



Air Italy GDS Efficiency Policy and Agency Debit Memo (ADM)

Dear Travel Agent Partner,

With this document Air Italy publishes the updated policy on AGENCY DEBIT MEMO (ADM), with reference to the provisions of IATA Resolutions 850m, 818, 824, 832.

We remind that the Agent is responsible for the proper issuance of tickets, in compliance with tariffs, rules, general conditions of carriage and instructions provided by the Carrier (IATA Reso 824).

In an effort to eliminate unnecessary cost and effort for you as an agent and to offer our customers the best possible service and availability, Air Italy carefully reviews all reservation activity at the same time addressing avoidable GDS costs caused by improper CRS/GDS booking practices, attributing the costs and penalties as per ADM Policy.

Please take a moment to review the booking and ticketing practices listed and explained below. We thank you in advance for your support and cooperation.

General Information: ADM types issued by Air Italy

The Agent is asked to inform passengers that the Carrier reserves the right to make inspections concerning the use of Traffic Documents and to demand, if needed, the payment of the difference between the fare paid and the applicable one. In case of refusal, the boarding may be denied.

The Agent should also inform passengers that the Carrier will honour every flight coupon only when correctly used, following the right sequence and from the point of origin as per fare calculation shown on the ticket.

Unless justified evidence to the contrary, the agent owes the Carrier the amount shown on the ADM as per memo reason. The Carrier will endeavour to provide as much information and detail about the reason a charge is being made in order to ensure its accuracy.

Therefore, any irregular use of ticket or flight coupons sequence will invalidate the whole Traffic Document. In case of flight / date / booking class change, made after ticket issuance, whenever the payment of a charge or a fare difference is needed, the ticket must be reissued. In case of penalty collection the CP code has to be used.

ADMs are a legitimate accounting tool to be used by the Carrier to collect amounts or make adjustments to Agent transactions related to the issuance and use of Traffic Documents issued by the Agent, regardless of which airlines are included in ticket itinerary. Subject to agreement with the Agent, alternative uses of ADMs may exist:

an ADM could also be issued for debits that are not directly related to Traffic Documents, e.g. deposits or penalties for group sales.

The purpose of the audit is to minimize the irregularities in issuing / managing tickets. Therefore, if the volume and types of anomalies are deemed to be above average, the Carrier will agree with the Agent concerned the most suitable solution.

ADM ISSUANCE

ADMs will be processed through the BSP and issued within 9 months of the final travel date or the expiry date of the document, when the final travel date cannot be established.

To adjust incorrectly issued refunds, an ADM may be issued within 9 months of the BSP remittance date on which the document was settled. Any charge due beyond this period will be handled directly between the Carrier and the Agent.

ADMs will be issued for each specific transaction; however, more than one transaction can be included in one ADM if the reason for the charge is the same for the same agent.

If different and unrelated charges apply, more than one ADM may be issued by the Carrier in relation to the same original ticket. For any ADM issued through BSPlink, the date of issue is considered as the date of receipt by the Agent. A daily monitoring of ADMs through BSPlink is highly recommended to the Agents.

The Carrier will provide the e-mail address in the Airline Contact box for each ADM: this address should not be used to start disputes. Any dispute should be handled directly through BSPlink, in order to allow a more efficient and timely management of disputes, indeed.

Types of ADMs issued by Air Italy include, but are not limited to:

- **Fare violations:**
 - Incorrect fare application and combinability (e.g. routing or sales restrictions)
 - Incorrect fares value (under collection)
 - Minimum / maximum stay, advanced purchase rules
 - Seasonality, flight applications
 - Codeshare flights not allowed
 - Stopovers, transfers and surcharges
 - Incorrect RBD (booking class)
 - Incorrect RBD (booking class) where SPA agreement is present
 - Incorrect Fare Basis
 - Open or waitlisted sectors (where reservation is required)
 - Booking Class / Class of Travel
 - Non- refundable Fare

- **Commission violations:**
 - Incorrect application
 - Over-collection of commission (standard & supplementary)
 - Discounts

- **Service Fees, Surcharges and Taxes:**
 - Incorrect collection of taxes and surcharges
 - Missing taxes/surcharges
 - Wrongly altered taxes/surcharges
 - Already used taxes refunded by mistake

- **Refund violations:**
 - Incorrect calculation of refund amount, taxes and fuel
 - Incorrect application of cancellation penalty (e.g. in case of no-show)
 - Incorrect calculation of refunds commission amount
 - Incorrect form of payment on refunds (versus sale)

- **Exchange violations:**
 - Missing rebooking fee (calculated per transaction)
 - Missing fee in case of name change/correction

- **Other violations such as but not limited to:**
 - Invalid / no ticketing agreement
 - Use of fake / manual ticket numbers
 - Invalid or incomplete ticket designator data
 - Non-compliance with group agreements
 - Charge backs and unreported tickets
 - Non-compliance Void Tkne or fares violation

If the partner carrier applies the planned penalty from the SPA contract for an incorrect use of RBD, this cost and penalty will be debited by Airitaly to the agent (on lata code) who will have made these emissions not following the prescriptions in the charts 1 and 2 of ATPCO by IG or from the partner carrier in the presence of a SPA agreement. In this case, the ADM will be issued following the issuing procedures.

- To cover the cost of the audit process, the Carrier will levy for each ADM a handling fee of **20.00€** (or equivalent amount in local currency). The Carrier will apply only once the handling fee. This charge will be reversed only upon full acceptance of the dispute for wrong ADM issuance.

Air Italy GDS efficiency policy: guidelines on correct usage of CRSs

ADMs regarding GDS efficiency policy will be processed through BSP- LINK in case of IATA agency and may be issuing within 9 months of the final travel date or the expiry date of the document, when the final travel date cannot be established. Through BSP- LINK /ARC will be issued ADM using a “generic ticket” that the agent had already issued even if it is not referred to the specific case

To adjust incorrectly issued refunds, an ADM may be issued within 9 months of the BSP remittance date on which the document was settled. Any charge due beyond this period will be handled directly between the Carrier and the Agent.

The purpose of this policy is to reduce the costs associated with inactive segments and other booking-related practices which cause negative inventory consequences and malpractice regardless of ticket issuance, thus generating a revenue loss and for which an ADM may be raised. The below regulations have to be intended effective as from the **1st of July, 2016**.

To avoid ADM, we kindly recommend what follows:

Inactive segments

When a reservation is affected by a schedule change, ticketing time limit action, flight cancellation or other extraordinary circumstance, Air Italy sends notification directly to the original booking agent's GDS queue. This notification communicates the change and directs the booking agent to accept the changes in the passenger name record (PNR) and remove the inactive segments. Changes to itinerary segment status resulting in inactive segments require action at least 24 hours prior to flight departure. This includes cancelling ticketed or un-ticketed segments with a status code of UN, NO, HX, WK, WL, or WN. Also, please action or cancel where applicable all unnecessary segments in your PNRs with the following status codes: UC, US,DS, HL,HN, LL, TL, PN, PW, NN, IN, UU, XK. All violations will be charged with the amount of **6.00€** (equivalent in local currency) per passenger /segment. There will not be sent ADM less than **20,00€** amount.

Queues

Regularly work your queues and ensure that all status codes are actioned accordingly. It is travel service provider's responsibility to monitor the queues and release inactive segments.

Duplication of space

The creation of active or passive duplicate bookings are prohibited. This includes any simultaneous combination of bookings for a passenger which logically cannot be flown.

Travel agents must refrain from creating duplicate bookings, including but not limited to:

- Duplicate booking classes on the same/different date, same flight and passenger.
- Duplicate booking classes on the same flight, for the same passenger.
- Multiple bookings with a non-feasible itinerary (overlapping legs).
- Duplicate bookings on the same date/flight/passenger/class.
- Booking multiple flights for the same itinerary, on a narrow departure time interval.

Air Italy monitors regularly and rigorously this type of malicious action.

All violations will be charged with the amount of **30.00€** (equivalent in local currency) per passenger. This kind of reservations, after regular check, will be subject to cancellation.

Fictitious/speculative bookings and ticket numbers

Holding onto Air Italy's inventory until a passenger or ticketing opportunity arises, increases Air Italy's booking fees and reduces the availability of our product. Your cooperation is requested to use the GDS only when it relates directly to a passenger's request or intention to purchase a ticket. Creating segments, passive or active, or a combination of both, to meet GDS productivity agreements is a breach of standard industry procedures. This includes the ticketing of duplicate space from one GDS to another to fulfil booking requirements and gain GDS incentives. Inputting fictitious ticket numbers to hold a booking leads to a reduction of availability of our product. Eliminating fictitious or speculative bookings will free up seats.

Travel service providers are requested to refrain from making bookings with fictitious names and thus blocking inventory. Creating live PNRs for training or test purposes is strictly prohibited.

All violations will be charged with the amount of **30.00€** (or equivalent in local currency) per passenger. After regular check, this kind of reservations, it will be subject to cancellation.

Live Bookings

Do not hold space under speculative names. Do not make excessive reservations/waitlists for the same passenger. Ensure the correct booking class is used according to the fare quoted. After regular check, this kind of reservations, it will be subject to cancellation.

Training/test bookings

Creating PNRs such as Test or Prova for training purposes using active sell segment status codes is prohibited. All violations will be charged with the amount of **5.00€** (or equivalent in local currency) per passenger.

Improper use of the fare with booking class

Air Italy reserves the right to issue ADM equal to **350,00€** (equivalent in local currency) per PNR /passenger in case of availability violation: in some cases the class booked (reserved) and the class of the ticket issued are different, and it is seen that some agencies issue tickets with different fare of the class booked (reserved). This practice is strictly prohibited. Ticket must be issued with the fare of the reservation.

Space churning

Repeated cancelling and rebooking of space is often done to circumvent ticketing time limits of the fare rule. This practice is strictly prohibited. As defined by Air Italy they will be accepted maximum of 4 reinstatements. Air Italy will charge the amount of **30.00€** (equivalent in local currency) per each created PNR/ Passenger.

VOID ticket

ADMs regarding GDS efficiency policy will be processed through BSP- LINK in case of IATA agency and may be issuing within 9 months of the final travel date or the expiry date of the document, when the final travel date cannot be established. Through BSP- LINK /ARC will be issued ADM using the same ticket irregularly voided.

The company will proceed to issue ADM equal to the value of the full fare Y fare – C full fare for the route- passenger where the violation occurred with the improper use of the VOID Ticket. In add to issue ADM will be charged a malpractice fee with the amount of **100,00€** (or equivalent in local currency) per passenger/pnr.

The action of VOID Ticket must always be carried out on the date of issue the document with the Local Time of the issuing agency. It is absolutely forbidden to carry out the VOID Ticket action after the flight has been released at the airport (local check-in time) and / or after the departure of the flight.

Cancel and excessive cancellations

Ensure you remove from the PNR any inactive segments (UN, UC, HX, NO).

Release all unwanted reservations or waitlists. Action is required at least 24 hours prior to flight departure. This includes cancelling ticketed or un-ticketed segments with a status code of UN, NO, HX, WK, WL, or WN.

In general, excessive segment cancellation volumes are considered not justifiable; accordingly, the cancellation/gross booking ratio is defined equal to 70,0%: exceeding cancellation rates will be considered malpractice.

Passive bookings

An acceptable passive segment is entered into a GDS for the purpose of ticketing. It must match an existing booking in Air Italy's internal reservations system.

Use "claim PNR" functionality where necessary, as active for Air Italy on all main GDSs.

Industry standards require that passive segments be used "for the purpose of ticketing only" after a booking has been made in an airline's inventory system: Air Italy does not allow passive segments

to be used for other reasons, including but not limited to satisfying GDS productivity requirements, to circumvent fare rules, or to fulfil administrative functions. All violations will be charged with the amount of **5.00€** (or equivalent in local currency) per passenger/pnr.

Ticketing

Ensure ticketed classes correspond to those which are booked. Ensure you ticket within the time limit according to the fare rule.

Multiple CRS(s)

If your agency uses more than one CRS, ensure you always book and drive your ticket from the same CRS.

ADM amounts for violation of GDS efficiency policy guidelines

- In case of verified and ascertained violation of any of the above regulations, Air Italy reserves the right to issue ADM corresponding to the deriving wasted costs as measured into the GDS BIDT analysis reports, informing the involved travel agency through BSP link and providing all necessary details. No less than **20,00€** amount ADMs will be issued.
 - To cover the cost of the audit process, the Carrier will levy for each ADM a handling fee of **20.00€** (or equivalent amount in local currency), identifiable by the MF code (malpractice fee). For charges which are lower than the minimum amount, included in one single ADM, the Carrier will apply only once the handling fee. This charge will be reversed only upon full acceptance of the dispute for wrong ADM issuance.
 - With specific reference to cancel and excessive cancellations regulations, each cancelled segment to exceed the 70,0 % cancellation ratio will be considered as a malpractice: the deriving wasted GDS costs measured into the GDS BIDT analysis reports will be charged through ADM issuance, informing the involved travel agency through BSP link and providing all necessary details.
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Terms and conditions

Travel service providers should take note that AIR ITALY pay a fee for each booking created, cancelled or changed. These fees are even charged when the passenger would actually never travel. As a result:

- a. Air Italy are paying distribution cost for revenue which does not get realized.
- b. Genuine bookings fail to get realized thus leading to revenue loss & losing a firm passenger to the completion of the aircraft load.

A limited volume of such bookings is acceptable and forms a natural business pattern. However, it is when such bookings become abnormal that a corrective action needs to be taken and fraudulent practices need to be penalized.

By means of this policy Air Italy wishes to lay guidelines for applying best practices for GDS usage and the action that will be taken by Air Italy for each abuse.

Air Italy reserves the right to raise ADMs for fraudulent practices from time to time and not necessarily limited to the above violations and may close the PCC which not permit to sell any Air Italy segment.

Air Italy also reserves the right to revise the debit memo charges from time to time with no prior intimation to the travel service provider.

Required information for passenger identification:

In compliance with IATA resolution 830d, travel agencies are required to notify all ticketed and confirmed passengers of any schedule change or flight cancellation immediately after receiving notice, action queues promptly and to ensure that the passenger is notified of any changes to his or her booking as soon as possible. The following information should appear in the reservation file exactly as it is in the official identity documents:

Legal Name - Phone Number.

In addition, it is recommended to provide a contact *email address*.

To facilitate flight disruption handling of customer due to irregularities such as for example delays, re-schedules, etc., we strongly recommend to provide passenger contact details (email and/or mobile number), which is in line with all applicable data protection regulations. If a passenger exercises his or her right not to provide contact details, the Agent should indicate that the passenger has declined to provide such details. The indication provided in PNR will result in airline's liability limitation in case of any irregularities. In such a case, the passenger shall not be provided information relating to flight cancellation or schedule changes (including delay in departure).

ADM issuance and dispute PROCEDURE

ADM issuance

For any ADM issued through BSPlink, the date of issue is considered as the date of receipt by the Agent. A daily monitoring of ADMs through BSPlink is highly recommended to the Agents.

ADM dispute

The Agent shall have 15 days of receipt (=issuance) of the ADM to examine and dispute the ADM via BSPlink before it is submitted for settlement to BSP ("Latency Period").

When logging a dispute the Agent will provide the reason for dispute and the contact details (e-mail address and/or phone numbers) for any clarification or supporting information needed. Failure to provide the reason for dispute will lead to rejection of the dispute.

The Carrier will endeavour to handle the ADM disputed in a timely manner. In this regard we remind that the raising of the dispute via BSPlink suspends the billing and payment of ADM, until the dispute is not defined.

The Carrier will examine the reasons for the dispute and will approve it where it is proved that the charge was wrong/not due and/or evidence to the contrary is provided.

In case of full approval of the dispute, the Carrier will delete the ADM.

In case of partial agreement an Agency Credit Memo (ACM), at no fee, will be issued for the value accepted.

If ever a detected malpractice made by non-IATA agencies or from an unknown contact, it will be disabled the access to the reservations through their GDS segments of Air Italy (IG / 191) with the

pcc block that generated the violations. The non-IATA agencies are obliged to follow the same directions that are imposed by the company's policy regarding the efficiency of using the GDS. In the case above, the reactivation will be only against cash payment and balance owed inclusive of VAT.

Air Italy contacts and information request

The contacts for any question, relevant support or additional information for the disputes raised via BSPlink are:

- BSP ITALY
e-mail: patrizia.moragli@airitaly.com
Ph: +39 0789 52823
- Revenue Integrity and efficiency : revenueintegrity@airitaly.com

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