



5 August 2019

M E M O R A N D U M
PAC/RESO/664

TO: All Members,
Passenger Agency Conference Accredited Representatives

FROM: Director, FDS Operations, GDC

SUBJECT: **MAIL VOTE (A305)**
PAC3 (Mail A305)
Changes to Reso812 and Local Financial Criteria — CHINA, People's Republic of

Background Information

During 2019 IATA has implemented a new Accreditation type– Domestic GoLite Agent in BSP China under the scope of NewGen ISS, to provide more choices for Air Passenger Transport Agents in China, so that they could choose the most beneficial operation mode tailored to their company's distinct situation and strategic direction. To further promote a diversified industry development, standardize market operation, safeguard the interests of airlines, and compliment the complete roll-out of NewGen ISS in the Chinese market, it was unanimously supported by APJC China, to implement GoLite to International Passenger Sales Agents in a similar manner. As a result, APJC China met on 29 May 2019 and unanimously agreed on the proposed changes to Resolution 812 and the Local Financial Criteria for China to be submitted to Conference for adoption.

Effective date

The proposed effective date of these changes is 1 October 2019, or aligned with the implementation of NewGen ISS in China in case of changes in implementation date.

Proposed Action

Conference to adopt the changes to Resolution 812 and the Local Financial Criteria as shown in Attachment 'A' & 'B'.

The timetable for Mail Vote A304 is as follows:

Voting Period:	5 – 19 August 2019
Filing Period:	20 August – 3 September 2019
Effectiveness:	1 October 2019

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

<https://www.surveymonkey.com/r/A304-319>

Please note that no other form of voting will be accepted. Voting will conclude at close of business MAD time on **Monday, 19 August 2019**. 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 Distribution Management team by email to distributionmanagement@iata.org.



Juan Antonio Rodriguez
Director, FDS Operations, GDC

Attachment A:

Attachment 'A' – Resolution 812

5.6.4 CHINA ONLY ~~For BSP China Domestic Agents, the financial security GoLite~~
Agents are required to provide a Financial Security, will be calculated as per provisions
of the Local Financial Criteria.

Attachment 'B'
CHINA, People's Republic of
(Effective 1 Oct 2019)

1. GENERAL QUALIFICATIONS

1.1 Finances

1.1.1 An International Agent must submit Audited Financial Statements prepared in accordance with Chinese accounting standards. Such statements shall include Balance Sheet and Profit & Loss Account and shall be duly audited and certified by an Authorized Public Auditor according to the Chinese Law.

1.1.1.1 The Audited Financial Statements should not be older than nine months at the time of submission.

1.1.1.2 If the applicant has been operating for less than six months, Capital Verification Report, instead of Audited Financial Statements may be provided.

1.1.2 Registered Capital requirements:

1.1.2.1 In order to obtain or to maintain accreditation, agents must at all times meet the following:

1.1.2.1.1 BSP China International Agents must at all times have a minimum of CNY 1,500,000 in registered capital.

1.1.2.1.2 BSP China Domestic Agents, using cash facility must at all times, have a minimum of CNY 500,000 in registered capital.

1.1.2.1.3 BSP China Domestic Go-Lite Agents must at all times have a minimum of CNY 62,500 in registered capital.

1.1.2.1.4 BSP China International Go-Lite Agents must at all times have a minimum of CNY 150,000 in registered capital.

The registered capital figure for ~~Domestic~~ agents will be extracted from the business license and/or certificate provided by local authority if applicable.

1.1.2.2 Licenses:

All agents should have and provide to IATA at minimum on annual basis a valid business license and certificate provided by local authority for every approved location if applicable.

2. CRITERIA FOR THE EVALUATION OF AGENTS' FINANCIAL STATEMENTS

2.1 Agents participating in BSP China as International Agents:

2.1.1 Financial Review:

Agents' financial statements will be evaluated, and Agent's Financial Review Result will be considered as satisfactory if the following criteria are met:

2.1.1.1 Current Ratio > 130%, Current Assets divided by Current Liabilities.

2.1.1.2 Liquid Ratio > 100%, (Current Assets – Inventory – Prepayment) divided by Current Liabilities.

2.1.1.3 Cash Ratio > 30%, Cash and Cash Equivalents divided by Current Liabilities.

2.1.1.4 Debt Ratio < 65%, Total Liabilities divided by Total Assets.

2.1.1.5 Owners' Equity is not less than 65% of Paid-up Capital.

3. Financial Security

Each approved location of the agent must provide a financial security.

For BSP China International agents, it should be equivalent to 37% of the average monthly cash sales on behalf of airlines BSP-CN participating airlines during the previous 12 months period, with a minimum amount of CNY 1,500,000.

For BSP China Domestic agents using cash facility, it should be equivalent to 37% of the average monthly cash sales on behalf of BSP-CN participating airlines during the previous 12 months period, with a minimum amount of CNY 500,000.

For BSP China Domestic Go-Lite agents, the Financial Security must be equivalent to the sum of highest 3 months of ADMs/ACMs during the previous 12 months period, with a minimum amount of CNY 62,500.

For BSP China International Go-Lite agents, the Financial Security must be equivalent to the sum of highest 3 months of ADMs/ACMs during the previous 12 months period, with a minimum amount of CNY 150,000.

4. ADMINISTRATIVE CHARGE

4.1 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/CNY 5.00 per excessive voided ticket.

5. BSP CASH SALES MONITORING

Effective upon migration of BSP China to Resolution 812, all agents with access to cash facility, will have a Remittance Holding Capacity assigned to them, which will be equal to 90% of the financial security level that is held by IATA at any time. The Agency Administrator will restrict Cash Payment Method should the agent at any time reach its Remittance Holding Capacity.

5.1 Cash as a Form of Payment will be reinstated upon either:

5.1.1 Settlement by the Agent of all or part of the cash sales due where the effect of such settlement reduces the total unremitted cash sales to an amount that is below the Agent's Remittance Holding Capacity; or

5.1.2 Receipt by IATA from the Agent of an additional Financial Security. The Agents Remittance Holding Capacity will be recalculated to equal 90% of the total Financial Security Provided.

5.2 Agents may at all times continue utilizing the BSP China Online Payment Solution and Credit Card as forms of payment.

5.3 The BSP Cash Sales Monitoring will be conducted daily including weekends and public holidays.