



**Proposed arrangements for Travel Trade  
Licensing in Spring 2012**

Commission Notice 3/2011

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## **1. PURPOSE OF NOTICE**

- 1.1 This Notice sets out the Commission for Aviation Regulation's ("the Commission") scheme to implement the travel trade licensing regime in the Spring licensing round of 2012. The "Spring Round" means licences commencing from 1 May 2012. The Commission is keen to further improve the time-bound arrangements put in place over the past two years for the delivery of licences to applicants in a timely manner. The Commission's ability to ensure that the industry is licenced by the deadlines is dependent on the receipt of fully completed electronic applications on time and the prompt receipt of bonds and bond documents. Where it is desired to put in place a Collective Bonding arrangement, the separate timelines applicable to that facility which are set out at paragraph 3.6 below must be completed within the prescribed timeframe to enable the Commission to give its approval to such a scheme. It is of the utmost importance that applicants be aware of the requirements of the financial services industry associated with securing any type of bond, particularly in respect of the timelines and securities issues that are needed to secure bonds.

## **2. BACKGROUND**

- 2.1 The Commission wishes to clarify its arrangements for the Spring 2012 licensing round in order to facilitate a smooth and orderly renewal of licences, for the benefit of all concerned.
- 2.2 Thanks to the manner in which applicants dealt with their applications in both the Spring and Autumn rounds in 2011, 97.1% of all applicants were in possession of a new licence on the renewal dates thus confirming that the travel trade has engaged with the Commission satisfactorily and has provided the necessary confidence to consumers using their services. The Commission is keen to ensure similar or better success for the coming round.
- 2.3 The process followed by the financial services industry, prior to deciding on whether to offer a bond to a given travel firm, is taking much longer than in

previous years. The economic situation currently prevailing means that such institutions require applicants to submit their bond documents for evaluation much earlier as the process involves credit review committees in different locations and even different countries. The average number of days that elapsed between the issue of our “decision in principle” letter and the receipt of bond documents from financial institutions was 30 days. As a guide, the Commission is recommending that applicants should allow 5 working weeks for decisions on bonds from either banks or insurance companies as a minimum time line. As far as possible, the proposed licensing period seeks to accommodate this process while renewing licences by 1 May 2012.

### **3. SUBMISSION OF PROPOSALS FOR COLLECTIVE BOND IN 2012**

3.1 Under the bonding regulations of the Transport (Tour Operators and Travel Agents) Act 1982, the bond required to be held by travel companies seeking a travel trade licence may take a number (including a combination) of the following forms:

- (i) a cash bond deposited with the Commission
- (ii) a guarantee with a bank or an insurance company
- (iii) a guarantee of such other type that is acceptable to the Commission
- (iv) a collective bond by a group of travel agents provided the amount of the bond in respect of each travel agent equates to the sum required had they secured an individual bond. Before a licence is granted or renewed, the Commission must be satisfied with the bonding arrangements proposed.<sup>3</sup> In the past, bodies wishing to offer a collective bond have generally engaged with the Commission in good time in order for a collective bond to be offered in time for a licensing round. A draft of any proposed collective bond should be forwarded to the Commission for review well in advance of the 16 December 2011 deadline.

3.2 The Commission is setting a deadline of close of business on **16 December 2011 as the latest date** by which confirmation that a collective bond will be provided to the Commission for its assessment of whether they are satisfactory in terms of the Act. Entities are however encouraged to provide

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<sup>3</sup> Section of 13(1) of the Act.

such confirmation in advance of that date where possible, and to engage with the Commission on a pro-active basis in resolving any queries that might arise during that period. The Commission will aim to adjudicate on any collective bond proposals by 12 January 2012.

- 3.3 This implementation of an early deadline means that applicants for a licence will know in good time which, if any, collective bonds are available in 2012.
- 3.4 Bodies contemplating arranging a collective bond must meet the Commission's licensing timetable set out below. A collective bond provider will need to satisfy the Commission that it can decide whether to admit a company to the collective bond scheme within the four weeks following the Commission's issuing a decision-in-principle letter to that applicant. The period in question will be 14 March to 16 April 2012.
- 3.5 Bond providers unable to provide confirmation that applicants have met the conditions and have been accepted into the collective bond to coincide with the Commission's licensing timetable will be deemed not to part of a collective bond scheme acceptable to the Commission.

#### **4. TIMETABLE FOR LICENCE APPLICATIONS, LICENSING DECISIONS, AND GRANTING OF LICENCES**

- 4.1 For Spring 2012, the general approach to the licensing round will be as follows:
- The Commission aims to issue decision-in-principle letters four weeks from receipt of completed applications<sup>4</sup>
  - Applicants are allowed a maximum of a further four weeks to obtain a bond. Please also see paragraph 2.3 above
  - The Commission aims to grant licences within two weeks of receipt of a bond, subject to all outstanding issues having been resolved to its satisfaction.

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<sup>4</sup> Where all outstanding information has been sent to the Commission and evaluated as satisfactory.

4.2 On this approach, the following deadlines arise:

<b>Date</b>	<b>Stage</b>
16 January 2012	Opening of on-line licensing facility
13 February 2012	Deadline for receipt of completed licence application at standard fee
14 March 2012	Date Commission aims to issue decision-in-principle letters for applications made by 13 February
16 April 2012	Deadline for receipt by Commission of applicant's bond for licence to be granted by 1 May 2012  <b>Applicants should note that St. Patrick's day, Good Friday and Easter Monday fall between the 14<sup>th</sup> March and 16<sup>th</sup> April and should take these dates into account to ensure the timely receipt of bond documentation</b>

## **5. FEE/LEVY STRUCTURE**

5.1 Consistent with the timetable set out above, the fee structure that will apply in 2012 is set out below but is subject to changes that may be made in the Commission's Levy Order expected to be published in December 2011.

5.2 A completed renewal application submitted by the deadline of 13 February 2012 will attract the standard application fee of €300. A set of audited<sup>5</sup> financial accounts is sought by the Commission within 4 months of the end of the accounting year ***except that accounts for entities with December year-ends are sought by 31 March, which is a three month period.*** Applicants with 31 December year ends are advised to contact their auditors or accountants now to ensure that the necessary resources are allocated to the meeting 31 March timelines. The late receipt of accounts, whether audited or unaudited, will attract a levy.

5.3 Entities currently providing audited accounts for at least 4 years and who have not previously sought an exemption from the Commission to dispense with the requirement, should immediately consult with their auditor and this Office to identify if they might qualify for such exemption. Only entities that have

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<sup>5</sup> Except applicants holding a Commission audit exemption certificate allowing for the receipt of unaudited accounts

sought and received exemption from this Office may submit accounts without an audit certificate.

- 5.4 Applications received after 13 February 2012 but before 1 of March will attract a levy of €1956 *in* respect of each application.
- 5.5 Applications received on or after 1 March for licences to issue from 1 May 2012 will attract a late fee of €3913 in respect of each application.
- 5.6 The dates and associated application fees are set out in the table below.

<b>Date of submission</b>	<b>Application fee</b>	<b>Levy</b>	<b>Total</b>
Up to 13 February 2012	€300	0	€300
After 14 February and before 1 March 2012	€300	€1956	€2256
After 1 March 2012	€300	€3913	€4213

- 5.7 In addition to the charges set out above, financial accounts that do not reach the Commission in accordance with timelines in 5.2 above will incur an additional levy of €1956.

## **6. ARRANGEMENTS FOR APPLICANT WITHOUT A LICENCE IN MAY 2012**

- 6.1 The Commission only commits itself to grant licences before 1 May 2012 to those applicants who provide a bond by 16 April 2012. Priority will be given to applicants who make the earliest completed applications and submit their bond documents in good time. Applicants run the risk of not being licensed if they fail to meet the 16 April 2012 deadline.
- 6.2 To protect customers who made bookings under the current licence, applicants who do not have a bond by 16 April 2012 will be required to obtain a new bond for the new licensing period while retaining the bond on the existing licence. This cost can be avoided by making timely arrangements to secure a bond in sufficient time so that there is no gap in the licences as any

gap will automatically attract the requirement to retain the bond supporting the licence ending on 30 April 2012. The Commission recommends that applicants start the bond completion process with effect from 16 January 2012.

6.3 In addition, those travel agents who have not secured a licence by 1 May 2012 must:

- not carry on business as a travel agent or hold themselves out as carrying out such business
- confirm in writing to the Commission that they will not trade until a new licence is issued.

21 November 2011