Agent.

For the results to be valid, the Agent must have submitted the accounts for the most recent financial year to the Trade Registry by the deadline established by law. Otherwise, the result of the risk and solvency analyses will be considered to be zero (0). Likewise, the same zero result will be applied to Agents whose accounts have not yet been required to be submitted to the Trade Registry when the analysis is performed because of the short period in which the Agent is in operation.

All Agents who have a change in ownership must submit a bank guarantee to IATA in accordance with the Resolutions in the authorized format, for an amount equal to the average twenty-three (23) days BSP cash sales

of the Agent over the previous twelve (12) months but which can never be below the minimum value of forty thousand Euros (€40,000).

If all the following apply to an Agent with a change in ownership:

- the results of the analysis on the agent range from five to ten (5-10)
- the Agent is assigned a creditworthiness rating above sixty thousand euro (€60,000) (if the applicant is an Agent whose average cash turnover to the BSP in Spain in the past twelve months is above one hundred and fifty thousand euros (€150,000) or six thousand euros (€6,000) (if the applicant is an Agent whose average cash turnover to the BSP in Spain in the past twelve months is below one hundred and fifty thousand euro (€150,000)
- the Agent does not have incidents in the RAI

then the bank guarantee provided by the Agent to IATA at the time of the change in ownership must continue in effect for a period of one **(1) year** from the date of the application for a change in ownership notwithstanding the result of any financial assessment of the Agent required in accordance with section 4 of these financial criteria during that time.

If the results of the analysis differ from those mentioned above, the bank guarantee provided by the Agent to IATA at the time of the change in ownership must continue in effect for a period of two **(2) years** from the date of the application for a change in ownership notwithstanding the result of any financial assessment of the Agent required in accordance with section 4 of these financial criteria during that time.

The above-mentioned financial requirements will not apply in the event of a transfer of ownership *inter vivos o mortis causa* up to the second degree of kinship or affinity by marriage as defined in Articles 915-920 of the Civil Code in Spain. This must be supported by document certified by the Civil Registry.

### **3. Requirements for Accredited Agents to be reinstated**

A. In the event of irregularity(ies) in any of the payments to the BSP giving rise to default by the Agent, the Agent may be reinstated itself in the system provided that, as well as meeting the requirements provided in the IATA Resolutions, a bank guarantee in the authorised format is provided to IATA calculated as follows:

- for an amount equal to the average twenty-three (23) days net BSP cash sales of the Agent over the previous twelve months but not less than the amount of forty thousand Euros (€40,000).

B. In the event of the Agent falling into a technical default as a result of accumulated irregularities, the Agent may be reinstated in the system provided that, as well as meeting the requirements provided in the IATA Resolutions, a bank guarantee in the authorised format is provided to IATA calculated as follows:

- for an amount equal to the average twenty-three (23) days net cash sales of the Agent over the previous 12 months

In both the above cases the bank guarantee provided by the Agent to IATA at the time of reinstatement must continue in effect for a period of three (3) years from the date of reinstatement as an Agent Notwithstanding the result of any financial assessment of the Agent required in accordance with section 4 of these financial criteria during that time.

### **4. Continuity of Accredited Agent requirements**

A/ Agent whose average 23 days' cash sales, taking the past 12 months as a reference, is more than two hundred and sixty-seven thousand Euros (€267,000) on the date the continuity analysis is performed.

IATA will appoint two rating companies specialized in risk and solvency analysis and external to both, travel agencies and airlines to perform impartial risk and solvency analyses on the Agent

Agents are evaluated twice a year by an impartial risk and solvency analysis:

- (a) the first time 46 days after the deadline established by law for submitting the annual accounts duly signed by the administrators; and
- (b) the second time 46 days after the deadline established by law for depositing the annual accounts at the Trade Registry.

The Agent will also have the option to send directly to IATA a rating report prepared by either of the two companies designated by IATA, as chosen by the Agent on a voluntary basis. These reports must be:

- (a) send to IATA no later than 45 days after the deadline established by law for submitting the annual accounts duly signed by the administrators or depositing the annual accounts at the Trade Registry, whichever is applicable (the "presentation deadline"), and
- (b) must not be older than seven (7) days from the presentation deadline.

If the voluntary report is sent by the Agent in accordance with the timeframes specified in this criteria, IATA will not request any report and will use the analysis in the report sent by the Agent as a reference.

If the Agent's year-end is not 31 December, the Agent must notify IATA before the closing date of its accounts.

For the results of each of the default and insolvency analyses to be valid, the Agent must have submitted the annual accounts duly signed by the administrators or deposited the annual accounts in the Trade Registry within the deadline established by law, whichever is applicable.

A1. If the Agent has not sent a risk and solvency report on a voluntary basis, the report requested by IATA to COMPANY 1 will provide results for which it is established that the Agent is required to achieve a score of six (6) in the results of the default analysis and six (6) in the results of the solvency analysis to be able to operate without needing to provide a bank guarantee to IATA.

A2. If the Agent has sent a risk and solvency report on a voluntary basis in accordance with the criteria described above, the results provided in the report will depend on the company chosen by the Agent.

A2.1. if the chosen company by the Agent is COMPANY 1:

The Agent is required to achieve a score of six (6) in the results of the risk analysis and six (6) in the results of the solvency analysis to be able to operate without needing to provide a bank guarantee to IATA.

A2.2. If the chosen company by the Agent is COMPANY 2:

It is established that the Agent is required to achieve a score of eleven (11) in the results of the analysis to be able to operate without needing to provide a bank guarantee to IATA.

Should any of the results of the risk and insolvency analyses not meet the scores described above, the Agent will be required to provide a bank guarantee to IATA that must be in accordance with the Resolutions in the authorized format, a bank guarantee for an amount determined by the following percentages, in relation to results obtained:

#### **COMPANY 1:**

- If the minimum valuation obtained is 5, either in the default analysis, solvency analysis or in both, the agent will have to present a bank guarantee for 30 % of the average cash sales for 23 days, taking into account the last 12 months.
- If the minimum valuation obtained is 4, either in the default analysis, solvency analysis or in both, the agent will have to present a bank guarantee for 65% of the average cash sales for 23 days, taking into account the last 12 months.
- If the minimum valuation obtained is 3 or lower, either in the default analysis, solvency analysis or in both, the agent will have to present a bank guarantee for 100 % of the average cash sales for 23 days, taking into account the last 12 months.

#### **COMPANY 2:**

- If the valuation obtained is 10, the agent will have to present a bank guarantee for 30% of the average cash sales for 23 days, taking into account the last 12 months.
- If the valuation obtained is 9, the agent will have to present a bank guarantee for 65 % of the average cash sales for 23 days, taking into account the last 12 months.
- If the valuation obtained is 8 or lower, the agent will have to present a bank guarantee for 100 % of the average cash sales for 23 days, taking into account the last 12 months.

B. Agent whose average 23 days' cash sales, taking the past 12 months as a reference, is below two hundred and sixty-seven thousand Euros (€267,000) on the date the continuity analysis is performed.

Agents are to provide the following financial documents on a yearly basis:

- Copy of the annual accounts prepared and duly signed by the administrators in the month following the deadline established by law for preparing the accounts
- Copy of the duly completed annual accounts submitted to the Trade Registry in the month following the deadline established by law for submitting the annual accounts to the Trade Registry
- In the case of companies obliged to audit the accounts, a copy of the audit.

To assess the Agent's financial situation, the following minimum criteria will be applied:

#### **Capital/Equity**

The Agent's equity must:

- not be less than 80 per cent of the authorized and paid-up capital; and
- not be less than forty eight thousand and eighty euro and ninety seven cents (€48.080,97).

#### **Short-Term Solvency**

Short-term solvency = Current assets/ short-term debts (current liabilities).

A weighting ratio of short-term solvency will be applied, based on the result of comparing Equity with Authorised and Paid-up Capital.

To do this, the following table is applied:

<b>Equity/Share Capital</b>	<b>Weighting Ratio</b>
>1,3	1,10
1,2	1,075
1,1	1,05
1	1
0,9	0,95
0,8	0,925

The weighting ratio resulting from applying the table is multiplied by the short-term solvency ratio and the result should be 1 or above.

#### **Earnings**

Agent will be able to report annual pre-tax losses within a maximum of 15,000 Euros annually or 20% of its equity.

If an Agent does not manage to meet one of the criteria described in the sections above, it must provide a bank. The bank guarantee provided to IATA must be in accordance with the Resolutions in the authorized format for an amount equal to the average twenty-eight (28) days' net BSP cash sales of the Agent over the previous 12 months.

**SRI LANKA***(Effective 20 August 2014 – Mail Vote A250)***1. GENERAL RULE**

- 1.1. The Applicant must be in the airline trading business for not less than one year prior to application of becoming an IATA Accredited Agent.
- 1.2. The Applicant/Agent must be licensed by the Civil Aviation Authority of Sri Lanka for not less than 1 year at the time of application.
- 1.3. The Applicant/Agent must have a minimum paid up capital of LKR 500,000 and be in airline trading business of not less than one year prior to the application.

**2. FINANCES**

- 2.1 The Applicant/Agent must provide a certified and audited balance sheet and profit and Loss account not more than one year old at the time of submission.
- 2.2 When assessing whether the applicant/ Agent meets the financial standing the requirements in section 3 below shall be taken into account.

**3. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS**

- 3.1 All financial information used in the financial assessment will be extracted from the Agent's Audited Accounts.
- 3.2 The following financial tests apply to the evaluation of an Agent's Audited Accounts:
  - 3.2.1 There must be positive Net Equity
  - 3.2.2 Net Equity divided by long-term debt and other long-term liabilities must be greater than 0.5.
  - 3.2.3 EBITDA (Earnings Before Interest, Taxation, Depreciation, Amortization and extraordinary items) must be positive
  - 3.2.4 The EBITDA must exceed the Interest Payable by a factor of minimum two.
  - 3.2.5 Adjusted Current Assets must exceed Current Liabilities.

**4. ANNUAL FINANCIAL REVIEWS**

- 4.1 All Agents must provide Audited Accounts no later than 12 months after each financial year end, of that Agent for the purposes of evaluation against the financial tests in section 3.

**5. INTERIM FINANCIAL REVIEWS**

- 5.1 For any Financial Review conducted for cause at a time other than in respect of an Agent's financial year end, IATA may conduct a Financial Review in accordance with section 3 as applicable to that Agent by reviewing the internal monthly management accounts of the Agent showing the results for each month since the last accounting date, the cumulative results to date and the latest balance sheet.

**6. FINANCIAL SECURITY**

- 6.1 Notwithstanding whether an agent obtains a satisfactory or unsatisfactory result in the financial review, all agents must submit a Financial Security. The level of such Financial Security will be the higher of:
  - a) LKR 2.5 million, or
  - b) the average cash sales over the previous 12 months for the number of days at risk (from the first date of the reporting period until the remittance date, plus a margin of two days; ( i.e. Days at risk = 15 + 2 = 17 Days)
- 6.2 Financial Securities will be subject to a minimum notice period of ninety (90) days post expiry and be valid for a minimum of at least one year.
- 6.3 At any point in time, if the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

6.4 Amount at Risk is calculated by dividing the Day's Sales at Risk by 365 and applying that percentage to the BSP cash turnover, or cash turnover as applicable – Example:

$$\text{Amount at Risk} = \frac{17}{365} \times \text{BSP cash turnover last 12 month period}$$

## 7 SIGNIFICANT CHANGE IN GROSS BSP SALES

- 7.1 A significant change means any change in the business of the Agent which results in a change in gross BSP sales of more than 10% as compared to the previous 12 months. A change can be an increase or a decrease in gross BSP sales.
- 7.2 An interim Financial Review may also be initiated by IATA where IATA becomes aware of a significant change in gross BSP sales in accordance with Section 5.

## 8 DEFINITIONS OF TERMS USED IN THESE GUIDELINES

- a) **Adjusted Current Assets** – are defined as Current Assets as in the Balance Sheet of the Accounts after deducting:
- b) Stocks and work in progress.
- c) Deposits given to third parties other than IATA,
- d) Loans to Directors, Associate Companies, (including any subsidiary, associate or company under common ownership)
- e) Doubtful debtors,
- f) Blocked funds, except for funds held in favour of IATA.
- g) **Current Liabilities** - are defined as Current Liabilities as in the Balance Sheet of the Accounts
- h) **EBITDA** – Earnings Before Interest, Taxation, Depreciation and Amortization
- i) **Financial Irregularity** means an irregularity applied as a result of any failure to adhere to the reporting and remittance procedures described in Resolution 818g Attachment “A” including but not limited to those irregularities described in Resolution 818g, Attachment A.
- j) **Financial Review** means a review of an Agent's financial position or the calculation of the amount of Financial Security required in accordance with these Criteria, Resolution 800f, or both.
- k) **Irregularity** means any irregularity applied under the Passenger Sales Agency Rules for non-compliance with those Rules including but not limited to Financial Irregularities.
- l) **Net Equity or Shareholders'/Owners' Funds** – consists of:
- Share capital
  - Share premium
  - Retained earnings
  - Other distributable reserves
  - Shareholder's loans if subordinated less declared dividends:
- m) **Long Term Debt** – All debt liabilities where repayment is due more than twelve months after the end of the financial period.
- n) **Long Term Liabilities** – all liabilities where repayment is due more than twelve months after the end of the financial period.
- o) **Review** means any assessment or evaluation of an Agent's continuing compliance with the Passenger Sales Agency Rules.

**SUDAN***(Effective 1 December 2014 – PAC/37)***1. GENERAL RULES**

1.1 Audited Accounts means accounts reviewed by an auditor recognized as competent by a regulatory authority in Sudan to perform an audit that are provided to IATA.

1.2 All Financial Reviews shall be conducted in accordance with Resolution 800F

**2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS**

2.3 All financial information used in the financial criteria will be extracted from the Agent/s Audited accounts.

2.4 The following financial tests apply to the evaluation of an Agent's Audited accounts:

2.4.1 There must be a positive Net Equity

2.4.2 Net Equity divided by long-term debt and other long-term Liabilities must be greater than 0.5

2.4.3 EBITDA (Earnings before Interest, Taxation, Depreciation, Amortization and extraordinary items) must be positive save in exceptional circumstances.

2.4.4 The EBITDA must exceed the Interest Payable by a factor of a minimum of two and ideally three.

2.4.5 Adjusted Current Assets must exceed Current Liabilities.

**3. ANNUAL FINANCIAL REVIEW****3.1 Agents Accredited for two years or less:**

3.1.1 All Agents must provide Audited Accounts not more than 12 months old at the time of submission to become an Agent for the purposes of evaluation against the financial tests as per section 2 of these criteria.

3.1.2 If an Agent has been in business for less than 12 months at the time of application, an Audited opening balance sheet must be provided instead.

3.1.3 All Agents must provide a financial security during the first two years as an agent in accordance with section 4 of this criteria

**3.2 Agents accredited for more than two years**

3.2.1 All Agents must provide Audited Accounts not more than 12 months old at the time of submission to become an Agent for the purposes of evaluation against the financial tests as per section 2 in these criteria.

3.2.2 If an Agent passed all financial tests and satisfies all points below the Agent will only be required a minimum bank guarantee of **SDG 500,000.00 (the equivalent of 87,000 USD in SDG)**.

3.2.3 The Agent has not has any of the following in the last 12 months:

3.2.3.1 A default (including defaults resulting from an accumulation of irregularities) and removal from the Agency List.

3.2.3.2 A change of ownership.

3.2.4 If an Agent fails to pass any of the financial tests, the Agent must provide a Financial Security in accordance with section 4 of this criteria

#### 4. FINANCIAL SECURITY

4.6 Financial Security will be subject to a minimum notice of termination period on the part of the Financial Security Provider of ninety (90) days and will be valid for a minimum of at least one year.

4.7 The amount of the financial Security required must cover at a minimum the Amount at Risk calculate as below using the BSP cash turnover, amount equal to the average of the 3 months highest net cash sales in the previous 12 months. If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

**“Days Sales at Risk” x (12 months sales / 365)**

**Subject to a minimum of SDG 500,000.00 (the equivalent of 87,000 USD in SDG)**

4.7.1 **“Days at Risk”** means the number of days from the beginning of the Agent’s reporting period to the remittance date, plus a margin of up to 5 days:

- Weekly remittance Days at Risk: **21 days**

#### 5. DEFINITIONS OF TERMS USED IN THESE GUIDELINES

**Adjusted Current Assets** - are defined as Current Assets as in the balance sheet of the accountants after deducting:

- Stocks and work in progress
- Deposits given to third parties other than IATA
- Loans to Directors, Associate Companies, (including any subsidiary, associate or company under common ownership)
- Doubtful debtors
- Blocked funds except for funds held in favor of IATA.

*These generic descriptions may be modified to terms specifically defined under the applicable local Generally Accepted Accounting Principles (GAAP) and disclosed in the financial statements.*

**Current Liabilities** – are defined as current liabilities in the balance sheet of the accounts

**EBITDA** - Earnings before Interest, Taxation, Depreciation and Amortization.

**Financial Irregularity** means an irregularity applied as a result of any failure to adhere to the reporting and remittance procedures described in resolution 818g Attachment “A” including but not limited to those irregularities described in resolution 818g Attachment “A”\

**Financial Review** means a review of an Agent’s financial position or the calculation of the amount of Financial Security required in accordance with this local financial criteria.

**Irregularity** means any irregularity applied under the Passenger Sales Agency Rules for non-compliance with those rules including but not limited to Financial Irregularities.

**Net Equity or Shareholders’/owners’ Funds**-Consists of:

- Share capital
- Share Premium
- Retained earnings
- Other distributive reserves
- Shareholder’s loans if subordinated less declared dividends

**Long Term Debt** - All debt liabilities where repayment is due more than twelve months after the end of the financial period

**Long Term Liabilities** - all liabilities where repayment is due more than twelve months after the end of the financial period

**Review** means any assessment or evaluation of an agent’s continuing compliance with the Passenger Sales Agency Rules.

**SWITZERLAND/LIECHTENSTEIN***(Effective 1 April 2016 – PAC/38)***1. GENERAL RULE**

1.1 All forms of commercial companies have to be entered in the Swiss Trade Register.

**2. ANNUAL FINANCIAL REVIEWS**

2.1 Balance sheets must be in compliance with Swiss Law' Code of Obligations (OR). The time limit for submission of audited papers is within six months after the closing date of the Fiscal year.

**Document requirements:**

2.2 All documents have to be prepared according CO 957 ff.

2.3 According to Art. CO 727a, Auditor's control report is not obligatory for those legal entities participating in the Opting-Out practice. Agents having opted out must provide a copy of the certificate of the Swiss trade register in order to proof the exemption.

2.4 New legal entities without at least one year's trading record: Opening Balance Sheet.

2.5 The balance sheet shall be segmented according CO 959.

**Agents accredited for two years or less**

2.6 All Agents must provide a Financial Security during the first two years as an Agent in accordance with Section 4 of these criteria.

**Agents accredited for more than two years**

2.7 If an Agent passes all the financial tests outlined in Section 3 in two years consecutively the Agent will not be required to provide IATA with a Financial Security. In this case IATA will release the guarantees previously provided within 30 days.

2.8 if an Agent fails to pass any of the financial tests, the Agent must provide a Financial Security in accordance with Section 4 of these criteria.

2.9 If Art 725 / 725a CO applies, the Agent must provide a Financial Security in accordance with Section 4 of these criteria.

**3. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS****Formulas used for the financial evaluation:****3.1 Equity:**

The owner's equity (capital paid-in, reserves, profit and loss carried forward) must not be lower than CHF 100'000. If this requirement is not met, an Agent cannot be accredited or in case of accredited agents must provide financial securities.

**3.2 Liquidity ratio:**

$$\frac{\text{Total current assets} - \text{Total Inventory} \times 100}{\text{Total Current liabilities}}$$

The liquidity ratio (quick-ratio) must be above 100%; i.e. short-term assets must cover to 100% all short-term liabilities.

When calculating the liquidity ratio, a safety margin of 5% is deducted from amounts owned by debtors as well as from securities/bonds.

Amounts of doubtful debtors as well as money given to owners and/or managers are not eligible in case company has not been audited.

### 3.3 Self-financing ratio:

$$\frac{\text{Total equity} \times 100}{\text{Total liabilities}} = 15\%$$

The self-financing ratio must reach 15%, i.e. the Owner's Equity must cover at least 15% of the total liabilities. Subordinated claims are considered as equity when calculating the Owner's Equity.

### 3.4 Fixed Assets Coverage:

$$\frac{\text{Owner's equity} + \text{Long Term liabilities} \times 100}{\text{Fixed assets}} = 100\%$$

The coverage ratio must attain the factor 1.0, i.e. the Owner's Equity + long-term liabilities must cover to 100% all fixed assets.

### 3.5 Capital Loss:

When a loss is carried forward, total equity should not be lower than the total share capital.

### Remittance Frequency

3.6 The possible remittance frequencies are either weekly or twice a month.

## 4. FINANCIAL SECURITY

### Agents accredited for two years or less

4.1 Financial Securities will be calculated based on 35 days' average BSP cash turnover during the last twelve months for remittance twice a month and on 27 days average BSP cash turnover during the last twelve months for weekly remittance.

4.2 All Agents must provide a Financial Security with a minimum amount to be accredited. The minimum Financial Security required is:

4.2.1 Agents on weekly remittance: CHF 20.000

4.2.2 Agents on fortnightly remittance: CHF 25.000

### Agents accredited for more than two years

4.3 Financial Securities will be calculated based on 35 days' average BSP cash turnover during the last twelve months for remittance twice a month and on 27 days average BSP cash turnover during the last twelve months for weekly remittance.

4.4 All Financial Securities requested will be subject to the following minimums:

4.4.1 Agents on weekly remittance: CHF 20.000

4.4.2 Agents on fortnightly remittance: CHF 25.000

4.5 The guarantee shall be kept for an unlimited time period and the validity should not be limited.

**SYRIAN ARAB REPUBLIC***(Effective 1 February 2009)***A. FINANCIAL CRITERIA - In accordance with Resolution 800f and the locally decided criteria****1. New Applicants' Financial Statements**

- a. Complete set of audited financial statements as detailed in Paragraph A.3, not older than six months upon the date of submission, in English language, duly signed, stamped and certified by a certified public audit firm.
- b. For applicants who have just commenced trade without financial records, the following should be submitted:
  1. Opening Balance Sheet
  2. Statement of Accounts receivable and payable
  3. Any other document deemed necessary by the Financial Assessor

**2. Accredited Agencies' Financial Statements**

- a. An accredited agent undergoing a Financial Review must submit Financial Statements and comply with the minimum Financial Ratios, as given in detail in paragraphs A.1 and A.3.
- b. The financial ratios minimum levels given in paragraph A.3 must always be met, and will be the base for deciding additional financial security requirements (i.e. Higher Bank Guarantee, or Default Insurance Policy), as deemed necessary by the Financial Assessor.
- c. Agents have to submit an annual Financial Assessment by no later than 31 March or the next working day, should that date be a non-working day.

**3. Required Financial Statements from new applicants, and required ratios:**

All new applicants must submit the following statements, and comply with the following minimum financial reports:

- a. **Liquidity:** Statement of Assets & Liabilities  
Ratio: Current Assets divided by Current Liabilities **should not be less than one**
- b. **Profitability:** Net income & Stockholder's Equity statements  
Ratio: Net Income divided by Stockholder's Equity statements **should not be less than 10%**
- c. Any other documents and statements deemed necessary by the Financial Assessor to determine the agency's financial standing.

**B. FINANCIAL SECURITIES**

1. All new applicants and accredited agencies are required to comply all the time with the financial security requirements as decided in the locally established criteria of Syria, even if the financial review of a new applicant and/or an accredited agency reflects achieving or exceeding the minimum financial ratios given in Paragraph A.3.

2. **Bank Guarantee** is the approved method to provide Financial Securities as follows:

2.1 New applicants that have not yet commenced trade, or have just commenced trading, without sales records, will be required to submit a Bank Guarantee of **SYP 3.500.000** as a minimum level of financial security. The minimum level could be increased if the ASO has reasons including financial risk.

2.2 New applicants that had commenced trade with a sales record (i.e. sales outside the BSP umbrella) will be required to submit a Bank Guarantee of **SYP 3.500.000** as a minimum level of financial security, or

Bank Guarantee levels higher than **SYR 3.500.000** as decided by the ASO based on new applicant's sales record and any other financial risk indicator assessed by the ASO.

- 2.3** All accredited agencies will have to undergo an annual Bank Guarantee adjustment process, by which the ASO will communicate to each agency its highest average sales level in 3 (three) cumulative (and not necessarily consecutive) months during the previous year (JAN-DEC). Agent's sales will be the guideline to assess the Bank Guarantee. If the agent's sales exceed the Bank Guarantee by 25% (twenty five percent) or more, the Bank Guarantee will be influentially increased by the same percentage. This process will have no borderline limits when it comes to the Bank Guarantee's amount. The new Bank Guarantee level will be communicated to the concerned agencies by the ASO in **JAN** of each year, with a deadline to comply by no later than **31 March** or the next working day, should that date be a non-working day.
- 2.4** For accredited agencies with less sales record of the Bank Guarantee **SYR 3.500.000**, same Bank Guarantee will be maintained.
- 2.5** ASO will communicate the Bank Guarantee adjustment level, only to the agency with an increase requirement. However, Agencies have the right to request reducing the Bank Guarantee level based on a decrease in the sales record of the previous year's highest 3 months average sales, provided the decrease will always comply with the minimum **SYR 3.500.000** Bank Guarantee requirement.
- 2.6** The Bank Guarantee level can be adjusted for an agency/agencies undergoing a Financial Assessment or Review, based on the review results compared to the minimum accepted ratios in Paragraph A.3 under Financial Statement.

**C. STAFFING CRITERIA**

The agent must have in its employment competent and qualified staff able to sell international air transportation and correctly issue electronic travel documents and report these to the BSP.

**D. BSP PROCEDURES**

Information on the procedures and responsibilities of agents in respect of the reporting and settlement rules is contained in the BSP Manual for agents supplied to each approved location.

IATA offers regular BSP procedures training sessions. Any agent wishing to undertake such training is encouraged to contact the local BSP contact to coordinate the participation in the training sessions.

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**THAILAND***(Effective 1 June 2011 – Mail Vote OA/E19)***1. Finances**

**1.1** The applicant must have been legally registered as a travel agent and must have conducted travel agent business for the past 12 months and must provide certified or properly audited Balance Sheet and Profit and Loss account statement not older than six months at time of submission.

**1.2** An applicant

**1.2(a)(i)** whose place of business for which approval is sought is situated in Bangkok Metropolitan Region (which includes Patum Thani, Nonthaburi, Nakhon Pathom, Samut Prakan and Samut Sakhon), Chonburi (including Pattaya), Chiang Mai, Hat Yai (Song-khla), Phuket or Rayong, must have a minimum registered capital of THB 2,000,000.00 of which a minimum of THB 1,000,000.00 must be paid up capital,

**1.2(a)(ii)** whose place of business for which approval is sought is not situated in any of the locations shown in Subparagraph 1.2(a)(i) of this Paragraph must have a minimum registered capital of THB 1,000,000.00 of which a minimum of THB 500,000.00 must be paid-up capital,

**1.2(b)** must submit:

**1.2(b)(i)** a financial guarantee equivalent to the average of 22 days turnover in year 2011 and 15 days turnover effective 2012 or THB 2,000,000.00, whichever is higher, for an applicant whose place of business for which approval is sought is situated in Bangkok Metropolitan Region (which includes Patum Thani, Nonthaburi, Nakhon Pathom, Samut Prakan and Samut Sakhon), Chonburi (including Pattaya), Chiang Mai, Hat Yai (Song-khla), Phuket or Rayong; or

**1.2(b)(ii)** a financial guarantee equivalent to the average of 22 days turnover in year 2011 and 15 days turnover effective 2012 or THB 1,000,000.00, whichever is the higher, for applicant whose place of business for which approval is sought is not situated in any of the locations shown in Subparagraph 1.2(b)(i) of this Paragraph;

**1.2(c)** The Bank Guarantee has to be issued by a bank with investment status rating from Fitch Ratings (Thailand) Limited or an international rating from Standard & Poors, Moody's or Fitch Ratings.

**1.3(a)** when assessing whether the applicant meets the financial standing described in Subparagraph 1.1 of this Paragraph the following shall be taken into account:

**1.3(a)(i)** availability of adequate liquid funds to meet normal trading commitments;

**1.3(a)(ii)** capital required to be commensurate with fixed assets;

**1.3(a)(iii)** the existence of preferential claims on the assets and the existence of contingent liabilities;

**1.3(a)(iv)** for applicant with previous history of default and had used Default Insurance Program (DIP) as a means of financial guarantee, a certifying letter from the DIP provider shall be required, stating in essence that all outstanding amounts have been settled satisfactorily.

**TUNISIA***(effective 1 August 2008)***1. Requested documents**

Fill in the 'IATA Accredited Agent' application form in duplicate.

- A certified copy of the specifications issued by the ONTT
- A recent copy of the registry of commerce
- A copy of the Articles of the association of the company
- The latest financial statements of the company duly certified by a chartered accountant member of the Board of Chartered Accountant.
- A letterhead of the company
- Photo of the inside and of the outside of the office
- A copy of the employment contract of the qualified agent employed by the agency. This employment contract shall be duly certified by a government authority in charge of work legislation and be more of 3 months of the CNSS (social security)

**2. Staff requirements**

The agent must have in its employment competent and qualified staff able to sell international air transportation and correctly issue electronic travel documents and report these to the BSP.

**3. Financial criteria****3.1 Bank guarantees (New applicant)**

The amount of the bank guarantee (an average of 45 selling days for agencies choosing monthly payment and an average of 30 selling days for agencies choosing bi-monthly payment) shall be calculated on the basis of the turnover made by the agency during the last 12 months of activity and related to air tickets selling (buying by a purchase order directly from the airline company)

The amount of this bank guarantee shall not be less than 50 000 Tunisian dinars for agencies choosing bi-monthly payment (sales from 1<sup>st</sup> to the 15<sup>th</sup> shall be paid the 30<sup>th</sup> of the same month, and sales from the 16<sup>th</sup> to the 30<sup>th</sup> shall be paid the 15<sup>th</sup> of the next month) and 100 000 Tunisian dinars for agencies choosing monthly payment (sales of month shall be paid the 15<sup>th</sup> of the next month).

The amount of the bank guarantee shall be update at the end of each year.

**4. Financial ratio due for financial assessment or review of the financial statements:**

- 4.1** Solvency criteria: - owner's equity/ total debts > 30%
- 4.2** Liquid assets criteria: - current assets/current liabilities > 1
- 4.3** Indebtedness criteria: - long term debt / total assets < 1
- 4.4** Working capital = current assets – current liabilities > 1

For the purpose of assessment or review, the travel agency shall provide recent financial statements (balance sheet, income statement, cash flow) duly certified by a chartered accountant member of the Board of Chartered Accountant.

Travel agency which financial situation is considered as unsatisfactory (not meeting the above criteria) shall provide a bank guarantee that shall be calculated in accordance with the dispositions of paragraph 3.1.

**TURKEY**

(Effective 1 January 2016 – PAC/38)

**1. GENERAL RULE – (Accounts / Documents to be provided)**

**Documents Required from New Applicants**

New applicants must submit the following documents:

- Agency Trading Licence (“İsletme Belgesi”) issued by the Ministry of Tourism , showing the category A or B and type of trading - required also in change of location/ownership/legal status/name.
- Company’s certificate of registration (“Faaliyet Belgesi / Oda Sicil Kayıt Sureti”) provided by the Chamber of Commerce within last 3 months.
- Commercial Registry Gazette (s) (“Ticaret Sicil Gazetesi / Gazeteleri”) containing information on present addresses, shareholders, shares and paid-up capital - required also in change of location/ownership/legal status/name.
- Latest Shareholder Portions Table signed by commissaire (“Komiser imzalı son Hazirun Cetveli”) for incorporated companies.
- Steering Committee Decision Records (“Yonetim Kurulu Karari”), for companies having a status other than incorporated, showing shareholder portions.
- Year end balance sheet (“bilanco”) stamped by the Turkish tax office and P&L account (“kar / zarar hesabi”) for those applicants with more than 1-year trading, or Notarised / Certified Financial Advisor’s approved Open Balance sheet for those applicants with less than 1-year trading.
- Authorised Signature Identification (“Imza Sirkuleri”) of the agent.
- Certified or attested photocopy of the contract (excluding financial terms) with an accredited reservations system or otherwise a letter from the GDS confirming the installation of the system in the Agent’s premises.

**2. CRITERIA FOR THE EVALUATION OF AGENTS’ ACCOUNTS**

**New Applicants**

Financial qualification of an applicant to become an Agent will be assessed as per the following criterion:

- a. For applicants submitting their latest annual financial statements:

Liquidity Ratio	Result
Current Assets (Turkish term) / Current Liabilities (Turkish term) equal or greater than 1	Eligible applicants will be requested to submit a financial security letter covering the “35-day sales average” of the “region” calculated by the sales data of the “last 12 months”, with a minimum of USD 100.000
Current Assets (Turkish term) / Current Liabilities (Turkish term) lower than 1	Eligible applicants will be requested to submit a financial security letter covering the “45-day sales average” of the “region” calculated by the sales data of the “last 12 months”, with a minimum of USD 100.000

- b. For applicants submitting opening balance sheet:

Eligible applicants will be requested to submit a financial security letter covering the “45-day sales average” of the “region” calculated by the sales data of the “last 12 months”, with a minimum of USD 100.000

Definition of the “region”s:

- Istanbul
- Ankara + Bursa + Izmir
- Adana
- All other cities in Turkey excluding above three

Region location of the agent will be considered as “tax office location of agent’s HO”.

Definition of the “35-day sales average”:

$$\text{35-day sales average.} = \frac{\text{Sum of last 12 months net to be paid in BSP Turkey}}{\text{number of agents participating in the region}} \times \frac{35}{360}$$

Definition of the “45-day sales average”:

$$\text{45-day sales average.} = \frac{\text{Sum of last 12 months net to be paid in BSP Turkey}}{\text{number of agents participating in the region}} \times \frac{45}{360}$$

Regional sales averages will be calculated by IATA before 31 January each year taking into account the sales data from January – December of the previous year.

### 3. ANNUAL FINANCIAL REVIEWS

#### Agents accredited for two years or less

Agents will be assessed applying the criteria specified in Section 2 (a).

#### Agents accredited for more than two years

Agents are required to supply a copy of its annual financial statements covering the previous Financial Year within following six months. The above-mentioned documents must be stamped by agent’s local tax authorities.

The amount of the financial security letter will be adjusted in accordance with the data of respective Agent’s financial statements:

Liquidity Ratio	Net Worth Capital	No. of days of which “sales” to be covered by the financial security level <sup>1</sup>
Current Assets (Turkish term) / Current Liabilities (Turkish term) equal or greater than 1	(+)	10 days
Current Assets (Turkish term) / Current Liabilities (Turkish term) lower than 1	(-)	15 days

Unrealistic "cash in safe" values, which is exceeding USD 7500, will be excluded in the calculation of the "liquidity ratio".

<sup>1</sup>The “sales” means either agent’s average sales or average sales of the region, whichever is higher.

### 4. OTHER

#### Financial Security Adjustments

Further to above definitions, in the special cases of irregular and defaulter agents the following “number of day sales average” is being applied:

- In case of irregular agents: 30-day sales average of the agent or region whichever is higher,
- In case of default agents (due to technical): 35-day sales average of the agent or region whichever is higher,
- In case of default agents (due to non-payment): 45-day sales average of the agent or region whichever is higher.

For the purpose of this section, the financial security level must remain in force until 12 months from the date of Irregularity or Default occurrence.

### Financial Security Requirements

All financial security letters are to be made out in USD. Financial securities may be accepted from Financial Institutions as defined under article 20 / 6 of the banks Act numbered 4389"

When the renew/reissue of Agent's financial guarantee is required, the Agent must submit the original confirmation of renewed/reissued financial guarantee to IATA at the latest 30 days before expiry date of the currently valid guarantee.

### Sales Reviews

All new applicants accredited as an IATA agent will be subject to a "sales review" at any time and their financial security levels will be adjusted.

The review of agent's sales will be based on the sales of the last 3 BSP periods, regardless variations in regions minimum requirements, and in the event that this amount exceeds the amount of the financial security level currently provided to IATA, the Agent must submit an additional financial security letter for the increased amount. The calculation will be performed using the following formula:

$$\text{Amount at Risk} = \frac{\text{Agent's sales for the last 3 BSP periods}}{45 \text{ days}} \times 35^2$$

<sup>2</sup> or 45 days depending on agent's liquidity ratio results taken from the latest financial assessment

### Change of Ownership

If at any time Agent is subject to a change of ownership, involving more than 30% of the shares movement within any 12 month period, except those transfer of shares to first-degree relatives and/or legal heirs, the level of the financial security to be requested from that Agent is calculated with the same method as mentioned under the above title "New Applicants".

### Change of Legal Status

If at any time Agent is subject to a change of legal status, the level of the financial security to be requested from that Agent is calculated with the same method as mentioned under the above title "Annual Financial Reviews".

**UKRAINE**

*(Effective 1 January 2015 – PAC/37)*

Financial Review of an Agent will be completed in circumstances including but not limited to:

- New application
- On an annual basis
- Default
- Changes of ownership, shareholders or legal status

The Agent must submit audited financial statements prepared in accordance with the Ukrainian accounting practices. The audit report must consist of:

- Balance Sheet
- Profit and Loss Account
- Auditor's Conclusion

Such statements will be evaluated and found satisfactory if the following criteria are met:

- The Net Equity must be positive
- The Net Equity must exceed the sum of Long Term Debt and other Long Term Liabilities
- Adjusted Liquid Current Assets must exceed Current Liabilities

All new applicants must obtain a satisfactory evaluation otherwise their application will be disapproved.

**Financial Guarantee**

A Bank Guarantee or Insurance Bond/Certificate, is required an Agent to cover average Amount at Risk, generated by the Agent but not be less than USD 75,000. Amount at Risk is calculated to the following formula based on last 12 months turnover:

$$\text{Amount at Risk} = \frac{12 \text{ months revenue} \times (7 \text{ days reporting period} + 7 \text{ days settlement} + 5 \text{ days default})}{360}$$

The value of financial guarantee will be rounded to the next + 5,000 USD.

For Established Agents opening new branch locations for the first year of operation of the new branch location an immediate increase of USD 15,000.00 per each new branch for existing guarantee is required, after this period the general rule above is applied. The list of financial institutions that authorized to issue Bank Guarantee or Insurance Bond/Certificate is specified by IATA. All financial guarantees must be drawn as per IATA specimen.

Financial guarantee level will be reviewed at a minimum annually. When the renew/reissue of Agent's financial guarantee is required, the Agent must submit the original confirmation of renewed/reissued financial guarantee to IATA at the latest 30 days before expiry date of the currently valid guarantee. For Agents within first year after approval such review will be done at a minimum semi-annually.

**Increase of sales volume**

Agent's financial guarantee level versus actual turnover should be reviewed quarterly and adjusted if the Amount at Risk increases by more than 10%.

**Reduction of Guarantee**

After two years of approval the Agent may benefit from a Discount Scheme in respect of the financial guarantee, if the Agent meets the following criteria:

- Agent was not placed in default during the last 12 months
- Financial standing found satisfactory

In the event of default an Agent must furnish a financial guarantee equivalent to the Amount at Risk in accordance with the formula stated above in these criteri prior to reinstatement.

**Discount Scheme effective 01 January 2011 till 30 June 2015:**

<b>Amount at Risk</b>	<b>Amount of Financial Guarantee</b>
up to USD 1,000,000	equal to amount at risk but not less than USD 75,000
1,000,001 – 2,500,000	70% from the Amount at Risk, but not less than USD 1,000,000
over 2,500,001	60% from the Amount at Risk, but not less than USD 1,750,000

Reduction of guarantee is not applicable effective 01 July 2015.

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**UNITED KINGDOM***(Effective 1 June 2016 – PAC/38)***1. GENERAL RULES****ACCOUNTS**

1.1. **Audited Accounts** means accounts prepared by a statutory auditor, recognised as competent by the regulatory authority in that country to perform an audit, that are provided to IATA.

1.2. Where Accounts are required to be provided, all Agents must provide **Audited Accounts**.

1.3. Newly formed companies that have traded for less than 12 months at the time of application for accreditation must submit an opening balance sheet, prepared by their statutory auditor.

1.4. Notwithstanding the provisions above, sole traders, partnerships and UK registered limited companies, that meet the conditions for exemption from audit as a small company as defined by the UK Companies Act, may submit certified accounts, provided that (i) the certification is issued by an independent reporting accountant (see Note 1) and (ii) the Agent settles its BSP liabilities four times monthly, according to the published BSP Reporting Calendar.

**SETTLEMENT DATES**

1.5 The Settlement Dates in the United Kingdom are:

- The 1<sup>st</sup> and 15<sup>th</sup> of the month following the month of sale for Agents settling their BSP liabilities twice per calendar month. The reporting periods are: 1-15<sup>th</sup> and 16<sup>th</sup> to the end of calendar month.
- 8 days after each reporting period for Agents settling their BSP liabilities four times per calendar month. The reporting periods are: 1-7<sup>th</sup>, 8-15<sup>th</sup>, 16-23<sup>rd</sup> and 24<sup>th</sup> to the end of the calendar month.

A yearly BSP Reporting Calendar is published and can be found on the IATA Customer Service website.

**2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS**

2.1. All financial information used in the financial criteria will be extracted from the Agent's Audited Accounts

2.2. The following financial criteria tests apply to the evaluation of an Agent's Audited Accounts

**(a) There must be positive Net Equity**

**(b) Profitability:** The accounts must show that the Agent has made a profit before tax at the end of an accounting period.

**(c) Liquidity:**

The accounts must show a positive liquidity ratio i.e. current assets must exceed current liabilities at the end of an accounting period.

2.3. There must have been no **Defaults** (including Defaults resulting from an accumulation of irregularities) by the Agent in the previous 24 months.

**3. ANNUAL FINANCIAL REVIEWS****Agents accredited for two years or less**

3.1. All Agents must provide Audited Accounts not more than 6 months old at the time of application to become an Agent, for the purpose of evaluation against the Criteria in Section 2 of this document. The accounts must cover a period of least 12 months of trading. If an Agent has been in business for less than 12 months at the time of application, it must submit an opening balance sheet, prepared by their statutory auditor.

3.2. In any event, all Agents must provide a Financial Security during the first two years as an Agent in accordance with Section 4 of this document.

### Agents accredited for more than two years

3.3. All Agents must provide Audited Accounts not later than 6 months after each financial year end of that Agent for the purposes of evaluation against the financial tests in Section 2 of this document. The accounts must cover a period of at least 12 months of trading.

3.4. If an Agent passes all the criteria for evaluation in Section 2 of this document, the Agent will not be required to provide IATA with a Financial Security. If an Agent fails to pass any of the Criteria, the Agent must provide a Financial Security in accordance with Section 4 of this document.

## 4. FINANCIAL SECURITY

4.1. An Agent will not be accredited or will not continue to be accredited until a Financial Security required to be provided to IATA has been:

- (a) received by IATA; and
- (b) confirmed to IATA by way of written confirmation received directly from the third party supporting the Financial Security that the Financial Security was issued by that third party.

4.2. Financial Securities must be for an unlimited period and subject to a minimum notice period of cancellation of ninety (90) days. To avoid doubt, in respect of an Agent which is required to provide a Financial Security, if that Agent, at a subsequent date and having complied with these Criteria, ceases to be required to provide a Financial Security, any existing Financial Security of that Agent may then be allowed to lapse or terminate.

4.3. For the purposes of calculating the amount of a Financial Security the following definitions apply:

4.3.1. "Days' Sales at Risk" means the number of days from the beginning of the Agent's reporting period to the remittance date in respect of that reporting period or periods, plus a margin of five days.

4.3.2. "Amount at Risk" is calculated by dividing the Days' Sales at Risk by 90 days, and applying that percentage to the BSP net to be paid turnover, the Agent made in the three month period referred to in Sections 4.7, 4.12 or 4.15, as applicable.

4.3.3.

"Amount at Risk" =  $\frac{\text{"Days' Sales At Risk"}}{90} \times \text{BSP cash turnover in applicable 3 month period}$

4.4. All Financial Security amounts are calculated to the nearest multiple of GBP500.

4.5. A Financial Security may be arranged through a bank registered in the UK, Channel Islands or Isle of Man under the statutes of the UK/Channel Islands/Isle of Man or through an Insurance Company acceptable to IATA – a list will be provided upon request.

### New Applicants (from 1 April 2015)

4.6. All Agents must provide a Financial Security, with a minimum amount of GBP50, 000.

4.7. After the first three months of accreditation, the amount of the Financial Security required must cover at a minimum the higher of:

- 4.7.1. the Amount at Risk calculated as per Sections 4.3 & 4.4 above, using the cash turnover amount equal to the BSP net to be paid turnover during the previous three month period; or
- 4.7.2. GBP50, 000.

If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

4.8. Except for the amount of the initial Financial Security, all calculations of the amount of Financial Security required for Agents accredited for two years or less will be reviewed and calculated under Sections 4.6 & 4.7 above.

4.9 To avoid doubt, the Financial Security must remain in place until the second set of annual accounts (the two sets covering at least 24 months) has been submitted and reviewed. If the Agent, at the end of the two year period and after the second annual review and, having passed the Criteria for evaluation in Section 2, ceases to

be required to provide a Financial Security, any existing Financial Security of that Agent may be allowed to lapse or terminate.

4.10 All New Applicants must settle their liabilities four times per calendar month for the first two years of accreditation.

#### **Agents accredited for two years or less (as at 1 April 2015)**

4.11 All Agents must provide a Financial Security, with a minimum amount of GBP30, 000.

4.12 After the first three months of accreditation, the amount of the Financial Security required must cover at a minimum the higher of:

4.12.1 the Amount at Risk calculated as per Sections 4.3 & 4.4 above, using the cash turnover amount equal to the BSP net to be paid turnover during the previous three month period; or

4.12.2 GBP30, 000.

If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

4.13 Except for the amount of the initial Financial Security, all calculations of the amount of Financial Security required for Agents accredited for two years or less will be reviewed and calculated under Sections 4.11 & 4.12 above.

4.14 To avoid doubt, the Financial Security must remain in place until the second set of annual accounts (the two sets covering at least 24 months) has been submitted and reviewed. If the Agent, at the end of the two year period and after the second annual review and, having passed the Criteria for evaluation in Section 2, ceases to be required to provide a Financial Security, any existing Financial Security of that Agent may be allowed to lapse or terminate

#### **Agents accredited for more than two years**

4.15 The amount of the Financial Security, if required, must cover at a minimum, the higher of:

4.15.1 the Amount at Risk calculated as per Sections 4.3 & 4.4 above, using the cash turnover amount of the 3 month highest BSP net to be paid turnover in the previous 12 month period, or

4.15.2 GBP25, 000, in order to continue to be accredited.

If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

4.16. All calculations of the amount of Financial Security required for Agents accredited for more than two years will be calculated under Section 4.15 above.

### **5. AGENTS REGISTERED IN SCOTLAND**

Because the IATA Trust is not as effective under Scottish law as it is under English law, Agents registered in Scotland for the settlement of monies due under the IATA Passenger Sales Agency Agreement must settle their BSP liabilities twice per calendar month or failing this, provide a Financial Security at the levels in the Section 4 above, as applicable.

Notwithstanding the above and for the purposes of this Section only, the credit rating of an Agent obtained from a Credit Information company appointed by IATA, may be taken into account to form a complete evaluation of the financial status and creditworthiness of an Agent. Provided that the credit rating of an Agent is at the level of 'good credit worthiness' (or the equivalent), an Agent will not be required to settle as above or provide a bond/bank guarantee. The Credit Rating will be monitored and should it fall, at any time, below "good credit worthiness" the Agent will be required to provide a Financial Security, calculated as above.

### **6. CHANGES OF OWNERSHIP**

A Financial Security (calculated as above) will also be required, if an Agent undergoes a complete or significant change of ownership after approval. This is defined as a total acquisition, or a transfer exceeding 49% of the paid-up share capital, representing a change in control (from one shareholder to another, or to a new shareholder), whether in a single transaction or as a result of series of transactions, over a period of not more than 3 years.

The Financial Security will continue (and may be adjusted in line with turnover) until at least three years' accounts under the new ownership have been submitted to and reviewed by IATA.

Notwithstanding the above and for the purposes of this Section only, the credit rating of an Agent obtained from a Credit Information company appointed by IATA, may be taken into account to form a complete evaluation of the financial status and creditworthiness of an Agent. Provided that the credit rating of an Agent is at a level of 'good credit worthiness' (or the equivalent), an Agent will not be required to provide a Financial Security.

The credit rating of an Agent will be monitored for the full period of three years after the change has occurred and three sets of annual accounts have been reviewed by IATA. If at anytime during this period the credit rating falls below "good credit worthiness" (or the equivalent) the Agent will be required to provide a Financial security, calculated as above, which will be held in place until the 3 year period has been completed and the third set of annual accounts has been reviewed and meet the criteria applicable at the time.

## **7. CHANGES IN FINANCIAL YEAR END**

**7.1** An Agent must notify IATA immediately of a change in its financial year-end.

**7.2** If the Agent prepares accounts for a period of more than 12 months, the Agent must provide Audited Accounts within 18 months of the previous financial year-end (i.e. within 6 months of the original financial year-end)

**7.3** If an Agent extends their financial year-end by the full six months allowed under UK Company Law, exceptionally a maximum of a further two months extension may be granted for final submission of Audited Accounts.

**7.4** If the Agent prepares accounts for a period of less than 12 months, the Agent must provide Audited Accounts within six months of the new financial year-end.

**7.5** IATA will conduct the Financial Review applicable to the Agent.

### **Note 1 - Reporting Accountant**

The Reporting Accountant shall be either a statutory auditor, which in the UK means a person eligible for appointment as a statutory auditor as set out in Part 42 Statutory Auditors of the Companies Act 2006 or an independent qualified accountant holding a current practising certificate with a recognised accountancy body. We list below the accepted recognised accountancy bodies:

- Institute of Chartered Accountants of England & Wales
- Institute of Chartered Accountants of Scotland
- Institute of Chartered Accountants of Ireland
- Association Chartered Certified Accountants
- Association of Authorised Public Accountants
- Chartered Institute of Management Accountants
- Association of Accounting Technicians
- Association of International Accountants
- Institute of Chartered Secretaries and Administrators
- Institute of Financial Accountants

**VIETNAM***(Effective 1 January 2017 – PAC/39)***1. GENERAL RULE**

The applicant must be established and in business as a Travel Agent and/or Airline ticketing agent for not less than 12 months prior to the date of application.

**2. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS**

2.1 All financial information used in the financial criteria will be extracted from the Agent's Financial Statement.

2.2 The following financial tests apply to the evaluation of an Agent's Financial Statement:

- 2.2.1 There must be positive Net Equity.
- 2.2.2 Net Equity divided by long-term debt and other long-term liabilities must be greater than 0.5.
- 2.2.3 EBITDA (Earnings Before Interest, Taxation, Depreciation, Amortisation and extraordinary items) must be positive.
- 2.2.4 The EBITDA must exceed the Interest Expense by a factor of a minimum of two.
- 2.2.5 Adjusted Current Assets must exceed Current Liabilities.

**3. ANNUAL FINANCIAL REVIEWS****New Applicants**

- a. New applicants must provide audited financial statements not older than 12 months from the Agent's last financial year end, for evaluation against the financial criteria tests set forth in Section 2.

**Existing Agents**

- b. All existing Agents must provide audited or unaudited financial statements not older than 6 months from the Agent's financial year end for evaluation against the financial criteria tests set forth in Section 2.

**4. FINANCIAL SECURITY**

Notwithstanding the financial review results, all Agents must provide IATA with a Financial Security in the form of a Bank Guarantee, as per the calculation set forth as follows:

**New Applicants**

- 4.1 New applicants must provide IATA with a Financial Security in the form of a Bank Guarantee with a minimum amount of VND 670,000,000 prior to being accredited.

**Existing Agents**

- 4.2.1 All Agents must provide a Financial Security in the form of a Bank Guarantee that covers at a minimum of VND 670,000,000 or the Amount at Risk whichever is higher.
- 4.2.2 However if an existing Agent fails any of the financial criteria tests set forth in Section 2, and/or has provided unaudited financial statements, then the Agent must provide a Financial Security in the form of a Bank Guarantee that covers at a minimum of VND 737,000,000 or 110% of the Amount at Risk whichever is higher.
- 4.2.3 For the purposes of calculating the amount of a Financial Security the following definitions apply:
  - i. "Days' Sales at Risk" means the number of days from the beginning of the Agent's Reporting Period to the Remittance Date in respect of that Reporting Period, plus a margin of two days.

- ii. "Amount at Risk" is calculated by dividing the Days' Sales at Risk by 365 days, and applying that percentage to the BSP net cash turnover amount the Agent made in previous 12 month period

"Amount at Risk" = "Days' Sales at Risk" × BSP cash turnover in previous 12 month period/365

(\*) If the Agent was accredited for less than 12 months (365 days), then the number of days since accredited date will be used instead of 365 in this formula.

## 5. OTHER

### Definitions of Terms used in these criteria

**Adjusted Current Assets** – are defined as Current Assets as in the Balance Sheet of the Accounts after deducting:

- Stocks and work in progress,
- Deposits given to third parties other than IATA,
- Loans to Directors, Associate Companies, (including any subsidiary, associate or company under common ownership),
- Doubtful debtors,
- Blocked funds, except for funds held in favour of IATA.

These generic descriptions may be modified to terms specifically defined under the applicable local Generally Accepted Accounting Principles (GAAP) and disclosed in the financial statements.

**Current Liabilities** – are defined as Current Liabilities as in the Balance Sheet of the Accounts.

**EBITDA** – Earnings Before Interest, Taxation, Depreciation and Amortisation.

**Interest Expense** means an income statement account which is used to report the amount of interest incurred on debt during a period of time.

**Net Equity or Shareholders'/Owners' Funds** – consists of:

- Share capital
- Share premium
- Retained earnings
- Other distributable reserves
- Shareholder's loans if subordinated less declared dividends.

**Long Term Debt** – All debt liabilities where repayment is due more than twelve months after the end of the financial period.

**Long Term Liabilities** – all liabilities where repayment is due more than twelve months after the end of the financial period.

**WESTERN BALKANS***(Albania, Bosnia & Herzegovina, Kosovo, Macedonia)**(Effective 1 August 2013 – Mail Vote A237)***FINANCIAL EVALUATION CRITERIA****New Applicants**

New applicants will be required to provide a bank guarantee corresponding to an estimated 23 days' worth of cash sales. The minimum amount of a bank guarantee is 20,000 EUR.

**Existing IATA Accredited Agents**

Financial evaluation for the Agents in Western Balkans will be performed yearly. All IATA Accredited Agents must submit documents listed below. After the analysis of submitted financial documents, the Agents will be considered as 'normal risk' or 'high risk' Agent.

An existing Agent must comply with the following elements:

1. Net profit in the accounting period must be positive ( $\geq 0$ )
2. No Notices of Irregularity for overdue/dishonoured remittances in the last 12 months
3. Short term liquidity coefficient:

$$\frac{\text{Current assets-long term business claims}}{\text{Short term financial and business liabilities}} \geq 1$$

If the Agent fully complies with 1 and 2 criteria, a short term liquidity coefficient between 0,75 and 1 is acceptable.

**DOCUMENTATION**

An Agent who applies for IATA accreditation must provide the following documentation:

1. Official Registration Certificate
2. Official travel agents Licence
3. Current balance sheet – not older than 6 months
4. Profit and loss account

**An existing Agent who is subject to a financial assessment:**

Yearly balance sheet – as submitted and accepted by relevant financial or tax authority  
Profit and loss account - as submitted and accepted by relevant financial or tax authority

An Agent must bear the costs of the provision of all financial documents.

**FINANCIAL SECURITY****Bank Guarantees**

Agents will be required to provide a bank guarantee based on 23 days' worth of BSP net cash sales during the last 4 quarters (12 consecutive months) according to the rules below:

1. New applicants will be required to provide a bank guarantee corresponding to an estimated 23 days' worth of BSP net cash sales. The minimum amount of a bank guarantee is 20,000 EUR.
2. Agents with average turnover between 0 EUR and 40.000 EUR will be required to provide a bank guarantee of 20.000 EUR.
3. Agents with average turnover between 40.001 EUR and 100.000 EUR will be required to provide a bank guarantee that covers 50% of their average 23 days turnover but with the minimum amount of 20.000 EUR.
4. Agents with average turnover between 100.001 EUR and 200.000 EUR will be required to provide a bank guarantee that covers 40% of their average 23 days turnover but with the minimum amount of 50.000 EUR.

5. Agents with average turnover over 200.001 EUR will be required to provide a bank guarantee that covers 30% of their average 23 days turnover but with the minimum amount of 80.000 EUR.

In case that the only BSP currency is the local one and that bank guarantees amounts are provided EUR currency, the exchange rate applied will be National Bank's official middle rate valid on the date when the request is sent to the Agent.

The bank guarantee amount will be rounded to the nearest 1.000 EUR above the amount resulting from the calculation.

Any Agent has an option to increase its remittance frequency under VMFR (Voluntary More Frequent Remittance). The minimum amount of any bank guarantee is 20,000 EUR.

All banks approved by National Banks are authorized to issue the guarantee.

#### **Procedure in case of Agent's increased/decreased turnover**

A comparison/check of the amount of the financial security provided by an Agent versus actual cash turnover will be executed at least twice a year.

An adjusted bank guarantee will be requested only in case when existing bank guarantee amount required being increased/decreased by more than 10.000 EUR.

#### **Definition of the 'high risk agent'**

Agent is considering as a 'high risk agent' if one or more of the following conditions are met:

- 1) Default in last 12 months
- 2) Notice of Irregularity in last 12 months
- 3) Unsatisfactory 'Financial Assessment' annual report

#### **IATA actions related to the 'high risk agent'**

- 1) Default in last 12 months

Agent must provide bank guarantee that will be based on 100% of average 23 days turnover (min 20.000 EUR).

- 2) Notice of Irregularity in last 12 months

Agent must provide bank guarantee that will be increased for 25%.

- 3) Unsatisfactory 'Financial Assessment' annual report

Agent must provide bank guarantee that will be increased for 50%.

- 4) Unsatisfactory 'Financial Assessment' annual report (for Agent with average 23 days turnover < 20.000 EUR)

Agent must provide bank guarantee that will be based on additional 50% of an average 23 days cash sales.

Bank guarantee amount must not exceed 100% of average 23 days turnover.

If more than one case applies only one, the highest, increase will be applied.

#### **Post default procedure**

In case of Agent's default bank guarantee will be based on 100% of average 23 days turnover (min 20.000 EUR).

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**YEMEN**

*(Effective with the reinstatement of BSP Yemen - PAC/39)*

**1. GENERAL RULE – (Accounts / Documents to be provided)****1.1** New applicants should provide the following:

- 1.1.1 A License issued by the Ministry of Tourism
- 1.1.2 A license issued by the Ministry of Civil Aviation
- 1.1.3 A valid Commercial Registration License showing the category/type of trading
- 1.1.4 Membership of the Yemen Union for Tourism

**2. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS****2.1.** The Accounts will reflect a satisfactory financial standing by meeting the following Financial Tests:

- 2.1.1 There must be positive Net Equity.
- 2.1.2 Net Equity divided by long-term debt and other long-term liabilities must be greater than 0.5.
- 2.1.3 EBITDA (Earnings before Interest, Taxation, Depreciation, Amortization and extraordinary items) must be positive
- 2.1.4 The EBITDA must exceed the Interest Payable by a factor of a minimum of two.
- 2.1.5 Adjusted Current Assets must exceed Current Liabilities.

**3. ANNUAL FINANCIAL REVIEWS**

- 3.1. All Agents must provide Audited Accounts no later than 6 months after each Financial Year End (FYE)
- 3.2. All new Applicants that had commenced trading over 12 months must provide Audited Accounts of not more than six (6) months old and covering at least 12 consecutive months, at the time of application.
- 3.3. All new applicants that did not commence trading yet or commenced trading for less than 12 months should submit certified opening balance sheet.

**4. FINANCIAL SECURITY****4.1 New Agents**

- 4.1.1. All new applicants are required to provide a Financial Security that covers at a minimum the higher of minimum financial security level of USD 70,000 or the required Financial Security according to section 4.2 of these criteria

**4.2 Existing Agents**

An Agent will not be accredited or will not continue to be accredited unless all the following criteria are met in relation to the Financial Security required by IATA:

- 4.2.1 The original Financial Security document has been received by IATA; and
- 4.2.2 Financial Security will be subject to a minimum notice of termination period on the part of the Financial Security Provider of ninety (90) days and will be valid for a minimum of at least one year.
- 4.2.3 For the purposes of calculating the amount of a Financial Security the following definitions apply:
  - 4.2.3.1 “**Days’ Sales at Risk**” means the number of days from the beginning of the Agent’s reporting period to the remittance date in respect of that reporting period or periods, plus a margin of five days.  
  
Fortnightly remittance: Days at Risk: 35 days
  - 4.2.3.2 The amount of Financial Security required must cover at a minimum the Days Sales at Risk calculated as below using BSP Days at Risk, multiply 12 months sales over 365 days. If the existing Financial Security is insufficient to cover Amount at Risk, the amount of Financial Security will be increased to cover the Amount at Risk

“Days Sales at Risk” X (12 months Sales / 365) for Existing Agents

“Days Sales at Risk” X (Estimated Annual Sales / 365) for New Applicants

4.2.3.2.1 Subject to a minimum of USD 70,000.00 (Seventy Thousand United States Dollars)

## 5. DEFINITIONS OF TERMS USED IN THESE GUIDELINES

**Adjusted Current Assets** – are defined as Current Assets as in the balance sheet of the accountants after deducting:

- Stocks and work in progress
- Deposits given to third parties other than IATA
- Loans to Directors, Associate Companies, (including any subsidiary, associate or company under common ownership)
- Doubtful debtors
- Blocked funds except for funds held in favour of IATA.

**Current Liabilities** – are defined as current liabilities in the balance sheet of the accounts

**EBITDA** - Earnings before Interest, Taxation, Depreciation and Amortisation.

**Financial Irregularity** means an irregularity applied as a result of any failure to adhere to the reporting and remittance procedures described in resolution 818g Attachment “A” including but not limited to those irregularities described in resolution 818g Attachment “A”

**Financial Review** means a review of an Agent’s financial position or the calculation of the amount of Financial Security required in accordance with this local Financial Criteria.

**Irregularity** means any irregularity applied under the Passenger Sales Agency Rules for non-compliance with those rules including but not limited to Financial Irregularities.

**Net Equity or Shareholders’/owners’ Funds**-Consists of:

- Share capital
- Share Premium
- Retained earnings
- Other distributive reserves
- Shareholder’s loans if subordinated less declared dividends

**Long Term Debt** - All debt liabilities where repayment is due more than twelve months after the end of the financial period

**Long Term Liabilities** - all liabilities where repayment is due more than twelve months after the end of the financial period

**Review** means any assessment or evaluation of an agent’s continuing compliance with the Passenger Sales Agency Rules.

**ZAMBIA****Finances**

For individuals trading as sole proprietors, a statement of assets and liabilities certified by an Auditor must accompany all applications. For companies and closed corporations, audited financial statements must be supplied.

A minimum entry-level guarantee amount will be set by the ASO, which the applicant must comply with.

The ASO office can at any time, adjust the guarantee during the first year of operation based on monthly Airline sales. This will provide protection to Airlines during the initial year of trading.

Audited Annual Financial Statements must be provided to the ASO office within six months of the Agents financial year-end.

An Agent's balance sheet should reflect certain minimum financial ratios and disclosure standards. These are:

**Solvency****Current ratio (current assets to current liabilities)**

1:1 Minimum

Both debtors and creditors are to be analyzed either on the face of the balance sheet or the notes thereto stating 'TRADE' debtors/creditors separately. 'TRADE' refers to those amounts incurred as a result of the business arrangement as reflected in the PSAA.

Positive net worth/shareholders interest:

— should the balance sheet indicate that the Agent is insolvent, that Agent will be suspended from trading with immediate effect. If the position is not readdressed within 60 days, the Agents agreement will be terminated.

*Note: The subordination of the loan account does not restore the solvency of the Agency.*

**Profitability**

Agents must operate their business with the intention of making a profit.

**Guarantee**

Following the submission of the initial guarantee, subsequent annual reviews and setting of the guarantee level will be calculated as follows:

**0-3 years of trading as an accredited agent:**

Average four weeks cash sales are to be covered in full.

**3 years or more as an accredited agent:**

Average four weeks cash sales figure	xxx
Less: Qualifying Equity (as reflected on Agent's balance sheet)	yyy

Guarantee required	zzz
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To qualify for any further reduction in the guarantee amount as set out above the agency is to meet the solvency criteria. The following aspects will also be considered:

- The Agent must have been in business for more than 3 years
- No more than 2 recorded instances of irregularities for late payment against the Agency in the previous 12 months; and

- On change of ownership, the record of irregularities in the last 12 months recorded for the Agency falls away
- The Agency has not been placed in default in the preceding 3 years of trading.

Further reductions in the guarantee will be as follows:

<b>No. of years in business</b>	<b>% Reduction</b>
0-3	Nil
4-7	15%
8-10	30%
10+	50%

*Note: >15 years cannot reduce lower than a minimum of 25% average four weeks cash sales*

In addition, for Agencies that have been in existence for longer than 10 years (as an IATA Agent) and comply with the above criteria, will be able to apply for a minimum guarantee level of 25% of average four weeks cash sales if their financial statements comply with the following:

- The ratio of current assets to current liabilities is at least 1,5: 1
- The Agency must have a net worth of at least 25 % of that Agency's average four week cash sales

In the first year following a change of ownership of the legal entity the agency will not be entitled to the reduction in guarantee as calculated in above. The agency will qualify for the 'years in business' reduction from the second year after the change.

The guarantees may only be issued by:

- Any acceptable financial institution as approved by IATA

#### **Staff Criteria**

The Agent must have in its employment competent and qualified staff able to sell international air transportation and correctly issue electronic travel documents and report these to the BSP.

#### **BSP Procedures**

Information on the procedures and responsibilities of agents in respect of the reporting and settlement rules is contained in the BSP Manual for Agents supplied to each Approved Location.

IATA offers regular BSP procedural training sessions. Any agent wishing to undertake such training is encouraged to contact the local BSP office.

**ZIMBABWE**

(Effective 1 September 2016 – Mail Vote/A270)

**1. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS**

- 1.1. All financial information used in the financial criteria will be extracted from the Agent's Audited Accounts.
- 1.2. The following financial tests apply to the evaluation of an Agent's Audited Accounts:
  - 1.2.1. There must be positive Net Equity.
  - 1.2.2. Net Equity divided by long-term debt and other long-term liabilities must be greater than 0.5.
  - 1.2.3. EBITDA (Earnings Before Interest, Taxation, Depreciation, Amortization and extraordinary items) must be positive save in exceptional circumstances.
  - 1.2.4. The EBITDA must exceed the Interest Expense by a factor of a minimum of two *and ideally three*.
  - 1.2.5. Adjusted Current Assets must exceed Current Liabilities.
  - 1.2.6. The Audited Accounts must not have a qualified audit opinion or local regulatory equivalent.

**2. ANNUAL FINANCIAL REVIEWS****Agents accredited for two years or less**

- 2.1. All Agents must provide Audited Accounts not more than 12 months old at the time of submission to become an Agent for the purposes of evaluation against the financial tests in section 1. If an Agent has been in business for less than 12 months at the time of application, an opening balance sheet must be provided instead.
- 2.2. All Agents must provide Audited Accounts no later than 6 months after each financial year end during the first two years of accreditation for the purposes of evaluation against the financial tests in section 1.
- 2.3. All Agents must provide a Financial Security during the first two years as an Agent in accordance with section 4.

**Agents accredited for more than two years**

- 2.4. All Agents must provide Audited Accounts no later than 6 months after each financial year end of that Agent for the purposes of evaluation against the financial tests in section 1.
- 2.5. If an Agent passes all the financial tests and satisfies all the points below, the Agent will be required to provide IATA with a Financial Security of USD 20,000.00/- or 25% of Amount at Risk, whichever is the higher:
  - 2.5.1. The Agent has not had any of the following in the last 12 months:
    - i. a default (including defaults resulting from an accumulation of irregularities) and removal from the Agency List.
    - ii. a change of ownership
  - 2.5.2. The Agent also passed all of the financial tests under section 1 based on the Audited Accounts provided for the previous two years.
- 2.6. If an Agent fails to pass any of the financial tests, the Agent must provide a Financial Security in accordance with section 4.

**3. INTERIM FINANCIAL REVIEWS**

- 3.1. For any Financial Review conducted for cause at a time other than in respect of an Agent's financial year end, IATA may conduct a Financial Review in accordance with section 2, as applicable to that Agent by reviewing the internal monthly management accounts of the Agent showing the results for each month since the last accounting date, the cumulative results to date and the latest balance sheet.

**4. FINANCIAL SECURITY**

- 4.1. An Agent will not be accredited or will not continue to be accredited until any Financial Security required to be provided to IATA has been received by IATA and confirmed to IATA by way of written confirmation received directly from the third party supporting the Financial Security that the Financial Security was issued by that third party and is valid.
- 4.2. Financial Securities will be subject to a minimum notice period of ninety (90) days and ideally be valid for an unlimited period but will be expected to be valid for a minimum of at least one year.
- 4.3. For the purposes of calculating the amount of a Financial Security the following definitions apply:

- 4.3.1. "Days' Sales at Risk" means the number of days from the beginning of the Agent's reporting period to the remittance date in respect of that reporting period or periods, plus a margin of five days.
- 4.3.2. "Amount at Risk" is calculated by dividing the Days' Sales at Risk by 360 days, and applying that percentage to the BSP cash turnover, or cash turnover as applicable, amount the Agent made in the last 12 months period referred to in section 4.5, 4.6 or 4.8 of this criteria, as applicable:

$$\text{"Amount at Risk"} = \frac{(\text{"Days" Sales At Risk} \times \text{BSP cash turnover in applicable 12 month period}) \times 17}{360}$$

For weekly remittance Days at Risk = 17

Subject to:

- A minimum of USD 20,000.00/- for Agents accredited for less than 2 years
- A minimum of USD 20,000.00/- or 25% of the Amount at Risk whichever is higher for Agents accredited for more than 2 years.

#### **Agents accredited for two years or less**

- 4.4. All Agents must provide a Financial Security with a minimum amount of USD 20,000 to be accredited.
- 4.5. After the first three months of accreditation and after the first 12 months of accreditation, the amount of the Financial Security required must cover at a minimum the higher of:
- 4.5.1. The Amount at Risk calculated as per section 4.3 using the cash turnover amount equal to the average daily net cash sales of the Agent during the previous twelve month period multiplied by the days at risk for weekly remittance; or
- 4.5.2. USD 20,000.00
- 4.6. For Agents Accredited for less than 12 months, the Amount at Risk will be calculated as per section 4.3 using the cash turnover amount equal to the average daily net cash sales of the Agent during the previous months of accreditation multiplied by the days at risk for weekly remittance

If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

- 4.7. Except for the amount of the initial Financial Security, all calculations of the amount of Financial Security required under the Passenger Sales Agency Rules for Agents accredited for two years or less will be reviewed and calculated under section 4.5.

#### **Agents accredited for more than two years**

- 4.8. The amount of the Financial Security required must cover at a minimum of USD 20,000.00/- or 25% of the Amount at Risk whichever is higher calculated as per section 4.3 using the BSP cash turnover, amount equal to the average of the net cash sales in the previous 12 months applicable to weekly remittance. If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.
- 4.9. All calculations of the amount of Financial Security required under these criteria or the Passenger Sales Agency Rules for Agents accredited for more than two years will be calculated under section 4.8.

### **DEFINITIONS OF TERMS USED IN THESE GUIDELINES**

**Adjusted Current Assets** are defined as Current Assets as in the Balance Sheet of the Accounts after deducting:

- Stocks and work in progress.
- Deposits given to third parties other than IATA,
- Loans to Directors, Associate Companies, (including any subsidiary, associate or company under common ownership)
- Doubtful debtors,
- Blocked funds, except for funds held in favour of IATA.

*These generic descriptions may be modified to terms specifically defined under the applicable local Generally Accepted Accounting Principles (GAAP) and disclosed in the financial statements.*

**Audited Accounts** means the Agent's financial and accounting records and procedures that have been reviewed and certified by an auditor recognized as competent by the regulatory authority in that country to perform an audit

that are provided to IATA and which includes the auditor's opinion of those accounts. *Certifies accounts will be applicable in those countries where APJCs accept certified accounts according to local law.* In all instances the established accounting rules in a country will apply.

**Current Liabilities** are defined as Current Liabilities as in the Balance Sheet of the Accounts

**EBITDA** – Earnings Before Interest, Taxation, Depreciation and Amortisation

**Financial Irregularity** means an irregularity applied as a result of any failure to adhere to the reporting and remittance procedures described in Resolution 818g Attachment “A” including but not limited to those irregularities described in Resolution 818g Attachment “A”.

**Financial Review** means a review of an Agent's financial position or the calculation of the amount of Financial Security required in accordance with these criteria, or both.

**Interest Expense** means an income statement account which is used to report the amount of interest incurred on debt during a period of time.

**Irregularity** means any irregularity applied under the Passenger Sales Agency Rules for non-compliance with those Rules including but not limited to Financial Irregularities.

**Net Equity or Shareholders'/Owners' Funds** – consists of:

- Share capital
- Share premium
- Retained earnings
- Other distributable reserves
- Shareholder's loans if subordinated less declared dividends:

**Long Term Debt** – All debt liabilities where repayment is due more than twelve months after the end of the financial period.

**Long Term Liabilities** – All liabilities where repayment is due more than twelve months after the end of the financial period.

**Review** means any assessment or evaluation of an Agent's continuing compliance with the Passenger Sales Agency Rules.

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