



MEMORANDUM

PAC/RESO/1041

To: All Members, Passenger Agency Conference
Accredited Representatives

From: Director, FDS Operations, GDC

Date: 23 January 2024

Subject: **MAIL VOTE (A672)**
PAC1 (Mail A672)
Proposal for Changes to Local Financial Criteria for Applicants and Accredited Agents in Mexico – Submitted by APJC Mexico

Background Information

During the APJC Mexico meeting held on 4 December 2023, the Joint Council agreed to review the Local Financial Criteria with the aim of ensuring that it continued to be fit for purpose and to review and validate the Criteria for Accreditation and Retention of Agents.

The APJC first reviewed the Local Financial Criteria (LFC). Both, airlines and Agents agreed with Section 1 of the LFC but noted that the Travel Agent Handbook (TAH), published in Spanish, needed to be updated to reflect that Agent's financial statements shall be 'certified' and not audited. IATA agreed to amend the next edition of the TAH, published in Spanish to ensure alignment with PAConf approved criteria.

The APJC then proceeded to review Section 2 of the LFC. Agent members of the APJC presented a motion to update the minimum Working Capital in line with current business requirements and proposed amending it from the current requirement of MXN 50,000 to a minimum Working Capital equivalent to USD 25,000. The motion was seconded by the remaining Agent members of the APJC, except for one. All airline members of the APJC agreed with the motion and all APJC members, except for one Agent member voted in favor of the proposal. The APJC agreed to submit this proposal to PAConf for Mail Vote approval.

The APJC had no comments or revisions to Section 3 of the LFC. The APJC did agree to revise Section 4 of the LFC, to include a reference to Resolution 812, Section 5, Paragraph 11, whereby Agents, with risk status A and Amount at Risk greater than USD 5M, are required to undergo quarterly financial reviews and if the Agent fails the review, such Agents shall present a Financial Security for any Amount at Risk in excess of USD 5M. No changes nor updates were required for Section 5 of the LFC.

In addition, the APJC reviewed the documentation criteria required from new applicants. The APJC ratified all criteria but wished to clarify the requirement to demonstrate staff qualification. In this regard, the APJC unanimously approved that Applicants must present a letter attesting to employ qualified ticketing staff and presenting for each listed staff member a copy a GDS training certificate.

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 PACConf 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.

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



MEXICO

(Effective ~~1 March 2019 – PAC/41~~ 1 March 2024 – PAC MV/A672)

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

1.1 The Applicant/Agent shall submit independently produced financial statements prepared in accordance with local accounting practices and shall be evaluated and found satisfactory pursuant the methodology and standards described below.

1.2 Financial Statements:

- Balance Sheet, Profit and Loss Statement, Statement of Changes in Equity, Cash Flow Statement, and any other financial documents deemed appropriate to conduct the financial review,
- must not be older than six months at the time of submission,
- must be certified by a Certified Public Accountant registered with the Mexican Institute of Public Accountants or the college of Public Accountants of Mexico.

2. CRITERIA FOR THE EVALUATION OF AGENTS' FINANCIAL ACCOUNTS

2.1 Financial statements must reflect minimum Working Capital equivalent of ~~MXN50,000~~ USD25,000.

2.2 Financial Statements will be evaluated against four financial Ratio Tests. Points will be allocated to the results of the Ratio Tests. A maximum of 40 points may be attained. For the financial results to be considered as Satisfactory result, a minimum of 22 points must be scored.

2.2.1 Ratio Tests used and maximum number of points obtainable per ratio test:

Ratio	Points	Measure
Liquidity ratio	14	A measure of the short-term solvency of the entity
Debt ratio	14	Amount of assets provided by creditors for each dollar of total assets
Turnover ratio	7	The average number of days to collect a receivable
Cash flow ratio	5	Level of debt versus profits

Scale of Points per Ratio Test:

Liquidity Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

Over 1.99	14 points
1.50 – 1.99	12 points
1.25 – 1.49	10 points
1.00 – 1.24	8 points
0.96 – 0.99	6 points
0.91 – 0.95	4 points
0.86 – 0.90	2 points
below 0.86	0 points

$$\text{Turnover Ratio} = \frac{\text{Net Receivables}}{\text{Total Sales}}$$

Under 15 days	7 points
15 – 16 days	6 points
17 – 18 days	5 points
19 – 20 days	4 points
21 – 23 days	3 points
24 – 26 days	2 points
27 – 29 days	1 point
More than 29 days	0 points

$$\text{Debt Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

Under 0.4	14 points
0.4 – 0.59	12 points
0.6 – 0.89	10 points
0.9 – 0.99	8 points
1.0 – 1.19	6 points
1.2 – 1.34	4 points
1.35 – 1.49	2 points
Over 1.49	0 points

$$\text{Cash Flow Ratio} = \frac{\text{Profit After Tax}}{\text{Long-term Liabilities}}$$

0.20	5 points
0.18	4 points
0.15	3 points
0.13	2 points
0.10	1 point
Below 0.10	0 points

3. ANNUAL FINANCIAL REVIEWS

3.1 Agents will be subject to annual financial reviews.

4. FINANCIAL GUARANTEE REQUIREMENTS

4.1 Agents will be subject to the presentation of a Financial Security as described below:

4.1.1 Risk Status A - No Financial Security will be required, [except as indicated in Resolution 812, Section 5.11](#).

4.1.2 Risk Status B - For Agents with Risk Status B the amount of the Financial Security required must cover at a minimum Day's Sales at Risk.

4.1.3 Risk Status C - For Agents with Risk Status C the amount of the Financial Security required must cover at a minimum Day's Sales at Risk.

4.2 Amount of Financial Security:

4.2.1 New Applicants: Will be required to present a financial security for a minimum of USD20,000 or its equivalent in local currency.

4.2.2 Accredited Agents: Will be calculated based on Agent's own Day's Sales at Risk* (definition below) or a minimum financial security equivalent to USD20,000, whichever is higher.

5. ~~OTHER~~ DEFINITION OF FINANCIAL TERMS USED

Current Assets

This amount excludes notes or receivables from related parties, including shareholders, employees, officers, associates as well as Cash and Term Deposits pledged for security.

Current Liabilities

This amount must include the current portion of long-term debt.

Day's Sales at Risk

Number of days from the beginning of the reporting period to the remittance date plus a margin of 5 days, multiplied by the Agent's daily average net cash sales of the past 12 months.

Gross or Total Sales

In the event this figure is not specifically identified in the financial statements, please provide the gross sales figures for the period including ticket sales, package tours, hotels, car rental, insurance, miscellaneous income, etc., net of tax.

Long-term Liabilities

All long-term loans from third parties. It does not include non-current loans provided by shareholders or proprietors.

Net Receivables

This amount should be net of bad debt and should be broken down to reflect separately:

- Trade receivables net of provision for bad debt
- Commissions receivable
- Receivables from related parties. Refer to definition of current assets
- Supplier deposits

Profit After Tax

Profit after taxes but before extraordinary items.

Total Assets

Total assets including intangible assets such as goodwill, franchise fees, client lists, etc.

Total Liabilities

Include current liabilities and all loans from third parties. It does not include non-current loans provided by shareholders or proprietors. Loans from associate parties are included, unless subordinated to other parties.