



## Communiqué 14/07

Dear Travel Agents,

18 May 2007

As indicated in Communiqué 13/06, subsequent to the implementation of the *BSPlink* communication tool in November 2005, and to BSP Canada's migration to the *ISIS* processing platform in February 2006, we have gone through the exercise of reviewing the various agreements and processes surrounding the banking operations of BSP Canada.

This review was conducted with a view to better adapt to the changing needs of the industry, while at the same time clarifying the interplay of BSP Canada's agreements and processes with the applicable PACONF Resolutions, as well as with other applicable rules and legislation.

We are pleased to report that this process is now complete.

With the input of key industry players, and, in particular, with the support of ACTA, the Association of Canadian Travel Agencies, the revised and clarified agreements and processes of BSP Canada are now in place. An overview of the main features of the revised system is found herein below.

As you will note, a key feature of the revised system is the new formal *Payor Authorization Agreement* (the "Agreement"), which you will find attached to the present Communiqué. All Agents who wish to continue to benefit from the advantages of automated debiting are kindly asked to execute a copy of this Agreement and return it by mail to us **prior to June 15, 2007**. The Agreement should be initialled next to Section 6.1 and signed at the end by a duly authorized representative of the Agent. Schedule A to the Agreement should only be filled by those Agents wishing to change the details of their currently designated account. For all the others, BSP Canada will continue to debit the bank account already in use. **It is important to note that despite the above, any Agent who will not return the new Agreement duly signed by June 15, 2007 will be deemed to have executed the Payor Authorization Agreement and will be bound by it.**

However, Agents **may opt out at any time of the Agreement**, on 21-day prior written notice to BSP Canada (certain additional conditions will apply to their remittances).

### **Overview of the Revised Process**

As was the case in the past, each Monday, BSP Canada will continue to dispatch to the *BSPLink* system a billing report, which covers the previous period reported by Agents, the whole, in

accordance with the Calendar of Settlement Dates. This billing report includes an Agent Remittance Notice (ARN) that sets forth the amount owing by the Agent on the next Wednesday.

Unless an Agent has opted out, the amount of the ARN will be automatically debited from the Agent's designated bank account, with a value date of Wednesday<sup>3</sup>. The amount debited from an Agent's designated bank account matches the ARN figure; no other sums are debited.

Every Monday, the ARN is available for viewing by Agents by accessing *BSPlink*. It is the responsibility of each Agent to access *BSPlink* within the first three (3) business hours every Monday morning and to view and download the ARN. For Agents who subscribe to the enhanced version of *BSPlink*, an optional e-mail alert of the billing report dispatched to *BSPlink* is available. When you examine your ARN, you should make sure whether (1) a technical or clerical mistake appears on the Billing Report, or (2) an ADM that had been disputed on one of the grounds identified in Section 7.3 of the Agreement is still included in the billing. If this is the case, you may withdraw your debit authorization for the next coming up Wednesday only. We ask that you advise us of such a situation within the first three (3) business hours mentioned above by e-mail or facsimile and provide us with a reasoned explanation<sup>1</sup>. Please note that a similar withdrawal can also be made if the Agent satisfies BSP Canada that special circumstances exist.

Should you avail yourself of this possibility, you will need to remit your adjusted payment by wire transfer to BSP Canada with a value date of Wednesday.<sup>2</sup> BSP Canada will not place an Agent in Default provided the undisputed portion of the ARN is paid by that value date. However, in the event that an Agent fails to remit payment for the undisputed portion of an ARN with a value date of Wednesday, the Agent will be declared in Default in accordance with Resolution 804 and other applicable Resolutions.

### **Opting out and Settlement by Wire Transfer**

Under the new system, BSP Canada also allows Agents to opt out altogether of the automated debit process, and to make all their settlements by wire transfers. To avail themselves of this possibility, Agents have to give BSP Canada a 21-day prior written notice.

An Agent wishing to opt out shall meet the conditions enunciated in Section 8.3 of the Agreement, that is : (1) execute a letter of undertaking with BSP Canada, (2) if it is not already done, open a specifically designated trust account and (3) remit all subsequent settlements owing by wire transfers with a value date for the appropriate Settlement Date on each case. Please note that all costs associated with the payment by wire transfers shall be borne by the Agent.

---

<sup>1</sup> We can be reached by e-mail at [BSPCanada@iata.org](mailto:BSPCanada@iata.org). To send us a facsimile, please dial (514) 874-1753.

<sup>2</sup> Please contact BSP Canada directly for wire transfer information.

<sup>3</sup> Please note that the Settlement Date may not always fall on a Wednesday due to statutory holidays. These variations are noted in the Calendar of Settlement Dates.

In the event that an Agent fails to remit the entire payment owing with the proper value date, the Agent will be declared in Default in accordance with Resolution 804 and other applicable Resolutions.

Please note that a revised Chapter 14 for Canada of the BSP Manual for Agents, which will reflect this revised process is currently under preparation and will be circulated shortly. In the interim, should you have any other question, please do not hesitate to contact us.

We thank you for your continuing support and collaboration throughout this process and we remain,

The BSP Canada Team



*Payor Authorization Agreement with respect  
to Pre-authorized Debits (PADs)*

BY AND BETWEEN:                   The undersigned travel agent (hereinafter “the Agent”) acting for the purposes herein through a duly authorized representative (as he/she so declares);

AND:                                   The International Air Transport Association (hereinafter “IATA”) acting for the purposes herein through its Director General;

WHEREAS IATA makes available to the Canadian air travel industry a Billing and Settlement Plan (hereinafter “BSP Canada”) under the terms and conditions set forth in the Resolutions adopted from time to time by the Passenger Agency Conference (hereinafter “PACONF”) and the other provisions derived therefrom;

WHEREAS participation in BSP Canada allows the Accredited Agents to issue Standard Traffic Documents (and other accountable forms) on behalf of participating IATA members (hereinafter each a “Carrier”), provided they account for, and settle, the related sale proceeds with IATA, as prescribed in the applicable PACONF Resolutions;

WHEREAS as a BSP Canada Accredited Agent, the Agent has entered into with IATA a Passenger Sales Agency Agreement in a form similar to that of PACONF Resolution 824 (hereinafter the “PSA Agreement”);

WHEREAS Section 2 of such PSA Agreement provides that the terms and conditions governing the relationship between the Carriers and the Agent are set forth in the PACONF Resolutions (and other provisions) contained in the Travel Agent’s Handbook published from time to time by IATA;

WHEREAS PACONF Resolution 832 provides that in order to settle with the Clearing Bank through automated debits, the Agent shall issue all appropriate authorizations, and in particular that the Agent shall enter into an agreement providing for pre-authorized debits to be drawn from its designated account, such authorizations and agreement to be substantially in the form as may be prescribed from time to time by ISS Management;

WHEREAS ISS Management has prescribed that the BSP Canada Accredited Agents desiring to settle with IATA through automated debits shall issue all useful authorizations in respect of their designated account, and in particular they shall enter into an agreement substantially in the form of the present Agreement;

## **WHEREFORE THE PARTIES HAVE AGREED AS FOLLOWS:**

### **1. Scope**

- 1.1 The terms of this agreement (the “Agreement”) are in addition to, and subject to the terms of the PSA Agreement, as they may be amended from time to time, which PSA Agreement shall remain in full force and effect.
- 1.2 For greater clarity, the PACONF Resolutions (and other provisions derived therefrom) contained in the Travel Agent’s Handbook and the BSP Manual for Agents, including the Chapter 14 for Canada (as they all may be amended from time to time in accordance with the appropriate procedures), are incorporated in this Agreement as if reproduced herein at length.
- 1.3 The debit authorization provided herein is for the benefit of IATA and for the Agent’s financial institution (the “Agent’s Bank”), and is provided in consideration of IATA allowing the Agent to settle the moneys owing under the PSA Agreement through automated debits, and in consideration of the Agent’s Bank’s agreeing to process such debits initiated by IATA against the bank account, the details of which are specified in Schedule A to this Agreement (the “Designated Account”).

### **2. Valid Signing Authority**

- 2.1 The Agent hereby warrants and guarantees that all persons whose signatures are required to sign on the Designated Account have duly authorized or executed this Agreement.
- 2.2 The Agent hereby undertakes to inform IATA in writing, by fax or e-mail at least twenty-one (21) days prior to any change in the account information provided in Schedule “A”.

### **3. Purpose of Pre-Authorized Debits**

- 3.1 The debits to be processed by IATA pursuant to the present Agreement (the “Payment Debits”) shall be in furtherance of the Agents obligation to settle with IATA all monies collected by the Agent for transportation and ancillary services provided by Carriers (including, where applicable, any remuneration to which the Agent may be entitled) which moneys the Agent holds in trust until settlement in full is made, in compliance with the PSA Agreement and the present Agreement.
- 3.2 The Payment Debits herein will be treated as Business PADs within the meaning of the Canadian Payment Association Rule H1.

### **4. Timing and Amount of Pre-Authorized Debits**

- 4.1 The Payment Debits shall be initiated by IATA in accordance with the Calendar of Settlement Dates for Canada published yearly and in advance by IATA as part of the Chapter 14 (for Canada) of the BSP Agent Manual (“BSP Calendar”).

- 4.2 More particularly, in respect of each reporting period in the BSP Calendar, there shall be a notification date (the “Notification Date”), on which IATA posts to the *BSPlink* website a billing report in respect of the Agent (the “Billing Report”) that indicates *inter alia* the amount owing by the Agent which is attributable to the reporting period;
- 4.3 For each reported period, the BSP Calendar shall provide for a settlement date (the “**Settlement Date**”), which Settlement Date shall fall at the earliest on the second day after the corresponding Notification Date.
- 4.4 Upon posting of a Billing Report on the *BSPlink* website by IATA, the Billing Report is deemed duly communicated and notified to the Agent, and it is the Agent’s sole and exclusive responsibility to access, obtain, review and, if applicable dispute, the terms of such Billing Report, prior to the Settlement Date.
- 4.5 With a value date on each Settlement Date, IATA will process a Payment Debit in the Designated Account which will be in the exact same amount as identified in the corresponding Billing Report.
- 4.6 The Agent undertakes to provide any other form of authorization as may be required or deemed useful so as to permit IATA, the Clearing Bank and the Agent’s Bank to debit the Designated Account in favor of IATA.
- 4.7 The Agent shall report timely to IATA any technical or clerical error in processing the Payment Debit. When it is notified of such an error, IATA shall use its best efforts to correct same as promptly as possible..

**5. Authority to Debit the Designated Account**

- 5.1 The Agent hereby authorizes IATA to draw, or cause to be drawn, on the Designated Account, Payment Debits in variable amounts with a value date as of (but not earlier than, in each case) the applicable Settlement Date, the whole in accordance with the BSP Calendar.
- 5.2 To the extent required, the Agent undertakes to forthwith amend, or otherwise replace with a new authorization, any authorization or other documentation that the Agent may have provided to the Agent’s Bank in respect of IATA in order to give effect to the Agent’s undertakings in this Agreement.

**6. Waiver of Pre-Notification**

- 6.1 The Agent hereby waives any requirement for additional or any other advance notice or notification by IATA or any of the Carriers of the amount and occurrence of any Payment Debit, other than as provided herein, and as stipulated in the BSP Calendar. The Agent’s consent to the above is further evidenced by the initials immediately apposite to this subsection.

*Initials*

## **7. Temporary withdrawal of debit authorization**

- 7.1 The Agent shall have the right to withdraw its debit authorization herein in respect of any given Settlement Date, in the circumstances and under the conditions set forth in the present Section.
- 7.2 Written notice of the withdrawal has to be given to IATA by fax or e-mail during the first three (3) business hours in the time zone of the Agent's main place of business on each Notification Date on which the Agent intends to invoke this Section.
- 7.3 A withdrawal under the present Section can only be made for the following reasons :
- (a) the Agent is of the view that a technical or clerical mistake appears on the Billing Report, and such alleged mistake will be disputed by the Agent;
  - (b) an ADM which forms part of the Billing Report had been disputed under PACONF Resolution 850m on one of the following grounds:
    - (i) the ADM was not issued within nine (9) months of the corresponding final travel date; or
    - (ii) the dispute relating to the ADM was not settled by the Carrier within sixty (60) days of receipt;

and the Agent demonstrates to IATA that such dispute appears *prima facie* well-founded.

A withdrawal under this Section can also be made if the Agent satisfies ISS Management that special circumstances warrant such withdrawal.

- 7.4 Despite any withdrawal under the present Section, to avoid default action by IATA, in all cases the Agent has to remit the undisputed portion of the settlement owing to IATA by a wire transfer at the Agent's cost with a value date for the Settlement Date.
- 7.5 Any withdrawal under the present Section is temporary, and is valid for only one Settlement Date, and the debit authorization herein is deemed reinstated and valid for the next Settlement Dates.

## **8. Revocation of the debit authorization**

- 8.1 The Agent shall have the right at any time to revoke its debit authorization herein in the circumstances and under the conditions set forth in the present Section.
- 8.2 Written notice of the withdrawal has to be given to IATA by fax or e-mail at least twenty one (21) days before the Settlement Date where the revocation is set to come into force.
- 8.3 Prior to the coming into force of the revocation of the debit authorization pursuant to the present Section, the Agent shall:

- (a) execute a letter of undertaking to settle with IATA, by wire transfer only and at the Agent's costs, any amounts owing under the PSA Agreement (as specified in the Billing Reports), at the latest on each Settlement Date; and
  - (b) open or maintain a trust account (the "Remittance Trust Account"), for the exclusive purpose of depositing any and all amounts due to IATA in accordance with the PSA Agreement.
- 8.4 Upon the coming into force of the revocation of the debit authorization pursuant to the present Section, the Agent shall thereafter deposit in the Remittance Trust Account any and all amounts due to IATA as soon as they are collected.
- 8.5 The revocation of the debit authorization pursuant to the present Section does not cancel or otherwise affect the parties' obligations under the PSA Agreement and in particular, the obligation of the Agent to account for, and settle, the amounts owing as per the applicable Billing Reports with IATA, in strict conformity with the BSP Calendar, and consequently, to avoid default action by IATA, upon the coming into force of the revocation of the debit authorization pursuant to the present Section, the Agent shall thereafter remit all settlements owing to IATA by wire transfers, at its own costs, with a value date for each corresponding Settlement Date.
- 8.6 For greater certainty, revocation of the debit authorization hereunder does not terminate any other obligations that exist between the Agent and IATA. The debit authorization given herein applies only to the method of payment of the amounts due by the Agent to IATA and evidenced on the Billing Reports, and does not have any bearing on the obligations owed by the Agent to IATA in respect of any contract.

## 9. **Dispute Resolution in Respect of Certain Payment Debits**

Subject to the terms of the applicable PACONF Resolutions, including without limitation the Agent's obligations and IATA's recourses under PACONF Resolution 832:

- (a) the Agent may dispute any Payment Debit to the Designated Account because such debit was not drawn in accordance with this authorization or because this authorization was revoked or withdrawn ("**Disputed Debit**");
- (b) the Agent acknowledges and agrees that, in order to be reimbursed for any such Disputed Debit, the Agent shall complete a written declaration to the effect that one of the conditions described in subsection 9(a), above, has occurred and the Agent shall present such written declaration to the appropriate branch of the Agent's Bank up to and including ten (10) business days after the date on which the Disputed Debit has been posted to the Designated Account; and
- (c) the Agent acknowledges and agrees that a claim based on any reason other than those provided at subsection 9(a) above, and any claim made after ten (10) business days, will be resolved solely between the Agent and IATA

(and/or the Carrier, as the case may be), and that the Payment Debit will not be returned.

#### **10. Acceptance of Delivery of Authorization**

The Agent acknowledges and agrees that the execution of this Agreement with IATA by the Agent constitutes full delivery by the Agent to the Agent's Bank and suffices and serves as a complete debit pre-authorization notice to the Agent's Bank.

#### **11. Validation of the Payment Debit**

The Agent acknowledges and agrees that the Agent's Bank is not required to verify that any debits drawn or caused to be drawn by IATA, including without limitation the amount of any such debit, are in accordance with this Agreement or any other agreement made between the Agent and IATA or any Carrier, as a condition of honoring any debits drawn or caused to be drawn by IATA on the Agent's Account.

If this Agreement is executed in an electronic format, the Agent hereby certifies that the method for signing is in a form that constitutes proper authority for the Agent's Bank to debit the Designated Account.

#### **12. Agent's Compliance with Applicable Laws**

The Agent acknowledges and agrees that it remains its sole and exclusive responsibility to comply with all laws, statutes, regulations and/or by-laws, of any governmental authority, whether of general applicability or of specific applicability to the Agent as a member of the industry or otherwise, and in particular, without limiting the foregoing, the Agent undertakes to comply at all times in Ontario with Regulation 26/05 of the *Travel Industry Act, 2002 (Ontario)*, in Quebec, with the *Travel Agents Act (Québec)*, in British Columbia, with the *Business Practices and Consumer Protection Act (British Columbia)*, and in other jurisdictions, with the requirements of similar regulations applicable to the Agent.

#### **13. Agent's Representations and Warranties**

The Agent represents and warrants to IATA, and for the benefit of the Agent's Bank, that:

- (a) all information provided with respect to the Designated Account in this Agreement, including without limitation in Schedule A is complete and accurate; and
- (b) the Agent or its duly authorized representative has read, understands, and accepts the terms and conditions of this Agreement.

#### **14. Severability**

If any provision of this Agreement is held to be invalid, the parties nevertheless agree that the court should endeavour to give effect to the parties' intentions as reflected in

the provision, and the other provisions of this Agreement shall remain in full force and effect.

**15. Definitions, Terms and Headings**

The definition of terms and expressions used in this Agreement and not otherwise defined herein are those contained in PACONF Resolution 866. The section titles used in this Agreement are for convenience only and have no legal or contractual effect.

**16. No Waiver**

The failure of IATA to exercise or enforce any right whether or not coming from this Agreement does not constitute a waiver of such right.

**17. Consistency**

To the extent of any inconsistency between the terms hereof and those of the PSA Agreement the terms of the PSA Agreement shall prevail.

**18. Governing Law**

This Agreement shall be governed by the laws of the Province of Quebec, and the laws of Canada applicable therein. The parties to this Agreement irrevocably agree to submit to the jurisdiction of the Courts of the Province of Québec, district of Montreal.

**19. Language of this Agreement**

It is the express wish of the parties that the Agreement and any related documents be drawn up in English. *Les parties confirment leur volonté expresse à ce que cette convention et tous les documents s’y rattachant soient rédigés en anglais.*

A French version of this Agreement is also available upon request. To the extent of any inconsistency between the French and the English versions however, the English version shall prevail.

IATA

The Agent

(S) \_\_\_\_\_

Per: \_\_\_\_\_

Director General

Duly Authorized Signature, as the signatory so declares.



**SCHEDULE A**

**DESIGNATED ACCOUNT**

Unless a different bank account is identified in the present Schedule and such Schedule is communicated to IATA, the bank account already in use by IATA for purposes of BSP Canada in respect of the Agent shall continue to be the Designated Account for the purposes hereof. Please note that any designation of a new Designated Account herein below, or any change in such Designated Account, will only come into force twenty-one (21) days after the receipt of a written notice to this effect by IATA.

---

*Name of Agent's Bank*

---

*Street Address*

---

*City*

---

*Province*

---

*Postal Code*

---

*Designated Account Number*

---

*Branch Number*

---

*Institution Number*