



MEMORANDUM

PAC/RESO/704

To: All Members, Passenger Agency Conference
Accredited Representatives

From: Director, FDS Operations, GDC

Date: **15 September 2020**

Subject: **MAIL VOTE (A343)**
PAC (Mail A343)
Agency Risk Management Framework and Remittance Holding Capacity Review

Background Information

As per the preamble of Resolution 812, the Passenger Agency Conference is required to review the RHC under section 5.6. Under this basis, PSG had initiated its work in reviewing the RHC framework, in a holistic manner within the scope of the risk management of the Passenger Agency Programme, and recommended that an assessment of the applicability of the RHC calculation be undertaken during this year, in consultation with the Agent community.

During its initial stages of review, PSG had identified that 1.2% of the Agents' global population (those selling more than USD 5Mn per sales period), account for 44% of the total cash sales globally and historically have accounted for 93% of the industry's losses. This provided the basis for discussions that would contemplate any possible alternatives to today's RHC framework, which would also manage the risk of this small niche of Agents in a different manner than the rest of the Agency community. Moving away from a "one-size-fits-all" approach.

This paper addresses not only the proposed changes to the RHC framework as mandated by the preamble of Resolution 812, but also principles that would apply to markets governed under Resolution 800 and 818g as well.

Part I: Proposed solution applicable to all BSP markets

A working group with participants from PAPGJC Agent representation and ISSRMWG Airline representation was formed to review the possible alternatives and presented the outcomes to the PSG as well as PAPGJC gaining their agreement as well. The following principles were discussed and agreed by the joint Airline-Agent group:

- a) In addition to the already existing mitigation options (i.e. more frequent remittance, advance payments, use of EasyPay or other forms of payment.), the group agreed to the introduction of quarterly financial assessments, using the Multi-country framework, for Agent with larger cash exposure to BSP Airlines (i.e. Agents with cash sales over USD 5Mn per sales period), as an acceptable means to mitigate risk. In principle, Agents of that size should already be used to having a higher frequency of reporting and control within their business.
- b) Agents with satisfactory quarterly assessment results will not be required to provide additional Financial Securities beyond the ones required by the LFC.
- c) However, those that fail will be required to provide a Financial Security for any amount in excess of USD5Mn or as per the LFC, whichever is higher. The principle of a gradual Financial Security requirement was agreed, which means an Agent failing its quarterly assessment will be required to furnish a Financial

Security as its Amount at Risk increases until the Agent passes the quarterly assessment. For example, an Agent reaching an amount at risk equal to USD5.5 Mn will be required to provide a USD500k Financial Security. If in the following months, the Agent increases sales and reaches an amount at risk equal to USD7.5 Mn then will be required an extra USD2Mn in the form of a Financial Security.

During the workshop the group reviewed data from the previous 12 months which showed that 219 Agents had cash sales for more than USD 5Mn per period, of which 126 already covered their cash sales at risk with a Financial Security as established by their respective LFC.

Part II: Proposed Remittance Holding Capacity Framework (applicable to Resolution 812 only)

Considering the above, the following framework is developed for the Remittance Holding Capacity, to compliment the global approach as described in Part I:

- a) The RHC is to be based on a tier approach taking into consideration the Agent's Amount at Risk. The group expressed the need to have a simplified solution with no more than 3 tiers.
- b) The model should aim at reducing the exposure from BSP cash sales (exposure reduces gradually while the amount at risk is increasing) with a simple RHC calculation for the tiers of Agents with a higher amount of exposure.
- c) The group agreed that a differentiation is required between Agents with Risk Status A & B in addition to the three tiers.

As a result, the RHC following model and an estimation of Head Entities that fall within each category was appropriate:

Tier	Amount at Risk (AaR)	Number of Head Entities	RHC Factor Risk Satus A	RHC Factor Risk Status B
1	Up to USD 5,000,000	17,804	2 x AaR	1.5 x AaR
2	USD 5,000,001 to USD 10,000,000	126	1.75 x AaR	1.35 x AaR
3	More than USD 10,000,000	93	1.50 x AaR	1.20 x AaR

For example:

- a Risk Status A Agent with USD20Mn AaR will have a RHC equal to USD33.75Mn instead of the current RHC of USD40Mn, but still permitting a yearly growth of 68.7%.
- A Risk Status B Agent with the same AaR will have a RHC equal to USD 26.2Mn instead of USD 40Mn, still permitting a yearly growth of 31.2%.

An analysis performed on the impact to Agents highlights that with this proposal only 5 agents in tier 2 and tier 3 will reach 100% of their RHC.

Effective Date

The proposed effective date of these changes is 1 November 2020.

Proposed Action

Conference to adopt the changes to the Resolution 800, 812 and 818g and 866 as shown in Attachment 'A'.
The timetable for this Mail Vote is as follows:

Voting Period: 15 – 30 September 2020

Filing Period: 1 – 15 October 2020

Effectiveness: 1 November 2020

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

<https://www.surveymonkey.com/r/A342-359>

Please note that no other form of voting will be accepted. Voting will conclude at close of business MAD time on **Wednesday, 30 September 2020**. 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.

Comments from UFTAA are below:

Here is our response that can go as our comments on the following subjects, prior to MAIL BALLOT

UFTAA's RESPONSE : This refers to the Mail Vote on Agency Risk Management Framework and the proposal to restrict agencies with higher volumes unless they are duly covered with additional security based on the impact the RHC causes to such agencies.

We seek the intervention of all involved to kindly keep this matter as deferred since there are several matters raised that have to be concluded upon. These matters are primarily with the Refunds that Airlines have to process and pay out to the agencies across the world. While there is some progress, yet, during these trying times for travel agencies to manage this situation and also face the wrath of our passenger customers, it is becoming increasingly difficult to sustain.

A large number of agencies have gone through the toughest times during the last several decades. They keep complaining that they are yet to receive refunds. We must be reasonable to take this important factor into consideration before we limit the agencies.

IATA has indicated that a similar exercise is also being done with the Airlines. UFTAA believes, that both these resolutions should go to the PACONF, together, since time and again we are informed that we must cross the line together.

As it is important for IATA to work on Airlines Risk Management Framework to protect Agencies from any challenges that Airlines may pose, we seek the deferment of the resolution from the mail ballot.

This merits a more detailed discussion at PAPGJC and we request this matter be discussed extensively.

Thanks and warm Regards

**Sunil Kumar
President, UFTAA**

Comments from ECTAA are below:

On Thu, 10 Sep 2020 at 14:55, Christian Möller / ECTAA <cmoeller@ectaa.org> wrote:

Dear all,

Concerning the Mail Vote A343 on Agency Risk Management Framework and Remittance Holding Capacity Review, we would like to share a comment from one of our members.

With the proposed change of A343 IATA wants to reduce the risk of agencies with higher turnover with the agreement of travel agencies and we consider it currently totally inadmissible. Many airlines today imply a great risk for travel agencies, as they owe large sums of ticket refunds and the agencies have no guarantee from the airlines protecting the insolvency of airlines (which is a really high risk with the current crisis).

If IATA wants to have the agreement of the agencies to reduce the risk of larger travel agents, they would have to apply the principle of reciprocity and consequently establish measures to reduce the risk of airlines before travel agencies. Otherwise we consider they would have to approve it unilaterally as they always do, but not with the conformity of travel agents.

We are aware that IATA is currently looking into setting up an airline risk management framework similar to the one applied for agents already, but still wanted to make you aware of these concerns.

Kind regards

Christian



Christian Möller

Director Transport & Distribution

ECTAA – The European Travel Agents' and Tour Operators' Associations

Rue Dautzenberg 36, B-1050 Brussels, Belgium

Tel: +32 2 644 34 50

GSM + 32 4 704 602 90

cmoeller@ectaa.eu, www.ectaa.eu

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ECTAA's Preferred Destination 2020



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. Rodriguez', written in a cursive style.

Juan Antonio Rodriguez
Director – FDS Operations, GDC

It is proposed to amend Resolution 800:

2.7 FINANCIAL ASSESSMENTS FOR AGENTS WITH AN AMOUNT AT RISK GREATER THAN USD 5 MILLION

2.7.1. At any point, an Agent with an Amount at Risk greater than USD 5,000,000, will be subject to additional financial and operational reviews of the Agent's business in accordance to the financial assessment framework as established in Attachment 'C' of this Resolution. Any cost associated with such review will be borne by the Agent.

2.7.2 The assessment framework contains a set of criteria, each criterion categorised as either a key criterion, or a standard criterion. A subset of such criteria forms various sections of this framework. The determination to fail a section of this framework is considered by failing to meet at least one Key criterion, or a number of Standard criteria as indicated in Attachment 'C' of this Resolution.

2.7.3 To pass the assessment, the Agent must pass all sections of the framework in accordance to Attachment 'C' of this Resolution.

2.7.4 If the Agent fails any section of the framework, in accordance to Attachment 'C' of this Resolution, the Agent will be required to provide a Financial Security to cover any Amount at Risk in excess of USD 5,000,000 or in accordance with the provisions of Financial Security amount calculation as established in the Local Financial Criteria, whichever is higher.

2.7.5 Notwithstanding the requirements as established in 2.7.1-2.7.4 of this section, the Agent will continue to undergo annual examination of its financial standing in accordance to section 2.4.1 of this Resolution.

It is proposed to add Attachment 'C' to Resolution 800:

Attachment 'C' –Financial Assessment Framework for Agents with an Amount At Risk Greater Than USD 5 Million

Criteria #	Criteria name	Criteria description	Target	Result	Pass/ Fail	
1 IATA Specific controls						
0.1	Irregularities, Defaults and Prejudiced Collection of Funds	Agent incurred an irregularity, default or prejudice collection of funds during the year?	No	-		Key
			Pass/Fail			
2 Historical financial data						
2.01	EBITDA (Last 12 months)	EBITDA (rolling Last 12 Months)	x>0			Key
2.02	EBITDA (quarterly)	EBITDA (Quarterly, 3M)	x>0			
2.03	Cash ratio	Cash ratio (Cash and Cash equivalent / Current liabilities)	x≥30%			
2.04	Quick ratio	Quick ratio (Cash and Cash equivalent + AR / Current liabilities)	x≥50%			
2.05	Free cash flow	Free cash flow as per latest publication (Last 12 months)	x>0			
2.06	Free cash flow / Net Debt	Free cash flow / Total net Debt	x≥20%			
2.07	Net Equity >0	Net Equity	x>0			Key
2.08	Decrease in net sales ≥0	Net Sales (Last 12 months N, vs Last 12 months N-1)	x≥-20%			
2.09	Net Cash Position >0	Net Cash Position	x>0			
2.10	Net Income 12 months	Net Income (rolling last 12 Months)	x>0			Key
2.11	Net Income 3 months	Net Income (Quarterly, 3M)	x<>0			
2.12	Qualification and reserves from auditors	Is there any qualification / emphasis of matters reflecting ongoing concerns from the auditors on the latest audited financial statements (including half year)?	No			
			Pass/Fail: Key ratio (1 Fail = Total Fail) Standard ratio (4 Fails = Total Fail)			
3 Forecasted financial process						
3.01	Effective Business Forecast	Is there any Business Forecast process in place (providing at least 1-year visibility)?	Yes			Key
3.02	Effective CF Forecast	Is there any CF Forecast process in place (at least 1 year)?	Yes			Key
			Pass/Fail			
4 Operational review						
4.01	Effective Disaster Management	Is there any process in place to apply operational countermeasures in case of extraordinary disaster (with no major exception) (Certification ISO22301)	Yes			Key
4.02 Effective Cybersecurity Management						
4.02a	<i>Have you appointed a Chief Information Security Officer or similar in your organisation?</i>		Yes			Key
4.02b	<i>Do you have an information security strategy/roadmap, aligned with the IT and business strategies?</i>		Yes			
4.02c	<i>Have you formalised and enforced an information security policy?</i>		Yes			Key
4.02d	<i>Have you performed an information security risk assessment for your organisation (e.g. evaluation of information security risks based on identified threats)</i>		Yes			Key
4.02e	<i>Have you implemented information security controls and measures to adequately mitigate your organisation's risks?</i>		Yes			Key

4.02f	<i>Do you train your employees on a regular basis regarding information security risks and good practices (e.g. through yearly e-learning)?</i>		Yes			Key
4.02g	<i>Are information security incidents managed (e.g. incident management and monitoring procedures, data breach reported to impacted individuals)?</i>		Yes			Key
4.02h	<i>Do you perform regular vulnerability scans and penetration tests?</i>		Yes			Key
4.02i	<i>Do you implement security patches on your information systems on a regular basis (e.g. at least every 3 months)?</i>		Yes			Key
4.02j	<i>Do you involve information security stakeholders at the earliest stage during project implementations?</i>		Yes			
4.02k	<i>When engaging with services providers, do you perform an information security due diligence?</i>		Yes			
4.02l	<i>Have you implemented specific measures to ensure the continuity of your information systems following a cyberattack?</i>		Yes			Key
4.03	Effective Applicable Data Protection Requirements Compliance Management					
4.03a	<i>Have you appointed a Data Protection Officer or a similar role in your organisation?</i>		Yes			Key
4.03b	<i>Have you formalised and enforced a data protection policy?</i>		Yes			Key
4.03c	<i>Have you formalised and enforced an information classification policy?</i>		Yes			Key
4.03d	<i>Do you have a documented register of your personal data processing activities, including the identification of the lawful grounds for processing personal data?</i>		Yes			Key
4.03e	<i>Are data protection notices adequately document to notify individuals about the processing of their personal data?</i>		Yes			Key
4.03f	<i>Are Data Protection Impact Assessments conducted whenever processing activities induce a high risk for the rights and freedom of individuals to whom personal data belong?</i>		Yes			Key
4.03g	<i>Do you train your employees on a regular basis regarding data protection risks and good practices (e.g. through yearly e-learning)?</i>		Yes			
4.03h	<i>Have you developed procedures to handle and respond to individuals' exercising their data protection rights (e.g. right to access, right to be forgotten, right to object, etc.)?</i>		Yes			Key
4.03i	<i>Are Data Protection by Design and by Defaults concepts implemented in your organisation's project methodology?</i>		Yes			Key
			Pass/Fail: Key ratio (1 Fail = Total Fail) Standard ratio (3 Fails = Total Fail)			
5	Global risks controls	(5.01 - 5.02 assessed only if applicable)				
5.01a	Stock Market Price decrease (Last 12 Months N)	Stock Market Price decrease (Last 12 Months N)	x≥-20%			
5.01b	Stock Market Price decrease (Last 12 Months N)	Variation of the stock compared to the Index is higher than 30%	x≥-30%			
5.01c	Stock Market Price decrease (12 Months N-1)	Stock Market Price decrease (12 Months N-1)	x≥-20%			
5.01	Stock market development 12 month (2 periods negative trends = Fail)					
5.02a	Stock Market Price decrease (Quarterly, 3M)	Stock Market Price decrease (Quarterly, 3M)	x≥-20%			
5.02b	Stock Market Price decrease (Quarterly Q-1, 3M)	Stock Market Price decrease (Quarterly N-1, 3M)	x≥-20%			
5.02	Stock market development 3 months (2 periods negative trends = Fail)					

5.03	Analyst consensus 12 months forward EBITDA	Analyst consensus 12 months forward EBITDA	EBIDTA > 0		
			Pass/Fail Standard ratio (3 Fails = Total Fail)		
6 Trends analysis (Not applicable if CFO is positive)					
6.01	Trend - Cash ratio 12 months (Last 12 months N, vs Last 12 months N-1)	Cash ratio (Cash and Cash equivalent / Current liabilities) (Last 12 months N, vs Last 12 months N-1)	x≥0%		
6.02	Trend - Cash ratio 12 months (Last 12 months N-1, vs Last 12 months N-2)	Trend - Cash ratio 12 months (Last 12 months N-1, vs Last 12 months N-2)	x≥0%		
6.03	Quick ratio (Cash and Cash equivalent + AR / Current liabilities) (Last 12 months N, vs Last 12 months N-1)	Quick ratio (Cash and Cash equivalent + AR / Current liabilities) (Last 12 months N, vs Last 12 months N-1)	x≥0%		
6.04	Quick ratio (Cash and Cash equivalent + AR / Current liabilities) (Last 12 months N-1, vs Last 12 months N-2)	Quick ratio (Cash and Cash equivalent + AR / Current liabilities) (Last 12 months N-1, vs Last 12 months N-2)	x≥0%		
6.05	Trend - CFO 12 months (Last 12 months N, vs Last 12 months N-1)	Cash Flow from Operating activities (CFO) as per latest publication (Last 12 months N, vs Last 12 months N-1)	x≥0%		
6.06	Trend - CFO 12 months (Last 12 months N-1, vs Last 12 months N-2)	Trend - CFO 12 months (Last 12 months N-1, vs Last 12 months N-2)	x≥0%		
			Pass/Fail Standard ratio (3 Fails = Total Fail)		
			General Result: Result assessment		
Any fail to any of the above sections results in a failed assessment					

It is proposed to amend Resolution 812:

Section 5—Risk Management and Remittance Holding Capacity

5.1 FRAMEWORK FOR RISK MANAGEMENT AND OPERATION OF REMITTANCE HOLDING CAPACITY

5.1.1 Application of Section 5

5.1.1.1 This section 5 establishes the framework for risk management and operation of the Remittance Holding Capacity.

5.1.1.2 Sections 5.2 to 5.9 and 5.11 apply to the Agent holding Standard Accreditation with Cash Facility or Multi-Country Accreditation. Nothing in the provisions of sections 5.2 to 5.9 will restrict the Agent's ability to use IEP.

[...]

5.4 FINANCIAL ASSESSMENTS

5.4.1 Introduction

5.4.1.1 Subject to the Agent not opting-out under section 5.4.6, the Agent is required to undergo a financial assessment:

(a) in the case of the Agent holding Standard Accreditation with Cash Facility, annually or for cause at any time, in accordance with sections 5.4.2, 5.4.3, 5.11 and the applicable Local Financial Criteria; and

(b) in the case of the Agent holding Multi-Country Accreditation, quarterly or for cause at any time, in accordance with sections 5.4.2, 5.4.4 and the Multi-Country Financial Criteria

5.6 CASH CONDITION-REMITTANCE HOLDING CAPACITY

5.6.1 Risk Status "A" and "B"

5.6.1.1 Subject to sections 5.6.1.4, the Remittance Holding Capacity granted to the Agent ~~having Risk Status "A" or "B"~~ will be determined by the Risk Status 'A' or 'B' of the Agent and the Amount at Risk, and will be calculated under the following formulas in each applicable market:

$$\text{Remittance Holding Capacity} = \frac{\text{Total Days} \times \text{Total BSP Cash Turnover 3 highest Reporting Periods}}{\text{Days in Reporting Period} \times 3} \times 2$$

Remittance Holding Capacity Formula			
Tier	Amount at Risk	Risk Status A	Risk Status B
<u>1</u>	Up to USD 5,000,000	$\frac{\text{Total Days} \times \text{Total BSP Cash Turnover 3 highest Reporting Periods}}{\text{Days in Reporting Period} \times 3} \times 2$	$\frac{\text{Total Days} \times \text{Total BSP Cash Turnover 3 highest Reporting Periods}}{\text{Days in Reporting Period} \times 3} \times 1.5$
<u>2</u>	USD 5,000,001 – USD 10,000,000	$\frac{\text{Total Days} \times \text{Total BSP Cash Turnover 3 highest Reporting Periods}}{\text{Days in Reporting Period} \times 3} \times 1.75$	$\frac{\text{Total Days} \times \text{Total BSP Cash Turnover 3 highest Reporting Periods}}{\text{Days in Reporting Period} \times 3} \times 1.35$
<u>3</u>	More than USD 10,000,000	$\frac{\text{Total Days} \times \text{Total BSP Cash Turnover 3 highest Reporting Periods}}{\text{Days in Reporting Period} \times 3} \times 1.50$	$\frac{\text{Total Days} \times \text{Total BSP Cash Turnover 3 highest Reporting Periods}}{\text{Days in Reporting Period} \times 3} \times 1.20$

[...]

5.11 FINANCIAL ASSESSMENTS FOR AGENTS WITH AN AMOUNT AT RISK GREATER THAN USD 5 MILLION

5.11.1. At any point, an Agent with an Amount at Risk greater than USD 5,000,000, will be subject to additional financial and operational reviews of the Agent's business in accordance to the Multi-country Assessment Framework as established in Attachment 'E' of this Resolution. Any cost associated with such review will be borne by the Agent.

5.11.2 To pass the assessment, the Agent must pass all sections of the framework in accordance to Attachment 'E' of this Resolution.

5.11.3 If the Agent fails any section of the framework, in accordance to Attachment 'E' of this Resolution, the Agent will be required to provide a Financial Security to cover any Amount At Risk in excess of USD 5,000,000 or in accordance with the provisions of Financial Security amount calculation as established in the Local Financial Criteria, whichever is higher.

5.11.4 Notwithstanding the requirements as established in 5.11.1-5.11.3 of this section, the Agent will continue to undergo annual examination of its financial standing in accordance to section 2.4.1 of this Resolution.

5.11.5 An Agent with an Amount at Risk greater than USD 5,000,000 may reduce its Amount At Risk by considering any of the following alternatives:

_____ 5.11.5.1 voluntarily remit at a more frequent Remittance Frequency available in the market;

_____ 5.11.5.2 conduct BSP sales through payment methods other than Cash Payment Method (such as customer card, IATA Easy Pay or Alternative Transfer methods) or

_____ 5.11.5.3 remit in advance of the Remittance Date, to reduce All Amounts Owing below its Remittance Holding Capacity

It is proposed to amend Resolution 818g:

2.7 FINANCIAL ASSESSMENTS FOR AGENTS WITH AN AMOUNT AT RISK GREATER THAN USD 5 MILLION

2.7.1. At any point, an Agent with an Amount at Risk greater than USD 5,000,000, will be subject to additional financial and operational reviews of the Agent's business in accordance to the financial assessment framework as established in Attachment 'E' of this Resolution. Any cost associated with such review will be borne by the Agent.

2.7.2 The assessment framework contains a set of criteria, each criterion categorised as either a key criterion, or a standard criterion. A subset of such criteria forms various sections of this framework. The determination to fail a section of this framework is considered by failing to meet at least one Key criterion, or a number of Standard criteria as indicated in Attachment 'E' of this Resolution.

2.7.3 To pass the assessment, the Agent must pass all sections of the framework in accordance to Attachment 'C' of this Resolution.

2.7.4 If the Agent fails any section of the framework, in accordance to Attachment 'E' of this Resolution, the Agent will be required to provide a Financial Security to cover any Amount At Risk in excess of USD 5,000,000 or in accordance with the provisions of Financial Security amount calculation as established in the Local Financial Criteria, whichever is higher.

2.7.5 Notwithstanding the requirements as established in 2.7.1-2.7.4 of this section, the Agent will continue to undergo annual examination of its financial standing in accordance to section 2.2 of this Resolution.

It is proposed to add Attachment 'E' to Resolution 818g:

Attachment 'E' –Financial Assessment Framework for Agents with an Amount At Risk Greater Than USD 5 Million

Criteria #	Criteria name	Criteria description	Target	Result	Pass/ Fail	
1 IATA Specific controls						
0.1	Irregularities, Defaults and Prejudiced Collection of Funds	Agent incurred an irregularity, default or prejudice collection of funds during the year?	No	-		Key
			Pass/Fail			
2 Historical financial data						
2.01	EBITDA (Last 12 months)	EBITDA (rolling Last 12 Months)	x>0			Key
2.02	EBITDA (quarterly)	EBITDA (Quarterly, 3M)	x>0			
2.03	Cash ratio	Cash ratio (Cash and Cash equivalent / Current liabilities)	x≥30%			
2.04	Quick ratio	Quick ratio (Cash and Cash equivalent + AR / Current liabilities)	x≥50%			
2.05	Free cash flow	Free cash flow as per latest publication (Last 12 months)	x>0			
2.06	Free cash flow / Net Debt	Free cash flow / Total net Debt	x≥20%			
2.07	Net Equity >0	Net Equity	x>0			Key
2.08	Decrease in net sales ≥0	Net Sales (Last 12 months N, vs Last 12 months N-1)	x≥-20%			
2.09	Net Cash Position >0	Net Cash Position	x>0			
2.10	Net Income 12 months	Net Income (rolling last 12 Months)	x>0			Key
2.11	Net Income 3 months	Net Income (Quarterly, 3M)	x<>0			
2.12	Qualification and reserves from auditors	Is there any qualification / emphasis of matters reflecting ongoing concerns from the auditors on the latest audited financial statements (including half year)?	No			
			Pass/Fail: Key ratio (1 Fail = Total Fail) Standard ratio (4 Fails = Total Fail)			
3 Forecasted financial process						
3.01	Effective Business Forecast	Is there any Business Forecast process in place (providing at least 1-year visibility)?	Yes			Key
3.02	Effective CF Forecast	Is there any CF Forecast process in place (at least 1 year)?	Yes			Key
			Pass/Fail			
4 Operational review						
4.01	Effective Disaster Management	Is there any process in place to apply operational countermeasures in case of extraordinary disaster (with no major exception) (Certification ISO22301)	Yes			Key
4.02	Effective Cybersecurity Management					
4.02a	<i>Have you appointed a Chief Information Security Officer or similar in your organisation?</i>		Yes			Key
4.02b	<i>Do you have an information security strategy/roadmap, aligned with the IT and business strategies?</i>		Yes			
4.02c	<i>Have you formalised and enforced an information security policy?</i>		Yes			Key
4.02d	<i>Have you performed an information security risk assessment for your organisation (e.g. evaluation of information security risks based on identified threats)</i>		Yes			Key

4.02e	<i>Have you implemented information security controls and measures to adequately mitigate your organisation's risks?</i>		Yes			Key
4.02f	<i>Do you train your employees on a regular basis regarding information security risks and good practices (e.g. through yearly e-learnings)?</i>		Yes			Key
4.02g	<i>Are information security incidents managed (e.g. incident management and monitoring procedures, data breach reported to impacted individuals)?</i>		Yes			Key
4.02h	<i>Do you perform regular vulnerability scans and penetration tests?</i>		Yes			Key
4.02i	<i>Do you implement security patches on your information systems on a regular basis (e.g. at least every 3 months)?</i>		Yes			Key
4.02j	<i>Do you involve information security stakeholders at the earliest stage during project implementations?</i>		Yes			
4.02k	<i>When engaging with services providers, do you perform an information security due diligence?</i>		Yes			
4.02l	<i>Have you implemented specific measures to ensure the continuity of your information systems following a cyberattack?</i>		Yes			Key
4.03	Effective Applicable Data Protection Requirements Compliance Management					
4.03a	<i>Have you appointed a Data Protection Officer or a similar role in your organisation?</i>		Yes			Key
4.03b	<i>Have you formalised and enforced a data protection policy?</i>		Yes			Key
4.03c	<i>Have you formalised and enforced an information classification policy?</i>		Yes			Key
4.03d	<i>Do you have a documented register of your personal data processing activities, including the identification of the lawful grounds for processing personal data?</i>		Yes			Key
4.03e	<i>Are data protection notices adequately document to notify individuals about the processing of their personal data?</i>		Yes			Key
4.03f	<i>Are Data Protection Impact Assessments conducted whenever processing activities induce a high risk for the rights and freedom of individuals to whom personal data belong?</i>		Yes			Key
4.03g	<i>Do you train your employees on a regular basis regarding data protection risks and good practices (e.g. through yearly e-learnings)?</i>		Yes			
4.03h	<i>Have you developed procedures to handle and respond to individuals' exercising their data protection rights (e.g. right to access, right to be forgotten, right to object, etc.)?</i>		Yes			Key
4.03i	<i>Are Data Protection by Design and by Defaults concepts implemented in your organisation's project methodology?</i>		Yes			Key
			Pass/Fail: Key ratio (1 Fail = Total Fail) Standard ratio (3 Fails = Total Fail)			
5	Global risks controls	(5.01 - 5.02 assessed only if applicable)				
5.01a	Stock Market Price decrease (Last 12 Months N)	Stock Market Price decrease (Last 12 Months N)	x≥-20%			
5.01b	Stock Market Price decrease (Last 12 Months N)	Variation of the stock compared to the Index is higher than 30%	x≥-30%			
5.01c	Stock Market Price decrease (12 Months N-1)	Stock Market Price decrease (12 Months N-1)	x≥-20%			
5.01	Stock market development 12 month (2 periods negative trends = Fail)					
5.02a	Stock Market Price decrease (Quarterly, 3M)	Stock Market Price decrease (Quarterly, 3M)	x≥-20%			
5.02b	Stock Market Price decrease (Quarterly Q-1, 3M)	Stock Market Price decrease (Quarterly N-1, 3M)	x≥-20%			

5.02	Stock market development 3 months (2 periods negative trends = Fail)				
5.03	Analyst consensus 12 months forward EBITDA	Analyst consensus 12 months forward EBITDA	EBIDTA > 0		
			Pass/Fail Standard ratio (3 Fails = Total Fail)		
6 Trends analysis (Not applicable if CFO is positive)					
6.01	Trend - Cash ratio 12 months (Last 12 months N, vs Last 12 months N-1)	Cash ratio (Cash and Cash equivalent / Current liabilities) (Last 12 months N, vs Last 12 months N-1)	x≥0%		
6.02	Trend - Cash ratio 12 months (Last 12 months N-1, vs Last 12 months N-2)	Trend - Cash ratio 12 months (Last 12 months N-1, vs Last 12 months N-2)	x≥0%		
6.03	Quick ratio (Cash and Cash equivalent + AR / Current liabilities) (Last 12 months N, vs Last 12 months N-1)	Quick ratio (Cash and Cash equivalent + AR / Current liabilities) (Last 12 months N, vs Last 12 months N-1)	x≥0%		
6.04	Quick ratio (Cash and Cash equivalent + AR / Current liabilities) (Last 12 months N-1, vs Last 12 months N-2)	Quick ratio (Cash and Cash equivalent + AR / Current liabilities) (Last 12 months N-1, vs Last 12 months N-2)	x≥0%		
6.05	Trend - CFO 12 months (Last 12 months N, vs Last 12 months N-1)	Cash Flow from Operating activities (CFO) as per latest publication (Last 12 months N, vs Last 12 months N-1)	x≥0%		
6.06	Trend - CFO 12 months (Last 12 months N-1, vs Last 12 months N-2)	Trend - CFO 12 months (Last 12 months N-1, vs Last 12 months N-2)	x≥0%		
			Pass/Fail Standard ratio (3 Fails = Total Fail)		
			General Result:		
Any fail to any of the above sections results in a failed assessment			Result assessment		

It is proposed to amend Resolution 866:

Amount at Risk is calculated by multiplying the Days' Sales at Risk by the total BSP Cash Turnover of the 3 highest Reporting Periods in the previous 12 months divided by the days in reporting period and multiplied by 3 (Total Days × Total BSP Cash Turnover 3 highest Reporting Periods / Days in Reporting Period × 3)