RESOLUTION 832

REPORTING AND REMITTING PROCEDURES

PAC(58)832/(Mail A595)(except USA), (except 818g and 812 countries) Expiry: Indefinite Type: B

The purpose of this resolution is to govern the procedures for all aspects of Reporting and Remittance under the procedures of Billing and Settlement Plans (BSPs), and reporting directly to Members in a single resolution, notwithstanding variations in the Passenger Sales Agency Rules,

It is RESOLVED that the following reporting and remittance procedures are adopted for application in a consistent manner in conjunction with the applicable Passenger Sales Agency Rules and that the Agency Administrator is empowered to supervise and take corrective actions as determined by the Conference.

All references to Paragraphs and Sub-Paragraphs are to those contained within this Resolution unless stated otherwise.

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ATTACHMENT ‘A’—FREQUENCY OF AGENT REMITTANCES
Section 1—Reporting and Remitting through the Billing and Settlement Plan (BSP)

This Section is applicable to all Approved Locations of an Agent, except those covered by Resolution 818g, with respect to all sales on behalf of Airlines and Members participating in the BSP. The BSP Manual for Agents contains the administrative and procedural rules to be followed by Agents and constitutes part of this Resolution.

1.1 MONIES DUE ON ISSUE OF STANDARD TRAFFIC DOCUMENTS

The provisions of this Paragraph govern monies due to BSP Airlines arising from Accountable Transactions.

In all instances the preferred method of remittance shall be by electronic funds transfer, or by Business-to-Business Direct Debit. In this context Business-to-Business Direct Debit is defined as a Direct Debit system and jurisdiction which imposes strict conditions and time limits not exceeding 2 banking days for revocation of the transfer by the payer or the payer’s bank. When either of these systems are available in a market and unless required by applicable local law other methods of remittance are discouraged.

1.1.1(a) monies for sale against which an Agent issues Standard Traffic Documents shall be deemed due by the Agent to the BSP Airline whose ticketing authority is used when they are issued and shall be settled in accordance with the provisions of this section.

1.1.1(a)(i) monies for sales made by an Agent, where the ticket is issued by the BSP Airline on behalf of the Agent and reported using the facility of the BSP, shall be deemed due by the Agent to the BSP Airline and shall be settled in accordance with the provisions of this section in the same way as if the Agent had issued a Standard Traffic Document.

1.1.1(b) in the event that the Agent is declared insolvent, bankrupt, is placed in receivership or judicial administration, goes into liquidation or becomes subject to any other similar legal process affecting its normal operation, then notwithstanding the normal remittance procedures set out in this Section all such monies shall become immediately due and payable.

1.1.1(c) in circumstances where a BSP Airline determines that its ability to collect monies for Standard Traffic Documents may be prejudiced by the Agent’s financial position such BSP Airline may demand immediate settlement of all such monies;

1.1.2 in circumstances where an Airline is suspended from the BSP (‘BSP Airline’) the monies due to the BSP Airline are handled according to the applicable procedures within Resolution 850, Attachment ‘F’. While IATA’s instruction to Agents under Resolution 850 Attachment ‘F’ paragraph 1(c)(ii)(b) to settle directly with the suspended BSP Airline does not relieve Agents of any payment obligations to the suspended BSP Airline, the Notice of irregularity and default action provisions of paragraph 1.7 of this Attachment do not apply while such instruction is in place.

1.1.3 in circumstances where an Agent collects full or part payment for transportation in respect of which reservations have been made on the services of a BSP Airline, the Agent shall issue an appropriate Standard Traffic Document. Thereupon monies for such sale shall be deemed due and settlement shall be made in accordance with the provisions of Subparagraph 1.1.1(a);

1.1.4 Agents shall be required to remit in the currency reported on the ticket and billed to the Agent.

1.2 LENGTH OF REPORTING PERIOD: REPORTING DATE

The provisions of this Paragraph govern the reporting of Transactions within the Reporting Periods and Reporting Dates as determined for each BSP.

1.2.1 for each BSP, reporting shall be as frequent as possible and the Conference shall establish the length of the Reporting Period most suitable to the efficient operation of such Plan.

1.3 AGENCY SALES TRANSMITTALS

Agency sales are provided to the BSP Data Processing Centre in an automated report by the Ticketing System Providers.

1.4 FREQUENCY FOR SUBMISSION OF AGENCY SALES DATA

The frequency by which Agency Sales Data is transmitted to the Data Processing Centre is established by Resolution 854 which requires the System Providers to report daily.

1.5 BILLING

1.5.1 the Data Processing Centre shall compute and prepare a Billing in respect of each Approved Location in accordance with the requirements of the Conference. Such Billings shall incorporate all Accountable Transactions reported by the System Provider with respect to each Approved Location of an Agent;

1.5.2 the frequency at which Billings shall be rendered to Agents shall be established by the Conference.

1.5.3 Where a BSP allows ticket issuance in more than one currency a billing will be produced for each currency used.

1.6 SETTLEMENT—THE REMITTANCE DATE

The provisions of this Paragraph govern the dates, and their frequencies, by which Billings will be settled by Agents.
1.6.1(a) Agents shall settle all amounts due in respect of Accountable Transactions and any applicable local charges directly with the Clearing Bank.

1.6.1(a)(i) Where an Agent receives a billing in more than one currency the Agent is obliged to remit in the currency of the billing.

1.6.1(b) ISS Management, following consultation, (which includes receiving comments from the local Joint Agency Liaison Working Group), may require the Agent to provide them with

- the necessary information and
- an authorisation form as may be prescribed by them, permitting the Clearing Bank to draw cheques on, or debit the Agent's trust account or other bank account, in favour of IATA, or the institution designated by ISS Management, in payment of all amounts due to BSP Airlines.

1.6.1(c) When the Agent intends to change its bank(s), or bank account(s), the Agent shall give ISS Management 30 days' advance notice by certified/registered mail, or certified letter with return receipt, or in countries where registered/certified mail is not available by use of regular postage and e-mail as appropriate;

1.6.2 Frequency of Remittance

The Conference shall establish the standard frequency of Agents' Remittances under such BSP, and these are as shown at Attachment A. The Remittance Date will be communicated to all agents participating in each BSP.

1.6.2.1 the Agent shall remit, by the Remittance Date the amount specified on the Billing for the Remittance Period under settlement. If, exceptionally, the Agent has not received such Billing by the Remittance Date the Agent shall:

1.6.2.1(a) on the Remittance Date, remit the amount its records indicate is owing in respect of such Remittance Period or, in a direct debit situation, the amount determined by ISS Management, and

1.6.2.1(b) immediately upon receipt of the delayed Billing, remit any shortage between the remittance made pursuant to Subparagraph 1.6.2.1(a) above and the amount of the Billing.

1.6.2.1(c) if the Agent fails to remit any such shortage immediately it shall be deemed to be an overdue remittance and Irregularity and Default procedures shall apply in accordance with Subparagraph 1.7.2.

1.6.2.1(d) if the extent of the shortage is such as to lead ISS Management to believe that the Agent attempted deliberately to circumvent the settlement requirements of this Section, ISS Management shall instruct the Clearing Bank to debit the Agent for Clearing Bank charges incurred as a result of the shortage. Such charges shall be included in the Clearing Bank's next Billing to the Agent and shall be due and payable by the Agent on the Remittance Date applicable to such Billing;

1.6.2.2 if the Clearing Bank is closed for business on the day on which the remittance is required to reach the Clearing Bank under the provisions of Subparagraph 1.6.2, the remittance shall be made by the Agent so as to reach the Clearing Bank before its close of business on the first subsequent day when the Clearing Bank is open for business;

1.6.2.3 an Agent having more than one Approved Location subject to the same BSP may apply to ISS Management for authorisation to remit monies due on behalf of all such Approved Locations through one designated office of the Agent to the Clearing Bank;

1.7 NOTICE OF IRREGULARITY AND DEFAULT

The provisions of this Paragraph govern failures by Agents to adhere to the reporting and remitting procedures set out in Paragraphs 1.2 to 1.6 inclusive, for which an Agency can be served with Notices of Irregularity, or be declared in Default, as appropriate. Agents may also be liable for charges arising from them. The circumstances for this may include:

- Overdue Remittance or Cheque
- Dishonoured Remittance or Cheque
- Failure to Remit in Billing Currency
- Accumulation of the above Irregularities

1.7(a) the Agency Administrator's actions described in this Paragraph, in respect of the non-receipt by the Clearing Bank of Remittances by the due date, shall not apply when the Agency Administrator can determine that the Agent had adequately undertaken all of the required remittance procedures, and that such non-receipt had been caused by extraneous factors.

1.7(b) Conference, or the Assembly where so delegated, may provide for variations from BSP to BSP in respect of the sanctions applicable to such failures, and any such variations shall be notified to all Agents in the relevant BSPs, and incorporated in the relevant provisions of the applicable BSP Manual for Agents.

1.7(c) for the purposes of this Paragraph, where the Agency Administrator issues:

- a demand for payment or
- immediate payment, or
- a demand for immediate reporting and/or
- accounting and settlement,

the deadline for the Clearing Bank's receipt for such from the Agent is the close of business on the first day it is open for business following the day of the Agency Administrator's demand.

1.7(d) A Notice of Irregularity or declaration of default will be in writing and set out the specific circumstances giving rise to the Notice of irregularity or default.

1.7.1 Charges

The Conference may, subject to the provisions set forth in this Resolution and following local consultation, (which includes receiving comments from the local Joint Agency
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1.7.1(a) Administrative Charges

(i) for excessive voiding of Standard Traffic Documents, as established from time to time by ISS Management, in consultation with the airlines participating in the local BSP and the respective Agency Programme Joint Council; and published in the BSP Manual for Agents,

(ii) for any other failures to comply with BSP procedures and instructions, which generate additional cost to airlines;

1.7.1(b) Clearing Bank Charges

Clearing Bank Charges, which shall be in the amount debited to ISS Management by the Clearing Bank as a result of the Agent's failure to remit as prescribed. These will be increased, if applicable, by an amount to compensate for any extra efforts incurred by ISS Management in relation to such failure; and

1.7.1(c) Billing and Settlement of Charges

such charges debited to Agents shall, except as may, wise specified, be included by ISS Management in its first subsequent Billing to the Agent/Location concerned and shall be due and payable by the Agent by the Remittance Date applicable to such Billing. Such charges shall, for the purpose of Subparagraph 1.10.2(b), be deemed to be part of all amounts owing by the Agent;

1.7.1(d) Notification of Charges

when ISS Management is required under any of the provisions of this Section to debit an Agent for charges, it shall simultaneously notify the Agent and Location concerned.

1.7.2 Overdue or Dishonoured Remittance

1.7.2.1 if the Clearing Bank does not receive a remittance due by: the Remittance Date, or immediately on receipt by the Agent of a delayed Billing, a remittance in respect of a shortage as provided for in Subparagraphs 1.6.2, or if an instrument of payment received by the Clearing Bank to effect such remittance is dishonoured on or after the Remittance Date, the Agency Administrator who shall thereupon demand payment from the Agent including any Clearing Bank charges incurred and shall then:

1.7.2.1(a) send to the Agent a Notice of Irregularity in respect of the Location concerned (or, where the Agent has been authorised to remit through one designated office under the provisions of Subparagraph 1.6.2(e) or 1.6.2.4 in respect of all Approved Locations covered by such authorisation).

1.7.2.1(b) if payment is not received on demand, the Agency Administrator shall immediately notify ISS Management and the Agent, and shall take Default Action with respect to all Locations of the Agent in accordance with Paragraph 1.10.

1.7.2.1(c) in addition to any action prescribed in this Subparagraph, the Agency Administrator shall debit the Agent for costs incurred as a consequence of the late or dishonoured payment;

1.7.2.1(d) if it is established that such non-payment or dishonouring is due to a bona fide bank error, as provided for in Paragraph 1.7.5, and settlement of all amounts due is received on demand, the Notice of Irregularity shall be rescinded;

1.7.2.1(e) if it is subsequently established that such non-payment or dishonouring is due to a bona fide bank error, as provided for in Paragraph 1.7.5, and settlement of all amounts due is received, but after Default Action has been taken, the Agency Administrator shall immediately withdraw such Default and the Notice of Irregularity, if recorded in accordance with Subparagraph 1.7.3.1;

1.7.2.1(f) if, subsequent to an Agent's relinquishment of its accreditation, that Agent fails to remit any monies due, it shall be held to be in default, and the provisions of Paragraph 1.10 shall apply. The Agency Administrator shall thereby cause the termination to be amended to one of default.

1.7.3 Failure to Remit in Billing Currency

if the Clearing Bank does not receive a remittance in the same currency as billed to the Agent in the correct amount, the Clearing Bank shall immediately so advise the Agency Administrator who shall thereupon demand immediate payment from the Agent to the correct value of the ticketed currency, including any Clearing Bank charges incurred and shall then;

1.7.3.1(a) send to the Agent a Notice of Irregularity in respect of the Location concerned (or, where the Agent has been authorised to remit through one designated office under the provisions of Subparagraph 1.6.2.1(f) in respect of all Approved Locations covered by such authorisation).

1.7.3.1(b) if payment is not received on demand in the billed currency, the Agency Administrator shall immediately notify the Agent, and shall take Default Action with respect to all Locations of the Agent in accordance with Paragraph 1.10,

1.7.3.1(c) in addition to any action prescribed in this Subparagraph, the Agency Administrator shall debit the Agent for costs incurred as a consequence of the late or dishonoured payment,

1.7.3.1(d) if it is established that such non-payment or dishonouring is due to a bona fide bank error, as provided for in Paragraph 1.7.7 and settlement of all amounts due is received on demand, the Notice of Irregularity shall be rescinded,
1.7.3.1(e) if it is subsequently established that such nonpayment or dishonouring is due to a bona fide bank error, as provided for in Paragraph 1.7.7, and settlement of all amounts due is received, but after Default Action has been taken, the Agency Administrator shall immediately withdraw such Default and the Notice of Irregularity, if recorded,

1.7.3.1(f) if, subsequent to an Agent's relinquishment of its accreditation, that Agent fails to remit any monies due, it shall be held to be in default, and the provisions of Paragraph 1.10 shall apply. The Agency Administrator shall thereby cause the termination to be amended to one of default;

1.7.4 Bona Fide Bank Error

A bona fide bank error taking place under the following circumstances, which is substantiated by evidence acceptable to the Agent Administrator as provided for in Paragraph 1.7.6.3, may be accepted by IATA for a maximum of four instances in a period of 12 consecutive months. This limit excludes instances where the Agent's bank has suffered from a disruption of service due to circumstances outside of its control and resulting in its inability to provide the required services to an Agent.

1.7.4.1 Credit Arrangement or Automatic Transfer of Funds

When on the date the cheque or other method of payment was presented to the Bank for payment, sufficient funds should have been available in the account on which the cheque or other method of payment was drawn by virtue of a valid written line of credit or other written arrangement, dated and executed between the bank and the Agent prior to the Reporting Period involved, and the bank erroneously fails to honour such line of credit or other arrangement, or

1.7.4.2 Sufficient Funds

If the bank erroneously fails to honour a valid cheque or other method of payment when sufficient collected funds are in the Agent's account on which the cheque or other method of payment was drawn and available for immediate withdrawal at the time the cheque or other method of payment was presented to the bank for payment;

Note: ‘uncollected funds’ shall not be considered funds available for immediate withdrawal;

1.7.4.3 Evidence Acceptable to the Agency Administrator

In all cases a bank letter must be provided to IATA:

(i) The original bank letter must be sent to IATA within 10 working days by registered post or courier, stating the nature of the error and reason for the delay in remittance
(ii) A copy of the bank letter may be sent to IATA via fax or as a scanned copy via email
(iii) The bank letter must be signed by a Manager including name, job title or designation (iv) The bank letter must stipulate that the Agent had sufficient available funds on Remittance Date in the stipulated bank account(s), stating the account name and the account number(s).

1.7.5 Accumulated Irregularities

The provisions of this Paragraph govern the procedures that shall apply when an Agent accumulates Notes of Irregularities. Accumulated Irregularities may, ultimately, lead to an Agent being placed in Default.

1.7.5.1 After each Remittance Date, or Settlement Date, the Agency Administrator shall compile and publish to BSP Airlines a list containing the names of all the Agents (and the addresses of the Approved Locations concerned) that have been sent Notice of Irregularity under any of the provisions of these Rules since the preceding Remittance Date.

1.7.5.2 If four (4) instances of irregularity are recorded on such lists in respect of a Location during any 12 consecutive months, the Agency Administrator shall immediately advise ISS Management and he/she shall take Default Action with respect to all Locations in accordance with Paragraph 1.10;

1.7.6 Agent in Default as an IATA Cargo Agent

If an Agent which is also registered as an IATA Cargo Agent under the IATA Cargo Agency Rules is declared in Default under those Rules in connection with its cargo activities (other than by reason of accumulated irregularities) such Agent shall also be deemed in Default under this Section, and Default Action with respect to all Locations of the Agent shall be taken in accordance with the provisions of Paragraph 1.10 of this Section;

1.7.7 Other Defaults

If an Agent is in Default under another Section either of these or of other IATA Passenger Sales Agency Rules, Default Action shall be taken in accordance with the provisions of Paragraph 1.10 with respect to all Locations of the Agent;

1.7.8 Accounting Irregularity Safeguards

1.7.8.1 In the event an audit or other investigation reveals such irregularities on the part of an Agent as:

(i) failure to submit all Standard Traffic Documents issued during the Reporting Period,
(ii) falsely reporting Standard Traffic Documents as having been sold against UATP or other Cards,
(iii) post-validating Standard Traffic Documents,
(iv) permitting alteration, omission or other falsification of Card data or other required information of the original Standard Traffic Documents or on any reissues thereof,
(v) issuing or reissuing single or multiple Standard Traffic Documents reflected as Card sales having an aggregate face value exceeding the established ‘floor limit’ without full disclosure to and the authority of the pertinent Card company; or complicity in the issuing or reissuing of Standard Traffic Documents reflected...
1.7.9 Disputed Agency Debit Memo

The provisions of this paragraph should be read in conjunction with the provisions concerning ADMs as provided in Resolution 850m.

1.7.9.1 An Agent may for reason dispute an ADM.

1.7.9.2 An Agent shall have a minimum of 14 days in which to review and dispute an ADM prior to its submission to BSP for inclusion in the billing.

1.7.9.3 When an ADM is disputed prior to it being submitted to the BSP for processing, it will be recorded as disputed, and will not be included in the Billing.

1.7.9.4 if an Agent disputes an ADM within the minimum dispute period it shall be suspended from the BSP process and settlement of the dispute will be for resolution between the Agent and Airline concerned.

(i) in the event an Agent disputes an ADM and after agreement between the Airline and the Agent, it is determined that the purpose of that ADM was correct, the Airline will advise the Agent and the BSP accordingly and the ADM as originally submitted will be processed;

(ii) if as a result of an Agent dispute it is determined after agreement between the Airline and the Agent that the ADM needs adjustment, the Airline will submit to the Agent and the BSP the adjusted ADM, in the form of a new ADM, in which case only the new ADM shall be processed.

1.7.9.5 An ADM that has been included in the BSP Billing will be processed for payment.

1.7.9.6 If after 60 days of receipt of a disputed ADM by an Airline the dispute has not been resolved, despite consultation between the Airline and the Agent, such ADM will no longer be suspended and will be withdrawn from the BSP process.

1.7.9.7 Such ADM dispute is now for bilateral resolution between the airline and the agent.

1.8 PREJUDICED COLLECTION OF FUNDS

The provisions of this Paragraph govern the procedures for the protection of BSP Airlines’ monies in situations where the ability, or intent, of an Agent to pay them are in doubt.

1.8.1 in the event that the Agency Administrator receives written information, which can be substantiated, leading to the belief that Members’ and Airlines’ ability to collect monies for Standard Traffic Documents may be prejudiced, the Agency Administrator may remove all Ticketing Authorities from the Agent’s possession,

1.8.2 the Agency Administrator shall so advise ISS Management and, thereupon, the Agency Administrator shall request an immediate review by the Travel Agency Commissioner;
1.9 NOTIFICATION OF IRREGULARITY

The provisions of this Paragraph govern the procedures when the Agency Administrator is required under any of the provisions of Paragraph 1.7 to send to an Agent a Notice of Irregularity.

1.9.1 he/she shall immediately send the Agent a registered letter, or certified letter with return receipt, or in countries where registered/certified mail is not available by use of regular postage and e-mail as appropriate in the form prescribed from time to time.

1.9.2 the Notice of Irregularity shall be in respect of the Approved Location concerned, except that a Notice of Irregularity resulting from overdue Remittance by an Agent authorised to remit through one designated office shall be in respect of all Approved Locations covered by the authorisation.

1.9.3 the Agency Administrator shall at the same time send a copy of the letter to the Approved Location concerned, to ISS Management.

1.9.4 such Notice of Irregularity shall be recorded against the Location concerned by the Agency Administrator on the list maintained pursuant to Subparagraph 1.7.6 of this Section.

1.10 DEFAULT ACTION

The provisions of this Paragraph govern the procedures if Default Action is required to be taken in accordance with any of the provisions of Paragraph 1.7, when the procedures prescribed below shall be followed:

1.10.1 the Agency Administrator shall immediately advise all BSP Airlines and ISS Management that the Agent is in Default at all Locations or at the Location concerned. Airlines and Members which have appointed the Agent shall be notified by e-mail or similar fast method of communication;

1.10.2 the Agency Administrator on declaring an Agent in Default or receiving Notice from a Member that an Agent is in Default shall immediately take the following action:
(i) advise the Agent in writing, with a copy to ISS Management, that Default Action has been invoked and withdraw from the Approved Location(s) concerned all of its Ticketing Authorities,
(ii) demand an immediate accounting and remittance of all amounts owing by the Agent in respect of the Location(s) concerned whether or not the Remittance Date for payment thereof has arrived,
(iii) notify the local representatives of BSP Airlines participating in the BSP concerned, and the local representative of any Member having the Agent under appointment but not participating in such Plan, of the Default Action,

1.10.3 on establishing that an Agent is in default, the Agency Administrator shall immediately take the following action:
(i) establish an up-to-date statement of indebtedness for each of the Approved Locations concerned and bill the Agent for charges incurred as a result of the Agent's failure to make complete settlement by the Remittance Date,
(ii) establish from its records the ticket serial numbers held at each of the Approved Locations concerned,
(iii) check any accounting and remittance obtained from the Agent and identify any discrepancies,
(iv) distribute any monies obtained from the Agent among the BSP Airlines concerned, subject to subsection 1.10.4,
(v) notify the relevant credit reporting agencies and the Airlines Reporting Corporation of any outstanding amounts owed due to the default.

1.10.4 Encashment of Bank Guarantee, Insurance Bond or Other Form of Guarantee

In the event that an Agent's BSP bank guarantee, insurance bond or other form of guarantee, if applicable, is insufficient to provide a full settlement to each of the BSP Airlines concerned listed in the Billing which has been subject to the Agent's default, each such BSP Airline shall be provided with a prorated amount of the bank guarantee, insurance bond or other form of guarantee in proportion to its percentage share in Billing subject to the default; such calculation shall be without regard to specific Accountable Transactions. In the event that an Agent has provided a separate bank guarantee, insurance bond or other form of guarantee in favour of a specific BSP Airline for Accountable Transactions, such BSP Airline shall not be entitled to any payment under the Agent's BSP bank guarantee, insurance bond or other form of guarantee until all outstanding indebtedness of the Agent to other BSP Airlines shall be discharged.

1.10.5 Disputes and Withdrawal of Defaults

1.10.5(a) an Agent may register the existence of a dispute with the Agency Administrator over a billing of a specified amount as part of its billing. Provided written evidence of such dispute is provided by the Agent to the Agency Administrator the Agency Administrator will ensure that no irregularity or default action will be applied, except where notification is received that the Agent has failed to comply with the provisions of Resolution 890 and action as proscribed under Paragraph 1.7.9 of these rules is being taken by the Agency Administrator;

1.10.5(b) if the Agency Administrator becomes aware, through any source, that there exists between a BSP Airline and the Agent any dispute arising solely from amounts due or claimed to be due to such Airline from the Agent, or vice versa, in respect of the Reporting/Billing Periods for which the Agent was declared in Default, he/she shall withdraw the declaration of Default. In the event that the BSP Airline does not admit the existence of such a dispute, the Agency Administrator
shall require the Agent either, to submit documented evidence demonstrating the existence of the dispute or, to pay the amount of the short payment to the BSP. Provided that either of such conditions is met, the Agency Administrator shall withdraw the declaration of Default;

1.10.5(c) pending resolution of the dispute between the BSP Airline and Agent, and where the Agent has remitted the disputed amount to the BSP the Agency Administrator shall hold such amount for 60 days. If after 60 days the dispute has not been resolved the Agency Administrator shall return the disputed amount to the Agent;

1.10.5(d) thereafter the dispute shall be for bilateral resolution between the Airline and Agent outside the BSP.

1.10.5.1 if the Default is withdrawn, the Agency Administrator shall, also
(i) reinstate the Agent and notify the Agent, all BSP Airlines accordingly. Any prior debits to the Agent for Clearing Bank charges incurred as a result of the overdue remittance shall be cancelled (and, in Philippines, the instance of late remittance shall be deleted from the record maintained pursuant to the provisions of 1.7.2), and BSP Airlines shall pay any commission withheld from the Agent.
(ii) remove the Notice of Irregularity, if any, giving rise to the withdrawn declaration of Default from the list maintained pursuant to the provisions of Subparagraph 1.7.6;

1.10.5.2 thereafter, if the Default is not withdrawn pursuant to Subparagraph 1.10.5 the provisions of Section 3 of this Resolution shall apply.

1.11 REMITTANCE AND SETTLEMENT DELAYED BY OFFICIAL GOVERNMENT ACTION

notwithstanding any other provision contained in this resolution an Agent shall not be sent a Notice of Irregularity, debited for administrative or Clearing Bank charges, nor declared in Default with respect to all or any part of a remittance to the extent that the Agent is unable to make full settlement because of official Government action which directly prevents such settlement; provided that the Agent demonstrates that the amount has been made available for Remittance at a recognised bank but cannot be remitted owing to such official Government action.

1.12 RESPONSIBILITY FOR SETTLEMENT OF CREDIT AND CHARGE CARD ('CARD') TRANSACTIONS MADE AGAINST A CARRIER'S MERCHANT AGREEMENT

The provisions for Credit Card and Charge Card transactions are provided for by Resolution 890.
2.1.7 should the Agent be able to demonstrate that the fare, for which the Traffic Document was issued and accounted for, was the subject of either a fare quotation obtained from an applicable airline tariff or reservation system, it will be deemed correct within the context of these Rules.

2.2 SALES REPORTS AND REMITTANCES

The provisions of this Paragraph govern the procedures in which Traffic Documents are reported by Agents, and the monies for them remitted to Members.

2.2.1(a) Agents appointed by the Member may be supplied with such Member's Traffic Documents and such Agents shall provide Sales Reports as well as the remittance due, and all supporting documents. Remittances shall be made at a frequency and date as prescribed by the Member and Sales Reports shall be submitted with the same frequency and by the same date as Remittances.

2.2.1(b) the provisions governing Irregularities and Defaults are as set out under Section 2.5 of this Resolution. If there were no transactions during the Reporting Period, the Agent shall submit a written 'no sales' report in lieu of a Sales Report;

2.2.2 Sales Reports shall cover the Reporting Period so prescribed or permitted, and Sales Reports and Remittances shall be furnished, so as to reach the Member by the respective times set forth in the applicable provisions of Subparagraph 2.2.1.

2.3 AGENTS ON BILLING BASIS

The provisions of this Paragraph govern the procedures for Members to bill Agents for the Transportation Orders issued by them in Members' names.

2.3.1 Agents that have been authorised by the appointing Member to issue their own Transportation Orders drawn on the Member shall be billed by the Member for them at the end of the Remittance Period, as prescribed by the Member, in which the Orders were accepted by the Member.

2.3.2 the Billings shall be issued so as reasonably to permit settlement by Agents by the Remittance Date prescribed by the Member for the relevant Remittance Period. Any Agent which is billed on this basis shall have been required by the Member to draw all such Orders only on the appointing Member's office nearest to the Agent's Approved Location where they are issued. The Member shall require the Agent to forward them to that office without delay.

OR

2.3.3 Remittances shall be made by the Agent to reach the Member not later than:

2.3.3(a) when a frequency greater than once a month is prescribed the Remittance shall be made by the Agent to reach the Member not later than the fifteenth day after each such Billing Period;

OR

2.3.3(b) notwithstanding anything above, with respect to its own Billings and/or Remittances a Member may establish a greater frequency than that prescribed herein in which case such Member may elect to use the shorter reporting and Remittance Period which results as a basis for determining the Agent's irregularities pursuant to Paragraph 2.5.

2.4 THE REMITTANCE DATE

The provisions of this Paragraph govern and define as the dates by which Remittances shall reach Members. As used in this Section, the term 'Remittance Date' shall designate either:

2.4.1 the day by which Sales Reports (or 'no sales' reports) and Remittances shall reach the Member as specified in Paragraph 2.2 or 2.3; or

2.4.2(a) when such day falls on a Saturday, Sunday or public holiday, the first working day thereafter,

OR

2.4.2(b) in countries where the recognised weekly holiday is not a Saturday and/or Sunday, the Remittance Date shall be the first working day after the recognised weekly holiday.

2.5 IRREGULARITIES AND DEFAULT

The provisions of this Paragraph govern failures by Agents to adhere to the Reporting, Remitting and settlement payment procedures. These can include:

• Overdue Sales Report
• Overdue Remittance
• Dishonoured cheque or payment
• Failure to include sales
• Accumulation of the above Irregularities.

For the purpose of this Paragraph, submission and payment on demand means submission and payment received by the Member before the close of business of its office on the first day such office is open for business following the day of the demand;

2.5.1 Overdue Sales Report/Remittance

2.5.1.1 if a Sales Report and full remittance, or where applicable a 'no sales' report, has not been received by a Member by the Reporting Date or Remittance Date as applicable, the Member shall immediately send to the Agent a Notice of Irregularity in respect of that Location with a copy to the Agency Administrator, as a registered letter, or certified letter with return receipt, or in countries where registered/certified mail is not available by use of regular postage, fax and e-mail as appropriate, in the form prescribed from time to time.
2.5.1.2 the Member shall simultaneously demand immediate submission of the overdue Sales Report and payment of the amounts due, if any. If submission and payment are not made by the Agent on demand, the Member shall immediately declare the Agent in Default by e-mail or similar fast method of communication (and confirming in a full report by registered mail or in countries where registered/certified mail is not available by use of regular postage and e-mail as appropriate) to the Agency Administrator, and Default Action shall be taken with respect to all Locations of the Agent in accordance with Paragraph 2.6.

2.5.1.3 at the end of each Reporting Period, the Agency Administrator shall compile a list of all Approved Locations in respect of which such notices were sent during the previous Reporting Period, and shall send a copy of such list to all Members.

2.5.1.4 if 2 (two) Notices of Irregularity (including Irregularities reported under these Rules) are recorded on such lists in respect of a Location during any 12 consecutive months, Default Action shall be taken with respect to such Location of the Agent in accordance with Paragraph 2.6;

2.5.2 Dishonoured Cheque or Other Method of Payment

2.5.2(a) if a cheque or other method of payment in settlement of amounts due by an Agent hereunder is dishonoured after the Remittance Date by a non-payment by the drawee bank, the Member shall without delay send to the Agent a Notice of Irregularity in the form prescribed and demand immediate payment from the Agent. Such Notice shall count as two listed instances of Irregularity for the purposes of the lists provided for in Subparagraph 2.5.3.

2.5.2(b) if payment is not received on demand or is so received, but more than ten calendar days after the Remittance Date, the Member shall immediately declare the Agent in Default by e-mail or similar fast method of communication to the Agency Administrator, and by sending a registered letter, or in countries where registered/certified mail is not available by use of regular postage, fax and e-mail as appropriate, to the Agent (with copy to the Agency Administrator) in the form prescribed from time to time and Default Action shall be taken with respect to all Locations of the Agent in accordance with Paragraph 2.6.

2.5.2(c) for the purpose of this Paragraph submission and payment on demand means submission and payment received by the Member before the close of business of its office on the first day such office is open for business following the day of the demand;

2.5.2.1 provided that the Member's actions described herein in respect of the non-receipt of Settlements or Remittances by the due dates shall not apply when the Member or the Agency Administrator determines from factual evidence that the Agent or location had arranged for the payment or remittance of monies, in due time to reasonably ensure receipt by the Member by the submission date or by the Remittance Date as the case may be, and that such non-receipt had been caused by extraneous factors or bona fide bank error;

2.5.2.1(a) if it is established that non-payment by the drawee bank of such cheque or other debit is due to a bona fide bank error or was caused by extraneous factors, and settlement of all amounts due is received on demand, the Notice of Irregularities so recorded above shall be rescinded by the Agency Administrator;

2.5.2.1(b) if it is subsequently established that non-payment by the drawee bank of such cheque or other debit is due to a bona fide bank error or was caused by extraneous factors and settlement of all amounts due is received, but after Default Action has been taken, the Agency Administrator shall immediately withdraw the Default and Notice of Irregularities so recorded above and shall notify all Members;

2.5.2.2 Bona Fide Error

a bona fide bank error is one of the following circumstances substantiated by evidence acceptable to the Agency Administrator:

(i) Credit Arrangements or Automatic Transfer of Funds

When on the date that the cheque or other debit was presented to the bank for payment, sufficient funds should have been available in the account on which the cheque or other debit was drawn by virtue of a valid written line of credit or written arrangement, dated and executed between the bank and the Agent prior to the Reporting Period involved, and the bank erroneously fails to honour such line of credit or other arrangement, or

(ii) Sufficient Funds

when sufficient collected funds were in the Agent's account on which the cheque or other debit was drawn and available for immediate withdrawal at the time the cheque or other debit was presented to the bank for payment, and the bank erroneously fails to honour the cheque or other debit,

Note: 'uncollected funds’ shall not be considered funds available for immediate withdrawal.

2.5.3 Accumulated Irregularities

2.5.3.1 at the end of each Reporting or Billing Period, the Agency Administrator shall compile a list of all Approved Locations in respect of which such Notices were sent during the previous Reporting/Billing Period, and shall send a copy of such list to all Members.

2.5.3.2 if 2 (two) Notices of Irregularity are recorded on such lists in respect of an Approved Location during any twelve consecutive months, Default Action shall be taken with respect to such Location of the Agent in accordance with Paragraph 2.6.

2.5.4 Agent in Default as an IATA Cargo Agent

if an Agent which is also registered as an IATA Cargo Agent under the IATA Cargo Agency Rules is declared in Default under those Rules in connection with its cargo activities (other than by reason of accumulated
irregularities), such Agent shall also be deemed in Default at all Locations under these Rules and Default Action shall be taken with respect to all Locations of the Agent in accordance with Paragraph 2.6 of this Section;

2.5.5 Failure to Include Sales—Subsequent Detection/Discovery

2.5.5.1 If an Agent fails to include on its Sales Report any of the Traffic Documents issued by the period covered by it, and to remit monies due and such failure is detected after the Remittance Date applicable to the Reporting Period, the following provisions shall apply:

(i) on learning of such failure, the Member shall immediately send to the Agent by registered mail, or in countries where registered/certified mail is not available by use of regular postage, fax and e-mail as appropriate, a Notice of Irregularity in the form prescribed from time to time, with a copy to the Agency Administrator, for the Reporting Period in which such failure was detected/discovered.

(ii) the Notice shall demand immediate payment (if not yet made) in respect of the document not reported,

(iii) such Irregularity shall be recorded by the Agency Administrator against the Location concerned on the list maintained pursuant to Subparagraph 2.5.3,

2.5.5.2(a) if payment is not received from the Agent on demand, the Member shall immediately declare the Agent in Default and Default Action shall be taken with respect to all Locations of the Agent in accordance with Paragraph 2.6 or

2.5.5.2(b) if payment is not received from the Agent within 10 days of the Notice of Irregularity, the Member shall immediately declare the Agent in Default and Default Action shall be taken with respect to all Locations of the Agent in accordance with Paragraph 2.6;

2.5.6 Notice of Default

the Agency Administrator's notice to Members advising of an Agent's Default shall be sent by appropriate communication medium, immediately upon discovery of the Default.

2.6 DEFAULT ACTION

The provisions of this Paragraph govern the procedures that shall be taken if Default Action to be taken in accordance with any of the provisions of Paragraph 2.5. The procedures prescribed in this Paragraph shall be followed:

2.6.1 the Agency Administrator shall immediately:

(i) advise all Members that the Agent is in Default at all Locations or at the Location concerned, and

(ii) notify the Agent in writing by registered mail, or in countries where registered/certified mail is not available by use of regular postage and e-mail as appropriate, of the declaration of Default and of the consequences thereof;

2.6.2 upon receipt of such Notice from the Agency Administrator that an Agent is in Default Members shall in respect of all Locations of the Agent or of the particular Location specified in the notice:

(i) withdraw all Traffic Documents supplied and remove all Ticketing Authorities,

(ii) demand an immediate accounting and settlement of all amounts owing by the Agent in respect of the Location(s) concerned whether or not the Remittance Date therefor has arrived,

(iii) notify the Agency Administrator of all amounts owing to them by the Agent and thereafter advise the Agency Administrator whether proper accounting and settlement have been made,

(iv) notify the relevant credit reporting agencies and the Airlines Reporting Corporation of any outstanding amounts owed due to the default;

2.6.3 if at any time, the Agency Administrator becomes aware that there exists between the declaring Member and the Agent any dispute arising solely from amounts due or claimed to be due to the Member from the Agent or vice versa in respect of the Reporting/Billing Period for which the Notice of Irregularity was sent, and/or in respect of previous Reporting/Billing Periods, he shall

(i) withdraw the declaration of Default,

(ii) notify the Agent and all Members accordingly.

2.6.4 upon receipt of such notification Members shall pay any commission withheld from the Agent.

2.6.5 The Notice of Irregularity giving rise to the improper declaration of Default shall be removed by the Agency Administrator from the list maintained pursuant to the provisions of Subparagraph 2.5.3.

2.7 INDEMNITY

if a Member sends a Notice of Irregularity to an Agent or declares an Agent in Default and such action is found subsequently to have been wrongly taken, the Member taking such action shall indemnify IATA, its officers and employees and other Members against all claims (including legal costs) arising from acts performed in reliance on such action; provided that in case of an out of court settlement such indemnifying Member shall have approved the terms of the settlement;

2.8 REMITTANCE AND SETTLEMENT DELAYED BY OFFICIAL GOVERNMENT ACTION

notwithstanding any other provision contained herein an Agent shall not be sent a Notice of Irregularity, debited for administrative or Clearing Bank charges nor declared in Default with respect to all or any part of a remittance, because of official Government action which directly prevents such settlement; provided that the Agent demonstrates that the amount has been made available for remittance at a recognised bank but cannot be remitted owing to such official Government action.
Section 3—Consequences of Default to BSPs and to Members

3.1 DETERMINATION OF AGENT’S INDEBTEDNESS TO MEMBERS/AIRLINES

The provisions of this Paragraph govern the procedures that shall be implemented when an Agent declared in Default owes monies to BSP Airlines.

3.1.1 When Settlement has been made

when the Agency Administrator has determined that an Agent declared in Default under any of the provisions of these Rules has effected settlement of amounts due, if any, as provided for in Default Actions (Subparagraphs 1.10.2(ii) and/or 2.6.2(ii)), the provisions of Paragraphs 3.3 through 3.5 inclusive shall apply;

3.1.2 When Settlement has not been made

3.1.2(a) when the Agency Administrator has determined that an Agent declared in Default under any of the provisions of these Rules has failed to settle amounts due as provided for in Default Actions (Subparagraphs 1.10.2(ii) and/or 2.6.2(ii)), he/she shall give the Agent notice of termination of the Sales Agency Agreement; Paragraph 3.2 below provides for the settlement of monies due, including minimum repayment amounts and a schedule for the balance. Provided that the Agent effects settlement agreed under Paragraph 3.2, the termination will not take place.

3.1.2(b) if an Agent dishonours a repayment schedule the original termination notice will be deemed valid even though the termination may occur at a date other than that specified originally, and the provisions for this in the applicable Passenger Sales Agency Rules shall apply.

3.2 SETTLEMENT OF AMOUNTS DUE

The provisions of this Paragraph govern the settlement of monies due by an Agent declared in Default.

3.2.1 when an Agent declared in Default is able to demonstrate to the Agency Administrator prior to the termination date specified in his notice of termination that:

(i) either all outstanding amounts, if any, have been settled, or

(ii) when IATA holds a Financial Security from the Agent, at least 30% of the outstanding amount has been settled and a firm schedule for repayment by installments of the balance plus interest at the official (prime) bank rate plus two percent has been agreed between IATA and the Agent, within six months or up until the expiry of the Financial Security held by IATA, whichever is earlier.

During the period as established within the agreement, IATA shall not encash any Financial Securities held from the Agent, until the Agent fails to honour its instalments; or

(iii) when IATA does not hold a Financial Security from the Agent, at least 30% of All Amounts Owing have been remitted and a firm schedule for repayment by instalments within twelve months of the balance plus interest at the official (prime) bank rate plus two percent has been agreed between IATA and the Agent; or

(iv) an alternative repayment schedule and conditions have been agreed between the Agent IATA; not less than 30% of such amount has been settled and a firm schedule for repayment by instalments over an agreed period of the balance plus interest at the official (prime) bank rate plus two percent has been agreed between the Agency Administrator and the Agent; such alternative repayment schedule shall extend over no more than 12 months if IATA does not hold a Financial Security from the Agent, or 6 months if IATA holds a Financial Security from the Agent;

(v) During the period as established within the agreement, if the Agent already has a Financial Security held by IATA, IATA shall not encash any Financial Securities held for the Agent, until the Agent fails to honour its instalments, or up until the expiry of the Financial Security, whichever is earlier.

3.2.2 the Agency Administrator shall notify Members, Airlines and ISS Management accordingly.

3.3 REVIEW BY THE AGENCY ADMINISTRATOR

3.3(a)–3.3.2 Agents able to demonstrate financial qualification

3.3(a) when the Agency Administrator is satisfied that the Agent has effected settlement of all outstanding amounts, he/she shall require the Agent to furnish a bank guarantee or an approved insurance guarantee or bond equivalent to sales at risk;

3.3.1 (Canada & Bermuda only) if the Agent has previously supplied to the Agency Administrator a temporary financial security under any provisions of these Rules, the Agent shall be required to demonstrate to the Agency Administrator that its financial and credit standing meet the requirements specified within the applicable Passenger Sales Agency Rules by the submission of satisfactory financial statements. When the Agent satisfies those requirements the Agency Administrator shall so notify BSP Airlines;

3.3.1(b) provided the Agent satisfies the qualifications set forth in 3.3(a) and furnishes a bank or insurance guarantee and, in the case of Default resulting from accumulation of Notices of Irregularity demonstrates it has taken adequate measures to prevent recurrence of such irregularities, the Agency Administrator shall so notify BSP Airlines;

3.3.1(c) following reinstatement the Agency Administrator shall conduct a financial review of the Agent to determine if the Agent is still required to furnish a guarantee. Such review will only be conducted based on the financial position and audited accounts of the Agent dated Resolution 832—Section 3

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following the reinstatement and full settlement of all previous outstanding amounts. He/she may, by letter to the Agent, request that documents be provided by a specific date which date shall be no earlier than seven days from the date of the request.

3.3.1(d) if the results of the financial review detailed in 3.3.1(c) above determine that the Agent's financial situation is sufficiently secure the Agency Administrator may remove the requirement for the Agent to continue furnishing a guarantee.

3.3.1(e) after reinstatement Agents may be required to continue to provide a guarantee subject to the results of any financial review.

AND (All Countries)

3.3.2 Agents not able to demonstrate financial qualification

if the Agent having settled all outstanding amounts, if any, is unable to demonstrate to the Agency Administrator by a specified date that its financial and credit standing satisfies the qualifications set forth in the applicable Travel Agent's Handbook or Passenger Sales Agency Rules and, in the case of Default resulting from accumulation of Notices of Irregularity, that it has taken adequate measures to prevent recurrence of such irregularities, the Agency Administrator shall give the Agent notice of termination of the Sales Agency Agreement or of removal from the Agency List as the case may be. If, prior to the date of termination or removal, the Agent eliminates the grounds for such termination or removal to the satisfaction of the Agency Administrator, the termination or removal shall not take effect.

3.4 EFFECTS OF RETENTION AFTER DEFAULT

a Defaulting Agent whose Agreement has not been terminated shall be cleared of all irregularities recorded against all its Locations prior to the Default. For the purposes of Subparagraphs 1.7.6, the commencement of the 12-month period (or 6-month period for the Philippines) shall be the date of the Agency Administrator's notification pursuant to Subparagraph 3.3.1.

3.5 REVIEW BY TRAVEL AGENCY COMMISSIONER

when an Agent's Sales Agency Agreement is terminated or its Approved Location is removed from the Agency List pursuant to the provisions of Subparagraph 3.1.2 or Paragraph 3.3, the Agent may, within 30 days of the termination or removal, invoke the procedures for review of the Agency Administrator's action by the Travel Agency Commissioner.
# RESOLUTION 832

**Attachment ‘A’**

## FREQUENCY OF AGENT REMITTANCES

<table>
<thead>
<tr>
<th>BSP</th>
<th>Permitted remittance frequencies</th>
<th>Monthly remittance</th>
<th>Twice Monthly remittance</th>
<th>Greater than Twice Monthly remittance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resolution 800</td>
<td>Twice Monthly or Greater than Twice Monthly remittance (1)</td>
<td>Remittances shall be made by the Agent to reach the Clearing Bank by not later than its close of business on the last day of the month in respect of billings covering the first 15 days of the month and the 15th day of the following month in respect of billings covering the period from the 16th to the last day of the month.</td>
<td>Remittances shall be made by the Agent to reach the Clearing Bank by not later than its close of business on the fifth day following the reporting dates so determined.</td>
<td></td>
</tr>
<tr>
<td>Israel</td>
<td>Monthly (1)</td>
<td>Remittances shall be made by the Agent to reach the Clearing Bank by not later than its close of business on the date established by the Conference which date shall not be earlier than the tenth nor later than the fifteenth day of the month covered by the billing.</td>
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<td></td>
</tr>
</tbody>
</table>

Note (1): or such greater frequency as the Conference shall determine, provided that individual Agents may elect to remit at such greater frequency and for such length of time as the Conference shall deem appropriate.