

Cathay Pacific Airways Limited (CX)

Debit and Credit Memo Policy for USA Travel Agents

A. Agency Debit Memo (ADM) Policy for Travel Agents

CX may issue ADMs to agents to collect amounts or make adjustments related to issuance and use of ARC Standard Traffic Documents validated on CX, regardless of which carriers are included in the itinerary.

In general, the scope covers but not limits to:

- (a) Under-collection and/or omission on fares, tour package prices, penalties, re-booking fees, service charges, fuel surcharges etc.
- (b) Under-collection and/or omission of taxes, any government or local authority charges and fees; etc.
- (c) Commission over-claimed
- (d) Contravention of fare, tax and refund rules
- (e) Excess refund
- (f) Recall of commission on refunds
- (g) Non-compliance with CX GDS ticketing and booking procedures
- (h) Non-compliance with CX sales policies/terms & conditions
- (i) Unreported traffic documents
- (j) Credit card chargeback
- (k) Transaction fee for the use of EasyPay to pay our tickets
- (l) Penalty/transaction fee for the use of credit card to pay our tickets which we don't accept credit card payment
- (m) Duplicate use/refund of traffic documents
- (n) Errors made either by the agent or ARC Processing Centre in ARC report
- (o) Penalty/transaction fee for the use of agent's own payment card or other Alternative Transfer Methods to pay our tickets without our explicit consent

Note: Alternative uses of ADMs are permitted if agreed bilaterally between CX and the agent.

1. Processing of ADMs

- 1.1 CX will issue ADMs to agents through ARC Memo Manager on a daily basis. To adjust sales, ADM can be issued within nine months of the final travel date or the expiry date of the document if the final travel date cannot be established. To adjust refund, ADM can be issued within nine months of the ARC remittance date on which the refund document was processed. Any debit action initiated beyond the aforementioned period, CX will handle directly with the agent.

With the following exceptions:

- (a) Omission and/or under-collection of taxes and local authority charges and fees for tax reporting and audit purpose.
- (b) Unreported sales and credit card chargebacks

- 1.2 CX will not send physical copies of ADMs to agents but will provide agents with supporting documents and breakdowns of the debit upon request. For complicated calculations and with ADM issued for a series of tickets on taxes and surcharges, supporting listing and breakdowns will be attached to ADM in ARC Memo Manager at the time of issuance.
- 1.3 CX will not issue more than one ADM to recall fare/surcharges/taxes in relation to the same ticket unless the nature of collection or adjustment is totally different from the previously issued ADM. For instance, the agent subsequently refunds the ticket and it is found over-refunded, CX would send another ADM to the agent in relation to that ticket which an ADM has been sent before for under-report of fare/surcharge/taxes.
- 1.4 CX will issue an ADM for a specific transaction only, and will not group unrelated transaction together. However, more than one charge can be included in one ADM if the reason for the charge is the same.
- 1.5 Apart from fare discrepancy of the ticket, CX will levy the following administration fees and/or charges and reserve the right to amend these administration fees to cover costs relating to the processing of ADM with the following reasons, but not limit to.

ADM Issuance Reasons	ADM Fee or Charge per ticket
Missing tour code / Wrong tour code	USD 100 each ticket
Missing conjunction ticket	USD 100 each ticket
First OD Abuse*	Delink & USD 10,000 to relink
Second OD Abuse onwards*	Delink & USD 20,000 to relink

*Any ARC location booking or issuing tickets for reservations made through abusive practices will be issued a debit memo and delinked

*This applies for booking made by agents, subagents, employees or outside agents using a GDS

*A fee of USD 10,000 will apply to regain access to bookings and ticketing capabilities of Cathay Pacific flight segments through ARC

*This fee can be paid in 5 equal installments of USD 2,000 per month

*Agency will be relinked after initial installment payment has been received

*Any missed installment payment during the 5-month period will result in immediate delink and full payment of the remaining balance of USD 10,000 fee will be required for relink

*The fee for regaining ARC access will be USD 20,000 for any subsequent offenses

1.6 CX will levy the higher of the ADM fee or 21% administrative fee based on the original ADM amount. This charge will be reversed only upon full acceptance of the dispute for wrong ADM issuance by CX.

1.7 Penalty on unreported sales will be issued by CX via ADM as follows:

USD 100 per ticket

Irregularities will be cleaned up if an offence occurred 12 months onward from the last instance.

2. ADM Correspondence and Dispute

- 2.1. Agents who wish to dispute the ADMs issued by CX should either respond via ARC Memo Manager or email to amer_adm@cathaypacific.com.
- 2.2. CX will respond agent's ADM disputes within 60 days of receipt as per IATA Resolution 850.
- 2.3. Dispute for tickets issued under Global Distribution System (GDS) fare guarantees should be made to GDSs. Reimbursement for ADMs deducted through ARC Memo Manager should be made to agents directly by GDS.

B. Agency Credit Memo (ACM) Policy for Travel Agents

CX will issue ACMs to reimburse or make adjustments to agents on cash activities resulted from errors made by either agents or ARC Processing Centre. Over-payment for transportation or related charges and fees paid by credit card will only be made to the original credit card used for the ticket purchase.

1. ACM Request through Sales Summary Adjustment Request

- 1.1. Agency who request for ACM for sales reporting omission will be charged USD 100 for administration fee per ticket. Copies of supporting documents should be scanned and sent as an attachment to amer_adm@cathaypacific.com. Absence of supporting would result in delay in processing of ACM request.

2. Permitted Time Frame and Minimum Adjustment Amount

- 2.1 Adjustment request will not be accepted after one years from date of issuance of ticket.
- 2.2 Amounts less than USD 100 per transaction will not be handled

3. Processing of ACM Request

- 3.1 CX will only process ACMs from agents for transactions with the same reason. Grouping of unrelated transactions in one ACM Request is not permitted.

- 3.2 CX will authorize ACM Request from agents.

- CX will state reason(s) and/or revised value for rejected ACM request. Agent can re-submit ACM request via Sales Summary Adjustment Request with revised value.
- For rejected ACM request, no ACM will be issued unless it is bilaterally agreed between CX and the agent for re-submission through ACM Request via Sales Summary Adjustment Request.

Although the above summarize the ADM/ACM policy of CX, they should not be construed as complete and final as they will be reviewed and subject to change by CX from time to time when needed. In the event of recurrent abuse, suspected fraud and other extraordinary circumstances, an in-depth audit may be performed, and the above would no longer be considered as valid. CX reserves the right to delink the abusive travel agents ticketing and inventory access.

AGED ADMS POLICY
(July 2024)

General:

1. This policy is to address Cathay Pacific Airways Limited (the Company) collection of Agency Debit Memos (ADMs) over 60 days in the USA.
2. The Company issues ADMs on a daily basis and due to various reasons not all ADMs are settled immediately.
3. The Company expects ADMs to be settled within 30 days of issuance.
4. This policy is to supplement CX ADM / ACM Policy for USA Travel Agents.
5. Communications to Travel Agent are sent out from amer_adm@cathaypacific.com and the account manager will be also notified.
6. This policy may be amended by the Company as necessary.

Process for ADM Collections:

1. Effective immediately, the Company will no longer actively follow up with the travel agents on outstanding ADMs.
2. The Company expects the travel agents to settle ADMs upon receipt.
3. Once undisputed ADMs reach 60 days from the date of issuance, the Company will send out a warning letter to the agents for settlement. See Appendix 1 for sample letter.
4. If undisputed ADMs are still not settled and reaches 90 days the Company will send out a final warning letter stating that the agent's ticketing authority (for all the transactions including sales, exchanges, and refunds) will be turned off after 7 days unless ADMs are settled. See Appendix 2 for sample letter.
5. Once the agent settles outstanding ADMs, ticketing ability will be turned back on.
6. The agent will be responsible for any 3rd party fees the Company incurs to turn back on the ticketing ability.

APPENDIX 1

ACCOUNT SUSPENSION WARNING

August 27 2024

Agent Name (ID#)
Address

Dear Agent Name,

RE: OVERDUE ADMs

We regret to inform you that there are ADM(s) outstanding for over 60 days and not settled.

If you have already settled the ADM(s) please advise your account manager, otherwise we need you to settle the outstanding ADM(s) within the next 30 days.

Please be advised that failure to pay the outstanding ADM(s) by the specified date above **may result in your account suspension.**

Sincerely,

Yolanda Liu, CPA, CA
VP Financial Services, Americas

APPENDIX 2

ACCOUNT SUSPENSION

August 27 2024

Agent Name (ID#)
Address

Dear Agent Name,

RE: OVERDUE ADMs

We regret to inform you that there are ADM(s) outstanding for over 90 days and not settled.

If you have already settled the ADM(s) please advise your account manager, otherwise we need you to settle the outstanding ADM(s) within the next 7 days.

Please be advised that failure to pay the outstanding ADM(s) by the specified date above **will result in your account suspension.**

Sincerely,

Yolanda Liu, CPA, CA
VP Financial Services, Americas