



# MEMORANDUM

PAC/Reso/763

To: All Members, Passenger Agency Conference  
Accredited Representatives

From: Director, FDS Operations, GDC

Date: **30 April 2021**

Subject: **MAIL VOTE (A402)**  
**PAC2 (Mail A402)**  
**Changes to Temporary Local Financial Criteria - Hungary**

---

## Background Information

APJC Hungary that took place on the 16 of December 2020 and voted unanimously temporary changes Local Financial Criteria and upgrading it to Resolution 812 content. Although all the changes were voted positively in MV397 an APJC airline representative member spotted a difference in the text regarding point no 4.4.2. which should be amended as agreed initially in the mentioned above Hungarian APJC.

Incorrect text:

~~4.4.2. the Amount at Risk calculated as per section 4.3. using the cash turnover amount equal to the average net monthly cash sales of the Agent.~~

Correct text:

**4.4.2. The Amount at Risk calculated as per section 4.3. using the 3 highest months' sales in the last 12 months' period"**

The APJC Chairman endorsed this as a simple editorial change as the notion of 3 highest month sales is explained in points 4.3 (4.3.2) referred to even in 4.5.2, 4.5.3 and it does not change or overwrites the calculating formula (4.3.).

We propose PACConf to endorse the amendment to Local Financial Criteria applicable to Hungary.

## Effective Date

The proposed effective date of these changes is 1 June 2021

## Proposed Action

Conference to adopt the changes to the Temporary Local Financial Criteria applicable for Hungary 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](mailto:pac-gov@iata.org).

A handwritten signature in black ink, appearing to read 'J. Rodriguez', with a large, sweeping flourish at the end.

**Juan Antonio Rodriguez**  
**Director, FDS Operations, GDC**

## HUNGARY

(Effective 1 ~~March~~ June 2021 - MV/~~397~~ 402)

### 1. GENERAL RULE - (Accounts / Documents to be provided)

**1.1 The definitions of terms and expressions used in this document adopt the definitions in resolution 866. The use of words and expressions in the singular will, where the context so permits, be taken to include their use in the plural and vice versa. Paragraph headings are for ease of reference only and do not form part of this document.**

**1.2 Audited Accounts means** accounts reviewed by an auditor recognized as competent by the regulatory authority in Hungary to perform an audit that are provided to IATA.

**1.3 Remittance frequency** four times per month is mandatory for all accredited agents

### 2. CRITERIA FOR THE EVALUATION OF AGENT'S ACCOUNTS

**2.1** All financial information used in the financial criteria will be extracted from the Agent's Audited Accounts.

Certified accounts will be applicable only in case the Hungarian law, i.e. the Accounting Law (2000/No 100) requires so. In all instances the established accounting rules will apply.

**2.2** If an Agent's Accounts are adjusted and restated in accordance with section 2.3.6 of this document, the restated accounts must be used in calculating the financial tests set out in sections 2.3.1-2.3.5 below.

**2.3** The following financial tests apply to the evaluation of an Agent's Accounts:

**2.3.1** There must be positive Net Equity

**2.3.2** Net Equity divided by long-term debt and other long-term liabilities must be greater than 0.5.

**2.3.3** EBITDA must be positive.

**2.3.4** The EBITDA must exceed the Interest Payable.

**2.3.5** Liquid index II: Money (bank and cash) + short-term debits+securities/short-term liabilities must exceed 0.5.

### 3. ANNUAL FINANCIAL REVIEWS

#### Accredited agents

**3.1** All Agents must provide Accounts no later than 6 months after each financial year end, or as required by legislation of that Agent for the purposes of evaluation against the financial tests in section 2 of this document.

**3.2** An Agent will pass the Financial Review if all the financial tests set out in sections 2.3.1 – 2.3.5. are met.

**3.3** Temporary for the period 20MAR 2021 and 31JUL 2021 the following rule will apply : An Agent will pass the Financial Review if the Agent passes both criteria 2.3.1 and 2.3.5 and one additional criteria out of the following three: 2.3.2-2.3.4. This will apply only till the date 31st of July 2021 for the financial evaluation of 2020 financial statements after the above date this point is not valid anymore.

## 4. FINANCIAL SECURITY

**4.1** An Agent will not be accredited or will not continue to be accredited until any Financial Security required to be provided to IATA has been received by IATA.

**4.2** Financial Securities will be subject to a minimum notice period of ninety (90) days and ideally be valid for an unlimited period but will be expected to be valid for a minimum of at least one year.

**4.3 For the purposes of calculating the amount of a Financial Security the following definitions apply:**

**4.3.1. „Days sales at risk”** means the number of days from the beginning of the Agent’s reporting period to the remittance date in respect of that reporting period or periods, plus a margin of up to two calendar days. Days sales at risk is currently **24**. Day in reporting period is currently **8**.

**4.3.2.** “Amount at Risk” is calculated by dividing the Days” Sales at Risk by 90 days, and applying that percentage to the BSP cash turnover of the 3 highest months BSP Cash turnover in the previous 12 months period

$$\text{“Amount at Risk”} = \frac{\text{“Days” Sales at Risk} \times \text{BSP cash turnover in the 3 highest month period}}{90}$$

### Applicants

**4.4** All Agents must provide a Financial Security with a minimum amount of HUF 10,000,000 during the first two (2) years as IATA accredited agents

**4.4.1** After the first three months of accreditation and after the first 12 months of accreditation, the amount of the Financial Security required must cover at a minimum the higher of:

**4.4.2.** the Amount at Risk calculated as per section 4.3. using ~~the cash turnover amount equal to the average net monthly cash sales of the Agent.~~ the 3 highest months’ sales in the last 12 months’ period.

**4.4.3.** HUF 10,000,000.

If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk

### 4.5 Accredited agents.

#### 4.5.1. Agents with Risk Status A

For Agents with Risk status A no financial Security is required.

#### 4.5.2. Agents with Risk Status B

For Agents with Risk status B the amount of the Financial Security required must cover at a minimum of the Amount at Risk calculated as per section 4.3.2 or HUF 10,000,000 whichever is higher, using the BSP cash turnover as applicable. If the existing Financial Security is insufficient to cover the Amount at risk, the amount of the financial security required will be increased to cover the amount at Risk.

#### 4.5.3. Agents with Risk Status C

For Agents with Risk status C the amount of the Financial Security required must cover at a minimum of the Amount at Risk calculated as per section 4.3.2 or HUF 10,000,000 whichever is higher, using the BSP cash turnover as applicable. If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the financial security required will be increased to cover the Amount at Risk.

**4.6 All calculations of the amount of Financial Security required under this document or the Passenger Sales Agency Rules for Agents accredited for more than two years will be calculated under section 4.3 of this document.**

## **5. CHANGES IN FINANCIAL YEAR END**

**5.1** All Agents must notify IATA immediately of a change in its financial year-end.

**5.2 The Agent must provide both:**

**5.2.1** Accounts within 60 days after the change is made and IATA will conduct the Financial Review applicable to the Agent under this document.

**5.2.2** Accounts for the financial year end that would have applied to the Agent before the Agent changed its financial year end. These must be provided to IATA within 60 days of the former financial year end.

## **6. SIGNIFICANT CHANGE IN GROSS BSP SALES**

**6.1** A significant change means any change in the business of the Agent which results in a change in net BSP sales of more than 20% as compared to the previous 12 months. A change can be an increase or a decrease in net BSP sales.

**6.2** An Agent must notify IATA of any significant change as soon as the Agent becomes aware of it

## **DEFINITIONS OF TERMS USED IN THESE GUIDELINES**

**EBITDA** – Earnings before Interest, Taxation, Depreciation and Amortization, Extraordinary items

**Financial Review** means a review of an Agent's financial position or the calculation of the amount of Financial Security required in accordance with this document, or both.

**Net Equity or Shareholders'/Owners' Funds** – consists of:

- Share capital
- Share premium
- Retained earnings
- Other distributable reserves
- Shareholder's loans if subordinated less declared dividends:

**Long Term Debt** – All debt liabilities where repayment is due more than twelve months after the end of the financial period.

**Long Term Liabilities** – all liabilities where repayment is due more than twelve months after the end of the financial period.

**Liquid index II: Money** {cash and bank} **PLUS short term debits** {in accordance with the Hungarian Accounting Law, trade debtors, short-term receivables from affiliated and independent partners and any other short-term receivables} **PLUS securities / short term liabilities** {correspondently with Hungarian Accounting Law, bank and other short-term loans, advances from customers, accounts payables, short-term liabilities to affiliated and independent partners and other short-term liabilities})

**Money:** cash and bank

**Short-term debits:** in accordance with the Hungarian Accounting Law, trade debtors, short-term receivables from affiliated and independent partners and any other short-term receivables.

**Short-term liabilities** in accordance with Hungarian Accounting Law, bank and other short-term loans, advances from customers, accounts payables, short-term liabilities to affiliated and independent partners and other short-term liabilities.

**Review** means any assessment or evaluation of an Agent's continuing compliance with the Passenger Sales Agency Rules.