

# MEMORANDUM

## PAC/RESO/1021

To: All Members, Passenger Agency Conference  
Accredited Representatives

From: Director, FDS Operations, GDC

Date: 31 October 2023

Subject: **MAIL VOTE (A652)**  
**PAC1 (Mail A652)**  
**Proposal for Changes to Local Financial Criteria for Argentina**

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### Background Information

#### Submitted by APJC Argentina, Paraguay and Uruguay

The 28th Meeting of APJC Argentina, Paraguay, and Uruguay, was held on 17 August 2023. This third APJC meeting during 2023 was scheduled, as agreed by the Joint Council, to continue the advancement of discussions towards the alignment of the BSP Remittance Frequency with the provisions of Resolution 812, for Agents in Argentina and Uruguay, from the current remittance of 10 days after the close of the reporting period, down to 5-business days after the close of the reporting period.

The APJC reviewed actions agreed at its previous meeting, held on 9 June 2023, where the Joint Council unanimously approved the alignment of the remittance frequency with the resolution for Agents in Paraguay, effective 1 October 2024, submitting their proposal to PAConf for adoption via Mail Vote.

The APJC then proceeded to resume the discussion on remittance frequency changes for Agents in Argentina and Uruguay. The Joint Council acknowledged the continuing complex economic and financial conditions affecting Argentina while Uruguay remained a stable market. Agent and airline members of the APJC voiced their respective concerns aiming to agree on the most viable timeline to adopt these changes for Argentina and Uruguay.

Various timeline options were discussed until a motion was presented by an airline member of the APJC proposing the implementation of remittance changes in Argentina and Uruguay, as of 1 January 2025. This motion aimed to accommodate concerns raised by each constituency and provided ample notice to the markets to accommodate to the shorter remittance frequencies.

The motion was well received by both constituencies, and the Joint Council moved to vote on this motion. All Agent members of the APJC and all airline members of the APJC, except for one airline abstaining, voted in favor of changing the remittance frequency from 10 calendar days after the close of the reporting period to 5 business days after the close of the reporting period, for all Agents in **Argentina and Uruguay, effective 1 January 2025.**

Agent members of the APJC reminded IATA that all Billing Analysis and Billing Reports must be received by Agents by not later than 48 hours after the close of the period once the change to remittance frequency came into effect. Agents reiterated that failure by IATA to provide those reports within the 48 hours prescribed in the IATA rules, Agents would object to the implementation

of the remittance change since, at present, these reports were only available 72 to 96 hours after the close of the reporting period.

The Secretariat reiterated the Billing Analysis and Billing Reports would be available to agents latest 48 hours after the close of the reporting period. The Secretariat also advised that currently, Agents using the Streamline and Lean versions of the new BSPlink, already had online access to sales data 24 hours after the close of each ticketing day.

The APJC then proceeded to address changes to the Local Financial Criteria for Argentina, Paraguay, and Uruguay, resulting from the adoption of the reduced remittance frequency. The amendments to the local financial criteria for each country were unanimously approved by the APJC.

### Effective Date

The proposed effective date of these changes is **1 January 2025**.

### Proposed Action

Conference to adopt changes to the Local Financial Criteria Argentina as per Attachment 'A' to align with the shorter remittance frequency in Argentina.

Voting Period: 31 October-15 November 2023

Filing Period: 16-30 November 2023

Effectiveness: **1 January 2025**

To cast a vote, Members are asked to access the application from the following link:

<https://forms.office.com/e/GNaQBgexpH>

Please note that no other form of voting will be accepted. Voting will conclude at close of business MAD time on **Wednesday, 15 November 2023**. Votes not cast by that deadline will be deemed to be affirmative.

In conformity with the Mail Vote procedure endorsed by PAConf in October 2009, this Mail Vote has been provided in advance to representatives of the agency associations ECTAA, UFTAA and WTAAA for review and/or comment.

No comments were received.

Any Member seeking clarification on any aspect of the mail vote or the mail vote process is invited to contact the IATA Passenger Governance team by email to [pac-gov@iata.org](mailto:pac-gov@iata.org).

A handwritten signature in black ink, appearing to read 'J. Rodriguez', with a large, sweeping initial stroke.

Juan Antonio Rodriguez  
Director – FDS Operations, GDC

## ARGENTINA

(Effective 1 January 2025 PAC MV /A652)

### 1. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS

**1.1** The financial assessment will be based on the calculation of the financial ratios and the achievement of the score described below:

	Financial Ratios	Maximum possible score	Description
a)	Liquidity	14	Short-term solvency
b)	Debt	14	Level of assets financed by debt
c)	Collection Average	7	Collection days to cover sales
d)	Cash Flow	5	Coverage of long-term debt through earnings
e)	Capital solvency	19	Property Ownership

Formula and score applicable to financial ratios:

**a) 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 0.86	0 points

**b) 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 1.49	0 points

**c) 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 29 days	0 points

**d) Cash Flow = After-tax earnings / Long-term Debt**

0.20 and above	5 points
0.18 – 0.19	4 points
0.15 – 0.17	3 points
0.13 – 0.14	2 points
0.10 – 0.12	1 point
0.09 and below	0 points

**e) Capital solvency = Value of property owned by the Agent** must cover Agent's own Amount of Sales at Risk\* as per Table A (documentation and criteria for this ratio is described under paragraph 4). Score:

*equal or above	19 points
*below	0 points

**Table A** – Capital solvency requirements for Agents with no Risk Events.

Amount of Sales at Risk = <u>Total net cash sales (USD) over the last 12 months x 17 days</u> 365 days		Minimum Capital Solvency
From	To	Property value (USD)
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 above	1.200.000

## 2. ANNUAL FINANCIAL ASSESSMENTS

### Conditions for the analysis of Financial Statements presented by the Agent

**2.1** In order to become an IATA Accredited Agent and each year, for the annual financial review, the Agent must submit the latest audited Financial Statements (Balance Sheet, Profit & Loss Statement, Notes and Annexes).

**2.2** The accountant's signature must be certified by the College or Council in which he/she is registered. Submission must be done not later than 8 months following the Agent's financial year end.

**2.3** After the first two years of accreditation, agents with Risk Status 'A', who own property for a value equivalent or superior to their Amount of Sales at Risk as determined under Paragraph 1.1 section e) above, can submit documentation as described under Financial Definitions.

### Satisfactory result in the financial assessment

**2.4** In order to achieve a satisfactory evaluation, the agent must obtain a minimum acceptable score of **22 points** resulting of the application of the sum of the 4 financial ratios a), b), c) and d).

**2.5** The maximum score that can be obtained as a result of the application of the 5 financial ratios (a, b, c, d and e) is 59 points.

### Unsatisfactory result in the financial assessment

**2.6** The result of the financial assessment will be considered as unsatisfactory when points obtained after calculation of the 4 financial ratios a), b), c) and d) in the financial statement is **lower than 22 points**.

## 3. FINANCIAL SECURITY

**3.1** 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.

**3.2** Financial Securities will be expected to be valid for a minimum of at least one year.

**3.3** Upon accreditation and during the first two years, every Agent must present a Financial Security for an amount equivalent to **USD 30.000** or calculated as the Agent's amount at risk as defined in Paragraph 3.4, whichever is higher.

**3.4** The following formula will be applied to calculate Agent's amount of sales at risk:

$$\frac{\text{Total net cash sales over the last 12 months} \times 17 \text{ days}}{365 \text{ days}}$$

### **Agents with Risk Status 'A'**

**3.5.1.** Agents with Risk Status 'A' who obtained a satisfactory financial assessment ratio result above 40 points, and who do not have risk events, are not required to present a financial security.

**3.5.2** Agents with Risk Status 'A' who obtained a satisfactory financial assessment ratio result between 22 and 40 points, who do not have risk events but failed to comply with ratio e) are required to present a financial security for an amount equivalent to the Agent's own Amount of Sales at Risk as per **Table B** below.

Amount of Sales at Risk = <u>Total net cash sales (USD) over the last 12 months x 17 days</u> 365 days		Financial Security (USD)
From	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 above	1.200.000

#### **Agents with Risk Status 'B'**

**3.6** For Agents with Risk Status 'B', the amount of the Financial Security required must cover at a minimum the amount calculated as per Paragraph 3.4, or a minimum of USD10,000 (or the equivalent in local currency), whichever is higher.

#### **Agents with Risk Status 'C'**

**3.7** For Agents with Risk Status 'C' the amount of the Financial Security required must cover at a minimum the amount calculated as per Paragraph 3.4, or a minimum of USD10,000 (or the equivalent in local currency), whichever is higher.

#### **4. FINANCIAL 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).

**Capital Solvency:** The Value of Property owned by the Agent, which must be included In the Agent's financial accounts and must be free and clear. The following documents will be required to prove capital solvency (these criteria apply only to Agents described in paragraph 2.4):

1. Certificate of ownership for each property owned by the Agent. The validity of the certificate must not be older than 30 days. Each property provided must be free of restrictions (garnishment, mortgage, usufruct, etc.) and fully available to the Agent.
2. Certificate of non-encumbrance of the entity. The validity of the certificate must not be older than 30 days.
3. Two property appraisals certified by local realtors or public auctioneers, indicating the market value of the property presented. The validity of the appraisals must not be older than 30 days.