



MEMORANDUM

PAC/RESO/1074

To: All Members, Passenger Agency Conference
Accredited Representatives

From: Director, FSDS Operations, GDC

Date: 30 October 2025

Subject: **MAIL VOTE (A705)**
PAC2 (Mail A705)
Changes to Local Financial Criteria (LFC) for all Agents in Brazil

Background Information

Submitted by APJC Brazil

APJC Brazil met on 11 September 2025 to review the results and adopted Resolutions approved by PACConf/47 coming into effect September 2025. The APJC also reviewed the evolution of the market in terms of the growing number of accredited locations, overall growth of BSP market sales, and the evolution of credit card sales vs. cash sales trends year over year.

The Joint Council also addressed pending items from the previous APJC meeting. Amongst the pending items was the review of the Local Financial Criteria. In early 2025 the Local Financial Criteria Working Group (LFCWG) met at the request of PSG to review the parameters of the LFC following recommendations presented by the Global Financial Assessor (GFA). The WG held three meetings during 2025 that included discussions with IATA Risk Management Team facilitating the discussions between WG airlines and agents.

The LFCWG circulated their final recommendation to APJC members in August 2025, ahead of the APJC September 2025 meeting ensuring ample time for APJC members to review and discuss internally the new parameters being recommended.

At the APJC September 11th meeting, the LFCWG made a presentation to the APCJ sharing their final recommendations and reasons why the recommended changes enhance the strength of financial reviews and thus the Agency Program in Brazil. Following further clarifications on the floor of the APJC meeting, the proposal received unanimous support from all its members. Proposal for amended criteria follows as Attachment A.

Proposed Solution

APJC Brazil unanimously voted in favor of changes to the permanent Local Financial Criteria applicable to Agents in Brazil. This change applies starting with the annual financial review of the 2025 Agents' financial accounts.

Effective Date

The proposed effective date of these changes is **1 March 2026**.

Proposed Action

Conference to adopt the changes to the permanent Local Financial Criteria for Agents in Brazil as shown in Attachment 'A'.

The timetable for this Mail Vote is as follows:

Voting Period: 30 October-13 November 2025

Filing Period: 14 - 28 November 2025

Effectiveness: 1 March 2026

To cast a vote, Members are asked to access the application from the following link:

<https://forms.office.com/e/X2tmmeakQK>.

Please note that no other form of voting will be accepted. Voting will conclude at close of business MAD time on **Thursday, 13 November 2025**. Votes not cast by that deadline will be deemed to be affirmative.

In conformity with the Mail Vote procedure endorsed by PAConf in October 2009, this Mail Vote has been provided in advance to representatives of the agency associations ECTAA, UFTAA and WTAAA for review and/or comment.

No comments were received.

Any Member seeking clarification on any aspect of the mail vote or the mail vote process is invited to contact the IATA Passenger Governance team by email to pac-gov@iata.org.

A handwritten signature in black ink, appearing to read 'J. Rodriguez', with a large, sweeping initial stroke.

Juan Antonio Rodriguez
Director – FSDS Operations, GDC

BRAZIL*(Effective 1 March 2026 – PAC MV/A705)**(Applicable to 2025 Agent financial accounts)***1. FINANCIAL STATEMENTS**

Agent must submit independently produced financial statements, prepared in accordance with general accounting practices. Financial statements must comply with the following minimum criteria:

- 1.1 must not be older than six months
- 1.2 must be certified by an independent certified public accountant
- 1.3 must comply with the minimum financial criteria of social capital of BRL 40,000
- 1.4 must be evaluated against ratio tests and found satisfactory under every ratio test.

2. CRITERIA FOR THE EVALUATION OF AGENTS' FINANCIAL ACCOUNTS**Ratio Tests used and maximum number of points obtainable per ratio test:**

Financial Indicators	Indicator	Formula	Maximum Score	Formula Result	Corresponding Score
Liquidity	ILG	$\frac{\text{Current Assets} + \text{Long Term Assets}}{\text{Current Liabilities} + \text{Long Term Liabilities}}$	7	Over 1.97	7
				1.50 – 1.97	6
				1.25 – 1.49	5
				1.00 – 1.24	4
				0.96 – 0.99	3
				0.91 – 0.95	2
				0.86 – 0.90	1
				Under 0.85	0
	ILC	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	7	Over 1.97	7
				1.50 – 1.97	6
				1.25 – 1.49	5
				1.00 – 1.24	4
				0.96 – 0.99	3
				0.91 – 0.95	2
				0.86 – 0.90	1
				Under 1	0
Debt	CE	$\frac{\text{Current Liabilities}}{\text{Current Liabilities} + \text{Long Term Liabilities}}$	4.2	Under 0.50	4.2
				0.50 – 0.59	3.6
				0.60 – 0.89	3
				0.90 – 0.99	2.4
				1.00 – 1.19	1.8
				1.20 – 1.34	1.2
				1.35 – 1.49	0.6
				Over 1.50	0
	PCT		9.8	Under 0.50	9.8
				0.50 – 0.59	8.4

		Current Liabilities + Long Term Liabilities / Equity		0.60 - 0.89	7.0
				0.90 - 0.99	5.6
				1.00 - 1.19	4.2
				1.20 - 1.34	2.8
				1.35 - 1.49	1.4
				Over 1.50	0
Solvency	Kanitz	(¹Profitability Net Equity * 0.05) + (ILG * 1.65) + (ILC * 3.55) + (ILC * 1.06) + (PCT * 0.33)	7	Over 5.99	7
				5.00 - 5.99	6
				4.00 - 4.99	5
				3.00 - 3.99	4
				2.00 - 2.99	3
				0.00 - 1.99	2
				(3.00) - (0.01)	1
				Under (3.00)	0
	Net Operation Margin	Net Profit/Net Operating Revenue	5	Over 0.14	5
	¹ Profitability NE – Net Profit / Net Equity		40	Maximum Score	
			22	Minimum for Approval	

Ratio Tests Definition and Parameters: An acceptable financial ratio analysis measured by the application of four ratio tests against which points are allocated a maximum of 40 points may be attained. To be considered acceptable a minimum of 22 points shall be scored.

Ratio	Score	PASS / FAIL
<u>Current Assets / Current Liabilities</u>	<u>1.00 or more</u>	<u>PASS</u>
	<u>Under 1.00</u>	<u>FAIL</u>
<u>Positive Net Equity</u>	<u>Positive</u>	<u>PASS</u>
	<u>Negative</u>	<u>FAIL</u>
<u>Current Liabilities + Long Term Liabilities / Net Equity</u>	<u>Under 3</u>	<u>PASS</u>
	<u>3 or more</u>	<u>FAIL</u>
<u>EBITDA</u>	<u>Positive</u>	<u>PASS</u>
	<u>Negative</u>	<u>FAIL</u>

All 4 ratios must obtain a PASS result in order to secure an overall Satisfactory Financial Review.

3. ANNUAL FINANCIAL REVIEWS

3.1 All Agents are subject to annual financial reviews. Details are described in Resolution 812, Section 5.

4. FINANCIAL SECURITIES

~~New Applicants and/or Agents will be subject to the presentation of a financial guarantee as described below:~~

- ~~▪ New Applicants: Branch Location applications will not be required to present a financial guarantee if financials of the Head Office are satisfactory.~~
- ~~▪ Payment related Irregularity — financial guarantee is required whenever Agent short pays or fails to pay on remittance date.~~
- ~~▪ Minor Error Rule — An Agent shall be subject to two instances of irregularity following a short payment and/or late payment (pursuant to Resolution 818g), however, the financial criteria requirement to submit a financial guarantee will be waived once, in a twelve-month period, whenever the Agent demonstrates satisfactory evidence from the bank, that total amount due was available in Agent's bank account on the date of remittance and the amount due was paid within the demand period.~~
- ~~▪ Default — financial guarantee is required as a condition for reinstatement to full credit privileges and once all outstanding monies have been paid in full.~~
- ~~▪ Unsatisfactory Financial Standing — financial guarantee is required when Agent's financial statements fail to comply with financial criteria established in this Manual.~~
- ~~▪ Changes of Ownership — financial guarantee is required whenever a change in ownership or control of~~

~~the Agent is equivalent to 30% or more of the total stock issued.~~

4.1 Financial Securities will be requested based on the Risk Status of the Agent as described in Resolution 812, Section 5:

4.1.1 Agents with Risk Status A – are not required to present a financial security, or as indicated in the rules.

4.1.2 Agents with Risk Status B – will be required to present a financial security.

4.1.3 Agents with Risk Status C – will be required to present a financial security.

4.2 Duration of financial security:

4.2.1 Two-year minimum for applicants subject to satisfactory results of financial review prior to expiry of guarantee.

4.2.2 One-year minimum for Approved Agents subject to satisfactory results of financial review prior to expiry of guarantee.

4.3 Financial Security Calculation:

$$\text{"Sales as Risk"} = \frac{\text{"Number of Days' Sales at Risk"} \times \text{Cash sales amount from 3 highest months in the previous 12 months}}{90 \text{ (Number of days)}}$$

4.4 Minimum Financial Security Amount:: equivalent to USD35,000

~~4.4.1 For New applicants or Change of ownership higher than 30% – USD35,000~~

~~4.4.2 Accredited Agent with Irregularities related to non-payment: Default and unsatisfactory financial Standing – USD25,000.~~

~~*The equivalent in Reais will be calculated at the time of request.~~

5. FINANCIAL INFORMATION DEFINITIONS

Current Assets

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

Current Liabilities

Must include the current portion of long-term debt.

Long Term Assets

Excludes investments, fixed assets and intangible assets.

Net Profit

Net Revenues (deducted from taxes and contributions) minus Total Expenses plus Net Financial Result.