

## RESOLUTION 850

### BILLING AND SETTLEMENT PLANS

- △ PAC(56)850/(Mail A357)(except USA)      Expiry: Indefinite  
Type: B

WHEREAS IATA Settlement Systems Management is a functional area of IATA Financial and Distribution Services (FDS) responsible to the IATA Board of Governors for the management and efficient operation of the IATA Settlement Systems (hereafter referred to as "ISS"), and

WHEREAS the Passenger Agency Conference exercises authority and responsibility over the IATA Passenger Agency Programme, including the relationship between BSP Airlines and Agents, and

WHEREAS Members have introduced Billing and Settlement Plans (BSP).

RESOLVED that:

- △ All BSP Airlines are required to comply with sections 6.7 and 8.7 by no later than 31 December 2021 when reporting Standard Traffic Documents to the BSP.

It is hereby RESOLVED that,

#### 1. DEFINITIONS

The definitions of terms and expressions used in this Resolution are contained in Resolution 866.

#### 2. IATA RESPONSIBILITIES

IATA is responsible for all ISS administration and operational functions, such as:

- budgets (cost and revenues)
- staffing
- contracts (service agreements) to include signature authority
- office management and administration, and

IATA shall operate in accordance with the Resolutions of the Conference, which describe the provision of services in the operating BSPs.

#### 3. CONFERENCE RESPONSIBILITIES

**3.1** The Conference is responsible for setting operational standards, and for the rules and procedures for IATA Accredited Agents, as provided in the Sales Agency Rules and other Resolutions of the Conference.

**3.2** The Conference is responsible for establishing the standard forms necessary for the operation of the BSP.

#### 4. LOCAL CUSTOMER ADVISORY GROUPS—PASSENGER (LCAGP)

4.1 The Conference has also authorised the establishment of Local Customer Advisory Groups—Passenger (LCAGPs) in countries wherever a BSP is in operation, to provide advice to IATA on local customer service issues and to co-ordinate local needs.

4.2 The Conference determines the procedures for establishing the membership of the LCAGPs.

4.3 The Rules and Procedures for the LCAGPs, as agreed by the Conference from time to time, are contained in Attachment “B” to this Resolution and constitute part hereof.

#### 5. BUSINESS CASE—IMPLEMENTATION OR EXTENSION OF A BSP

5.1 The Head Office of any Member or group of Members that has an interest in a specific market, may request IATA to initiate a study by identifying the circumstances that should warrant the implementation or extension of a BSP.

5.2 In the absence of a request for a study from a Member or group of Members, if IATA considers that there are business opportunities in implementing a BSP in a market, it shall consult Members operating in that market prior to commencing a business case.

5.3 IATA shall be responsible for conducting a business case to finality, including consultation with Members operating in that market, to determine whether to implement a BSP or to extend an existing BSP to include another market(s)/region(s).

#### 6. PARTICIPATION BY MEMBERS

Participation by Members in any BSP is voluntary. Members may join at the inception of a BSP, or may join at a later date, by notifying IATA and paying the joining fee and its continued participation in a given BSP will be dependent on the following requirements. The Member must:

6.1 operate scheduled passenger services.

6.2 have and maintain a valid designator and accounting code assigned by IATA.

6.3 sign a Counterindemnity Agreement with IATA as prescribed in Attachment “C” to this Resolution.

6.4 In order to enable the BSP to settle funds, the Members:

- (i) must have and maintain an open valid bank account in the BSP in the allowed currency(s) established by the BSP, or
- (ii) have signed an ICCS agreement with IATA.

6.5 The Member must settle any amount due, in a BSP settlement, to the BSP by the Remittance Date. This may include amounts due for BSP fees and charges applicable for its participation in the BSP. Payment of amounts outstanding shall be due on the Remittance Date of the period in which they were included in the billing. IATA shall have the right to deduct such fees and charges at any time prior to making a settlement to a Member.

6.6 The Member must not have any outstanding balances with IATA.

6.7 At least ninety percent (by number) of worldwide ticketed transactions using the Member's validation must involve air transportation.

6.8 Members reporting transactions through the BSP that result from an Offer must ensure that their system is capable of the following functions:

6.8.1 the ability to prohibit the issuance of the Standard Traffic Document through real-time information as provided by IATA of an Agent's status:

- (i) an Approved Location is removed from the Agency List, declared in default, or has its Ticketing Authority removed in accordance with the Sales Agency Rules or,
- (ii) the BSP Member has withdrawn its authority from the Approved Locations to issue Standard Traffic Documents on its behalf.

6.8.2 the ability to activate or restrict a form of payment for any issuance of Standard Traffic Documents using real-time information as provided by IATA of an Agent's status.

6.8.3 the ability to provide IATA with the data required to enable real-time sales monitoring of Agent's sales of Standard Traffic Documents reported through the BSP.

#### 7. PARTICIPATION BY AGENTS

7.1 Where a BSP is implemented, the IATA shall so advise all Agents in the area and shall inform the Agents of how their participation in the BSP affects their work methods.

7.2 Only IATA Accredited Agents normally participate in a BSP. However, IATA may allow domestic-only non-IATA Agents to use the accounting and other technical facilities of a BSP as discussed in subparagraph 12.1 of this Resolution, provided a business case has been conducted, as provided in Paragraph 5 above, and such business case supports such use.

#### 8. PARTICIPATION BY NON-IATA AIR CARRIERS

A non-Member airline (“an Applicant”) may submit an application to IATA in the form prescribed in Attachment “D” to this Resolution, to participate in a given BSP. Approval of the application shall be subject to the condition that the Applicant shall execute a Form of Concurrence as prescribed in Attachment “E” to this

Resolution. and its continued participation in a given BSP will be dependent on the following requirements. The non-IATA Air Carrier must:

- 8.1** operate scheduled passenger services.
- 8.2** have and maintain a valid designator and accounting code assigned by IATA.
- 8.3** sign a Counterindemnity Agreement with IATA as prescribed in Attachment "C" to this Resolution.
- 8.4** In order to enable the BSP to settle funds, the Non-IATA Air Carrier:
  - (i) must have and maintain an open valid bank account in the BSP in the allowed currency(s) established by the BSP, or
  - (ii) have signed an ICCS agreement with IATA.
- 8.5** must settle any amount due, in a BSP settlement, to the BSP by the Remittance Date. This may include amounts due for BSP fees and charges applicable for its participation in the BSP. Payment of amounts outstanding shall be due on the Remittance Date of the period in which they were included in the billing. IATA shall have the right to deduct such fees and charges at any time prior to making a settlement to a Non-IATA Air Carrier.
- 8.6** The Non-IATA Air Carrier must not have any outstanding balances with IATA.
- 8.7** At least ninety percent (by number) of worldwide ticketed transaction using the Non-IATA Carrier's validation must involve air transportation.
- 8.8** Non-IATA Air Carriers reporting transactions through the BSP that result from an Offer must ensure that their system is capable of the following functions:
  - 8.8.1** the ability to prohibit the issuance of the Standard Traffic Document through real-time information as provided by IATA of an Agent's status:
    - (i) an Approved Location is removed from the Agency List, declared in default, or has its Ticketing Authority removed in accordance with the Sales Agency Rules or,
    - (ii) the BSP Member has withdrawn its authority from the Approved Locations to issue Standard Traffic Documents on its behalf.
  - 8.8.2** the ability to activate or restrict a form of payment for any issuance of Standard Traffic Documents using real-time information as provided by IATA of an Agent's status.
  - 8.8.3** the ability to provide IATA with the data required to enable real-time sales monitoring of Agent's sales of Standard Traffic Documents reported through the BSP.

## 9. PARTICIPATION BY GENERAL SALES AGENTS (GSAs)

Each BSP Airline participating in a BSP shall have the facility to have its non-airline GSAs report its sales through the BSP and to remit either through the BSP or

directly to the Principal, subject to the conclusion of an agreement for the provision of BSP services to the BSP airline's GSA, between IATA and the BSP Airline, containing the conditions for such participation.

## 10. PARTICIPATION BY AIRPORT HANDLING AGENTS

**10.1** IATA may approve applications by airport handling agents to be supplied with and issue Standard Traffic Documents if the applicant:

- 10.1(a)(i)** is not an air carrier or,
- 10.1(a)(ii)** is a division of an air carrier operating independently of that air carrier, and is not in possession of, or authorised, to issue that carrier's own Traffic Documents, and
- 10.1(b)** acts as a passenger handling agent for one or more air carriers at an airport,
- 10.1(c)** has secured sponsorship from an IATA Member participating in the BSP concerned,
- 10.1(d)** undertakes to provide satisfactory security arrangements for premises and systems used for the issuance of Standard Traffic Documents,
- 10.1(e)** agrees to submit Agency Sales Data and effect remittances in respect of Standard Traffic Documents issued in accordance with IATA instructions, and
- 10.1(f)** executes an agreement with IATA governing the terms of its authorization to be supplied with and issue Standard Traffic Documents;
- 10.2** upon approval, such airport handling agents may be supplied with and issue Standard Traffic Documents.

## 11. CLOSURE OF A BSP

Should it be necessary, for whatever reason, to consider closure of an operating BSP, IATA will consult with the BSP Airlines. In the event of closure, IATA will normally give notice of at least 12 months to all participants, including agents, GSAs, airport handling agents, and BSP Airlines. All costs relating to the closure incurred during the period of the notice and/or arising after closure, will be apportioned between the BSP Airlines in accordance with the ISS pricing formula.

## 12. EXTENSION OF BSP SERVICES

**12.1** To the extent compatible with the primary purpose of the BSP which is to provide and issue Standard Traffic Documents and to serve as an accounting and settlement system between Agents and participating BSP Airlines, IATA may consider any proposal to make available to third parties the accounting and other technical facilities of a BSP.

**12.2** Such proposal shall be such as to render the BSP's operation more cost-effective and shall not be in conflict with IATA Resolutions.

**12.3** Where a BSP Airline issues Electronic Tickets on behalf of Agents through their web site, such sales may be reported to BSP for processing. In such case, the BSP Airline shall report such sales to the BSP on a daily basis.

### **13. RISK COVERAGE FOR SELF-HANDLING OF PROCESSING FUNCTIONS**

Where a DPC is operating under the management and supervision of IATA (self-handled processing centre) for a BSP, BSP Airlines participating in that BSP undertake to indemnify IATA, its officers, employees and other appointees against liability (including liability for legal costs) for any action taken or omitted in good faith in the performance of their functions with respect to such operation. Where a separate legal entity has been established to carry a given BSP, such entity shall be deemed to be an "other appointee" in the sense of the preceding sentence, and shall be indemnified accordingly.

### **14. VOLUNTARY TERMINATION**

**14.1** A BSP Airline may withdraw from a given BSP by serving written notice of not less than three months, and shall be liable for their share of all costs through to the end of the notice period.

### **15. SUSPENSION OF BSP AIRLINE**

Notwithstanding Paragraph 14 of this Resolution, IATA may immediately suspend (without a notification or other waiting period) a BSP Airline's participation in some or all BSPs under any of the following circumstances:

**15.1(a)** the BSP Airline fails to pay any amount due in relation to a BSP settlement, as provided for in subparagraphs 6.2 or 8.3 above; or

**15.1(b)** the BSP Airline ceases all scheduled passenger operations, either temporarily (including where such operations are planned for future dates but are not currently being flown) or permanently, due to financial or other reasons, or otherwise no longer meets the requirements for participation in the BSP as described in Paragraphs 6 and 8 of this Resolution; or

**15.1(c)** the BSP Airline becomes subject to formal bankruptcy, moratorium of debt, reorganization, liquidation, or similar proceedings; or

**15.1(d)** the BSP Airline defaults on a material obligation to the BSP under the Resolutions or other agreements governing its participation in the BSP, or

**15.1(e)** if the BSP Airline does not have a valid designator/prefix and accounting code assigned by IATA; or

**15.1(f)** if the BSP Airline is suspended from any of the other settlement systems provided by IATA, including the

IATA Clearing House and the Cargo Accounts Settlement System; or

**15.1(g)** if IATA otherwise determines that there are sufficient financial or legal grounds—including outstanding amounts owed to IATA in connection with its other settlement services or otherwise—to suspend the BSP Airline, in light of the financial or legal risk to the BSP.

**15.2** At the discretion of IATA, IATA may elect to refrain from suspending a BSP Airline from some or all BSPs under this paragraph if there are alternatives available to protect the financial integrity of the BSP from the circumstances of the BSP Airline—including from the risk that refunds may exceed sales—and to obtain the immediate payment of outstanding debts of the BSP Airline to IATA. Such alternatives may include, at the discretion of IATA, the provision by the BSP Airline of a centrally held security deposit, or alternative security acceptable to IATA to be held centrally, and calculated so as to cover funds at risk for a minimum of one month.

**15.3** IATA shall follow the procedures outlined in Attachment 'F' to this Resolution upon the suspension of a BSP Airline pursuant to this paragraph.

**15.4** If IATA determines that the financial integrity of the BSP is at risk as a result of the circumstances of a BSP Airline, IATA may withhold funds due from the BSP to such BSP Airline in order to secure the potential risk, in advance of any potential suspension of such BSP Airline.

### **16. SET-OFF RIGHTS**

**16.1** Set-off applies, and may be invoked by IATA at any time, with respect to any debt or claim owing by a BSP Airline to the BSP in relation to a BSP settlement—including any amount owed by the BSP Airline to IATA for the provision of BSP processing and management fees—against any monies held or owed by IATA or any of its divisions or affiliated entities and which is payable to that BSP Airline.

**16.2** In addition, set-off also applies, and may be invoked by IATA at any time, with respect to any debt or claim owing by a BSP Airline to IATA or any of its divisions or affiliated entities against any monies held or owed by IATA or any of its divisions or affiliated entities and which is payable to that BSP Airline.

### **17. CHANGE OF OWNERSHIP**

Where a BSP Airline undergoes a change of ownership which has the effect of transferring ownership to another entity, and wishes to continue participation in one or more BSPs, the BSP Airline shall

**17.1** Provide sufficient information to IATA to allow for a review of the legal effect of the proposed change.

**17.2** IATA shall review the information provided by the BSP Airline and determine whether the proposed change poses a financial or legal risk to the BSP—including the risk that refunds may exceed sales. If such a risk is identified, IATA shall determine whether there are

alternatives available to protect the financial integrity of the BSP from such risk. Such alternatives may include, at the discretion of IATA, the provision by the BSP Airline of a centrally held security deposit, or alternative security acceptable to IATA to be held centrally, and calculated to as to cover funds at risk for a minimum of one month.

**17.3** If the BSP Airline does not comply with the obligations under subparagraph 17.1 above, or if any risk to the BSP is identified by IATA and cannot be resolved pursuant to subparagraph 17.2 above, the existing BSP Airline will be terminated from all BSPs and the new carrier shall be processed as a new applicant.

**17.4** Where a BSP Airlines ceases or will cease operations and remains indebted financially to IATA, and where the owners of such BSP airline have or will have an interest in a new applicant airline, IATA may reject such application.

## 18. FINANCIAL LOSSES INCURRED IN HONOURING STANDARD TRAFFIC DOCUMENTS

In the case of financial losses arising from honouring Standard Traffic Documents where the issuing Agent may go into irredeemable default or where the Standard Traffic Documents have been issued fraudulently, IATA shall take the action outlined in Attachment “G” to this Resolution.

## 19. TICKETING AIRLINE SELECTION RULES

BSP Airlines shall follow the ticketing airline selection rules specified in Resolution 852.

## 20. ELECTRONIC TICKETING AUTHORITY

Where a BSP Airline deposits its Electronic Ticketing Authority with an Agent, it shall simultaneously inform IATA.

## 21. BSP SETTLEMENT MODELS

### 21.1 Reported Sales Model

When used in connection with this model, the term “BSP settlement” for a Member or BSP Airline will be the amount of the sales reported for any one period notwithstanding whether all amounts have been received by IATA from the Agent.

### 21.2 Funds Received Model

When used in connection with this model, the term “BSP settlement” for a Member or BSP Airline will be the amount actually received by IATA from the Agent for any one period.

## 22. IATA EasyPay (IEP)

**22.1** In each market or area where Resolution 812 has been declared effective, all BSP Airlines will accept IEP by default, unless a BSP Airline notifies IATA that it does not wish to accept IEP in a given BSP.

**22.2** If a BSP Airline wishes to opt-out of accepting IEP, the Airline must notify IATA through written notice a minimum of 30 days prior to the opt-out taking effect. The Airline will be liable for its share of IATA EasyPay transaction costs through to the end of the notice period.

**22.3** Any Airline joining a BSP will accept IATA EasyPay by default unless the Airline has notified IATA of its opt-out in the respective market(s) prior to joining.

**22.4** BSP Airlines accepting IEP in a given market undertake jointly and severally to indemnify IATA, its officers, employees and other appointees against any loss, liability, damage or claim of any kind arising out of or in connection with the operation of the IEP system in such market, including without limitation, any amount claimed by or owing to a provider operating the IEP System, as well as any liability for legal cost. The provisions of the Counterindemnity Agreement found in Resolution 850 Attachment ‘C’ apply mutatis mutandis to the present indemnity.

## 23. Accelerated Settlement

**23.1** In some circumstances, Agent Remittances may be paid into the BSP prior to the Agent’s ordinary Remittance Date and thereafter settled to the BSP Airline(s) prior to the ordinary Settlement Date. For the avoidance of doubt, the provisions of the Counterindemnity Agreement found in Resolution 850 Attachment ‘C’ apply to indemnify IATA, its officers, employees and other appointees against any loss, liability, damage or claim of any kind arising out of or in connection with such advance settlements to BSP Airline(s), as more fully described in the Counterindemnity Agreement.



**RESOLUTION 850****Attachment ‘A’**

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**RESOLUTION 850****Attachment ‘B’****RULES AND PROCEDURES OF THE  
LOCAL CUSTOMER ADVISORY  
GROUPS—PASSENGER (LCAGPs)****1. FUNCTION**

Local Customer Advisory Groups Passenger (LCAGPs) are established by the Passenger Agency Conference in each BSP market/region. Each LCAGP has two functions:

- on request by IATA, provide advice to IATA on local customer service issues;
- on request by members, coordinate local needs and put forward recommendations to IATA.

**2. MEMBERSHIP**

The LCAGP will normally consist of up to 18 persons. The Passenger Agency Conference may authorise a larger number, following a request from an area. LCAGP members and their designated alternates shall be elected biennially by all BSP Airlines in the market concerned, from nominations received from these BSP Airlines and sent to IATA. Ideally, LCAGP members should be suitably qualified representatives at a senior level, providing expertise in the different fields of the BSP activity. LCAGP members attend LCAGP meetings as local industry representatives.

**3. MEETINGS, QUORUM AND VOTING**

The LCAGP will meet as required with a minimum of an annual meeting. A quorum shall be a simple majority (one half plus one) of the membership. LCAGP will act in form of making recommendations. The level of support within the LCAGP for any recommendation, which requires at least a simple majority of the quorum, may be indicated. Each LCAGP will elect its Chairman. IATA will act as Secretary of these meetings. BSP Airlines in the BSP may attend meetings as observers, subject to advising the LCAGP Secretary. Representatives of non-airline entities participating in that BSP may attend certain parts of a LCAGP meeting, at the invitation of its Chairman and IATA.

**4. ACTIVITIES**

IATA may typically consult a LCAGP for:

- advice, as a user forum, on all local matters presented to it by IATA, concerning the local operation of the BSP;
- advice to IATA on the establishment of local BSP business requirements and enhancements, especially where differences from worldwide policy and standards are sought;
- advice to IATA, concerning;

- marketplace activities and development opportunities, and other local/area needs; and
- advice concerning other matters, as appropriate.

## 5. AGENDA AND REPORTS

The Agenda of each LCAGP meeting shall consist of customer service issues on which IATA seeks the advice of the LCAGP, or proposals submitted by BSP Airlines. It shall be circulated by the LCAGP Secretary not later than 10 days before the start of the meeting. The report of LCAGP meetings shall be circulated promptly, but no later than 30 days after the meeting, by the Secretary to LCAGP members, and all BSP Airlines. The Secretary of the LCAGP will provide a regular update on action taken pursuant to recommendations from the LCAGP.

## RESOLUTION 850

### Attachment 'C'

## COUNTERINDEMNITY AGREEMENT

### COUNTERINDEMNITY AGREEMENT

Relating to the Operation of BSP Bank Accounts by IATA

("Single Counterindemnity")

An Agreement entered into

Between .....

having its registered office at .....

(name of airline)

(full address)

hereinafter called "the Indemnifying Airline",

and

the International Air Transport Association (IATA), a nonprofit corporation under Canadian law, having its registered office at 800 Place Victoria, Montreal, Quebec, hereinafter called "IATA",

WHEREAS the Indemnifying Airline, jointly with other airlines participating in the same respective Billing and Settlement Plan ("BSP"), has considered it desirable that IATA operates and maintains certain BSP bank accounts (including a "Hinge Account" for clearing services) on its behalf, and

WHEREAS IATA has agreed to provide such services subject to the Indemnifying Airline and other such airlines providing a counterindemnity relating to the risks arising therefrom,

IT IS THEREFORE AGREED AS FOLLOWS:

## 1. DEFINITION AND APPLICABILITY

This Agreement applies to all bank accounts established and operated in the name of IATA on behalf of a Billing and Settlement Plan ("BSP") for the purpose of operating through the Clearing Bank clearing services or administrative or other associated services, for the benefit of the Indemnifying Airline and other airlines participating in the respective BSP.

All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in IATA's Passenger Agency Conference Resolution 866.

## 2. INDEMNITY

The undersigned Indemnifying Airline will indemnify IATA, its officers and employees, against any liability and costs, for any action taken or omitted in good faith in the performance operation of the Hinge Account or other accounts mentioned in paragraph 1 above, or arising in any other way from the operation of these accounts. Such liability may include, inter alia, shortfalls caused by under-remittance or non-remittance by Agents in cases where the Clearing Bank has credited the Indemnifying Airlines, in anticipation of full and timely remittance by the Agents. In case of such under-remittance or non-remittance, the undersigned Indemnifying Airline, when so requested by IATA, undertakes to immediately refund the corresponding amount(s) remitted to it to the BSP Hinge Account, and herewith acknowledges and agrees that IATA may take all such action, including legal action, as deemed required or useful in this connection, both on behalf of IATA and the BSP and on behalf of the airlines participating in the BSP concerned. In the event of a liability arising otherwise than by way of non-remittance or under-remittance, the undersigned Indemnifying Airline undertakes to pay the amount of the obligation under this Agreement within 15 days of it being called upon to do so.

## 3. PRELIMINARY JOINT INDEMNIFICATION

If it cannot be established immediately for which BSP participating airline(s) a transaction not supported by a full Agent remittance was effected, the undersigned Indemnifying Airline, jointly with the other airlines participating in a BSP and having signed an indemnification agreement, shall forthwith reimburse and indemnify IATA for any shortfalls which shall be deemed to be operating costs and expenses of the BSP. Such cost of reimbursement shall be reapportioned as soon as it has been established for which BSP-participating airline(s) the respective remittance has been effected, in proportion to each of the undersigned such airline's share in the respective remittance.

## 4. COLLECTIVE BINDING AGREEMENT

Upon signature, the present document, in conjunction with identical documents signed by other airlines participating in a BSP and IATA, shall constitute a collective binding Agreement which shall continue in full force and effect for as long as IATA operates any bank accounts as referred to in paragraph 1 above, provided that if any airline withdraws from or is terminated from participation in a BSP, it shall cease to be a party to the Agreement with respect to that BSP. The under-signed Indemnifying Airline shall nevertheless remain liable in respect of any of its liabilities arising prior to withdrawal or termination from the respective BSP or termination of IATA's operation of respective bank accounts as referred to in Paragraph 1 above.

AS WITNESS WHEREOF on behalf of the Parties hereto by their duly authorised officers in duplicate on the day and year following hereto,

|  |  |
|--|--|
| For and on behalf of the<br>Indemnifying Airline | For and on behalf of<br>International Air<br>Transport Association |
| .....  | .....  |
| (Full name of airline)                           |  |
| .....  | .....  |
| Signature  | Signature  |
| .....  | .....  |
| Name, title of person<br>signing                 | Name, title of person<br>signing                                   |
| .....  | .....  |
| Place, date                                      | Place, date  |

**Note:** This document must be signed at the Indemnifying Airline's Head Office, by the Chief Executive Officer, Chief Financial Officer or Director General.



## RESOLUTION 850

### Attachment 'D'

#### FORM OF APPLICATION TO BE COMPLETED BY A NON-IATA AIR CARRIER WISHING TO PARTICIPATE IN AN IATA BILLING AND SETTLEMENT PLAN

##### FORM OF APPLICATION

To: BSP  
Copy: International Air Transport Association  
Financial and Distribution Services  
Route de l'Aéroport 33—P.O. Box 416  
1215 Geneva 15 Airport  
Switzerland

##### 1. Name of Applicant

.....

Name of Applicant (hereinafter called "the Applicant")

.....

Address .....

.....

##### 2. BSP in which participation is sought: .....

3. The Applicant operates scheduled air services or sells through IATA Approved Agent Locations within the country/area of the BSP.

4. The Applicant hereby applies to participate in the BSP ("the BSP") on the following terms and conditions:

- (a) the Applicant will upon acceptance of this application, forthwith sign, in duplicate, the IATA BSP FORM OF CONCURRENCE for Non-IATA Air Carriers wishing to participate in an IATA Billing and Settlement Plan, under the terms of which the Applicant shall observe and be bound by IATA Resolutions and other IATA provisions relating to IATA Billing and Settlement Plans as though the Applicant were a Member of IATA and a party to the Resolutions or Sections of Resolutions set out in those documents; the signed Form shall be forthwith, submitted to IATA Geneva, at the address indicated above, within three (3) months from acceptance of the application. Failing submission of the signed Form within three (3) months, the acceptance of the Application may be withdrawn with immediate effect. In case of such withdrawal, the Applicant agrees to pay and compensate the BSP, IATA or any of the BSP Airlines for any expenses, damage, losses or any other prejudice incurred in connection with or arising from the Applicant's application, temporary de facto participation or withdrawal of the Applicant's acceptance in the BSP, or all of these.

- (b) the Applicant authorises IATA to give notice to the Data Processing Centre and the Clearing Bank that the name of the Applicant is to be added to the list of BSP Airlines in the First Schedule of the respective Agreements with the Data Processing Centre and the Clearing Bank;
- (c) the Applicant shall become a participating BSP Airline upon acceptance of this Application, upon becoming a party to the Agreements referred to in Subparagraph (b) above and in accordance with the terms of these Agreements, and upon submission of the signed Form of Concurrence to IATA;
- (d) except as otherwise provided in Subparagraph 5(e)(ii) of the Form of Concurrence, the Applicant shall be subject to the same conditions and obligations as other BSP Airlines;
- (e) in consideration of the benefits of participation in the BSP, the Applicant agrees to the costs of participation in the BSP in accordance with Subparagraph 5(c) of the Form of Concurrence;
- (f) the conditions of the Applicant's participation in the BSP may be amended by IATA from time to time upon serving reasonable notice in advance of such amendment to the Applicant.

5. This Application may be accepted, and will then become a binding contract, upon signature on behalf of the BSP/the BSP Airlines by IATA of the enclosed duplicate copy and mailing it to the Applicant at the address given above.

For and on behalf of the Applicant

Accepted for and on behalf of International Air Transport Association

.....  
(Full name of Applicant)

.....

Signature

Signature

.....  
Name

.....  
Name

.....  
Title

.....  
Title

.....  
Place, date

.....  
Place, date

**Note:** This document must be signed at the Applicant's Head Office, by the Chief Executive Officer, Chief Financial Officer or Director General.

## RESOLUTION 850

### Attachment ‘E’

#### FORM OF CONCURRENCE TO BE COMPLETED BY A NON-IATA AIR CARRIER WISHING TO PARTICIPATE IN IATA BILLING AND SETTLEMENT PLANS

##### FORM OF CONCURRENCE

To: BSP Manager (Country)  
Copy: International Air Transport Association  
Financial and Distribution Services  
Route de l'Aéroport 33—P.O. Box 416  
1215 Geneva 15 Airport  
Switzerland

Name of Applicant

.....

Name of Applicant (hereinafter called “the Applicant”)

.....

Address .....

.....

1. The Applicant operates scheduled air services or sells through IATA Approved Agent Locations within the country/area of the BSP. The Applicant has obtained all operating licenses or governmental authorisation required for such services or sales.

2. The Applicant has applied to IATA for participation in BSP (country).

3. The Applicant acknowledges that it has received copies of the following documents together with such explanation of their contents as it requires:

- (a) Passenger Agency Conference Resolution 892 (Disclosing another Member's Position taken at an IATA Meeting);
- (b) The applicable Resolution for the Passenger Sales Agency Rules appertaining to that BSP, i.e. Application of Minimum Security Standards for premises and systems; Suspension, Removal or Voluntary Relinquishment; Reviews under Authority of IATA Travel Agency Commissioner;
- (c) Passenger Agency Conference Resolution 822— IATA Numeric Code;
- (d) Passenger Agency Conference Resolutions 832 and 818g—Reporting and Remitting Provisions, i.e. Sales Reports, Billings, Remittances and Collections— Defaults (under Billing and Settlement Plans); Reporting and Remitting through the Billing and Settlement Plan;
- (e) Passenger Agency Conference Resolution 850— Billing and Settlement Plans;

- (f) Local editions of the Billing and Settlement Plan Manual for Agents; or any other applicable manuals;
- (g) Passenger Agency Conference Resolution 854— Electronic Ticketing Systems in BSP Countries/ Areas;
- (h) All other Passenger Agency Conference Resolutions.

4. IATA will forward revisions to the foregoing documents to the Applicant as and when they are issued.

5. The Applicant hereby undertakes and agrees to observe and comply with the following terms and conditions:

- (a) The Applicant authorises IATA to enter into agreements with the relevant electronic data processing centre (“Data Processing Centre”) and the relevant clearing bank (“Clearing Bank”) on its behalf and to give notice to the Data Processing Centre and the Clearing Bank that the name of the Applicant is to be added to the list of BSP Airlines in the schedule of the respective agreements with the Data Processing Centre and the Clearing Bank.
- (b) Except as otherwise provided in Subparagraph (e)(ii) of this paragraph, the Applicant shall be subject to the same conditions and obligations as other BSP Airlines, of which the following are particularly brought to notice:
  - (i) the Applicant shall observe and be bound by the provisions of the documents set out in Paragraph 3 hereof, as well as subsequent additions, deletions or amendments thereto, as though the Applicant were a Member of IATA and a party to the Resolutions or the sections of Resolutions set out in those documents;
  - (ii) the Applicant shall execute a Sales Agency Agreement with each IATA Accredited Agent subject to BSP (country) and appointed to act for the Applicant, by virtue of which agreement such Agents shall agree inter alia to:
    - comply with applicable Passenger Sales Agency Rules and BSP Procedures; such local standards as may be provided for under the Passenger Sales Agency Rules; applicable IATA Resolutions; and applicable government laws and regulations.
    - permit IATA to have access to their books, vouchers and other records relating to its sales activities on the Applicant's behalf;
- (c) In consideration of the benefits of participation in BSP (country), the Applicant agrees to pay the following fees:
  - (i) the appropriate joining fee, being contribution towards the setting-up and subsequent development costs of BSP (country). The joining fee will be payable in its entirety upon the grant by IATA of the Applicant's Application;
  - (ii) Central and Regional management fees set by IATA and billed and payable to IATA in Geneva monthly in advance;
  - (iii) Local management fees as a contribution towards the management and other applicable costs in BSP (country) calculated annually in advance by IATA and payable to the BSP (country).

- (iv) costs payable through the IATA Clearing House, to IATA in Geneva, based on total participation in BSPs worldwide and total SCU throughput where applicable. These extra charges take into account the fact that non-IATA carriers do not otherwise contribute to the overall costs incurred by IATA in providing BSPs and administering the IATA distribution system.
- (d) The conditions of the Applicant's participation in BSP (country) may be amended from time to time upon serving reasonable advance notice of such amendment to the Applicant.
- (e) The Applicant's participation in BSP (country) shall continue until either:
  - (i) the Applicant has withdrawn from or been terminated from participation in the BSP pursuant to the provisions of Passenger Agency Conference Resolution 850, in which case IATA will advise the Data Processing Centre and the Clearing Bank of withdrawal of the Applicant from the schedules of the agreements with those entities, where applicable,
  - or
  - (ii) IATA, has determined that there are sufficient other reasons for termination of the Applicant's participation in BSP (country), and such decision has been validated by at least two-thirds of those Members of IATA participating in BSP (country). Such termination shall require three calendar months' notice in writing of termination by IATA to the Applicant, citing reasons therefore. In the event IATA gives such notice, it shall at the same time give three calendar months' notice to the Data Processing Centre and the Clearing Bank of withdrawal of the Applicant from the schedules of the agreements with those entities, where applicable, provided that, in both cases, rights and liabilities incurred before the date of termination shall survive termination.

6. The Applicant undertakes to indemnify IATA, its officers and employees against liability (including liability for legal costs) for any action taken or omitted in good faith in the performance of their functions with respect to BSP (country) under the Passenger Sales Agency Rules and under Resolution 850 and its attachments.

7. This Form of Concurrence is executed in two originals. It shall enter into force upon signature on behalf of the IATA BSP by IATA Geneva. IATA will mail one original to the Applicant at the address given above.

8. By signing this Form of Concurrence, and thereby undertaking to observe and comply with the terms and conditions described in the foregoing paragraphs, the Applicant also unconditionally undertakes that it will observe and comply with these and other terms and conditions described in other documents, as they apply to other BSPs that the Applicant applies to participate in due course, by submitting an application to IATA. This Form of Concurrence shall enter into force with respect to such other BSPs on the dates that the Applicant receives written notification that IATA has granted the Applicant's application to participate in the respective BSPs.

For and on behalf of the Applicant:

.....  
(Full name of Applicant)

.....  
Signature

.....  
Name

.....  
Title

.....  
Place, date

Accepted for and on behalf of IATA Billing and Settlement Plans and their BSP Airlines by IATA:

.....  
Signature

.....  
Name

.....  
Title

.....  
Place, date

**Note:** This document must be signed at the Applicant's Head Office, by the Chief Executive Officer, Chief Financial Officer or Director General.

## **RESOLUTION 850**

### **Attachment ‘F’**

## **PROCEDURES FOR SUSPENSION OF A BSP AIRLINE**

### **1. IMMEDIATE ACTION BY IATA IN THE EVENT OF SUSPENSION**

If IATA determines that the BSP Airline should be suspended from BSP operations, IATA shall immediately:

- (a) Inform the BSP Airline concerned and all other BSP Airlines.
- (b) Instruct the Global Distribution Systems, Ticketing System Providers, and Data Processing Centres to suspend immediately the use of the BSP Airline's name and numeric code as ticketing airline, to suspend immediately the use of any automated systems for the processing of refunds or other credit/debit transactions on behalf of the BSP Airline, and to continue to report as usual any outstanding sales, refunds, or other credit/debit transactions made by Agents on behalf of the BSP Airline up to the date of the suspension.
- (c) Instruct all Agents:
  - (i) To suspend immediately all ticketing activities on behalf of the BSP Airline concerned.
  - (ii) To settle all Outstanding Billings and pending sales attributable to that BSP Airline either:
    - (a) with IATA, or
    - (b) with the BSP Airline concerned, in which case Agents must exclude the total amount due to or from the suspended BSP Airline (such as ticket sales or any refunds actually or potentially owing by that airline) from any Outstanding Billing. This exclusion should be made before remittance of the Outstanding Billing to IATA. However, if remittance has already occurred or if applicable law or billing procedure do not permit the necessary changes to remittance, then this exclusion may be made after remittance of the Outstanding Billing to IATA—thereby requiring a supplemental payment by or to the Agent of the amount excluded.
  - (c) The suspended BSP Airline should respond to any refund requests from Agents in a timely manner.
- (iii) Instruct the BSP Airline to download reporting copies of the billing analysis for the current period and any other periods affected by the suspension from BSPlink.
- (iv) Additionally, IATA may take any other actions reasonably necessary to implement the actions in this paragraph, including any actions necessary to comply with local law or local practice in a given BSP region.

### **2. SUBSEQUENT ACTION BY IATA**

Thereafter, IATA shall monitor the situation and shall take any other action, where appropriate, after having sought legal advice, in order to respond to any individual circumstances. This may, where appropriate, include the following:

- (a) The opening of a special account, for the collection and management of monies due to the BSP Airline.
- (b) The immediate withholding of all amounts due to the suspended a BSP Airline. Subject to applicable laws, the BSP Airline or its administrator, receiver, liquidator, monitor, trustee, or similar representative or successor shall have no claim to such funds while retained in accordance with this paragraph.
- (c) The satisfaction of all outstanding debts, after a sufficient time has passed to ensure that all claims from all IATA settlements systems and otherwise have been finalized. The funds withheld from the suspended a BSP Airline's BSP participation, including any funds derived from BSP participation but held at the time of suspension within the IATA Currency Clearance Service, shall generally be used in the following priority:
  - (i) Firstly, for any refunds or other debts owed to the BSP in which such funds originate. Unless Agents were instructed to settle Outstanding Billings directly with IATA pursuant to subparagraph 1(iv)(a) above, or unless an agreement providing for the post-suspension submission of refunds has been agreed between IATA and the BSP Airline, such refunds shall not include any refunds submitted as part of any Outstanding Billings.
  - (ii) Secondly, for any remaining refunds or other debts owed to any other BSPs in which the BSP Airline participates. Again, unless Agents were instructed to settle Outstanding Billings directly with IATA pursuant to subparagraph 1(iv)(a) above, or unless an agreement providing for the post-suspension submission of refunds has been agreed between IATA and the BSP Airline, such refunds shall not include any refunds submitted as part of any Outstanding Billings.
  - (iii) Thirdly, for any other amounts that are due from the BSP Airline to IATA, including without limitations any amounts owing pursuant to the offsetset-off rights as more fully described in Resolution 850 Paragraph 15.
  - (iv) Finally, any remaining amounts shall be returned to the BSP Airline or its administrator, receiver, liquidator, monitor, trustee, or similar representative or successor, as more fully governed by applicable law.
  - (v) In all instances any sales incentives established by the BSP Airline shall be settled directly between the BSP Airline and each Agent.



### 3. LIFTING OF SUSPENSION

If the BSP Airline resolves the circumstances giving rise to suspension (such as by resuming scheduled operations, curing its defaults, or otherwise), or if the BSP Airline protests the suspension in writing, IATA shall evaluate whether and how the BSP Airline will be reinstated in BSP operations and under what conditions. The BSP Airline shall be given the opportunity to be heard.

Such conditions may in particular require that the BSP Airline compensate the BSPs for any losses incurred as a result of the BSP Airline's default, that the BSP Airline satisfy all outstanding debt to IATA arising under any of its settlement systems or otherwise, and that the BSP Airline place a centrally held security deposit, or alternative security acceptable to IATA to be held centrally, and calculated so as to cover funds at risk for a minimum of one month.

### 4. SUSPENDED BSP AIRLINE OWING MONEY TO THE BSP

Where a suspended BSP Airline owes money to the BSP on any grounds and for any period, and the debt is considered irrecoverable, the remaining BSP Airlines must bear the loss, excluding any remuneration, if any, owed pursuant to Resolution 824 Section 9, in proportion to their share of the total amount in that Remittance Period. Such remuneration shall be settled directly between the suspended BSP Airline and the Agents.

### 5. TERMINATION

If, at the discretion of IATA, it does not appear likely that a suspended BSP Airline will be able to meet the requirements for the lifting of its suspension, or as may otherwise be necessary in light of the potential financial or legal risk to the BSP, IATA may terminate the participation of a suspended BSP Airline. Such termination shall not affect the obligation of the BSP Airline to satisfy its obligations to IATA hereunder or under the Resolutions or other agreements governing its previous participation in the BSP.

## RESOLUTION 850

### Attachment 'G'

## FINANCIAL LOSSES INCURRED IN HONOURING STANDARD TRAFFIC DOCUMENTS

### 1. INTRODUCTION

Financial losses, as a result of honouring Standard Traffic Documents, may arise for two main reasons:

- the issuing Agent may go into irredeemable default;
- the Standard Traffic Documents may have been issued fraudulently.

### 2. DEFAULT AND BANKRUPTCY

Where, following the honouring by an airline of a Standard Traffic Documents, it is found that revenue will not be paid over by the Agent because of irredeemable default, the loss shall be borne by the issuing BSP Airline (the airline whose ticketing authority was used by the Agent to issue the Traffic Document).

However, in the case of a defaulting Agent, unreported Standard Traffic Documents subsequently blacklisted must be honoured by BSP Airlines.

If part or full settlement of monies outstanding is obtained from the defaulting Agent, the monies received will be shared out among the issuing BSP Airlines concerned in proportion to their share of the outstanding amounts.

Thereafter, if amounts are still outstanding, each such issuing BSP Airline will remain at liberty to initiate the usual debt recovery proceedings against the Agent.

### 3. FRAUD RELATED TO STANDARD TRAFFIC DOCUMENTS

In accordance to Passenger Services Conference Resolution 781b, Members issuing and honouring Standard Traffic Documents shall exert its best efforts to ensure that prompt action is taken upon detecting that Standard Traffic Documents have been issued fraudulently.

**3.1** The Validating Carrier is the sole entity responsible for ensuring that the flight/value coupon(s) are promptly suspended in their ticket database upon detection of fraud.

If a Marketing/Operating Carrier receives control of a flight/value coupon(s) they shall be entitled to payment even if the Validating Carrier has subsequently detected fraudulent activity.

**3.2** The Validating Carrier is required to obtain control back from the Marketing/Operating carrier before suspending usage.



**3.2.1** The Marketing/Operating Carrier is not entitled for payment if the Validating Carrier has successfully suspended usage of the flight/value coupon(s) whilst under the Validating Carrier's control.

#### **4. INDEMNIFICATION**

**4.1** When suspending a Standard Traffic Document in accordance with Paragraph 1 hereof, the Validating Carrier shall indemnify the Marketing/Operating Carrier for, and hold it harmless against, any and all claims, demands, costs, expenses and liability, including legal fees, incurred by reason of having acted in accordance with this Resolution.

**4.2** In the event that legal action is commenced by any person against the Marketing/Operating Carrier which, pursuant to this Resolution has acted in accordance with Paragraph 1 of this Resolution, the Marketing/Operating carrier shall immediately notify the Validating Carrier which hereby reserves the right to take over the conduct of the defence of such legal action and/or any appeal there from.

#### **5. LOSSES ARISING FROM HONOURING FRAUDULENT ISSUES/LOSS-SHARING FORMULA**

The honouring carrier is, in the circumstances described below, entitled to apply to IATA to have the amount of the loss allocated to the general losses supported by BSP Airlines, according to the cost-sharing formula defined in this section.

The following loss sharing formula is to be applied where losses are incurred through interline billing as the result of fraudulent use of a Standard Traffic Document. Fraudulent use of Standard Traffic Documents is defined as any action which deprives a carrier of the normal revenue to which it is entitled, undertaken without the carrier's knowledge or consent.

This section applies to a Standard Traffic Document which is not described in Section 3 of this Resolution, and the amount of loss is not recoverable from the Agent.

**5.1** Where the Standard Traffic Document honoured can be attributed to a specific Agent, the loss shall be shared among those BSP Airlines participating in the BSP in question which, at any time during the 12 calendar months preceding the month in which the fraudulently issued Standard Traffic Document was reported by the honouring carrier to IATA, have permitted that Agent to use their ticketing authority.

The loss in this case shall be shared in direct proportion to the Agent's monetary sales volume on behalf of such BSP Airlines during the 12 months period.

**5.2** Where the STD honoured can be attributed to a specific BSP but not to a specific Agent, the loss shall be shared among all BSP Airlines participating in the BSP, in direct proportion to their monetary sales volume within the BSP in question during the 12 months preceding the

month in which the fraudulently issued STD was reported to IATA.

**5.3** Where the Standard Traffic Document honoured cannot be attributed to either a specific Agent or to a specific BSP, the loss shall be shared among all BSP Airlines participating in IATA BSPs in proportion to their monetary sales volume in all such BSPs during the 12 months preceding the month in which the fraudulently issued Standard Traffic Document was reported to IATA.

If the BSP has not been in operation for 12 months at the date the fraudulently issued Standard Traffic Document is reported to IATA, the reference period for calculating each BSP Airline's share of the loss will be the period the BSP has been in operation.

#### **6. SUBSEQUENT RECOVERY OF LOSSES DUE TO FRAUD**

Where a BSP Airline subsequently recovers any amounts due on a fraudulently issued Standard Traffic Document, the amount recovered is to be distributed through the ISS Manager among the BSP Airlines concerned in proportion to their share in the reimbursement previously made concerning that Standard Traffic Document.

#### **7. DEBITING ACTION FOR LOSS-SHARING**

IATA will carry out the necessary investigation where a BSP Airline presents a fraudulently issued Standard Traffic Document for reimbursement.

Billing action will be taken by the IATA to obtain the individual contributions from BSP Airlines where the loss is shared only by BSP Airlines in a given BSP.

In the event that a loss is to be shared by all BSP Airlines participating in BSPs, a co-ordinated billing will be sent out by IATA.

#### **8. ACTION IN CASE OF COUNTERFEIT STANDARD TRAFFIC DOCUMENTS**

Where a counterfeit Standard Traffic Document is intercepted in the marketplace, IATA will, in consultation with the BSP Airline or BSP Airlines concerned, carry out the necessary prompt investigation and, where appropriate, file a formal complaint with the local law enforcement authorities. To the extent such counterfeit Standard Traffic Document has already resulted in a loss, the preceding provisions of Subparagraphs 1 through 6, hereof, shall be applied.