



5 August 2019

M E M O R A N D U M
PAC/RESO/679

TO: All Members,
Passenger Agency Conference Accredited Representatives

FROM: Director, FDS Operations, GDC

SUBJECT: **MAIL VOTE (A320)**
PAC3 (Mail A320)
Changes to Resolution 812 for CHINA, People's Republic of

Background Information

In light of the upcoming NewGen ISS roll out in BSP China, planned for Q4 of 2019, the processes of an Agency's accreditation and risk management practiced in China were reviewed with the provisions of the Resolution 812 and Local Financial Criteria adopted in the last PACConf/41. Several differences were identified through this process. However, considering that such processes had resulted in USD 0 default losses in BSP China in 2018, a further review was conducted in order to best map the process within NewGen ISS context without compromising the market's current level of risk mitigation of Airlines' funds. The risk management process relating to Risk Events (except failure to provide Financial Security), and payment defaults will be following global practice at hierarchy level, but the Financial Security will be requested, maintained, monitored and non-compliance actions will be taken on per Location.

In order to avoid any confusion in the market, and implement NewGen ISS in China, Attachment 'A' proposes amending Resolution 812 for China only with consideration of the following aspects:

Financial Security

Currently, each Location must provide a separate Financial Security for each individual IATA code that it applies for. With the implementation of NewGen ISS, it is

proposed to continue this practice till the Agents transition into the global practice of providing Financial Security at hierarchy level to IATA. The Risk Event for non-provision of financial security will also be taken at per Location. The encashment of Financial Security is also at Location level than hierarchy level.

Remittance Holding Capacity

PACConf/41 adopted a revision to Resolution 812, whereby the Remittance Holding Capacity (RHC) granted to Agents in China, regardless of its Risk Status, will be at all times equal to 90% of the Financial Security provided by the Agent. In light of the above, IATA will calculate and monitor RHC per Location. Agents in China can view their RHC usage on ASD and will be notified via email when All Amounts Owing have reached 50% and 75% of the Agent's RHC. Upon reaching or exceeding their RHC, the Cash Payment Method will be removed per Location, which will be displayed on ASD and notified via email.

Forms of Payment

The forms of payment will be communicated to the Airlines via email as currently carried out. When ASD is replaced by New Front End (NFE), the Airlines and Agents will be informed via eBulletin and IATA Customer Portal on their forms of payments.

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 as shown in Attachment 'A'.

The timetable for Mail Vote A320 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.

A handwritten signature in black ink, appearing to read "J.A. Rodriguez", written in a cursive style.

Juan Antonio Rodriguez
Director, FDS Operations, GDC

Attachment A:

Section 4 Risk Events

4.1.1 Risk Events

4.1.1.2 CHINA ONLY Section 4.3.9 will apply to the Agents holding Standard Accreditation with Cash Facility or Agents holding Standard Accreditation with no Cash Facility for each Location.

Section 5 Risk Management and Remittance Holding Capacity

5.1.1 Application of Section 5

5.1.1.4 CHINA ONLY Section 5.5.4, 5.6.3 and 5.9 will apply to the Agent holding Standard Accreditation with Cash Facility for each Location.

5.9.2 Remittance Holding Capacity Monitoring

5.9.2.1 IATA will continuously monitor the Agent sales and notify the Agent through the IATA Customer Portal (ASD for China) when all Amounts Owing have reached: [...]

5.9.5 Recalculation of the Remittance Holding Capacity

5.9.5.4 The result of the recalculation and the new Remittance Holding Capacity amount will be communicated to the Agent through the IATA Customer Portal (ASD for China).

Section 6 Framework for Reporting and Remitting

6.15 Framework for IEP Payment Method

6.15.1 Application

6.15.1.3 CHINA ONLY BOP will be the Easy-Pay pay-as-you-go solution for the market.