



MEMORANDUM

PAC/Reso/762

To: All Members, Passenger Agency Conference
Accredited Representatives

From: Director, FDS Operations, GDC

Date: **30 April 2021**

Subject: **MAIL VOTE (A401)**
PAC2 (Mail A401)
Temporary Changes to the Local Financial Criteria - Finland

Background Information

Following the COVID-19 crisis, the Passenger Steering Group encouraged APJCs to form a Local Financial Advisory Group (LFCAG) to review the existing Local Financial Criteria and consider whether any criteria should be amended to reflect the market conditions impacted by the COVID-19 outbreak.

APJC Finland decided during a meeting 4 March 2021 to form a Local Financial Criteria Advisory Group (LFCAG) that met twice. The recommended solution of the LFCAG was submitted to the APJC and approved by a majority of the APJC delegates in a mail-vote that ended 31 March 2021.

The result of the mail vote to submit to PAConf Q2 MV for approval was as follows:

- 3 Airlines out of 6 voted positive
- 1 Airline out of 6 voted negative
- 2 Airlines out of 6 chose to abstain from voting
- 6 agents out of 6 voted positive

The proposed solution, which was endorsed by a majority of APJC delegate's vote to submit a paper to PAConf Q2 MV, was the following:

1. The temporary adjustment to the Local Financial Criteria is applicable from 1 June 2021 until 30 June 2022
2. IATA will not perform the Annual Review in 2021, but use the result of the previous review performed in 2020 based on the 2019 annual accounts
3. Remittance day is set to be reduced from 15 to 10 days after the last day of each billing period

Effective Date

The proposed effective date of these changes is 1 June 2021

Proposed Action

Conference to adopt the temporary changes to the Local Financial Criteria as shown in Attachment 'A'.

The timetable for this Mail Vote is as follows:

Voting Period: 30 April - 14 May 2021

Filing Period: 17 May - 31 May 2021

Effectiveness: 1 June 2021

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

<https://www.surveymonkey.com/r/A399-426>

Please note that no other form of voting will be accepted. Voting will conclude at close of business MAD time on Friday, 14 May 2021. 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.

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

Juan Antonio Rodriguez
Director, FDS Operations, GDC

FINLAND

~~(Effective 1 September 2018 – MV/293)~~
(Effective 1 June 2021 until 30 June 2022 – MV/401)

1. GENERAL RULES

These Local Financial Criteria only works as a supplement to the Passenger Agency Conference Resolutions (812, 824, 850p, 890 amongst others), and only contain the details of the financial requirements locally recommended. For any provisions on how to become an IATA Accredited Agent or how to maintain the IATA Accreditation, kindly refer to the Resolution text which will have complete information.

The business entity and/or the owners and managers of all IATA Accredited Agencies and Agents applying for IATA accreditation must meet all applicable requirements as prescribed by the law in Finland.

1.2 Remittance and Payment Frequency

All Agents must remit BSP sales four times a month.

Remittance day is set to 10 days after the last day of each billing period.

2. CRITERIA FOR EVALUATION OF AGENT'S AUDITED FINANCIAL STATEMENTS

2.1 Official Evaluations performed by Credit Rating Company

An official impartial body (currently Bisnode Finland Oy) is chosen to perform the financial evaluations, rate the financial status and to follow and report on financial developments and/or difficulties of IATA Accredited Agents.

2.2 Latest Financial Documents as Basis for the Evaluation

The basis for the evaluation is the latest Financial Documents (duly audited and certified by an Authorized Public Auditor according to the law in Finland) and a report by the auditors for the most recent financial year indicating the Agent's financial standing. The evaluation is performed according to local laws and practices.

Accounts for the fiscal exercise ended in 2020 will NOT be assessed following the below criteria, previous results will be used: i.e., by reproducing the result figures from 2020 exercise based on 2019 accounts.

In addition, the Agents propose the following: APJC Finland shall constantly monitor the situation in the Finnish market and eventually prolong or adapt any new measure in due time.

2.3 Official Rating used

Following Bisnode Finland Oy rating is used to define Agent's financial status:

AAA	: = Financial review result = PASS
AA	: = Financial review result = PASS
A	: = Financial review result = PASS
B	: = Financial review result = FAIL
C	: = Financial review result = FAIL
No rating	: = Financial review result = FAIL
AN	: = Financial review result = FAIL

Agents with Credit rating C or AN will automatically be assigned **Risk Status C**.

Agents with No rating will have 30 days to have its rating available in Bisnode, else they will be assigned **Risk Status C**. Status C will be maintained until such credit rating will become available.

Whenever a change in Credit rating is registered, IATA will proceed to re-assess the Agent's financial status and either request a Financial Security or agree to its release if applicable as per Resolution 812.

3. ANNUAL FINANCIAL REVIEWS

All Agents must send annually, according to national legislation (currently within eight (8) months covering limited-liability companies, and 6 months covering other type of companies from the end date of the Agent's financial year), the Agent's audited financial documents to the Trade Register (Kaupparekisteri).

The financial documents to be sent are as defined in the laws of Finland.

3.1 Applicant / New Owner with less than one year's trading

Applicants with less than one year's trading record must submit a copy of an opening Balance Sheet signed by Authorized Public Accountant to IATA.

4. FINANCIAL SECURITY

4.1 Financial Security Requirements

Agents are required to provide sufficient Financial Security as detailed in these criteria.

4.2 Amount of Required Financial Security

The Risk Status of the Agent will be determined by the Agent's Bisnode Finland Oy's rating and the Agent's Risk History Assessment, per section 5 of Resolution 812.

4.2.1 New Agents

All Agents must provide a Financial Security with a minimum amount of EUR 10,000 during the first two (2) years as IATA accredited Agent.

4.2.2 Other than New Agents

The amount of the Financial Security for the Agents that have been IATA accredited for more than two (2) years, the following calculation will apply:

4.2.2.1 Agents with Risk Status A

For Agents with Risk Status A no Financial Security is required

4.2.2.2. Agents with Risk Status B

For Agents with Risk Status B the amount of the Financial Security required must cover at a minimum seven point five per cent (7,5%) of the calculated annual average cash sales (which equals 27 "Days of Sales at Risk") or EUR 10,000, whichever is higher

4.2.2.3 Agents with Risk Status C

For Agents with Risk Status C the amount of the Financial Security required must cover at a minimum seven point five per cent (7,5%) of the calculated annual average cash sales (which equals 27 "Days of Sales at Risk") or EUR 10,000, whichever is higher.

4.2.3 Minimum Financial Security Requirement

4.2.3.1. Agents with Risk Status A: as per 4.2.2.1.

4.2.3.2. Agents with Risk Status B or C: a minimum Financial Security amount of ten thousand EUR (EUR 10,000) must be provided.