AIRLINES CLEARING HOUSE MANUAL OF PROCEDURE

August 2026

This Manual contains rules and regulations governing Interline Accounting and Settlement pertaining to Passenger, Cargo, Universal Air Travel Plan and Miscellaneous billings billed through Integrated Settlement, as recommended and approved by the Revenue Accounting Committee and adopted by the Board of Directors of Airlines Clearing House, Inc.

All correspondence relating to this Manual should be directed to:

Secretary-Treasurer
Airlines Clearing House, Inc.
1275 Pennsylvania Avenue NW, Suite 1300
Washington, D.C. 20004-1707
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Updates and Changes Since July 2020 Version

Replacing CARC with SMART

References to CARC are replaced with SMART, the new clearing house system effective with July 2021 settlements.

Pricing/Settlement of Involuntary Reroutings

Mail Vote December 3, 2021

C.10.9 Clarified Schedule Change vs. Invol Reroute settlement when conflicting information is present on the ticket.

Standard Ticket Form and Serial Numbers

Mail Vote January 27, 2022

Section A.7 Editorial corrections and cross reference to new form codes table in XLSX format published on SMART website (https://smart.airlinesclearinghouse.com/)

Appendix A-1 Eliminated as obsolete

Interline Service Charge Rates Notification

ACH Revenue Accounting Meeting 2022 – Agenda Item 2

C.16.2.3 Amends Note to clarify timing of new ISC rates notification

Interlineable Taxes/Fees/Charges

ACH Revenue Accounting Meeting 2022 – Agenda Item 3

C.18.1 Clarifies that applicable TFCs are based on the complete ticket data including cabin class, if available, for all tickets.

Appendices Discontinued

ACH Revenue Accounting Meeting 2022 – Agenda Item 4

All remaining Appendices contained in the February 2022 edition of the ACH Manual are removed and references to them have been deleted throughout the Manual. Glossary entries and editorial wording revisions where appropriate, are inserted in the Manual.

Tables of ISC and UATP Rates and Involuntary Reroute Settlement Rates will be published and maintained as Excel files in the SMART website (https://smart.airlinesclearinghouse.com/).

Call Day Adjustments

ACH Revenue Accounting Meeting 2023 – Agenda Item 2

H.6.3 Adds actions taken by ICH on behalf of its members for Call Day Adjustments.

Normal/Special Fares

ACH Revenue Accounting Meeting 2023 – Agenda Item 3

Glossary Revises definitions of Normal Fare, Unrestricted Fare, Special Fare, and Restricted Fare to align with the IATA Prorate Manual Passenger (PMP) and RAM.

Flight Interruption Manifests (FIMs)

ACH Revenue Accounting Meeting 2023 – Agenda Item 4

C.14 Deleted in its entirety as FIM document procedures and Form Codes have been discontinued by the industry.
C.16.1 Removes the interline service charge exception for FIMs
C.7.5 Clarifies source codes 14, 44, 45, and 46 are for bilateral use only.

Amend Regulation B.7.1.1

ACH Board of Directors Meeting – May 2023

Secretary-Treasurer may determine violation of, or inability to comply with, Clearing House agreements/regulations by a member and notify the Board of Directors.

Revised Settlement Dates

ACH Revenue Accounting Meeting 2024

B.2 Align ACH and Interclearance settlement dates with revised SIS calendar and ICH settlement dates adopted by the industry, effective with July 2024 Period 01.

Involuntary Reroute Settlements
ACH Revenue Accounting Meeting 2024 – Agenda Item 2
C.10.9 Simplify and streamline presentation of criteria for settlement of involuntary reroute and schedule change coupons.

Amend Regulations to Permit Security Deposits
ACH Board of Directors Meeting – May 2024
A.2.3, A.2.4, B.4.6.1, B.4.9 Secretary-Treasurer may require a security deposit of up to three times a debtor's average net debtor balance if they fail to fund their account by the settlement deadline two or more times in a consecutive six-month period, has been suspended and reinstated, becomes bankrupt and/or insolvent, files for reorganization, is subject to court-appointed administration or goes into receivership.

Involuntary Reroute Settlements
Mail Vote August 2, 2024
C.10.9 Table 1 is revised to correct for omission to align with Chapter A2, Section 2.6 of the IATA Revenue Accounting Manual.

Introduction and Section A Administration Revision
ACH Revenue Accounting Meeting 2025 – Agenda items 2 & 3
Simplification and reorganization of the entire Introduction and Section A Administration sections to reflect concise, modern language, eliminate duplication, and remove obsolete material and references.

Revenue Accounting Committee
ACH Revenue Accounting Meeting 2025 – Agenda item 4
A.5 Publish in the ACH Manual the long-standing governing Terms of Reference and Operating Procedures for the ACH Revenue Accounting Committee.

Revenue Accounting Committee
ACH Revenue Accounting Meeting 2026 – Agenda item 2
C.16.2.3.2 Revenue Accounting Committee will assume control of ISC Rates and effective August 1, 2026, ISC rates will be published in the ACH Manual.

Involuntary Reroute Settlements
Mail Vote June 2026
C.10.9 Update to Involuntary Reroute rule to include 'Any exchange within the 2 day/5 day window where marketing carrier does not appear in the fare calculation, shall be considered an INVOL.'

CONTENTS

INTRODUCTION

Overview

Airlines Clearing House, Inc. (ACH) is an airline-owned corporation located in Washington, DC, and was established in 1943 by passenger airline stockholder members to provide an efficient, cost-effective method for settling accounts receivable and accounts payable among themselves on a net basis.

Over the years, ACH membership has expanded to include stockholder cargo airlines, associate (non-stockholder) passenger and cargo airlines, airline-owned entities, and other aviation-related companies. Settlement services have expanded to include interclearance net settlement between ACH members and IATA Clearing House (ICH) members, settlement of transactions using the Universal Air Travel Plan (UATP) payment network, and remittance and reporting of U.S. passenger facility fees from airlines to airports.
Unlike other financial clearing houses, ACH acts as a managing agent on behalf of its members for all settlement transactions. As such, ACH does not own, receive, or have direct control over any member settlement funds. Banking transactions for each settlement are processed by ACH's partner clearing bank only upon specific authorization from ACH.

Interline Settlement Process

Settlements administered by ACH offer members an efficient, low-cost process to collect and pay obligations resulting from transactions with other ACH members through ACH settlements, and with ICH members through Interclearance settlements.

Four types of transactions are eligible in both ACH and Interclearance settlements:

1. Passenger interline billings, arising from honoring a ticket or other passenger traffic document issued by another airline.
2. Air freight interline billings, arising from transporting a shipment arranged through another airline.
3. Billings for transactions where Universal Air Travel Plan (UATP) forms of payment were accepted for purchases.
4. Non-transportation (miscellaneous) billings arising from contractual arrangements (e.g., ground handling, maintenance, catering, technology services) between airlines and airline-related entities supporting their operations.

ACH and Interclearance settlements are each completed 48 times per year, or about four times a month. Each settlement is designated with the month and a period number (1 to 4). Calendar schedules with due dates for invoices and settlement activities are published annually by ACH and are also available in SMART and the SIS portal.

All settlements are supported by electronic invoices submitted by each member to the Simplified Invoicing and Settlement (SIS) platform provided by IATA. With special authorization, invoice amounts for ACH settlements may be submitted directly to the Settlement Management and Reporting Tool (SMART) platform provided by ACH. Each period, invoice totals summarized by type and member are transmitted from SIS to SMART where the amounts are consolidated and each member's total receivables and payables are calculated. Payables are subtracted from receivables to determine the net position each member will receive or pay in the settlement.

Before every settlement, ACH emails each member a settlement report containing their totals billed to and billed from other members, as well as their net balance due for the settlement period. Members in a net debtor (i.e., payable) position must pay their balance due by dates and times specified in the ACH settlement calendar. Members in a net creditor (i.e., receivable) position are credited with their balance on the specified settlement day.

Settlement reports are available in SMART for viewing and download for up to seven years. Invoices and supporting documents submitted to SIS are available to each billed member for viewing and downloading in the SIS portal. Invoices submitted directly into SMART must be emailed by the billing member to the billed member.

Principles of Settlement

The settlement process embodies four key principles:

Reciprocity. Each ACH member must honor billings from other ACH members and ICH members to enjoy the privilege of expedited and cost-effective billing and collection.

Net Settlement. Members settle with one another only on a net basis. If airline A bills airline B $1 million and B bills A $1.5 million, A pays B the $500,000 net amount. B cannot disregard setoff rights and collect the full $1.5 million from A, nor can A demand B pay the $1 million billing.

Post Settlement Adjustments. Members bill and collect based on unaudited invoices, with adjustments allowed after review and audit. Invoices are settled through ACH on a "bill and collect now/audit and adjust later" basis.

Non-Judicial Billing Dispute Resolution. When members disagree on billings settled through ACH, they must first seek to resolve the dispute through adjustment billings, then through a formal correspondence process, followed by mediation with the support of ACH, and finally through binding arbitration. These non-judicial procedures encourage compromise and are crucial to the settlement process. Members cannot be expected to pay unaudited or estimated billings if litigation might be necessary to recover overcharges.

Settlement Procedures

The ACH Manual of Procedure (ACH Manual) is developed by the ACH Revenue Accounting Committee, approved by the ACH Board of Directors, and published annually by ACH staff. Unless otherwise mutually agreed, billing of amounts between ACH members must comply with the rules contained in this ACH Manual of Procedure. Any mutually agreed procedures which deviate from the ACH Manual must not impede or negatively impact routine settlements or otherwise impair the benefits that all members derive from the ACH settlement process.

The Simplified Invoicing and Settlement (SIS) platform provided by IATA for electronic invoices is a critical component of settlement processing. Refer to the SIS website and the following documents for detailed e-invoice record structures and further information:

- IS-IDEC Record Structure Including Validations (passenger, cargo)
- IS-XML Record Structures
- Simplified Invoicing and Settlement (SIS) Participation Guide

The operation of Airlines Clearing House and the clearing bank are subject to continuous review by the Revenue Accounting Committee, the ACH Board of Directors, and clearing bank personnel to update and improve the services provided to all ACH members. Each member must ensure that procedures, instructions, and policies are followed so routine settlements and the benefits that all members derive from the ACH settlement process are not adversely affected.

Bankruptcy Information

If the Clearing House becomes aware of bankruptcy or other judicial proceedings that may impact settlements and affect multiple members, it may, but is not obligated to, inform ACH members about the proceedings by email or other means. The Clearing House makes reasonable efforts to verify the accuracy of the information it shares, but it does not assume any liability for its accuracy or completeness. Members are responsible for verifying the details of such proceedings and deciding individually on any necessary actions they may wish to take.

Terminology

This Manual may use terms like "airline," "airline passenger billings," and "non-transportation" due to historical reasons. These terms may not fully reflect the range of entities and transactions now covered by ACH settlement processes. Their use does not imply that any members or transactions are exempted from ACH Manual provisions. For example, "airline passenger billings" can include rail transportation billings, and "non-transportation" billings can include certain passenger or freight transportation by non-air carriers.

SECTION A: ADMINISTRATION

A.1 HISTORICAL HIGHLIGHTS

11/17/43 Airlines Clearing House, Inc., is established for the purpose of expediting settlement of interline accounts between airlines.

12/01/43 Airlines Clearing House office is established in Chicago. Interline billings began in January 1944, with the first clearance among the 18 stockholder members for approximately $2 million. ACH staff manually audited each ticket's "Clearing House Coupon" to determine the interline revenue due to each airline. As volume grew, the cost of this procedure became prohibitive.

05/01/47 Clearing House service expanded to include settlement of interline air cargo billings.

10/01/47 Passenger ticket billings through the Clearing House changed to a coupon lift basis resulting in significantly decreasing the cost of Clearing House operations.

05/18/48 Interclearance Agreement for settling billings with members of the IATA Clearing House becomes effective.

07/26/50 Agreement signed with Chase Manhattan Bank to handle settlement of interline funds and each airline assumed responsibility for the coupon billing value and all audit functions. Under this system, a large Clearing House staff was no longer required. Chase Manhattan Bank provided the settlement service at no cost in exchange for maintaining airline accounts. Administration of the Clearing House was (and still is) provided by Air Transport Association staff under guidance of the ACH Board of Directors.

05/01/71 Membership in the Clearing House opened to non-stockholder airlines through the Associate Membership Agreement.

05/01/73 Chase Manhattan Bank began calculating net interline balances by computer. Monthly foreign exchange gain or loss from the IATA Settlement was also prorated by computer and distributed to participants in the IATA monthly settlement.

01/01/75 Monthly net settlements reached $300 million among 31 stockholder members and 61 associate members.

06/01/83 Monthly net settlements rose to $750 million among 234 members consisting of 24 stockholder airlines and 210 associate member airlines.

05/01/07 The frequency of ACH and Interclearance net settlements increases from one to four times each month.

01/01/12 A new Limited Participant membership type is introduced, enabling aviation-related companies to share the benefits of net settlements with their airline partners.

04/01/12 Integrated settlement using IATA's SIS e-invoicing platform is launched.

11/01/12 U.S. Bank N.A. assumes Clearing Bank functions for Airlines Clearing House, Inc., thus ending a long-standing relationship with JPMorgan Chase Bank.

03/24/16 ACH introduces a new PFC Settlements service to simplify and streamline passenger facility charge remittances from airlines to airports.

A.2 AIRLINES CLEARING HOUSE MEMBERSHIP

Airlines Clearing House, Inc. (ACH) is a corporation owned by airline shareholders as specified in its Certificate of Incorporation. Membership in ACH is open to airlines and non-airline entities that provide services to the aviation industry under one of the categories below.

Airline members must be:

- An air carrier or foreign air carrier as defined in U.S. federal aviation law 49 USC 40101 *et seq*. that is engaged directly in air transportation serving the United States or its territories or possessions and have current operating authority issued by the U.S. Federal Aviation Administration; OR
- A foreign-flag air carrier engaged directly in air transportation services outside the United States or its territories or possessions and have current operating authority issued by the civil aviation authorities of the country in which it is registered.

The term “air transportation” means any operation performed by aircraft for public carriage of passengers, baggage, cargo, and mail, separately or in combination, for compensation or hire.

Airline members must also have a 2-character designator code and 3-digit accounting code (passenger carriers) or prefix code (cargo carriers) assigned by IATA.

Non-airline members must be:

- An entity associated with air carriers with at least 80% of its voting stock owned by air carriers or entities under common control with air carriers at the time of joining and who maintains at least 50% ownership by air carriers after initial qualification; OR
- An entity that commonly provides or receives services from air carriers or other ACH or ICH members but does not otherwise qualify for membership under another category, and whose participation in settlement services is beneficial to other members.

The application for membership is available on the ACH website or by email from ach@airlines.org. A nominal non-refundable administrative fee is charged for each application.

Upon approval of the membership application and before participating in any settlements, a new ACH member must:

1. Execute the applicable settlement agreement(s).
2. Establish a demand deposit account at the designated ACH clearing bank or make other financial arrangements approved by the clearing bank to permit efficient settlement transaction processing and reconciliation.
3. Remit a refundable payment to ACH for the Participant Deposit Reserve account. These funds may be used at the discretion of the Secretary-Treasurer to temporarily cover settlement shortages. See Regulation B.4.9.
4. Provide contact details for treasury and other employees to receive emails with settlement reports and other notifications from ACH.
5. Register for the IATA Simplified Invoicing and Settlement system (SIS) for e-invoicing interline billing data.

A member may voluntarily withdraw from ACH membership with six months’ written notice to the Secretary-Treasurer. The member must continue settling claims and adjustments during this six-month period for transactions that occurred before the withdrawal notice date unless otherwise required by law.

A.2.1 Stockholder Member

Stockholders of Airlines Clearing House, Inc., must be an air carrier or a foreign air carrier or a foreign-flag air carrier, subject to any limitations prescribed by law.

Owning stock in ACH entitles an airline to annually nominate and vote for persons to serve on the ACH Board of Directors, vote on corporate matters according to the ACH By-Laws, and designate an employee representative (and alternate) to serve on the Revenue Accounting Committee and vote for amendments to the ACH Manual of Procedure.

In addition to the membership requirements above, stockholder members shall:

1. Purchase one share of Airlines Clearing House, Inc. stock at $1.00 USD par value and pay a $100 USD capital contribution.
2. Be signatory to one or more of the following agreements
   - A4A Interline Traffic Agreement – Passenger
   - IATA Multilateral Interline Traffic Agreement
   - Bilateral interline passenger or cargo agreement with at least one airline member of ACH or the ICH
   - Universal Air Travel Plan Participation Agreement.

A.2.2 Associate Member

Associate membership is open to air carriers, foreign air carriers, and foreign-flag air carriers, subject to any limitations prescribed by law.

Airlines in this category enjoy the same settlement benefits as stockholder members but do not purchase stock in the corporation and therefore do not have any of the voting, corporate governance, or Revenue Accounting Committee rights that stockholder members have.

In addition to the membership requirements above, associate members must also:

1. Be signatory to one or more of the following agreements:
   - A4A Interline Traffic Agreement – Passenger
   - IATA Multilateral Interline Traffic Agreement
   - Bilateral interline passenger or cargo agreement with at least one airline member of ACH or the ICH
   - Universal Air Travel Plan Participation Agreement.
2. Resolve all outstanding debts owed to current ACH stockholder or associate members before participating in any ACH settlements. This can be done in one of two ways:
   a. Full repayment of the debt before the associate membership becomes effective; or
   b. Agree upon a formal payment schedule with the creditor ACH members with full repayment completed within six months of the membership start date.
3. Arrange for settlement of any amounts owed to the new associate member by current ACH stockholder or associate members. Claims arising before the new member's start date cannot be settled through ACH without the explicit consent of those ACH stockholder or associate members.

A.2.3 Airline-Related Participants

Airline-related participant membership is available to a non-airline entity associated with air carriers and with at least 80% of its voting stock owned by one or more air carriers or their affiliates at the time of joining ACH. After initially joining, the member must maintain at least 50% ownership by air carriers. If ownership falls below the 50% threshold, the member will promptly notify the Secretary-Treasurer and advise the new ownership structure. The ACH Board of Directors may then authorize continued membership and impose conditions on participation in ACH settlements or require a change in membership category.

Non-airline members that met the criteria for "Non-Carrier Participants" as of October 26, 1999, were grandfathered in as airline-related participant members regardless of their air carrier ownership percentage provided they continue to meet all other current membership requirements.

Along with the membership requirements above, an airline-related participant must:

1. Demonstrate that its participation will enhance settlement efficiency and that it has the necessary financial, personnel, and system resources to support settlement-related functions.
2. Comply with all requirements of this Manual as if they were associate members including the regulations in Section B regarding suspension and termination of associate members.

A.2.4 Limited Participants

Entities that conduct routine business with air carriers or other non-airline members of ACH but do not otherwise qualify for Clearing House membership in another category may join ACH as limited participant members. This membership category is conditioned on the ACH Board of Directors determining that participation by these entities is consistent with the principles and objectives of the settlement process.

Along with the membership requirements above, a limited participant must:

1. Provide confirmation of a bilateral agreement with a member in good standing of ACH or the ICH to mutually settle their accounts through one of these clearing houses.
2. Comply with all requirements of this Manual as if they were associate members including the regulations in Section B regarding suspension and termination of associate members.

A.2.5 Additional Information

Additional information regarding participation in the Airlines Clearing House is available on the ACH website or from:

Secretary-Treasurer
Airlines Clearing House, Inc.
1275 Pennsylvania Avenue NW, Suite 1300
Washington, D.C. 20004
Email: ach@airlines.org
Phone: 202-626-4144

A.3 RESERVES AND DEPOSITS

A.3.1 Participant Deposit Reserve Fund

ACH maintains a Participant Deposit Reserve fund at its designated clearing bank. To reduce disruptions from short-term settlement shortages, the Secretary-Treasurer may temporarily draw from this fund to cover member shortages as outlined in Regulation B.4.9.

Upon joining, each ACH member is required to contribute to this fund the participant deposit amount specified in the membership application. The deposited funds will not bear interest but will be repaid to a member in good standing upon termination of its ACH membership. Any outstanding balances due to other members or ACH at the time of membership termination will be deducted from the member's participant deposit and the remaining balance, if any, will be returned.

A.3.2 Security Deposits

If a member is late in funding its settlement balance due twice within six months, has been suspended under Regulation B.4 et al but is no longer in violation, or becomes bankrupt, insolvent, or enters receivership, the Secretary-Treasurer may require a security deposit of up to three times the member's average monthly net debtor balance over the past 12 months. This security deposit may be paid in agreed installments and will be held in an account at the clearing bank separate from the Participant Deposit Reserve fund.

The security deposit will be returned to the member after 12 months of timely settlement payments and with no other events that would warrant maintaining the deposit.

An ACH member is entitled to receive an annual statement of the security deposit funds held on its behalf.

A.3.3 Member Deposits Interest

At the discretion of the Secretary-Treasurer, the Participant Deposit Reserve fund and any security deposits may be invested in liquid US government securities or interest-bearing bank deposits. Any interest earned is used to offset current Clearing House costs.

A.4 BILLING DISPUTE RESOLUTION

Billing disputes arising from a settlement between or among ACH members shall first be handled between the parties through procedures outlined in this ACH Manual. If satisfactory resolution cannot be reached, one of the parties may request a review by the Secretary-Treasurer in writing. Should the Secretary-Treasurer be unable or unwilling to resolve the matter, it may be presented to the ACH Committee on Differences for final and binding arbitration under the United States Arbitration Act (9 U.S.C. §§ 1–16).

Billing disputes arising from an interclearance settlement between an ACH member and an IATA Clearing House member shall first be resolved between the parties through procedures outlined in this ACH Manual and the IATA Revenue Accounting Manual. In the event a resolution cannot be reached, one of the parties may request review by the Interclearance Adjudicating Panel by writing to the appropriate official at the clearing house they belong to and the other party. The Panel's decision shall be final and binding on ACH, the IATA Clearing House, and both parties to the dispute.

A.4.1 ACH Committee on Differences

The Clearing House shall have a Committee on Differences consisting of three members appointed by its Board of Directors. Each ACH stockholder member may nominate one person, and the Board will select two members from these nominees. Committee membership will rotate periodically as determined by the Board. The Secretary-Treasurer will serve as the third member unless the dispute involves the Clearing House directly, the dispute involves a billing protest that the Secretary-Treasurer has previously ruled on, or the Secretary-Treasurer deems it inappropriate to participate in resolution of the dispute. In such cases, a third nominee will be appointed by the Board to replace the Secretary-Treasurer for resolution of the matter.

If one of the parties involved in a dispute referred to the Committee has a member serving on the Committee of Differences, the Board will appoint a replacement from the remaining nominees. If no suitable nominee is available, the Board may appoint a qualified retired airline employee. Retired members will receive reasonable compensation, as determined by the Board and paid as part of the arbitration costs.

A.4.1.1 Committee Authority

Arbitration of a dispute submitted to the Committee on Differences for review shall be conducted:

- Under the applicable dispute resolution provisions of the interline or other agreement giving rise to the dispute (the "Underlying Agreement").
- If no such provisions exist in the Underlying Agreement, the dispute shall be arbitrated by the Committee on Differences in accordance with this Section and any supplemental procedures adopted by the Clearing House.

The Committee on Differences shall decide the matter submitted for arbitration by majority vote. Its decision is final and binding on all parties with no further recourse.

If the non-prevailing party fails to comply with the Committee's decision such as making a required payment or taking/refraining from action, any other party to the arbitration may file the decision with a court having jurisdiction over the non-prevailing party's property to enforce the judgment.

A.4.1.2 Arbitration Procedures

The Committee on Differences shall determine the arbitration procedures in consultation with the parties to the dispute, considering the nature and scope of the disagreement, the number of parties (including intervenors), and the need for evidence supporting factual issues or discovery.

Disputes must be submitted in writing to the ACH Secretary-Treasurer. The responding party must reply to all requests in writing.

Unless otherwise determined by the Committee on Differences or required by applicable law, all arbitration shall take place in Washington, D.C. The laws of the State of Delaware, excluding its conflict-of-law rules, shall govern the dispute unless specified in the Underlying Agreement,

The Committee is authorized only to:

- Determine the appropriateness of disputed billings submitted for settlement through ACH.
- Award reasonable interest on approved billings based on the delay in payment.

- Allocate arbitration costs including Committee expenses, reasonable compensation for a retired airline employee serving on the Committee, and reasonable attorneys' fees and expenses for the prevailing party or parties.

All amounts awarded shall be billed and paid through the next available ACH settlement, unless the Committee determines alternate payment arrangements.

If a dispute involves multiple ACH members or may result in conflicting obligations for the Clearing House:

- Other ACH members with similar billings by or against a party to the dispute may request to intervene, participate in, and be bound by the results of the arbitration. The Committee shall approve the request unless it causes undue delay or is made for an improper purpose.
- The Clearing House may intervene as a party and notify potentially affected members that it will be bound by the arbitration outcome, and they may wish to intervene to protect their own interests.

If a Committee member becomes ineligible due to such intervention, the Board of Directors shall appoint a replacement.

A.4.2 Interclearance Adjudicating Panel

The Interlearance Adjudicating Panel consists of three members. ACH and the IATA Clearing House each appoint a person from one of its member air carriers to serve for a one-year term starting July 1. The applicable clearing house will appoint a replacement if the designated member resigns or is disqualified from hearing a particular case.

If a dispute is referred to the Panel, the two current members shall appoint a third member from an air carrier that is a member of both clearing houses, if possible. No panel member may be an employee or officer of one of the air carriers involved in the dispute.

A.4.2.1 Panel Authority

The Panel has the authority to review, determine, and resolve any differences or disputes arising in an Interclearance settlement between an ACH member and an IATA Clearing House member and shall be bound by the rules and regulations of both clearing houses, and the agreements of the clearing houses with their members. It does not have the authority to adopt, amend, alter, or change the agreements of, or any rules or regulations of the clearing houses.

The Panel shall decide by majority vote the matter submitted for review. Its decision is final and binding on all parties with no further recourse.

A.4.2.2 Dispute Procedures

Any member of ACH or ICH that has an Interclearance settlement dispute with a member of the other clearing house which the two parties are unable to resolve may demand review by the Interclearance Adjudicating Panel by submitting a request in writing to the other party and the appropriate official at the clearing house it belongs to. The official receiving the demand shall notify his counterpart at the other clearing house, and both shall notify their respective designated Panel members.

The two Panel members shall select a third member within 14 days after notification. Once the Panel is fully formed, it shall schedule the review—ideally within 30 days of the third member's appointment—and notify all parties and clearing houses of the date, time, and location. The Secretary-Treasurer of ACH and the Manager of ICH may participate in the Panel's review but cannot vote.

The Panel shall determine the procedures for its review, insuring impartiality and fairness to both parties. The parties may submit written materials supporting their position and, upon request, present oral testimony and arguments. The Panel must share any submissions from one clearing house with the other, allowing equal opportunity to respond.

The Panel shall issue a written decision within 30 days of the review's conclusion and serve it to both parties and clearing houses. The decision is final and binding on the ACH and the IATA Clearing House and each of the parties involved.

The Panel is authorized only to:

- Determine the appropriateness of disputed billings submitted for settlement through the Clearing House.
- Award interest on approved billings based on the delay in payment at the interest rate specified in the clearing house agreement of the party paying the interest.

- Allocate costs including the review facility, Panel member travel expenses, interpreter(s) if required, and other reasonable expenses. Costs will not include wages or fees of the Panel members, nor any costs incurred by the parties involved in the dispute.

All amounts awarded shall be billed and paid through the next available Interclearance settlement provided there is at least 10 business days between the decision date and the claim submission deadline. Otherwise, billing must occur in the following Interclearance period. The Panel's decision is the sole basis for billing, and the billing party must inform its clearing house of the portion billed to the other party. No protest is allowed against the billing, and once settled, no further claims on the amount may be submitted.

A.5 REVENUE ACCOUNTING COMMITTEE

A.5.1 Terms of Reference

The Revenue Accounting Committee (RAC) is responsible for developing standard methods and procedures for prompt and efficient settlement of interline transactions between members of Airlines Clearing House, Inc. for passenger, cargo, Universal Air Travel Plan, and non-transportation items under recognized contractual arrangements and in accordance with A4A/IATA Resolutions.

To accomplish this objective, the Committee will:

1. Make recommendations to the Board of Directors of ACH for revisions to interline settlement rules contained in the ACH Manual of Procedure.
2. Provide interline accounting assistance to industry committees responsible for developing standard interline forms and procedures.
3. Develop interline prorate procedures for situations where there are no published rules, such as those published by ATPCO.
4. Coordinate standardization of interline settlement rules and procedures with the IATA Airline Billing and Settlement Working Group (ABS WG) and IATA Clearing House.

A.5.2 General Operating Procedures

The general operating procedures of the RAC are as follows:

A.5.2.1 Committee Composition

The Revenue Accounting Committee consists of employee representatives from:

- Stockholder member airlines of Airlines Clearing House, Inc.
- A4A member airlines that are ACH associate members but not stockholders of Airlines Clearing House, Inc.
- ACH member airlines participating in ACH sampling.

Participation in the committee is optional for any airline.

A.5.2.2 Committee Members

Each of the above airlines designates one committee member (ideally their senior revenue accounting person) and one alternate member. If a designated member leaves their role, the airline must appoint a replacement.

ACH communications related to committee matters or revenue accounting matters will be sent to committee members, alternate members, the ACH Board of Directors, and ACH associate members.

A.5.2.3 Committee Officers

Revenue Accounting Committee officers consist of a Chairperson and a Vice-Chairperson, each serving two-year terms, and the ACH Secretary-Treasurer. Elections occur in even-numbered years for two-year terms beginning on May 1. If the Chair becomes vacant, the Vice-Chairperson assumes the Chairperson role for the remainder of the term, and a new Vice-Chairperson is elected to serve concurrently.

A.5.2.4 Committee Meetings

The committee will meet at least once annually in conjunction with the Airlines Clearing House, Inc. stockholders' meeting. Additional meetings may be held as needed, but not more than four times per year. Meetings are scheduled by the Chairperson in consultation with the Secretary-Treasurer and the Chairperson presides at each one.

The RAC may form task forces as needed to support its work. Each task force should have a defined end date for its work and not become a permanent subgroup.

A.5.2.5 Vendor Participation

Vendors and suppliers relevant to the RAC may attend and present a brief overview of their products if they either sponsor an event at the meeting or pay an attendance fee set by the ACH Board of Directors. Time allocated for presentations is determined by the Secretary-Treasurer and each one shall not exceed 10 minutes.

A.5.2.6 Meeting Agendas

Any ACH member may submit agenda items for consideration at a RAC meeting.

Meeting agendas will be sent at least 30 days in advance to all committee members and alternates, and ACH associate members. The Chairperson may call meetings with shorter notice if necessary.

The committee encourages input from all ACH members on any agenda item proposals. All views – whether presented in person or in writing – will be considered by the committee in arriving at its conclusions.

A.5.2.7 Quorum Requirements

A quorum for a RAC meeting requires one-third of committee members (or alternates) from stockholders and A4A member airlines to be present.

For proposals related to Sampling Section D of the ACH Manual of Procedure, a quorum requires a majority of eligible ACH sampling members to be present.

A.5.2.8 Voting Rights

Each stockholder and A4A member airline committee member (or alternate) has one vote and may vote only if present at the meeting. Agenda items discussed during the meeting are considered approved unless four or more objections are raised.

To vote on amendments to Sampling Section D, an airline must have a sampling agreement with at least one other ACH sampling participant. ACH will maintain a list of eligible sampling airlines.

A.5.2.9 Meeting Reports

Withing 30 working days after a RAC meeting, the Secretary-Treasurer will prepare a report summarizing discussions and committee recommendations. After approval by the Chairperson, the report will be distributed to the committee members, ACH Board of Directors, and each associate member.

A.5.2.10 Committee Actions

All actions taken during the RAC meeting are final unless an item was not on the agenda. In such cases, the meeting report will identify the item, and carriers have 15 days after the meeting report date to submit objections.

Items receiving four or more objections, and sampling items opposed by a majority of eligible sampling airlines, are disapproved and added to the next meeting's agenda.

A.5.2.11 Mail Vote Procedures

With the Chairperson's approval, an item may be submitted to the RAC for mail vote. The ACH Secretary-Treasurer will send the item to committee members and alternates by email. Ballots must be returned within 15 days after the date of the mail vote email. Non-responses are considered abstentions.

The item is approved unless four or more negative votes are received. If disapproved, it will be added to the next meeting's agenda. If a sampling item is opposed by a majority of eligible sampling airlines, it is disapproved and added to the next meeting's agenda.

A.6 BILATERAL AGREEMENTS

ACH members may use different forms, methods, and accounting support for interline billings other than those outlined in this Manual if they are specified in bilateral agreements, provided they do not affect billings for members not involved in the agreements or disrupt the normal operations of Airlines Clearing House, Inc. Deadlines for reports and remittances specified in this ACH Manual may not be bilaterally altered or adjusted.

A.7 INTERLINE FORM NUMBERS

A.7.1 Airline Identification Codes

Airline Designator Codes and Airline Accounting/Prefix Codes are assigned and controlled by the International Air Transport Association in accordance with IATA Resolutions 762/767. Airline members of ACH are required to use their assigned Accounting/Prefix Codes on interline documents settled through ACH.

A.7.2 Ticket Numbers

Ticket Form and Serial Numbers and Standard Stock Control Numbers for interline passenger tickets shall be assigned according to Airlines for America Trade Practice Manual Resolution 20.04 and IATA Recommended Practice 1720a.

For convenience, the table of Passenger Traffic Document Number Assignments is published in .XLSX format in the Public Documents page of SMART (https://smart.airlinesclearinghouse.com/).

A.7.3 Domestic Air Waybill Numbers

Air Waybill Numbers consist of a three-digit Airline Prefix Code, three-character alpha Station Code, and a serial number which shall consist of eight digits.

A.7.4 International Air Waybill Numbers

Air Waybill Numbers consist of the issuing Airline's three-digit Airline Prefix Code followed by a hyphen and a serial number of not more than eight digits.

A.8 MANUAL REVISIONS

Revisions to this Manual, unless otherwise stated, are effective the first day of the third month after the Revenue Accounting Committee meeting adopts the changes and the meeting minutes have been approved by the Board of Directors, published, and distributed. The revisions apply to all transactions originally billed in the month they become effective.

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. Hannah Zmyslo
Officer and Team Lead
Commercial Customer Service
U.S. Bank
5065 Wooster Pike
Cincinnati, OH 45226
Phone: 800-377-3053
FAX: 866-206-4145
E-Mail: hannah.zmyslo@usbank.com

B.2 DUE DATES FOR SUBMISSION OF BILLING DATA AND REMITTANCES

Item	Due Date	Note
Billing Data (All Types): 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: 12th Calendar Day of Current Month 19th Calendar Day of Current Month 26th Calendar Day of Current Month 5th Calendar Day of Following Month	1/2
Net Position Email 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	
Final Settlement Reports 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
Settlement Date: ACH Transactions: Clearance Period 01 Clearance Period 02 Clearance Period 03 Clearance Period 04	 19th Calendar Day of Current Month 26th Calendar Day of Current Month 5th Calendar Day of Following Month 12th Calendar Day of Following Month	 4
IATA Transactions: Clearance Period 01, 02, 03 & 04	 7 Calendar Days following *IATA Advice Day* for the corresponding Clearance Period	 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 Interclearance 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 (i) 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; and/or (ii) submit a security deposit. Such security deposit to be built up in installments or otherwise, up to three times the average prior net debtor balances of such Airline as recorded over the previous 12 consecutive calendar months, including the current month. 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 and/or Security Deposit

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 in security deposits from the debtor airline concerned, 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 and/or from the security deposit from the debtor airline concerned; 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 (1) the deposit amount held in the Participant Deposit Reserve account is sufficient to cover the net debt owed by the debtor Airline, and/or (2) the security deposit amount held on account for the debtor Airline is sufficient to cover the net debt owed by the debtor Airline and (3) (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 and/or the debtor Airline's security deposit, 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 and/or the debtor Airline's security deposit.

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 SIS[1] 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

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

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.

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 SMART 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 for each of the specified currencies:

B.6.4.1.1 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.6.5.3 The Clearing House and Clearing Bank assume no responsibility for any losses on exchange or conversions into USD, or otherwise.

B.7 SUSPENSION AND TERMINATION

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

B.7.1.1 When, as determined by the Secretary-Treasurer of the Airlines Clearing House, Inc. and with notification to the Board of Directors, or 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, and the sum of the amount held in the clearing account of the terminated Airline, the security deposit held on behalf of the terminated Airline, and the deposit held in the Participant Deposit Reserve account on behalf of the terminated Airline, is less than the net debt amount owed by the terminated Airline, 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 deduct any amounts due to ACH by the terminated Airline pursuant to Regulation B.9; 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, funds held in the Participant Deposit Reserve account and/or security deposit on behalf 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 $310.00 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.

B.12 SERVICE LEVELS

Under the Amended MSA the Clearing Bank has agreed to the following standards for service availability:

SinglePoint shall be available, on a rolling annual average, at no less than 97% of all time to all Settlement Participants

[and]

In the event the Clearing Bank has failed to meet the minimum levels of service specified above and has been notified in writing by Clearing House of such failure, the Clearing Bank shall have thirty (30 days to respond to Clearing House with a plan of action to correct the deficiency and comply with the minimum levels of service. Upon a failure to respond or other occurrence of the same deficiency within six (6) months, Clearing House may assess the Clearing Bank a monthly penalty equal to 10% of the then-applicable monthly service fee until such deficiency is adequately remedied.

The Clearing Bank also has agreed that its services under the Amended MSA are for the benefit of both the Clearing House and Settlement Participants (among other parties settling accounts through the Clearing House). Accordingly, the Clearing House will make available to the Advisory Board the Clearing Bank report card information germane to settlement participants. In the event that such report card information indicates, or the Clearing House or a Settlement Participant otherwise determines, that the Clearing Bank has failed to maintain the service levels required under the Amended MSA, the Clearing House will consult with the Advisory Board concerning reporting to the Clearing Bank, review of any corrective plan proposed by the Clearing Bank, assessment of any penalty, and sharing of the benefit of any assessed penalties (recognizing that any service failure by the Clearing Bank will affect parties settling accounts through the Clearing House).

The SMART platform provider has committed to an uptime of 99.5% outside of any planned or scheduled maintenance on behalf of the Provider and/or AWS or AWS Services, which shall only include such maintenance which is first notified to ACH in advance.

B.13 DISASTER RECOVERY: BUSINESS CONTINUITY

Purpose

The purpose of this section is to outline the Clearing House response to potential disruptions that could adversely impact our operations, particularly the processing of settlements through the Clearing Bank and our system provider partner. The aim is to ensure the uninterrupted performance of essential business processes and maintain the delivery of services to our customers.

Scope

This plan considers a broad spectrum of potential events, including but not limited to natural disasters, technological failures, human errors, and cyber-attacks, which may severely impede our ability to continue processing net settlements.

Roles and Responsibilities

ACH is committed to developing and maintaining this business continuity plan. The Clearing House will coordinate with the Clearing Bank, our system provider partner, and any other necessary entities and communicate outages to PFC Settlement customers as warranted by the circumstances. Activation of the disaster recovery plan is the responsibility of the Secretary-Treasurer of Airlines Clearing House or their designee.

Plan Activation

Upon identification of a disruption that interferes with our settlement processing capabilities we will consult with the Clearing Bank and our system provider partner to assess the scope of the disruption and determine the appropriate response based on the business impact.

In the event a disruption affects the Clearing Bank but not our system provider partner, the Clearing Bank's business continuity plan and disaster recovery plan takes precedence.

In the event a disruption affects our system provider partner but not the Clearing Bank, the provider partner's business continuity plan and disaster recovery plan takes precedence.

Recovery Strategy

Our recovery strategy incorporates a thorough disaster recovery plan to switch to backup and/or hot site systems in alternate locations to provide full functioning of Clearing Bank services and processes within three (3) hours of switchover.

The Clearing Bank disaster recovery plan includes switching operations to another office location, transition main operations center to a separate back-up location in the same region, or transition main operations center to a location in another region. The system provider partner maintains a hot site system on the west coast of the U.S. to complement our production environment on the east coast of the U.S.

Annual Drills

To ensure our preparedness, the Clearing House will conduct annual drills to test and improve our disaster recovery and business continuity plan. These drills will simulate various disruptions and allow all relevant staff to practice their roles within the plan. Lessons learned from these drills will be utilized to continually refine our approach.

Communication Plan

The Clearing House will manage communications during and after a disruption. This includes providing switchover notification and periodic updates to staff, customers, and partners based on the level of impact to the stakeholder. Communication will be clear, timely, and reliable, keeping all parties informed about the situation and our response.

Plan Maintenance

The Clearing House is committed to regular reviews and updates of the disaster recovery and business continuity plan to ensure its ongoing effectiveness. This includes adapting the plan to changes in our operations, technology, and the external environment.

Relevant External Plans

The Clearing Bank business continuity plan is located here:

https://onlineinvesting.usbank.com/PDF/USBI%20Business%20Continuity%20Stmt_NASD3210.pdf

The system provider partner information security and compliance policy is located here:

https://www.atpco.net/legal/compliance

SECTION C: PASSENGER INTERLINE SETTLEMENT

C.1 BASIS OF SETTLEMENT

The basis of settling interline passenger revenue as described herein is, fundamentally, a Procedure which requires the honoring Airline to bill all documents/electronic tickets to the issuing Airline. Integrated Settlement is a paperless process.

All references to Flight Coupon/Ticket in this Manual shall also mean Electronic Ticket and/or an Airline generated facsimile based on CRS/GDS data.

C.2 CURRENCY OF BILLINGS

C.2.1 General Rule

The pricing of documents, invoice listings and settlements for transactions billed by or billed to ACH Airlines will be in U.S. Dollars.

EXCEPTION: Carriers may bilaterally agree to also bill in Canadian Dollars.

C.2.2 Canadian Fares

Tickets Sold in Canada or the USA with Transportation To/From or Within Canada/USA

C.2.2.1 Tickets with Travel Commencing in Canada

C.2.2.1.1 For fares published only in CAD or USD, or published in both CAD and USD, coupons may be billed:

1. In CAD at the published CAD fare or prorate; or
2. In USD at the published CAD fare or prorate to which the currency conversion factor, as specified in IATA Revenue Accounting Manual Chapter A-12, Paragraph 1, has been applied to arrive at USD; or
3. Notwithstanding the provisions of Section C.3, in USD at the collected CAD amount of the published USD fare or prorate to which the currency conversion factor, as specified in IATA Revenue Accounting Manual Chapter A-12, Paragraph 1, has been applied to arrive at USD; or
4. When NUC's and/or an ROE is present in the fare construction line, in USD at the published CAD or USD fare or prorate to which the currency conversion factor, as specified in IATA Revenue Accounting Manual Chapter A-12, Paragraph 1, has been applied to arrive at USD.

   EXCEPTION: When CAD or USD is shown in the "Equivalent Fare Paid" box, use the equivalent fare amount or prorate thereof, to which the currency conversion factor as specified in the IATA Revenue Accounting Manual Chapter A-12, Paragraph 1, has been applied to arrive at USD.

C.2.2.2 Tickets with Travel Commencing in the U.S.A.

C.2.2.2.1 For fares published only in USD or published in both USD and CAD, coupons shall be billed in USD at the published USD fare or prorate.

C.2.2.2.2 For fares not published in USD, coupons may be billed:

1. In CAD at the published CAD fare or prorate; or
2. In USD at the published CAD fare or prorate to which the currency conversion factor, as specified in IATA Revenue Accounting Manual Chapter A-12, Paragraph 1, has been applied to arrive at USD; or
3. Notwithstanding the provisions of Section C.3, in USD at the collected USD amount of the published CAD fare to which the selling airline has already converted the published CAD fare to USD using the BBR in accordance with IATA Resolution 024e; or
4. When NUC's and/or an ROE is present in the fare construction line, in USD at the published CAD fare or prorate to which the currency conversion factor, as specified in IATA Revenue Accounting Manual Chapter A-12, Paragraph 1, has been applied to arrive at USD.

EXCEPTION: When CAD or USD is shown in the "Equivalent Fare Paid" box, use the equivalent fare amount or prorate thereof, to which the currency conversion factor as specified in the IATA Revenue Accounting Manual Chapter A-12, Paragraph 1, has been applied to arrive at USD.

C.3 CURRENCY ADJUSTMENTS FOR SALES IN OTHER THAN U.S.A./CANADA

C.3.1 General Rule

Interline settlement of tickets which have been sold/collected in currencies other than U.S./Canadian dollars, or on which the collected amount has been calculated under provisions of IATA Resolution in 024 series, may be subject to conversion in accordance with IATA Revenue Accounting Manual Chapter A-12, Paragraph 1.

Tickets/coupons which have been underbilled due to 10% IATA Mean Rate Currency Variation as described in RAM Chapter A12, Paragraph 1 may be adjusted no later than four months after the original clearance month.

EXAMPLE: Original invoice of January Period 01 – adjust no later than April Period 04.

Such adjustments apply only to Passenger Tickets, Excess Baggage Tickets and Electronic Miscellaneous Documents billed on original non-sample invoices.

C.3.2 Procedure for Making Currency Adjustment

C.3.2.1 The billing airline shall prepare a billing memo, and at a minimum, shall provide the following information to support the adjustment:

1. Original Clearance Month, Year, Period and Number
2. Source Code, batch number, document and coupon number, and currency code of adjusted item
3. Original fare billed, revised fare value, difference and ISC on difference

C.3.2.2 The final value, subject to audit and settlement by the billed airline, shall be accomplished by using the appropriate final currency adjusted variation.

C.4 TIME LIMIT FOR SUBMISSION OF ORIGINAL BILLINGS

C.4.1 General

All original invoices shall be raised no later than four months from the month of usage of the related document, unless otherwise specified within this Manual, to qualify for settlement through the Clearing House. The usage month is counted as the first month. For example: coupons lifted in January must be billed no later than Period 04 of the April Clearance.

C.4.2 Billings Beyond the Time Limit

Billings disqualified by application of C.4.1 may be settled via Integrated Settlement only upon agreement of the issuing Airline. Participants are advised that Integrated Settlement does not validate time limits for original billings.

C.4.2.1 If no response is received from the issuing Airline within two months from the date of issue of the request letter, the lifting airline may raise a debit through the Clearing House.

C.4.3 Billing in Prior Month's Invoice

No transaction may be billed before the Clearance Month in which the transaction was honored. For example, July transactions may not be included in the previous (June) month's invoice.

C.5 ENDORSEMENTS

Endorsements will not be required for any coupon of a ticket if the ticket (including all coupons thereof) covers transportation wholly within and/or between the fifty (50) United States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and Canada. (See also A4A Trade Practice Manual, Resolution 20.30)

C.6 COUNTERFEIT TICKETS

Coupons of Ticket Stock/Electronic Ticket Records determined to be counterfeit will not be billed by honoring Airlines; nevertheless, if billing occurs, the billed Airline may reject to the billing Airline who will have no further recourse to the billed Airline.

C.7 SUPPORTING DOCUMENT HANDLING AND IDENTIFICATION

Integrated Settlement is a paperless process. No paper documents are sent to the billed airline.

C.7.1 Original Billings

C.7.1.1 Invoices for billing Source Codes 1, 2, 3, 23, 25, 26, 27 and optional source codes 31, 90, 95 and 96 do not require supporting documents to substantiate billings.

C.7.2 Rejections

C.7.2.1 Rejection Memos shall provide sufficient information to support the reason for rejection and to justify the rejected amount. In the event supporting documents are required, they must be attached to the Rejection Memo electronically prior to finalizing the invoice in Integrated Settlement. Only new, not previously loaded to Integrated Settlement, supporting documentation need be uploaded.

C.7.2.2 Rejection Memos shall be numbered with 11 Alpha/Numerics and shall be uniquely numbered within a billing airline and billing period.

C.7.3 Billing/Credit Memos

C.7.3.1 Billing and Credit Memos shall provide sufficient information to identify and substantiate the billing or credit. In the event supporting documents are required, they must be attached to the Billing/Credit Memo electronically prior to finalizing the invoice in Integrated Settlement. Only new, not previously loaded to Integrated Settlement, supporting documentation need be uploaded.

C.7.3.2 Billing and Credit Memos shall be numbered with 11 Alpha/Numerics and shall be uniquely numbered within a billing airline and billing period.

C.7.3.3 Unless it is specially allowed in this Chapter for a particular scenario, or bilaterally agreed between the parties, Billing Memo cannot be used to reject or rebill a disputed billing. Where an airline uses a Billing Memo instead of a Rejection Memo, or to carry on the rejection cycle without prior written approval from the billed party, the billed airline can reject that Billing Memo without any further recourse.

C.7.4 Supporting Documents

C.7.4.1 Supporting documents, if required, for billings of all source codes other than those listed in C.7.1.1 above must be scanned and attached to the invoice electronically before finalizing the invoice in Integrated Settlement. Linking conventions to attach the supporting documents may be found in the Integrated Settlement Participation Guide (ISPG).

Supporting documents must be in one of the following neutral file types unless additional file types are defined as acceptable in the billed member profile. Acceptable Integrated Settlement file types are identified with extensions txt, csv, xl, xls, xlss, thm, thml, rtf, pdf, jpg, jpeg, tif or tiff.

C.7.5 Document Batching and Identification (Source-Type Codes)

Documents shall be billed segregated into batches of the same source code. Batches shall be numbered up to a maximum of five digits. Each batch shall not contain over 99,999 items and shall contain only documents relating to the same Source Code. Batch numbers shall be unique within an invoice. Source Codes shall be two numeric digits as shown below.

Refer to the Simplified Interline Settlement (SIS) Integrated Settlement Participation Guide (ISPG) for details on information required for each source code.

01	Lifted Passenger Coupons
02	Exchanged Passenger Coupons
03	Refunded Passenger Coupons
04	Rejected Documents – 1st rejection stage
05	Rejected Documents – 2nd rejection stage
06	Rejected Documents – 3rd rejection stage
08	Lost Ticket Billings
09	Billing Memos
23	Electronic Miscellaneous Document (EMD)
24	Credit Memos
25	Excess Baggage Coupon Billings
26	Multi-Purpose Document Billings
27	Rebilling of UAF Coupons in Non-Sampling
51	Sample – Form C Coupons
54	Sample – Sample Evaluation (Form D/E)
55	Sample – Sample Audit Rebills (Form F)
56	Sample – Sample Rejections (Form XF)
74	Rejected Billing Memo – 1st Rejection Stage
75	Rejected Billing Memo – 2nd Rejection Stage
76	Rejected Billing Memo – 3rd Rejection State

Optional Source Codes (Bilaterally Agreed):

14	Flight Interruption Manifests
31	Involuntary Reroute Coupons
44	Rejected Flight Interruption Manifests – 1st rejection stage
45	Rejected Flight Interruption Manifests – 2nd rejection stage
46	Rejected Flight Interruption Manifests – 3rd rejection stage
90	Frequent Flyer Original Coupon Billing
91	Rejected Frequent Flyer Coupons – 1st rejection stage
92	Rejected Frequent Flyer Coupons – 2nd rejection stage
93	Rejected Frequent Flyer Coupons – 3rd rejection stage
94	Billing Memos – Frequent Flyer Coupons
95	Exchanged Frequent Flyer Coupons
96	Refunded Frequent Flyer Coupons

Source Codes Reserved for Bilateral Use:

60-69	Original Billing Source Codes
70-73	Billing Memo Source Codes
77-79	Billing Memo Source Codes
80-89	Rejection Memo Source Codes

C.8 INVOICE PREPARATION

C.8.1 Billing Data

Billing data, used by Integrated Settlement to create Invoices, shall be submitted to Integrated Settlement in any of the three methods as detailed in the Integrated Settlement Participation Guide and other technical documents provided by IATA.

C.8.2 Invoice Numbering

For all transaction types and categories, invoices shall be numbered with 10 Alpha/Numerics and shall be uniquely numbered within a calendar year.

EXAMPLE: An invoice number in the passenger category may not be duplicated, within a calendar year, with any invoice number, billed to any participant, in the Passenger, Freight, Non-Transportation or UATP categories.

C.8.3 Invoice for Canadian Funds

When the Currency of Billing, on the Invoice Header Record, is populated with ISO code "124" settlement shall be in Canadian funds.

C.9 INTEGRATED SETTLEMENT RECORD STRUCTURE

The record structure for invoice data and file submissions to Integrated Settlement is shown in the Integrated Settlement Participation Guide and other technical documents provided by IATA.

C.10 PASSENGER FLIGHT COUPONS/TICKETS – ORIGINAL BILLINGS

C.10.1 Pricing General Rule

Passenger flight coupons which are honored for passage, exchanged, or refunded by an Airline other than the ticket-issuing Airline, and thus require interline settlement between the Airlines concerned, shall be priced at the original tariff and/or prorate value assessed through the ATPCO Passenger Interline Pricing/Prorate System (PIPPS) or other publications, in accordance with the following Procedures. If official tariffs conflict with Manual regulations, provisions of such tariffs shall take precedence.

C.10.1.1 PIPPS shall be considered an official tariff and/or prorate manual for determining interline settlement values. PIPPS shall take precedence over any conflicting interline settlement Procedure and any tariffs.

NOTE: In the event of different PIPPS prorates, the PIPPS display with the most recent date and time shall prevail in interline settlement.

C.10.1.2 Any surcharge applicable to transportation for the ticketed Airline shall accrue solely to the Airline providing the service for which the surcharge is applicable. This surcharge amount should be included in the gross amount being billed if the surcharge has been collected.

NOTE: With the through fare routings, determine prorate and add surcharge to the applicable segment.

EXCEPTION 1: If the Canadian Navigational (NAVCAN) Surcharge (denoted as a Q) is collected for more than one Canadian city within a fare break point, settlement of the surcharge shall accrue equally amongst the Airline(s) providing service in/out of the Canadian cities in that fare break point.

EXAMPLES:

One coupon with a Canadian city involved - 100% of the surcharge
YTO AC Q7.50 CHI AC MLI
The entire 7.50 accrues to YTO-CHI

Two coupons with a Canadian city involved - 50% of the surcharge
YWG AC YTO AC Q7.50 CHI AC IND
3.75 will accrue to YWG-YTO and 3.75 will accrue to YTO-CHI

Three coupons with a Canadian city involved - 33 1/3% of the surcharge
YVR AC YWG AC YTO AC Q7.50 CHI AC MSP
2.50 will accrue to YVR-YWG, 2.50 will accrue to YWG-YTO and 2.50 will accrue to YTO-CHI

EXCEPTION 2: When a single fuel surcharge (denoted with a Q) has been collected for more than one segment within a fare break point, the surcharge will accrue to the transporting Airline(s) providing the service. The amount accrued to each Airline will be based on Straight Rate Prorate from origin to destination of the fare break point.

C.10.1.3 If there is a Passenger Facility Charge (PFC) and/or Flight Segment Tax differential between the published fare and the fare collected as shown on the coupon(s), settlement shall be based on the fare collected if PFC and/or Flight Segment Tax differentials are applicable.

NOTE: If there is a Segment Tax differential between the published fare and the fare collected as shown on the coupon(s), settlement shall be based on the fare collected until such time as it can be determined through PIPPS whether a Segment Tax differential is applicable. At such time, settlement shall be as in C.10.1.2 above.

C.10.2 Pricing Properly Prepared Passenger Flight Coupons/Tickets

EXCEPTION: Not applicable to "Fares not published" as defined in Section C.10.6

C.10.2.1 Properly Prepared Ticket Definition:

A properly prepared ticket is one in which the flight coupon's fare basis code and/or ticket designators used are those utilized in the Trade Practice Manual (TPM) to indicate the prime code, secondary code, discount code, and special purpose (stopover) code.

NOTE 1: When accepting a coupon/ticket for a specific reduced fare or discounted fare (e.g., children's fare discount, senior citizen discount, industry discount, or agent's discount), the honoring Airline must be responsible for ascertaining that the passenger being checked in is entitled to such fare. When an Interline reduced rate agreement specifies the fare level eligible for discount but the fare collected does not agree, price at the fare collected. If the interline reduced rate agreement coupon does not indicate an amount in the fare box, but does indicate an amount in the total box, then settlement shall be based on the amount in the total box.

NOTE 2: It is not the intent of this Procedure to provide coupon value settlement for flat fee fares which permit extensive travel on specified Airlines within certain areas for which interline settlement cannot be determined until all of the passenger's transportation has been completed.

NOTE 3: In the case of coupons which involve specific origins, destinations, Airlines and involving published special or promotional fares which are honored by an Airline other than the ticketed Airline, the honoring Airline is entitled to bill the value that the ticketed Airline would have received had the ticket been used according to its issuance.

NOTE 4: If through international published fares have been agreed to, proration shall be in accordance with the IATA Prorate Manual-Passenger (PMP), or other agreed prorate, as appropriate. (See Section C.10.5, for further clarification).

C.10.2.2 Coupon/Ticket Entries – Application in Pricing

Regardless of whether a coupon/ticket is exchanged, honored for passage, or refunded, it shall be priced at the original tariff or PIPPS value, as indicated by the following flight coupon designators:

C.10.2.2.1 Prime code and/or secondary code and/or individual coupon discount code entered in the fare basis box.

C.10.2.2.2 Discount code (when applicable to entire ticket) entered in ticket designator box or to the right of the passenger's name when the former box does not exist.

C.10.2.2.3 Special purpose (stopover) codes “X” and “O” shall be ignored for interline settlement purposes; and, for the purpose of determining whether a local fare applies, the fare collected shall govern.

NOTE: In cases of open and standby tickets, the fare collected shall determine the passenger's intent. Every effort shall be made by the billing Airline to initially price tickets in accordance with the above; however, if the billing Airline bills on a stopover basis, a rejection for through fares will be accepted.

C.10.2.3 Incorrect Local Fare Collected

C.10.2.3.1 Definition of Incorrect Local Fare – The fare collected does not apply to the city(ies) shown on the "Good for Passage" section of the ticket or to the Airline(s) intended to perform the service, i.e.:

Example 1:	Ticketed:	NYC-ALB (Albany, NY) Y AA
	Collected:	NYC-ABY (Albany, GA) Y DL local fare
Example 2:	Ticketed:	IAH-SAN Y6 UA
	Collected:	IAH-SAN Y6 AA fare (UA has no Y6 fare)

C.10.2.3.2 When the fare collected is an incorrect local fare for the Airline(s) intended to perform the service, due to the selection of an incorrect fare by the issuing agent, such over collection or under collection error shall be ignored and settlement shall be based on the following:

C.10.2.3.2.1 If an incorrect local fare was collected for the Airline intended to perform the transportation, billing settlement shall be based on the correct local fare for the Airline intended.

NOTE: In case the fare collected by the agent cannot be determined for the segment at hand, final settlement will be on the basis of the correct fare that should have been collected for the ticketed cities, Airlines, and fare basis codes.

C.10.2.3.2.2 In the event more than one fare is in effect for the same fare basis on the same day, billing/settlement shall be based on the next higher published fare above the fare collected for the Airline(s) and origin/destination ticketed. If the collected fare is higher than any of the published fares, billing/settlement shall be based on the highest published fare.

C.10.2.4 Discrepancy Between Fare Basis Code and Collection

When there is a discrepancy between the published fare basis code and the fare collected, settlement shall be based on the published fare for the fare basis shown in the Fare Calculation or Good for Passage area.

C.10.2.5 Conjunction ticket information not known

Where conjunction tickets are issued for the same passenger and the interline settlement value of the coupon at hand is dependent upon the routing, Airline and fare calculation information of the conjunction ticket(s) which is not available at the time of pricing, billing may be on the basis of the local fare subject to rejection and adjustment by the billed Airline. The billed Airline must support such rejection with a copy/image/facsimile of the conjunction ticket(s) along with a breakdown of the total fare collected when this information is not shown in the fare calculation box. Where the coupon contains the routing, Airline, and fare calculation information on which correct original pricing can be determined, no conjunction coupon rejection support is required on the part of the billed Airline.

C.10.2.6 Bilateral Prorate Agreement Involving Third Airline

C.10.2.6.1 Issuing Airline is not required to honor Bilateral Prorate Agreements agreed to by the ticketed Airline if the issuing Airline is not involved in the routing to which the Agreement applies.

EXAMPLE: ATL DL MIA BA LON AA NYC

UA is the issuing Airline. Bilateral Prorate Agreement applies between Delta and British Airways. Delta and British Airways shall bill/settle in accordance with the IATA Prorate Manual-Passenger (PMP).

C.10.3 Pricing Improperly Prepared Passenger Flight Coupons/Tickets

EXCEPTION: Not applicable to "Fares not Published" as defined in Section C.10.6.

If an Airline honors for lift or reissue a ticket which is not properly or completely coded *(a properly prepared ticket is defined as one in which the fare basis and/or ticket designators used are those utilized in the TPM to indicate prime code, secondary code, discount code and special purpose codes) as required by Section C.10.2, original billing for such coupon/ticket shall be in accordance with the following:

C.10.3.1 Settlement in all cases shall be based on fare collected provided that collection reflects a published fare for Airline(s) and origin/destination ticketed.

C.10.3.2 If the fare collected does not reflect a published fare for the Airline(s) and origin/destination ticketed, settlement will be based on the next higher published fare above the fare collected for the Airline(s) and origin/destination ticketed.

C.10.3.2.1 Where there are multiple fare constructions which would result in the same, next higher published fare above the fare collected, the construction which affords the originating Airline the greater revenue will be used for settlement.

* Coding errors include non-existent, illegible, omitted, or altered fare basis codes

C.10.4 Pricing Local or On-Line Through Fares

EXCEPTION: Not applicable to "Fares not published" as defined in Section C.10.6.

For interline settlement, collection will determine the fare to be billed (if appropriate for the fare basis/ticket designator code for the Airline and origin/destination ticketed), provided the collection is in agreement with the fare published in PIPPS or any other publication used by the Airline to specify its fares in effect on the date of ticket issuance.

If the fare collected does not agree with the fare shown in any publication used by the Airline, but it appears in any publication used by the Airline effective during the immediately subsequent four weeks, or effective during the week immediately preceding the week of ticket issuance, the fare collected will be used for interline settlement purposes.

If the fare collected does not agree with the fare displayed by PIPPS for the particular issue date of the ticket, but collection appears on-screen dated within a period of 10 days prior to or 31 days after the requested date, the fare collected will be used or interline settlement purposes.

If the fare collected is not found in any of the above-mentioned sources, the collection will be considered invalid and the fare published in PIPPS or any other publication used by the Airline effective on the date of ticket issuance, will be used for interline settlement purposes.

EXCEPTION: For publications issued other than weekly, the publication effective immediately preceding or following the date of ticket issuance shall be used.

```
RAPM100          ATPCO PSGR INTERLINE PRICING/PRORATE SYSTEM          31OCT 17
(AS1KYO                        DOMESTIC FARES                         18:18:19
Date 02 05 17  Rtg HNL SEA DCA ___ ___  A/L AS __ __ __  F/B KLASZN4  Curr USD
Amt ________   Tax _  Pct _____   Code _____   Text Display Codes: F,G,L,N,R,W
Srchg 1/2  T _ Amt _______ Cur ___ Cpn ___  T _ Amt _______ Cur ___ Cpn ___
Srchg 3/4  T _ Amt _______ Cur ___ Cpn ___  T _ Amt _______ Cur ___ Cpn ___
------------------------------------------------------------------------------
     Eff       Disc     A/L F/B          OW       RT        Total   Rtg  Fn  Rule
    16MAR17  26APR17   AS  KLASZN4     408.44   ......     432.40  0014      2058
    16MAR17  26APR17   AS  KLASZN4     408.44   ......     432.40  0033      2058
   *26APR17  16MAY17   AS  KLASZN4     413.25   ......     437.39  0033      2058
   *26APR17  18MAY17   AS  KLASZN4     413.25   ......     437.39  0014      2058
    16MAY17  13JUN17   AS  KLASZN4     407.48   ......     431.40  0033      2058
    18MAY17  13JUN17   AS  KLASZN4     403.62   ......     427.40  0014      2058




No more matching fares.
PF1    2       3        4     5    6     7    8   9    10    11    12   +
SRP   Range                  SPA  Code  VUSA     PFM
```

EXAMPLE 1:

Ticket issued	02 May 2017
Fare Collected	$413.25
PIPPS Display:	Fare Collected in agreement with Fare Displayed (26Apr17-16May17) for the date of ticket issuance.
Settlement:	Settlement will be based on the Fare Collected.

EXAMPLE 2:

Ticket issued	02 May 2017
Fare Collected	$400.00
PIPPS Display:	When using the PF2 Range key, PIPPS displays fares in effect 10 days earlier and 31 days later. No match is found. The actual fare in effect is used for settlement.
Settlement:	As the collected fare is not in agreement with any fare displayed for the ticket issue date, settlement will be based on the fare in effect on the ticket issuance date ($413.25).

NOTE 1: When prorating VUSA fares, the local fare in effect on the date of ticket issuance will be used for proration.
NOTE 2: When prorating fares published by rule, the local fare, as applicable in effect on the date of ticket issuance will be used for proration.

C.10.5 Pricing International Through Fares

EXCEPTION: Not applicable to "Pricing/Settlement of Involuntary Reroutings". See Section C.10.9.

International through fares shall be priced in accordance with the rules published in the IATA Prorate Manual-Passenger (PMP) and Revenue Accounting Manual (RAM).

NOTE: For the purpose of this Procedure, travel between the 50 United States or Canada and Mexico shall be considered to be international.

C.10.6 Pricing Fares Not Published

C.10.6.1 Definition – "Fares not published" are all fares for which the fare basis/ticket designator codes are not published in PIPPS or any other publication used by the Airline to specify its fares applicable to the transportation issued with the ticket entry to indicate transportation is valid on the ticketed Airline(s) only.

"Fares not published" are also those fares for which the fare basis/ticket designator codes designated by the ticketed Airline are not published in PIPPS or any other publication used by the Airline or are published without specific fare amounts or discount rates for the transportation issued, with or without ticket entry to indicate transportation is valid on the ticketed Airline(s) only.

C.10.6.2 Total Fare Collected is shown on the Ticket.

C.10.6.2.1 For fares not published, and fare amount is not shown in the fare calculation area, settlement will be on the basis of straight rate proration of the total fare collected since fare entitlement is unknown.

C.10.6.2.2 For fares not published, and fare amount(s) or the ATBP amount(s) is shown in the fare calculation area, settlement will be on the basis of the fare amount shown in the fare calculation area

C.10.6.3 Total Fare Collected Not Shown on the Ticket.

If a fare collected is not shown on the flight coupon, e.g., Bulk, Inclusive Tour, etc., and it has been honored by the intended ticketed Airline, original billing will be based on the published selling fare. Once support is received from the billed Airline per Section C.20.6.2, settlement/proration will be in accordance with Section C.10.6.2. If the coupon has been honored by an Airline other than the ticketed Airline, billing and final settlement will be in accordance with Section C.10.9.

C.10.7 Pricing of tickets on which overcharges are applied on reissuance or are refunded to passenger.

C.10.7.1 *Cash Transactions* – In issuing a cash ticket an Airline inadvertently overcharges a passenger. Subsequently, the ticket is presented to another Airline for rerouting at a higher fare or voluntary refund. The reissuing Airline allows the passenger credit for the overcharge against the additional transportation purchased or includes the overcollection in the refund made to the passenger.

When an overcharge is utilized in the reissuance or refund of a cash ticket, the flight coupon(s) shall be billed at coupon value plus the portion of the overcharge utilized, supported by an attached photocopy/facsimile of the replacement ticket and/or refund draft/other documentation. The billed Airline may reject the amount of overcharge billed if refund has already been made. This rejection shall be supported by a copy of the refund draft/other documentation.

C.10.7.2 *Credit Card Transactions* – Flight coupons of tickets purchased by Credit Card which are honored for reissue/refund shall be billed at coupon value. Any overcollections shall be disregarded since these adjustments are presumed to have been made by the issuing Airline at the time of sales audit. If the overcharge is utilized in the reissuance/refund, the billing Airline may process an adjustment to the Credit Card Account in the normal manner.

C.10.8 Billing Arunk/Void Coupons

Billing of Arunk/Void coupons is not permitted. If an Airline bills an Arunk/Void coupon, such coupon has no value and may be rejected.

C.10.9 Pricing/Settlement of Involuntary Reroutings and Schedule Changes

The provisions under this Procedure refer to pricing of the fare/prorate value only. Applicable interlineable taxes/fees/charges (TFCs) shall be applied per the Revenue Accounting Tax Database “RATD”.

Original Coupons

When honored by an Airline that is not the intended Airline, original paper and e-ticket coupons will be billed and settled at the value that would have accrued to the original Airline calculated per Section C.10.1 through C.10.6. Any markings indicating involuntary reroute as referenced in A4A TPM Resolution 120.20 and/or IATA Resolution 735d will be disregarded. Totally free infant e-tickets involuntary rerouted should be settled at zero value. (Effective 7/1/08.)

EXCEPTION: The following original coupons will be billed and settled at the applicable Involuntary Reroute Settlement Rate (i.e., percentage of the IATA Weighted Mileage Factor) in effect on the ticketed travel date for the coupon:

a. Paper or electronic tickets indicating BT, IT, Tour, or Bulk in the fare or total box
b. Paper or electronic tickets for frequent flyer, free, or award travel

Reissued Coupons

When the reissue designates it is due to a Schedule Change, the settlement shall be based on fare collected provided the collection matches a fare published in PIPPS for the fare basis codes, cities and airlines shown in the fare calculation area of the reissued ticket. If there are no matching fares published in PIPPS, settlement shall be in accordance with Procedure C.10.3.2. Involuntary Reroute settlement shall be disregarded. For proration purposes, the date of reissue will be used in settlement of these tickets.

Tickets bearing the markings of an involuntary reroute according to A4A TPM Resolution 120.20 and/or IATA Resolution 735d or a valid reason in the fare basis/ticket designator area or the endorsement/restriction text on the ticket will be settled at the Involuntary Reroute Settlement Rate (i.e., percentage of the IATA Weighted Mileage Factor) applicable to each flight coupon and in effect on the date of the reissue. Totally free tickets involuntarily rerouted will be settled using this same Procedure.

Table 1

FCA or Restrictions/Endorsement Marking	Coupon	Flight Date vs. Issue Date Gap	Re-Issue Type
Both INVOL and SKCHG Indications			
	1	2 days or less	Involuntary
	Remaining	Less than 5 days	Involuntary
	Remaining	5 days or more	Schedule Change
or			
	1	Greater than 2 days	Schedule Change
	Remaining	Not Applicable	Schedule Change
Only INVOL Indication			
	1	2 days or less	Involuntary
	Remaining	Less than 5 days	Involuntary
	Remaining	5 days or more	Schedule Change
or			
	1	Greater than 2 days	Schedule Change
	Remaining	Not Applicable	Schedule Change
Only SKCHG Indication			
	All Coupons	2 days or less	Involuntary
Neither INVOL nor SKCHG Indications			
	All Coupons	2 days or less where the Marketing Carrier in the Good for Passage data DOES NOT appear in the Fare Calc Linear	Involuntary

NOTE 1: For original billings between airlines who have agreed to abide by the IATA RAM Procedures, refer to IATA Revenue Accounting Manual, Chapter A-2, Paragraph 2.5.

NOTE 2: Surcharges referenced under Section C.10.1.3 are not applicable when billing under Involuntary Reroute settlement.

NOTE 3: Unless otherwise agreed to by the two airlines, involuntary reroute settlement amounts shall not be subject to further discount other than the Interline Service Charge, as applicable, between the airlines.

C.10.9.1 Percentage settlements will not apply to all coupons if the ticket is coded in the fare basis box(es) to show that Involuntary Reroute is applicable to some but not all coupons. In such cases only those coupons showing the marking according to A4A TPM Resolution 120.20 and/or IATA Resolution 735d in the fare basis box(es) will be settled as prescribed above, even if these markings also appear within the endorsements or fare calculation areas of the ticket, and the remaining coupons will be settled under normal Procedures at the coupon value.

C.10.9.2 The method of settlement prescribed herein will also apply when the following conditions exist:

1. The ticket has one of the above-mentioned markings; however, it does not have a ticket number in the "issued in exchange for box".
2. The ticket has one of the above-mentioned markings; however, coupons beyond a stop-over point(s) are also issued according to Involuntary Reroute Procedures. This may be the return portion(s) of a round trip or circle trip ticket.
3. The ticket has one of the above-mentioned markings and has been issued according to Involuntary Reroute Procedures because of strike; however, the ticket does not result in a higher fare.
4. The ticket has one of the above-mentioned markings and is issued according to Involuntary Reroute Procedures because of strike; however, the original ticket was issued on or after the beginning date of an airline's strike.

C.10.9.3 Involuntary Reroute Settlement Rates:

The Involuntary Reroute Settlement Rates are published and maintained in a .XLSX file in the Public Documents page of the SMART website (https://smart.airlinesclearinghouse.com/).

The Involuntary Reroute Settlement Rates by global region, shall be compiled monthly by Accelya-Kale. On a calendar month basis, using ticket serial number ending digits, Accelya will randomly select a one percent (1%) sample of all daily sales transactions issued by Participating Airlines that have authorized their sales to be used in this process.

NOTE: Any Airline may become a participant in the survey upon receiving approval from ATPCo that the Airline's sales data meets ATPCo's prerequisites for participation. TCN data or ISR files from ATPCo's database will be the input files for the sale transaction selections. A sale transaction is defined as an original sale only. The selection will exclude all reissued transactions. It will also exclude sale transactions sold with zero value, and those with a ZED or industry discounted fare (e.g., ID50); where the value of the ticket is equal to or less than $5 USD; where the value of the ticket is equal to or greater than $20,000 USD; and those where the value of any coupon is comprised solely of a "Q" surcharge amount. The sample will be prorated using the MPA proration methodology and then compared to the full IATA Weighted Mileage Factors for the corresponding markets.

NOTE: The Involuntary Reroute Settlement Rates (rounded to the nearest whole percent) shall be calculated by dividing the sale prorate values by the applicable IATA Weighted Mileage Factors.

The monthly consolidated sample results and settlement rates for each global region (excluding the data of those participating airlines whose flight coupon count in any Global Region is less than 50) shall be summarized by Accelya and presented to the ACH Secretary-Treasurer no later than the 15th calendar day of the following month.

The Secretary-Treasurer shall disseminate the consolidated sample results and settlement rates to ACH Participants via e-mail no later than seven (7) calendar days after receipt of the data from Accelya. The settlement rates shall be applicable to original billings invoiced in the next following month.

EXAMPLE: The consolidated sample results and settlement rates from January daily sales transactions are presented to the ACH Secretary-Treasurer on February 15. The ACH Secretary-Treasurer shall disseminate the consolidated sample results and settlement rates to ACH Participants by no later than February 22. The settlement rates shall be applicable to March original billings.

Upon request, ATPCo will provide to each Participating Airline submitting sales data their individual survey results based upon the selection criteria noted in this Procedure; as well as a separate file listing all excluded items.

C.11 EXCESS BAGGAGE COUPONS/TICKETS – ORIGINAL BILLINGS

C.11.1 General Rule

Process excess baggage tickets/coupons in the same manner as passenger tickets/coupons.

C.11.2 Pricing

Settlement of excess baggage charges shall be based on the straight rate prorate formula using IATA prorate factor weighted miles in effect on the date of the Excess Baggage document issuance.

NOTE: Baggage valuation charges, and/or kennels, sporting equipment containers/carrying cases shall accrue to the issuing airline whether they are collected on the same ticket as the excess baggage charge or on a separate ticket. Transportation charges for the carriage of pets, sporting equipment, etc., shall be settled in accordance with the straight rate prorate method as described above.

C.12 SPECIAL SERVICE COUPON/TICKETS – ORIGINAL BILLINGS

C.12.1 Pricing One Coupon Ticket

Bill amount collected (excluding tax).

C.12.2 Pricing Multiple Coupon Ticket

Bill each coupon at a straight rate prorate based on the sum of the highest fares for each coupon involved into the fare collected (excluding tax).

NOTE 1: When a Special Service Ticket covers only excess baggage charges, baggage valuation charges, kennel, sporting equipment, flat fee baggage charges, such charges will be settled in accordance with Section C.11.

NOTE 2: If the coupon states that it was issued for the collection of an administration fee/charge, it shall not be billed to the issuing airline. Fees for unaccompanied minor escort services are not considered administrative and may be billed to the issuing airline.

If the Special Service Ticket has been improperly prepared, i.e., excessive routings, blank or illegible coupons, settlement shall be based on the total charges collected and distributed equally on the basis of the following formula:

One coupon involved in the haul:	100%
Two coupons involved in the haul:	50% each
Three coupons involved in the haul:	33.33% each
Four coupons involved in the haul:	25% each

C.13 LOST TICKET BILLING (LTB)/SETTLEMENT PROCEDURES

C.13.1 Prerequisites

An Airline shall not submit a lost document billing until:

C.13.1.1 Its invoice applicable to the month of transaction and the first following month have been checked for a previous billing, and

C.13.1.2 A check is made against the billing Airline's record of extra or surplus tickets.

C.13.2 Time Limit

A lost document billing shall not be submitted through the Clearing House more than four months from the month the document was honored. The usage month is counted as the first month. For example: Documents honored in January must be billed no later than Clearance Period 04 of the April Clearance Month.

C.13.3 Support and Identification

Billings for the lost documents should provide sufficient information to support the claim. Billing shall contain the form and serial number of the document, the month in which it was honored, plus, if known, the coupon number, coupon routing and any other available information.

C.13.3.1 Lost Ticket Billings shall be identified as Source Code 08.

C.13.4 Airline Responsibilities

Chargebacks apply on Lost Ticket Billings in the following situations:

C.13.4.1 Any Airline billing on a lost document basis shall be liable for a chargeback in the event the paying Airline sustains a loss because of accepting a lost document billing. Refer to Section C.21.2.

C.13.4.2 If an Airline refunds an interline document issued by another Airline after the validity period of the document has expired, and if the issuing Airline subsequently sustains a loss for the reason that the document in question had previously been refunded on a lost document basis, the loss shall be charged back to the Airline which billed the expired document.

C.14 NOT USED

C.15 CREDIT MEMO SETTLEMENT PROCEDURES

C.15.1 Form Used

When a non-routine adjustment is needed in interline passenger settlements the Airline allowing the adjustment shall issue a Credit Memo to the other Party through Integrated Settlement.

C.16 INTERLINE SERVICE CHARGE

C.16.1 Interline Settlement Principle

Settlement of interline service charge with Airlines which are members of IATA CH or ACH shall be accomplished via deductions from the billings between members.

C.16.2 Interline Service Charge Application and Rates

C.16.2.1 The billing Airline shall deduct the applicable Interline Service Charge from the billing of each coupon.

C.16.2.2 Definitions:

Sales as used herein refers to the original sales transaction. For reissued tickets, the point of sale and sold by information shall be taken from the "original issue", "issued in exchange for" or other field on the ticket where such information is shown. Ticketing Resolution 20.04 in the Passenger Traffic Resolutions Manual shall be the official reference to determine the sold by information. If the original point of sale information is not shown on a reissued ticket, and the original ticket was sold by an airline, then the original point of sale shall be assumed to be in the United States or Canada.

Domestic travel as used herein is defined to include transportation wholly within/between the 50 United States; Canada; Puerto Rico; or the U.S. Virgin Islands.

International travel as used herein is defined to include transportation to or from a point outside the 50 United States; Canada; Puerto Rico; or the U.S. Virgin Islands, via a scheduled Airline.

C.16.2.3 Agency sales and Airline sales – Interline Service Charges may be deducted by the billing Airline, as follows:

As mutually agreed among the Airlines involved; or

For domestic air transportation sold by Agents worldwide; or sold by Airlines outside the continental limits of the 50 United States, Canada, Puerto Rico, or the U.S. Virgin Islands; at the rate established from time to time in accordance with ACH Revenue Accounting Committee, to be applied as follows:

Calendar Quarter Average Commission % for Domestic Sales Processed through Area Settlement Plan in Months of	**Billing Quarter** Applies to Original Billings in Months of
January - March	May - July
April - June	August - October
July - September	November - January
October - December	February – April

NOTE: All ACH participants will be notified by the ACH Secretary-Treasurer of the effective rate at least 7 days prior to the beginning of the applicable billing quarter, i.e., the calendar quarter January- March notification date by no later than April 24th.

C.16.2.3.1 For international air transportation, including domestic portions thereof:

1. for sales made outside the 50 United States, at a rate of 9% in accordance with IATA Resolutions 780b/780c, and
2. for sales made within the 50 United States, at rates as agreed by bilateral or multilateral agreement(s) between the parties concerned (e.g., 9% in accordance with IATA Resolutions 780b/780c).

NOTE: Domestic portions of international transportation is defined to mean only domestic portions ticketed on the same ticket or in the same conjunctive ticket series as the international transportation.

C.16.2.3.2 The Tables shown below reflect, in abbreviated format, a compilation of the information covered under Section C.16.2.1 through C.16.2.3 above.

INTERLINE SERVICE CHARGE - APPLICATION AND RATES
AS MUTUALLY AGREED AMONG THE AIRLINES INVOLVED, OR IF APPLICABLE, AS SHOWN BELOW

TRANSPORTATION	POINT OF SALE	SOLD BY AGENT*	SOLD BY AIRLINE
Domestic - Wholly within/between the 50 United States; Canada; Puerto Rico; or the U.S. Virgin Islands	United States; Canada; Puerto Rico; or the U.S. Virgin Islands	Quarterly ASP Rate August – October 2026 0.3%	
	Outside United States; Canada; Puerto Rico; or the U.S. Virgin Islands	Quarterly ASP Rate August – October 2026 0.3%	Quarterly ASP Rate August – October 2026 0.3%
International, Including Domestic Portions Thereof **-** To/From a point outside the 50 United States; Canada; Puerto Rico; or the U.S. Virgin Islands	United States	Per C.16.2.3.1 Note 2 Above	Per C.16.2.3.1 Note 2 Above
	Outside United States	9% Per C.16.2.3.1 Note 1 Above	9% Per C.16.2.3.1 Note 1 Above

C.16.2.4 No interline service charge shall be applicable to the following:

C.16.2.4.1 Agency or Airline sales of passenger tickets/documents or portions thereof, refunded on a voluntary basis. See Section C.28.

C.16.2.4.2 Agency or Airline sales of documents issued for unspecified transportation such as "open" EMDs, etc.

NOTE: An Airline which receives an interline service charge reclaim billing (see Section C.28) due to a partial refund (made by cash/check or by the issuance of an unspecified transportation "open" EMD) may, in turn, recover the amount from the selling agency, or if the original sale was made by another Airline from any prior issuing Airline if the amount of reclaim exceeds $5.00. See Example below:

AA	Issues original ticket and allows agreed commission to selling agency
DL	Reissues AA ticket at same or higher value. DL deducts ISC on the AA coupon values billed to AA.
UA	Reissues DL ticket at lower value and issues “open” EMD for the refund value due. UA must deduct ISC on the full DL coupon values billed to DL. UA is entitled to reclaim ISC on “open” EMD value from DL, if reclaim amount is $2 or more.
DL	Is entitled to reclaim ISC on “open” MCO value from AA, if reclaim is $5 or more.
AA	May, if desired, reclaim commission paid to agency, based on the “open” EMD (refund) value.

C.16.2.4.3 Airline sales made within the 50 United States and Canada for transportation wholly between the continental United States (the area within 48 states and the District of Columbia) and/or Canada, on the one hand, and Hawaii or Alaska, on the other, and wholly between Alaska or Hawaii.

C.16.3 Interline Service Charge Adjustments by Issuing Airline

C.16.3.1 Interline Service Charge to be reclaimed as the result of the audit of the original billings may be reclaimed, provided the reclaim amount is $5.00 or greater, by the issuing Airline in any Clearance Period no later than four months after the Clearance Month in which the tickets/documents were billed. For example, Interline Service Charge for coupons billed in July may be reclaimed no later than Period 04 of the November Clearance. This may be accomplished by use of a Rejection Memo containing the applicable reason code 1C.

C.16.3.2 For interline service charge adjustments as a result of the rejection of differences, see Section C.20.

C.16.3.3 Interline Service Charge to be separately reclaimed shall be billed to the honoring Airline as "Interline Service Charge Reclaimed" by use of a Rejection Memo, Source Code 04, with the Reason Code 1C.

C.16.3.4 Repetitive under allowances of the Interline Service Charge discount involving five or more items with identical rate may be included on a single rejection memo and rejected to the billing Airline, using Reason Code 1C, if the total rejected amount is $25.00 or more.

C.17 UATP MERCHANT SERVICE FEE

C.17.1 Application of UATP Merchant Service Fee

C.17.1.1 By agreement within the Payment Card industry, UATP sales are identified by the digit "1" in the first position of the account number appearing in the form of payment area. (For example, the first four digits of a United Airlines UATP card account number would be "1016".) This identification, or any other marking appearing on the ticket indicating a UATP as the form of payment, may be used to support/require the application of UATP Merchant Service Fee to the interline settlement of a transaction.

C.17.1.2 UATP Merchant Service Fee will be applicable to original billings as follows:

1. Lifts (Source Code 01)
2. Exchanges (Source Code 02)
3. Refunds (Source Code 03)
4. Lost Ticket Billings (Source Code 08)
5. Adjustment Billings (Source Code 09 with Reason Code 8E)

NOTE: The Merchant Service Fee allowed on a coupon billed by a refunding Airline to the issuing Airline is recovered by the refunding Airline when the Transportation Credit is billed to the UATP Issuer.

C.17.1.3 Merchant Service Fee of interline billings other than refunded coupons (see C.20.1.4 below) applies to total billing value.

C.17.1.4 UATP Merchant Service Fee applies to the total gross amount of refund billings, i.e., including tax.

C.17.1.5 The applicable UATP Merchant Service Fee rate will be the rate specified in the UATP Manual.

C.17.1.6 In the case of rate changes the new rate will be effective dependent upon the Clearance Month of original billing. If the UATP Bulletin notification of rate change is dated within the first 15 days of a month, the new rate is effective for invoices for the first month following notification. If dated the 16th through last day of the month, the new rate is effective for invoices of the second following month.

C.17.2 Interline Settlement Methods

C.17.2.1 Settlement of Merchant Service Fee with Airlines which are members of ACH shall be accomplished by deduction from the billings between members as follows:

C.17.2.1.1 The billing Airline shall deduct the Merchant Service Fee from the billing of each applicable coupon.

C.17.2.2 In all cases where the Merchant Service Fee is not deducted by the billing Airline, issuing Airlines may, at their option, reclaim the Merchant Service Fee from the billing Airlines in any Clearance Period no later than four months after the Clearance Month in which the ticket/documents were billed. For example, UATP Reclaim for coupons billed in July may be reclaimed no later than Period 04 of the November Clearance. UATP Reclaim shall be billed to the honoring Airline as "UATP Reclaim: by use of a Rejection Memo, Source Code 04 with the Reason Code 1E.

C.17.3 Subsequent Adjustments Involving UATP Merchant Service Fee

C.17.3.1 Airlines have the option of rejecting/rebilling Merchant Service Fee in conjunction with later fare or interline service charge rejections with no application of a minimum Merchant Service Fee amount.

C.17.3.2 No separate batching is required for rejects which also involve UATP Merchant Service Fee.

C.17.3.3 Rejects involving Merchant Service Fee only may be made if the amount of Merchant Service Fee rejected/rebilled is $5.00 or more.

C.17.3.4 Repetitive overbillings in any amount, involving Merchant Service Fee only, involving five or more items with identical rate may be batched under a single rejection memo and rejected to the billing Airline if the rejected amount is $25.00 or more.

C.18 INTERLINEABLE TAXES/FEES/CHARGES

C.18.1 Interline Settlement

Interlineable taxes/fees/charges shall be billed to the issuing airline simultaneously with the applicable coupon. Separate invoices or supplementary tax billings are not permitted.

The determination of applicable TFCs must be based on the complete ticket data including the "From/To" and "Good for Passage" sections, the "Fare Calculation" area, and Cabin Class, if available.

NOTE 1: A tax/fee/charge is interlineable when reflected as such in the IATA Enhanced Revenue Accounting Tax Database (RATD).

NOTE 2: For open sectors, the date of ticket issuance shall be used as the ticketed travel date.

NOTE 3: Interlineable taxes/fees/charges may not be billed or settled on Flight Interruption Manifests.

NOTE 4: Settlement of Interlineable Taxes/Fees/Charges (TFCs) in Case of Involuntary Reroutings (Discontinued effective with tickets issued March 31, 2020, and prior):

Any TFCs arising from the revised routing which were not applicable to the original routing cannot be billed by the new operating carrier.

Any TFC codes arising from the revised routing which were applicable to the original routing shall be billed for the published TFC amount applicable to the revised routing but may not exceed the applicable TFC amount published for the original itinerary.

The applicable TFC shall apply to the same departure or arrival point on the revised routing for which it applied on the original routing.

NOTE 5: Settlement of Interlineable Taxes/Fees/Charges (TFCS) in Case of Involuntary Reroutings (Effective with tickets issued April 1, 2020, and beyond):

The TFC amounts published in the IATA Enhanced Revenue Accounting Tax Database (RATD) arising from the revised routing shall be deemed applicable. Furthermore, exemptions filed in the RATD relating to involuntary changes shall be applied irrespective of the reason.

EXCEPTION 1: When the tax code H3 has been used to collect the Government Health Insurance Charge in Cuba, it shall be considered interlineable, at the amount collected.

C.19 ADJUSTMENTS TO PREVIOUS BILLINGS

Integrated Settlement is a paperless process. All invoices, credit and debit notes, Rejection Memos are generated and submitted electronically by the billing airline(s), together with any supporting documentation attached electronically. No paper documents are sent to the billed airline(s).

When billing adjustments or rejections, no copies of supporting documents are required to be electronically uploaded to Integrated Settlement if the supporting documents are already contained in Integrated Settlement and linked to the Rejection, Credit or Billing Memo. If the supporting documents are not contained in Integrated Settlement, then they must be electronically uploaded to Integrated Settlement and linked to the applicable Rejection, Credit or Billing Memo.

Any airline may bring a transaction previously billed/rejected into Integrated Settlement at any stage of the rejection/ process (e.g., 1st rejection was made by carrier A outside Integrated Settlement, carrier B may raise 2nd rejection via Integrated Settlement). A 3rd rejection must be present in Integrated Settlement in order to initiate correspondence. Once a transaction has been rejected or corresponded to through Integrated Settlement, all subsequent rejections or correspondence must also be through Integrated Settlement.

C.19.1 Adjustment Time Limit

An adjusted billing of a ticket/document previously billed must be submitted via a Billing Memo (Source Code 9 with a Reason Code 8E) no later than four months from the transaction month. The transaction month is counted as the first month. For Example: Documents originally lifted in January must be adjusted no later than Period 04 of the April Clearance.

EXAMPLE: An Airline lifts a document for $10.00 in the January Clearance Month. In the May Clearance, the Airline discovers the document should have been billed for $100.00. Since the four-month time limit has expired, no adjustments can be submitted by the billing Airline.

C.19.2 Adjustment Billing Support

Adjusted billings shall be supported with an electronic copy of the original document, and shall contain the following minimum information:

1. Form, serial, and coupon number of the document involved.
2. Invoice Number, Clearance Period and Clearance Month for the billing of the original document.
3. A complete explanation of why an adjustment billing is being made, including any fare constructions involved.

C.19.3 Adjustment Identification

Adjustment billings shall be billed as a Billing Memo using Source Code 9 with a Reason Code 8E.

C.19.4 Minimum Adjustment Amount

An adjustment for one or more items on a single/bulk Billing Memo, unless a repetitive error (see definition in Glossary), shall not be raised unless the gross fare amount to be adjusted is $50.00 or more before any applicable Interline Service Charge or UATP Merchant Service Fee is deducted.

C.20 REJECTION OF DIFFERENCES – GENERAL

Rejections (1st, 2nd, and 3rd) of an item billed in a period of a Clearance Month may be billed in a later period of the same Clearance Month.

C.20.1 Difference Amounts Only to be Rejected

Unacceptable charges will be resolved by the rejection of the difference between the amount billed and the accepted amount.

C.20.1.1 If an airline is billed more than once for a document (duplicate billing), either in full or in part, it shall be entitled to reject any billings not supported with a valid Settlement Authorization Code; such rejection shall, however, provide the Airline, Clearance Month and Period, batch and sequence numbers of the billing which was accepted. If the airline whose billing is rejected cannot agree, it shall settle the dispute with the carrier whose debit was supported with the Settlement Authorization Code, without involving the issuing airline.

EXAMPLE: The issuing Airline "A" is billed by Airlines "B" and "C" for the same document. Airline "A" determines that Airline "B" has the valid billing and rejects the billing from Airline "C". If Airline "C" disagrees with the rejection, the dispute must be settled with Airline "B" without involving Airline "A".

C.20.2 Limitations on Amounts Rejected

Since Airlines have settled their accounts on the basis billed, they have the right to reject all differences of $5.00 or more. The minimum rejection amount applies to the gross fare and/or tax difference before any applicable Interline Service Charge or UATP Merchant Service Fee is deducted. Any repetitive error of less than $5.00 per item, involving five or more items with identical from and to cities and class of service, may be combined and rejected when the total amount is $25.00 or more. All other differences of less than $5.00 which occur with regularity may be handled through correspondence.

EXCEPTION 1: Differences in any amount, involving only the Interline Service Charge discount may be included on a single rejection memo and rejected to the billing Airline, using Reason Code 1C, if the total rejected amount is $25.00 or more.

EXCEPTION 2: Differences in any amount, involving only the UATP Merchant Service Fee, may be included on a single rejection memo and rejected to the billing Airline, using Reason Code 1E, if the total rejected amount is $25.00 or more.

C.20.3 Time Limit for Rejection

Any rejection required as a result of post audit shall be billed in any Clearance Period up to and including the fourth month after the Clearance Month in which the last billing was made.

EXAMPLE: Documents billed in July may be rejected at any time, in any Clearance Period, up to and including the Clearance Month of November invoices. Rejections beyond this time limit must be resolved between the issuing and billing Airlines through correspondence.

C.20.4 Multiple Items on One Rejection Memo

Multiple items may not be included on one rejection memo regardless if the items being rejected were all billed on the same invoice; are being rejected for the same reason code and are being rejected for the same amounts. Each coupon, including those from the same ticket number, shall be rejected on independent Rejection memos.

C.20.5 Rejection Memo Specifications

C.20.5.1 All Rejection Memos must contain at least one Reason Code. The applicable Reason Codes for passenger transactions are shown in the Integrated Settlement Participation Guide.

If a Rejection Memo contains multiple rejection reason codes (e.g., prorate difference and/or ISC reclaim and/or tax difference), the rejected amounts for each component must be shown separately on the Rejection Memo.

C.20.5.2 Multiple differences (fare, tax, ISC and/or UATP) rejected, pertaining to one coupon, must be included on one Rejection Memo for the first time rejections (and second time rejections if applicable).

C.20.6 Rejection Support and Calculation

C.20.6.1 The billing history for the document is maintained in SIS. When raising a Rejection Memo, the airline shall indicate the total value of the latest charge from the other carrier, the total value they accept, and the amount being rejected.

EXAMPLE: Airline A included in their prime billing to airline B a coupon with the fare billing value of $1000.

1st Rejection
Airline B evaluates the coupon at $900, therefore, rejects $100.

The Rejection Memo displays:
Total Gross Amount Billed (Airline A's value): $1000
Total Gross Amount Accepted (Airline B's value): $900
Total Gross Amount Difference: $100

2nd Rejection
Airline A reviews airline B's 1st rejection and believes the fare should be reduced to $950, but not to $900 as airline B claims, therefore rejects $50.

The Rejection Memo displays:
Total Gross Amount Billed (Airline B's value): $900
Total Gross Amount Accepted (Airline A's value): $950
Total Gross Amount Difference: $50

3rd Rejection
Airline B reviews airline A's 2nd rejection and accepts the fare should be raised to $925, but not to $950, as airline A claims, therefore rejects $25.

The Rejection Memo displays:
Total Gross Amount Billed (Airline A's value): $950
Total Gross Amount Accepted (Airline B's value): $925
Total Gross Amount Difference: $25

NOTE: "We maintain our billing" or "We maintain our prorate" or any variations thereof are not considered valid reasons for any rejection stage, unless specific reasons, support and references are provided.

C.20.6.2 When the billed coupon does not have all the information necessary to determine the correct coupon value, the billed Airline must support their rejection with electronic copies of the necessary documents, i.e., conjunction ticket, auditor's coupon, original issuance, etc.

C.20.7 Rejection Identification

Rejections shall be identified as Source Code 04, 44, 74 or 91 as shown in C.7.5 with the applicable Reason Codes.

C.21 REJECTION OF DIFFERENCES – SPECIAL TYPES

C.21.1 Rejection of Tax Billings

Tax billings are not to be rejected except for the following reasons:

1. The related document was initially tax exempt.
2. Incorrect calculation of the interlineable taxes by the billing Airline.
3. The issuing Airline does not show a record of sale for the related document.
4. The related document was billed by an Airline different from the Airline initiating the tax billing.

C.21.2 Rejection of Lost Ticket Billings

C.21.2.1 The billed Airline must reject a lost ticket billing in any Clearance Period no later than four months after the Clearance Month in which:

1. The billed Airline was billed for the original document, or
2. The original document was refunded to the passenger, or
3. The billed Airline honored the original document for carriage or exchange, or
4. The billed Airline was billed on a lost ticket basis, whichever of the above is the latest.

C.21.2.2 When the issuing Airline refunded the ticket, the rejection shall be supported with the name and address of the passenger, if possible and/or the date and type of refund.

C.21.2.3 When the issuing Airline has been billed on the original document, the rejection shall be supported with the name of the billing Airline, Clearance Period, Month, and Invoice number.

C.21.2.4 When the issuing Airline honors the original document for exchange or passage, the rejection shall be supported with the flight and date of usage for the original document or the ticket number and disposition of the new ticket.

C.21.2.5 When rejecting lost ticket billings all documents attached to the billing must be scanned and electronically attached to the rejection unless the documents are already included in the Integrated Settlement audit trail.

C.21.3 Rejection of Electronic Ticket Billings

C.21.3.1 Electronic tickets billed without the Settlement Authorization Code as support for the billing, may be rejected to the billing Airline for the total value billed if/when duplicate usage of the coupon occurs. The rejection memo must be supported with the duplicate usage information. Usage information shall include:

1. Name of the billing Airline, Clearance Period, and Clearance Month for items that duplicated to another billing, or
2. The flight number and date of usage for items that duplicated to online usage

C.21.3.2 Electronic Tickets billed without the Settlement Authorization Code shall not be rejected due to a voided e-ticket sale.

C.21.4 Rejection of Interline Service Charge Billings

C.21.4.1 Blanket rejection of interline service charge invoices shall be permitted only under either of the following conditions:

1. When the interline service charge billings are invoiced beyond the time limitation as specified in Section C.16.3, or
2. When interline service charge billings do not include the invoice number on which the honoring Airline billed the items.

C.21.4.2 Rejection of individual transactions of an interline service charge reclaim may be accomplished by use of a Rejection Memo with Reason Code 1C that lists each item being rejected.

C.22 REBILLING REJECTED DOCUMENTS (SECOND AND THIRD REJECTIONS)

C.22.1 Changes in Billing Values

Both the honoring Airline A and the issuing Airline B are entitled to increase or decrease their previous evaluations during the second rejection or third rejection provided that the time limit applicable to that stage is met.

Correspondence values should not exceed the amount of rejection in the final rejection. If several items are lumped into one correspondence, the total amount should not exceed the aggregate of the total rejections. Furthermore, an increase in the disputed amount in correspondence will not be allowed in subsequent correspondence stages.

C.22.2 Limitations on Amounts for Second and Third Time Rejections

Second and Third time Rejections will be restricted to a $5.00 minimum amount which will apply to the gross fare and/or tax difference before any applicable Interline Service Charge or UATP Merchant Service Fee is deducted. All other differences of less than $5.00 which occur with regularity may be handled through correspondence.

C.22.3 Second and Third Time Rejection Time Limit

Second and Third Time Rejections must be billed in any Clearance Period not later than four months after the Clearance Month in which the last rejection was made, or the Airline forfeits its right to reject through the Clearing House. Any further negotiations of the disputed documents may be handled via correspondence between the two Airlines. For Example: Documents rejected in July must be rejected no later than Period 04 of the November Clearance.

NOTE: A 3rd Stage Rejection submitted outside of time limit will cause the entire invoice to fail validation in SIS. There is no possibility to extend time limits for 3rd Stage Rejections.

C.22.4 Second and Third Time Rejection Identification

Second time Rejections shall be billed as Source Code 05, 45, 75 or 92. Third (final) time Rejections shall be billed as Source Code 06, 46, 76 or 93.

EXCEPTION 1: Rejected documents originally billed to the wrong Airline are to be billed to the correct Airline as a Billing Memo using Source Code 09 and Reason Code 8F.

C.23 DISPUTES AND TIME LIMITS AFTER THIRD REJECTION

C.23.1 Responsibility and Time Limits for Initiating Correspondence

When the billing Airline receives a third rejection of a disputed document and a disagreement still exists, the billing Airline shall be responsible for originating correspondence to the issuing Airline in order to finalize the disputed transaction. Correspondence shall be submitted via IS-WEB not later than four months after the last day of the Clearance Month of the third rejection.

EXAMPLE: Third rejection appears in a Clearance Period of Airline "A" Clearance Month July to Airline "B". Airline "B" must initiate correspondence no later than November 30th.

C.23.2 Minimum Value Requirement for Initiating Correspondence

Correspondence may only be initiated if the value is $50.00 or more. The minimum value amount applies to the gross fare and/or tax of service, may be combined and entered into correspondence when the total amount is $50.00 or more.

C.23.3 Limitation on the Number of Correspondence Stages

Correspondence will be limited to two submissions to IS-WEB from the billing Airline and two responses from the billed Airline unless the amount in dispute exceeds $200.

C.23.4 Limitation on Clearing House Settlement

No further debit through ACH shall be raised by the billing Airline until the correct charge has been established and agreed to by the issuing Airline or until any letter written by the billing Airline to the issuing Airline concerning the disputed charge remains unanswered after a lapse of two months after the date of issue of the letter.

C.23.5 Time Limits and Allowances After Final Letter

Any further correspondence, either from the billing Airline or from the Airline billed, concerning the item under dispute must be raised no later than two months after the date of the latest IS-WEB submission of the preceding letter. Should the two months pass with no reply, the Airline which submitted the latest will be entitled to recharge the other party to the dispute and the latter will have no further recourse other than that shown under Section C.23.6. Such billing, for lack of response, may be billed not later than any Clearance Period of a Clearance Month up to and including four months after the IS-Web submission date of the last written correspondence.

EXAMPLE: Date of last written correspondence is July 1. Billing for lack of response may be billed no earlier than September 1 and no later than November Clearance Period 04.

C.23.5.1 Time Limits and Allowances After Dispute Settled:

If through correspondence, the Airlines agree on a settlement value for the transaction, and authorization to bill, via issuance of a Transportation Credit or Authority to Debit letter has been provided to the billing Airline, the billing Airline must bill in any Clearance Period of a Clearance Month not later than four months of issue date of the authorization, otherwise the agreed settlement value may not be billed or collected through ACH.

C.23.6 Disputes Not Resolved by Correspondence

If through correspondence, the Airlines are unable to agree on the proper settlement of a transaction, such transaction shall be referred to the Secretary of the Clearing House, who shall endeavor to resolve the difference. If the Secretary-Treasurer is unable to do so, the adversely affected Airline may refer the difference to the Committee on Differences.

C.24 REFUND ADJUSTMENTS

C.24.1 Claim Receiving Airline May Settle and Charge Other Airlines

An Airline which receives a claim for an adjustment based upon circumstances outlined below, may settle the claim with the passenger at its own risk and charge each other Airline involved its proportionate share of the adjustment as a Billing Memo using Reason Code 8C.

1. Family Plan Discount
2. Round or Circle Trip Discount
3. Children Fare Discount
4. Change in Class of Service (Not applicable to tickets issued due to involuntary rerouting if ticketed in a lower class of service than originally paid)
5. Retroactive Through Fare Adjustment
6. Excess Baggage Allowance
7. Retroactive Excursion Adjustment (provided the passenger has purchased a round-trip ticket with confirmed reservations which normally would have entitled him to the excursion fare).
8. Downgrade to an Unrestricted Government Fare - (GSA Notice of Overcharge)
9. Lost Tickets Replaced at a Higher Fare (provided no changes to the original itinerary and travel dates)

NOTE 1: The provisions of this Procedure will also apply to adjustments on tickets which were purchased to replace lost tickets.

NOTE 2: Where due to involuntary rerouting, passengers are provided transportation in a ticketed lower class of service than originally purchased, the carrying airline(s) if different from the original issuing airline, shall not be responsible for fare adjustment to the original issuing airline or the customer. In such instances, the airline issuing the involuntary reroute ticket shall be fully responsible for any refund to the customer.

C.24.2 Billing Information and Support Requirements

The billing Airline shall support the refund adjustment with the prorate calculation; refund calculation including complete flight itinerary on which the proration calculation is based and electronic copies of the relevant documents.

C.24.3 Airlines' Responsibility

Airlines which have honored coupons from a ticket where a valid refund adjustment, in accordance with Section C.24.1 above, has been requested by the passenger, shall be responsible for the payment of such adjustments unless payment has been made directly to the claimant.

C.24.4 Time Limit for Adjustment Billings

There is no time limit on such adjustments resulting from refunds to passengers. However, adjustment billings on billings over four months old shall be handled through correspondence. Upon receipt of the authorization to debit, the adjustment shall be billed as a Source Code 09, Billing Memo using Reason Code 8C.

C.24.5 Refund Responsibility when Value Supplied is Less than Document Accepted

When an Airline supplies a transportation service and/or exchanges documents with a lower value than that originally purchased by the customer, the honoring Airline must complete a refund application and make the refund adjustment directly to the passenger. When tickets are purchased by Credit Card or UATP card refund adjustment will be processed directly to the credit card company, or UATP Issuer as covered in Sections C.25, C.26 and C.27 respectively, below, subject only to the exceptions appearing in those Procedures.

C.24.6 Refund Adjustment Identification

Refund adjustment billings shall be identified as Reason Code 8C and billed as a Billing Memo under Source Code 09.

C.25 CREDIT CARD REFUNDS

On tickets purchased by credit card, the Airline receiving a refund application for exchanges, downgrades, or unused tickets will process the refund to the credit card company.

EXCEPTION 1: If the fare cannot be determined, refer the unused tickets, and a copy of the application (if necessary to explain the refund), to the original issuing Airline.

EXCEPTION 2: If the Airline receiving the application for refund does not have an agreement with the card company, refer the refund to original issuing Airline.

EXCEPTION 3: If the Airline receiving the application for refund of unused electronic tickets does not receive control from the original issuing airline, refer the refund to the original issuing airline.

C.26 UATP REFUNDS

On tickets purchased by UATP card, the Airline receiving a refund application for exchanges, downgrades or unused tickets will process the refund to the UATP Issuer (airline issuer of UATP card).

EXCEPTION 1: If the fare cannot be determined, refer the unused tickets and a copy of the application (if necessary to explain the refund) to the Merchant (original ticket issuing Airline).

EXCEPTION 2: If the Airline receiving the application for refund is neither the Issuer, the Merchant (original ticket issuing Airline), nor the Airline providing transportation or making the exchange, refer the unused tickets and a copy of the application (if necessary to explain the refund) to the UATP Issuer.

EXCEPTION 3: If the Airline receiving the application for refund of unused electronic tickets does not receive control from the Merchant (original ticket issuing Airline), refer the refund to the Merchant.

C.27 U.S. GOVERNMENT REFUNDS – TICKETS ISSUED AGAINST GOVERNMENT TRANSPORTATION REQUESTS (GTR'S)

C.27.1 Refund Claims Without SF 1170 (Redemption of Unused Tickets)

C.27.1.1 When an Airline: (1) supplies a transportation service and/or exchanges documents with a lower value than originally purchased by the Government; or (2) accepts an unused ticket for which the Airline has issued a receipt or a ticket refund application; such honoring Airline must make the refund directly to the U.S. Government.

C.27.1.2 Such refunds must be made no later than 60 days after the date of claim and shall be made to the GTR-issuing agency when such information is provided by the passenger, or to the General Services Administration (GSA) if GTR information is not available.

C.27.1.3 An SF 1170 should not be issued by the Government agency in these circumstances.

C.27.2 Refund Claims on SF 1170

The Airline receiving an SF 1170 will process the refund to the U.S. Government provided it is the GTR billing Airline.

EXCEPTION 1: If the Airline receiving an SF 1170 can determine that the refund situation is one covered by Section C.30.1.1 above, the SF 1170 shall be returned to the issuing agency with the advice that no SF 1170 should have been issued, and that the agency should contact the honoring Airline since it is his responsibility to make the refund.

EXCEPTION 2: If the Airline receiving an SF 1170 cannot determine that the refund situation is one covered by Section C.30.1.1 above and the Airline is not the GTR billing Airline, the SF 1170 and the unused ticket shall be returned to the issuing agency with advice that the request for refund should be made to the GTR billing Airline.

C.27.3 Minimum Credit Request on GTR Transactions

An issuing Airline will not request transportation credits from other Airlines for amounts under $10.00 per ticket on government transportation request transactions.

C.28 RECLAIMED INTERLINE SERVICE CHARGE ON PARTIAL REFUNDS

C.28.1 Procedure

When billing a partially refunded item, Interline Service Charge may be reclaimed to the issuing Airline provided the reclaim is for two dollars ($2.00) or more per item. The reclaim amount shall cover only the Interline Service Charge applicable to the voluntary refund value. The billing Airline shall deduct the full applicable Interline Service Charge from its original billing of the flight coupon.

C.28.2 Batching and Identification of the Interline Service Charge Reclaim

Reclaim of Interline Service Charge applicable to the voluntary refund value shall be billed by use of a Rejection Memo billed as Source Code 04 with Reason Code 1C.

C.29 TAX RECOVERY ON REFUNDS

C.29.1 Billing Support

When billing to recover tax on refund transactions where the coupon/document issued by the Airline which collected the tax is not in the possession of the refunding Airline at the time the tax is to be billed, an electronic copy of the form coupon/document shall be attached and linked to the billing.

C.29.2 Batching and Identification of Tax Recovery

Such items shall be billed by use of a Billing Memo billed as Source Code 09 with Reason Code 8K.

C.29.3 Examples

The following examples illustrate the two conditions when tax recovery is to be used:

EXAMPLE 1:

Ticket Issued by UA:	LGA AA ORD DL MEM
Reissued by AA:	ORD AA STL DL MEM

Subsequent to Reissue AA refunds ORD-STL, AA shall bill the refunded tax amount to UA as the original issuing Airline, providing the form and ticket number of original ticket issued by UA.

EXAMPLE 2:

UA ticket reissued against AA ticket:	LAX AA MKC UA STL UA DCA
Reissued by DL:	STL DL SDF DL BWI

If DL refunds STL-SDF, DL shall bill the refunded tax amount to AA as the original issuing Airline, providing the form and serial number of the original ticket issued by AA.

C.30 REFUNDS WITHOUT REFERRAL

When the Airline receiving the refund request can determine the refund value, it is recommended that the Airline refund directly to the passenger or to the UATP/credit card account unless:

1. The refund is restricted by an entry on the ticket, or
2. The ticket was purchased in a currency other than U.S. or Canadian dollars and the refund value is more than $100.00, or
3. Control for electronic tickets has not been received from the original issuing Airline.

SECTION D: SAMPLING

OVERVIEW

The sample billing method has been in use for more than 30 years, and today many airlines, both ACH and IATA use it as their basis for settlement. The Sampling Concept is based on a simple formula, which is described as follows:

Airline A (honoring airline) lifts 1,000 of Airline B's passenger flight Coupons (lifts and exchanges) and bills Airline B.

Step One: The honoring airline (Airline A) prices the 1,000 coupons.

Step Two: The honoring airline (Airline A) adds the fares of the 1,000 coupons (Universe) and bills Airline B for the sum of the plus/fares minus an agreed depressant (provisional discount) to allow for prorates, taxes, Interline Service Charge and UATP Merchant Service Fee.

Step Three: The billed airline (Airline B) receives the invoice and extracts an agreed percentage of the coupons (all coupons ending with the selected digit(s)). The billed airline has four months after the Clearance Month to evaluate the sample coupons for actual fare and determine if the taxes, Interline Service Charge and UATP Merchant Service Fee are applicable.

Step Four: The sum of the fares in the Universe is divided by the sum of the fares in the Sample. The result (a constant) is multiplied by the actual fares in the Sample. The Sample total is compared to the total originally billed (step two) and the difference, debit or credit, is settled between the two airlines through the Clearing House.

Step Five: The honoring airline (Airline A) has four months after the Clearance Month to audit the billed airline's evaluation. Adjustment for differences are rejected and settled through the Clearing House.

Step Six: The billed airline (Airline B) has four months after the Clearance Month to re-evaluate the rejected tickets. The differences are rejected and settled through the Clearing House.

PARTICIPANTS IN SAMPLE ACCOUNTING PROCEDURES

BILLING AIRLINE	AIRLINE ACCEPTING BILLING	
	AC-014	UA-016
AC-014	--	A
OO-302	N	A
UA-016	A	--

A ACH Sampling Agreement
N No Sampling Agreement

D.1 CONCEPT

The Procedures in the ACH Manual shall apply unless otherwise indicated in these Procedures. The effective date of the revisions to Section D of the Manual, unless otherwise expressly stated, shall be the third original Clearance Month following the ACH Revenue Accounting Committee Meeting at which the revisions were adopted.

EXAMPLE: Meeting held in April -- Effective date would be July 1.

NOTE: Revisions to these Procedures will be published along with the revisions to Section C as a result of the next RAC meeting.

Revisions to procedures specific to Sampling shall be submitted as agenda items for the ACH Revenue Accounting Committee Meeting. Agenda items specific to Sampling Section D of the ACH Manual of Procedure may only be voted upon by eligible ACH Sampling Carriers, as outlined in ACH Manual Section D.1.1.4.

D.1.1 Changes to Procedures

Changes in these Procedures may be accomplished by one of the following methods:

D.1.1.1 Agenda items that have been submitted by the due date, may be acted upon at the Revenue Accounting Committee Meeting if a quorum is present. A quorum will be deemed to exist when a simple majority of eligible ACH Sampling members are present.

D.1.1.2 Items properly submitted that were included in the Meeting Agenda and considered at the Revenue Accounting Committee Meeting will be considered approved if endorsed by a majority of those Airlines eligible to vote for changes to Sampling Procedures.

D.1.1.3 Walk-in agenda items at the Revenue Accounting Committee Meeting related to Sampling Procedures may be considered provided a quorum of ACH Sampling Members are present. The actions taken at the meeting shall be final unless an objection by any ACH Sampling Member (whether represented at the Revenue Accounting Committee Meeting or not) is received by the Secretary-Treasurer of ACH within 15 days following the date of the meeting report. Items subject to such objection will be identified in the meeting report. If opposed by a majority of those Airlines eligible to vote, the matter will be considered disapproved and placed on the agenda for the next Revenue Accounting Committee Meeting.

D.1.1.4 To be eligible to vote for changes in Sampling Procedures, an airline must have agreements with one or more other airlines participating in ACH Sampling.

D.1.1.5 Changes in these Procedures may also be accomplished by mail vote. In such case, a subject may be submitted by an ACH Sampling Member to the ACH Secretary-Treasurer for circulation of a mail vote. Any such item shall be sent by the ACH Secretary-Treasurer, by either certified mail or electronic mail, to each ACH Sampling Member eligible to vote. If any Member fails to forward his vote postmarked or electronically dated, as applicable, within fifteen (15) days after the postmarked date or electronic date of such mail vote, he shall be deemed to have abstained from voting. The total number of votes received by the ACH Secretary-Treasurer must constitute the equivalent of a quorum for the item to be acted upon. Any such mail vote action shall be considered approved unless negative votes are received from a majority of those Airlines eligible to vote. If disapproved, the subject will be placed on the agenda of the next ACH Revenue Accounting Committee meeting.

D.2 COMPOSITION OF THE UNIVERSE

The Universe will consist of Source-Types 01-0 (Lifts) and 02-0 (Exchanges), including FREE tickets. (If bilaterally agreed, free award tickets may be processed as Source Code 90 and included in the universe.) Coupons may be provisionally billed in Clearance Periods 01 through 04 of the Clearance Month, provided time limits are adhered to. Whether coupons have been billed in any or all of the Clearance Periods, all coupons provisionally billed in a Clearance Month shall comprise the Universe.

D.3 INCLUSIONS AND EXCLUSIONS

All flight coupons from the appropriate source codes will be included in the universe with the exception of the following exclusions which will be settled using non-sample invoices, as applicable:

1. Miscellaneous Charge Orders
2. Special Service Charge Coupons
3. Billable items other than passenger flight coupons
4. Void or Surface coupons
5. FREE or award tickets billed with a value, except those applicable to Section C.10.9.
6. Electronic Miscellaneous Documents
7. Tickets issued for Excess Baggage Charges or Fees

The billed airline has the option to reject any non-sample item billed that should have been included within the universe and to request the billing airline to rebill these items within their next sample invoice.

Every effort should be made to include in the ACH Sampling billing, Clearance Periods 01 through 04 for a Clearance Month, all coupons lifted by the honoring airlines in the calendar month. However, if coupons are not billed currently, they can be billed as ACH Provisional coupons in any Clearance Period of the Clearance Month no later than four months from usage or exchange. Usage month is counted as the first month. For example: Documents honored in January must be billed no later than Clearance Period 04 of the April Clearance Month.

D.4 PRICING OF UNIVERSE

D.4.1 Applicable Fare to Bill

1. The actual (prorate) value in the currency of listing, or
2. The actual (prorate) value derived from Sales Data.

NOTE 1: Where Sales Data is used, one of the following methods shall be used to price coupons for which such data is missing.

1. Actual (prorate) value, or
2. Average coupon values calculated using historical actual values by sector and class of service flown.

NOTE 2: All fare billings will be in USD.

D.4.2 Taxes Fees and Charges

D.4.2.1 Applicable interlineable taxes/fees/charges, in accordance with IATA Resolution 785, may be billed. When billed, they must be billed simultaneously, with the prorate value on the coupon data record and provide a coupon tax breakdown record populated with individual tax codes and amounts.

D.4.2.1.1 **EXCEPTION**: When the tax code H3 has been used to collect the Government Health Insurance Charge in Cuba, it shall be considered interlineable, at the amount collected.

D.4.2.2 In the case of interlineable taxes/fees/charges applicable to involuntary reroute tickets, refer to Procedure C.18.1 Notes 4 or 5 as applicable.

D.5 INVOICE PREPARATION

D.5.1 Form A and Form B

D.5.1.1 Provisional Invoices must be prepared and submitted to Integrated Settlement in accordance with the required Record Structure for Form A (formerly referred to as the Provisional Coupon Listing) and Form B as documented in the PAX IS-IDEC or PAX XML Record Structures.

D.5.1.2 Each Invoice Header Record must have the Billing Code populated with a “3”.

D.5.1.3 Each Coupon Data Record in the Form A shall have the Original Pricing Method Indicator Populated (PMI) and Supplied Agreement Indicator data fields populated with one of the following combinations listed in each row below:

Original PMI	Original PMI Definition	Agreement Indicator	Agreement Indicator Information
B	Actual Prorate Value	S	Indicates Sampling
C	Sales Data	S	Indicates Sampling
D	Average Coupon Value	S	Indicates Sampling
N	Used When Coupon Gross Value/Applicable Fare is populated with value from Neutral Fare Prorate Engine	I	When billed in accordance with First & Final Attachment "I" Agreement
N	Used When Coupon Gross Value/Applicable Fare is populated with value from Neutral Fare Prorate Engine	J	When billed in accordance with First & Final Attachment "J" Agreement
N	Used When Coupon Gross Value/Applicable Fare is populated with value from Neutral Fare Prorate Engine	K	When billed using NFP to a Non-First & Final Participant
O	Used When Coupon Gross Value/Applicable Fare is populated with a “switched” value	V	When the value has been created by the ticket issuing airline and is not subject to value confirmation by Revenue Accounting Settlement Services
O	Used When Coupon Gross Value/Applicable Fare is populated with a "switched" value	W	When the value is has been created by the ticket issuing airline and is subject to value confirmation by Revenue Accounting Settlement Services
O	Used When Coupon Gross Value/Applicable Fare is populated with a "stored" value	T	When the value has been created by the ticket issuing airline in advance and was stored in Revenue Accounting Settlement Services

D.6 PROVISIONAL ADJUSTMENT (ABSORPTION RATIO)

D.6.1 Provisional Adjustment General Rules

D.6.1.1 The provisional adjustment for each airline is bilaterally agreed and shall include provisions to increase or decrease provisional invoice values billed for prorate, Interline Service Charge, Other Commission, UATP, Handling Fee, Tax and VAT.

The provisional adjustments may be calculated as a percentage, plus/minus, of the total prorate value of the Form A Invoice for each of the above-mentioned billing elements or the adjustment may be calculated as an amount, plus/minus, for each of the billing elements. Regardless of the method chosen, it shall be mandatory to provide absorption ratios or amounts for each billing element (Prorate, Interline Service Charge, Other Commission, UATP, Handling Fee, Tax and VAT), however only one type of absorption method may be applied to the provisional billing for each billed airline (ratios or amounts). If any billing element’s absorption value is zero, it must also be populated as zero.

The same provisional adjustments shall be applied to all Clearance Periods within a Clearance Month.

Provisional adjustments are to be renegotiated after completion of the first two sample evaluations. Thereafter, they must be renegotiated after the completion of each sample evaluation using the most current three months' data for Prorate, Interline Service Charge, Other Commission, UATP, Handling Fee, Tax, and VAT.

Upon completion of each sample evaluation, the issuing airline shall develop the most current absorption ratios and will notify the billing airline of the new calculated absorptions via email no later than the 23rd calendar day of the following month (See Example). Upon receipt of the provisional adjustment proposal, the billing airline shall implement the change effective with the next provisional month, and will immediately notify the issuing airline via email, of the effective date of the change. The notification shall also include a reconfirmation of the provisional adjustment amounts to be implemented.

If either the issuing airline fails to initiate the email or the billing airline fails to acknowledge the issuing airline's email, a follow up email shall be sent to non-complying airline by no later than the 25th calendar day. (If this day falls on a Saturday, Sunday or legal holiday, notices will be sent on the next working day.)

EXAMPLE: Evaluation completed for inclusion in any Clearance Period of the January Clearance Month, email would be sent by February 23rd.

D.6.1.2 The absorption ratio shall be calculated to the nearest first decimal point, i.e., 14.44 as 14.4; 14.45 as 14.5; 14.46 as 14.5.

NOTE: The Billing airline has the option to calculate to the nearest second decimal point.

D.7 PROVISIONAL AUDIT

D.7.1 Provisional Audit-General

D.7.1.1 Items found to be unacceptable billings detected in the provisional audit must be listed on the Universe Adjustment Form C with a valid reason code, as detailed below, and submitted to Integrated Settlement in the Universe Adjustment Form C Record Structure. Alternatively, the Form C may be submitted via the IS-WEB. The Universe Adjustment Form C must be submitted to and validated by Integrated Settlement prior to the announcement of the Sample Digit for the Provisional Invoice Month.

The Universe Adjustment Form C must be submitted with a unique Invoice Number, however the Invoice Header Record must show a Settlement Method of “N” to indicate that the Form C Invoice should not be settled.

In case a Universe Adjustment Form C is not submitted by the deadline, Integrated Settlement will generate a NIL Form C record and provide it to the billing airline. There will be no recourse to provide Form C data to IS after the sample digit is announced. No further adjustments to the universe shall be permitted by either airline after the Sample Digit is announced.

Rejection reason codes and reason description for Universe Adjustment Items are:

Reason Code	Reason Description	Coupon Breakdown Mandatory
3B	Over/Under billed	Yes
3C	Billable item other than flight coupon	Yes
3D	No value coupon	Yes
3H	Unmatched sale	Yes
3I	Duplicate usage	Yes
3J	Endorsement required	Yes
3K	Billing outside time limits	Yes
3L	Void coupon billing	Yes
3M	Surface sector billing	Yes
3Z	Others	Yes

NOTE 1: Electronic Tickets billed without the Interline Settlement Authorization Code as support for the billing may be included on the UAF if duplicate usage has occurred.

NOTE 2: Electronic Tickets billed without the Settlement Authorization Code shall not be included on the UAF on the basis of a voided e-ticket sale.

NOTE 3: Duplicate usage items included on the UAF must provide details of the coupon usage supported with the Settlement Authorization Code or other established usage.

NOTE 4: FREE or award tickets billed with a value, except those applicable to Section C.10.9 may be included on the UAF.

NOTE 5: Billed paper tickets that do not match a sale should be included on the UAF, but are subject to rebilling in accordance with Section D.7.1.3.

NOTE 6: Other airline coupons may be included on the UAF.

D.7.1.2 Errors in the application of applicable actual prorate values of $200.00 USD or less shall be ignored unless they are repetitive.

D.7.1.3 Items listed on a UAF Form C, if rebilled, shall be rebilled in non-sample as Source Code 27 (UAF Rebills). Such rebilling as Source Code 27 must occur no later than four months after the IS deadline for the submission of the UAF Form C for the provisional billing month.

EXAMPLE: Documents listed on a UAF Form C, related to the January Provisional Invoice Month, would have been included on the UAF Form C and submitted to the billing airline by April 24. Those documents must be rebilled no later than Period 04 of the August Clearance.

Currency conversion will be based on the Clearance Month of the new non-sample invoice.

Those items listed on the UAF which are to be billed to a third airline will be processed as original billings under the appropriate source code in a subsequent billing to the correct airline.

D.7.1.4 A “NIL” UAF may be submitted to Integrated Settlement if appropriate. In case a Universe Adjustment Form C is not submitted by the issuing airline Integrated Settlement will generate a “NIL” Universe Adjustment Form C and no further adjustment by either carrier will be permitted.

D.8 SAMPLE DIGIT

D.8.1 Sample Digit-General

D.8.1.1 The Procedures within this paragraph, D.8 – Sample Digit(s), are applicable to the coupons provisionally billed in all four Clearance Periods of the applicable Clearance Month.

The Sample Digit(s) is relayed to participating ACH sample airlines from the Secretary-Treasurer of Airlines Clearing House, Inc. The sample digit is selected the 25th day of the third month after the Clearance Month.

EXAMPLE: The Sample Digits for January invoices are 3 7 1 and notification is sent to sample participants on April 25 in the following format:

Sample Digits applicable to January Provisional Invoices, as announced by IATA are:

4 2 4 9 8 2 2 3 7 1

Sample Digits applicable to January ACH Sample Provisional Invoices are:

ACH Sample Size	ACH Sample Digits
20%	1,2
15%	1, 72, 82, 92, 02, 12
10%	1
5%	71, 81, 91, 01, 11
4%	71, 81, 91, 01
3%	71, 81, 91
2%	71, 81
1%	71
0.8%	371, 471, 571, 671, 771, 871, 971, 071
0.5%	371, 471, 571, 671, 771
0.3%	371, 471, 571

D.8.2 Minimum Sample Size

D.8.2.1 By use of the sample digit(s) a minimum of 50 coupons to be evaluated must be achieved for all Clearance Periods within a Clearance Month. Thereby any item listed on the Universe Adjustment Form is to be ignored. If this minimum number of coupons is not met, then the percentage sample shall be extended as follows:

1. For a 10% sample all those coupons whose two final digits are next higher to that selected and so on.
2. For a sample of less than 10%, those coupons listed on the Provisional Invoice immediately below the coupons already selected for sampling.
3. All coupons that fall into the last digit requested to meet 50 coupons minimum shall be included in the sample.

EXAMPLE: Sample Digits - 71

Coupons Ending in Digit(s)	10% Sample # of Coupons	Coupons Ending in Digit(s)	5% Sample # of Coupons
1	40	71-11	25
72	4	21-61	15
Sub Total	44	Sub Total	40
82	3	72	4
Sub Total	47	Sub Total	44
92	5	82	3
Sub Total	52	Sub Total	47
		92	5
Total Sample Size	52	Total Sample Size	52

A 10% sample would consist of 52 coupons ending in 1, 72, 82, 92 and a 5% sample would consist of 52 coupons ending in 71-11, 21-61, 72, 82, 92.

NOTE 1: In case of a fixed sample size agreement the agreed size of a sample should not be less than 50 coupons.

D.8.2.2 If the universe is 75 coupons or less, the complete universe is evaluated.

D.8.2.3 If the digit relayed from the Secretary-Treasurer of Airlines Clearing House, Inc., is 9, the next higher digit shall be taken as 0.

D.9 PRINCIPLES OF SAMPLE EVALUATION

D.9.1 Sample Form D

D.9.1.1 The quality of the sample evaluation by the issuing airline is the determining factor in the advantages to be gained from this method of sampling. The sample evaluation should not be confused with a high-speed pricing process, as the issuing airline has all the information at hand to precisely assign coupon values.

D.9.1.2 After the sample digit is known, the issuing airline has one month to complete the evaluation and adjust with the provisional billing airline through the Clearing House, e.g., the evaluation of January invoices must be completed no later than the May Clearance Month.

D.9.1.3 A single sample evaluation shall be completed based on the sample of provisional coupons billed in all Clearance Periods of the applicable Clearance Month.

D.9.1.4 The issuing airline will evaluate the sample coupons determined by the announcement of the sample digit excluding those coupons listed on the Universe Adjustment Form C. The Sample Evaluation Form D of the sample coupons shall be provided to Integrated Settlement in the applicable Record Structure format for Form D. Alternatively, the Sample Evaluation Form D information may be entered into IS-WEB.

D.9.1.5 The Sample Form D Record Structure includes indicators to describe the calculation of the sample evaluation values. While some of the fields are optional, most are conditional and carried forward to the Sample Evaluation Form D from the Provisional Invoice.

Examples of the indicators include the prorate methodology, agreement indicator supplied and validated, and pricing method indicator supplied and validated. These indicators are used by airlines using the Industry Revenue Accounting Settlement Services Neutral Fare Proration Service or airlines agreeing to exchange values on a bilaterally agreed basis.

D.9.1.6 The issuing airline will evaluate the sample coupons taking into consideration any currency adjustments, currency surcharges and any other factors that must be considered in arriving at a correct actual coupon value.

D.9.1.7 Sample coupons for which no sale record is available shall be evaluated for the provisional values billed plus/minus the provisional absorptions applicable to each billing value (e.g., fare, Interline Service Charge, Other Commission, UATP, Handling Fee, Tax, VAT),

D.9.1.7.1 The billing airline reserves the right to reject for the actual prorate value provided the rejection billing is supported with an attached electronic copy of the billed coupon.

D.9.1.7.2 Other airline tickets later discovered in the Sample Evaluation should be settled in accordance with Section D.9.1.7 above and are not subject to further adjustment.

D.9.1.8 Surface/Void/Arunk and free coupons not included with the Universe Adjustment Form will be evaluated at zero.

D.9.1.9 Duplicate billings within the sample not included with the UAF will be evaluated at their exact coupon value. Duplicate billings within the sample which have been evaluated may be rejected outside sample at their exact individual coupon value excluding application of the sample constant provided the rejection is included within any Clearance Period up to and including four months after the original Clearance Month. The rejection billing should be supported with information of the duplicate billing, provide reference to the sample evaluation, and any other information such as facsimile of audit coupon as needed.

D.9.1.10 Coupons within the provisional invoice that have been missorted/miskeyed to the wrong digit would be subject to inclusion on the Universe Adjustment Form if detected by the billed Airline.

NOTE: Requests for ticket information made via e-mail should be directed to other airlines' "general purpose" e-mail address, when available.

D.9.1.11 In cases of more difficult fare or prorate calculations it is recommended that supporting attachments and/or further information be provided.

D.9.1.12 When the billed coupon/facsimile or image does not have all the information necessary to determine the correct coupon value, the billed airline must support their evaluation with copies of the necessary documents. For tickets which are CRS (Computer Reservation System) generated and have a TCN (Transaction Control Number) record, the billed airline may support the evaluation with a facsimile of the auditor's coupon produced from the TCN record.

D.9.1.13 The billed airline must render a sample evaluation to the billing airline no later than four months after the original Clearance Month. If no sample evaluation is received within four months, the billing airline may compute the Adjustment Form to the Provisional Invoice (Form E) using the provisional values billed as the actual values and bill the difference through the Clearing House. Further adjustments to this evaluation must be handled via correspondence.

NOTE: This Procedure would only be implemented in those instances where no information had been received from the billed airline regarding a delayed evaluation.

D.10 PRICING OF SAMPLE

Pricing the actual fares for tickets included in the sample will be done in accordance with the rules in the ACH Manual unless otherwise indicated in these Procedures. The following exceptions will be applied by the ACH Sampling participants in all billings to others with whom they participate, i.e., to exclusion items and to items billed under 100% pricing Procedures by one-way participants.

D.10.1 Revenue Accounting Settlement Services First & Final Settlement

The Validated Agreement Indicator code and Validated Pricing Method Indicator code shall determine which values on the provisional invoice must be used for the sample evaluation and are not subject to further check and may not be rejected.

IATA RAM, Chapter B14, Attachment B, provides more information on the Validated Pricing Method Indicator codes corresponding to values that are rejection free

D.10.2 Interline Service Charge

Interline Service Charge rates will apply as stipulated for ISC in Section C.16.

D.10.3 UATP Merchant Service Fee

UATP Merchant Service Fee shall apply as stipulated in ACH Manual, Section C.17.

D.10.4 Tax

Interlineable taxes/fees/charges shall be applied in accordance with IATA Resolution 785. A tax/fee/charge is interlineable when reflected as such in the IATA Revenue Accounting Tax Database.

In the case of interlineable taxes/fees/charges applicable to involuntary reroute tickets, refer to Procedure C.18.1 Notes 4 or 5 as applicable.

EXCEPTION: When the tax code H3 has been used to collect the Government Health Insurance Charge in Cuba, it shall be considered interlineable, at the amount collected.

NOTE: For open sectors, the date of ticket issuance shall be used as the ticketed travel date.

D.11 SAMPLE FORM E

D.11.1 Invoice Prepared by Issuing Airline

The issuing airline shall submit the Sample Form E Invoice Record to Integrated Settlement in the applicable record format. Alternatively, the issuing airline may enter the required information into the IS-WEB.

The totals from the Form D are transferred to the Sample Form E Invoice Record.

The totals from the Universe Adjustment Form C are used to adjust the Universe fares. Total sample digit fares must also be adjusted for any sample items listed on the Universe Adjustment Form C.

D.11.2 Sampling Provisional Invoice Record

D.11.2.1 The issuing airline must also submit Form B Provisional Invoice values for each Provisional Invoice within the Clearance Month to Integrated Settlement in the applicable record structure. The sum of these values will be compared to the corresponding values calculated on the Sample Form E and the difference will be calculated to produce a net debit/credit due to the billing airline.

D.11.2.2 Should the sample evaluating airline discover an error in the evaluation of a single coupon, the error shall be subject to correction via correspondence providing the error value times the constant exceeds $500.00 net. Such corrections shall be entered into correspondence no later than four months after the clearance month of the Form E. Upon reaching agreement between the parties, a billing memo will be submitted to Integrated Settlement for the adjustment together with supporting reference.

D.12 AUDIT OF THE SAMPLE FORM E BY BILLING AIRLINE

D.12.1 Sample Form F Rejections

Any errors in the sample evaluation detected by the billing airline shall be adjusted as follows:

D.12.1.1 All rejections must be supported with the facsimile or image of the item rejected. Rejection memos with proper reason code and sampling constant must be submitted to Integrated Settlement. Alternatively, the issuing airline may enter the required information into the IS-WEB. Source code 55 has been assigned for these rejections.

D.12.1.2 Differences of less than $1.00, before application of the constant, will be ignored unless they are repetitive.

D.12.1.3 In case the Sample Form D contains incorrect sample digit coupons causing an incorrect sampling constant, the rejection memo should be supported with revised Sample Form E calculation.

D.12.1.4 The audit of the sample evaluation by the billing airline must be completed and rejections included in any Clearance Period not later than four months after the Clearance Month in which the sample evaluation was invoiced by the issuing airline.

EXAMPLE: The audit and rejections of a Sample Evaluation Form E invoiced in the Clearance Month of January shall be invoiced as a Sample Form F no later than Clearance Period 04 of May.

D.13 AUDIT OF SAMPLE FORM F BY ISSUING AIRLINE

D.13.1 Sample Form XF Rejections

D.13.1.1 The issuing airline must submit sample rejection memos with proper reason code and sample constant to Integrated Settlement. These rejections are submitted using source code 56 and any subsequent disagreement on values must be settled via correspondence through IS-WEB.

The audit of the sample rejections, resulting from the sample reevaluation audit by the billing airline, must be completed and adjustments included no later than four months after the Clearance Month in which the sample evaluation rejections were invoiced by the issuing airline.

NOTE: A sample coupon that has not yet been finalized may be adjusted upward or downward by either the billing or issuing airline to correct the evaluation of a coupon (or coupons when related travel is involved).

D.14 SUBSEQUENT ADJUSTMENTS (BILLING OR ISSUING AIRLINE)

D.14.1 Further Adjustments

D.14.1.1 Any further adjustments to the sample evaluation must be handled via correspondence and initiated in any Clearance Period not later than four months after the Clearance Month in which the Sample Form XF Rejections were invoiced by the issuing airline. Correspondence will only be initiated if the adjustment value is $50.00 or more. Correspondence must be initiated through the IS-Web.

NOTE: The amount requested at the correspondence stage shall not exceed the amount rejected at the Form XF (SC56) stage.

D.14.1.2 Unless it is specially allowed in this Chapter for a particular scenario, or bilaterally agreed between the parties, Billing Memo cannot be used to reject or rebill a disputed billing. Where an airline uses a Billing Memo instead of a Rejection Memo, or to carry on the rejection cycle without prior written approval from the billed party, the billed airline can reject that Billing Memo without further recourse.

D.14.2 Rejection in Case of Duplicate Usage

D.14.2.1 Electronic tickets billed without the Settlement Authorization Code as support for the billing, may be rejected to the billing Airline for the actual prorate value if/when duplicate usage of the coupon occurs. The rejection memo must be supported with an Airline generated auditor's coupon facsimile and shall indicate the duplicate usage information. Usage information shall include:

1. name of the billing Airline, Clearance Period, and Clearance Month for items that duplicated to another billing or;
2. the flight number and date of usage for items that duplicated to online usage or;

3. copy or facsimile of the new ticket in case of an exchange or;
4. information regarding refund of the document(s) and;
5. Settlement Authorization Code.

D.14.2.2 Rejection shall be made no later than four months after the month of duplicate usage:

1. in which the ticketing airline was billed for the document or;
2. in which the document was refunded or;
3. in which the ticketing airline honored the document for carriage or exchange.

D.15 REFUND ADJUSTMENTS BETWEEN AIRLINES

D.15.1 Amount to Bill

D.15.1.1 Coupons billed in ACH Sample universe will be considered as billed at coupon value in the event of any subsequent refund adjustment between airlines. Such adjustments will be made outside the sampling settlement and in accordance with Section C.24 or by correspondence, if warranted.

EXAMPLE: Service Performed Y
Ticket Coded F
Fare Collected F

Adjustment may be requested for F-Y difference based upon actual coupon value for each class of service on a one-on-one coupon basis.

EXAMPLE: Service Performed Y
Ticket Coded F or no code
Fare Collected Y

No adjustment will be requested since the actual fare would have been based on “Fare collected” “Y” if the document fell into the Sample Evaluation.

D.16 UNACCEPTABLE ITEMS NOT INCLUDED IN THE UAF

D.16.1 Other Airline Tickets

D.16.1.1 Other airline tickets billed in the ACH Sample Universe that were not rejected in the UAF and did not fall in the sample, should be billed to the issuing airline. These items may be billed to the issuing airline with a billing memo using reason code 8F. Such billings must be made by the 4th period of the fourth month after the original billing month.

EXAMPLE: Originally billed to incorrect airline in January; the billed airline must invoice the correct airline by May period 04

D.17 SUMMARY OF TIME LIMITS

D.17.1 General

All original provisional invoices shall be raised no later than four months from the month of usage of the original document to qualify for settlement through the Clearing House. Usage month is counted as the first month. For example, coupons lifted in January must be billed no later than the April Clearance Month. Coupons used in the following month may not be included in any Clearance Period of the previous Clearance Month. For example, coupons lifted in January may not be included in Clearance Period 04 of the previous December Clearance Month.

Provisional Billings	Airline A bills Airline B in Clearance Periods 01, 02, 03 and/or 04 of the January Clearance Month.
Provisional Audit	Airline B must complete the provisional audit for all Clearance Periods 01 through 04 and return the Universe Adjustment Form (Form C) to Airline A, via SIS, no later than April 24th.

Sample Evaluation	The Sample Digit for January Provisional Invoice(s) will be announced April 25. Airline B must complete the Sample Evaluation using Forms D and E and invoice the adjustments in the next Clearance Month (May Clearance).
Audit of Sample Evaluation	Airline A has four months after the Sample Evaluation Clearance Month to audit Airline B's evaluation and process a Sample Rejection Form F invoice. The Sample Rejection Form F must be included no later than Period 04 of the September Clearance Month.
Audit of Sample Reevaluation	Airline B has four months after the Sample Rejection Form F Clearance Month to audit Airline A's sample reevaluation and process a Sample Rejection Form XF invoice. The Sample Rejection Form XF must be included no later than Period 04 of the January Clearance Month.
Initiation of Correspondence	Airline A has four months after the Clearance Month of the Sample Rejection Form XF, regardless of the Clearance Period billed, to initiate correspondence through IS-WEB on any further adjustments no later than the conclusion of Period 04 of May.
Replies to Correspondence	Replies to initial correspondence and subsequent correspondence must be initiated through IS-WEB no later than two months after the preceding correspondence. A failure to respond to the preceding correspondence within two months shall end the correspondence lifecycle.
	In case the party requesting authority to debit has not received a reply within two months of the preceding correspondence it shall be entitled to debit the other party for the amount in dispute.

D.18 PARTICIPATION

In order to participate, a letter of intent should be directed to the airlines involved. A minimum of nine months participation in sampling is required before an airline may withdraw.

D.19 CANCELLATION

In order to protect participating airlines, a three month cancellation notice must be given if the airline wishes to cancel its participation subsequent to the completion of the nine month participation period specified in Section D.19. The cancellation of the sampling agreement will be effective with billings for the fourth Clearance Month following the cancellation notice.

D.20 BILATERAL AGREEMENTS

It is recommended that the above Procedures be followed by all participants, however, airlines are free to bilaterally agree to change or modify as desired.

D.21 SAMPLE SIZE

The sample size and provisional adjustment shall be mutually agreed to by the participating airlines.

SECTION E: AIR FREIGHT

E.1 GENERAL BILLING AND SETTLEMENT PRINCIPLES

The basis of settling interline cargo revenue as described herein, is fundamentally, a Procedure which requires the honoring Airline to bill all documents to the issuing Airline. Integrated Settlement is a paperless process. No paper documents are sent to the billed airline.

E.1.1 Currency of Billings

E.1.1.1 General Rule - U.S. Dollars

Except for transportation between the U.S. and Canada or within Canada, invoice listings and settlements for transactions billed by or billed to ACH Airlines will be in U.S. Dollars.

E.1.1.2 Canadian Currency Billing Rules

For Transportation between the U.S. (including U.S. Territories) and Canada or within Canada, invoice listings and settlements will be in U.S. or Canadian Currency as indicated below.

E.1.1.2.1 Interline shipments moving on prepaid or collect Air Waybills may be billed in Canadian currency for that portion of the routing, if any, which is quoted in Canadian currency or else bill in U.S. currency.

E.1.1.2.2 Interline shipments moving on prepaid or collect Air Waybills shall be billed in US currency for that portion of the routing, if any, which is quoted in U.S. currency.

E.1.1.2.3 Invoices – Items bills in Canadian currency shall be billed separately from items billed in U.S. currency.

E.1.1.2.4 Audits and Chargebacks – Rejections shall be rebilled in the same currency in which they were billed originally.

E.1.1.3 Currency Conversion - General Rule

Interline settlement of Air Waybills which have been issued in currencies other than U. S. dollars shall be handled in accordance with IATA Revenue Accounting Manual, Chapter A12.

E.1.2 Responsibilities of Airlines (Domestic and International Shipments)

E.1.2.1 For Collection of Original Charges

E.1.2.1.1 The issuing Airline shall be responsible for the correct calculation of charges on both prepaid and collect Air Waybill.

E.1.2.1.2 The collecting Airline shall be responsible for the collection of charges shown in the summary section of the Air Waybill.

E.1.2.1.3 If the Airline which delivers a collect shipment discovers (or has been informed that the consignee has been undercharged, it shall endeavor to collect the amount of the undercharge. If the consignee refuses to pay, the Airline which delivers the collect shipment shall bill the issuing Airline through the ACH, if the total shortage is more than $10.00.

E.1.2.2 For Collection of Charges Incurred Enroute

E.1.2.2.1 Charges incurred enroute which do not appear on the Air Waybill and where the shipper has not indicated on the Air Waybill that such charges are payable by himself, will be entered by the transferring Airline at the transfer point on all available copies of the Air Waybill in the "Chargeable to Consignee" column for collection by the delivering carrier from the consignee.

E.1.2.2.2 The charges will be billed forward on the cumulative method and where a forward bill is already being processed for any freight or incidental charges already shown as chargeable to consignee on the Air Waybill, they may be included.

E.1.2.3 For Errors

E.1.2.3.1 The issuing Airline shall be responsible for any loss occasioned by showing charges prepaid instead of collect, and for the omission of any pick-up charges, delivery charges, advance charges, or COD's which the collecting Airline is unable to collect. Unless the two-letter code "XX" is shown in the delivery box indicating "Do Not Deliver," the issuing Airline shall be responsible for the delivery charges on a prepaid shipment.

E.1.2.3.2 The billing Airline may bill on the basis of general rates if the originating Airline neglects to indicate on the Air Waybill the specific commodity classification shown in the Official Airfreight Tariff, and shall be entitled to collect, unless the collecting Airline can support the customer's contention that specific classifications apply.

E.1.2.3.3 When a specific commodity rate has been applied on an outbound collect Air Waybill by the issuing Airline, and the description of the commodity is not such as to identify it as a specific commodity as shown in the respective Tariff, and a specific commodity classification is not shown, the issuing Airline shall bill the collecting Airline on the basis of the rate applied by the issuing Airline's agent.

E.1.2.4 For Conflicts on Air Waybills

E.1.2.4.1 Domestic Air Waybills – In the instance in which boxes "Collect" or "Prepaid" on the Air Waybill are in conflict with the "Prepaid" or "Collect" charges detail in the lower section of the Air Waybill, the latter shall govern.

NOTE: If the "Collect" or "Prepaid" boxes are not checked, and the payment status cannot be determined from other information in the lower section of the Air Waybill, the terms of payment shall be considered to be "Prepaid."

E.1.2.4.2 International Air Waybills – In the instance in which boxes "Collect" or "Prepaid" on the Air Waybill are in conflict with the "Prepaid" or "Collect" charges detail in the lower section of the Air Waybill, the latter shall govern.

E.1.2.4.3 Universal Air Waybill – In the instance in which boxes "Collect" or "Prepaid" on the Air Waybill are in conflict with the "Prepaid" and "Collect" charges detail in the lower section of the Air Waybill, the latter shall govern.

E.1.2.5 For Loss on Collect Shipments Refused by Consignee

E.1.2.5.1 Domestic Air Waybills – If a consignee refuses to accept a collect domestic shipment and it is determined that the salvage value of the shipment is less than the transportation charges incurred, the destination Airline shall attempt collection directly from the shipper.

If the shipper refuses to pay, the total charges less recoveries shall be apportioned among the Airlines involved on the same basis as the revenue would have been apportioned, with settlement to be made through the Clearing House and claims to be supported by rejection memos prepared by the destination Airline no later than four months after initiating billing to the shipper, supported by an image copy of the Air Waybill and an image of the transcript of the unanswered request or written or verbal statement of the refusal of payment by the shipper. A verbal statement must be supported by the name of the individual contacted and the date of the discussion. Any subsequent collection by the destination airline shall be prorated back to the Airlines involved in the same proportion as the loss was absorbed.

E.1.2.5.2 International Air Waybills – IATA Resolution 613 applies and settlement shall be in accordance with IATA RAM Chapter A6, Paragraph 3, which, in general, reads as follows:

"3. UNDELIVERED COLLECT SHIPMENTS. If a shipment remains undelivered as specified in IATA Res. 613, Para. 5, the delivering carrier must charge the issuing carrier for the total uncollected amount (including any transit charges incurred enroute and any terminal charges at destination as previously advised), no later than 3 months after raising the first irregularity report or of receipt of the last instruction from the issuing carrier, whichever is the later. The charge must be supported by a copy of the Cargo Charges Correction Advice (CCA) completed in accordance with IATA Res. 612A.

NOTE: The delivering carrier must show the details of the storage charges, if any."

E.1.2.6 For Payment Received by Wrong Airline

E.1.2.6.1 If an Airline receives a payment (shipping charges) which should have been forwarded to another Airline, it shall return the payment to the payor from whom it was received, except in those cases where a written request for the payment is received from the Airline to which the charges should have been paid, in which event the Airline erroneously receiving payment shall deposit same to its own account and shall forward its check in payment of such charges directly to that Airline. The Airline receiving such payment of charges from the Airline to which the original payment was made in error shall indemnify the latter Airline against any future loss which might occur should that Airline be required to comply with a subsequent demand from the payor for the return of the payment.

E.1.2.7 For Refunds

E.1.2.7.1 Overcharges on airfreight shipments shall be refunded only by the collecting Airline.

E.1.2.7.2 The collecting Airline shall charge each other Airline involved its proportionate share of the refund adjustment on a rejection memo with reason code 06-other.

E.1.2.7.3 The rejection memo shall, at a minimum, refer to the month of original billing and the amount billed, and shall be supported with image copies of the overcharge claim and a copy of the Air Waybill.

E.1.2.7.4 Refund adjustment billings must be processed no later than six months after the date of the original billing. A refund adjustment billing past this time limit shall be billed on a Billing Memo using Reason Code 2a.

E.1.2.8 For Correction of Cargo Charges

E.1.2.8.1 Limitations on amounts to be billed. Cargo Corrections, including those made as a result of a Cargo Charges Correction Advice (CCA), will be processed for interline billing purposes only when the value is equivalent to USD 5 or more and relates to one air waybill.

E.1.3 Interline Billing of Prepaid or Collect Shipments

E.1.3.1 General Principles. On Prepaid shipments, each Airline carrying the shipment shall bill his portion of the charges only to the issuing Airline. On collect shipments, the Airline transferring the shipment shall bill the next receiving Airline for all transportation charges up to and including the point of transfer.

For shipments carried over three or more Airlines, the Airline receiving the shipment shall bill the transferring Airline for all charges from the point of transfer to destination.

NOTE: For Small Package shipments, which are always prepaid, carried over two Airlines, interline settlement will be in the same manner as regular freight billings.

E.1.3.2 **EXAMPLES**:

1. AA issues an Air Waybill routed: LGA AA ORD DL MEM

   If prepaid – DL bills AA for weight charges ORD-MEM plus any other charges at destination originally indicated on Air Waybill as prepaid.

   If collect – AA bills DL for weight charges LGA-ORD plus any other charges at origin originally included on the Air Waybill as collect

2. DL issues an Air Waybill routed: SEA DL ORD AA DCA UA ORF

   If prepaid – AA and UA bill their respective weight rate charges to DL. In addition, the destination carrier, UA, should also bill for any other charges at destination originally indicated on the Air Waybill as prepaid.

If collect – DL bills AA for weight rate charges SEA-ORD plus any other charges at origin indicated on the Air Waybill as collect. AA bills UA for weight rate charges SEA¬-DCA plus any other charges at origin indicated on the Air Waybill as collect.

3. AA issues and Air Waybill routed: LGA AA ORD DL DFW UA IAH

   Prepaid – AA collects $60 ($20 each segment). AA records a payable of $40 ($20 each) owed to DL and UA. DL and UA each bill AA $20 and book revenue of $20.

   Collect – Destination Carrier (UA): UA collects $60 ($20 each segment). UA books a payable of $40 to DL and revenue of $20.

   Intermediate Carrier(s) (DL): DL invoices UA for $40, records a receivable of $40, a payable to AA for $20 and revenue of $20.

   Origin Carrier – AA records a receivable to DL of $20 and revenue of $20

NOTE: In the above examples, no interline service charge billings are involved since interline service charges are not paid on domestic shipments.

E.1.4 Changes from Prepaid to Collect and Vice Versa

E.1.4.1 Interline accounting between Airlines participating in the transportation will be performed in accordance with the charges as shown on the Air Waybill as originally prepared.

E.1.4.2 For domestic shipments (50 States and Canada), any adjustment arising from a change in terms of payment from "Prepaid" to "Collect" or vice versa shall be settled directly between the Airline responsible for collection, based on original Air Waybill information, and the shipper or consignee.

EXAMPLE: If the Air Waybill shows "Prepaid" and upon receipt of billing, the shipper requests change to "Collect", the originating carrier may bill directly to the consignee without initiating any interline correspondence or transactions.

E.1.4.3 For international shipments, IATA Resolution 612 applies and settlement shall be in accordance with IATA RAM Chapter A6, Paragraph 2.1, which reads as follows:

"2.1 Changes from Prepaid to Collect and Vice-Versa

Interline accounting between Airlines participating in the transportation will be performed in accordance with the charges as shown on the air waybill as originally prepared. Any accounting adjustment (arising from a change in the terms of payment) shall be effected as follows:

2.1.1 In case of a change in the basis of charging from "Prepaid" to "Collect", the issuing airline may debit the delivering airline or its handling airline, only after it has received from the latter a Request for Debit or confirmation that the consignee has agreed to the change in the terms of payment.

2.1.2 The delivering Airline or its handling Airline may debit the issuing Airline after having received from the latter a Request for Debit or the information that the terms of payment have been changed from "Collect" to "Prepaid.

2.1.3 In case of shipments consigned to countries where no charges collect facilities exist, the delivering airline or its handling airline shall bill the issuing airline directly for all collect charges on the air waybill, including charges in transit and/or at destination, if any."

E.1.5 Shipments Partly Prepaid and Partly Collect

Weight/Rate charges and excess valuation charges cannot be split as part prepaid and part collect.

E.1.6 Shipments Consigned to an Airline

Shipments consigned to an Airline shall be settled in accordance with the following examples:

1	AA originates a prepaid or collect shipment consigned to DL routed: CLE-CVG AA CVG-ATL DL If prepaid – DL bills AA through ACH If collect – AA bills DL through ACH Settlement to be made on the basis of thru joint rate prorates via the routing travelled if a joint rate exists
2	DL originates a collect shipment in MSP consigned to AA in CHI. DL bills AA direct as for any other customer, and not through ACH
3	Collect shipment originated by AA consigned to DL routed: LAX AA DFW DL MIA. AA bills DL through ACH Settlement to be made on the basis of thru joint rate prorates via the routing travelled if a joint rate exists
4	Collect shipment originated by DL consigned to UA stores department in MSP routed CHI DL-MSP DL bills UA direct
5	Collect shipment from Lockheed routed: LAX UA ORD AA MIA is consigned to DL AA collects directly from DL for the entire charges. UA bills AA through ACH
6	AA accepts a prepaid shipment in TUL with US as shipper. AA bills US direct, as for any other customer, and not through the Clearing House.

E.1.7 Shipments Involving Non-ACH Airlines

Balances arising out of the carriage of shipments involving three or more Airlines, one of which is a non-Clearing House Airline (either ACH or IATA Clearing House), shall be settled in accordance with the following Procedure:

E.1.7.1 Balances owing between ACH Member Airlines shall be settled through ACH.

E.1.7.2 Balances owing between an ACH Member Airline and an IATA Clearing House Airline shall be settled through ACH via the Interclearance between the two Clearing Houses.

E.1.7.2 Balances owing from or to a non-Clearing House Airline shall be settled directly and in accordance with ACH Procedures.

E.1.8 Airline Not Shown on Air Waybill

An Airline not shown on the Air Waybill may bill the originating Airline their local applicable tariff charge beginning in the month the transfer manifest is received using a Billing Memo, with Reason Code 2Z (Others) and support the billing with an image copy of the transfer manifest from the Airline not shown on the Air Waybill to the onward Airline.

E.1.8.1 *Prepaid Air Waybills*: Issuing airline must accept the local applicable tariff charge billing from an Airline not shown on the Air Waybill unless it can support a Rejection Memo with an image copy of the Air Waybill (transfer manifest) billed by the originally intended intermediate carrier.

E.1.8.2 *Collect Air Waybills*: Issuing Airline may reject billing, as billing should be made to the final carrier, provided the rejection billing is supported with an image copy of the Air Waybill.

E.1.9 Requests for Air Waybill Copies

Upon request, the issuing Airline shall email a copy of the requested Air Waybill to a participating Airline as soon as possible.

E.1.10 Inclusions, Release and Time Limit for Submission of Original Billings

E.1.10.1 Billings shall be submitted through Integrated Settlement for each calendar month of work in any of the four Clearance Periods.

E.1.10.2 Each Clearance Period's billing may be submitted as one invoice, or more than one invoice may be submitted during the Clearance Month, provided the final invoice is forwarded on or before the 7th calendar day following the date prescribed for receipt at the Clearing Bank of Billing Data per Section B.

E.1.10.3 Original billings applicable to interline freight shipments shall be submitted in any clearance period no later than four months from the date of carriage. The month of carriage is counted as the first month. For example: Freight Shipments carried in January must be billed no later than Period 04 of the April Clearance.

EXCEPTION: The billing of an item which was billed in error to another Airline or a Government Agency shall not be subject to this limitation. Such billings must be billed to the proper Airline, as a Billing Memo using reason code 2A with a copy of the rejection memo attached, no later than six (6) months after the rejection.

E.1.10.4 Billings disqualified by application of E.1.10.3 may be settled via Integrated Settlement only upon agreement of the issuing Airline. Participants are advised that Integrated Settlement does not validate time limits for original billings.

E.1.10.5 If no response is received from the issuing Airline within two months from the date of issue of the request letter, the lifting airline may raise a debit through the Clearing House.

E.2 INVOICING SPECIFICATIONS AND SUPPORT

Integrated Settlement is a paperless process. No documents are sent to the billed airlines. Any supporting documentation must be sent in an electronic format.

E.2.1 Billing Data

E.2.1.1 Billing data, used by Integrated Settlement to create Invoices, shall be submitted to Integrated Settlement through the IS-WEB, or uploaded via an IS-XML or ID-IDEC formatted file.

E.2.2 Invoice Numbering

E.2.2.1 For all transaction types and categories, invoices shall be numbered with 10 Alpha/Numerics and shall be uniquely numbered within a calendar year.

EXAMPLE: An invoice number in the cargo category may not be duplicated, within a calendar year, with any invoice number, billed to any participant, in the Passenger, Freight, Non-Transportation or UATP categories.

E.2.3 Invoice in Canadian Funds

E.2.3.1 When the Currency of Billing, on the Invoice Header Record, is populated with ISO code ‘124”, settlement shall be in Canadian Funds.

E.2.4 Supporting Documentation for Shipments Moving on GBL’s

E.2.4.1 If Air Waybill is Prepaid, the delivering Airline must provide supporting documentation for any destination charges not included on the Air Waybill as prepaid at the time such charges are billed to the issuing Airline.

E.2.4.2 If Air Waybill is Collect, the originating Airline must provide the delivering Airline with supporting documentation for origin charges not included on the Air Waybill as collect at the time such charges are billed to the delivering Airline.

NOTE: Whether prepaid or collect, supporting documentation may be included with the invoice if the charges are included with the original billing, or with a rejection memo if billed separately at a later date.

E.2.5 Proper Support Unavailable to Carrying Airline

E.2.5.1 If after due effort a carrying Airline finds that it does not have the proper support to prove carriage of an airfreight shipment, it may, after a period of 60 days from date or carriage, bill the value of the shipping charges via a billing memo, using reason code 2Z, to the Airlines involved in the routing as shown on the Air Waybill.

E.2.6 Integrated Settlement Record Structure

E.2.6.1 The record structure for invoice data and file submission to Integrated Settlement is available through IATA and can be found under the "documents tab" on their website at:

http://www.iata.org/services/finance/sis/Pages/airlines.aspx

E.2.7 Submission of Invoices/Billing Documents

E.2.7.1 All billings shall be submitted to Integrated Settlement in accordance with the due dates shown in Section B.2.

E.3 BILLING/SETTLEMENT SPECIFICATIONS

E.3.1 Method of Proration/Allocation

E.3.1.1 Airfreight Charges

E.3.1.1.1 Agreed Division of Revenues – Airfreight charges shall be prorated on a basis agreed to by the Airlines participating in the joint rate. Such agreed proration will also be used when joint rates are applied to a more distant point.

E.3.1.1.2 No Agreed Division of Revenues – If a through published joint rate is in effect but no agreed prorate is available, the charges shall be rate prorated. Airlines publishing their rates periodically will prorate on the basis of the rates set forth in the publication effective on the date of execution of the Air Waybill

E.3.1.2 Excess Valuation Charges

E.3.1.2.1 For Domestic Shipments (including shipments between U.S. and Canada), excess valuation charges shall accrue to the carrier responsible for collecting the weight charges.

E.3.1.2.2 For International Shipments, valuation surcharges on interline consignments or through Air Waybills for which no proration has been published shall be prorated as follows:

1. When the carriage is subject to a joint weight (or volume) rate, in the same manner as revenue derived from the weight (or volume); and
2. When the carriage is subject in whole or in part to a combination of weight (or volume) rates, in proportion to the share of each participating Airline in the total weight (or volume) charge.

E.3.1.2.3 For International Shipments, if two or more Airlines arrange to cover each other in their respective Airline's liability insurance, they shall be free to agree upon a different method of proration with respect to those Airlines.

E.3.1.3 Odd Cents – In cases of odd cents, the odd cent shall be retained by the collecting Airline.

E.3.1.4 Signature Service Fee or Printed Proof of Deliver Fee – When a shipment on which a signature service fee has been collected moves over the lines of two or more Airlines, the fee shall accrue to the Airline responsible for collecting weight charges.

E.3.1.5 Assembly and Distribution Charges – The originating Airline shall retain assembly charges and the delivering Airline shall retain distribution charges.

E.3.1.6 International Fee for Charges Collect Service – In accordance with IATA Resolution 519, Para (4), the fee for charges collect services shall be assessed by and accrue to the last carrier.

E.3.1.6.1 Undelivered Shipments – If the shipment remains undelivered as specified in IATA Res. 613 paragraph 5, charges collect fee will no longer apply and will not be charged back to issuing carrier.

E.3.1.6.2 Changes from Collect to Prepaid – In case of changes from "Collect" to "Prepaid", the Charges Collect Fee will no longer apply.

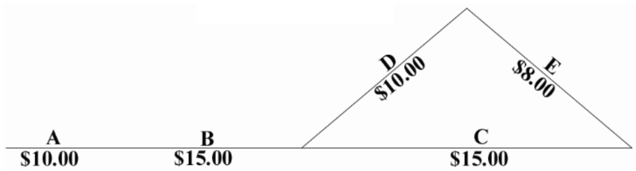
E.3.2 Rerouted Shipments (Domestic and International)

E.3.2.1 Domestic

E.3.2.1.1 Shipments to be rerouted shall be accepted by the Airline called for in the original routing. An Airline which reroutes a shipment shall be responsible for any additional allocation of charges to carrying Airlines because of the rerouting.

E.3.2.1.2 If an Airline is required to reroute a shipment because an incorrect routing was inserted by the issuing Airline, the issuing Airline shall be responsible for any additional charges.

E.3.2.1.3 **EXAMPLES**:



40.00
Through Rate

EXAMPLE 1: The through rate is $40.00 with charges collect. Airline C accepts the shipment from Airline B. Airline C reroutes the shipment delivering it to Airline D on a transfer manifest. In accordance with interline Procedures Airline C endorses the word Rerouting in the remarks column of the transfer manifest.

Settlement Procedure:

Airline A bills Airline B for	$10.00
Airline B bills Airline C for $10 plus $15 or	$25.00
Airline C bills Airline D for	$25.00
Airline D bills Airline E for $25 plus $10 or	$35.00
Airline E collects from consignee	$40.00

Airline E, by examining the airbill, notes that the overbilling of $3.00 is the result of rerouting by one of the prior Airlines and bills the amount to preceding Airline D on a difference slip. Airline D debits Airline C after establishing from endorsement on transfer manifest that Airline C was responsible for the rerouting.

If Airline C can predetermine the revised routing and the amount of transportation charges to which Airlines D and E are legally entitled, then Airline C should bill Airline D only for an adjusted amount of $22.00. Thus, Airline C, as the rerouting Airline, has absorbed the additional charges and eliminated any rejections.

EXAMPLE 2: If the above shipment is prepaid, the billing Procedure shall be as follows:

Airline A collects from shipper	$40.00
Airline B bills Airline A for	$15.00
Airline D bills Airline A for	$10.00
Airline E bills Airline A for	$ 8.00

From an analysis of the excess billing, Airline A determines that the shipment was rerouted and bills rerouting Airline C for $3.00 in order to realize the correct charges of $10.00 for Airline A's sector.

E.3.2.2 International

E.3.2.2.1 Billing shall be in accordance with IATA Resolution 660 and the IATA Revenue Accounting Manual (Chapter A.5 Paragraph 3).

E.3.3 Partial (Split-lot) Shipments (Domestic and International)

If a portion of a complete shipment is rerouted, the rerouted portion shall be handled as a new shipment and so tendered to the new Airline. The new Airline shall:

E.3.3.1 Domestic Shipments

E.3.3.1.1 Issue an Air Waybill on its own issue and cross reference it with the original Air Waybill number.

E.3.3.1.2 Show the tendering Airline as the consignor.

E.3.3.1.3 Enter as consignee the Airline shown on the original Air Waybill as destination Airline.

E.3.3.1.4 Carry the shipment on a prepaid basis at local tariff rates, settlement to be made directly between Airlines and not through the Clearing House.

E.3.3.2 International Shipments

E.3.3.2.1 Transportation charges billed against each part of a part shipment shall be in the same ratio to the total charges as the weight of the part shipment is to the weight of the total shipment (See also IATA Revenue Accounting Manual, Chapter A6, Paragraph 1.5).

E.3.4 International Shipments

E.3.4.1 Definitions

E.3.4.1.1 International shipment. For the purpose of billing Air Waybills, an international shipment shall be defined as: A shipment which originates or terminates outside the boundaries of the 50 United States, Canada, Puerto Rico, and the U.S. Virgin Islands.

E.3.4.1.2 Domestic shipment. For the purpose of billing Air Waybills, a domestic shipment shall be defined as: A shipment which originates and terminates within/between the 50 United States, Canada, Puerto Rico, and the U.S. Virgin Islands.

E.3.4.2 Shipping Documents. International Shipments may originate on either a domestic Air Waybill or an international Air Waybill. Some Airlines originate international shipments on international Air Waybills to procure the protection of the Warsaw Convention on international shipments. Other Airlines find it expedient to use domestic Air Waybills on the occasional shipments they carry.

E.3.4.3 Settlement of International Shipments – Shipments Originating on an Airline Other Than the Issuing Airline. If an international Airline allows agents to originate shipments at offline points, the international Airline shall furnish the agent or the shipper with its IATA Air Waybill stock which shall be used to originate the shipment on another Airline, which may be a domestic Airline. The international Airline becomes the issuing Airline, whether or not it is the initial carrying Airline.

E.3.4.3.1 On prepaid shipments, when the issuing Airline is not the first carrying Airline, it shall be billed by all carrying Airlines and shall, in turn, collect from the shipper or agent.

EXAMPLE: US agent originates a prepaid shipment in MSP using US Air Waybill.

Routing:	MSP-ORD	DL
	ORD-MIA	AA
	MIA-RAI	US

US bills the shipper, and both DL and AA bill US less Interline Service Charge.

E.3.4.3.2 On collect shipments, when the issuing Airline is not the first carrying Airline, it shall bill the onward (first) Airline for Interline Service Charge from the transfer point (which in this case is the origin point).

EXAMPLE: DL agent originates a collect shipment in SMF, using DL Air Waybill.

Routing:	SMF-SFO	UA
	SFO-SEA	AS
	SEA-TYO	DL

DL bills UA for Interline Service Charge SMF-TYO.

UA bills AS for charges SMF-SFO plus Interline Service Charge SFO-TYO.
AS bills DL for charges SMF-SEA plus Interline Service Charge SEA-TYO.

E.3.4.4 Complying and Non-Complying Airlines

E.3.4.4.1 A non-complying Airline is one which does not cut an IATA type Air Waybill in originating an international shipment, or which will not transport a shipment on an IATA Air Waybill. An Airline is still a complying Airline if it merely reissues an IATA Air Waybill for its own use in transporting a shipment across its line as an intermediate Airline, allowing the IATA Air Waybill to continue with the shipment and making settlement with other Airlines under the IATA Air Waybill number.

E.3.4.4.2 Settlements with non-complying Airlines shall be made only by those Airlines receiving shipments from or delivering shipments to such non-complying Airlines. Thereafter, settlements for the balance of the haul, and as covered by an IATA type Air Waybill, shall be as outlined for settlement of international shipments.

E.3.4.4.3 If the non-complying ACH Airline is an intermediate Airline, it shall not disturb the Air Waybill accompanying the shipment but shall use a domestic Air Waybill for transportation over its line and bill its portion under the Air Waybill number just as though it had not used a domestic Air Waybill.

E.3.4.5 Settlement of Currency Adjustments

Interline Settlement of Air Waybills which are issued prepaid/collect in currencies other than U.S. dollars, or on which the collected amount has been calculated under provisions of IATA Resolutions in 024 series, may be subject to the adjustment in billing values in accordance with IATA Revenue Accounting Manual, Chapter Al2, Paragraph 2.

E.3.5 Interline Service Charge – International Shipments Only

Applicable to international shipments only, excluding shipments within/between United States, Canada, Puerto Rico, and the U.S. Virgin Islands.

E.3.5.1 Interline Service Charge shall apply to international shipments at the following rates:

1. For sales made outside the 50 United States, at a rate of 5% in accordance with IATA Resolutions 664/665, and
2. For sales made within the 50 United States, at rates as agreed by bilateral or multilateral agreements between the parties concerned.

E.3.5.2 On prepaid shipments, the billing Airline shall allow Interline Service Charge as a credit to the issuing Airline.

E.3.5.3 On collect shipments, each Airline shall bill the Airline to which the shipment was transferred, on the same invoice on which transportation charges are billed, for international Interline Service Charge on all transportation charges from (a) the point of transfer to the next Airline to (b) final destination. See Examples in Section E.3.5.7.

E.3.5.4 Interline Service Charge billed or allowed on the same statement on which the freight rate charges are shown may be computed in either of two ways:

E.3.5.4.1 By including the applicable Interline Service Charge percentage rate when billing the Air Waybill in Integrated Settlement.

E.3.5.4.2 By determining the amount of the weight rate and valuation of surcharges from the transfer point to final destination, if applicable, in separate column on collect shipments. The billing Airline may then:

a. On prepaid shipments, either as the delivering or intermediate Airline, compute an Interline Service Charge amount based on this offline total, and allow an Interline Service Charge rate based on the total being billed the issuing Airline.
b. On collect shipments, charge an Interline Service Charge rate based on the transportation charges from the point of transfer.

E.3.5.5 Rejection of individual transactions of an interline service charge reclaim may be accomplished by use of a Rejection Memo with Reason Code 1C that lists each item being rejected.

E.3.5.6 Interline Service Charge shall not be netted from freight rate and other charges or allowances (added to or deducted from) for individual Air Waybills.

E.3.5.7 Examples of various types of shipments and how the billing shall be handled for weight rate charges and Interline Service Charges:

1. Routing: HNL AA SFO UA ORD US MIA AA RIO

If prepaid: UA and US bill AA for their weight rate charges less Interline Service Charge.

If collect : AA bills UA for charges HNL-SFO plus Interline Service Charges SFO-RIO.
UA bills US for charges HNL-ORD plus Interline Service Charge ORD-RIO.
US bills AA for charges HNL-MIA plus Interline Service Charge MIA-RIO.

2. Routing: MKC AA STL US DCA DL LON KL AMS

If prepaid: US, DL and KL bill AA for weight rate charges less Interline Service Charges, and for their respective excess valuation charges unless operating under the IATA Resolution.

If collect: AA bills US for charges MKC-STL plus Interline Service Charge STL-AMS.
US bills DL for charges MKC-DCA plus Interline Service Charge DCA-AMS.
DL bills KL for charges MKC-LON plus Interline Service Charge LON-AMS.

3. Routing: AMS KL LON DL DCA US STL AA MKC

If prepaid: DL, US, and AA bill KL for weight rate charges less Interline Service Charge and for their respective excess valuation charges unless operating under the IATA Resolution.

If collect: KL bills DL for charges AMS-LON plus Interline Service Charge LON-MKC.
DL bills US for charges AMS-DCA plus Interline Service Charge DCA-MKC.
US bills AA for charges AMS-STL plus Interline Service Charge STL-MKC.

E.4 BILLING/SETTLEMENT PROCEDURES – NON-ROUTINE TRANSACTIONS

E.4.1 C.O.D. Shipments

E.4.1.1 Remittance: The destination Airline, except when it is the local cartage agent of the destination Airline, shall remit the amount of the C.O.D. to the consignor immediately via airmail.

E.4.1.2 C.O.D. Fees: The C.O.D. fee, as published in the tariff and entered on the Air Waybill by the originating Airline, shall be allocated to the destination Airline for its responsibility and service in collecting and remitting the C.O.D. to the consignor, whether the shipment is prepaid or collect.

E.4.2 R.F.C. (Remit-Following-Collection) Service

E.4.2.1 Remittance: The delivering Airline shall remit to the shipper, or other person designated by the shipper as payee, the R.F.C. amount collected, less the applicable service charge for collection.

E.4.2.2 R.F.C. Fees: The R.F.C. service charge, as published in the tariff, shall belong to the delivering Airline for its responsibility in collecting and remitting the R.F.C. amount whether the shipment is prepaid or collect.

E.4.2.3 The above amounts should not be included in a carrier's interline billing.

E.4.3 Credit Items

Credit items, other than Interline Service Charge shall not be deducted on interline invoices. They shall be handled by advice to the other Airline which shall proceed to bill the amount due, giving the appropriate Air Waybill number or numbers or other identifying information.

E.5. ADJUSTMENT/REJECTION/REBILLING RULES AND TIME LIMITS

Rejections (1st, 2nd, and 3rd) of an item billed in a period of a Clearance Month may be billed in a later period of the same Clearance Month.

E.5.1 Time Limit on Adjusted Billings

An adjusted billing of an item previously billed must be made no later than four months from the original Clearance Month.

EXAMPLE: An Airline originally bills $10 for an item. Seven months later it discovers it should have billed for $100. This would exceed the time limit for adjusting such items through interline clearings. This applies to billings between individual Airlines as well as to billings through Integrated Settlement.

NOTE: Effective with January 1, 2016, invoices, an adjusted billing of an item previously billed must be billed in any Clearance Period no later than five months after the Clearance Month in which the item being adjusted was billed.

E.5.2 Incorrect Billings

Billings made against the wrong Airline or in the wrong amounts shall be billed back to the billing Airline through Integrated Settlement using a Rejection Memo. Such differences shall be billed back on a separate invoice.

E.5.3 Audit (Rejection) Time Limit

All Airlines shall settle their clearing on the basis billed and make post audits of the work. Adjustments resulting from audits shall be recognized up to and including the sixth month from the month of work in which the billings took place.

EXAMPLE: Items billed in January may be charged back or an adjustment requested any time up to and including the billing of July work.

NOTE: Effective with January 1, 2016, invoices, rejections of a previously billed item must be billed in any Clearance Period no later than five months after the Clearance Month in which the item was originally billed.

EXCEPTION: The above paragraph shall not apply to charges resulting from the application of Procedure applicable to Loss on Collect Shipments Refused by Consignee.

E.5.4 Rejection Minimum Difference

Differences of less than $5.00 shall not be rejected unless they are consistent errors.

E.5.5 Air Freight Rejection/Billing Memo

E.5.5.1 An Air Freight Rejection/Billing Memo shall be used for charging back a billing difference, and the computation of the correct charge, by reference to the proper tariff authority, shall be explained.

E.5.5.2 No more than one item may be included on one rejection memo unless all items being rejected are for the same reason, have the same rejection reason code, and relate to the same invoice.

E.5.5.3 All Rejection/Billing Memos must contain at least one Reason Code. The applicable Reason Codes for Cargo transactions are shown in the Integrated Settlement Participation Guide. An Air Waybill breakdown record is mandatory for all Rejection Memo Reason Codes 01-99.

EXCEPTION: Rejection Reason Codes 16 – Rejection of Billing Memos (Mean Exchange Rate Variation) and 17 – Rejection of Billing Memos (Other) do not require an Air Waybill breakdown record if none was provided on the Billing Memo.

E.5.5.4 If a Rejection Memo contains multiple rejection reason codes (e.g., prorate difference and/or ISC reclaim and/or tax difference), the rejected amounts for each component must be shown separately on the Rejection Memo.

E.5.5.5 Multiple differences (prorate, ISC, tax) rejected, pertaining to one Air Waybill, must be included on one Rejection Memo for the first time rejections (and second time rejections if applicable).

E.5.5.6 An airline can raise a Rejection/Billing Memo directly via the IS-Web input application. Alternatively, the Rejection/Billing Memos created by the airline may be uploaded via an acceptable file format using the file upload facility provided by Integrated Settlement.

E.5.6 Air Freight Rejection Memo Support and Calculation

E.5.6.1 the billing history for the document is maintained in SIS. When raising a Rejection memo, the airline shall indicate the total value of the latest charge from the other carrier, the total value they accept, and the amount being rejected.

EXAMPLE:

Airline A included in their prime billing to Airline B an Air Waybill with a billing prorate value of $99.45.

1st Rejection
Airline B evaluates the Air Waybill at $40.00, therefore, rejects $59.45.

The Rejection Memo displays:
Total Gross Amount Billed (Airline A's value): $99.45
Total Gross Amount Accepted (Airline B's value): $40.00
Total Gross Amount Difference: $59.45

2nd Rejection
Airline A reviews Airline B's 1st rejection and believes the prorate should be reduced to $85.45, but not to $40.00 as Airline B claims, therefore rejects $45.45.

The Rejection Memo displays:
Total Gross Amount Billed (Airline B's value): $40.00
Total Gross Amount Accepted (Airline A's value): $85.45
Total Gross Amount Difference: $45.45

3rd Rejection
Airline B review Airline A's 2nd rejection and accepts the prorate should be raised to $45.00, but not to $85.45, as Airline A claims, therefore rejects $40.45.

The Rejection Memo displays:
Total Gross Amount Billed (Airline A's value): $85.45
Total Gross Amount Accepted (Airline B's value): $45.00
Total Gross Amount Difference: $40.45

Original billing:	$ 99.45
1st Rejection:	$(59.45)
2nd Rejection:	$ 45.45
3rd Rejection:	$(40.45)
Net Billing Value	$ 45.00 to Airline A

E.5.7 "No Record" Item Rejections

E.5.7.1 Definition – Cargo Air Waybills which cannot be verified through internal Airline records as being used on a flight or transferred to another carrier will be billed to the issuing Airline in separate invoices from regular first time billings

E.5.7.2 Identification – Unknown source items shall be billed as Billing Memos with Reason Code 2Z (Other) in Integrated Settlement.

E.5.7.3 Rejection – Unknown source items may be rejected to the billing Airline if or when duplicate usage of the Airway Bill occurs. The Rejection Memo shall indicate details of usage which has occurred.

E.5.7.4 Second Rejections – Unknown source rejections will be accepted by the billing Airline without further recourse, unless a second rejection can be supported by exact usage information.

E.5.8 Invoice Listings of Rejected Items

E.5.8.1 Air Freight Rejection/Billing Memos shall be billed on a separate invoice. See Integrated Settlement Participation Guide for invoicing specifications.

E.5.8.2 Rejection/Billing Memos shall be numbered with 11 Alpha/Numerics and shall be uniquely numbered within a billing airline and billing period.

E.5.9 Rebilling of Rejected Items – General (Including Time Limits)

E.5.9.1 The Airline shall provide electronic support showing how it computed the original charge, or how it substantiates its charges, or explain the adjustment which it is then making.

E.5.9.2 The audit of an Air Freight Rejection/Billing Memo shall be made and either accepted or rejected no later than the regular six-month period allowed for audit.

NOTE: Effective with January 1, 2016, invoices, a rebilling of a rejection must be billed in any Clearance Period no later than five months after the Clearance Month in which the rejection was billed.

E.5.9.3 An Airline may reject an item which has been previously rejected in accordance with the following:

Stage 1: 1st rejection, no later than 6 months after the date of original billing Clearance Month.
Stage 2: 2nd rejection, no later than 6 months after the date of first rejection Clearance Month.
Stage 3: 3rd rejection, no later than 6 months after the date of second rejection Clearance Month.

NOTE: Effective with January 1, 2016, invoices, an airline may reject an item which has been previously rejected in accordance with the following:

Stage 1: 1st rejection, no later than 5 months after the date of the original billing Clearance Month
Stage 2: 2nd rejection, no later than 5 months after the date of first rejection Clearance Month
Stage 3: 3rd rejection, no later than 5 months after the date of second rejection Clearance Month

E.5.10 Disputes and Time Limits After Third Rejection

E.5.10.1 Responsibility and Time Limit for Initiating Correspondence – When the billing Airline receives a third rejection of a disputed document and a disagreement still exists, the billing Airline shall be responsible for originating correspondence to the issuing Airline in order to finalize the disputed transaction. Correspondence shall be submitted via IS-WEB not later than six months from the last day of the Clearance Month of the third rejection.

EXAMPLE: Third rejection appears on Airline A, January invoice to Airline B. Airline B must initiate correspondence no later than July.

NOTE: Effective with January 1, 2016, invoices, Correspondence shall be submitted via IS-WEB not later than five months from the last day of the Clearance Month of the third rejection.

E.5.10.2 Minimum Value Requirement for Initiating Correspondence – Correspondence may only be initiated if the value is $25.00 or more. The minimum value amount applies to the net amount to be settled.

E.5.10.3 Time Limits and Allowances After Final Letter – Any further correspondence, either from the billing Airline or from the Airline billed, concerning the item under dispute must be raised no later than two months after the date of the latest IS-WEB submission of the preceding letter. Should the two months pass with no reply, the Airline which submitted the latest will be entitled to recharge the other party to the dispute (where applicable) and the latter will have no further recourse other than that shown under Section E.5.12. Such billing for lack of response, may be billed not later than any Clearing Period of a Clearance Month up to and including five months from the date of the last written correspondence.

E.5.10.4 Time Limits and Allowances After Dispute Settled – If through correspondence, the Airlines agree on a settlement value for the transaction, and authorization to bill, via issuance of a Transportation Credit or Authority to Debit has been provided to the billing Airline, the billing Airline must bill in any Clearance Period of a Clearance Month not later than five months of issue date of the authorization, otherwise the agreed settlement value may not be billed or collected through ACH.

E.5.11 Rebilling of Rejected "No Record" Items

To rebill a "No Record" rejected item, the billing Airline must support the billing with an electronic copy of the Air Waybill and a copy of the transfer manifest. For the purpose of determining the rejection stage as covered in Section E.5.9.3, the rebilling shall be treated as an original billing.

E.5.12 Referral of Disputed Item

If two Airlines are unable to agree on the proper settlement of any item or items, such items shall be referred to the Secretary of the Clearing House, who shall endeavor to resolve the difference. If the Secretary-Treasurer is unable to do so, the adversely affected Airline may refer such items to the Committee on Differences.

SECTION F: INTENTIONALLY LEFT BLANK

SECTION G: IATA PROCEDURE

G.1 CLEARANCE OF BILLINGS THROUGH THE INTERCLEARANCE, ACH OR IATA CLEARING HOUSE

Listings of IATA Clearing House Members and Associate Members are distributed by the Secretary-Treasurer monthly. Sponsored Members are shown below.

IATA Clearing House Sponsored Members			
Sponsoring Member		**Sponsored Member**	
AF-057	Air France	A5-163	HOP!
TM-068	Linhas Aereas De Mocambique	XB-G68	MEX-Mocambique Expresso SARL
LH-220	Deutsche Lufthansa	LH-020 4U-051 EW-104 VL-448 4Y-693 XB-A12 XB-G02 XB-G03 XB-G04 XB-G05 XB-G06 XB-G07	Lufthansa Cargo Germanwings Eurowings Lufthansa City Airlines GmbH EW Discover GmbH LSG Lufthansa Service Holding Lufthansa Consulting Lufthansa Flight Training Lufthansa Systems Lufthansa Technik Miles and More Lufthansa Commercial Holding
QR-157	Qatar Airways	XB-A61	Qatar Aviation Services Company
		XB-P32	Qatar Aircraft Catering Company
AT-147	Royal Air Maroc	XB-G01	RAM Handling

G.1.1 Billings Subject to Settlement Through Interclearance.

Billings are subject to settlement through the Interclearance when one party participates only in the ACH and the other party participates only in the IATA Clearing House. Except as otherwise provided under G.1.2: (i) If both the billing party and the billed party are ACH participants, their billings settle through ACH; and (ii) If both the billing party and the billed party are members of the IATA Clearing House, their billings settle through the IATA Clearing House.

G.1.2 Billings Between Parties Participating in Both Clearing Houses.

Transaction billings between a billing party and a billed party each of which participates in both ACH and the IATA Clearing House shall be cleared through ACH, unless the parties have entered into and have filed with ACH and the IATA Clearing House a written agreement that (i) provides that transaction billings between such parties will be cleared through the IATA Clearing House; and (ii) will not terminate (or be subject to termination) for at least a year from the date of its filing with ACH and the IATA Clearing House. Any such agreement, and any notice of termination of such an agreement, shall be given effect commencing no earlier than the transaction month following the month in which the agreement or notice is received by ACH and the IATA Clearing House.

G.2 CONDITIONS FOR SETTLEMENT THROUGH INTERCLEARANCE

G.2.1 Billings Subject to Rules of Each Clearing House.

Interclearance settlements between participants in ACH and participants in the IATA Clearing House are governed by the February 1988 Agreement Relating to the Interclearance Between the Airlines Clearing House, Inc., and the International Air Transport Association Clearing House (the "Interclearance Agreement"). Under Paragraph 3 of the Interclearance Agreement , "[o]only those accounts which may be cleared through each clearing house, pursuant to its rules and regulations and its contractual relations with its respective members, shall be eligible for settlement between the two Clearing Houses in the Interclearance."

Effective with May 2013, Clearance Period 01, all billings against an IATA Clearing House Participant, to be settled through the Interclearance, must be submitted through Integrated Settlement.

G.2.2 Billings of Non-Air Carriers Through the Interclearance.

In accordance with Paragraph 3 of the Interclearance Agreement, no billing by a party other than an air carrier may be submitted for inclusion in the Interclearance unless –

G.2.2.1 Such billing would have been eligible for clearance (i) through ACH if both the billing party and the billed party were ACH participants, and (ii) through the IATA Clearing House if both the billing party and the billed party were IATA Clearing House participants; and

G.2.2.2 The billing party would be eligible to participate in both ACH and the IATA Clearing House, consistent with their respective qualifications for participation. Qualifications for participation in ACH are set forth in Paragraph 2 of the Administration/General Section of the Manual. Qualifications for membership in the IATA Clearing House are set forth in Regulation 4 of the IATA Clearing House Manual of Regulations and Procedures (the "IATA Clearing House Manual"). Nothing contained herein shall be construed to mean that any billing party that belongs to one Clearing House must belong to the other Clearing House in order to submit billings for inclusion in Interclearance settlements.

In addition, no billing by a party other than an air carrier may be submitted for inclusion in the Interclearance unless the billed party has consented to settlement of such billings through the Interclearance.

G.2.3 Objecting to Ineligible Billings of Non-Air Carriers.

G.2.3.1 If an ACH participant believes that an Interclearance billing that it has received from an IATA Clearing House member other than an air carrier is not eligible for inclusion in the Interclearance, the ACH participant may object to the billing, by written notice to the Secretary-Treasurer of ACH, identifying the billing and the billing party and stating the basis for the billed party's belief that the billing is ineligible for inclusion in the Interclearance. Upon receiving any such notice, the Secretary-Treasurer of ACH shall (unless the eligibility of billings by the same billing party has been established previously) forward the notice to the IATA Clearing House and direct that all original billings by the same billing party be excluded from the Interclearance until and unless ACH receives from the IATA Clearing House documentation establishing to the reasonable satisfaction of the Secretary-Treasurer of ACH's that under this Procedure 3 such billings are eligible for inclusion in the Interclearance.

G.2.3.2 If an IATA Clearing House member believes that an Interclearance billing that it has received from an ACH participant other than an air carrier is not eligible for inclusion in the Interclearance, the IATA Clearing House participant may object to the billing, by written notice to the IATA Clearing House, identifying the billing and the billing party and stating the basis for the billed party's belief that the billing is ineligible for inclusion in the Interclearance. Upon receiving any such notice, the Manager of the IATA Clearing House shall (unless the eligibility of billings by the same billing party has been established previously) forward the notice to the Secretary-Treasurer of ACH and direct that all original billings by the same billing party be excluded from the Interclearance until and unless the IATA Clearing House receives from ACH documentation establishing to the reasonable satisfaction of the IATA Clearing House that under this Procedure 3 such billings are eligible for inclusion in the Interclearance.

G.2.3.3 In addition to objecting to an Interclearance billing as provided in this Procedure, a billed party may protest an ineligible billing as provided in Section G.5 or recover the amount of the billing by submitting a rejection billing against the billing party in a subsequent settlement.

G.2.3.4 A billing party whose billings are excluded from the Interclearance under this Procedure may submit no similar original billings for settlement through the Interclearance but shall continue to participate in Interclearance settlements for purpose of adjusting previously cleared billings.

G.2.4 Establishing Eligibility of Billings Submitted by New Non-Air Carrier Participants.

Transaction billings by an entity that is a newly admitted ACH participant or IATA Clearing House member other than an air carrier (e.g., a newly admitted Airline-Related Participant in ACH or a newly admitted IATA Clearing House Associate Member or Sponsored Member that is not an air carrier) shall not be eligible to be submitted for inclusion in Interclearance settlements until such time as the Clearing House that has admitted such entity has provided to the other Clearing House documentation establishing, to the reasonable satisfaction of such other Clearing House, that the entity would be eligible to participate in such other Clearing House. For example, if ACH admits a new Airline-Related Participant, billings by such Airline-Related Participant against IATA Clearing House members will not be eligible to be submitted for inclusion in Interclearance settlements until ACH has submitted to the IATA Clearing House documentation demonstrating to the reasonable satisfaction of the Manager of the IATA Clearing House, that the Airline-Related Participant would be eligible to be an Associate Member of the IATA Clearing House. Similarly, if the IATA Clearing House admits a new Associate Member or Sponsored Member other than an air carrier, its billings against ACH participants will not be eligible to be submitted for inclusion in Interclearance settlements until the IATA Clearing House has submitted to ACH documentation demonstrating, to the reasonable satisfaction of the Secretary-Treasurer of ACH, that the Associate Member would be eligible to be an Airline-Related Participant in ACH.

G.3 INVOICES AND CREDIT MEMOS

G.3.1 Types of Billing Transactions

G.3.1.1 Passenger Items – See Sections C and if applicable, Section D.

G.3.1.2 Universal Air Travel Plan Transportation Receipts and Credits – In accordance with Chapter 8 of the UATP Manual

G.3.1.3 Air Freight/Cargo Billings –See Section E.

G.3.1.4 Miscellaneous/Non-Transportation Billings – This classification covers items arising out of recognized contractual arrangements other than the settlement of Passenger Revenue, UATP, and Air Freight transactions, such as sale of gasoline, servicing of aircraft, rental charges, and remuneration for use of personnel, sale of parts, supplies, and equipment. See Section H.

G.3.1.4.1 No invoices involving the sale of capital assets or relating to leases, may be cleared through the IATA Clearing House unless the consent of the billed Airline has first been obtained.

G.3.1.4.2 Invoices involving miscellaneous charges and credits shall be prepared in accordance with the requirements of Section H-2.

G.3.2 Currency of Billing

Pricing of documents where required and billings of all types of transactions will be in U.S. dollars.

G.4 SETTLEMENT PROCEDURE ON IATA CLEARINGS

IATA settlements shall be made in accordance with the schedule shown in Section B.2.

G.5 PROTESTS OF INTERCLEARANCE BILLINGS

G.5.1 Applicable Protest Procedures

Except as otherwise provided in this Procedure, billings submitted for inclusion in the Interclearance are subject to protest by the billed party under the rules of the Clearing House in which it participates.

G.5.1.1 If a billed ACH participant determines that it has received through the Interclearance "improper billings" that are subject to protest under Section B.4.13 of the Manual, the billed ACH participant may protest the billing by notifying the Secretary-Treasurer of ACH as provided in Section B.4.13.2, and the protest shall be resolved as provided in Section B.4.13 - B.4.13.8, except that (i) in lieu of communicating with the billing party, the Secretary-Treasurer shall communicate with the Manager of the IATA Clearing House (acting on behalf of the billing party); and (ii) if the dispute giving rise to the protest is not otherwise resolved, it will be subject to resolution by the Interclearance Adjudicating Panel (as established under the Interclearance Agreement) or the IATA Committee on Differences, as applicable.

G.5.1.2 If a billed IATA Clearing House member determines that it has received through the Interclearance "improper billings," as defined in Regulation 1 of the IATA Clearing House Manual, that are subject to protest under Regulation 22 of the IATA Clearing House Manual, the billed IATA Clearing House member may protest the billing by submitting a protest to the Manager of the IATA Clearing House, as provided in Regulation 22(b) of the IATA Clearing House Manual. The protest shall be resolved as provided in Regulations 22(c)-(e) of the IATA Clearing House Manual, and its resolution shall be subject to review as provided in Regulation 23 of the IATA Clearing House Manual, except that (i) in lieu of communicating with the billing party, the Manager of the IATA Clearing House shall communicate with the Secretary-Treasurer of ACH; and (ii) any review of the justification for a disputed protest shall be conducted by the Interclearance Adjudicating Panel or the IATA Committee on Differences, as applicable. In response to a protest under Regulation 22 of the IATA Clearing House Manual, the Manager of the IATA Clearing House may elect to collect the disputed billing from the billed party and retain the payment in the IATA Clearing House pending resolution of the dispute. See IATA Clearing House Manual Regulation 22(e)(i).

G.5.2 Defining "Improper Billings"

G.5.2.1 The categories of "improper billings" that are subject to protest by ACH participants are specified in the definition of "improper billings" in Section B.4.13.

G.5.2.2 The categories of "improper billings" that are subject to protest by IATA Clearing House participants are set forth in the definition of "improper billings" in Regulation 1 of the IATA Clearing House Manual.

G.5.3 Limited Purpose of Protest Procedures.

Like protests of billings submitted for clearance solely through ACH and billings submitted for clearance solely through the IATA Clearing House, protests of billings submitted for inclusion in the Interclearance are permissible only in cases involving the specific categories of "improper billings" specified in the ACH Manual and the IATA Clearing House Manual. The protest procedures are not intended to resolve other billing and settlement errors, which normally are resolved through the appropriate rejection and rebilling procedures.

G.6 TIME LIMIT ON ACCEPTANCE OF CHARGES – IATA

No original debit shall be billed through the Airlines Clearing House for charge to IATA Clearing House Members unless such debit is billed no later than the fourth clearance month from when the liability is incurred.

EXAMPLE: Transactions honored in July must be billed no later than Clearance period 04 of the November Clearance Month.

G.7 CURRENCY OF BILLING AND SETTLEMENT – REFERENCES

G.7.1 General Billing and Settlement Procedures

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 Regulations 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 in U.S. dollars.)

G.7.2 Effect of Transaction Sales Values on Settlements

The special procedures in the IATA Revenue Accounting Manual, Chapter A-12, will be used for the determination of billing values on sales or other transactions originating in currencies other than the currency of billing.

G.7.3 Miscellaneous (Non-Transportation) Transactions

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-13, and Regulations 16 and 17 of the IATA Clearing House Manual.

The basis of settling interline Miscellaneous charges through the Integrated Settlement (IS) process is described herein. Members/Associate members that have not migrated should refer to the IS version of the ACH Manual of Procedure only for general information pertaining to activity with fully or partially migrated Members/Associate Members. General provisions applicable to all settlement types are contained in Section B, Settlement Regulations, of this manual.

Other Resources:

Revenue Accounting Manual, Sections A9 and A13.

SECTION H: NON-TRANSPORT / MISCELLANEOUS

H.1 GENERAL

H.1.1 Definition of Miscellaneous Transactions

Miscellaneous transactions are defined as any items which arise out of recognized contractual arrangements or, in accordance with ATA/IATA Resolutions, between Members/Associate Members, other than the settlement of Passenger, UATP and Cargo transactions.

H.1.2 Definition of IS Process

IS is defined as a paperless process whereby invoices are generated and submitted electronically by the billing participant including all required supporting documents. When all Mandatory and Recommended fields are completed in an electronic invoice, supporting documentation need not be transmitted or mailed.

H.1.3 Migration Requirements

H.1.3.1 All Members/Associate Members must advise their migration date for each category via the IS-WEB site. A Member/Associate Member may choose to migrate all Miscellaneous activity at once or phase in their migration by submitting only some Miscellaneous invoices via Integrated Settlement and their remaining Miscellaneous invoices via SMART. Migration is mandatory; for Miscellaneous, full migration to IS must occur by May 2013 Clearance Period 01.

H.1.3.2 Following migration, if the billed Member/Associate Member requires hard copies of any invoices or supporting documentation for the transactions migrated, said Member/Associate Member is responsible to download and print the documents itself from the IS-WEB. The partially or fully migrated billing Member/Associate Member is not responsible to supply copies of documents or invoices submitted through IS.

H.1.4 Adjustments

Adjustments to amounts billed are handled by the debtor Member/Associate Member. Over-billings are handled by means of a rejection invoice for the over-billed amount.

H.1.5 Credit Notes

H.1.5.1 Credit Notes are, as a rule, not used as a means of adjusting invoices except as a result of a Clearinghouse Protest or Withdrawal. In the event of a Withdrawal or Protest, and upon instruction from the Secretary Treasurer of the Airlines Clearing House, a Credit Note must be issued by the Member/Associate Member that entered the disputed charge. The Invoice Header Record must contain the Settlement Method indicator “R”. The Credit Note invoice will not be settled, as the adjustment will have occurred through the Clearing Bank at the direction of the Secretary Treasurer of the Airlines Clearing House. The Credit Memo invoice is used by the billing and billed parties to reconcile their invoices to Clearing House payments.

H.1.5.2 Only where necessary, a Credit Note may be issued for:

a. Reversal of an erroneous debit already submitted in IS.
b. Service which results in a credit
c. Refund of a duplicate payment received in error, e.g., settled bilaterally as well as through the Clearinghouse.

H.1.6 Non-Migrated Member/Associate Member Information

H.1.6.1 Non-migrated Members/Associate Members are responsible to download and print billing documents from partially or fully migrated Members/Associate Members via the IS-Web.

H.1.6.2 Non-migrated Members/Associate Members are responsible to process Rejection Invoices, of Invoices billed to them through Integrated Settlement, via the IS-WEB.

H.1.6.3 Non-migrated Members/Associate Members must generate or respond to correspondence, resulting from disputes not resolved within the rejection process, of any transaction billed, or corresponded to, through Integrated Settlement, including Authority to Debit, via the IS-Web.

H.2 INVOICING REQUIREMENTS

H.2.1 IS Invoice Specifications and Supporting Documents

H.2.1.1 No invoices involving the sale of capital assets or relating to leases may be cleared through the ACH or the ACH/IATA Interclearance unless the consent of the billed Airline has first been obtained.

H.2.1.2 Charge Codes and Charge Categories:

Miscellaneous invoices are defined by Charge Codes and Charge Categories. Charge Categories distinguish the broad category of services billed on an invoice. Charge Codes specify the nature of the service within a Charge Category. For example: Charge Category “Ground Handling” may include Charge Codes “Mishandling Baggage”, “Ramp Handing”, etc.

Invoices must be rendered separately by Charge Category as described in the Integrated Settlement Participation Guide. A Miscellaneous invoice in IS can have only one Charge Category, but a Charge Category may have one or more Charge Codes associated with it.

Field Requirements – Legal and required fields necessary to the creation of an invoice.

Generic Fields – Generic fields (such as invoice number, invoice date) are defined in IS-XML Specifications.

Mandatory Fields – Based on Charge Category/Charge Code

Mandatory fields are those which are required on an invoice to enable automatic reconciliation by the Billed Member/Associate Member. Invoices will fail validation if the Mandatory values are not provided. During the migration period, if a Member/Associate Member is unable to provide relevant data for all Mandatory fields, IS will allow population of some default values in some of the fields so the invoice can successfully validate. This allowance is short term to allow sufficient time for financial system enhancements to provide the mandatory data.

Recommended Fields – Based on Charge Category/Charge Code

Recommended fields add to the data in the Mandatory fields enabling further allocation to sub-accounts or cross referencing with Member/Associate Member internal approval systems. Recommended fields provide the opportunity for automatic reconciliation by the receiving Member/Associate Member.

NOTE: While invoices that are submitted without completion of recommended fields will not fail Validation unless other error exists on the invoice, MANY RECOMMENDED FIELDS WILL BECOME MANDATORY OVER A PERIOD OF TIME. Certain fields that are designated “Recommended Always” will not become mandatory.

H.2.1.3 Miscellaneous items processed through the ACH and ACH/IATA inter-clearance via IS may be submitted by:

IS-WEB – User data enters invoices online through the IS-WEB. Data validation is completed online, and user is prompted to correct data errors before being allowed to save or submit their invoice. User must link any associated or required supporting documents online while creating the invoice.

IS-XML – If uploaded to IS from the billing participant’s financial system, the IS-XML Record Structure must be used and supported by the images of any associated or required documents.

Alternatively, IS will accept an Excel file for certain charge codes and categories. Refer to the technical documentation provided by Integrated Settlement.

H.2.1.4 Invoices may be for any amount.

H.2.1.5 Invoices between two ACH Participants may be settled in USD, CAD, EUR, or GBP. Invoices between an ACH and IATA Clearing House Participant may only be settled in USD. When the invoice currency (Currency Code) differs from the settlement currency (Clearance Currency Code) the invoice amount shall be converted from its currency to the settlement currency at the IATA five-day rate as specified in the IATA Revenue Accounting Manual (RAM) Chapter A-13, Section 3, for the month of the original billing.

The "Clearance currency code" field in Integrated Settlement must be populated with CAD, EUR, or GBP when settlement is to be in CAD, EUR, or GBP, respectively.

H.2.1.6 A Settlement Method Indicator must be selected for each invoice. Refer to ISPG for a complete listing of Settlement Method Indicators and their appropriate use.

H.2.1.7 Separate invoices shall be created for each Clearance Period's transactions. Invoices for major technical services may be rendered upon accomplishment of the work.

H.2.2 Billing Time Limits

H.2.2.1 Initial (original or first time billing) invoices should be rendered within the month following the date of transaction but must be rendered no later than two years thereafter. (Refer to Revenue Accounting Manual, Chapters A9 and A13 for inter-clearance billing time limit.)

H.2.2.2 No transaction may be billed before the Clearance Period in which the transaction occurred unless such advance billing is provided for in the contract terms. For example, July transactions may not be included in the previous June Clearance Period 04 invoice, unless contractual terms so specify, such as rental fees for July which could be payable by July 1 and therefore billable in June.

H.3 REJECTION/ADJUSTMENT RULES AND TIME LIMITS

H.3.1 Difference Amounts Only to be Rejected

Charges which are in part acceptable will be resolved by the rejection of the difference between the amount billed and the accepted amount.

H.3.2 Settlements of Rejections

The rejecting Airline shall issue a Rejection Invoice using the same Charge Category and Charge Code as was used on the original invoice for settlement through the Airlines Clearing House.

H.3.3 Limitations on Amounts Rejected

Airlines may reject all differences of $10.00 or more.

H.3.4 Time Limits for Audit/Rejection/Adjustment

H.3.4.1 Settlements Between ACH Members/Associate Members

Any rejection/adjustment required as a result of post audit shall be recognized by the billing Airline no later than three months after the billing date of the original debit.

EXAMPLE: Items billed in July may be charged back (rejected) or any adjustment applicable thereto may be requested at any time up to and including the billing of October invoices. Rejections/adjustments beyond this time limit must be resolved between the billed and billing Airlines through correspondence.

H.3.4.2 Settlements between ACH Members/Associate Members and Members of the IATA Clearing House.

Any rejection/adjustment required as a result of post audit shall be recognized by the billing Airline no later than six months after the billing date of the original debit.

H.3.5 Rejection Specifications

1. Quote the settlement period and number of the original invoice.
2. Explanation of why the billing is not acceptable. Adequate references to the terms and conditions of the related underlying miscellaneous services agreement/contract, as appropriate.
3. Support the rejection with attached scanned or electronic versions of the related documents if not already linked within Integrated Settlement.
4. The type of currency involved (if other than U.S. funds).

H.4 REBILLING (SECOND REJECTION) RULES AND TIME LIMITS

(Not applicable to billings of miscellaneous transactions settled through the ACH/IATA Interclearance)

H.4.1 Rebilling Not to Exceed Rejection Amount

When rebilling a rejected document, the billing Airline must not rebill an amount in excess of the difference rejected by the debtor Airline.

H.4.2 Limitations on Amounts Rebilled

Airlines may rebill all differences of $10.00.

H.4.3 Time Limit for Rebilling

Rejected charges must be rebilled no later than three months after the billing date of the first rejection, or the billing Airline forfeits its right to rebill through the Clearing House. Any further negotiations of the disputed document may be handled via correspondence between the two Airlines.

H.4.4 Supporting Documentation for Rebillings

If an Airline cannot accept a rejection, it shall process a second rejection via IS as described in this Section H.4.

H.4.5 Disputes after Rebilling

Following a rebilling of charges that have previously been rejected, any further dispute with respect to such charges shall be resolved through correspondence or as described in Section H.5.

H.5 DISPUTES AND TIME LIMITS AFTER REBILLING IN ACH OR AFTER THE FIRST REJECTION IN THE INTERCLEARANCE

H.5.1 Responsibility and Time Limits for Initiating Correspondence

In case of settlement via the Clearing House, the first correspondence shall be submitted to IS not later than three months after the Closure date of the fourth period of the Clearance Month in which the rebill (second rejection) was included.

EXAMPLE: Rebilled charge (second rejection) was included in period three of the August Clearance Month, period four of the August Clearance Month closed on 7th September – submit correspondence to IS by 7th December.

In case of settlement via the Interclearance, the first correspondence shall be submitted to IS not later than three months after the Closure date of the fourth period of the Clearance Month in which the rejection was included.

EXAMPLE: Rejected charge was included in period three of the August Clearance Month, period four of the August Clearance Month closed on 7th September – submit correspondence to IS by 7th December.

H.5.2 Limitation on Submission of Disputed Charges for Clearing House Settlement

Following a rebilling (second rejection) of charges that have previously been rejected through the Clearing House, or a rejection of charges through the Interclearance, no further debit for such charges (whether identified as a rejection, a chargeback, an adjustment or otherwise) may be submitted by the billed airline for settlement through ACH or the Interclearance until the billed airline and the billing airline have resolved their dispute through correspondence, submitted to IS, or the dispute has been resolved as described in Section H.5.4.

H.5.3 Time Limit for Responding to Correspondence

In case of settlement through the Clearing House, if, within sixty (60) days after a billed airline's initial correspondence concerning disputed miscellaneous transaction billings, the billed airline has not received from the billing airline a written response to such correspondence, the billed airline may recharge the disputed billings through ACH. Such billing, for lack of response, may be billed not later than any Clearance Period of a Clearance Month up to and including six months after the date of the written correspondence.

EXAMPLE: Date of last written correspondence is January 1. Billing for lack of response may be billed no earlier than March 1 and no later than April Clearance Period 4.

Following any such recharge, the billing airline may not resubmit the disputed billings for settlement through ACH unless the dispute has been resolved as described in Section H.5.4.

In case of settlement through the Interclearance, if within three (3) months after a billed airline's initial correspondence concerning disputed miscellaneous transaction billings, the billed airline has not received from the billing airline a written response to such correspondence, the billed airline may recharge the disputed billings through the Interclearance. Such billing, for lack of response, may be billed not later than any Clearance Period of a Clearance Month up to and including five months after the date of the written correspondence.

EXAMPLE: Date of last written correspondence is January 1st. Billing for lack of response may be billed no earlier than April 2nd and no later than June Clearance Period 04.

Following any such recharge, the billing airline may not resubmit the disputed billings for settlement through ACH unless the dispute has been resolved as described in Section H.5.4.

H.5.4 Time Limits and Allowance after Dispute Settled

In the case of settlement through the Clearing House, if through correspondence submitted through IS, the Airlines agree on a settlement value for the transaction, and an authorization to bill, via issuance of a Transportation Credit or Authority to Debit, has been provided to the billing Airline, the billing Airline must bill in any Clearance Period of a Clearance Month not later than three months after the issue date of the Transportation Credit or Authority to Debit, otherwise the agreed settlement value may not be billed or collected through ACH.

H.5.5 Disputes Not Resolved by Correspondence

If a billed airline and billing airline are unable to resolve a dispute concerning miscellaneous transaction billings through correspondence, or if the billed airline has recharged disputed billings through ACH via IS as provided in Procedures H.3 or H.4, either airline may, at any time that is more than sixty (60) days after the billing airline has received the billed airline's initial correspondence, by written notice to the other airline and to the ACH Secretary-Treasurer, refer the dispute to the ACH Secretary-Treasurer, who shall make reasonable efforts to facilitate a consensual resolution. If the ACH Secretary-Treasurer determines that he or she will be unable to bring about a consensual resolution of the dispute, the ACH Secretary-Treasurer shall so notify the airlines. Thereafter, either airline may refer the dispute for resolution as provided in subsection 8(a) of the Agreement Relating to the Settlement of Interline Accounts Through Airlines Clearing House, Inc. and in Section A.3.

Following a rebilling of charges that have previously been rejected, any further dispute with respect to such charges shall be resolved through correspondence or as described in Section H.5.

H.6 CALL DAY ADJUSTMENTS-APPLICABLE TO INTERCLEARANCE BILLINGS ONLY

H.6.1 Background

When either an ICH or ACH Clearing House Participant submits a Non-Transportation/Miscellaneous invoice in SIS, for settlement through the Interclearance Settlement between ACH and ICH, and the currency of billing is not USD, the amount is converted to the settlement currency of USD using the applicable “five-day rate”.

At the time of settlement, ICH recalculates the USD settlement amount using the “middle rate” and then compares the converted amount using the “middle rate” to the converted amount using the “five-day rate”. (Middle rate is the average of the buying and selling rates in effect on settlement day.) The differences are displayed on the Call Day Adjustment report when the sum of the differences, for a particular currency, between two Clearing House Participants exceeds USD $100 during the combined four periods of an invoice month.

H.6.2 Action by ACH

Effective with January 2015 invoices, Call Day Adjustment differences as described above in Section H.6.1, shall be entered by Airlines Clearing House on behalf of the affected creditor ACH Participant into SIS using the Charge Category: Service Provider and Charge Code of CDA, for settlement through the Interclearance in the second Clearance Period following the end of the prior Clearance Month.

EXAMPLE: Call Day Adjustments applicable to January 01-04 Clearance Periods’ invoices will be submitted by ACH, on behalf of ACH Participants, through SIS as a Non-Transportation/Miscellaneous Invoice in February Clearance Period 02.

H.6.3 Action by ICH

Similar actions will be taken on behalf of an ICH Member by the ICH and in accordance with Regulation 17 as published in the IATA Clearing House Manual of Regulations and Procedures.

SECTION I: PASSENGER PRORATE RULES

This Section contains a duplication of coverage presently contained in Airline Tariff Publishing Company (ATPCO) Passenger Prorate Rules Manual No. 10 issued July 1, 2019 and amended July 1, 2022. It is provided for the guidance and convenience of ACH members/associate members.

Issued by:

AIRLINE TARIFF PUBLISHING COMPANY
Washington Dulles International Airport
45005 Aviation Drive
Dulles, VA. 20166

PASSENGER PRORATE RULES MANUAL NO. 10

IMPORTANT NOTICE: Passenger Prorate Rules Manual Number 10, issued and effective July 1, 2019, cancels Passenger Prorate Rules Manual Number 9, Issued July 1, 2010.

This Manual is used by AIRLINE TARIFF PUBLISHING COMPANY (ATPCO), in the ATPCO Passenger Interline Pricing/Prorate System (PIPPS), and the Neutral Fare Proration Engine (NFP) for proration of fares. It is also used by the REVENUE ACCOUNTING COMMITTEE of the AIRLINES CLEARING HOUSE (ACH) and contains the rules used by the Revenue Accounting Departments in computing prorates for online and interline fares.

PIPPS is the ATPCO Passenger Interline Pricing/Prorate System which loads all ATPCO distributed fares and uses Rule I.1 for the prorate factor fare selection process and formulas contained within these rules to prorate selected fares or a manually entered ATBP (Amount to be Prorated).

NOTE 1: There will be times ATPCO will consult with the Revenue Accounting Committee before issuing certain changes to PIPPS/NFP Engine

NOTE 2: All examples including the data for fares and prorated amounts used in the rules of this manual are fictional and are for explanatory purposes only.

NOTE 3: PIPPS/NFP shall be considered an official source for determining interline settlement values. PIPPS shall take precedence over any conflicting interline settlement procedure.

I.1 PRORATE FACTORS

I.1.1 General

I.1.1.1. Prorate Factors determined under this rule are used to prorate North American fares (i.e., fares within the U.S.; within Canada; and between the U.S. and Canada). For the purposes of this rule, U.S. is defined as the 50 United States, District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

All Normal First, Business and Economy Class unrestricted and restricted fare types of the marketing airline in effect on the date of ticket issuance are considered for selection as prorate factors. Fare types are those used in the ATPCO Automated Footnote/Rules Service and are assigned by the airline or ATPCO analyst in accordance with the rules published in Appendix B of the Automated Rules Service documentation.

I.1.1.2. Airlines may code Category 23 "Miscellaneous Provisions", of the ATPCO Automated Footnote/Rules Subscription Service, to designate specific use of fares for construction, proration, differential calculations, or extensions. The presence of a Category 23 restriction by rule or footnote indicating a fare is for prorate purposes only, will take precedence in the election of Prorate Factors.

Code	Category 23 Fare Provision	Qualifies for Selection
Byte 15 - Proration		
R	Must only be used for proration and is not available for fare display	Yes
N	May not be used for proration	No
[blank]	May be used for any purpose	Yes
Byte 14 - Construction		
R	Must only be used for add-on construction and should not be displayed	No
N	May not be used for add-on construction	Yes
Y	May be used for add-on construction	Yes
[blank]	May be used for any purpose	Yes
Byte 16 - Differential		
R	Must not be used as the high/low fare or the through fare	Yes
N	Must not be used as the high/low fare and may be used as through fare	Yes
[blank]	May be used for any purpose	Yes
Byte 18 - Extension		
P	May only be used for extension fares and should not be displayed	No
[blank]	May be used for any purpose	Yes

NOTE: Footnotes regarding proration will be used for fare selection, but ticketing and/or travel dates within the footnote definition are not processed.

I.1.2 Prorate Factor Fare Selection Hierarchy Process

The steps used to select fares to be used as prorate factors are described below. These steps may be combined or changed in the order they are executed for efficiency purposes provided it does not impact the results.

1. Determine the Cabin in which the through fare to be prorated is published using the ATPCO Fare Type Matrix.

NOTE 1: Cabins are defined as First, Business, and Economy only, excluding any Cabin designated as Premium.

NOTE 2: Premium Economy fares are considered part of the Economy Cabin.

2. Normal fares that have been distributed through ATPCO data subscription services for each sector of the marketing airline are collected for all fare types within the Cabin group in the order as shown below.

a. If no fares exist for any of the fare types within the First Cabin group, the Business Cabin group is used.
b. If no fares exist for any of the fare types within the Business Cabin group, the Economy Cabin group is used.
c. If no fares exist in any Cabin for the marketing airline, the collection process is repeated using the operating airline (when a codeshare agreement exists).
d. If no fares exist in any Cabin for either the marketing or operating airline, the highest qualifying fare for the applicable cabin of any airline is selected.

3. The fares collected in Step 2 are checked for Category 23 byte 15 prorate provisions.

a. If byte 15 is R, the highest fare amount is selected as the prorate factor regardless of the fare type or level.
b. If byte 15 is not R, bytes 14, 15, 16, and 18 are checked to determine if the fare is disqualified due to any of those provisions.

4. If no fares are selected in Step 3.a. or disqualified in Step 3.b, and multiple applicable fares exist, the highest fare amount in the highest fare type code based on the hierarchy below is selected as the prorate factor.

Cabin Class	Fare Type	Fare Type Code	Cabin	Hierarchy
First	First Class Unrestricted	FU	F	1
	2nd level First Class Unrestricted	FL	F	2
	3rd level First Class Unrestricted	FT	F	3
	First Class Restricted	FR	F	4
	First Class Sleeperette	FS	F	5
Business	Business Class Unrestricted	BU	C	1
	2nd level Business Class Unrestricted	BS	C	2
	3rd level Business Class Unrestricted	BT	C	3
	Business Class Restricted	BR	C	4
Economy	Economy Unrestricted	EU	Y	1
	2nd level Economy Unrestricted	ES	Y	2
	3rd level Economy Unrestricted	ET	Y	3
	Economy Restricted	ER	Y	4
	2nd level Economy Restricted	ERS	Y	5
	3rd level Economy Restricted	ERT	Y	6

Examples of the Fare Selection Hierarchy Process described above:

Example 1:

An F123 fare is being prorated. Farebasis code F123 is determined to be an FX (First Class Excursion) fare type according to the ATPCO fare type code. Since FX is in the First Class Cabin, the prorate factor fare selection search begins within the First Class Cabin fares. If no FU, FL, FT, FR, or FS fares exist, the search proceeds to the next lower cabin group—Business Class Cabin and absent any BU, BS, BT, or BR fares, defaults to the Economy Cabin fare types

Example 2:

Airline AB has two Economy fare types between LAX and MSP:

Farebasis	USD Amount	Fare Type	Rule No.	Routing No.	Cat 23
Y	$730.00	EU	2000	0428	None
Y1	$680.00	ER	2500	0428	byte 15 = R

The lower amount Y1 (ER) fare type is selected as it bears the rule Category 23 prorate restriction, "must be used in proration."

NOTE: A Category 23 prorate restriction may be held in a fare rule or a footnote.

Example 3:

Airline AB has two Economy fare types between LAX and MSP:

Farebasis	USD Amount	Fare Type	Rule No.	Routing No.	Cat 23
Y	$680.00	EU	2000	0428	None
Y1	$730.00	ER	2500	0428	None

The Y (EU) fare type is selected as per hierarchy, Economy Class Cabin, Level 1.

Example 4:

Airline AB has the following three Economy fares that are classified as EU fare types between New York and Los Angeles:

Farebasis	USD Amount	Fare Type	Rule No.	Routing No.	Cat 23
Y	$1464.19	EU	2000	0428	None
YOBV	$ 650.23	EU	2500	0428	None
Y06	$1202.79	EU	2000	0328	None

The Y fare at $1464.19 is selected because it is the highest fare among the three Economy Unrestricted fares with no Category 23 rule or footnote restriction.

Example 5:

Airline AB has the following three Economy fares that are classified as EU fare types between New York and Los Angeles:

Farebasis	USD Amount	Fare Type	Rule No.	Routing No.	Cat 23
Y	$1464.19	EU	2000	0428	byte 15 = N
YOBV	$ 650.23	EU	2500	0428	None
Y06	$1202.79	EU	2000	0328	None

The Y06 fare at $1202.79 is selected because the highest fare (Y) has a Category 23 rule or footnote restriction that specifies the fare may not be used for proration.

I.2 STRAIGHT-RATE PRORATE FORMULA USED IN PRORATING

I.2.1 Straight-Rate Prorate Formula

I.2.1.1 Application

This Straight-Rate Prorate formula applies when prorating North American fares

I.2.1.2 Prorate Factors

a. The fares will be selected as prorate factors as defined in Rule I.1 for the Marketing Airline's portion to each point specified within a fare.

b. When a through fare contains a segment wholly within Canada and there is no U.S. dollar amount published for the segment, the applicable Canadian dollar fare amount is divided by the applicable Canadian conversion rate used by PIPPS. The adjusted USD amount is used as a prorate factor. Conversely, if no Canadian dollar fare exists, the applicable U.S. dollar fare is multiplied by the applicable "PIPPS" conversion rate and the result is used as the prorate factor. See I.2.2 for the PIPPS Canadian conversion rates.

I.2.1.3. Formula

a. Divide the sum of the fares into the amount to be prorated. Carry the percentage factor to five digits beyond the decimal, dropping all digits beyond the fifth.

b. Multiply each fare by the percentage factor increasing the amounts arrived at to the next higher full cent if the computed value has a fractional cent of 5/10ths or greater.

c. Adjust the prorate amount applicable to the last segment in the routing so that the total of the prorate amounts equals the fare amount to be prorated.

Example 1: Rounding Adjustment

Fare Class: HE14NR
Routing: PHL—AA—ATL—AA—MIA ½ RT HE14NR

1. Fare Type lookup of the HE14NR determines that this is an XPN—which is in the Economy Class Cabin
2. Search in the Economy Class Cabin for fares to be used as prorate factors
3. Results return the following fares:

   PHL—ATL
   AA Economy Unrestricted Y fare 795.35

   ATL—MIA
   AA Economy Unrestricted Y fare 681.86

4. Formula Calculation

   Fare Amount: USD 467.44

AA Fare: PHL-ATL	USD 795.35
AA Fare: ATL-MIA	USD 681.86
Total Fares	USD 1,477.21

   Fare Ratio USD 467.44/USD 1,477.21 = .31643 or 31.643%

AA Share: PHL-ATL	USD 251.67 (795.35 × 31.643% = 251.672)
AA Share: ATL-MIA	USD 215.77* (681.86 × 31.643% = 215.760)
Total Shares	USD 467.44

   *AA share adjusted from USD 215.76 to USD 215.77 to total the amount to be prorated.

Example 2: Balancing Adjustment

Fare Class: NHOE30N ½ RT Fare
Routing: CHI—UA—LAX—UA—HNL

1. Fare Type lookup of the NHOE30N determines that this is an XAN—which is in the Economy Class Cabin
2. Search in the Economy Class Cabin for fares to be used as prorate factors
3. Results return the following fares:

   CHI—LAX
   UA has three Unrestricted Economy fares Y = USD 1,348.84, Y8S = USD 1,200.00, H8 = USD 929.30
   The Y fare of 1,348.84 is selected as the highest eligible fare

   LAX—HNL
   UA has two Unrestricted Economy fares LAX—HNL: Y = 1,112.67, Y8S = 713.79
   The Y fare of USD 1,112.67 is selected as the highest eligible fare.

4. Formula Calculation

   Fare Amount: USD 372.74

   UA Fare: CHI-LAX USD 1,348.84

UA Fare: LAX-HNL	USD 1,112.67
Total Fares	USD 2,461.51

Fare Ratio USD 372.74/USD 2,461.51 = .15142 or 15.142%

UA Share: CHI-LAX	USD 204.24 (1348.84 × 15.142% = 204.241)
UA Share: LAX-HNL	USD 168.50*(1112.67 × 15.142% = 168.480)
Total Shares	USD 372.74

*UA second share is adjusted from 168.48 to 168.50 to total the amount to be prorated.

Example 3: Rounding and Balancing Adjustment

Fare Class: MBIZN
Routing: CHI—UA—DEN—UA—LAX

1. Fare type lookup of the MBIZN determines that this is a SIP—which is in the Economy Cabin
2. Search in the Economy Class Cabin for fares to be used as prorate factors
3. Results return the following fares:

   CHI—DEN
   UA Unrestricted Y is selected USD 1,161.86

   DEN—LAX
   UA Unrestricted Y is selected USD 941.40

4. Formula Calculation

   Fare Amount: USD 553.02

UA Fare: CHI-DEN	USD 1,161.86
UA Fare: DEN-LAX	USD 941.40
Total Fares	USD 2,103.26

Fare Ratio USD 553.02/USD 2,103.26 = .26293 or 26.293%

UA Share: CHI-DEN	USD 305.49* (1161.86 × 26.293% = 305.487)
UA Share: DEN-LAX	USD 247.53* (941.40 × 26.293% = 247.522)
Total Shares	USD 553.02

*The first UA Share is rounded up to 305.49 from 305.487 as it has a fractional cent of 5/10 or greater and the second UA share is adjusted to 247.53 to total the amount to be prorated.

Example 4: CAD Conversion of Prorate Factor Fares

Fare Class: Y
Routing: YMQ—DL—BOS—DL—CHI

1. Fare type lookup of the Y fare determines that this is an EU—which is in the Economy Cabin.
2. Search in the Economy Class Cabin for fares to be used as prorate factors
3. Results return the following fares:

   YMQ—BOS
   DL Unrestricted Y is selected CAD 1,193.00

   BOS—CHI
   DL Unrestricted Y USD 1,446.51 x CAD PIPPS conversion rate (See note) = CAD 2,227.63

4. Formula Calculation

Fare Amount: CAD 3,456.00

DL Fare: YMQ-BOS	CAD 1,193.00
DL Fare: BOS-CHI	CAD 2,227.63
Total Fares	CAD 3,420.63

Fare Ratio CAD 3,456.00/CAD 3,420.63 = 1.01034 or 101.034%

DL Share YMQ-BOS	CAD 1,205.34* (1193.00 × 101.034% = 1,205.335)
DL Share BOS-CHI	CAD 2,250.66 (2227.63 × 101.034% = 2,250.663)
Total Shares	CAD 3,456.00

*DL Share for YMQ-BOS CAD 1,205.335 is rounded up to CAD 1,205.34, as it has a fractional cent of 5/10 or greater.

NOTE: To construct a CAD fare to use for prorating purposes refer to Rule I.2.1.2.b. (U.S. Dollar Fare x PIPPS rate).

I.2.2 PIPPS Canadian Conversion Rate

Effective Date	Discontinue Date	PIPPS Conversion Rate
Jul 01, 2010	Jan 31, 2014	1.00
Feb 01, 2014	Feb 28, 2014	1.05
Mar 01, 2014	Mar 31, 2014	1.00
Apr 01, 2014	Sep 30, 2024	1.02
Oct 01, 2024		1.00

NOTE 1: See Section I.2.1.2 for application and use. For Settlement purposes, use the PIPPS rate in effect on the date of ticket issuance. The effective date of the PIPPS Canadian conversion rate will be the first day of the clearance month following the announcement (PIPPS conversion rates will not be applied retroactively).

Example: If announcement dated 5/16/19, effective date will be 6/1/19.

NOTE 2: Monthly, ATPCO selects a minimum of five transborder "Y" fares filed by major North American Airlines, in both directions, and compares the USD published amounts to the CAD published amounts to calculate the PIPPS Conversion Rate.

I.3 VALUE OF ENDORSED/VOLUNTARILY REROUTED COUPON(S)

I.3.1 Honoring for Interline Use

Principle: Voluntarily rerouted ticket coupons are those accepted by the honoring airline for the same value that is applicable to the original routing (including the airlines in the original routing).

Explanation: For interline settlement purposes, voluntary rerouting will not change the original value of any ticket coupon.

Example 1

DFW—AA (F)—CHI—AA (F)—WAS—First Class Fare (No Stopover)

PRORATES

AA DFW—CHI	USD	1029.30 (See note)
AA CHI—WAS		1220.00
	USD	2249.30

NOTE: If DL carried the passenger DFW-CHI, it would be entitled to AA's prorate share (USD 1029.30) of the total ticket value of USD 2249.30 for the coupon it honored.

Example 2

Original Routing: DEN—AA—CHI—AA—STT—AA—STX-BAP3 USD 1600
Revised Routing: DEN—UA—CHI—AA—STT—AA—STX

1. Fare type lookup of the BAP3 determines that this is an ER—which is in the Economy Cabin
2. Search in the Economy Class Cabin for fares to be used as prorate factors
3. Results return only the following fares:

   DEN—CHI: (AA Unrestricted Y is selected USD 205.00)
   DFW—STT: (AA Unrestricted Y is selected USD 995.00)
   STT—STX: (AA Unrestricted Y is selected USD105.00)

4. Formula Calculation:

   Fare Amount: USD 1,600.00

AA Y Fare	USD 205.00
AA Y Fare	USD 995.00
AA Y Fare	USD 105.00
Total Fares	USD 1,305.00

Fare Ratio USD 1,600/1,305 = 1.22605 or 122.605%

AA Share = USD 251.34	(205.00 × 122.605%	=	251.34)
AA Share = USD 1219.92*	(995.00 × 122.605%	=	1,219.92)
AA Share = USD 128.74**	(105.00 × 122.605%	=	128.74)
Total Shares			1,600.00

*AA first Share USD 1,219.919 is rounded up to USD 1,219.92 as it has a fractional cent of 5/10ths or greater.
**AA Share USD 128.735 is rounded up to USD 128.74 as it has a fractional cent of 5/10ths or greater.

I.4 VALUE OF INVOLUNTARY REROUTED COUPON(S)

I.4.1 Reissued Tickets

When a ticket is reissued pursuant to A4A Resolution 120.20 or IATA Resolution 735d, in order to provide coupons for an involuntary rerouting via airlines that will transport such passengers at no additional cost to the passenger, the coupons shall be settled at the applicable rate Involuntary Reroute Settlement Rate as indicated in Section C.10.9 of the ACH Manual (i.e., percentage of the IATA Weighted Mileage Factor) applicable to each coupon. In addition, refer to Ticketing-Resolution 120.20-Involuntary Rerouting of Passengers, paragraph 4.

I.4.2 Tickets Honored Without Reissuance

When a ticket is honored pursuant to A4A Resolution 120.20 or IATA Resolution 735d but has not been reissued or endorsed by the original plating marketing airline, such ticket will be accepted by the honoring airline for the same value as applicable to the original routing.

I.5 PRORATES APPLICABLE TO ROUND TRIP, CIRCLE TRIP OR OPEN JAW FARES

I.5.1 Round Trip/Circle Trip Distribution

Tickets showing a fare calculation with a total fare amount only, for round trip or circle trip transportation (no indication of a break in the fare), will be prorated from end to end by applying the Straight Rate Prorate Formula as shown in Rule I.2. The applicable fares for each coupon will be used as prorate factors.

I.5.2 Open Jaw Trip Distribution

Tickets with a surface sector (other than at the point of ticket Origin/Destination) or where the outward point of departure and the inward point of arrival are different will be prorated from end to end by applying the Straight Rate Prorate Formula as shown in Rule I.2. The applicable fares for each coupon will be used as prorate factors.

Example

Round trip fare with no indication of break in the fare —USD 512.00
Routing: FAT UA DEN UA YTO UA DEN UA FAT 512.00QPE21NCX

	PRORATE FACTOR FARES		PRORATES	
FAT – DEN UA	USD	1,036.28	USD	97.09
DEN – YTO UA		1,696.00		158.90
YTO – DEN UA		1,696.00		158.90
DEN – FAT UA		1,036.28		97.11
	USD	5,464.56	USD	512.00

I.6 PRORATION OF VISIT ANOTHER COUNTRY AND OPEN-JAW VISIT U.S.A. FARES

Principle

VUSA and Open-Jaw VUSA Fares which are published within the general rules tariff as a single amount for multiple coupons off shall be prorated on the basis of the sale. If there are no international sectors in the amount to be prorated, the Straight-Rate Prorate formula (Rule I.2) will apply and the applicable fares for each coupon will be used as prorate factors. If the amount to be prorated includes an international sector (i.e., SFO—MEX), proration will be based on the IATA methodology.

Example 1

Circle Trip Visit U.S.A. Fare—USD 743.52
Routing: NYC—UA—CHI—UA—LAX—AA—LAS—UA—WAS—DL—NYC
(Prorated using ACH Methodology)

	PRORATE FACTOR FARES		PRORATES	
NYC—CHI UA	USD	880.93	USD	138.57
CHI—LAX UA		1,348.84		212.17
LAX—LAS AA		601.86		94.67
LAS—WAS UA		1,351.63		212.61
WAS—NYC DL		543.26		85.50
	USD	4,726.52	USD	743.52

Example 2

Open Jaw Visit U.S.A. Fare—USD 926.85
Routing: BWI—AA—ATL—AA—LAX—UA—SEA—UA—DEN—UA—CHI—UA—WAS—AA—NYC
(Prorated using ACH Methodology)

	PRORATE FACTOR FARES		PRORATES	
BWI—ATL AA	USD	775.81	USD	103.24
ATL—LAX AA		1,587.91		211.30
LAX—SEA UA		899.53		119.70
SEA—DEN UA		1,070.70		142.48
DEN—CHI UA		1,161.86		154.61
CHI—WAS UA		1,011.16		134.56
WAS—NYC AA		457.67		60.96
	USD	6,964.64	USD	926.85

Example 3

Visit U.S.A. Fare USD 635.45
VUSA ticket issued in conjunction with an international ticket that is linked by the information provided in the endorsement box.

Routing: BOS—CHI—LAX—LAS—NYC—BOS
(Prorated using ACH Methodology)

	PRORATE FACTOR FARES		PRORATES	
BOS—CHI	USD	1,136.74	USD	141.00
CHI—LAX		1,353.49		167.89
LAX—LAS		601.86		74.65
LAS—NYC		1,450.23		179.89
NYC—BOS		580.47		72.02
	USD	5,122.79	USD	635.45

I.7 PRORATION OF EXCESS BAGGAGE CHARGES

Principle

Settlement of excess baggage charges shall be based on the straight rate prorate formula using IATA prorate factor weighted miles in effect on the date of the Excess Baggage document issuance.

I.8 PRORATION OF SPECIFICALLY PUBLISHED STOPOVER CHARGES

Principle

Regardless of whether a specifically published stopover or transfer charge published in Category 8 —" Stopovers" or Category 9—"Transfers" of the ATPCO Automated Rules Service for the rule of the corresponding fare to be prorated applies to an intermediate on-line city or to an interline transfer city, the applicable stopover/transfer charge that has been collected on the ticket shall be divided equally between the two flight coupons covering transportation to and from the stopover/transfer city. The Stopover City will be determined by the City preceding the "S" in the fare calculation area unless the "S" appears at the end of the fare calculation area.

When the "S" appears at the end of the fare calculation area the stopover point(s) is determined to be the point(s) that has an "O" designated on the Good for Passage area and shall be divided equally across all coupons with "O"s.

When no "O"s appear within the Good for Passage area, the stopover charge shall be divided equally by the number of fare component(s) comprising more than one flight coupon. The resulting share shall be divided equally across all coupons within that fare component.

NOTE: Settlement of stopover charges applicable to international journeys that include multiple domestic segments default to IATA procedures per IATA MPA, Section B.7. (See Example 4 below)

Example 1: Interline Stopover Charge

Routing: SEA AS YVR S5.00 AC YTO1918.00Y USD1923.00END

Routing		Fare	Prorates	Stopover Charge	Division of Total Fare
AS SEA YVR		261.94	2.50	264.44	
AC YVR YTO	USD	1,918.00	1,656.06	2.50	1,658.56
YVR Stopover		5.00			
Totals	USD	1,923.00	1,918.00	5.00	1,923.00

Example 2: On-Line Stopover Charge

Routing: MIA DL X/ATL DL LAS S4.63 DL SFO1445.58Y USD1450.21END

Routing		Fare	Prorates	Stopover Charge	Division of Total Fare
DL MIA ATL			370.49		370.49
DL ATL LAS			726.32	2.32	728.64
DL LAS SFO	USD	1,445.58	348.77	2.31	351.08
LAS Stopover		4.63			
Totals	USD	1,450.21	1,445.58	4.63	1,450.21

Example 3: On-Line Stopover Charge

Routing: MIA DL X/ATL DL X/LAS DL X/SFO1445.58Y S4.63 USD1450.21END

The stopover charge appears at the end of the Fare Calc and no "Os" appear within the Good for Passage. This example will result in the stopover charge being divided equally across all coupons.

Routing		Fare	Prorates	Stopover Charge	Division of Total Fare
MIA ATL			370.49	1.55	372.04
ATL LAS			726.32	1.55	727.86
LAS SFO	USD	1,445.58	348.77	1.54	350.31
Stopover		4.63			
Totals	USD	1,450.21	1,445.58	4.63	1,450.21

Example 4: International Interline Journey with Multiple Domestic Segments

Routing: ANC UA SEA UA LAX135.28DL MSP DL TYO939.00UA LAX939.00 UA SEA UA ANC135.28 1S50.00 NUC2198.56END ROE1.00

Routing		Fare	Prorates	Stopover Charge	Division of Total Fare
ANC SEA			74.49	9.17	83.67
SEA LAX	NUC	135.28	60.77	7.50	68.27
LAX MSP			253.61	4.50	258.11
MSP TYO		939.00	685.39	12.16	697.55
TYO LAX		939.00	939.00		939.00
LAX SEA			60.77	7.50	68.27
SEA ANC		135.28	74.51	9.17	83.67
Stopover		50.00			
Totals	NUC	2,198.56	2,148.54	50.00	2,198.54

NOTE: In accordance with the IATA Prorate Agency's Multilateral Proration Agreement, where Stopover Charge(s) are collected and the fare calculation consists of more than one fare component, the total amount for Stopover(s) shall be divided equally by the number of fare components comprising more than one flight coupon.

Example 5: On-Line Stopover Charge with Multiple "Os" and Stopover at the end

Routing: MIA DL ATL DL X/LAS DL SFO DL HNL1870.58Y S74.42 USD1945.00END

The stopover charge appears at the end of the Fare Calc and "Os" appear within the Good for Passage. This example will result in the stopover charge being divided equally across all coupons with "Os".

Routing		Fare	Prorates	Stopover Charge	Division of Total Fare
DL MIA ATL			370.49	18.61	389.10
DL ATL LAS			726.32	18.60	744.92
DL LAS SFO			348.77	18.61	367.38
DL SFO HNL	USD	1,870.58	425.00	18.60	443.60

Stopover		74.42			
Totals	USD	1,945.00	1,870.58	74.42	1,945.00

Example 6: Interline Stopover Charge with Multiple "O"s and Stopover at the end

Routing: MIA—AA—ATL(Stopover)—DL—LAS—DL—SFO—HA—HNL—HA—LAS—(Stopover)—DL—ATL—AA—MIA (Stopover Charge USD 74.42)

The stopover charge appears at the end of the Fare Calc and "Os" appear within the Good for Passage. This example will result in the stopover charge being divided equally across all coupons with "Os".

Routing		Fare	Prorates	Stopover Charge	Division of Total Fare
AA MIA ATL			370.49	18.61	389.10
DL ATL LAS			726.32	18.60	744.92
DL LAS SFO			348.77		348.77
HA SFO HNL	USD	1,870.58	425.00		425.00
HA HNL LAS			348.77	18.61	367.38
DL LAS ATL			726.32	18.60	744.92
AA ATL MIA	USD	1445.48	370.49		370.49
Stopover		74.42			
Totals	USD	3390.58	3316.16	74.42	3390.58

Example 7: Interline Stopover Charge with No "O"s and Stopover at the end

Routing: MIA—AA—ATL—DL—LAS—DL—SFO—HA—HNL---HA---LAS---DL---ATL---AA---MIA (Stopover Charge USD 74.42)

The stopover charge appears at the end of the Fare Calc and no "Os" exist in the Good for Passage. This example will result in the stopover charge being divided equally by the number of fare component(s) comprising more than one flight coupon. The resulting share divided equally across all coupons within that fare component.

Routing		Fare	Prorates	Stopover Charge	Division of Total Fare
AA MIA ATL			370.49	9.31	379.80
DL ATL LAS			726.32	9.30	735.62
DL LAS SFO			348.77	9.30	358.07
HA SFO HNL	USD	1,870.58	425.00	9.30	434.30
HA HNL LAS			348.77	12.41	361.18
DL LAS ATL			726.32	12.40	738.72
AA ATL MIA	USD	1445.48	370.49	12.40	382.89
Stopover		74.42			
Totals	USD	3390.58	3316.16	74.42	3390.58

I.9 PRORATION OF SPECIAL SERVICE COUPON(S)

Refer to ACH Manual of Procedures, Passenger Section C.12, Special Service Coupon/Tickets—Original Billings

I.9.1 One Coupon Tickets

Bill amount collected (excluding tax).

I.9.2 Multiple Coupon Tickets

The total fare collected (excluding tax) will be divided based upon the Straight-Rate Prorate formula (Rule I.2.

NOTE: When a Special Service Ticket covers only excess baggage, such charges will be settled in accordance with Section C.11.

Manual of Procedure

GLOSSARY

Absorption Ratio – Bilaterally agreed to percentages which are applied to the sum of the fares to allow for prorates, ISC and UATP discount, and Tax. The same absorption ratios must be applied to all documents for all Clearance Periods within a Clearance Month.

Accountable Traffic Document – Any passenger traffic document with a document number or stock control number issued in accordance with Resolution 20.04

ACH Sample – Statistical method of interline settlement whereby only a selected number of coupons are actual fare priced and used to represent the entire billing.

ACH Sample Participants – Airlines that bilaterally settle their passenger interline billings via the ACH sample method.

ACH Settlement Rate – The settlement percent applied to involuntary reroutes on ACH carriers.

Actual Fare – Actual value of coupon being priced, i.e., prorate value.

Adjustment Billing – An additional billing for an item that was previously billed.

Adult – A person who has reached his/her 12th birthday as of the date of commencement of travel.

Agency – An agency engaged in selling and arranging personal or business transportation and accommodations for travelers. Usually refers to a travel agency. However, in the context of GTR (Government), this refers to the government agency involved.

Airline Code – Alpha or numeric abbreviation for an airline (e.g., AA = American, 001 = American).

Airlines Clearing House (ACH) – A corporation established by certain airlines for the purpose of expediting settlement of interline billings between airlines.

Amount To Be Prorated (ATBP) – The through fare or excess baggage charge for which proration is required regardless of the direction of the fare.

ASP (Area Settlement Plan) – Reporting and settlement of payments between accredited domestic travel agencies and airlines, managed by Airlines Reporting Corporation (ARC). More information, including the ARC Manual for Carriers, may be requested by sending an email to ahd@arccorp.com.

ATBP – Amount to be prorated.

Audit – Review other airlines' evaluation of sample coupons.

Auditor's Coupon – Sales Accounting copy of a ticket.

Bilateral Agreement – Any type of agreement that is negotiated between two carriers (for example an SPA – Special Prorate Agreement).

Billed Airline – The Airline that is the recipient of an interline billing from another Airline.

Billing Airline – The Airline that is raising an invoice to another Airline for an interline transaction.

Billing Data – Data submitted to Integrated Settlement, in the prescribed formats, for the generation of invoices and claim amounts to be settled through the Clearing House.

BSP (Billing and Settlement Plan) – Banks that clear payments between international travel agencies and airlines.

Business Class Fare – A fare established for business class service (i.e., J, C, D, I, Z).

Carrier – Airline providing air transportation between cities.

Check Digit – Follows the serial number of the ticket printed in the scan band at the bottom of the ticket. It verifies that the ticket number is valid.

Circle Trip – A journey that begins and ends in the same city but travel to and from the turnaround point is via a different routing.

Class Of Service – A categorization of the fare used to control seat availability; level of service booked by reservations, which coincides with the fare basis.

Clearance Month – A month in which at least one claim is submitted to ACH for Clearance Periods 01 through 04.

Clearance Period – A period of time in which documents can be processed and a claim submitted to ACH in accordance with Section B.2.

Code Share – An arrangement whereby a carrier who cannot operate a sector due to the absence of full local traffic rights shows its designator (airline code) on a flight coupon(s), although the operation for such sector(s) is by another carrier or: An airline who can operate a sector with full local traffic rights but has decided not to do so, and instead shows its designator on a flight coupon(s), although the operation for such sector(s) is by another airline (also referred to as Local Market Code Share).

Commission – Percentage of the ticket price paid by the airlines to the travel agency who sold the ticket.

Conjunction Ticket – Two or more tickets are issued to cover a passenger's itinerary. The conjunction tickets must have the same airline code, form #, and be issued in numeric sequence.

Constructed Fare – Unspecified through fares created by the use of add-on amounts, or two or more fares shown as a single amount in a fare calculation and shown as "C/".

Contracting Airline – An Airline that issues its own credit card for purchasing travel.

Counterfeit Document – A document which has been represented to have been printed on behalf of and authorized by a carrier, but which has not been printed on behalf of or authorized by the carrier named or shown as the issuing airline.

Coupon – An individual section of a passenger ticket (i.e., auditor coupon, agent coupon, flight coupon, or passenger coupon); unless otherwise noted, "coupon" refers to a flight coupon.

Date of Issue – The date the ticket was sold or reissued.

Date of Reissue – The issue date of a ticket that is issued in exchange for another ticket.

Depressant – Same as Absorption Ratio.

Destination – The last point in a priceable itinerary.

Discount – Either a dollars-off or percentage-off discount from the base fare amount.

Domestic – The 50 United States, Canada, Puerto Rico, and the U.S. Virgin Islands.

Downgrade – To move a passenger to a lower class of service (i.e., from first class to business class or coach class, or business class to coach class).

Economy Class Fare – A fare established for economy class service (i.e., W, S, Y, B, H, K, L, M, N, Q, T, V, X).

Electronic Ticket – A standard electronic interline passenger ticket record issued by an airline or its authorized agent, in accordance with applicable tariffs which covers the passenger's complete itinerary and indicates the actual status of each segment thereof. Also see Flight Coupon/Ticket below.

EMD (Electronic Miscellaneous Document) – Industry standard electronic document used to sell and track usage of miscellaneous services and/or fees.

Endorsement – The authorization given by one carrier, who is unable to carry their own passenger, given to another carrier to fly that passenger without reissuing the ticket.

Equivalent Fare – The fare amount paid by the passenger from the country in which the ticket was sold.

E-Ticket – A ticket purchased for transportation at the time of making a reservation. This locks in the fare and eliminates the inconvenience of obtaining a conventional paper ticket.

Evaluation – Assigning an actual value, and ISC/UATP if applicable, and Tax, to sample coupons, which are expanded on a Computation Sheet in order to determine the amount of revenue to be paid by the ticketing airline.

Excess Baggage Ticket – Used to collect charges for excess baggage, excess valuation, pet charges, kennel cost, or firearms containers.

Exchanged Coupon – The coupon(s) that a passenger relinquishes in order to have their ticket reissued due to a change in routing or fare.

Exclusion – Billable documents which are not included in the Sample Provisional Billing.

Facsimile – A reproduction of an original ticket for billing purposes.

Fare – The amount chargeable for carriage of a passenger between two or more points.

Fare Audit – A means by which to verify that the fare(s) used on a ticket is(are) valid.

Fare Basis Code – The alphabetic code(s) or combination alphabetic and numeric code appearing in the fare basis/ticket designator box on the ticket which represents the basis for the fare amount, as well as rules and restrictions required for travel.

Fare Box – Shows gross fare, federal tax, departure tax/fees (if applicable), and total fare paid.

Fare Calculation Area – That portion of the coupon in which the fare construction of the passenger's itinerary is detailed using city codes, carrier codes, and fares. This area of the ticket should be completed when the total fare is a combination of fares, conjunction tickets are necessary, or the ticket is reissued. (Also referred to as LADDER or FARE LADDER.)

Fare Type – A designation for a particular fare based on rules of issuance.

FIM (Flight Interruption Manifest) – An offline document used to transfer passengers to a flight on another airline in the event of a flight cancellation or another valid reason.

First Class Fare – A fare established for first class service (i.e., R, P, F, A).

Flight Coupon/Ticket – A standard interline passenger traffic document issued by an airline or its authorized agent, in accordance with applicable tariffs which covers the passenger's complete itinerary and indicates the actual status of each segment thereof. Also see Electronic Ticket above.

Flight Interruption Manifest – See FIM above.

Flight Segment Tax – The correct applicable taxes to be collected in connection with the departing and/or arriving cities shown for each flight segment on the ticket.

Form Of Payment (FOP) – The method of payment used to purchase a ticket (cash, credit card, etc.) The FOP is shown on the ticket in the form of payment area.

Forwarding Member – The Airline responsible for an involuntary change in a passenger's journey due to a flight interruption/diversion en-route.

Fraudulent – Accountable Traffic Document that has been fraudulently altered or is otherwise suspicious and which the issuing carrier does not want honored.

Fuel Surcharge – An amount paid by the airline when flying out of a city, which assesses an extra amount for fuel. Shown with a "Q" in the Fare Calculation area of the ticket.

GEBAT – Government Excess Baggage Ticket.

Good For Passage – The coupon(s) that can be seen for that ticket number. (Also referred to as face of ticket.)

Government Transportation Request (GTR) – Paper form used by government offices for payment of air travel. The GTR is accepted as a form of payment at the ticket counter.

Gross Billed – The amount on an invoice before application of ISC, UATP, or tax.

Honoring Airline – Airline that actually lifts a ticket/coupon for passage or reissuance.

IATA (International Air Transport Association) CLEARING HOUSE – A facility established by certain airlines for the purposes of expediting settlement of Interline billings between airlines.

IATA Clearing House Manual of Regulations and Procedures – Regulations and procedures for the operations and services of clearance and settlement provided by the ICH. Electronic copies of the manual may be requested through the IATA Customer Portal website https://portal.iata.org/.

IATA Weighted Mileage Factor – A prorate factor derived from industry agreed weighted mileage formulas and published in the quarterly IATA Prorate Manual Passenger.

Infant – A person who has not reached his/her 2nd birthday as of the date of commencement of travel.

Integrated Settlement – Suite of integrated processes to collect, validate, store and process billing data.

Interclearance – The settlement of interline claims between members of the Airlines Clearing House (ACH) and IATA Clearing House (ICH)

International – The world outside the 50 United States, Canada, Puerto Rico, and the U.S. Virgin Islands.

International Through Fare – A fare applicable to international travel between two consecutive fare construction points via an intermediate point(s).

International Travel – Itineraries between points outside the U.S., Canada, Puerto Rico, and the U.S. Virgin Islands.

Involuntary Reroute – Procedure used when an airline cancels a flight due to mechanical difficulties, strike, misconnections, or any other unusual schedule changes. On ACH ticket stock, domestic tickets (including Puerto Rico and the U.S. Virgin Islands), including domestic portions of international trips, will bear the markings “240”, “Rule 240,” “Invol”, “Involuntary”, “IV” or “120.20”.

ISC (Interline Service Charge) – A charge, shown as a reduction to the interline billing, to compensate the issuing airline for the expenses incurred in selling, handling, servicing, and processing interline traffic.

ISC Reclaim – Interline Service Charge reclaimed/billed to offline carrier.

ISR (Industry Sales Record) – A record that can contain BSP/CAT transactions in TCN format, or BSP/CAT merged with TCN data in TCN format, or carriers own sales data in TCN format (see TCN).

Issued In Exchange For – Area on a ticket that shows original ticket number or certificate number that the new ticket was exchanged for.

Issuing Agent – An entity appointed by the carrier to make sales on its behalf.

Issuing Airline – Airline whose name and airline code are preprinted or stamped on the face of the ticket/coupon.

Itinerary – All points in the passenger’s journey, beginning with the origin, followed by the routing, and ending with the destination, in the sequence shown on the ticket.

Lifted Coupon – The portion of a ticket that is relinquished by the passenger upon boarding a flight. It could be a paper coupon or an electronic coupon.

Lifting Airline – Airline that lifts a ticket/coupon for passage.

Lifts – Flight coupons pulled by the station agent at the time of boarding.

Limited Participant – A non-airline participant of the Airlines Clearing House.

Local Fare – Published fare between two ticketed cities of coupon being priced. Excluding fare construction, published joints, etc.

Lost Document – Accountable Traffic Document that is no longer in the possession of its lawful custodian, without having been identified as stolen.

Lost Ticket Billing (LTB) – Offline coupon lifted for the wrong segment of travel; however, the flight segment can be located on the face of the coupon or in the fare ladder. A billing for a coupon whose physical document cannot be provided.

Marketing Airline – The carrier shown in the flight information area of the ticket, even though the passenger may actually be transported by another carrier (see CODE SHARE/TICKETED)

Maximum Permitted Mileage (MPM) – The maximum mileage that may be traveled for a fare component.

Merchant Service Fee – "MSF" – (otherwise also referred to as the Discount Rate in the UATP Participation Agreement and "Commission" in the SIS environment) is used to describe the percentage of the value of all transactions purchased through any Merchant that is retained by the Issuer.

Minimum Fare – When a passenger's journey crosses a higher-rated point between the point of origin and the point of destination, resulting in an additional collection being made to increase the fare to that of the higher point. (Also referred to as PLUS MILEAGE.)

Miscellaneous Charges Order (MCO) – A document used to pay for land arrangements, special services, or credit toward future air transportation.

Missing Document – A Traffic document, which may or may not be in the possession of its lawful custodian and for which research is in progress pending recovery or reclassification as lost or stolen.

Multilateral Proration Agreement (MPA) – Rules for proration of international through fares and charges, and domestic through fares and charges either sold separately on IATA ticket stock or in conjunction with international fares.

Mutilated Tickets – Any coupon with an incomplete ticket number or an incomplete routing due to mutilation (tearing).

New Operating Airline – The Airline that is lifting a passenger that has been forwarded to them by another Airline.

Normal Fare – A fare filed by the fare owner with a normal Fare Type Code assigned through the ATPCO Automated Rules System. Also refer to the Category Display Code in ATPCO Rule Rec 01 PRC Cat. (May be referred to as UNRESTRICTED FARE.)

OAL – Other Airline

One-Way – When a passenger travels in one direction only.

Operating Airline – The carrier who actually transports a passenger, even though the ticket indicates a different carrier in the flight information area of the ticket. (See CODE SHARE.)

Origin – The first city in the passenger's itinerary.

Original Billing Month – The month in which a document is billed for the first time. (Also referred to as PROVISIONAL MONTH).

Participant Deposit Reserve – The bank account containing the refundable deposits levied against each Airlines Clearing House Participant.

Passenger Facility Charge (PFC) – Levy for FAA approved airport planning and development projects. The charge is identified in the linear of a ticket by the tax code XF, applicable three-letter airport code and associated charge.

Passenger Standards Conference Manual (PSCM) – Resolutions and recommended practices that have been universally agreed upon by airlines to process passengers and baggage in the international interline environment. Electronic copies may be ordered online at https://www.iata.org/en/publications/store/passenger-standards-conference-manual.

Penalty – A fee paid by the passenger in order to make a change to their ticket, or refund or exchange certain restricted fares.

PIPPS (ATPCO Passenger Interline Pricing/Prorate System) – An online system that displays at least ten (10) years of history of fares and supporting text (rules, fares classes, footnotes, and add-on zones). In addition to displaying fares, PIPPS displays U.S. and Canadian joint fare prorates and can dynamically prorate both domestic online fares and international fares.

Population – All Lift and Exchange flight coupons billed in all Clearance Periods of a Clearance Month under the ACH Sample method.

Prepaid Ticket Advice – The notification by teletype, commercial wire, or mail that a person in one city has requested issuance of prepaid transportation as described in the authority, to a person in another city.

Pricing Method Indicator – A field populated, for each coupon, on the Sample Form A, displaying the pricing method used to determine the billing amount.

Prorate Manual – Passenger (ePMP or PMP) – An online manual containing the rules for calculating interline passenger revenue proration for international itineraries maintained by the IATA Prorate Agency. Access to the online ePMP may be obtained by sending an email to prorate@iata.org.

Prorate or Proration – A division of revenue for the priceable itinerary determined by applying the Straight-Rate Prorate Formula or by special agreement (bilateral). The process of allocating a fare amount across the coupons that make up the fare amount or allocating a total fare amount across the fare breaks that make up the journey.

Provisional Adjustment – Same as Absorption Ratio.

Provisional Audit – Process in which unacceptable items identified in the Provisional Billing are excluded on the Universe Adjustment Form C from the billed Universe and Sample prior to Evaluation.

Provisional Billing – Initial billing of ACH Sample coupons (Lifts & Exchanges) adjusted by the agreed to Absorption Ratios, i.e., Prorates, ISC, UATP and Tax.

Provisional Discount – Same as Absorption Ratio.

Provisional Invoice Month – The month in which a Sample carrier first bills another Sample carrier for a document (also referred to as Original Billing Month).

Recast of Settlement – Reversing all amounts billed to, or by, a Participant that has failed to fund its net balance due and determining new net balance amounts for the affected Participants.

Reclaim – To obtain the return of monies due via normal Clearing House procedures.

Referring Airline – The airline initiating a request.

Refunded Documents – A passenger or excess baggage coupon(s) that has been refunded to the original purchaser.

Reissue – The acceptance, for partial or complete payment, of the passenger's previously issued ticket in exchange for a new ticket for the purpose of rerouting or to bring the passenger's ticket into accord with the reservations record.

Rejection Memo – The form included with all rejected documents that shows original billed amounts, audited amounts and the differences being rejected.

Repetitive Error – Billing error involving five or more items with identical amount, rate, or type for a given value component (i.e., Fare, ISC, Tax, Fees, etc.) with an aggregate total of USD $25.00 gross minimum.

Reroute – (As applied to the ticketing procedures) Reroute means to issue a new ticket or to honor the ticket, or a portion thereof, for transportation to the same destination.

Restricted Fare – A fare filed by the fare owner with a special Fare Type Code assigned through the ATPCO Automated Rules System. (May be referred to as Special Fare.)

Revenue Accounting Manual (RAM) – Standard billing procedures for use in interline accounting by members of the IATA Clearing House. It also contains the SIS Agreement and the permanent SIS Services Agreement. Electronic copies of the RAM may be ordered online at https://www.iata.org/en/publications/store/revenue-accounting-manual.

Revenue Accounting Settlement Services First and Final Attachment I–Carrier Concurrence Agreement – An agreement signed by two carriers which indicates their concurrence that inward billed coupons containing a match code in accordance with IATA Revenue Accounting Manual Chapter B14 (Standard Agreement for First & Final – Attachment B, Procedure 2.3) are considered final, and no further audit review/rejection is required or allowed for the matched value. See IATA Revenue Accounting Manual Chapter B14 – Standard Agreement for First & Final Interline Billing for further details.

Round Trip – A journey from the point of origin to another point and return to the same point of origin, but travel may or may not be via the same intermediate cities.

Routing – The carrier, fare basis, and intermediate points of stopover or connection from origin to destination in the passenger's itinerary.

Sample Airline – An Airline that agrees with another Airline to evaluate an agreed percentage of coupons based on digits selected by the ACH and IATA authorities, rather than evaluating the entire billing population.

Sample Coupons – Those coupons with ticket number ending in the selected digits which are used to represent the entire population

Sample Digit – Randomly selected digits which determine which coupons in the billing are sample coupons.

Schedule Change – Any modification to the operation of a flight that may require passenger notification. This may be a change in arrival or departure times, flight number or reservations booking designator, frequency of operation or airports served.

Segment – A leg or single coupon of travel or a group of legs from a passenger's boarding point to their deplaning point of a given flight.

Service Fee – An airline-imposed fee for services rendered.

Short Settlement – When a Participant has failed to fund their net balance due in a settlement, and ACH has borrowed funds due to a net creditor in order to proceed with the settlement uninterrupted, the affected Participant has been "short settled".

SIS (Simplified Interline Settlement) – The name of the project responsible for developing the requirements, rules and project plans associated with integrated settlement.

SMART – ACH Participants' Settlement Management and Reporting Tool Web based application for submission of billing data and retrieval of settlement reports.

Special Fare – A fare filed by the fare owner with a special Fare Type Code assigned through the ATPCO Automated Rules System. Also refer to the Category Display Code in ATPCO Rule Rec 01 PRC Cat. (May be referred to as Restricted Fare.)

Special Service Ticket – Used to collect charges for fare upgrades, excess baggage, excess valuation, pet charges, kennel cost, or firearms containers.

Stolen Document – An accountable traffic document which was removed from the possession of its lawful custodian as a result of a break-in, burglary, robbery or theft, or which has been fraudulently obtained from traffic document distributor or an accountable traffic document that is unlawfully retained by, sold to, used by or transferred to a person(s) other than the lawful custodian.

Stopover - Domestic – A passenger's deliberate interruption of a journey at a point between the place of departure and the destination, agreed to in advance by the carrier. The characters "X" and "O" are used to indicate thru cities or stopover points in the priceable itinerary. The "X" shown to the left of the flight listing indicates that the city is an intermediate or transfer point, involving a stay of less than four (4) hours (domestically). An "O" indicates that the city is a stopover point involving a stay of more than four (4) hours or the passenger did not depart on the next available flight. (These may not always be indicated on the ticket.)

Stopover - International – A passenger's deliberate interruption of a journey at a point between the place of departure and the destination, agreed to in advance by the carrier. The characters "X" and "O" are used to indicate thru cities or stopover points in the priceable itinerary. The "X" shown to the left of the flight listing indicates that the city is an intermediate or transfer point, involving a stay of less than twelve (12) hours (internationally). An "O" indicates that the city is a stopover point involving a stay of more than twelve (12) hours or the passenger did not depart on the next available flight. (These may not always be indicated on the ticket.)

Surcharge – An added charge, not included in the fare, which is reflected in the fare calculation ladder as a "Q". An assessment by vendor or governmental entity in addition to a published price or contracted rate. Following are the applicable surcharge types currently defined in the ATPCO automated rules system: airport/terminal, business class, supersonic, peak travel time, equipment, fuel, peak, holiday, side trip, seasonal, weekend, sleeperette, waiver for advance purchase requirements, service upgrade, security, maximum stay waiver, miscellaneous/other.

Tariff – An official set of airfares and rules listed by routing for each carrier and fare basis. This information is also located in PIPPS.

TAT – See Transitional Automated Ticket.

Tax – Interlineable taxes/fees/charges to be settled in accordance with IATA resolution 785.

Tax Recovery – Source Type 130 to recover/bill any taxes due.

TCN (Ticket Control Number) – an electronic record of formatted ticketing data provided by ATPCO which consists of ticketing information supplied by participating agency and airline ticketing systems. TCN data contains only automated tickets. (See also ISR.)

Through Fare - Interline – A fare published for transportation via 2 or more carrier(s) between three or more cities. (3 or more cities, 2 or more carrier(s), one price.)

Through Fare - Online – A fare published for transportation via one carrier between three or more cities (3 or more cities, 1 carrier, 1 price).

Ticket – A document that serves as evidence of payment of the fare for air transportation. Generally, this takes the form of the standard Air Traffic Conference ticket, which is composed of an auditor's coupon, agent's coupon, flight coupons, and passenger coupon. It authorizes carriage between points and via the routing indicated and also shows the passenger's name, flight number, date of travel, etc. (Also refer to E-TICKET.)

Ticket Control Number (TCN) – See TCN.

Ticket Designator – A code preceded by a / that follows the fare basis code. It is used by airlines to identify special fares or discounts.

Ticket Number – Thirteen (13) numeric characters as printed on the ticket. The first three digits identify the issuing airline. The remainder includes the 10-digit form code and serial number.

Ticketed Airline (Marketed Airline) – The airline code that will appear on the flight coupon of the ticket (different from operating airline for code share.) The Marketing airline may be a primary and/or secondary airline.

Total Dollar Value of Ticket – The sum of the fare plus tax for the entire ticketed itinerary, in whole U. S. dollars with cents dropped.

Trade Practice Manuals (TPM) – Standards, resolutions, and recommended practices specific to interline operations in the A4A environment published by A4A Passenger Services in 4 volumes. Electronic copies of the TPM may be ordered online at https://publications.airlines.org/CommerceProductDetail.aspx?Product=287.

Transitional Automated Ticket (TAT) – A carbonized passenger or excess baggage ticket.

Transportation Credit – The authority sent from one carrier to another to allow the billing of a particular item that was requested via correspondence.

UATP Manual – Rules, regulations, directions, forms, and procedures of UATP for member companies. Electronic copies are available to member companies through the UATP OnDemand portal at https://ondemand.uatp.com/apps/document/list.

Universal Air Travel Plan (UATP) – An airline-issued credit card used to purchase air transportation and related services (i.e., air transportation, excess baggage, hotels, and other services).

Universe – Same as Population.

Unpublished Fare – A fare for which the fare basis/ticket designator codes is not published in a publication used by the Airline to specify its fares applicable to the transportation issued, or provided by PIPPS, with the ticket entry to indicate transportation is valid on the ticketed Airline(s) only.

Unrestricted Fare – A fare filed by the fare owner with a normal Fare Type Code assigned through ATPCO Automated Rules System. Also refer to the Category Display Code in ATPCO Rule Rec 01 PRC CAT. (May be referred to as Normal Fare.)

Validating Airline – The airline who issues the ticket on their ticket stock.

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Wholly – Restricts the ticketed points of the ATBP/Journey to within the country(ies) and/or area(s) mentioned (i.e., Wholly within Europe shall mean all ticketed points of the ATBP must be within Europe).