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# CHARTER PERMIT APPLICATION GUIDE

(International flights other than Canada/USA)

for

Canadian Originating  
Inclusive Tour Charters

( ITC )

Application filed pursuant to the  
*Air Transportation Regulations (ATR)*



May 2004

## IMPORTANT INFORMATION

***The Agency is in the process of amending the Air Transportation Regulations (ATR) to ensure that they conform with both the new International Cargo Charter Policy and the new International Passenger Charter Policy. In order to***

*implement the new policies, the Minister of Transport has asked the Agency to use its exemption powers. Consequently, a request for exemption from those provisions of the ATR is required. A number of carriers have applied for and been granted a “general exemption” from those provisions of the ATR that conflict with the All-Cargo and Passenger Policies.*

On April 4, 2000, the Minister of Transport announced a new Policy for International Passenger Charter Air Services. The following requirements of the ATR have been eliminated:

1. advance booking requirements
2. an air carrier must provide round trip transportation
3. tariffs filed with the Agency include rates to be charged for the charter of the aircraft
4. minimum stay requirement
5. minimum price requirement
6. Canadian carriers be given the right of first refusal in respect of fifth freedom CPCs proposed to be operated by non-Canadian air carriers

Also, for your information:

- ✈ advance payment protection, pursuant to the ATR, is retained
- ✈ carriers are still prohibited from selling directly
- ✈ full capacity of the aircraft must still be chartered

April 2000

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## I REQUIREMENTS TO BE MET

### 1) LEGISLATIVE REFERENCES

Part III, Division I, Section 23 and Division V, Sections 43 to 46 of the *Air Transportation Regulations* (ATR)

Part V, Division II, Sections 108 to 135 of the ATR

### 2) DEFINITION:

"**Inclusive Tour Charter**" or "**ITC**" means a passenger flight operated according to the conditions of a contract entered into between an air carrier and one or more tour operators that requires the tour operator or tour operators to charter the entire passenger seating capacity of an aircraft for resale by them to the public, at an inclusive tour price per seat.

"**Inclusive Tour**" or "**tour**" means a round-trip or circle trip performed in whole or in part by aircraft for an inclusive tour price for the period from the time of departure of the participants from the starting point of the journey to the time of their return to that point.

### 3) CARRIER MUST HOLD:

**Non-Scheduled international licence:** valid for charter operations between Canada and the point of destination

**Insurance certificate:** adequate insurance coverage pursuant to section 7 of the ATR

**Operating certificate:** must reflect aircraft type to be used for the operation (this document is issued by Transport Canada)

**NOTE:** ITC charter permits are required for aircraft having a maximum certificated take-off weight (MCTOW) greater than 35,000 lbs.

### 4) FILING TIME

An ITC application must be filed at least **15 days** prior to the flight or the departure of the first of a series of flights.

### 5) MINIMUM STAY REQUIREMENT

- The return of an ITC charter must not be commenced prior to the **72<sup>nd</sup> hour** after the date of departure for flights operated between Canada and Bermuda, the Caribbean, the Bahamas, Mexico, Central America, Columbia, Venezuela, Guyana, Surinam and French Guiana,

or

- The return of an ITC charter must not be commenced prior to the **sixth day** after the date of departure for all other destinations.

**6) WHAT DOCUMENTATION A CARRIER MUST SUBMIT:**

1. Charter contract or Transportation Agreement dated, and signed by both the carrier and charterer/tour operator, including a flight schedule and the mandatory conditions that:
  - "This contract is subject to and is deemed to include the terms and conditions stated in subsection 43(3) of the *Air Transportation Regulations*"
  - Payment for each rotation will be payable ( ) days prior to departure.  
**(This statement must appear on the page bearing the signatures of both the carrier and the charterer)**
2. If there are both Canadian and Foreign charterers on the aircraft, a copy of the foreign charter contract is to be submitted as well as a schedule of flights indicating the number of seats the foreign charterer has contracted.
3. Proposed departure and arrival times.
4. Calculation of charter price including tariff source or reference. All seats must be contracted for by one or more charterers or a combination of Canadian and Foreign charterers. Each charterer must charter at least 20 seats.
5. Agreement of Guarantee accompanied by Schedule "A" or Letter of Credit accompanied by Statement.
6. Provincial Registration (where applicable) as a wholesaler for each charterer.
7. Year end financial statements of each charterer.
8. In the event that the year end financial statements are dated six months prior to receipt of the contract by the Agency, financial statements of current date for each charterer.
9. In the event the charterer is a new company, opening balance sheet.
10. If the charterer is incorporated, evidence of incorporation by providing incorporating documents.
11. For each charterer, Bank trust agreement and undertaking for each account where advance payments are deposited.
12. Letter from the financial institution of each charterer indicating the amount of its line of credit.
13. Name, address and nationality of the directors of each charterer.

14. A summary of each charterer's experience relating to its transportation activities.

**Items 6 to 14 need not be submitted if this information is already on file with the Canadian Transportation Agency and is current.**

## **II SAMPLES OF VARIOUS DOCUMENTS**

For your convenience, please find attached samples of the various documents that must be submitted when filing a Canadian originating ITC application.

## **III GENERAL**

Charter division contact numbers:

- The facsimile number for the charter division of the Canadian Transportation Agency is 819-953-5572.
- For further information on this guide, you can contact the Team Leaders, Chantal Beauparlant at 819-953-9788, Stephanie Boutet at 819-997-6227, Marcia Magnes at 819-997-6756 or Marc Richer at 819-953-9791.
- The charter division also has an after hours service which can be used for emergency situations occurring at night or during weekends and Holidays. The telephone number is 613-769-6274.

The licensee must contact:

- Transport Canada, for compliance with security requirements (General Inquiries 613-990-2309);
- The local airport authority for permission to operate at specific times or for the use of any airport facility;
- Canada Border Services Agency regarding the availability of clearance services and hours of operation of the port of entry (General Inquiries in English 204-983-3500 or 506-636-5064).

**SHOULD THERE BE ANY DISCREPANCY BETWEEN WHAT IS CONTAINED IN THIS DOCUMENT AND WHAT IS CONTAINED IN THE CANADA TRANSPORTATION ACT AND THE AIR TRANSPORTATION REGULATIONS, THE CANADA TRANSPORTATION ACT AND THE AIR TRANSPORTATION REGULATIONS SHALL PREVAIL.**

## CHARTER TRANSPORTATION AGREEMENT

TYPE OF CHARTER : **ITC**AIRCRAFT:  
SEATING CAPACITY:

CONTRACT NO.: \_\_\_\_\_

\_\_\_\_\_  
 This Agreement made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

BETWEEN \_\_\_\_\_ (hereinafter called "Carrier")

AND \_\_\_\_\_ (hereinafter called "Charterer") (Address of Charterer)

WHEREAS the Carrier shall provide aircraft with crew on a charter basis and the Charterer shall charter same, as hereinafter described, in accordance with and subject to the terms and conditions of this Agreement, and any appendices hereto, all of which shall be governed by the applicable tariffs of the Carrier filed pursuant to law with the Canadian Transportation Agency, the *Aeronautics Act*, the *Canada Transportation Act* and other regulations pertinent thereto.

NOW THEREFORE in consideration of the mutual covenants hereinafter set forth, the parties hereto agree:

DATES	ORIGIN	DESTINATION	TRAFFIC STOPS	LIVE/FERRY	CONTRACTED SEATS
	(Provide	details of	flight schedule)		

BAGGAGE ALLOWANCE:

TARIFF REFERENCE:

SPECIAL ARRANGEMENTS/REMARKS:

MANDATORY CONDITIONS TO BE INCLUDED IN EACH CONTRACT:

**This contract is made subject to the terms and conditions stated in subsection 43(3) of the Air Transportation Regulations**

Payment for each rotation will be payable ( ) days prior to departure

LIVE SECTOR CHARGE: \_\_\_\_\_

FERRY SECTOR CHARGE: \_\_\_\_\_

OTHER CHARGES: \_\_\_\_\_

TAXES: \_\_\_\_\_

TOTAL: \_\_\_\_\_

PAYMENT	DUE DATE	AMOUNT
DEPOSIT: _____		
FIRST: _____		
SECOND: _____		
BALANCE: _____		
TOTAL CHARTER PRICE: _____		

\_\_\_\_\_  
 This Agreement shall be interpreted in accordance with the laws of (province, state or country)

ON BEHALF OF THE AIR CARRIER

ON BEHALF OF THE CHARTERER

SIGNATURE \_\_\_\_\_

SIGNATURE \_\_\_\_\_

PER \_\_\_\_\_

PER \_\_\_\_\_

TITLE \_\_\_\_\_

TITLE \_\_\_\_\_

WITNESS \_\_\_\_\_

WITNESS \_\_\_\_\_

CONTRACT NO.: \_\_\_\_\_

## FLIGHT SCHEDULE

Charter Type: **ITC**

Routing: QUEBEC/ACAPULCO/QUEBEC

<u>DATE</u>	<u>ORIGIN/DESTINATION (NAME OF CHARTERER)</u>	<u>SEATS CONTRACTED</u>
10-MAR-96	YQB/ACA	228
10-MAR-96	ACA/YQB	---
17-MAR-96	YQB/ACA	228
17-MAR-96	ACA/YQB	228
24-MAR-96	YQB/ACA	228
24-MAR-96	ACA/YQB	228
31-MAR-96	YQB/ACA	---
31-MAR-96	ACA/YQB	228

MARCH 10, 1996 FLIGHT LIVE/FERRY

MARCH 31, 1996 FLIGHT FERRY/LIVE

**Proposed departure and arrival times: (local times)**



CHARTERER: \_\_\_\_\_ CONTRACT NO.: \_\_\_\_\_

## **CALCULATION OF CHARTER PRICE**

### **TARIFF REFERENCE:**

CTA (A) No.: \_\_\_\_\_ page(s): \_\_\_\_\_ (ITC) \_\_\_\_\_

LIVE ITC: \_\_\_\_\_ FERRY ITC: \_\_\_\_\_

### **MILEAGE REFERENCE:**

IATA/IAL AIR DISTANCES MANUAL: \_\_\_\_\_ IATA MILEAGE MANUAL: \_\_\_\_\_

INTERNATIONAL AERADIO LTD.: \_\_\_\_\_ Other, please Identify: \_\_\_\_\_

### **LIVE:**

### **FERRY:**

(ORIGIN/DESTINATION) XXXX (MILES) (ORIGIN/DESTINATION) XXXX (MILES)

### **COMPUTATION (ITC)**

<u><b>R/T MILEAGE</b></u>	<u><b>RATE</b></u>	<u><b>NUMBER OF SEATS</b></u>	<u><b>NUMBER OF ROTATIONS</b></u>	<u><b>TOTAL</b></u>
(LIVE) __X	__ X	__ X	_____ =	_____
(FERRY) __X	__ X	__ X	_____ =	_____
<b>TOTAL CHARTER PRICE:</b>				_____
<b>HANDLING:</b>				_____
<b>TOTAL CONTRACT PRICE:</b>			CA \$	_____

Charterer: \_\_\_\_\_ Contract No: \_\_\_\_\_

**INCLUSIVE TOUR MINIMUM SELLING PRICES****ADULT****CHILD**

7 nights 14 nights 7 nights 14 nights

\*Per seat cost: \$ \_\_\_ \$ \_\_\_ \$ \_\_\_ \$ \_\_\_

\*\*Add - on: \_\_\_\_\_

Total: \_\_\_\_\_

**THE PER SEAT COST FOR ITC IS CALCULATED AS FOLLOWS:**

THE PER SEAT PRICE IS OBTAINED BY MULTIPLYING THE DIRECT GREAT CIRCLE DISTANCE (ROUND TRIP MILEAGE) BY THE ITC TARIFF LIVE RATE PER SEAT MILE OF THE CARRIER'S TARIFF.

• **THE PER SEAT COST FOR ITC IS CALCULATED AS FOLLOWS:**

THE PER SEAT PRICE IS OBTAINED BY MULTIPLYING THE DIRECT GREAT CIRCLE DISTANCE (ROUND TRIP MILEAGE) BY THE ITC TARIFF LIVE RATE PER SEAT MILE OF THE CARRIER'S TARIFF.

**\*\* ADD - ON:**

**Includes hotel accommodation, transfers (airport/hotel) and tour features (i.e., - baggage handling - ticket wallet, etc.) if applicable.**

**The adult add-on fare is calculated by multiplying \$16 X # of nights (i.e., 7 X \$16 = \$112.00) for a maximum required of \$160.00**

**The child add-on fare is calculated by multiplying \$8 X # of nights (i.e., 7 X \$8 = \$56.00) for a maximum required of \$80.00**

	<b><u>ADULT</u></b>	<b><u>CHILD</u></b>
<b>Minimum add-on required</b>	<b>\$ 60.00</b>	<b>\$ 30.00</b>

**AGREEMENT OF GUARANTEE**

**AGREEMENT OF GUARANTEE** entered into this \_\_\_\_\_ day of \_\_\_\_\_  
,  
' \_\_\_\_\_ at \_\_\_\_\_ Canada, (month)  
between \_ (year) \_\_\_\_\_ (name of City, Town, etc. and Province or Territory)  
\_\_\_\_\_ (the "Carrier"),  
and \_\_\_\_\_ (name of air carrier)  
\_\_\_\_\_ (the "Surety").  
\_\_\_\_\_ (name of Surety)

**WHEREAS**, the Carrier is required by the *Air Transportation Regulations* of the *Canada Transportation Act* to ensure that all advance payments paid by Charterers under certain air charter transportation contracts set out from time to time in Schedule "A" hereto (the "Charter Contract(s)") representing the unperformed portion of contracted transportation services (the "Advance Payments") are fully protected for the benefit of and in the name of the Charterers;

**WHEREAS**, the Carrier has requested the Surety to guarantee its prompt performance of such financial obligations; and

**WHEREAS**, the Surety has agreed at the request of the Carrier to provide the Charterers identified in the Charter Contracts with such guarantee upon the terms and conditions hereinafter set forth;

**NOW THEREFORE**, in consideration of the premises and covenants and agreements herein contained and the payment of fees by the Carrier to the Surety on its own behalf and on behalf of the Charterers, the parties agree as follows:

1. (a) Where the Carrier
  - (i) cancels the applicable Charter Contract prior to the complete performance thereof, or
  - (ii) has failed to operate or is unable to operate any flight pursuant to the applicable Charter Contract within 36 hours following the fixed time of departure,

the Carrier and the Surety agree that all applicable Advance Payments paid by or on behalf of a Charterer to the Carrier shall be refunded on demand therefore to the Charterer or its duly designated representative (the "Refund Amount").

- (b) The Carrier and the Surety agree that upon the termination of a Charter Contract by a Charterer, the Refund Amount shall be refunded to the Charterer or its duly designated representative.
2. (a) The Surety hereby guarantees the Carrier's performance promptly on demand therefore of its obligations to remit the Refund Amount as described in Paragraph 1 above (the "Refund Obligation"). Should the Carrier become liable under circumstances described in Paragraph 1 above to remit the Refund Amount, and should the Carrier fail to or be unable to promptly make such refund upon written or telegraphic demand made by the Charterer, addressed jointly to the Carrier and the Surety, with a copy dispatched by registered mail to the Secretary, Canadian Transportation Agency, Ottawa, Ontario, K1A 0N9, the Surety agrees, in accordance with the agreement of the Charterer in Schedule "A" hereto, to pay the Refund Amount, in accordance with the Charterer's direction, into a designated trust account in the name and for the benefit of the Charterer. In such event, the Carrier shall be liable and it hereby agrees to reimburse the Surety for all amounts which the Surety is required to pay as aforesaid and for all reasonable expenses, including interest expenses, which the Surety thereby may have incurred.
- (b) The Surety's obligation pursuant hereto shall be binding as a continuing obligation.
3. Whenever the Surety is required to make a refund payment as provided in Paragraph 2, the Surety agrees to promptly make such payment in Canadian dollars at such place as the Charterer may specify in the manner set forth in that paragraph. Notwithstanding any other provision hereof, in no case shall the Surety be required to pay a sum greater than the aggregate amounts which the Charterer has paid, or on its behalf has been paid, to the Carrier. It is further agreed that the aggregate liability of the Surety under this Agreement of Guarantee is limited to a maximum of \_\_\_\_\_
- 
- 00/100 DOLLARS (CANADIAN) (\$\_\_\_\_\_).
4. (a) The liability of the Surety hereunder shall not be affected by:
- (i) any lack of validity or enforceability of any Charter Contract or the failure on the part of the Carrier or any Charterer to carry out any of its obligations under such Charter Contracts,
  - (ii) the bankruptcy, winding up, liquidation, dissolution or insolvency of the Carrier or any Charterer,

- (iii) any lack of or limitation of power, incapacity or disability on the part of the Carrier or of the directors, partners or agent thereof or any other irregularity, defect or informality on the part of the Carrier in its obligations to any Charterer, or
    - (iv) any law, regulation or other circumstance which might otherwise constitute a defence available to, or discharge of, the Surety in respect of any or all of its obligations hereunder.
  - (b) Subject to the limitations and provisions set forth in this Agreement, the Surety agrees to execute individual undertakings in the form set forth in Schedule "A" to this Agreement with the Carrier and each Charterer in respect of the Charter Contracts entered into between the Carrier and each Charterer.
  - (c) A Charterer shall not be bound or obligated to exhaust its recourse against the Carrier or other persons or any securities or collateral that it might hold or to which it might be entitled or to take any other action before being entitled to demand payment from the Surety.
5. (a) This Agreement may only be terminated or amended upon either the Carrier or the Surety giving at least 45 days written notice of termination or amendment to the other and to all Charterers having Advance Payments on deposit with the Carrier with a copy of said notice being dispatched by registered mail to the Secretary, Canadian Transportation Agency, Ottawa, Ontario, K1A 0N9, and such termination or amendment shall not take effect for a period of at least 45 days from the date notice was given to the Secretary of the Canadian Transportation Agency.
- (b) Any termination or amendment of this Agreement shall in no way prejudice any rights or obligations of the parties acquired hereunder prior to the effective date of such change.
- (c) No amendment to this Agreement shall be valid unless set forth in writing and duly executed by the Carrier and the Surety.
6. This Agreement shall be binding upon the parties hereto, including any Charterers who become parties hereto by virtue of the execution of one or more addenda in the form of Schedule "A" hereto and each shall be entitled to the benefit of this Agreement. This Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assignors of the parties hereto.

7. This Agreement constitutes the entire agreement between the parties hereto with respect to any Refund Obligation of the Surety arising under the Charter Contracts identified in Schedule "A". As such, this Agreement supersedes any prior understandings and agreements between the parties concerning such Charter Contracts.

8. This Agreement shall be governed by and construed in accordance with the laws of the Province of \_\_\_\_\_, and by the laws of Canada applicable therein.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the date hereinbefore set forth.

\_\_\_\_\_  
(name of witness)

\_\_\_\_\_  
(signature of authorized person representing the Carrier)

\_\_\_\_\_  
(address of witness)

\_\_\_\_\_  
(address of witness)

\_\_\_\_\_  
(signature of witness)

\_\_\_\_\_  
(name of witness)

\_\_\_\_\_  
(signature of authorized person representing the Surety)

\_\_\_\_\_  
(address of witness)

\_\_\_\_\_  
(address of witness)

\_\_\_\_\_  
(signature of witness)

SCHEDULE "A" TO AN AGREEMENT OF GUARANTEE ENTERED INTO THE \_\_\_\_\_

DAY OF \_\_\_\_\_, \_\_\_\_\_ (THE "GUARANTEE AGREEMENT")  
(month) (year)  
BETWEEN \_\_\_\_\_ (THE "CARRIER")  
(name of air carrier)

AND \_\_\_\_\_ (THE "SURETY")  
(name of surety)

This Schedule "A" is an attachment to each charter contract (individually, the "Charter Contract") entered into between the Carrier and each of its charterers (the "Charterer(s)") and is also incorporated as a Schedule to the above-referenced Guarantee Agreement entered into between the Carrier and the Surety. In compliance with the requirements of the *Air Transportation Regulations* of the *Canada Transportation Act* and in order to fully protect the Charterers with whom it has contracted, the Carrier has entered into the Guarantee Agreement with the Surety. In consideration of the below-designated Charterer's execution of the Charter Contract and the payment of a fee by the Carrier to the Surety, the Carrier and the Surety have agreed to extend the benefits of the Guarantee Agreement to the Charterer which shall be considered to be a party to the Guarantee Agreement in respect of the following flights contracted for:

Contracted Flights: \_\_\_\_\_

(Contract Nos.)

\_\_\_\_\_  
(Contract Nos.)

\_\_\_\_\_  
(signature of authorized person representing the Carrier)

\_\_\_\_\_  
(date of signature)

\_\_\_\_\_  
(signature of authorized person representing the Surety)

\_\_\_\_\_  
(date of signature)

Schedule "A" continued

I, \_\_\_\_\_, am the \_\_\_\_\_  
(name of authorized person) (title of office)

of \_\_\_\_\_ and I have reviewed  
(name of the Charterer)

have in my possession this Schedule "A", and a copy of the  
Guarantee Agreement entered into on \_\_\_\_\_.

Further, \_\_\_\_\_, agrees  
that  
(name of the Charterer)

Refund Amounts as described in the Guarantee Agreement and that  
may be paid to it by the Surety, pursuant to the Guarantee  
Agreement, will be deposited in a trust account unencumbered to  
the best of my knowledge by any interest of any secured creditor  
in the name and  
for the benefit of \_\_\_\_\_  
(name of the Charterer)

and that monies withdrawn from trust can only be used for the  
payment of replacement air transportation or to refund proposed  
users, either directly or through the appropriate travel agent  
or provincial authority.

I make this statement solely in my capacity as an authorized  
officer, as aforesaid, and not in my personal capacity.

\_\_\_\_\_  
(name of witness)

\_\_\_\_\_  
(signature of authorized person  
representing the Charterer)

\_\_\_\_\_  
(address of witness)

\_\_\_\_\_  
(date of signature of authorized person  
representing the Charterer)

\_\_\_\_\_  
(address of witness)

\_\_\_\_\_  
(signature of witness)



AMENDMENT TO AGREEMENT OF GUARANTEE  
ON LESS THAN 45 DAYS NOTICE

Date: \_\_\_\_\_

Amendment to Agreement of Guarantee dated \_\_\_\_\_,  
between \_\_\_\_\_, the "Carrier",  
and \_\_\_\_\_, the "Surety"

Notwithstanding the requirement contained in the above Agreement of  
Guarantee that the Agreement may only be terminated or amended upon either  
the Carrier or the Surety giving at least 45 days written notice of  
termination or amendment to the other and to all Charterers having advance  
payments on deposit with the Carrier with a copy of such notice being  
dispatched to the Canadian Transportation Agency, the Surety and the  
Carrier hereby agree that the aggregate liability of the Surety under the  
above-noted Agreement of Guarantee is amended from \_\_\_\_\_  
\_\_\_\_\_ 00/100 DOLLARS (CANADIAN) (\$ \_\_\_\_\_) to \_\_\_\_\_  
\_\_\_\_\_ 00/100 DOLLARS (CANADIAN) (\$ \_\_\_\_\_)  
effective \_\_\_\_\_.

This amendment to the Agreement of Guarantee, to come into force on the  
above-noted effective date, shall be valid only once a copy of this  
amendment has been given to all Charterers having advance payments on  
deposit with the Carrier and once a copy has been received and approved, in  
writing, by the Canadian Transportation Agency.

All other provisions contained in the Agreement of Guarantee remain  
unchanged.

\_\_\_\_\_  
(name of witness)

\_\_\_\_\_  
(name of authorized person representing the Carrier)

\_\_\_\_\_  
(signature of witness)

\_\_\_\_\_  
(signature of authorized person representing the Carrier)

\_\_\_\_\_  
(name of witness)

\_\_\_\_\_  
(name of authorized person representing the Surety)

\_\_\_\_\_  
(signature of witness)

\_\_\_\_\_  
(signature of authorized person representing the Surety)

TERMINATION OF AGREEMENT OF GUARANTEE  
ON LESS THAN 45 DAYS NOTICE

Date: \_\_\_\_\_

Termination of Agreement of Guarantee dated \_\_\_\_\_  
between \_\_\_\_\_ the "Carrier" and  
\_\_\_\_\_ the "Surety"

Notwithstanding the requirement contained in the above Agreement of Guarantee that the Agreement may only be terminated or amended upon either the Carrier or the Surety giving at least 45 days written notice of termination or amendment to the other and to all Charterers having advance payments on deposit with the Carrier with a copy of such notice being dispatched to the Canadian Transportation Agency, the Surety and the Carrier hereby agree to terminate the Agreement effective \_\_\_\_\_.

Termination of the Agreement of Guarantee on the above-noted effective date shall be valid only once a copy of this termination notice has been given to all charterers having advance payments on deposit with the Carrier and once a copy has been received and approved, in writing, by the Canadian Transportation Agency.

All other provisions contained in the Agreement of Guarantee remain unchanged.

\_\_\_\_\_  
(name of witness)

\_\_\_\_\_  
(name of authorized person representing the carrier)

\_\_\_\_\_  
(signature of witness)

\_\_\_\_\_  
(signature of authorized person representing the carrier)

\_\_\_\_\_  
(name of witness)

\_\_\_\_\_  
(name of authorized person representing the Surety)

\_\_\_\_\_  
(signature of witness)

\_\_\_\_\_  
(signature of authorized person representing the Surety)

IRREVOCABLE STANDBY LETTER OF CREDIT

FINANCIAL INSTITUTION \_\_\_\_\_  
(name of financial institution)

\_\_\_\_\_  
(address of financial institution)

\_\_\_\_\_  
(address of financial institution)

BENEFICIARY \_\_\_\_\_  
(name of beneficiary)

\_\_\_\_\_  
(address of beneficiary)

\_\_\_\_\_  
(address of beneficiary)

EFFECTIVE DATE: \_\_\_\_\_

EXPIRY DATE: \_\_\_\_\_

IRREVOCABLE STANDBY LETTER OF  
CREDIT IDENTIFICATION NUMBER \_\_\_\_\_

IRREVOCABLE STANDBY LETTER OF CREDIT FOR

\_\_\_\_\_ 00/100 DOLLARS

(CANADIAN) (\$\_\_\_\_\_).

\_\_\_\_\_ (the "Bank") establishes in

(name of financial institution)

favour of \_\_\_\_\_

(name of beneficiary)

(the "Beneficiary") an Irrevocable Standby Letter of Credit for an amount up

to in the aggregate, a maximum of \_\_\_\_\_

\_\_\_\_\_ 00/100 DOLLARS (CANADIAN) (\$\_\_\_\_\_).

This Irrevocable Standby Letter of Credit is issued subject to the Uniform Customs and Practice for Documentary Credits, 1993 revision, ICC publication No.500 and engages the parties hereto in accordance with the terms thereof.

This Irrevocable Standby Letter of Credit is issued pursuant to the request of \_\_\_\_\_ (the "Carrier")

(name of air carrier)

and to certain air charter transportation contracts (the "Charter Contract(s)") entered into between the Carrier and the Beneficiary. It is issued in accordance with the Air Transportation Regulations of the Canada Transportation Act to ensure that all advance payments paid by the Beneficiary to the Carrier under the Charter Contracts, representing the unperformed portion of contracted transportation services (the "Advance Payments"), are fully protected for the benefit of and in the name of the Beneficiary.

The amount due under this Irrevocable Standby Letter of Credit will be paid to the Beneficiary at its first written demand, in the manner prescribed herein, upon presentation of the following to the Bank:

1. The Beneficiary's signed demand upon the Bank in which it is certified that it is entitled to receive the Advance Payments claimed by it for refund pursuant to this Irrevocable Standby Letter of Credit as such monies are due and payable by the Carrier pursuant to specifically identified Charter Contracts.
2. The Beneficiary's signed declaration which states that:
  - (i) the Carrier has cancelled the applicable Charter Contract prior to the complete performance thereof,
  - (ii) the Carrier has failed to operate or is unable to operate any flight pursuant to the applicable Charter Contract within 36 hours following the fixed time of departure, or
  - (iii) the Beneficiary has cancelled the applicable Charter Contract.
3. The original of this Irrevocable Standby Letter of Credit.
4. The Beneficiary's signed declaration that a copy of its demand has been dispatched by registered mail to the Secretary, Canadian Transportation Agency, Ottawa, Ontario, K1A 0N9.

- 5. The Beneficiary's direction to wire or otherwise deposit the amount specified in the demand to or into a designated trust account in the name and for the benefit of the Beneficiary (the "Trust Account"), pursuant to this Irrevocable Standby Letter of Credit.
- 6. The Beneficiary's written acknowledgment that such monies will be withdrawn from trust by the Beneficiary only for the payment of replacement air transportation or to refund proposed users, either directly or through the appropriate travel agent or provincial authority.

Upon receipt of the foregoing documents, the Bank shall pay to the Beneficiary, as directed, the amount stated in the demand provided that the amount so claimed does not exceed the maximum amount of this Irrevocable Standby Letter of Credit. The Bank shall, in accordance with the direction of the Beneficiary, make payments under this Irrevocable Standby Letter of Credit directly into the Trust Account.

The Bank's obligation pursuant hereto shall be binding as a continuing obligation.

This Irrevocable Standby Letter of Credit may only be terminated or amended upon the parties hereto, including the Beneficiary, giving at least 45 days written notice of termination or amendment to the Secretary, Canadian Transportation Agency, Ottawa, Ontario, K1A 0N9, and such termination or amendment shall not take effect for a period of at least 45 days from the date notice was given to the Secretary of the Canadian Transportation Agency.

Any termination or amendment of this Irrevocable Standby Letter of Credit shall in no way prejudice any rights or obligations of the parties, including the Beneficiary, acquired hereunder prior to the effective date of such change.

No amendment to this Irrevocable Standby Letter of Credit shall be valid unless set forth in writing and executed by the Bank and agreed to by the Beneficiary.

This Irrevocable Standby Letter of Credit shall be governed by and construed in accordance with the laws of the Province of \_\_\_\_\_, and by the laws of Canada applicable therein.

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(name of authorized representative of Bank)

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(signature of authorized representative of Bank)

**STATEMENT FOR IRREVOCABLE LETTERS OF CREDIT**

I, \_\_\_\_\_ am the \_\_\_\_\_  
(name of authorized person) (title of officer)

of \_\_\_\_\_, and I have reviewed and have in my possession  
(name of charterer)  
the currently valid, subsisting and original Irrevocable Standby Letter of Credit No. \_\_\_\_\_  
(identification number)

in the amount of \_\_\_\_\_, issued by \_\_\_\_\_  
(Cdn. dollar amount)

\_\_\_\_\_ on behalf of \_\_\_\_\_  
(name of financial institution) (name of air carrier)

in favour of \_\_\_\_\_.  
(name of charterer)

Further, \_\_\_\_\_ agrees that monies payable  
(name of charterer)

by \_\_\_\_\_ pursuant to the above-referenced Irrevocable  
(name of financial institution)

Standby Letter of Credit will be deposited in a trust account unencumbered to the best of my knowledge by any interest of any secured creditor in the name and for the benefit of

\_\_\_\_\_  
(name of Charterer)

and that monies withdrawn from trust can be used only for the payment of replacement air transportation or to refund proposed users, either directly or through the appropriate travel agent or provincial authority.

I make this statement solely in my capacity as an authorized officer, as aforesaid, and not in my personal capacity.

\_\_\_\_\_  
(name of Witness)

\_\_\_\_\_  
(signature of authorized person for the Charterer)

\_\_\_\_\_  
(address of witness)

\_\_\_\_\_  
(date of signature of authorized person for the Charterer)

\_\_\_\_\_  
(address of witness)

\_\_\_\_\_  
(signature of witness)

### AMENDMENT TO IRREVOCABLE STANDBY LETTER OF CREDIT ON LESS THAN 45 DAYS NOTICE

Date: \_\_\_\_\_

#### Amendment to Irrevocable Standby Letter of Credit, Identification Number

Notwithstanding the requirement contained in the above Irrevocable Standby Letter of Credit that it may only be terminated or amended upon the parties thereto giving at least 45 days written notice of termination or amendment to the Canadian Transportation Agency, all parties to the Irrevocable Standby Letter of Credit hereby agree that the dollar amount of the Irrevocable Standby Letter of Credit is amended from \_\_\_\_\_ 00/100 DOLLARS (CANADIAN)(\$ \_\_\_\_\_) to \_\_\_\_\_ 00/100 DOLLARS (CANADIAN) (\$ \_\_\_\_\_) effective \_\_\_\_\_.

This amendment to the Irrevocable Standby Letter of Credit, to come into force on the above-noted effective date, shall be valid only once the original of this amendment has been given to (the Beneficiary), and a copy of such has been received and approved, in writing, by the Canadian Transportation Agency.

All other provisions contained in the above Irrevocable Standby Letter of Credit remain unchanged.

_____	_____
(name of witness)	(name of authorized person representing the Carrier)
_____	_____
(signature of witness)	(signature of authorized person representing the Carrier)
_____	_____
(name of witness) person representing the Bank)	(name of authorized
_____	_____
(signature of witness)	(signature of authorized person representing the Bank)
_____	_____
(name of witness) representing the Beneficiary)	(name of authorized person
_____	_____
(signature of witness)	(signature of authorized person representing the Beneficiary)



**TERMINATION OF IRREVOCABLE STANDBY LETTER  
OF CREDIT ON LESS THAN 45 DAYS NOTICE**

**Date:** \_\_\_\_\_

**Termination of Irrevocable Standby Letter of Credit, Identification Number**  
\_\_\_\_\_ .

Notwithstanding the requirement contained in the above Irrevocable Standby Letter of Credit that it may only be terminated or amended upon the parties thereto giving at least 45 days written notice of termination or amendment to the Canadian Transportation Agency, all parties to the Irrevocable Standby Letter of Credit hereby agree to terminate the Irrevocable Standby Letter of Credit effective \_\_\_\_\_ .

Termination of the Irrevocable Standby Letter of Credit on the above-noted effective date shall be valid only once the original of this termination notice has been given to \_\_\_\_\_ (the Beneficiary), and a copy of such has been received and approved, in writing, by the Canadian Transportation Agency.

All other provisions contained in the above Irrevocable Standby Letter of Credit remain unchanged.

\_\_\_\_\_  
(name of witness)  
the Carrier)

\_\_\_\_\_  
(name of authorized person representing

\_\_\_\_\_  
(signature of witness)  
representing the Carrier)

\_\_\_\_\_  
(signature of authorized person

\_\_\_\_\_  
(name of witness)  
the Bank)

\_\_\_\_\_  
(name of authorized person representing

\_\_\_\_\_  
(signature of witness)  
representing the Bank)

\_\_\_\_\_  
(signature of authorized person

\_\_\_\_\_  
(name of witness)  
the Beneficiary)

\_\_\_\_\_  
(name of authorized person representing

\_\_\_\_\_  
(signature of witness)

\_\_\_\_\_  
(signature of authorized person representing the  
Beneficiary)

# TRUST AGREEMENT

THIS AGREEMENT made in duplicate on the \_\_\_\_\_ day of \_\_\_\_\_ A.D., between

Tour Operator/Charterer

Name \_\_\_\_\_  
Address \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

(hereinafter called the "Tour Operator/Charterer")  
OF THE FIRST PART

- and -  
Bank or Financial Institution

Name \_\_\_\_\_  
Address \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

(hereinafter called the "Bank")

OF THE SECOND PART

WHEREAS the Canadian Transportation Agency the (CTA) has requested the Tour Operator/Charterer to establish an In Trust Bank Account for the purposes of depositing all monies therein collected for the sale of tours and or charter flights in order that the amounts on deposit in such In Trust Bank Account cannot be seized for the debts of the Tour Operator/Charterer in the event of its bankruptcy or insolvency.

AND WHEREAS the Tour Operator/Charterer has set up an In Trust Bank Account(s) with the Bank for the deposit of all monies collected for the sale of tours and/or charter flights.

**NOW THEREFORE THIS AGREEMENT witnesseth as follows:**

1. It is agreed that all monies deposited in the In Trust Bank Account(s), number(s) will be treated with the Bank's usual procedures relating to trust accounts, subject to all applicable provisions of the Bank Act.
2. It is agreed that the CTA is authorized to inspect the records of the Bank relating to this In Trust Bank Account(s) at any time during normal business hours.
- 3 . It is agreed that the In Trust Bank Account(s) and this Agreement may be terminated only upon either party giving 60 days written notice of termination to the other party with a copy of such notice being dispatched to the Secretary, Canadian Transportation Agency, Hull, Quebec, K1A 0N9.

IN WITNESS WHEREOF the parties hereto have hereunto signed the within Agreement.

Bank

Tour Operator/Charterer

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Signature**

---

Name and Title  
(Typed or printed)

---

Name and Title  
(Typed or printed)



6. Invest any temporary withdrawal of excess funds in Term Deposits or Certificates of Deposits of

\_\_\_\_\_ and bearing the name  
(name of Bank)

\_\_\_\_\_ -In Trust.  
(name of Tour operator/Charterer)

As witness

Tour Operator/Charterer

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title of witness  
(Typed or printed)

\_\_\_\_\_  
Name and title of authorized  
signature of the Tour operator  
Charterer  
(Typed or printed)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date