

LOCAL ESTABLISHED CRITERIA FOR ACCREDITATION AND RETENTION OF AGENTS – JAPAN

effective 01MAR09

1. Financial Statements

Balance Sheet (BS), Profit & Loss Statement (PL) and the detailed statements, showing the most recent two terms, certified by an independent CPA or ZEIRISHI (Certified Tax Accountant), shall be submitted to IATA.

Time limit of submission is:

- New applicant: together with the other application forms
- IATA Accredited Agents: within 3 months after the Agent's accounting year-end but in any case not more than 2 weeks after the stockholders' meeting

2. Financial Criteria

(2) The agent must have minimum paid-up share capital in the sum of JPY10,000,000

(3) The financial statements must show minimum net worth of JPY30,000,000.

(4) Equity Ratio shall exceed 5 % and up

3. Financial Guarantee

Accredited agents are required to submit the financial guarantee with IATA in accordance with this Paragraph.

(1) Form

1. Bank Guarantee
2. Travel Agency Bond provided by the insurance company
3. Default Compensation Program implemented by IATA
4. Other Form that IATA approves

The financial coverage issuer must have the license granted by Financial Services Agency, The Japanese Government.

Financial support in the form 1 through 4 above should be renewed annually with its amount reassessed in accordance with (2) below.

(2) Amount

- 23/365 of the previous 12months BSP cash sales or minimum of JPY10 million whichever is higher, but not more than JPY500 million, is applied.
- At the first year, the amount should be calculated on the basis of the estimation, as provided by the applicant, of the agent's BSP cash turnover in the first year. Such level is reviewed within the six month based on the Amount at Risk computed with reference to the average net cash sales of the Agent during that six months period. The amount is required to be increased if it is found to be insufficient to the cover the Amount at Risk.
- If the applicant is unable to submit the one-year financial statement, 23/365 of forecast of BSP Cash Sales or JPY200 million whichever is higher, but not more than JPY500 million, is applied.

Notes:

For Agent whose financial standing and good trading record satisfies the following criteria, the amount is calculated in accordance with this Notes.

- Minimum paid-up share capital in the travel agent shall exceed JPY 100,000,000.
- No late/short/non payment of BSP settlement has recorded in the last 12 years.
- For Agent whose latest financial statement shows the net worth equivalent to or more than 23/365 BSP turnover, JPY10M/approve location (Maximum of JPY500M) shall be applied.
- For Agent whose latest financial statement shows the net worth less than 23/365 BSP turnover, the amount fall short of such BSP turnover, or JPY10M/approve location whichever is higher, but not more than JPY 500 million, shall be applied.

LICENCE

Registration as Travel Agency with Japan Toursim Agency or Prefectural Governors are required.

STAFF

Each Location must have in its employment at least two (one in case of BR) competent, qualified staff members to be present, who is:

- holding an IATA/UFTAA training Diploma or
- holding a Fares and Ticketing Course training certificate for the sales of international transportation issued by the Member Carriers or the System Providers as approved by the

- APJC; or
- having ticketing experience of at least two consecutive years during the most recent four years at an Airline's office or an Accredited Agent.

CHANGES REQUIRING PRIOR NOTICE

If an Accredited Agent wishes to effect the following changes, other than those provided in Paragraphs 11.1 to 11.11 of Section 11 of Resolution 810j, the Agent must give a prior notice at least two weeks before effecting

change and remit the appropriate administrative fees, where applicable, as determined by the APJC in accordance with the provisions of Paragraph 11.12 of Section of Resolution 810j:

- increase in paid-up capital, and change of shareholding within the first to the fourth on the list shareholders, not involving change of ownership
- change of Travel Agency License number under Japanese Travel Agency Law.
- administrative change name of the shareholders, which does not affect the equity of ownership
- change of qualified ticketing staff, responsible staff for safe custody of STDs and responsible staff for remittance;
- administrative change of address, including change of building name;
- change of telephone and/or fax number without change of location;
- change of directors;
- change of the beneficiary account
- voluntary relinquishment of IATA Accreditation;

INTEREST IN CASE OF DEFAULT

When an Agent is declared in default, interest shall be levied on that Agent at a rate of SIX PERCENT per annum.