

# MEMORANDUM

## PAC/RESO/1038

To: All Members, Passenger Agency Conference  
Accredited Representatives

From: Director, FDS Operations, GDC

Date: 23 January 2024

Subject: **MAIL VOTE (A668)**  
**PAC2 (Mail A668)**  
**CHANGES TO LOCAL FINANCIAL CRITERIA SCANDINAVIA**

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### Background Information

During the Quarter 3 Mail Vote of 2023 the Conference adopted the proposal to reduce the reporting period from 15 calendar days to 5 working days in Scandinavia.

Our next step involves aligning the days at risk in the Local Financial Criteria with the revised remittance frequency. The updated days at risk should shift from the existing 27 days or 7.5% to 17 days or 4.7%.

The APJC Scandinavia convened on 22 November 2023 and unanimously voted in favor of the adoption of the new Amount at Risk.

#### 5.2.2 Agents with Risk Status B

Financial Security is required. The amount must cover at a minimum ~~seven point five per cent (7.5%)~~ four point seven per cent (4.7%) of the calculated annual average cash sales or EUR 10,000 (or equivalent in local currency), whichever is higher.

### Effective Date

The proposed effective date of these changes is **1 March 2024**.

### Proposed Action

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

The timetable for this Mail Vote is as follows:

Voting Period: 23 January – 6 February 2024

Filing Period: 7-21 February 2024

Effective date: 1 March 2024

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

[Link](#)

Please note that no other form of voting will be accepted. Voting will conclude at close of business MAD time on **Tuesday, 6 February 2024**. 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.A. Rodriguez', with a large, sweeping flourish extending upwards and to the right.

Juan Antonio Rodriguez  
Director – FDS Operations, GDC

# SCANDINAVIA

(including Denmark, Greenland, Iceland, Norway and Sweden - Effective 1 March 2024 – MV/A668)

## 1. GENERAL RULE

These Local Financial Criteria contain the details of the financial requirements locally recommended. The complete requirements will be applied following the hierarchy of sources as governed by [Resolution 010, Section 4](#). The required financial criteria below for the Scandinavian countries are evaluated by IATA.

## 2. CRITERIA FOR THE EVALUATION OF AGENTS' FINANCIAL STATEMENTS

**2.1** The minimum financial criteria for Denmark, Greenland, Norway and Sweden fall into two areas, financial tests and credit rating. For Iceland, the financial criteria are only based on the financial tests, and any reference to credit rating below can be disregarded.

The financial tests defined below for Equity (a) and Liquidity (b) must be met at all times.

### (a) Equity Capital

Rate of solidity =  $\frac{\text{Equity Capital}}{\text{Total Capital}}$  = min 6%

### (b) Liquidity

Rate of liquidity =  $\frac{\text{Current Assets}}{\text{Current Liabilities}}$  = min 1.0

In preparation of the financial statements, generally accepted accounting principles and national legislation of the respective country must be taken into consideration. The Signed Auditor's report must not indicate any deviation from the generally accepted accounting principles of the respective country.

### 2.2 Credit Rating

IATA will obtain the credit rating of an Agent from Dun & Bradstreet. A credit rating of an Agent must at all times be higher than the Dun & Bradstreet 'B' rating. An Agent rated B or lower, will be requested to submit a Financial Security, even if they have passed the financial tests as described in [section 2.1](#).

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

In addition, an Agent has the possibility to send proof of a satisfactory rating from a second rating company, approved by IATA, however satisfactory rating from the second supplier will have to be provided in 6 months intervals, unless the rating goes back to satisfactory level.

Credit rating from a second rating company will be considered as satisfactory when meeting the following conditions:

Denmark – Minimum Risk Class "Moderate" from Experian

Norway – Minimum Risk Class "Moderate" from Experian

Sweden – Minimum Risk Class "3" from UC

## 3. FINANCIAL REVIEW AND RISK STATUS

**3.1** IATA will make a financial assessment of the two criteria: financial test as per [2.1](#) and credit rating test as per [2.2](#), and grant accreditation to the Agents fulfilling the requirements of these criteria.

**3.2** Agents will be assigned one of the three risk statuses: A, B or C. Each risk status will be determined by the Agents' ongoing Risk history assessment and the outcome of the Financial Review.

Agents with the equivalent of Credit rating C according to Dun & Bradstreet will automatically be assigned cash conditions that are equal to Risk Status C.

Agents with No rating will have 30 days to have its rating available with the credit rating company, otherwise they will be assigned cash conditions that are equal to Risk Status C.

## **4. ANNUAL FINANCIAL REVIEWS**

### **4.1 New applicants**

**4.1.1** New applicants with more than one year's trading record must submit with the application a full set of audited financial statements, including balance sheet, profit and loss account, notes to financial statements, if any, for their company for the most recent financial year. Documents must be approved by a nationally approved Public Auditor in accordance with generally accepted accounting principles and national legislation.

**4.1.2** Companies with less than one year's trading record must submit a copy of a certified opening balance sheet.

### **4.2 Accredited Agents**

**4.2.1** Accredited Agents are obliged to submit a copy of their Audited Annual Report and financial statements in accordance with time frame for filing reports required by the local authority in each country, presently:

Denmark and Iceland – 6 months after each financial year

end Sweden – 7 months after each financial year end

Norway – 8 months after each financial year end

**4.2.2** Documents must be reviewed by a nationally approved Public Auditor in accordance with generally accepted accounting principles and national legislation.

**4.2.3** Notwithstanding the above provisions, any Agent that does not present audited financial statements will be assigned cash conditions that are equal to Risk Status C, and will need to provide a Financial Security with a minimum amount of EUR 10,000 or equivalent in local currency, regardless of the result of the assessment.

## **5. FINANCIAL SECURITY**

### **5.1 New Agents**

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

### **5.2 Other than New Agent**

For Agents that have been accredited for more than two (2) years, the following will apply:

#### **5.2.1 Agents with Risk Status A**

No Financial Security is required.

#### **5.2.1 Agents with Risk Status B**

Financial Security is required. The amount must cover at a minimum four point seven per cent (4.7%) of the calculated annual average cash sales or EUR 10,000 (or equivalent in local currency), whichever is higher.

#### **5.2.2 Agents with Risk Status C**

Agents with Risk Status C must provide a Financial Security with a minimum amount of EUR 10,000 (or equivalent in local currency).