MEMORANDUM

PAC/RESO/1044

To:	All Members, Passenger Agency Conference Accredited Representatives
From:	Director, FDS Operations, GDC
Date:	23 January 2024
Subject:	**MAIL VOTE (A675)** **PAC2 (Mail A675)** **CHANGES TO LOCAL FINANCIAL CRITERIA SWITZERLAND AND LIECHTENSTEIN**

Background Information

As per Resolution 812, para 6.5.3.6, the remittance period for agencies remitting more frequently than twice a month should not be longer than five days following end of sales period. In BSP Switzerland & Liechtenstein, the remittance period of agencies that remit four times a month is 15 days.

In order to comply with the resolution, APJC has developed a roadmap to shorten the remittance period for all agents remitting four times a month in two steps as follows:

1. Reduction of the Remittance Period from **15 to 10 days as of March 1, 2024**
2. Reduction of the Remittance Period **from 10 to 5 days as of January 1, 2026**

The APCJ Switzerland and Liechtenstein agreed via mail-vote unanimously on this roadmap.

The proposed effective date of these changes is 1st 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.

Juan Antonio Rodriguez
Director – FDS Operations, GDC

Attachment 'A'

SWITZERLAND AND LIECHTENSTEIN

(Effective 1 March 2024, MV/A675)

1. GENERAL RULE

1.1 All forms of commercial companies have to be entered in the Swiss Trade Register.

2. ANNUAL FINANCIAL REVIEWS

2.1 Annual Financial Statements must be in compliance with Swiss Law' Code of Obligations (OR). The time limit for submission of Annual Financial Statements is within six months after the closing date of the Fiscal year.

Document requirements:

2.2 All documents have to be prepared according CO 957 ff.

2.3 According to Art. CO 727a, Auditor's control report is not obligatory for those legal entities meeting the conditions for exemption from audit (opting out practice according to Swiss legislation). Such Agencies must provide a copy of the certificate of the Swiss trade register in order to proof the exemption.

2.4 New legal entities without at least one year's trading record are required to provide an Opening Balance Sheet.

2.5 The balance sheet shall be segmented according CO 959.

3. CRITERIA FOR THE EVALUATION OF AGENTS" ACCOUNTS

Formulas used for the financial evaluation:

3.1 Equity:

The equity (capital paid-in, reserves, profit and loss carried forward) must not be lower than CHF 100'000. If this requirement is not met, an Agent cannot be accredited or in case of accredited Agents must provide financial securities.

3.2 Liquidity ratio:

$$\frac{(\text{Total current assets} - \text{Total Inventory}) \times 100}{\text{Total Current liabilities}}$$

The liquidity ratio (quick-ratio) must be above 100%; i.e. short-term assets must cover to 100% all short-term liabilities.

When calculating the liquidity ratio, a safety margin of 5% is deducted from amounts owned by debtors as well as from securities/bonds.

Amounts of doubtful debtors as well as money given to owners and/or managers are not eligible in case company has not been audited.

3.3 Self-financing ratio:

$$\frac{\text{Total equity} \times 100}{\text{Total liabilities}} \geq 15\%$$

The self-financing ratio must reach 15%, i.e. the Equity must cover at least 15% of the total liabilities. Subordinated claims are considered as equity when calculating the Total Equity.

3.4 Fixed Assets Coverage:

$$\frac{\text{(Equity + Long Term liabilities)} \times 100}{\text{Fixed assets}} \geq 100\%$$

The coverage ratio must attain the factor 1.0, i.e. the Equity + long-term liabilities must cover to 100% all fixed assets.

3.5 Capital Loss:

Total Assets - Total Liabilities ≥ 0.5 * (Share Capital + Statutory Capital Reserve)

The assets less the liabilities must be at least 50% of the sum of the share capital and the statutory capital reserve.

3.6 In order to obtain a satisfactory result of the financial assessment, an Agent must pass all tests in 3.1-3.5 of these criteria.

3.7 The remittance period, i.e., the number of days between the end of the billing period and the remittance date, for four times per month remittance is 10 days.

Effective 1 January 2026 the number of days between the end of the billing period to remittance date will be 5 working days for all agents remitting four times per month.

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 and confirmed to IATA by way of written confirmation received directly from the third party supporting the Financial Security that the Financial Security was issued by that third party and is valid.

4.2 Financial Securities will be subject to a minimum notice of termination period on the part of the Financial Security Provider 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.

Remittance Frequency:	Days' Sales at Risk
Twice per month	35
Four times per month	~~27~~ 22
Daily	5

4.3.2 "Days Sales at risk as per 1st January 2026:

Remittance Frequency:	Days' Sales at Risk
Twice per month	35
Four times per month	17
Daily	5

4.3.3 “Amount at Risk” is calculated using BSP cash turnover amount equal to the net cash sales in the previous 12 months, as follows:

$$\text{“Amount at Risk”} = \frac{\text{“Days' Sales at Risk” x BSP cash turnover in the last 12 month period}}{360}$$

4.3.4. For Agents that are required to provide a Financial Security the following minimum amounts are applicable:

-twice per month remittance: CHF 25.000
- four times per month remittance: CHF 20.000
- daily remittance: CHF 5.000

Agents with Risk Status A

4.4 For Agents with Risk Status A no Financial Security is required.

Agents with Risk Status B

4.5 For Agents with Risk Status B the amount of the Financial Security required must cover at a minimum the Amount at Risk calculated as per Section 4.3 using the BSP cash turnover amount equal to the net cash sales in the previous 12 months, or the minimum amount of financial security as per 4.3.3, whichever is higher.

Agents with Risk Status C

4.6 For Agents with Risk Status C the amount of the Financial Security required must cover at a minimum the Amount at Risk calculated as per Section 4.3 using the BSP cash turnover amount equal to the net cash sales in the previous 12 months, or the minimum amount of financial security as per 4.3.3, whichever is higher. The most frequent standard remittance frequency, i.e. weekly remittance, will be applied.
Further information on Risk Status to be found in Resolution 812 (Travel Agents Handbook).