



Azerbaijan Airlines' (J2) - Agent Debit Memo (ADM)

Policy for all Agents s BSP/ARC

Dear Travel Partner,

Azerbaijan Airlines considers you as our key business partner. We seek your support and cooperation to effectively implement our Agent Debit Memo's (ADMs). Therefore, Azerbaijan Airlines would like to make its ADM policy transparent to all travel agents with the following update.

You may have already seen; we have sent out a new Ticket time limit policy and updated advice on booking violations. This ADM memo is intended to offer a full update on ADM process for all activities related to revenue integrity.

Legal position

ADM's are a legitimate accounting tool being used by airlines to collect amounts or to make adjustments to agent transactions related to the issuance and use of Traffic documents. Alternative uses of ADMs may also 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, Global Distribution System (GDS) or booking or TTL misuse, etc.

Azerbaijan Airlines will raise ADM's on IATA's Billing and Settlement Plan (BSP) / Airline Reporting Corporation (ARC). Stockholder or non BSP/ARC non-stockholders participating agents on incorrect ticketing / reporting and other prohibited practices for booking which are not made in compliance with Azerbaijan airlines booking and ticketing practices, resulting in revenue leakage and loss of revenue opportunity. Where applicable, Azerbaijan Airlines have used specific reference from the relevant IATA resolutions

The Travel agent's obligations are described in IATA resolution 824, in which states, the agent should issue tickets in compliance with Carrier's fares, fare rules, general conditions Of carriage and written instructions of the carrier to the agent (e.g. memo, circular, manual, etc). Airlines have the right to audit and send ADMs for all transactions that are not made in compliance with required booking and ticketing practices. Azerbaijan Airlines reserves the right to revise the amount and amend the ADMs issuance process. Unless the agent produces credible evidence, the agent owes the Airlines the amount shown on the ADM.

In cases where an IATA / ARC Agents chooses to have commercial relationship with non-IATA / non-ARC agents, this commercial relationship is fully the responsibility of the IATA / ARC Ticketing agent. The

Ticketing agent is liable for malpractices involved and ADMs will be raised to the ticketing agent accordingly, regardless of their location. This includes:

- IATA / ARC Ticketing agents who issue tickets on behalf of a non IATA / non ARC where the booking has been made by the non IATA / non ARC agent.

Such ADM's will be handled as per IATA resolution 850M.

Azerbaijan Airlines will issue ADM's in the following manner

1. Azerbaijan Airlines will provide information containing type of violation and the amount of the fine to "Agent" in written or via BSP Link if above violations are detected.
2. Agents have the right to object the applied ADM under the published IATA rules using the functions of "ADM Dispute" via BSPLink (each penalty can be objected only once). During the objection after inclusion in "ADM Dispute" all related documents or information, Carrier will recheck and take relevant decision taking into consideration objections within IATA rules.
3. ADM applied as any violation of rule arising from reservation system must be also paid by the Agent in full.
4. **Please note:** In case of non-compliance tariff application's rules during the Refund process (obtaining a one-time permit from the Airline) Refund must be done through the Refund Application BSP link
5. ADM can be billed within one year from tickets' issuance date except the following conditions:
 - If a segment of other air companies is issued in a mutual ticket, penalty can be billed within a year from the date of application of the air companies;
 - If a ticket has been refunded, for a year from the refund date.
 - For un-ticketed reservations (ticket has not been issued) - within one year from the day of the first flight segment;
 - For BSP agents –the closing date for the application of penalty is determined in the applicable provisions of rules and regulations of IATA.

Scope of ADM issuance/policy

The Following matrix defines different violations or non-compliance practices which will result in the issuance of ADM i.e. a debit will be raised to the booking/ticketing agent. These violations include but are not limited to the following:

Table 1 - ADM matrix

<u>No</u>	Violations	Penalties
1.	Absence of Time Limit options in the booking without issuing tickets , entering additional and invalid segments into the bookings created to reserve appropriate seats and to prolong Time Limit options automatically and then upon cancelling those segments affectedly prolongation of identified time limit	EUR 35 for each PNR
2.	Creating false or test bookings using active GDS booking mode (outside of the test mode) including entering fake names in the PNR	EUR 50 for each seat in PNR
3.	Keeping the seats selected from the system for more than 30 minutes, without creating actual PNR, without reasonable excuse, (force major)	EUR 50 per number of kept seats

4.	If the facts keeping the seats on the screen, without creating PNR, occur again by the same "Agent" for more than 3 (three) times within one month	EURO 200 for each kept seat
5.	Churning - repeated cancellation and rebooking of the same itinerary for the same passenger independent of the class and PNR to circumvent or extend ticketing time limits, hold inventory, and/or find a lower booking class. A maximum of 4 rebookings are permitted, any additional rebooked and canceled segments will be considered excessive churning.	EUR 10 per seat
6.	Absence/ input of deliberately false passport of passenger's passport data in the PNR on other flights of Azerbaijan Airlines	EUR 50 for each PNR and compensation for the incurred loss, at the discretion of the Carrier
7.	Absence/ input of deliberately false passport of passenger's passport data in the PNR when such requirement is established, on the flights, Baku-Beijing-Baku, Baku-London-Baku, cities of Russian Federation and Republic of Belarus, or Airlines partners flights	EUR 50 for each PNR and compensation for the incurred loss, at the discretion of the Carrier
8.	Duplicates A booking more than one reservation for the same passenger within one or more GDS created by the same agency . The same flight number on the same or different date. This includes active and inactive segments in PNR that have not been removed or passive. Different flight numbers for the same city pair for the same or for a different date. Different destination point on the same or different date. Same or nearby airport.Similar itinerary booked on other airline/codeshare airline /joint venture airline and Azerbaijan Airlines.	EUR 35 per seat
9.	Failure to cancel seats in the event of cancellation of the air transportation by the passenger (VOID / REFUND/RE-ISSUE/EXCHANGE)	EUR 35 per seat and compensation for the incurred loss, at the discretion of the Carrier
10.	Ticketing (including individual bookings) in violation of the minimum connection time specified in the booking system	EUR 35 er seat and compensation for the incurred loss, at the discretion of the Carrier
11.	In case if Agent doesn't inform the passenger about the reason behind the timetable changes/cancellation and has thus caused the Carrier loss and / or filing of claims by the passenger and / or authorized authorities in respect to the Carrier	Penalty in the amount of the ticket price, all required expenses and compensation to the passenger
12.	Changes of flight segments in the PNR with the issued ticket without reissuing the ticket within the established fare rules terms.	EUR 35 per seat

13.	Cancellation of flight segments in ticketed PNR and/or cancellation / refund of the ticket processed without receiving request from passenger or authorized person	EUR 35 per seat
14.	All inactive segments (HX, NO, UN, UC, SC, US or WK) must be removed from the GDS PNR at least 24 hours before departure. Inactive segments that are not cancelled 24 hours prior to departure are subject to cost recovery fee from Azerbaijan Airlines.	EUR 35 per seat
15.	Passive segments and system abuse	EUR 35 Per seat
16.	System abuse <ul style="list-style-type: none"> For Continental flights created by System Abuse violations (to/from Asia, Europe, Middle East) 	EUR 500 per passenger
17.	Hidden Group" booking	EUR 35 per seat
18.	Training/test bookings	EUR 35 per seat
19.	Name change	EUR 50 Per passenger
20.	Uncommitted bookings - bookings that are not yet finalized with End of Transaction (EoT)	EUR 25 per seat
21.	Transferring of PNR or ticket blanks to other agents (persons) via GDS, issuance of ticket in the Agents sale offices, according to the booking system created by the Agent without Certificate of Conformity or by another organization which is not its subagent.	EUR 50 per flight coupon and penalty according to the fare rules
22.	Incorrect fare level, violation of the applicable fare rules (including applicable fare discount child, infant... etc.)	EUR 50 per flight coupon in ticket/ EMD / MCO / EBT and compensation for the incurred loss
23.	Incorrect level of Fees (Taxes)	EUR 50 per ticket and compensation for the incurred loss, at the discretion of the Carrier.
24.	Incorrectly processed refund / changes of ticket (including refund / changes fee not being charged or miscalculated)	EUR 50 per ticket and compensation for the incurred loss at the discretion of the Carrier.
25.	Application of unreasonable SD, CHD and INF concessions intentionally.	EUR 1000 per flight coupon and compensation for the incurred loss, at the discretion of the Carrier

26.	Issuance of tickets with non verified status (HL, HN, RQ etc.), not indicating PNR in the appropriate field, issuance of tickets without entering automatic mask of the ticket into the system, making any changes in the automatic mask of the ticket	EUR 50 per seat
27.	Incorrect fare basis / booking class used to issue tickets on segments operated by another carrier, under the Interline agreement	EUR 50 per flight coupon and compensation for the incurred loss, at the discretion of the Carrier.
28.	Changing of flight time requiring additional payment of penalty can only be performed by "Exchange-Reissue" operation, "Change Penalty" ("CP") must be included into the ticket and must be indicated in the total price of the ticket.	EUR 200 for each ticket
29.	Affectedly changing or falsification of "Itinerary Receipt"	EUR 500 for each fact
30.	Due to issuing ticket or confirming flight date for blacklist passengers of "Azerbaijan Airlines"	EUR 500 for each blacklist passenger
31.	Cancellation with the status "Void" in 3 (three) hour from issuance of e-tickets but not less than 3 hours before the departure time indicated in the ticket for the flights of "Azerbaijan Airlines" CJSC is prohibited. Void is prohibited while "No Show".(in such cases refund must be processed according to the fare rules)	EUR 50 and penalty according to the fare rules
32.	-VOID- more than five tickets during the reporting day	EUR 5 per ticket
33.	Violation of the rules for ticketing of certain categories of passengers with special services requests (EXST/CBBG and etc) established by the Carrier	EUR 25 per flight segment and compensation for the incurred loss, at the discretion of the Carrier.
34.	On all flights of "Azerbaijan Airlines " order of special categories meal is provided according confirmed SSR more than 20 hours prior the departure. Less than 20 hours before departure meal request is not provided. You can find information about special meal categories at - https://www.azal.az/en/service/catering	EUR 10 for each fact of violation and compensation of loss, caused to the carrier and passenger.
35.	Booking and sale of air tickets for the flights of "Azerbaijan Airlines" at a price under the cost of transportation calculated and displayed in the distribution system	EUR 25 per flight coupon. The airline reserves the right to disconnect the agency (including subagent of the Agency) from airline sales resources which has

		committed similar violations on any or all of the sales channels, without prior notification.
36.	Violation of the rules of transfer sale - booking and issuance of air ticket with fictitious destination in order to reduce the level of applied fares.	EUR 50 for violation of transportation rules Penalty for each flight coupon in the amount of the maximum rate in the appropriate service class on used segment.
37.	In case of not issuing EMD for economy class enhanced seat reservation through ASR. or Issuing EMD without confirmation of selected seat by Airline / or after cancellation of a seat.	EUR 25 per flight segment and compensation for the incurred loss, at the discretion of the Carrier.
38.	Refund/VOID is allowed only at the same agent office that was issued before. Refund/Void air tickets/EMD issued by official website of airlines /or at main office or any authorized office of airlines	EUR 100 The airline reserves the right to disconnect the agency (including subagent of the Agency) from airline sales resources which has committed similar violations on any or all of the sales channels, without prior notification.
39.	Azerbaijan Airlines introduce a total ban on granting of discounts (except for approved airlines) for the sale of air tickets for the flights of Azerbaijan Airlines through the Internet resources and require obligatory display information about the actual operator of the flight on the Internet resources of agents (OTA). The cost of the air ticket indicated in the itinerary / receipt (fares + fees and charges) should correspond to the published final cost calculated in GDS in the country of the start of transportation, and the currency of the payment transaction shall correspond to the currency indicated in the air ticket. Agent charges (if any) should be indicated separately.	In case of detection of the facts of granting of discounts (except for approved airlines) from the final transportation cost (fares + taxes and fees), and/or other violations (including false information about the final transportation cost on meta-search resources) Azerbaijan Airlines reserves the right to unilaterally disconnect validator of the agency carried out the transportation from the airline's resources without prior notice.
40.	Information on the actual carrier should be explicitly indicated on the page of display of search results and the schedule screen without any additional actions from a client. Also, the data on the actual operator should be transmitted in the correct form to meta-search resources.	In case of detection of the facts of incorrect display of flight operator Azerbaijan Airlines reserve the right to unilaterally disconnect

		validator of the agency carried out the transportation from the airline's resources without prior notice.
41.	Loss of Carrier's revenue due to incorrect calculation of fares, taxes / fees, or incorrect ticketing through the fault of GDS	Compensation for the incurred loss, at the discretion of the Carrier.
42.	In case of financial damage by "Subagent" to the airline, passenger or to "Agent" as a result of action, decision, or omission of "Subagent", during the sale of passenger transportation, which is approved with relevant documents.	In addition to the above-mentioned fines, financial damage in the amount of 100% must be paid to "AZAL" by "Agent"
43.	Any ticketing or reservation system violation by the Agent leading to the loss for Carrier. Incorrect/incomplete issue of tickets and miscellaneous documents (according to the rules of the operating carrier and IATA ticketing handbook)	EUR 50 per flight segment and compensation for the incurred loss, at the discretion of the Carrier.
44.	Violation ticketing rules in Corporate Agreement	EUR 25 per flight segment
45.	Violation of REFAND and EXCHANGE procedures	EUR 50 per flight segment
46.	Violation of the APPENDIX 2 terms	The corporate code is cancelled and contract is terminated.

ADM issuance process

In compliance with IATA resolution 850M:

- a) ADM will be raised on Azerbaijan Airlines traffic documents (771), issued by, or at the request of the agent, regardless of which airlines are included in the itinerary of the J2 traffic document.
- b) Azerbaijan Airlines mandates 100% e-ticketing issuance. Where a paper ticket is issued, Azerbaijan Airlines may impose a charge that will be collected by ADM.
- c) To cover the cost of the audit process, Azerbaijan Airlines will levy for each ADM an administration fee of EUR7.00 (or equivalent amount in local currency), identifiable by the MF code. This charge will be reversed only upon full acceptance of the dispute for wrong ADM issuance by Azerbaijan Airlines. Azerbaijan Airlines reserves the right to revise administration fee with or without prior notification.
- d) Effective 01st October 2024, the Admin Fee for handling GDS ADMs will be fixed at EUR25 per ADM.
- e) An ADM may also be used as a means to collect penalty charge for each seat falling below the agreed materialization rate for group sales.

- f) Azerbaijan Airlines will endeavor to provide as much information as possible on an ADM to ensure it is specific enough about the reason a charge has been raised.
- g) 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.
- h) For GDS misuse, ADMs will be raised if the total misuse amount of the billable misuses, listed herein (Duplicate Cost, Churning Cost, Fake name Cost, Invalid Flight Number Cost, Inactive Bookings costs, Invalid Class of Booking Cost, Other Misuse Costs.), equals or exceeds EUR Fifty (EUR50) during an audit period. The amount is subject to revision.

Note: J2 reserves the right to raise the ADM on repeat offenders irrespective of the minimum ADM value on 'as and when' basis.

- i) If Azerbaijan Airlines raises an ADM for non-compliance with fare rules, the general principle applied is to raise the fare to the next applicable fare.
- j) Azerbaijan Airlines will only issue more than one ADM in relation to the same original ticket, if different, unrelated charges apply. This does not apply when an ADM is cancelled and raised again for the same reason but for a different value.
- k) Azerbaijan Airlines will raise ADM via BSPLINK/ARC as per applicable BSP/ARC guidelines.
- l) Azerbaijan Airlines complies with respective local BSP/ARC procedures in providing agents with a minimum period of notice in order to review ADM raised and dispute it.
- m) To adjust refunds, an ADM will only be issued within nine months of the BSP remittance date on which the document was settled. Being outside the BSP settlement window, the method will be direct invoicing.
- n) ADMs/ACMs may be processed through the BSP/ARC, for a maximum period of 30 days following default action taken against an Agent in accordance with IATA Resolution 818g, attachment "A", Section 1.0
- o) For any ADM issued through BSP/ARC link, the date of issue is considered as the date of receipt by the agent. A daily monitoring of ADMs through BSP/ARC link is highly recommended to the agents.
- p) For non BSP/ARC cases, the ADMs shall be circulated by respective Azerbaijan Airlines local office.
- q) For the Revenue Integrity function any booking abuse identified from a non-IATA agent leads to immediate blocking.
- r) The Audit Period governs the frequency of the audit process and can be weekly, fortnightly or monthly.

ADM dispute

- a) Azerbaijan Airlines shall endeavor to handle rejected or disputed ADMs in a timely manner in compliance with applicable IATA resolutions and regulations. Where an agent has disputed an ADM within the latency dispute period provided the dispute was sent to the address notified on the ADM in question, Azerbaijan Airlines will endeavor to handle rejected or disputed ADMs in a timely manner in compliance with applicable IATA resolutions and regulations. The travel agent can dispute the ADM as per the "Latency period" applicable in respective BSP/ARC country/market practice. Azerbaijan Airlines shall examine the reasons for the dispute and approve where it is proved that the charge was wrong/not due and/or evidence to the contrary is provided.
- b) For any un-resolved disputes, Azerbaijan Airlines reserves the right to deduct the disputed amount from applicable agent incentive-based program.
- c) Azerbaijan Airlines expects travel agents not to dispute an ADM where the reason is valid and evidence to the contrary is not available and to raise all disputes as per applicable BSP/ARC guidelines. If the dispute is invalid or evidence to the contrary is not available, administration charge of EUR7.00 per ADM will be applicable.

Booking/Ticketing Agents' and Azerbaijan Airlines' responsibilities

This section is to clearly define the role and expectations from Booking/Ticketing Agents as well as Airlines.

A. Booking/ Ticketing Agents' responsibility:

- i. Proper issuance of tickets, in compliance with Tariffs, Rules, General conditions of carriage and instructions provided by the Carrier. Travel Agent's obligations are described in IATA Resolution 824.
- ii. Inform passengers, where required, that the Airline reserves the right to make inspections concerning the payment of the difference between the fare paid and the applicable one. In case of refusal, the Airline reserves the right to deny board the passenger.
- iii. Advise passengers that the Airline 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. Any irregular use of ticket or flight coupons sequence will invalidate the entire Traffic Document.
- iv. Re-issue ticket if changes pertaining to flight/date/booking class are made after ticket issuance and whenever the payment of a charge or a difference is needed. Ticket to be reissued irrespective of Additional Collection (ADC) or no ADC.
- v. Inform passengers that the Airline reserves the right to collect any difference in taxes implemented by the respective Government Authorities.
- vi. Check passenger's eligibility for typological fares (e.g. Seaman, Resident and Government) or Tour Operator (TO) fares, before issuing a ticket and to inform the passenger that the proof of eligibility may be requested by the Airline at any time. The Airline reserves the right to settle with the customer or alternatively an ADM shall be raised on the Travel Agent (e.g.

in case of passengers holding tickets with special TO fares without being eligible to travel with such fares).

- vii. To retrain their staff when an ADM is disputed, the response is specific in detail and the relevant support information is sent to Azal to the address indicated in the ADM
- viii. Not to despise an ADM where the reason is valid and evidence to the contrary is not available
- ix. To raise all disputes as per BSP / ARC guidelines

B. Azerbaijan Airlines responsibility:

- i. Try to minimize irregularities in issuing/managing tickets through audits.
- ii. Provide as much information and detail about the reason a charge is being made in order to ensure its accuracy.
- iii. To avoid recurrence of irregularities, agree with the Agent concerned the most suitable corrective action if the volume and types of anomalies are deemed to be above average. Azerbaijan Airlines station Commercial Manager will attempt to address these issues bilaterally with the agent concerned.

Contact and Information requests

All ADM disputes/request for supporting/additional information should be addressed to the below mentioned email ID.

Email ID: adm@azal.az

The airline contact details provided in the ADM should not be used for any dispute communications.