Attachment 4：

**Xiamen Airlines**

**Agency Debit Memo (ADM) Policy (ARC)**

According to IATA Resolution 850m and ARC regulations in USA, effective from 1st Sep, 2020, Xiamen Airlines will raise Agency Debit Memo (ADM) for any violations below.

**Categories**

* **Article 1 Fare Policy**
* Incorrect fare application and combination (e.g. routing or sales restrictions)
* Incorrect fare value
* Violation of minimum / maximum stay, advanced purchase rules
* Violation of applicable date or flights
* Use of invalid code-share flights
* Violation of stopovers, transfers and surcharges regulations
* Incorrect RBD (booking class), on MF and on other Airlines
* Incorrect Fare Basis or Tour code
* Incorrect use of promo fares (e.g. Marine fare)
* **Article 2 Commission**
* Incorrect commission rate
* If the ticket was refunded, but not by the agent who issued the ticket, Airlines will reclaim the commission paid to the issuing agent.
* **Article 3 Taxes/Fees/Charges**
* Incorrect amount of taxes/fees/charges
* Not collecting taxes/fees/charges
* **Article 4 Refund**
* Incorrect amount of refund of fares and taxes/fees/charges
* Incorrect refund fee
* Not collecting no-show fee
* Incorrect calculation of commission amount for refund
* Incorrect form of payment for refund (versus sale)
* Not in compliance with the airline refund policy, including but not limited to incomplete information for sickness refunds, duplicate refunds, refunds of used or expired tickets, refunds for non-refundable tickets
* Waiver code not input as required for involuntary refund
* **Article 5 Reissue/Exchange**
* Reissue without collecting change/no-show/upgrade fee, etc.
* Refunding fees which are non-refundable (e.g. change/no-show fee, etc.)
* Non-standard reissuance which causes settlement loss to the airlines
* **Article 6 Credit Card Violations**

According to IATA Resolution 890, Xiamen Airlines will issue an ADM in the following situations：

* In the event of the Agent accepting a type of Customer Card which is not accepted by Xiamen Airlines whose Traffic Document is being issued, Xiamen Airlines will charge the non-payment from the card company to the Agent.
* The Agent may not accept any non-customer card or payment method that uses the MF's card acceptance merchant agreement, including any card issued in the name of the Agent or any Person permitted to act on behalf of the Agent, unless specifically authorized by Xiamen Airlines.

If there’s any failure to comply with the rule above, Xiamen Airlines reserves the right to charge 3% of the amount of the card payment.

* If Xiamen Airlines receives a notice of a dispute relating to a transaction submitted to the card company, Xiamen Airlines will notify the Agent within 7 days and request appropriate supporting documentation and information, and the Agent will promptly comply with any such request within 7 days.
* In the event of a disputed transaction and its subsequent rejection by the card company, Xiamen Airlines will pass the loss to the Agent.
* **Article 7 Bookings Violations and Penalty Standard**

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| Item | Description | Penalty |
| Multiple GDS | Booking and ticketing in different GDS | USD200/per passenger per ticket |
| Connecting times | Violate MCT regulations |
| Seat depletion caused by violation operations | Failure to cancel the seat reservation after refunding or voiding the ticket, NOSHOW caused by the suspension of ticket, etc |
| Fictitious Bookings | Booking with fake ticket number, names or records for specific purposes (including tests or training) | USD10/per passenger per segment |
| Duplicate bookings | It is not allowed to create duplicate bookings for the same passenger for any reason. Definitions of Duplicate Booking are follows. (1) Same section of routes on the same day are reserved (2) Same section of routes on dates in close proximity to each other are reserved (3) Different section of routes on the same date are reserved; or (4) It is reasonably considered that the Passenger cannot use all of the seats reserved. |
| Churning | Repeatedly cancel and rebook the same itinerary to circumvent the ticket time limit or for any other reason for more than 3 times | USD5/per passenger per segment |
| Inactive Segments cancellation | Failure to cancel inactive segments with status codes of HX/NO/UC/UN/US/SC/TK/TL/TN/UU/  PN/WL/WN/DL/DS/IX/MM/RM/GL/XX/WK at least 24 hours prior to flight departure | USD10/per segment |
| Passive segments | Passive segments created not for ticketing purpose |
| Queues | Failure to deal with queues (including but not limit to ticketing time, flight irregularities) |
| Cancellation ratio | Cancellation ratio higher than 85% and the number of canceled segments more than 200 | USD10/per segment |
| Cancellation ratio higher than 85% and the number of canceled segments less than 200 | USD5/per segment |
| Other violations | Violate the reservation and/or fare rules of the respective airlines when using 731 tickets to sell other carriers or code share (MF\*) flights  E.g. Breaking of Married Segments or OD Bypass | Follow the standards of respective airlines |
| Attention | Any failure to input complete and valid passenger information according to the regulation of countries of origin and destination, which affects the travel of passengers, e.g. violation of SFPD inputting rules of the destination country (including US and CA), Xiamen Airlines reserves the right to issue ADMs according to the actual loss. | |

\*If any passenger complaints or claims for compensation due to the violation of the agent, the agent shall be responsible to comfort the passengers and/or bear the loss of the passengers. Xiamen Airlines reserves the right to pursue liability in the form of ADMs according to the actual loss to agents who fail to fulfill the responsibility.

* **Article 8 Other Sales Violations and Penalty Standard**

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| Item | Description | Penalty |
| Other violations | Seat booked by Mainland China agents while ticket issued by oversea agents or sales behavior conducted in Mainland China while seat booked and ticket issued by oversea agents |  |
| Unauthorized cancellation of one or more segments to issue tickets or modify one or more segments and classes to obtain lower fares, or sell throwaway tickets1 or hidden-city tickets2 | USD500/per passenger |
| Release private fares (IT fares or key account policies) to non-designated channels |
| Maliciously modify PNR |
| Modify or cancel PNR of other agents |
| Any violations of the agents that result in passenger complaints |
| Maliciously disrupts market by providing a lower price than airlines’ net fare |
| Agents apply for refund in the name of passengers without passengers’ consent |
| Sell the ticket with the booking unconfirmed |
| Falsify airlines’ change and refund rules | USD500/per passenger |
| Forcibly sell ancillary products (e.g. insurance) |
| Unauthorized leakage of passenger’s information (e.g. name, itinerary, etc.) |
| Failure to reissue or exchange tickets in accordance with airline regulations.(e.g. arbitrarily changing carrier, flights, etc.) |
| Use the Waiver Code against the rules, or falsify the information for refund fee waiver or discount |
| Use the false certificate to claim ticket discount or reduce fee for refund and endorsement |

\*If any passenger complaints or claims for compensation due to the violation of the agent, the agent shall be responsible to comfort the passengers and/or bear the loss of the passengers. Xiamen Airlines reserves the right to pursue liability in the form of ADMs according to the actual loss to agents who fail to fulfill the responsibility.

1Throwaway tickets: The booking and/or issuance and/or use of connecting and/or roundtrip tickets for the purpose of one-way or partial travel only.

2Hidden-city tickets: The booking and/or issuance and/or use of a reservation or ticket from an initial departure point on the ticket which is before the passenger’s actual point of origin of travel, or to a more distant point(s) than the passenger’s actual destination being traveled even when the booking or purchase and use of such tickets would produce a lower fare.

**Dispute Procedure**

* The agent shall confirm receipt of the ADM issued by Xiamen Airlines via ARC within 10 days after the issuance and can dispute the ADM within 30 days after the issuance in accordance with ARC regulations.
* Xiamen Airlines will handle disputed ADMs within 30 days of receipt.
* If Xiamen Airlines rejects the dispute, an explanation for the rejection will be sent to the agent via ARC. Email address need to be provided for escalation process after the memo has been unsuccessfully disputed twice.
* If it is established that an ADM is not valid, it will be canceled.
* Agent will pay a memo within 14 calendar days of determining it is valid. Airline closes memos in Memo Manager within 14 calendar days of receiving payment.
* If the agent does not approve the ADM or if both parties fail to come to an agreement on the ADM within 90 days after the issuance, the ADM will not be settled. Xiamen Airlines reserves the right to suspend the ticketing authority of such agent.

**Others**

* Subject to the compliance with ARC *Best Practices for Effective Debit Memo Resolution and Prevention*, Xiamen Airlines reserves the right to change any provisions in this Policy without prior notice. The Policy will be updated timely on Xiamen Airlines official website, and the link will be placed on ARC Memo Manager for agents to view the Policy at any time.
* In the event that this Policy and the penalty standards herein are in violation of the laws and regulations where the agent is located, the local laws and regulations shall prevail.
* This Policy shall take effect on 1st Sep, 2020.

Your kind support and cooperation will be highly appreciated.

Xiamen Airlines