

Section B: Settlement Regulations

The Settlement Regulations Section has been placed near the beginning of this Manual in order to highlight the overall requirements of clearing Procedures. Detailed instructions for each type of billing (Passenger, Air Freight, Air Travel Plan, Non-Transportation, or IATA) will be found in subsequent sections.

B.1 INTERFACE WITH CLEARING BANK

B.1.1 Clearing Bank Designation

The clearing and settlement function of the Airlines Clearing House is performed by U.S. Bank which shall hereinafter be referred to as the "Clearing Bank."

B.1.2 Clearing Bank Management

- B.1.2.1 The maintenance of demand deposit accounts and the clearing function performed by the Clearing Bank is under the supervision of:

Ms. Angela Kramer
Vice President and Site Manager
Commercial Customer Service
U.S. Bank
5065 Wooster Pike
Cincinnati, OH 45226
Phone: 800-377-3053
FAX: 866-206-4145
E-Mail: angelad.kramer@usbank.com

Ms. Patti Saddler
Assistant Vice President and Team Lead
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U.S. Bank
5065 Wooster Pike
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B.2 DUE DATES FOR SUBMISSION OF BILLING DATA AND REMITTANCES

Item	Due Date	Note
<u>Billing Data (All Types):</u> Clearance Period 01 Clearance Period 02 Clearance Period 03 Clearance Period 04	Received at and Validated by Integrated Settlement no later than 5:00 p.m., Eastern Time, on: 14th Calendar Day of Current Month 21st Calendar Day of Current Month 28th Calendar Day of Current Month 7th Calendar Day of Following Month	1/2
<u>Net Position Email</u> ACH Settlement IATA Settlement	Distributed to ACH Participants on the next business day following the Billing Data Due Date for the corresponding Clearance Period Distributed to ACH Participants no later than two business days following the Billing Data Due Date for the corresponding Clearance Period	
<u>Final Settlement Reports</u> ACH Settlement Reports IATA Settlement Reports	Available in SMART on the next calendar day following Billing Data Due Date for the corresponding Clearance period. Available in SMART no later than two business days following Billing Data Due Date for the corresponding Clearance period	3
<u>Settlement Date:</u> ACH Transactions: Clearance Period 01 Clearance Period 02 Clearance Period 03 Clearance Period 04 IATA Transactions – Clearance Period 01, 02, 03 & 04	21st Calendar Day of Current Month 28th Calendar Day of Current Month 7th Calendar Day of Following Month 14th Calendar Day of Following Month 7 Calendar Days following <i>IATA Advice Day</i> for the corresponding Clearance Period	4 4

Non-compliance with this schedule subjects the offending Airline to penalties stated in Regulation 5 of this Section.

- Note (1) Billing Data for Passenger, Air Freight, Non-Transportation, UATP, and IATA transactions (see Note 3) for each Clearance Period must be received and validated by the date and time indicated. If the date prescribed for receipt and validation of Billing Data falls on a Saturday, Sunday, or legal holiday observed by the Clearing Bank, the Billing Data must be received at and validated by Integrated Settlement no later than 5:00 p.m., Eastern Time, on the next business day. Billing Data received up until 6:00 a.m. the day after the due date and time may be submitted as "Late Submission". Submission of Billing Data in each Clearance Period is recommended.
- Note (2) Clearance Periods 01, 02 and 03 are open periods and as such may include billings for transactions honored and/or services rendered on or prior to the date on which the corresponding Billing Data is transmitted to Integrated Settlement for processing. Clearance Period 04 is closed in that no transaction may be billed before the billing of the invoice for the calendar month in which the transaction was honored and/or services rendered, except as provided in [Section H.2.2](#) and [Section 8.3.1.1.2](#) of the Universal Air Travel Plan Manual. For example, August transactions may not be included in July Clearance Period 04 or on the July invoice.
- Note (3) Settlement Reports are continuously updated as billing data is entered into SMART. Participants may view and download provisional Settlement Reports prior to the Final Settlement Report date.
- Note (4) **If debit balance, available (collected) funds must be in the hands of the Clearing Bank on or before 12:00 Noon, Eastern Time, of the day indicated.** If the day indicated falls on a Saturday, Sunday, or legal holiday observed by the Clearing Bank, funds are to be available to it no later than 12:00 Noon, Eastern Time, of the next working day (see [Regulation B.4.3](#)).

Net creditors, for IATA Transactions, will be credited on the next business day following the settlement date.

B.3 BILLING DATA

B.3.1 Deadline for Submission of Billing Data to Integrated Settlement

Billing Data must be transmitted to Integrated Settlement, allowing enough time for automated validation processes, in time for receipt on or before the date and time specified in the scheduled shown under [Regulation B.2](#) of this Section.

B.3.2 Billing Data Not Received by Integrated Settlement

If Billing Data has not been received and validated by Integrated Settlement on the date and time specified for receipt, Airlines Clearing House may attempt to notify the Participant of the “nil” claims data to ensure the lack of claims data was intentional.

B.3.3 Late Receipt of Billing Data

Billing Data received later than the specified submission date and time, shall be reported by Integrated Settlement Operations to the Secretary-Treasurer of the Clearing House who shall have the authority to authorize the inclusion of the validated Billing Data in the settlement.

B.3.4 Changes to Billing Data After Submission to and Validation by Integrated Settlement

- B.3.4.1 No changes to Billing Data will be permitted after submission of billing amounts from Integrated Settlement to SMART.
- B.3.4.2 In the event an Airline discovers a substantial error in its Billing Data after the billing amounts have been sent from Integrated Settlement to SMART, a request for change may be directed to the Secretary-Treasurer at ach@airlines.org for a decision as to whether or not the change should be permitted, based on the circumstances.

B.4 SETTLEMENTS

B.4.1 Final Settlement Reports

Final Settlement Reports for each Clearance Period in which the participant has claims by or against other participants shall be available in SMART in accordance with the schedule shown under [Regulation B.2](#) of this Section. Provisional Settlement Reports for the current open period are available in SMART, but participants are advised that the amounts are not final and are subject to changes until the date and time shown in [Regulation B.2](#) of this Section.

B.4.2 Other Notifications to ACH Participants

When there are claims by or against an ACH Participant, the Clearing Bank will notify the ACH Participant, by e-mail, of its net position as per the date and time shown in Regulation 2 of this Section.

B.4.3 Debtor Airline Funds Available

Each debtor Airline shall make funds available and subject to disposition by the Clearing Bank equal to or in excess of the amounts required by the Settlement Reports no later than 12:00 Noon, Eastern Time, on each Settlement Date identified in Regulation 2 of this Section, unless the Airline has been required to make funds available prior to the Settlement Date (as provided in [Regulation B.4.6.1](#) or [B.4.9.1](#)) or on a Delayed Settlement Date (as provided in [Regulation B.4.7.3](#)), in which latter case the funds shall be made available and subject to disposition by the Clearing Bank on or prior to the time and date specified in the Secretary-Treasurer's notice.

- B.4.3.1 It is each debtor Airline's responsibility to ensure that funds are available at the Clearing Bank as and when specified in [Regulation B.4.3](#) above. Unless other arrangements have been made with Clearing Bank management (see [Regulation B.1.2](#)), the only acceptable Procedure for transmission of funds on Settlement Day is through execution of a Federal Funds Wire Transfer. When requested, evidence of such a transfer must be provided by the debtor Airline or its bank to the Airlines Clearing House in the form of the sending bank's Federal Funds Input Message Acknowledgement Data Number (IMAD No.).

B.4.4 Normal Settlement Action

If the operation described in [Regulation B.4.3](#) has been complied with by all debtor Airlines, the Clearing Bank shall, on the dates specified, effect settlement by debiting the accounts of debtor Airlines (or applying funds remitted by them) and crediting the accounts of creditor Airlines (or otherwise as instructed by them) with the net debit or credit balance as specified on their respective Settlement Reports.

Net creditors in the Inter-clearance between the IATA Clearing House and ACH will be credited the next business day.

B.4.5 Debtor Airline's Notice of Inability to Make Funds Available

If, upon receipt of notice from the Clearing Bank, a debtor Airline has reason to believe that it will not be able to comply with [Regulation B.4.3](#) above, it shall so notify the Secretary-Treasurer of the Clearing House by telephone, e-mail or letter, such notice to be received by the Secretary-Treasurer at least two working days prior to the date of settlement. After such notification, the debtor shall have the right to withdraw the notice and to participate in the settlement to which the notice relates, if (and only if) the Secretary-Treasurer advises the debtor that actions taken in response to the notice can be reversed without delaying the settlement. For the purpose of this Procedure, the failure of a debtor Airline to comply with [Regulation B.4.3](#) above with respect to any amounts due, of which it has been notified, shall be deemed to have been reason for that Airline to believe that it could not comply with [Regulation B.4.3](#) above.

B.4.6 Funds Not Made Available by Debtor Airline

In the event funds are not available from a debtor Airline as required in [Regulation B.4.3](#), the Clearing Bank shall notify the Secretary-Treasurer who shall proceed as provided in [Regulations B.4.7](#), [B.4.8](#) or [B.4.9](#) below.

B.4.6.1 If (1) the debtor Airline's shortage exceeds \$200,000 or (2) this is the second occasion in a period of twelve consecutive calendar months in which the debtor Airline has failed to make funds available at the Clearing Bank, in accordance with [B.4.3](#) above, upon notification to the Airline and the Clearing Bank by the Secretary-Treasurer the Airline may be required to make funds available at the Clearing Bank for deposit in the ACH Settlement Account, in an amount sufficient to cover its net debtor obligation in each future settlement in which it is a debtor not later than 12:00 Noon, Eastern Time, on the second business day preceding the Settlement Date for such settlement identified in Regulation 2 of this Section. ACH shall hold such funds solely as agent for the benefit of parties that have submitted billings against the debtor Airline for inclusion in such settlements. As applicable to any debtor Airline this requirement shall, unless previously rescinded by the ACH Board of Directors, remain in effect for one year from the date of the Secretary-Treasurer's notification to the debtor Airline and the Clearing Bank.

B.4.7 Recast of Settlement

Except as provided in [Regulation B.4.7.4](#) below, if a debtor Airline gives notice, as provided in [Regulation B.4.5](#) above, of inability to make funds available on a Settlement Date, or if the Clearing Bank notifies the Secretary-Treasurer under [Regulation B.4.6](#), above, that a debtor Airline has not made funds available, and (1) the amount of the debtor Airline's shortage exceeds \$200,000, or (2) the debtor Airline has failed to make required funds available in any two previous settlements during a period of six consecutive calendar months, including the current month, the Secretary-Treasurer may (unless the Secretary-Treasurer elects to cover the shortfall as provided in [B.4.9](#)) direct the Clearing Bank to strike a new balance deleting transactions, both debit and credit, in which the debtor Airline is involved.

B.4.7.1 If this settlement is the third settlement in a period of six consecutive calendar months, including the current month, in which the debtor Airline has failed to make funds available at the Clearing Bank, in accordance with [Regulation B.4.3](#), the debtor Airline may be suspended from, and deprived of the services of the Clearing House and the Clearing Bank, and the matter referred to the ACH Board of Directors for termination of the agreement with the Airline in accordance with Sub-Section 10 (a) of the "Agreement Relating to the Settlement of Interline Accounts Through Airlines Clearing House, Inc." or Paragraph 4 of the "Agreement Establishing Associate Membership in the Airlines Clearing House, Inc., for the Settlement of Interline Accounts" as appropriate. Such suspension shall be effective at the time specified in the notice of suspension issued by the Clearing House under [Regulation B.7.1.2](#).

EXCEPTION: If the settlement in which the debtor Airline is short is an IATA settlement, the settlement will not be recast, but the Secretary-Treasurer will proceed under [Regulation B.4.8](#) below.

- B.4.7.2 If this settlement is the first or second settlement during a period of six consecutive calendar months, including the current month, in which the debtor Airline has failed to make funds available at the Clearing Bank, in accordance with [Regulation B.4.3](#), the following Procedures will apply.
- B.4.7.2.1 If the debtor Airline makes funds available to cover all amounts due, including applicable interest and penalties, on or before 12:00 Noon, Eastern Time, of the second business day preceding the next ACH settlement following the clearance period whose settlement has been recast, the Secretary-Treasurer may direct the Clearing Bank to perform a Special Settlement of all claims by and against the debtor Airline. Upon receipt of such funds, the Secretary-Treasurer shall establish a Special Settlement date and time, and shall notify each Airline participating in the Special Settlement by telephone or e-mail of its debtor or creditor position.
- B.4.7.2.2 If the debtor Airline fails to make funds available to cover all amounts due, including applicable interest and penalties, by 12:00 Noon, Eastern Time, on the second business day preceding the next ACH settlement, the debtor Airline will automatically be suspended from, and deprived of the services of the Clearing House and the Clearing Bank, and the matter will be referred to the ACH Board of Directors for termination of the agreement with the Airline in accordance with Sub-Section 10 (a) of the "Agreement Relating to the Settlement of Interline Accountings Through Airlines Clearing House, Inc", or Paragraph 4 of the "Agreement Establishing Associate Membership in the Airlines Clearing House, Inc for the Settlement of Interline Accounts" as appropriate. Such suspension shall be effective at the time specified in the notice of suspension issued by the Clearing House under [Regulation B.7.1.2](#).
- B.4.7.3 The following Procedures shall be followed when it is determined to recast a settlement:
- B.4.7.3.1 As soon as practicable the Secretary-Treasurer shall notify each Airline participating in the settlement by telephone or email of the Airline's debtor or creditor position in the recast settlement.
- B.4.7.3.2 Upon learning it will be necessary to recast the settlement, the Secretary-Treasurer will determine the revised settlement positions of the Airlines participating in the settlement and will contact those Airlines with a substantially increased debtor position due to the recast to determine their ability to meet their obligations in the recast settlement.
- B.4.7.3.3 If the Secretary-Treasurer determines that the Airlines with substantially increased debtor positions as a result of the recast will be able to meet their new debtor positions on the regularly scheduled settlement date, the Secretary-Treasurer shall direct the Clearing Bank to perform the recast settlement on the date of the regularly scheduled settlement.
- B.4.7.3.4 If the Secretary-Treasurer determines that performing the recast settlement on the date of the regularly scheduled settlement would not permit the Airlines with substantially increased (or new) debtor positions as a result of the recast to meet their new debtor obligations, the Secretary-Treasurer shall establish a Delayed Settlement Date, taking into account (1) the anticipated completion of notice to the debtor Airlines, (2) the number of new or increased debtor Airlines involved, and (3) the increased funds needed.
- B.4.7.3.5 Debtor Airlines shall make funds available on the Delayed Settlement Date as specified in [Regulation B.4.3](#) above.
- B.4.7.3.6 If, with respect to the recast settlement, the Secretary-Treasurer has received from any debtor Airline the notice described in [Regulation B.4.5](#) above, or has been notified by the Clearing Bank of the unavailability of funds, under [Regulation B.4.6](#) above, the Secretary-Treasurer shall again instruct the Clearing Bank to recast the settlement (as provided in [Regulation B.4.7](#)), short settle one or more creditor Airlines (as provided in [Regulation B.4.8](#)), or make an interim application of funds from the Participant Deposit Reserve (as provided in [Regulation B.4.9](#)) until a final settlement can be made.
- B.4.7.4 An IATA Settlement will not be recast. Instead, any shortage in an IATA settlement will be handled under [Regulation B.4.8](#), [B.4.9](#) or [B.4.12](#) below.

B.4.8 Short Settlement

If a debtor Airline gives notice, as provided in [Regulation B.4.5](#) above, of inability to make funds available on Settlement Day, or if the Clearing Bank notifies the Secretary-Treasurer under [Regulation B.4.6](#) above that a debtor Airline has not made funds available, and (1) if (A) the amount of the debtor Airline's shortage is \$200,000 or less, and (B) the debtor Airline has not failed to make required funds available in two or more previous settlements during a period of six consecutive calendar months including the

current month, or (2) if the settlement involved is an IATA settlement, the Secretary-Treasurer shall (unless the Secretary-Treasurer elects to cover the shortfall as provided in [Regulation B.4.9](#)) instruct the Clearing Bank to short settle one or more creditor Airlines designated by the Secretary-Treasurer in an amount equal to that owed by the debtor Airline, and notify such short settled Airlines by telephone or e-mail of this action.

- B.4.8.1 If the debtor Airline has not made funds available to cover all amounts due, including applicable interest and penalties on or before 12:00 Noon, Eastern Time, of the second business day preceding the next ACH settlement (if the shortage occurred in an ACH settlement) or, on or before 12:00 Noon, Eastern Time, of the second business day preceding the next IATA settlement (if the shortage occurred in an IATA settlement) following the clearance period giving rise to the short settlement, (1) the debtor Airline shall automatically be suspended from, and cease to be eligible to receive the services of the Clearing House and the Clearing Bank, and (2) the matter will be referred to the ACH Board of Directors for termination of the agreement with the Airline in accordance with Sub-Section 10 (a) of the "Agreement Relating to the Settlement of Interline Accounts Through Airlines Clearing House, Inc." or Paragraph 4 of the "Agreement Establishing Associate Membership in the Airlines Clearing House, Inc., for the Settlement of Interline Accounts" as appropriate. Such suspension shall be effective at the time specified in the notice of suspension issued by the Clearing House under [Regulation B.7.1.2](#).
- B.4.8.2 A creditor Airline short settled under the provision of this Section is entitled to interest on the amount short settled at the rate determined from time to time by the Airlines Clearing House Board of Directors provided that the interest so determined exceeds \$25.00. Such interest amounts shall be collected from the debtor Airlines who failed to make payments by settlement date, by the Secretary-Treasurer directing the Clearing Bank to deduct such interest amounts from the Demand Deposit Accounts of the debtor Airlines at the Bank, and shall be paid by the Secretary-Treasurer to the short settled creditor Airlines involved. In the event of a Reversal of Credits under the provisions of [Regulation B.7.3](#) of this Section, the Secretary-Treasurer is authorized to pay interest to the short settled Airlines for the amounts short settled, and to include such interest payments in the expenses of the Airlines Clearing House, Inc.
- B.4.8.3 If the short settlement involves an IATA settlement and is the third occasion on which the debtor airline has failed to make required funds available within a period of six consecutive calendar months including the current month, the debtor Airline may be suspended from, and deprived of the services of the Clearing House and the Clearing Bank, and the matter referred to the ACH Board of Directors for termination of the agreement with the Airline in accordance with Sub-Section 10 (a) of the "Agreement Relating to the Settlement of Interline Accounts Through Airlines Clearing House, Inc." or Paragraph 4 of the "Agreement Establishing Associate Membership in the Airlines Clearing House, Inc., for the Settlement of Interline Accounts" as appropriate. Such suspension shall be effective at the time specified in the notice of suspension issued by the Clearing House under [Regulation B.7.1.2](#).

B.4.9 Interim Funding of Shortage from Participant Deposit Reserve

If a debtor Airline gives notice, as provided in [Regulation B.4.5](#) above, of its inability to make funds available on Settlement Day, or if the Clearing Bank notifies the Secretary-Treasurer under [Regulation B.4.6](#) above that a debtor Airline has not made funds available, and the Clearing House has sufficient funds available in the Participant Deposit Reserve (as provided for in [Section A.2.3](#)), or if the settlement involved is an IATA Settlement, the Secretary-Treasurer may instruct the Clearing Bank to cover the debtor Airline's shortage on an interim basis by applying funds from the Participant Deposit Reserve; provided, however, that the Secretary-Treasurer may instruct the Clearing Bank to make such an interim application only if the Secretary-Treasurer determines, in his/her sole discretion, that (i) the debtor Airline can be expected to promptly cover its shortage, and (ii) the interim application can be expected to minimize the disruption of the settlement process caused by the shortage. As soon as practicable after instructing the Clearing Bank to make such an interim application, the Secretary-Treasurer shall notify the debtor Airline of the Secretary-Treasurer's action.

- B.4.9.1 If a debtor Airline's shortage is covered through an interim application of funds from the Participant Deposit Reserve, the amount applied to cover the shortage, plus accrued interest at the rate determined from time to time by the Airlines Clearing House Board of Directors, shall be due and payable not later than 12:00 Noon, Eastern Time, on the second business day preceding the next ACH settlement (if the shortage occurred in an ACH settlement) or, no later than 12:00 Noon, Eastern Time, on the second business day preceding the next IATA settlement (if the shortage occurred in an IATA settlement) following the settlement in which the debtor Airline's shortage was covered through such interim application of funds from the Participant Deposit Reserve.

- B.4.9.2 If the debtor Airline fails to make funds available for payment of its net debt obligation, as provided in [Regulation B.4.9.1](#), (1) the debtor Airline shall automatically be suspended from, and cease to be eligible to receive the services of the Clearing House and the Clearing Bank, and (2) the matter will be referred to the ACH Board of Directors for termination of the agreement with the Airline in accordance with Sub-Section 10(a) of the "Agreement Relating to the Settlement of Interline Accounts Through Airlines Clearing House, Inc." or paragraph 4 of the "Agreement Establishing Associate Membership in the Airlines Clearing House, Inc. for the Settlement of Interline Accounts," as appropriate. Such suspension shall be effective at the time specified in the notice of suspension issued by the Clearing House under [Regulation B.7.1.2](#).
- B.4.9.3 If this settlement is the third settlement in a period of six consecutive calendar months, including the current month, in which the debtor Airline has failed to make funds available at the Clearing Bank, in accordance with [Regulation B.4.3](#), the debtor Airline may be suspended from, and deprived of the services of the Clearing House and the Clearing Bank, and the matter referred to the ACH Board of Directors for termination of the agreement with the Airline in accordance with Sub-Section 10 (a) of the "Agreement Relating to the Settlement of Interline Accounts Through Airlines Clearing House, Inc." or Paragraph 4 of the "Agreement Establishing Associate Membership in the Airlines Clearing House, Inc., for the Settlement of Interline Accounts" as appropriate. Such suspension shall be effective at the time specified in the notice of suspension issued by the Clearing House under [Regulation B.7.1.2](#).

B.4.10 Notice of Delinquent Remittance

When [Regulation B.4.7.2](#), [B.4.8](#) or [B.4.9](#) is invoked because a debtor Airline has failed to make funds available on or prior to a Settlement Date, as required in [Regulation B.4.3](#), [B.4.6.1](#) or [B.4.9.1](#), the Secretary-Treasurer will so notify all Members and Associate Members by e-mail no later than the second business day after such Settlement Date. Such notification will identify the debtor Airline and state the total unpaid amount, the clearance period to which it relates, and its current status, e.g., date paid if paid after Settlement Date.

B.4.11 Settlements with IATA Clearing House Members and Effect of Currency Value Changes

- B.4.11.1 The currency of billing, settlement and any adjustments to the original billing will be determined in accordance with the IATA Revenue Accounting Manual, Chapter A-12, and Regulation 15 and 18 of the IATA Clearing House Manual. (For interline transactions billed by or billed to ACH Airlines, "billing" and "settlement" currency will in all cases be U.S. dollars.)
- B.4.11.2 The special Procedures in the IATA Revenue Accounting Manual, Chapter A-15, apply to determine transaction billing values and are designed to protect the selling Airline by requiring it to pay the carrying Airline only at reduced value for sales made during an IATA Resolution 021f period in a country whose currency has devalued. The 021f period can be defined as the period after the devaluation of a currency, but before new fixed currency relationships have been agreed upon by IATA to establish a new level for selling international fares in the devalued currency.

B.4.12 Withholding of Settlement Funds from Delinquent Member

If an Airline is subject to suspension under [Regulations B.4.7.1](#), [B.4.7.2.2](#), [B.4.8.1](#), [B.4.8.3](#), [B.4.9.2](#) or [B.4.9.3](#) of this section, any net creditor funds that would otherwise be payable to such Airline in an ACH or IATA settlement occurring before the suspension becomes effective shall be applied to the suspended Airline's unpaid settlement obligations.

B.4.13 Protest of Improper Billings

- B.4.13.1 For the purposes of this subsection, the term "improper billings" means:
1. Billings against a Member deemed unacceptable by the billed Member;
 2. billings against the wrong Airline;
 3. billings in which numbers were transposed or which contain clerical errors;
 4. billings for non-transportation services where the underlying agreement provides for settlement outside of the Clearing House;
 5. a rejection, adjustment, chargeback, or rebilling that is not authorized under the Manual of Procedure;
 6. billings in which it appears (a) a substantial amount of stolen traffic documents are involved, (b) the transaction would result in the movement of funds in violation of the currency exchange control laws or regulations of any nation, or (c) the billing Airline did not reissue, refund, or provide transportation for the documents;

7. billings which, as a consequence of a garnishment or similar involuntary legal process initiated by a creditor of the billing Airline (an "Involuntary Collection Proceeding"), (i) the billed Airline is prevented from paying to the billing Airline, or (ii) will continue to be subject to claims of the billing Airline's creditor even if the billed amounts are paid to the billing Airline; or
8. billings submitted for inclusion in interclearance settlements that are ineligible for such settlements under [Section G.2.2](#) of the Manual.

The term does not include, and the protest Procedures are not intended to resolve, other billing and settlement errors which are normally resolved through the appropriate rejection and rebill Procedures.

- B.4.13.2 If, after reviewing its Settlement Report or being notified by the Clearing Bank of its settlement position, an Airline determines that it has been billed by another Airline for a material amount of improper billings as defined in subparagraphs (1) - (6) of [Regulation B.4.13.1](#) or for any amount of improper billings as defined in subparagraph (7) of [Regulation B.4.13.1](#), the billed Airline shall have the right to protest the billing by notification to the Secretary-Treasurer before close of business on the second business day preceding Settlement Date.

EXCEPTION: If any such improper billings have been submitted for settlement through the ACH-IATA Interclearance, the billed ACH participant shall have the right to protest the billings by notification to the Secretary-Treasurer by no later than 10:00 AM, ET on the date prescribed by the IATA Clearing House and as shown on the ACH Clearance and Settlement Calendar in column 9.

- B.4.13.3 If the billing Airline disputes the justification for the protest; it shall so advise the Secretary-Treasurer with an explanation of the billing. The Secretary-Treasurer shall endeavor to resolve the difference through agreement between the Airlines involved.
- B.4.13.4 If the Airlines involved are not able to agree on a resolution of the protest, as it affects the upcoming settlement, the Secretary-Treasurer shall review the justifications for and against the protest and either shall grant or deny the protest in his discretion, and shall notify both Airlines of his decision, and of their net balance positions in the upcoming settlement as a result thereof.
- B.4.13.5 Both Airlines shall accept the Secretary-Treasurer's decision insofar as it affects their net balance positions in the settlement. If, as a result, additional sums are due at the Clearing Bank from either Airline, such funds will be made available to the Clearing Bank in accordance with [Regulation B.4.3](#) of this Section.
- B.4.13.6 If the Airline adversely affected by the decision of the Secretary-Treasurer in granting or denying the protest believes its justification on the billing in dispute was correct, it shall attempt to resolve the matter with the other Airline. The claim in issue shall not be rejected or rebilled through the Clearing House without the consent of the other Airline. If the Airlines are not able to resolve the difference between themselves, the adversely affected Airline may request review of the difference by the Committee on Differences.
- B.4.13.7 If the protest has been granted by the Secretary-Treasurer and, subsequent to the settlement, the Committee on Differences, or the Secretary-Treasurer with the concurrence of the billed member, shall determine that the protest was unjustified, the billed member will be required to remit immediately to the Clearing House the protested amount plus interest thereon from the Settlement Date at a rate determined by the Airlines Clearing House Board of Directors, and the billing member will be entitled to receive the protested amount and interest.
- B.4.13.8 If billings submitted for settlement through the Clearing House become the subject of an Involuntary Collection Proceeding involving the Clearing House of the Clearing Bank as garnishee or respondent, the billing Airline whose creditor initiated the Involuntary Collection Proceeding shall reimburse the Clearing House for attorney fees and other costs reasonably incurred by the Clearing House in responding to such Involuntary Collection Proceeding and assuring that it does not delay or dispute settlement.

B.4.14 Recovery of Certain Previously Settled Billings

If, in consequence of garnishment or other legal proceedings affecting an Airline, previously settled billings by or against such Airline are required to be repaid or refunded or required to be paid a second time (e.g., to a garnishing creditor), the party required to make such repayment or refund or duplicate payment may, through appropriate billings in a subsequent settlement, recover such amount from the Airline(s) that previously collected or received credit for such billings.

B.5 PENALTIES AND INTEREST

B.5.1 Clearing Payments

A penalty of either 1% of the amount by which a debtor Airline is short in a settlement or \$500, whichever is greater, shall be assessed a debtor Airline, which fails to make available to the Clearing Bank in accordance with the terms specified under [Regulation B.4.3](#), all funds due the Clearing House in that settlement. Such penalty shall not exceed \$25,000.

Any additional occurrence within a period of six consecutive calendar months in which a debtor Airline is short in a settlement, a penalty of either 2% of the amount due or \$1,000, whichever is greater, shall be assessed a debtor Airline which fails to make available to the Clearing Bank, in accordance with the terms specified under [Regulation B.4.3](#), all funds due the Clearing House in that settlement. Such penalty shall not exceed \$25,000.

B.5.2 Notice to Clearing Bank of Inability to Make Funds Available

A penalty of either 1% of the amount by which the debtor Airline is short in the settlement, or \$500, whichever is greater, shall be assessed an Airline for failure to notify the Clearing House as required by [Regulation B.4.5](#), such penalty to be in addition to the penalty provided in [Regulation B.5.1](#), and shall not exceed \$25,000.

Any additional occurrence within a period of six consecutive calendar months in which a debtor Airline has failed to notify the Clearing House as required by [Regulation B.4.5](#), a penalty of either 2% of the amount due or \$1,000, whichever is greater, shall be assessed a debtor Airline. Such penalty shall be in addition to the penalty provided in [Regulation B.5.1](#) and shall not exceed \$25,000.

B.5.3 Relief from Penalties

The Board of Directors of Airlines Clearing House, Inc., by unanimous vote of the members present in a duly constituted meeting, may relieve an Airline from any penalty upon application showing that the delay was due to causes beyond the control of the Airline. Such application must be submitted in writing to the ACH Secretary-Treasurer within 45 days of the date on which the penalty was assessed.

B.5.4 Holidays and Computation of Penalties

In computing penalties, Saturdays, Sundays, and legal holidays shall be excluded. In addition to the six legal holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day, any other holidays observed by the general offices of the paying Airline shall be excluded.

B.5.5 Deduction of Penalties

In any case where a penalty has been assessed against an Airline by the Clearing House pursuant to [Regulation B.5.1](#) through [B.5.4](#) above, and notice of such penalty is given to the penalized Airline to be subsequently followed by written invoice, the Clearing Bank, upon advice from the Clearing House, shall deduct such penalty from settlement funds payable to that Airline, or debit that Airline's Demand Deposit Account at the Clearing Bank for the amount of such penalty, and pay such penalty to the Clearing House.

B.5.6 Interest

When applicable, interest shall be at a rate established by the Board of Directors of Airlines Clearing House, Inc. Until agreed otherwise by the Board of Directors of Airlines Clearing House, Inc, the interest rate is the current U.S. prime rate as published in the Wall Street Journal.

B.6 SETTLEMENTS IN CURRENCIES OTHER THAN USD

B.6.1 Currencies

From time to time ACH may notify its Participants of currencies permissible for settlement through ACH. Such notification shall occur no earlier than two (2) months prior to taking effect.

ACH settlements, between ACH Participants, provides for settlement in USD and CAD for all transaction types (Passenger, Freight, Non-Transportation and UATP) whereas only Non-Transportation and UATP transaction types are eligible to settle in the additional currencies of EUR and GBP. Settlements between ACH and ICH Participants are conducted in USD only.

B.6.2 Overview

In addition to USD, (the default currency) ACH allows its Participants to settle invoices, for certain transaction types, in CAD, EUR, and/or GBP as follows:

	Passenger	Freight	Non-Transportation	UATP
Eligible Settlement Currencies	USD and CAD	USD and CAD	USD, CAD, EUR, and GBP	USD, CAD, EUR, and GBP

To be eligible to settle in currencies other than USD:

- The underlying agreement between the two ACH Participants allows for the invoice to be generated in and settled in a currency other than USD, and
- The invoice must be submitted through SIS in CAD, EUR, or GBP, and
- The Currency of Settlement must be submitted through SIS¹ in the same currency code as the currency of the invoice, i.e., the Invoice and Currency of Settlement for CAD invoices must be submitted as CAD, the Invoice and Currency of Settlement for EUR invoices must be submitted as EUR, etc., and
- The ACH Participant must have previously been authorized by ACH to settle in such currency

EXAMPLE:

ACH Participant	SIS-Invoice Currency	SIS-Currency of Settlement	ACH Settlement Currency
ABC Company	EUR	EUR	USD
ABC Company	CAD	CAD	CAD
ABC Company	USD	USD	USD
Ajax Air	CAD	CAD	USD
Ajax Air	EUR	EUR	EUR
Ajax Air	CAD	USD	USD
Bravo Inc.	CAD	CAD	CAD
Bravo Inc.	EUR	EUR	EUR
Bravo Inc.	GBP	GBP	USD

Notes:

ABC Company has been authorized to settle in additional currency of CAD

Ajax Air has been authorized to settle in additional currency of EUR

Bravo Inc. has been authorized to settle in additional currencies of CAD and EUR

Only those invoices submitted as described above shall be eligible to be settled in the submitted currency, provided the ACH Participant has been authorized by ACH to settle in that currency. All other invoices shall be settled in USD.

If an ACH Participant has not been authorized by ACH to settle in such other currency, the amount will be converted to USD at the Spot exchange rate in effect on the business day prior to settlement date.

Affected ACH Participants will receive notification of the applicable Spot exchange rates and the converted USD balances on the business day prior to settlement date.

¹ ACH Participants may also bilaterally agree to allow the amount to be settled entered directly into SMART

EXAMPLE:

XYZ Airlines, Inc. ACH Settlement July Period 04 2016					
Settlement Currency	Net Amount	FX	Exchange Rate	Balance Due	Currency of Balance Due
USD	1000	N	1.00000	1000.00	USD
CAD	(2301)	Y	1.01510	(2335.75)	USD
EUR	780	N	1.00000	780.00	EUR
Total Amounts Due:				(1335.75)	USD
				780.00	EUR

Note:
Amounts in red are due from you. Amounts in black are due to you.

B.6.3 Application to Settle in Additional Currencies

ACH Participants may elect to settle in additional currencies other than USD in accordance with [Regulation B.6.2](#) by completing the Airlines Clearing House Application for Other Currency Settlements document found in the Public Documents page of the SMART website (<https://smart.airlinesclearinghouse.com/>) and returning to ACH. ACH shall notify such ACH Participant upon approval.

Settlements in currencies other than USD, due to or from those ACH Participants which have not been authorized by ACH to settle in such currencies, shall be in the equivalent of U.S. dollars, as explained in [Regulations B.6.4](#) and [B.6.5](#) below.

B.6.4 Amounts Owed by ACH Participants in Currencies Other Than USD

B.6.4.1 When an ACH Participant owes a balance due in a currency other than USD and the ACH Participant has been authorized by ACH to settle in that currency, then the ACH Participant shall remit the amount due in the authorized currency, by no later than the date and time specified in [Regulation B.2](#), via international wire (SWIFT MT103), to the following accounts using one of the following methods for each of the specified currencies:

B.6.4.1.1 Wire transfer through intermediary (correspondent) bank:

Currency: CAD

Intermediary Bank Information	
U.S. Bank Intermediary BIC/SWIFT	TDOMCATTOR
U.S. Bank Intermediary Bank Name	Toronto Dominion Bank
Account Location	Vancouver, Canada
Beneficiary Bank Information (BBK)	
Beneficiary Bank BIC/SWIFT	USBKUS44FEX
Beneficiary Bank Name	U.S. Bank National Association
Account Location	Minneapolis, Minnesota
Account	0360-01-2003744
Beneficiary (BNF)	
Beneficiary Customer	Airlines Clearing House, Inc.
Beneficiary Account Number	0300-466556-099
Beneficiary Address	1275 Pennsylvania Ave., NW, Suite 1300, Washington, DC 20004

Currency: EUR

Intermediary Bank Information	
U.S. Bank Intermediary BIC/SWIFT	CCFRFRPP
U.S. Bank Intermediary Bank Name	HSBC France, SA
Account Location	Paris, France
Beneficiary Bank Information (BBK)	
Beneficiary Bank BIC/SWIFT	USBKUS44FEX
Beneficiary Bank Name	U.S. Bank National Association
Account Location	Minneapolis, Minnesota
Account	00100005658
Beneficiary (BNF)	
Beneficiary Customer	Airlines Clearing House, Inc.
Beneficiary Account Number	0300-466556-098
Beneficiary Address	1275 Pennsylvania Ave., NW, Suite 1300, Washington, DC 20004

Currency: GBP

Intermediary Bank Information	
U.S. Bank Intermediary BIC/SWIFT	NWBKGB2L
U.S. Bank Intermediary Bank Name	National Westminster Bank PLC
Account Location	London, Great Britain
Beneficiary Bank Information (BBK)	
Beneficiary Bank BIC/SWIFT	USBKUS44FEX
Beneficiary Bank Name	U.S. Bank National Association
Account Location	Minneapolis, Minnesota
Account	04404904
Beneficiary (BNF)	
Beneficiary Customer	Airlines Clearing House, Inc.
Beneficiary Account Number	0300-466556-097
Beneficiary Address	1275 Pennsylvania Ave., NW, Suite 1300, Washington, DC 20004

B.6.4.1.2 Direct wire transfer using IMT instructions:

Currency: CAD

Beneficiary Bank Information (BBK)	
Beneficiary Bank BIC/SWIFT	USBKUS44IMT
Beneficiary Bank Name	U.S. Bank National Association
Beneficiary (BNF)	
Beneficiary Customer	Airlines Clearing House, Inc.
Beneficiary Account Number	0300-466556-099
Beneficiary Address	1275 Pennsylvania Ave., NW, Suite 1300, Washington, DC 20004

Currency: EUR

Beneficiary Bank Information (BBK)	
Beneficiary Bank BIC/SWIFT	USBKUS44IMT
Beneficiary Bank Name	U.S. Bank National Association
Beneficiary (BNF)	
Beneficiary Customer	Airlines Clearing House, Inc.
Beneficiary Account Number	0300-466556-098
Beneficiary Address	1275 Pennsylvania Ave., NW, Suite 1300, Washington, DC 20004

Currency: GBP

Beneficiary Bank Information (BBK)	
Beneficiary Bank BIC/SWIFT	USBKUS44IMT
Beneficiary Bank Name	U.S. Bank National Association
Beneficiary (BNF)	
Beneficiary Customer	Airlines Clearing House, Inc.
Beneficiary Account Number	0300-466556-097
Beneficiary Address	1275 Pennsylvania Ave., NW, Suite 1300, Washington, DC 20004

B.6.4.2 When an ACH Participant owes a balance due in a currency other than USD and such ACH Participant has not been authorized by ACH to settle in that currency, then the ACH Participant shall remit the amount due at the equivalent USD amount to its U.S. Bank account by no later than the date and time specified in [Regulation B.2](#). The equivalent USD amount shall be the amount owed by the Participant, converted to USD, using the Spot exchange rate provided to such ACH Participant on the business day prior to the date of Settlement.

B.6.5 Amounts Owed to ACH Participants in Currencies Other Than USD

B.6.5.1 When an ACH Participant is owed an amount in a currency other than USD and such ACH Participant has been authorized by ACH to settle in such currency, then the ACH Participant shall receive a wire transfer, for the amount owed, in such currency, into its designated account as previously authorized by ACH in accordance with [Regulation B.6.3](#). Such wire transfer of amounts owed to the ACH Participant shall be processed on the date of Settlement.

B.6.5.2 When an ACH Participant is owed an amount in a currency other than USD and such ACH Participant has not been authorized by ACH to settle in such currency, then the ACH Participant shall receive the amount due, at the equivalent USD amount, to its U.S. Bank account on the date of Settlement. The equivalent USD amount shall be the amount owed to the Participant, converted to USD, using the Spot exchange rate provided to such ACH Participant on the business day prior to the date of Settlement.

B.6.6 The Clearing House and Clearing Bank assume no responsibility for any losses on exchange or conversions into USD, or otherwise.

B.7 UNAVAILABILITY OF SERVICES OF AIRLINES CLEARING HOUSE TO MEMBER/ASSOCIATE MEMBER VIOLATING CLEARING HOUSE RULES OR REGULATIONS

B.7.1 Suspension of Member/Associate Member of Airlines Clearing House, Inc.

B.7.1.1 When, under Article X of the By-Laws, any Airline is found by the Board of Directors of the Clearing House to have violated or to be unable to comply with any provision of any agreement relating to the conduct of business transacted, promoted or carried on by the Clearing House, or any rule, regulation or Procedure established by the Clearing House, such Airline shall be suspended with respect to the services of the Clearing House and the Clearing Bank.

B.7.1.1.1 The service of the Clearing House and the Clearing Bank shall become unavailable to such Airline on the day on which the Clearing House gives written notice to the Clearing Bank and to the remaining Members/Associate Members of the Clearing House of such action by the Board. The services of the Clearing House and the Clearing Bank shall continue to be unavailable until the Directors shall have determined that such Airline is no longer in violation and written notice of such action has been given by the Clearing House to the Clearing Bank and all other Members/Associate Members of the Clearing House.

B.7.1.2 When, under [Regulations 4.7.1, 4.7.2.2, 4.8.1, 4.8.3, 4.9.2, or 4.9.3](#) of this section, an Airline is suspended from and deprived of the services of the Clearing House and the Clearing Bank, the Clearing House shall promptly give written notice of such suspension to the suspended Airline, other Members and Associate Members and the Clearing Bank. Any such notice of suspension shall specify the date on which the suspension takes effect, which shall be the date on which the suspended Airline became subject to suspension, or a date not later than three business days thereafter, as determined by the Secretary-Treasurer in order to minimize disruption of ongoing settlements.

B.7.2 Termination of Member/Associate Member of Airlines Clearing House, Inc.

B.7.2.1 In the event that the services of the Clearing House and the Clearing Bank have been made unavailable to an Airline under the foregoing provisions of these Settlement Regulations, and the Board of Directors subsequently determines that the Airline will continue to be unable to comply with any provision of any agreement relating to the conduct of business transacted, promoted or carried on by the Clearing House, or any rule, regulation or Procedures established by the Clearing House, then, by unanimous vote of the Directors present at any regular or special meeting at which a quorum is present, the "Agreement Relating to the Settlement of Interline Accounts Through Airlines Clearing House, Inc." and/or the "Agreement Establishing Associate Membership in the Airlines Clearing House, Inc., for the Settlement of Interline Accounts" shall be terminated with respect to that Airline.

B.7.2.2 In order to provide for the expedited termination of a delinquent Member/Associate Member between regular or special meetings of the ACH Board of Directors, in situations where it is known that the delinquent Airline will continue to be unable to comply with the settlement regulations of the Clearing House, the Secretary-Treasurer of the ACH shall, within 60 days following the failure of the delinquent Airline to meet settlement regulations, submit the name of the delinquent Airline to the Board of Directors for mail vote approval of the termination of the applicable agreement with respect to that Airline and shall, upon approval of termination, proceed with the reversal of credits as provided for in [Regulation B.7.3](#) of this Section, if appropriate.

B.7.2.3 The initial decision of the Board of Directors shall become final 30 days after notice to the affected Airline unless a petition for review is received by the Secretary-Treasurer of the ACH during the 30-day period. Any affected Airline shall have the right to petition the Board of Directors to reconsider its initial decision, and the Board of Directors will issue its final decision within 60 days from the date upon which the request to review is received by the Secretary-Treasurer of the ACH. The Board of Directors shall specifically set forth in writing the basis upon which such decision is issued.

B.7.3 Reversal of Credits and Distribution of Available Settlement Funds Following Suspension or Termination of Member/Associate Member

B.7.3.1 When, upon termination of an Airline pursuant to [Regulation B.7.2](#), the terminated Airline is found to be in a debtor settlement position, and is in default, with respect to any Airline or to the Clearing Bank or to the Airlines Clearing House, the Secretary-Treasurer of the ACH shall instruct the Clearing Bank to reverse all amounts credited to the accounts of creditor Airlines in the settlement(s) in which the terminated Airline failed to meet its net obligations, in order to reimburse,

from the funds obtained as a result of such reversal of credits, any Airlines which were short settled in order to effect such settlement(s), or to reverse any interim application(s) of Participant Deposit Reserve funds made in order to effect such settlement(s); and to disburse to the creditor Airlines, on a pro rata basis, as partial payment of the amounts owed to the creditor Airlines by the terminated Airline, following the reversal of credits, any residual funds remaining in the clearing account of the terminated Airline, as well as any Clearing House residual funds arising from the operations of Sub-Section 9(b) of the "Agreement Relating to the Settlement of Interline Accounts Through Airlines Clearing House, Inc."

- B.7.3.2 When upon suspension of an Airline Member/Associate Member of Airlines Clearing House, Inc., in accordance with the provisions of [Regulation B.7.1](#) above, and in the opinion of the Secretary-Treasurer such action is appropriate, the Secretary-Treasurer of the ACH shall instruct the Clearing Bank to proceed as in [Regulation B.7.3.1](#) above.

B.7.4 Indemnification of Clearing House

Any Airline which, as a consequence of its failure to comply with the Agreement Relating to the Settlement of Interline Accounts Through Airlines Clearing House, Inc. or this Manual of Procedure, becomes subject to suspension of services and/or termination of its membership or associate membership pursuant to Article X of the By-Laws, shall indemnify the Clearing House and hold it harmless from and against any and all claims, liabilities and costs arising from such failure to comply, including without limitation reasonable attorneys' fees and disbursements and other costs incurred by the Clearing House in protecting the integrity of the settlement process and in preventing or minimizing any actual or potential disruption of Clearing House settlements resulting from such non-compliance.

B.8 WITHDRAWAL FROM ACH AGREEMENT

B.8.1 Withdrawal Terms

A Member/Associate Member of ACH who (1) has ceased air transportation services other than on a temporary basis for a work stoppage or for reasons due to force majeure as determined by the ACH Secretary-Treasurer, or (2) voluntarily gives notice of withdrawal from the "Agreement Relating to the Settlement of Interline Accounts through Airlines Clearing House, Inc." (1948 Agreement) and/or the "Agreement Establishing Associate Membership in the Airlines Clearing House, Inc., for the Settlement of Interline Accounts" (Associate Membership Agreement), as provided for in paragraphs 10 and 7 thereof, respectively, shall nevertheless remain obligated during the not less than 6 months' period referred to in the above-numbered paragraphs to settle through the ACH its claims against other Members and Associate Members, and their claims against it, relating to transactions effected prior (1) to the effective date of cessation of air transportation services or (2) date of receipt of notice of withdrawal from the Agreement(s), as appropriate.

- B.8.1.1 With respect to an Airline which has ceased air transportation services, the ACH Secretary-Treasurer may direct the Clearing Bank to withhold twenty-five percent of the net funds due the Airline in any subsequent settlement in which the Airline is a net creditor. If, in any subsequent settlement in which billings against the Airline are submitted for clearance, the Airline is a net debtor and fails to make funds available in accordance with [Regulation B.4.3](#), ACH may direct the Clearing Bank to apply funds previously withheld from the Airline, in order to cover the shortage, in whole or in part. If funds withheld from the Airline are insufficient to cover the shortage, the Secretary-Treasurer may allocate available amounts among, and direct the Clearing Bank to distribute them to, parties having unpaid billings against the Airline, at such time(s) and in such manner as the Secretary-Treasurer, in his discretion, deems to be practical, fair and equitable, taking into account the amounts involved, the numbers of affected parties and the time and expense required in order to effect the allocation and distribution. If for any period ACH and/or the Clearing Bank is prevented from applying withheld funds in compliance with the preceding sentences of this [Regulation B.8.1.1](#), ACH will direct the Clearing Bank to retain the withheld funds until they can appropriately be allocated and distributed, at which time ACH may allocate the available amounts among, and direct the Clearing Bank to distribute them to, parties having unpaid billings against the Airline, at such time(s) and in such manner as the Secretary-Treasurer, in his discretion, deems to be practical, fair and equitable, taking into account the amounts involved, the numbers of affected parties and the time and expense required in order to effect the allocation and distribution. Notwithstanding the foregoing: if at any time the Secretary-Treasurer determines that available amounts withheld from the Airline are too small to warrant the cost of allocating and distributing them, the Secretary-Treasurer may, in the exercise of his discretion, direct the Clearing Bank to return the withheld funds to the Airline.

- B.8.1.2 As soon as practicable following the last settlement during the six-month period referred to in [Regulation B.8.1](#) above, the Secretary-Treasurer shall direct the Clearing Bank to remit to the Airline any residual amounts that have been withheld from the Airline and are not required to cover shortages, as described in [Regulation B.8.1.1](#).

B.9 AIRLINES CLEARING HOUSE EXPENSES

In accordance with Subsection 6(c) of the Agreement Relating to the Settlement of Interline Accounts through Airlines Clearing House, Inc., the Stockholders of Airlines Clearing House, Inc., in meeting April 27, 2017, resolved that the basis and manner of apportioning the general operating expenses of Airlines Clearing House, Inc., be amended as follows effective January 1, 2018:

1. Special service fees and supply charges shall be assessed to the Airlines and Participants in proportion to the service and supplies furnished to such Airline or Participant;
2. The general operating expenses of the Clearing House shall be apportioned among Airlines and other Participants in the following manner:
 - (1) Each Airline and other Participant shall be assessed a Participation Fee of \$225.00 per month;
 - (2) General operating expenses in excess of the revenues generated under subparagraph (1) above aggregating \$50.00 or less per month per Airline and Participant shall be assessed equally among all Airlines and Participants;
 - (3) Residual operating expenses, if any, exceeding the revenues generated under subparagraphs (1) and (2) above shall be assessed to each Airline and Participant in the ratio which the dollar amount of the gross receivable balances billed by that Airline or Participant for clearance through the Clearing Bank bears to the total amount so billed by all Airlines and Participants;
 - (4) Any revenues generated under subparagraphs (1), (2), and (3) above, which exceed Clearing House operating expenses shall be returned to the Airlines and Participants, from time to time, in the same basis and proportion as originally assessed.

The Secretary-Treasurer is authorized to process assessments for operating expenses, and such other charges as may occur, through Airlines Clearing House, Inc.

B.10 WRITTEN NOTICE OF SETTLEMENT CANCELLATION

B.10.1 Notice by Initiating Member

A Member or Associate Member wishing to invoke provisions of Sub-Section 1.(e) of the 1948 Settlement Agreement, as amended, shall simultaneously send to the other Airline affected and the Secretary-Treasurer of the Clearing House a notice in writing that there is not an interline Passenger, Air Cargo, Non-Transportation, or UATP agreement in effect between it and the other Airline.

B.10.2 Airlines Clearing House Action

- B.10.2.1 Upon receipt by the ACH Secretary-Treasurer of written instructions, a copy of which have been simultaneously sent to the affected Airline, from any ACH Member or Associate Member, that there is not an interline Passenger, Air Cargo, Non-Transportation, or UATP Agreement in effect with the other Airline, and that the Clearing House is not to process billing transactions claimed by the other Airline for which there is no agreement, the Secretary-Treasurer will direct the Clearing Bank not to process such billing transactions in settlements, beginning no earlier than the first settlement of transactions for the next ensuing calendar month following receipt by the Secretary-Treasurer of such notice.

EXCEPTION: However, if the affected Airline is a new Member or Associate Member, the Secretary-Treasurer shall notify the Clearing Bank not to process such billing transactions, effective with the month of new participant's entry into the ACH.

- B.10.2.2 The Secretary-Treasurer will notify the affected Airline that it has the option to also submit written instructions to the ACH Secretary-Treasurer that the Clearing Bank is not to process Passenger, Air Cargo, Non-Transportation, or UATP transactions billed by the Airline invoking Sub-Section 1.(e) of the 1948 Settlement Agreement, effective with the same

settlement, provided it has submitted such written instructions to the Secretary-Treasurer within seven (7) days following the Secretary-Treasurer's notification.

B.10.3 Rescission of Cancellation Notice

If a Member or Associate Member wishes to rescind a previous cancellation notice it shall notify the affected Airline and ACH Secretary-Treasurer in writing. Such rescission shall not become effective earlier than the first settlement of transactions for the next ensuing calendar month following the month in which such notice is provided in writing to the affected Airline and the ACH Secretary-Treasurer.

B.11 EXCLUSION OF NON-RECIPROCAL BILLINGS

No billings of any Member/Associate Member submitted for any clearance period shall be eligible for inclusion in any Clearing House settlement unless the corresponding billings for the same clearance period ("Reciprocal Billings") submitted against such Member/Associate Member by other Members/Associate Members can be included and deducted as part of the same settlement. If ACH becomes aware at any time that because of a court order or other applicable legal restriction, Reciprocal Billings of other Members/Associate Members against a specified Member/Associate Member cannot be included in a Clearing House settlement, or that a specified Member/Associate Member's billings against other Participants are subject to security interests or other liens imposition or enforcement of which could interfere with ordinary course settlement of such billings together with Reciprocal Billings of other participants against that same Member/Associate Member (a "Non-Reciprocating Participant"), the Clearing Bank shall be directed (unless the Secretary-Treasurer, in his or her sole discretion, concludes that such direction is not necessary to avoid potential disruption of Clearing House settlements) to exclude from settlement all billings by and all Reciprocal Billings against such Non-Reciprocating Participant until such time as ACH notifies the Clearing Bank that all such billings may again be settled through the Clearing House in the ordinary course of business.