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Overview

Clearance process for the Order based airline industry business model. Process supported by data communication standard that will facilitate the future clearing and accounting requirements. The Settlement with Orders process and messaging standards are defined within a legal framework that includes:

- The agreed Order.

- The resolutions that govern the settlement process and its participants.

- Privately arranged bilateral agreement.

The goal for the Settlement with Orders process and its supporting standard is to deliver benefits to Order based airline industry that will include:

- Transparent and straightforward process.
- Higher degree of automation using latest technology.
- Process focused on settlement only.
- Simplicity.
- Scalability.

In summary, the Settlement with Orders process and standard are compulsory capabilities to fulfil the settlement service in the future Order model for the airline industry.

Scope

Settlement with Orders, as its name suggests, is the processes of paying back money that has been agreed – in an Order – to be owed, and according to the chosen settlement method. Therefore, it can be inferred from the definition that the basic functionalities of the Settlement with Orders process and messaging standard are:

- Request for clearance of funds as per the agreement between the parties.
- Summary of the funds to be received and the funds to be paid.
- Performing the clearance of funds by the Settlement Manager

In Order world, the Order has all the data necessary to execute and record the customer journey. Therefore, the order manifests the commitment for delivery of products and services on one hand, and for remuneration on the other hand. The process of collecting said remuneration, taking into account payable commission, and linking it to the underlining Order is the Settlement with Orders process.

In its pure form Settlement with Order is about asking for funds to be paid as previously agreed. Therefore, the request for settlement is simply a message that asks for the clearance of funds as per an existing commitment – the agreed Order.

It is important to note here that the Settlement with Order is not about invoicing but only about the flow of money from payer to payee. Therefore, none of the messages, related to the Settlement with Order process, should under any circumstances be used, treated or considered as legal invoice. Thus, any reporting related to invoicing data is not part of the Settlement with Order process or standard. Naturally, such reporting can only be performed by the parties pertinent to the Order since those are the parties that have the necessary data.

This first release of the Settlement with Orders Standard deals with clearance between carriers and agents within the established governance of the Billing and Settlement Plan as managed by IATA.

Roles

1. Carrier in the role of Offer Responsible Airline (ORA)

The organization which carries the passenger, baggage, or goods, and/or commits to delivering the carriage as well as any related services such as issuance of ticket, creation of Order, etc. In the clearance process this can be the Offer Responsible Airline (ORA) in charge of creating the Order. ORA receives the payment information, confirms the payment method and terms and receives the payment commitment from the Seller. Once the commitment is in place then the Carrier in its role as Offer Responsible Airline initiates the Clearance by sending the request for clearance to the Settlement Manager.

2. Seller (Agent)

Interacts with the customer and after customer confirmation requests from ORA to create the Order. It collects payment information and payments and makes payment commitment to ORA and agrees with ORA on payment method and terms.

3. Settlement Manager:

Manages the Settlement Platform and works with the banks of the Remittance Payer and the Settlement Payee to complete the remittance and settlement activities – collecting the funds from the remitting party and instructing payments from its operational account to the bank of the payee. The settlement manager delivers reconciliation information to the Settlement Payee and pursues payment discrepancies by the Remittance Payer. The settlement platform receives Clearance instructions and processes them accordingly. The Settlement Manager, who manages the settlement platform, will collect the funds from the remitting party. The Settlement Manager will also instruct payments from its operational account to the bank of the payee in order to settle the amounts as per the Clearance instructions.

4. Payer or Remittance Payer

The party in the settlement process who makes the payment of funds equivalent to the agreed amount.

5. Payee or Settlement Payee

The party in the settlement process who receives the funds equivalent to the agreed amount.

Definitions

Term Name	Description
Actor	Role played by a user or any other system that interacts with the subject. Actor models a type of role played by an entity that interacts with the subject (e.g., by exchanging signals and data), but which is external to the subject.
Agreement	This is the agreement that is the foundation for the settlement being processed. In One Order and NDC this is the "Order".
Airline Reference ID	Identifier provided by the carrier to support their internal financial processes, for example reconciliation. Once provided this identifier is used in all communications thereafter.
Carrier	The organization which carries the passenger, baggage, or goods, and/or commits to delivering the carriage as well as any related services such as issuance of ticket, creation of Order, etc.
Cash	Any payment that is collected by the agent and settled between the airline and the agent. Refer to IATA Resolution 728 Attachment A for full details.
Clearance	The delivery of funds from one party - payer- to another party - the payee - to fulfil contractual obligations, i.e. commitment between the two parties.
Clearance Count	Count of the individual clearance transactions identified by unique Clearance ID that are part of the settlement or remittance money transfer or transmitted in a batch.
Clearance ID	This is an identifier generated by the party requesting the clearance that uniquely identifies the clearance transaction. It provides the necessary link for financial audit connecting the sale to the financial records. This field is required because no other existing data elements could be used by the financial systems or could provide unique identification. The identifier is globally unique for the settlement by design.
Clearance Status	Defines the progress of the individual transaction within the clearance process - has it been accepted, rejected, is it processed, settled or could have status "clawback", "partially settled", "final" or "cancelled".
Commercial Document	Written record of certain aspects of a commercial transaction, such as an order, commercial invoice, shipping or transport document, certificate of origin.
Commitment to settle payment	The delivery of payment information to the party delivering the services (the carrier). It triggers the preparation and delivery of the clearance request based on the payment information from the Agreement (the Order). It is identified with the CommitmentID.
Error	Deviation from the intended performance or behaviour, from accuracy or correctness.
eWallet	Payment that is facilitated through virtual wallet, where the paying party has deposited funds and the payee is receiving the payment from the wallet rather than the party committing to the payment.
Net Clearance Amount	Amount agreed to be cleared in the Agreement between the two parties to the Agreement. It is obtained from the Commitment in the Agreement (in One Order and NDC from the PaymentProcessingSummary in the Order).
Order	A uniquely identified record of the agreement of one party with another to receive products and services under specified terms and conditions. Order supports the sale of a flexible range of airline products and services that are not necessarily journey based (e.g. subscription services).
Organization	An organized structure set up for a particular purpose, such as a business, government body, department, charity, or financial institution.
Payee	An entity (person or organisation) that money is paid to or should be paid to. This is the party receiving funds as a result of the clearance process. The Settlement Manager transfers money to this party's bank account.
Payer	An entity (person or organization) that gives someone money that is due for work done, goods received, or a debt incurred. The party paying funds as a result of the settlement process. This party pays money to the operational account of the settlement platform to clear claims against itself.
Payment Authorization	Authorization delivered by the provider of eWallet services confirming that the required funds have been secured from the payer. It is the authorization given by IATA supported vendor like EasyPay, where the settlement is process by IATA.
Payment Information	Information related to the settlement of a transaction through monetary or other compensations. In distribution standard Orders, the presence of Payment Information implies a commitment to pay.
Payment Method	A form of procedure for the payment of goods or services. It shows the Settlement Manager how the funds will be remitted and currently there are two options either Cash or eWallet.

Process	A series of actions or steps taken in order to achieve a particular end.
Reconciliation information	Information provided for the purpose of reconciling funds received with accounting entries.
Remaining Amount	Amount that remains to be settled for the individual clearance request.
Remit ID	Identifier provided by the Settlement Manager to the Payer for the remittance the payer must do.
Remittance	The act of sending money somewhere as payment for something.
Remittance Date	means the Clearing Bank's close of business on the latest date by which the Agent's (Seller's) remittance must reach the Clearing Bank or, in cases where authorised by the Passenger Sales Agency Rules, the value date on which the Clearing Bank draws cheques on or debits the Agent's (Seller's) bank account.
Remittance Payer	The party paying funds to perform remittance.
Settle ID	Identifier provided by the Settlement Manager to the Payee to identify the money transferred by the Settlement Manager to the Payee's bank account.
Settlement	An act that discharges obligations in respect of funds or securities transfers between two or more parties.
Settlement Date	means the date on which BSP Airlines are credited with monies due. This is the bank value date of the funds transfer performed by the Settlement Manager to the Settlement Payee.
Settlement Manager	Manages the Settlement Platform and works with the banks of the Payer and the Payee to complete the remittance and settlement activities. The settlement manager delivers reconciliation information to the Payee and pursues payment discrepancies by the Payer.
Settlement Payee	The party receiving funds from settlement.
SwO Schedule	Defines the time for the activities related to the payment and transfer of funds.
Total Amount	The sum of the amounts of the next lower hierarchical level items that are being aggregated.
Travel Agency	A private retailer or public service individual that provides travel and tourism related services to the public on behalf of suppliers such as activities, airlines, car rentals, cruise lines, hotels, railways, travel insurance, and package tours.

Overview
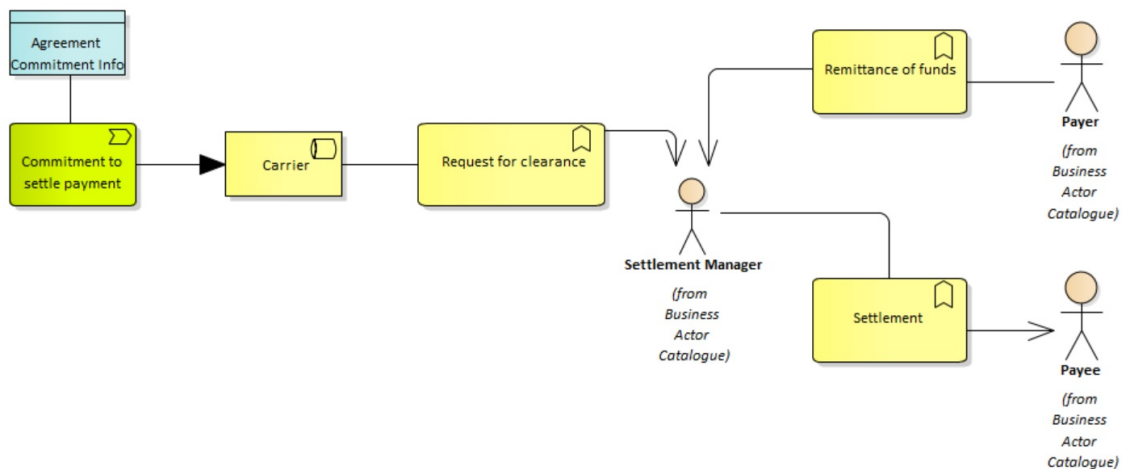
The Settlement with Orders process starts with the Requests for Clearance triggered always by the Offer Responsible Airline (ORA). ORA will most likely be the recipient of funds known as the Payee, but in some cases, such as payment of commissions on credit card transaction or refunds, ORA would be the Payer and will perform the remittance step of the process. Due to the dual role that ORA can play the requests is named "Clearance" to accommodate its diverse functionality. The Seller can be either a Payer or Payee, too. Therefore, in the model the settlement and remittance business services and related information are always associated with the Payee and the Payer, and not with the Seller and ORA.

It is important to note that the request for clearance triggered by ORA is based on a payment commitment that has been agreed upon earlier by both ORA and the Seller. More importantly this payment commitment is part of an agreement between ORA and the Seller. Consequently, the messages involved in the clearance process always provide reference to the Agreement and the Payment Commitment.

Because this is purely remittance and settlement process, only the information required to complete the clearance with the optional information to perform the reconciliation is delivered to the settlement manager. ORA and the Seller, who own the agreement and its data, can provide, upon request, legal and regulatory information to interested parties.

Request for Clearance

This initiates the Settlement with Orders process. The request uses the payment information from the payment commitment in the underlining agreement. The following has been agreed:

- The payment method (Cash or EWallet)
- The amount with its corresponding currency to be cleared, which is the NetClearanceAmount of the "SwO Settlement data" dale element associated with the selected Payment Method in the Payment Processing Summary.
- Agreement and Commitment identifiers and other relevant information.

All applicable charges, commissions, fees and taxes including VAT are available in detail in the Order when it is created but are not needed for the Settlement process – the Request for Clearance is only interested in the Net Clearance Amount that has to be cleared between two parties. It is important to note that at payment commitment time there is full agreement on Net Clearance Amount and payment method.

Following are two possible cases:

1. Request for Clearance with method of payment Cash and according to the SwO Schedule.

Customer has purchased a service and Seller has confirmed the Order. Seller has committed payment, too, by providing payment information including an Amount and Payment Method to ORA. ORA has provided the Net Clearance Amount and currency in the response to the Seller.

a) Preconditions

Remittance and settlement are in the same currency.

b) SwO Process

- ORA sends ClearanceRQ message to the Settlement Manager including the Clearance identified with its unique ClearanceID referring to the OrderID as the AgreementID and the PaymentID as the CommitmentID.
- After successful sanity check and validation, the Settlement Manager acknowledges the receipt of the ClearanceRQ message with ClearanceRS message. The ClearanceRS message includes the Remittance Date "RD" and the Settlement Date "SD" as per SwO Schedule, and the Clearance Status Code "Accepted".
- Settlement Manager sends ClearanceNotif message to the Seller. The ClearanceNotif message includes the Remittance Date "RD" and the Settlement Date "SD" as per SwO Schedule, and the Clearance Status Code "Accepted".
- Following the SwO Schedule on Remittance Transfer Notification Delivery Deadline Date the Settlement Manager sends the RemittanceTransferNotif message to the Remittance Payer. The RemittanceTransferNotif message is identified with its RemitID and includes the Total Amount that must be remitted by the Remittance Payer (or the Seller) and the list of Clearances that have been aggregated for this RemittanceTransferNotif message.
- On Remittance Date the Remittance Payer orders payment to the Settlement Manager's bank account for funds equivalent to the Total Amount in the RemittanceTransferNotif message identified with its RemitID. The RemitID is included in the remarks of the bank transfer order.
- On Settlement Date "SD" the Settlement Manger sends SettlementTransferNotif message, that is identified with its SettleID. The SettlementTransferNotif message includes the Total Amount being settled to ORA (or Settlement Payee) and the list of Clearances that have been aggregated for this SettlementTransferNotif. The Settlement Manager also orders bank transfer to the ORA bank account for the Total Amount in the SettlementTransferNotif message and includes in the remarks the Settle ID.

2. Request for Clearance with method of payment EasyPay including commission for the Seller.

Seller has sold two services. Seller uses IATA EasyPay as Payment Method. The seller receives 10% commission for the sale. The Seller has committed the payment to ORA with payment information provided in the Order Create Request.

a) Preconditions

ORA has received AuthorisationID for the EasyPay payment. The authorization is for the NetClearanceAmount that is net of commission. Remittance and settlement are in the same currency.

b) SwO Process

- ORA sends one Clearance to the Settlement Manager for the NetClearanceAmount agreed upon in the commitment of the agreement (i.e. the PaymentProcessingSummary in the Order). The NetClearanceAmount is CHF369 – EasyPay payment minus applicable commissions (CHF410-CHF41=CHF369)
- The Settlement Manager acknowledges the receipt of the ClearanceRQ message with ClearanceRS message where the data element "Settlement Date" has value "Today + 1 day". The ClearanceRS message is structured as the ClearanceRQ message, has no errors and the Clearance Status Code for the Clearance has value "Accepted".
- The Settlement Manager requests transfer of funds form the EasyPay vendor providing the Payer and the Authorization ID.
- Within 24 hours the Settlement Manager receives the funds from the EasyPay vendor.
- On Settlement Date "SD" the Settlement Manger sends SettlementTransferNotif message, that is identified with its SettleID. The SettlementTransferNotif message includes the Total Amount being settled to ORA (or Settlement Payee) and the list of Clearances that have been aggregated for this SettlementTransferNotif. The Settlement Manager also orders bank transfer to the ORA bank account for the Total Amount in the SettlementTransferNotif message and includes in the remarks the Settle ID.

Remittance of Funds

The Remittance Payer remits funds to the operational bank account of the Settlement Manager, i.e. funds have been transferred out of the Remittance Payer's bank account to the settlement manager's operational account.

When the method of payment is EasyPay the funds are not remitted by the Remittance Payer but by the EasyPay Provider. Therefore, transactions with payment method EasyPay are not included in the Remittance Transfer Notification.

1. Requests for Clearance where payment is split between two payment methods

Customer has purchased a service and paid the full amount to the Seller. The Seller is unable to request creation of the order with Cash as the only payment method. For example, the Seller has exhausted the limit of its Remittance Holding Capacity. ORA has agreed that the Seller remits the funds to ORA using payment methods Cash and EasyPay.

a) Preconditions

Seller has operational EasyPay Wallet. ORA has received AuthorisationID for the EasyPay payment. There are no commissions associated with the sale. Transactional and clearance currencies are the same. Settlement Manager operates daily Clearance in this market. The Seller has requested to receive ClearanceNotif message with one Clearance per ClearanceNotif message.

b) SWO Process

- Because payment is completed with two methods of payment there are two PaymentID and therefore two CommitmentID for the same Agreement ID, which is the Order ID in this case. Consequently, ORA sends two Clearances in the ClearanceRQ message to the Settlement Manager that are associated with this payment.
- The Settlement Manager acknowledges the receipt of the ClearanceRQ message with a ClearanceRS message. The ClearanceRS message is structured as the ClearanceRQ message, has no errors and the Clearance Status Code for the two Clearances related to this payment have value "Accepted". Both Clearances include the Settlement Date "SD". For the Clearance with Payment Method Cash the Settlement Date "SD" is as per SwO Calendar. The same applies for the Clearance with Payment Method EasyPay.
- Settlement Manager sends ClearanceNotif messages to the Seller only for the Clearance where the payment method is Cash with Remittance Date "RD" as per SwO Schedule. The Settlement Manager requests transfer of funds from the EasyPay vendor providing identification for the Payer and the AuthorizationID for the EasyPay payment.
- Following the SwO Schedule on Remittance Transfer Notification Delivery Deadline Date the Settlement Manager sends the RemittanceTransferNotif message to the Remittance Payer. The RemittanceTransferNotif message is identified with its RemitID and includes the Total Amount that must be remitted by the Remittance Payer (or the Seller) and the list of Clearances that have been aggregated for this Remittance Transfer Notification. The Clearance with method of payment Cash is included in this RemittanceTransferNotif message.
- The Settlement Manager receives the funds from the EasyPay vendor.
- On Remittance Date the Remittance Payer orders payment to the Settlement Manager's bank account for funds equivalent to the Total Amount in the RemittanceTransferNotif message identified with its RemitID. The Remit ID is included in the remarks of the bank transfer order. Funds are received by the Settlement Manager on the same day.
- On Settlement Date the Settlement Manger sends SettlementTransferNotif message that is identified with its SettleID. The SettlementTransferNotif message includes the Total Amount being settled to ORA (or Settlement Payee) and the list of Clearances that have been aggregated for this SettlementTransferNotif. The Clearances with payment method EasyPay and Cash are both included in the SettlementTransferNotif message, each one identified with its own ClearanceID. The Settlement Manager also orders bank transfer to the ORA bank account for the Total Amount in the SettlementTransferNotif message and includes in the remarks the SettleID.

2. Remittance not full

On Remittance Date "RD" the Seller remits only 75% of the "Total Amount" value for the respective RemittanceTransferNotif message, which is identified with its Remit ID.

a) Preconditions

Settlement Manager's operational bank account does not have credit line. The Settlement Manager applies the available funds from the Remittance Payer proportionally to each Settlement Payee expecting funds form the Remittance Payer. For each Settlement Payee the Settlement Manager processes its transactions on "first in first out" (FIFO) basis. This example is for sales from Orders only.

b) SwO Process

- The Settlement Manager receives payment identified with RemitID 7531. The payment is only for 75% of the "Total Amount" value in the RemittanceTransferNotif with the same RemitID. Settlement Manager identifies that Payees: ABC, XYZ and LMN have been affected by the short payment from Payer TRVL.
- The Settlement Manager identifies that there are 537 Clearance between the parties ABC and TRVL. 75% of their value represents enough funds to pay the oldest 477 individual transaction and partially transaction 478. The remaining transactions are not settled.
- The Settlement Manager sends SettlementTransferNotif message with Settle ID 98765 to ABC. The last 59 transactions that were supposed to be settled with this Settlement Transfer Notification but could not due to short payment are included in the SettlementTransferNotif message with Clearance Status Code equal to "Not Settled". The transaction immediately after the last settled transaction is included in the SettlementTransferNotif message with Clearance Status Code equal to "1-Partially Settled" indicating the amount being settled in the data element "Net Clearance Amount" and the amount not yet settled in the data element "Remaining Amount". The value of the data element "Total Amount" in the SettlementTransferNotif is the sum of the values of the data element "Net Clearance Amount" for all transactions with Clearance Status Code equal to "Fully Settled" and "Partially Settled".
- The Settlement Manager processes the Clearances between TRVL and XYZ and TRVL and LMN in the same manner as described for ABC above.
- Seller is given 24 hours to pay the missing funds.
- The next day Seller pays the remaining 25% in full.
- The Settlement Manager includes the paid Clearances identified by their ClearanceID in the next SettlementTransferNotif message with Settle ID 98767. The value of the data element "Total Amount" of SettlementTransferNotif message with Settle ID 98767 includes the 25% of the not settled amount from SettlementTransferNotif message with Settle ID 98765. The 59 transactions that were not included in SettlementTransferNotif message with Settle ID 98765 have been added to the SettlementTransferNotif message with Settle ID 98767 with Clearance Status Code equal to "Final Settlement".

3. Remittance not full with clawback following the settlement.

On Remittance Date "RD" the Remittance Payer remits funds that are 90% of the expected "Total Amount" value for the respective RemittanceTransferNotif message identified by its Remit ID. Regardless of the short payment by the Remittance Payer, the Settlement Manager sends SettlementTransferNotif messages to the concerned Settlement Payees that show all Clearances as 100% settled. The Settlement Manager transfers 100% of the funds that the Settlement Payees expect to receive as indicated in the corresponding SettlementTransferNotif messages.

a) Preconditions

Settlement Manager's operational bank account has credit line. The Settlement Manager pays Settlement Payees 100% of Total Amounts to be settled on the settlement day. The Settlement Manager retrieves money from Settlement Payees in the next available settlement period, after the seller's status becomes "defaulted". For each Settlement Payee the Settlement Manager "claws back" the full amount that has been paid since the first period of default of the Seller. The value of the data element "Total Amount" in the following SettlementTransferNotif message is higher than the total amount of the funds with Settlement Code "Claw Back", otherwise RemittanceTransferNotif messages must be sent to the original Settlement Payee. This example is for sales from Orders only.

b) SwO Process

- The Settlement Manager receives payment identified with ID 91287. The payment is only for 90% of the "Total Amount" value in the RemittanceTransferNotif with the same RemitID.
- Regardless of the short payment on Settlement Date "SD" the Settlement Manger sends SettlementTransferNotif where the value of the data element "Total Amount" is 100% of what is expected. The Settlement Manager also orders bank transfer to the Settlement Payee's bank account for an amount equal to the value of the data element "Total Amount" in the SettlementTransferNotif.
- The Settlement Manager cannot collect the 10% and therefore must recover the funds that have been previously paid to the Settlement Payee.
- The Settlement Manager identifies that Settlement Payees: ABC, XYZ and LMN have been affected by the short payment from Payer TRVL. The Settlement Manager must recover 100% of the funds paid to each one of the Settlement Payees.
- The Settlement Manager adds all impacted Clearances identified by their ClearanceID to the next SettlementTransferNotif message. The Clearance Status Code for each is set to "Claw Back". The SettlementTransferNotif message with its Settle ID (Settle ID 87675) is sent to ABC. The Settlement Manager also orders bank transfer to ABC's bank account for funds equivalent to the value of the data element "Total Amount" in the SettlementTransferNotif message with SettleID 87675 and includes the Settle ID in the remarks of the bank transfer order. When calculating the value of the data element "Total Amount" in SettlementTransferNotif with SettleID 87675 is calculated the Clearances with Clearance Status Code equal to "Claw Back" are added after being multiplied by -1.
- Settlement Manage repeats the same steps for Payees XYZ and LMN. The number of individual transactions from the original Clearance for each Settlement Payee will be different. Note: When the Settlement Manager collects the unpaid amount form Seller TRVL then the Settlement Manager would retrieve Clearances with Clearance Status Code equal to "Claw Back" to include them in the following available SettlementTransferNotif message.

Note: When the Settlement Manager collects the unpaid amount form Seller TRVL then the Settlement Manager would retrieve Clearances with Clearance Status Code equal to "Claw Back" to include them in the following available SettlementTransferNotif message.

Settlement

The Settlement Manager performs the settlement, i.e. funds have been transferred out of the settlement manager's operational bank account to the Settlement Payee's bank account. The Settlement Manager provides information to the Settlement Payee that is used to automate reconciliation of the payment.

1. Settlement of commission when method of payment is "Credit Card".

Customer has purchased a service and has paid for it with credit card. The sale has a commission that is paid to the Seller using the Billing and Settlement Plan.

a) Preconditions

Carrier (ORA) has successfully executed the payment for the Order with the credit card details provided by the Seller in the PaymentProcessingSummary of the request to create the Order.

b) SwO Process

- When confirming the order to the Seller ORA creates new PaymentProcessingSummary with new PaymentID with payment method Cash for the payment of the commission.
- ORA sends ClearanceRQ message to the Settlement Manager including in it the Clearance for the payment of commission to the Seller.
- After successful sanity check and validation, the Settlement Manager acknowledges the receipt of the ClearanceRQ message with ClearanceRS message. The ClearanceRS message includes the Clearance for the payment of the commission with Remittance Date "RD" and the Settlement Date "SD" as per SwO Schedule, and the Clearance Status Code "Accepted".
- Settlement Manager sends ClearanceNotif message to the Seller. The ClearanceNotif message includes the Remittance Date "RD" and the Settlement Date "SD" as per SwO Schedule, and the Clearance Status Code "Accepted". In this ClearanceNotif message the seller is the Payee and ORA is the Payer.
- Following the SwO Schedule on Remittance Transfer Notification Delivery Deadline Date the Settlement Manager sends the RemittanceTransferNotif message to the Remitance Payer, who in this case is the Carrier (ORA). The RemittanceTransferNotif message is identified with its RemitID and includes the Total Amount that must be remitted by the Remittance Payer (ORA).
- On Remittance Date the Remittance Payer or ORA orders payment to the Settlement Manager's bank account for funds equivalent to the Total Amount in the RemittanceTransferNotif message identified with its RemitID. The Remit ID is included in the remarks of the bank transfer order.
- On Settlement Date "SD" the Settlement Manger sends SettlementTransferNotif message, that is identified with its SettleID. The SettlementTransferNotif message includes the Total Amount being settled to the Seller (or Settlement Payee) and the list of Clearances that have been aggregated for this SettlementTransferNotif. The Settlement Manager also orders bank transfer to the Seller's bank account for the Total Amount in the SettlementTransferNotif message and includes in the remarks the Settle ID.

Note: It is possible that the Seller does not receive SettlementTransferNotif message because the Clearance for commission is included with all Clearances related to this Seller and in the end the Seller is still Remittance Payer. However, this clearance has been subtracted from the overall amount that the Seller has to remit. In this case there will be no RemittanceTransferNotif message sent to the Carrier (ORA).

2. Settlement for a refund.

Seller has sold multiple services. Purchase has been paid and settled in full at time of order confirmation and Seller has received 10% commission, which has been cleared as well. Customer decides to cancel one of the services and according to order rules is entitled to CHF75 refund. Customer requests refund in cash to the Seller and the Seller then to ORA.

a) Preconditions

Remittance and settlement are in the same currency. Initial purchase has been paid and cleared in full. The market where the Carrier and Seller operate and concluded this transaction allows for refund of commission.

b) SwO Process

- ORA and Seller have completed the re-shopping for the voluntary servicing request and:
  o The initial Order Item has been cancelled and new Order Item has been created with new value.
  o Additional new Order Item ("Refund Item") for the refund has been created.
- ORA has committed the payment of the "Refund Item" with new PaymentProcessingSummary Information with Payment Method Cash and new PaymentID.
- ORA sends ClearanceRQ message to the Settlement Manager where ORA has included the Clearance related to the "Refund". The Net Clearance Amount in the Payment Information of the Order has negative amount because the ORA payables are higher than the ORA receivables. Therefore, the Payer, in the refund related Clearance that is part of the ClearanceRQ message, is ORA and the Payee is the Seller. The amount to be remitted by ORA is the Net Settlement Amount of CHF67.5 (CHF75 for the refund related to the cancelled item net of the CHF7.5 for the commission paid to the seller at the time of sale [CHF7.5-CHF75=-CHF67.5]).
- After successful sanity check and validation, the Settlement Manager acknowledges the receipt of the ClearanceRQ message with ClearanceRS message. The ClearanceRS message includes the Remittance Date "RD" and the Settlement Date "SD" as per SwO Schedule, and the Clearance Status Code "Accepted".
- Settlement Manager sends ClearanceNotif message to the Seller. The ClearanceNotif message includes the Remittance Date "RD" and the Settlement Date "SD" as per SwO Schedule, and the Clearance Status Code "Accepted". The Seller here is the Payee and the Carrier is the Payer.
- Following the SwO Schedule on Remittance Transfer Notification Delivery Deadline Date the Settlement Manager sends the RemittanceTransferNotif message to the Remittance Payer. The RemittanceTransferNotif message is identified with its RemitID and includes the Total Amount that must be remitted by the Remittance Payer (or the Carrier) and the list of Clearances that have been aggregated for this Remittance Transfer Notification.
- On Remittance Date the Remittance Payer orders payment to the Settlement Manager's bank account for funds equivalent to the Total Amount in the RemittanceTransferNotif message identified with its RemitID. The RemitID is included in the remarks of the bank transfer order.
- On Settlement Date "SD" the Settlement Manger sends SettlementTransferNotif message that is identified with its SettleID. The SettlementTransferNotif message includes the Total Amount being settled to the Seller (or Settlement Payee) and the list of Clearances that have been aggregated for this SettlementTransferNotif. The Settlement Manager also orders bank transfer to the Seller's bank account for the Total Amount in the SettlementTransferNotif message and includes in the remarks the Settle ID.

Sequence Flow for SwO Messages

1. Request for Clearance
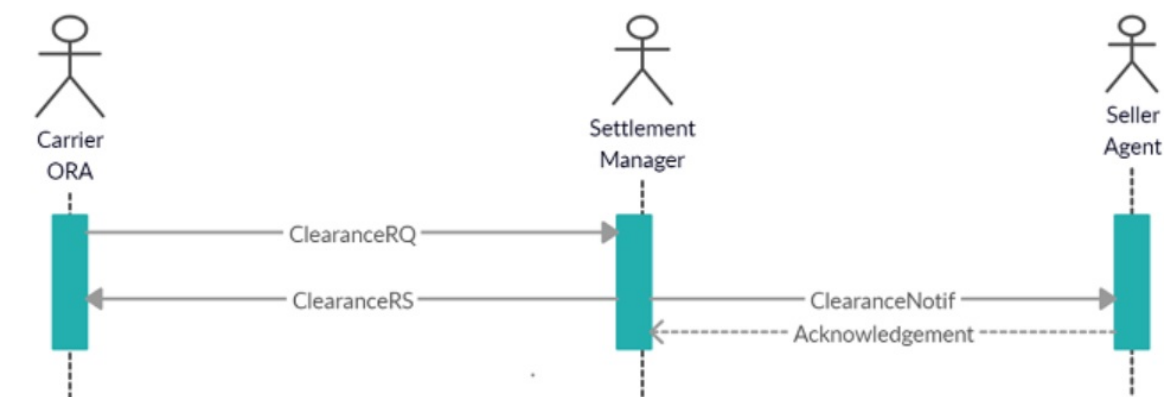
2. Notification of Remittance and Settlement
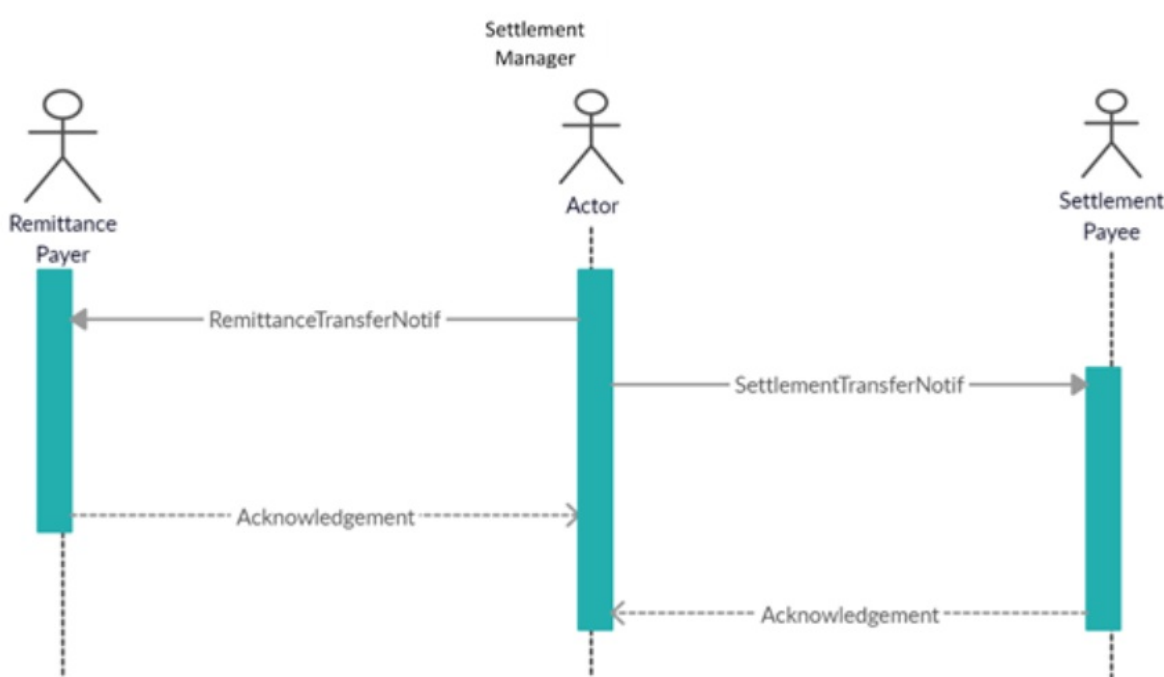
Overview

1. Clearance Request /ClearanceRQ/

The request to start the clearance for the amount agreed during the ordering process. This message is always sent by Offer Responsible Airline (ORA) to the settlement manager. The ClearanceRQ message allows for sending 'N' number of clearances at once, where 'N' can be bigger than or equal to one (N ≥ 1). Each Clearance in the ClearanceRQ message is uniquely identified with its "ClearanceID". The "ClearanceID" has maximum 15 characters that are defined as follows:

- First seven (7) positions are numeric only, where the first four digits represent the year (such as 2019) and the next 3 digits represent the accounting code of the carrier (such as 954)
- Last 8 positions are alphanumeric and represent unique identifier generated by the carrier.

As an option the carrier can include one identifier that is of significance only to carrier's own operations. This identifier is the "AirlineRefID" and it is alphanumeric with maximum 15 characters.

The ClearanceRQ message must be sent not later than the next day after the payment for the sale has been confirmed. For transactions paid in cash this is when ORA receives payment information with an amount. For transactions paid using EasyPay this is when the Approval Code from the EasyPay vendor has been received.

In case of discrepancies between the definitions given in the xsd released as part of the standard and the definitions in this implementation guide for the same concept or data element it is the definition in the xsd that is valid. XML messages must be validated with the corresponding xsd.

a) Sample ClearanceRQ XML

Please see IATA_PaymentClearanceRQ.xml

2. Clearance Response /ClearanceRS/

This is the response sent by the Settlement Manager back to ORA as an acknowledgement of the Clearance Request. This response provides information of the settlement process status and the settlement and remittance dates. The "ClearanceRS" is sent in response to the "ClearanceRQ" message providing these additional data for each Clearance:

- Remittance Date – irrespective if it was or wasn't provided in the received "ClearanceRQ" message.

- Settlement Date – based on the date the Clearance is received by the Settlement Manager and in correspondence to the settlement date from the "SwO Schedule".

- Clearance Status Code – defines the status of the Clearance and can be one of the following codes:

  o 'ACCPT' – Accepted – status used when the Clearance in the ClearanceRQ is accepted for processing by the Settlement Manager.
  o 'RJCTD' – Rejected – status used when the Clearance in the ClearanceRQ is rejected by the Settlement Manager and it will not be processed any further. The Settlement Manager does not record in its systems any Clearance that has been rejected.
  o 'CNCLD' – Cancelled – status used when Clearance has been cancelled by ORA. Only ORA can request cancelation of a Clearance.
  o 'FLSTL' – Fully Settled – status used when the settlement was completed at once in the first possible instance.
  o '1PSTL' – 1-Partially Settled – status used when the first time "Partial Settlement" is applied.
  o 'NPSTL' – N-Partially Settled – status used for any "Partial Settlement" after the first.
  o 'FNSTL' – Final Settlement – status used for the end settlement amount when the settlement was not completed at once in the first possible instance.
  o 'NOSTL' – Not Settled – status used when no amount was settled in the first possible instance.
  o 'CLBCK' – Claw Back – status used when the settlement manager claims back funds that have been previously settled.
  o 'WRTOF' – Write off – status used when the settlement manager has exhausted all possible options to collect the outstanding amount for given Clearance.

The ClearanceRS message can include 'N' number of clearances at once. 'N' must equal to the number of clearances sent in the ClearanceRQ message to which this ClearanceRS message is the response. The Clearances in the ClearanceRS message must be the same Clearances, identified by their unique identifiers, sent in the corresponding ClearanceRQ. The ClearanceRS message will have the exact same structure as the ClearanceRQ message. Each individual Clearance in the ClearanceRS message will have value for the Clearance Status Code data element of either "Accepted" or "Rejected" and the errors or validation failures clearly identified.

In case of discrepancies between the definitions given in the xsd released as part of the standard and the definitions in this implementation guide for the same concept or data element it is the definition in the xsd that is valid. XML messages must be validated with the corresponding xsd.

a) Sample ClearanceRS XML

Please see IATA_PaymentClearanceRS.xml

3. Clearance Notification /ClearanceNotif/

This is unsolicited notification that provides information about upcoming remittance (date of remittance, amount, form of payment, remit ID, currency etc) or upcoming settlement (date of settlement, amount, currency, etc). The party receiving this message can use it to confirm that clearance for already agreed payment has been initiated. The ClearanceNotif message can include 'N' number of clearances at once. The party receiving the ClearanceNotif message can choose, in its initial set up when joining the SwO Platform, if N should equal to 1 (N=1) or be bigger than one 1(N > 1). If the Seller chooses to receive ClearanceNotif message with more than one Clearance, then the same ClearanceNotif could include Clearances from multiple carriers. The Settlement Manager will send all ClearanceNotif messages respecting the receiving party set up in the Settlement Platform.

The ClearanceNotif message is used to cancel Clearances that have already been accepted by the Settlement Manager. Clearance can only be cancelled by ORA since ORA is the only party that can initiate a Clearance Request with the ClearanceRQ message. If ORA decides to cancel a Clearance, then ORA must send a ClearanceNotif message to the Settlement Manager where the Clearance Status Code for the Clearance transaction that has to be cancelled is set to "Cancelled". The Settlement Manager must validate that the Clearance transaction does not already have status "Settled". Clearance transactions with status "Settled" cannot have their status changed to "Cancelled". ClearanceNotif message with a Clearance with Clearance Status Code equal to "Cancelled" must be sent to the Settlement Manager by the ClearanceRQ Submission Deadline Date – CRQSDD – as per the SwO Schedule. After changing the Clearance Status Code to "Cancelled" the Settlement Manager must send ClearanceNotif message for the same Clearance, identified with its ClearanceID, to the Seller where the Clearance Status Code is "Cancelled" too. Thus, the Settlement Manager informs the Seller about the change of status of the Clearance, which in this case is cancellation.

In case of discrepancies between the definitions given in the xsd released as part of the standard and the definitions in this implementation guide for the same concept or data element it is the definition in the xsd that is valid. XML messages must be validated with the corresponding xsd.

a) Sample ClearanceNotif XML

(the party receiving this message has chosen to receive multiple clearances in one ClearanceNotif message. If the party receiving the ClearanceNotif had chosen to receive one Clearance per ClearanceNotif message, then the Settlement manager would have created two ClearanceNotif messages – one for each Clearance). Please see IATA_PaymentClearanceNotif.xml

Sample Messages

1. Clearance Request /ClearanceRQ/

None	Copy

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xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance">
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        <ClearanceID>2020954fY3TTsPZ</ClearanceID>
        <CommitmentToPay>
            <Agreement>
                <AgreementID>ZU1AF4</AgreementID>
            </Agreement>
            <CommitmentID>35110523</CommitmentID>
            <PaymentMethod>
                <Cash>
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                </Cash>
            </PaymentMethod>
            <TypeCode>CASH</TypeCode>
        </CommitmentToPay>
        <Payee>
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                <AirlineDesigCode>XB</AirlineDesigCode>
                <Name>AIRWAYS</Name>
            </Carrier>
        </Payee>
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                <Name>TRAVEL</Name>
            </TravelAgency>
        </Payer>
    </Clearance>
    <Clearance>
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        <ClearanceID>2020954LrZ01NBR</ClearanceID>
        <CommitmentToPay>
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            <PaymentMethod>
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```xml
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        </Payee>
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```xml
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```

```
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            </Carrier>
        </Payer>
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</ClearanceRQ>
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2. Clearance Response /ClearanceRS/

None	Copy

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<ClearanceRS xmlns="http://www.iata.org/IATA/2015/00/2019.2/IATA_ClearanceRS"
xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance">
```

```xml
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```

```xml
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```

```xml
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                </Carrier>
            </Payer>
            <Settlement>
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            </Settlement>
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        <Clearance>
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            <ClearanceID>20209543Ymh99aO</ClearanceID>
            <CommitmentToPay>
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                    </Cash>
                </PaymentMethod>
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```

```
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        </Carrier>
      </Payer>
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      </Settlement>
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</ClearanceRS>
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3. Clearance Notification /ClearanceNotif/

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        <ClearanceID>2020954fY3TTsPZ</ClearanceID>
        <CommitmentToPay>
            <Agreement>
                <AgreementID>ZU1AF4</AgreementID>
            </Agreement>
            <CommitmentID>35110523</CommitmentID>
            <PaymentMethod>
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                </Cash>
            </PaymentMethod>
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        <Payee>
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```

```xml
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                <ClearanceID>2020954LrZ01NBR</ClearanceID>
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```

```xml
            <AirlineAccountingCode>954</AirlineAccountingCode>
            <AirlineDesigCode>XB</AirlineDesigCode>
            <Name>AIRWAYS</Name>
         </Carrier>
      </Payee>
      <Payer>
         <TravelAgency>
            <IATA_Number>88888888</IATA_Number>
            <Name>TRAVEL</Name>
         </TravelAgency>
      </Payer>
      <RemainingAmount CurCode="EUR">300.00</RemainingAmount>
      <Settlement>
         <Date>2020-06-01</Date>
      </Settlement>
      <StatusCode>ACCPT</StatusCode>
   </Clearance>
   <ClearanceCount>3</ClearanceCount>
</ClearanceNotif>
```

Overview

1. Remittance Transfer Notification /RemittanceTransferNotif/

Notification sent to the Remittance Payer providing information of the total amount that has to be remitted and the date it has to be remitted. It includes list of all clearance transactions related to the remittance. The payer will then have to make the payment to the settlement manager operational account including in the bank transfer order the "Remit ID" that identifies the Remittance Transfer Notification. RemitID is ten positions long, where the first three positions are "SWO" and the remaining seven positions are random alphanumeric string.

In case of discrepancies between the definitions given in the xsd released as part of the standard and the definitions in this implementation guide for the same concept or data element it is the definition in the xsd that is valid. XML messages must be validated with the corresponding xsd.

a) Sample RemittanceTransferNotif XML

Please see "IATA_RemittanceTransferNotif.xml".

Sample Messages

1. Remittance Transfer Notification /RemittanceTransferNotif/

None   Copy

```xml
<RemittanceTransferNotif
xmlns="http://www.iata.org/IATA/2015/00/2019.2/IATA_RemittanceTransferNotif"
xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance">
    <Remittance>
        <Clearance>
            <AirlineRefID>IEuHTZvp7</AirlineRefID>
            <ClearanceID>2020954fY3TTsPZ</ClearanceID>
            <CommitmentToPay>
                <Agreement>
                    <AgreementID>ZU1AF4</AgreementID>
                </Agreement>
                <CommitmentID>35110523</CommitmentID>
                <PaymentMethod>
                    <Cash>
                        <NetClearanceAmount CurCode="EUR">100.11</NetClearanceAmount>
                        <RemittanceDate>2020-05-25</RemittanceDate>
                    </Cash>
                </PaymentMethod>
                <TypeCode>CASH</TypeCode>
            </CommitmentToPay>
            <Payee>
                <Carrier>
                    <AirlineAccountingCode>954</AirlineAccountingCode>
                    <AirlineDesigCode>XB</AirlineDesigCode>
                    <Name>AIRWAYS</Name>
                </Carrier>
            </Payee>
            <Payer>
                <TravelAgency>
                    <IATA_Number>88888888</IATA_Number>
                    <Name>TRAVEL</Name>
                </TravelAgency>
            </Payer>
            <RemainingAmount CurCode="EUR">100.11</RemainingAmount>
            <StatusCode>ACCPT</StatusCode>
        </Clearance>
        <Clearance>
            <AirlineRefID>CbfuQq4s0</AirlineRefID>
            <ClearanceID>2020954LrZ01NBR</ClearanceID>
            <CommitmentToPay>
                <Agreement>
                    <AgreementID>ST1BC8</AgreementID>
                </Agreement>
                <CommitmentID>21228587</CommitmentID>
                <PaymentMethod>
                    <Cash>
                        <NetClearanceAmount CurCode="EUR">200.00</NetClearanceAmount>
```

```xml
                    <RemittanceDate>2020-05-25</RemittanceDate>
                </Cash>
            </PaymentMethod>
            <TypeCode>CASH</TypeCode>
        </CommitmentToPay>
        <Payee>
            <Carrier>
                <AirlineAccountingCode>954</AirlineAccountingCode>
                <AirlineDesigCode>XB</AirlineDesigCode>
                <Name>AIRWAYS</Name>
            </Carrier>
        </Payee>
        <Payer>
            <TravelAgency>
                <IATA_Number>88888888</IATA_Number>
                <Name>TRAVEL</Name>
            </TravelAgency>
        </Payer>
        <RemainingAmount CurCode="EUR">200.00</RemainingAmount>
        <StatusCode>ACCPT</StatusCode>
    </Clearance>
    <Clearance>
        <AirlineRefID>TnGX7I5eJ</AirlineRefID>
        <ClearanceID>2020954l22prS6C</ClearanceID>
        <CommitmentToPay>
            <Agreement>
                <AgreementID>EX1YT4</AgreementID>
            </Agreement>
            <CommitmentID>13184954</CommitmentID>
            <PaymentMethod>
                <Cash>
                    <NetClearanceAmount CurCode="EUR">300.00</NetClearanceAmount>
                    <RemittanceDate>2020-05-25</RemittanceDate>
                </Cash>
            </PaymentMethod>
            <TypeCode>CASH</TypeCode>
        </CommitmentToPay>
        <Payee>
            <Carrier>
                <AirlineAccountingCode>954</AirlineAccountingCode>
                <AirlineDesigCode>XB</AirlineDesigCode>
                <Name>AIRWAYS</Name>
            </Carrier>
        </Payee>
        <Payer>
            <TravelAgency>
                <IATA_Number>88888888</IATA_Number>
                <Name>TRAVEL</Name>
            </TravelAgency>
        </Payer>
        <RemainingAmount CurCode="EUR">300.00</RemainingAmount>
        <StatusCode>ACCPT</StatusCode>
    </Clearance>
    <ClearanceCount>3</ClearanceCount>
    <RemitID>SWO1234567</RemitID>
    <RemittancePayer>
```

```
        <TravelAgency>
            <IATA_Number>88888888</IATA_Number>
            <Name>TRAVEL</Name>
        </TravelAgency>
    </RemittancePayer>
    <TotalAmount>600.11</TotalAmount>
  </Remittance>
</RemittanceTransferNotif>
```

Overview

1. Settlement Transfer Notification /SettlementTransferNotif/

The Settlement Manager sends this notification to the Settlement Payee when the payment is made to the payee's bank account. The "Settle ID" that identifies the message is also used to identify the bank transfer and is included in the bank order of the settlement manager. SettleID is ten positions long, where the first three positions are "SWO" and the remaining seven positions are random alphanumeric string. The Payee uses this information to identify the payment received in its bank account and to do accounting reconciliation. The information includes detailed data at transaction level and aggregate level data. The message will include all transactions that were supposed to be settled at that settlement date using the Clearance Status Code to define each transaction's status.

In case of discrepancies between the definitions given in the xsd released as part of the standard and the definitions in this implementation guide for the same concept or data element it is the definition in the xsd that is valid. XML messages must be validated with the corresponding xsd.

a) Sample SettlementTransferNotif XML

(in this sample the Cash and EasyPay payment methods have the same settlement date and are included in the same SettlementTransferNotif. This is only possible if EasyPay is not considered separate settlement process with its own bank transfer.) Please see "IATA_SettlementTransferNotif.xml".

Sample Messages

1. Settlement Transfer Notification /SettlementTransferNotif/

None	Copy

```xml
<SettlementTransferNotif
xmlns="http://www.iata.org/IATA/2015/00/2019.2/IATA_SettlementTransferNotif"
xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance">
    <Settlement>
        <Clearance>
            <AirlineRefID>IEuHTZvp7</AirlineRefID>
            <ClearanceID>2020954fY3TTsPZ</ClearanceID>
            <CommitmentToPay>
                <Agreement>
                    <AgreementID>ZU1AF4</AgreementID>
                </Agreement>
                <CommitmentID>35110523</CommitmentID>
                <PaymentMethod>
                    <Cash>
                        <NetClearanceAmount CurCode="EUR">100.11</NetClearanceAmount>
                        <RemittanceDate>2020-05-25</RemittanceDate>
                    </Cash>
                </PaymentMethod>
                <TypeCode>CASH</TypeCode>
            </CommitmentToPay>
            <Payee>
                <Carrier>
                    <AirlineAccountingCode>954</AirlineAccountingCode>
                    <AirlineDesigCode>XB</AirlineDesigCode>
                    <Name>AIRWAYS</Name>
                </Carrier>
            </Payee>
            <Payer>
                <TravelAgency>
                    <IATA_Number>88888888</IATA_Number>
                    <Name>TRAVEL</Name>
                </TravelAgency>
            </Payer>
            <RemainingAmount CurCode="EUR">0.00</RemainingAmount>
            <StatusCode>FLSTL</StatusCode>
        </Clearance>
        <Clearance>
            <AirlineRefID>CbfuQq4s0</AirlineRefID>
            <ClearanceID>2020954LrZ01NBR</ClearanceID>
            <CommitmentToPay>
                <Agreement>
                    <AgreementID>ST1BC8</AgreementID>
                </Agreement>
                <CommitmentID>21228587</CommitmentID>
                <PaymentMethod>
                    <Cash>
                        <NetClearanceAmount CurCode="EUR">200.00</NetClearanceAmount>
```

```xml
                    <RemittanceDate>2020-05-25</RemittanceDate>
                </Cash>
            </PaymentMethod>
            <TypeCode>CASH</TypeCode>
        </CommitmentToPay>
        <Payee>
            <Carrier>
                <AirlineAccountingCode>954</AirlineAccountingCode>
                <AirlineDesigCode>XB</AirlineDesigCode>
                <Name>AIRWAYS</Name>
            </Carrier>
        </Payee>
        <Payer>
            <TravelAgency>
                <IATA_Number>88888888</IATA_Number>
                <Name>TRAVEL</Name>
            </TravelAgency>
        </Payer>
        <RemainingAmount CurCode="EUR">0.00</RemainingAmount>
        <StatusCode>FLSTL</StatusCode>
    </Clearance>
    <Clearance>
        <AirlineRefID>TnGX7I5eJ</AirlineRefID>
        <ClearanceID>2020954l22prS6C</ClearanceID>
        <CommitmentToPay>
            <Agreement>
                <AgreementID>EX1YT4</AgreementID>
            </Agreement>
            <CommitmentID>13184954</CommitmentID>
            <PaymentMethod>
                <Cash>
                    <NetClearanceAmount CurCode="EUR">300.00</NetClearanceAmount>
                    <RemittanceDate>2020-05-25</RemittanceDate>
                </Cash>
            </PaymentMethod>
            <TypeCode>CASH</TypeCode>
        </CommitmentToPay>
        <Payee>
            <Carrier>
                <AirlineAccountingCode>954</AirlineAccountingCode>
                <AirlineDesigCode>XB</AirlineDesigCode>
                <Name>AIRWAYS</Name>
            </Carrier>
        </Payee>
        <Payer>
            <TravelAgency>
                <IATA_Number>88888888</IATA_Number>
                <Name>TRAVEL</Name>
            </TravelAgency>
        </Payer>
        <RemainingAmount CurCode="EUR">0.00</RemainingAmount>
        <StatusCode>FLSTL</StatusCode>
    </Clearance>
    <ClearanceCount>3</ClearanceCount>
    <Date>2020-06-01</Date>
    <SettleID>SWO7654321</SettleID>
```

```xml
        <SettlementPayee>
            <Carrier>
                <AirlineAccountingCode>954</AirlineAccountingCode>
                <AirlineDesigCode>XB</AirlineDesigCode>
                <Name>AIRWAYS</Name>
            </Carrier>
        </SettlementPayee>
        <TotalAmount>600.11</TotalAmount>
    </Settlement>
</SettlementTransferNotif>
```

Overview

Recipients of notification type messages such as: ClearanceNotif, RemittanceTransferNotif and SettlementTransferNotif shall respond with the Acknowledgement message that is part of the Enhanced and Simplified Standard. This message can provide more information than a simple system response and hence the requirement for its use. For example, the message has a "Notification" data element where codified response can be provided for downstream automation together with additional text for added clarity. Augmentation point structure is provided in the Acknowledgement message and for more information on how to utilize the augmentation point please refer to VI.Integration/D.Augmentation Points.

Sample Messages

1. Acknowledgement

None	Copy

```xml
<Acknowledgement xmlns="http://www.iata.org/IATA/2015/00/2019.2/IATA_Acknowledgement"
xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance">
    <Notification>
        <StatusCode>OK</StatusCode>
        <StatusMessageText>Settlement Transfer Notification successfully
processed</StatusMessageText>
    </Notification>
</Acknowledgement>
```

Settlement Manager

1. Validations and sanity checks

Upon receipt of the request for clearance in the form of ClearanceRQ message the settlement manager would perform sanity checks of the message structure and data and will have to validate the data against defined business rules. The sanity checks verify that the XML was formed in compliance with the XSD schema and that data is in the expected format. Any errors at this point will lead to rejection of the ClearanceRQ message.

Only when the sanity checks have been passed the settlement manager can continue the validations. The validations verify that certain business rules have been followed when the request has been generated:

- Clearance ID is not blank
- Does the clearance request originate from carrier who is recognized as Settlement with Orders capable carrier?
- Is the Payer or the Payee in the Clearance the party that originated this clearance. The originator of the Clearance creates the Clearance ID, which includes identifier for the originator. This identifier must match the identifier of either the Payer or the Payee.
- Is the clearance request for seller who is certified to work with Settlement with Order standard
- Are the carrier and the seller in agreement to process Settlement with Order transactions
- Is the payment method (described in the type code) acceptable for the Settlement with Order process?
- Has request for clearance with the same Clearance ID been successfully processed already
- Has request for clearance with the same Agreement ID and Commitment ID been successfully processed already
- Is the currency code valid for the settlement manager's operational bank account in the market where the payer and payee are settling? All amounts must have valid currency code. Missing currency code will result in failing this validation.

The very first validation the Settlement Manager will do is to verify that the total count of ClearanceIDs, in the ClearanceRQ message, equals to the number in the data element "Clearance Count". If the two do not equal, then the settlement manager will reject the ClearanceRQ message without doing any other validations per Clearance.

Then the settlement manager must validate each Clearance, as identified by its own ClearanceID in the ClearanceRQ message, until all have been checked. Thus, the settlement manager will show all possible errors. How the settlement manager will act upon the discovery of error during validation will depend on the set up of the ClearanceRQ sender. At the time of set up the Settlement Manager could allow the sender of the ClearanceRQ message to choose:

a) that the ClearanceRQ is rejected even if only one Clearance, as identified by its ClearanceID, is in error. Each individual error in each individual Clearance is properly identified and communicated to the sender of the ClearanceRQ message. Each individual Clearance, as identified by its ClearanceID, will have rejected status but errors will be communicated only for clearances where there are errors.

b) that only the Clearances, as identified by their ClearanceIDs, that have errors are rejected. In this case the ClearanceRQ message is not rejected but errors in each individual Clearance are properly identified and communicated to the sender of the ClearanceRQ message.

In the absence of the above choice the default profile will be "b."

In any case, when doing validations, the settlement manager must validate all Clearances in a ClearanceRQ before sending back a ClearanceRS (Clearance Response) message.

Settlement manager will assign the valid "Remittance Date" and "Settlement Date" according to the SwO Schedule.

Settlement manager must retain the currency code of the request for every value of type amount.

2. SwO Schedule

this is the schedule that specifies the money transfer dates and the data delivery dates related to the operations of the Settlement Platform managed by the Settlement Manager. It is provided by the Settlement Manager to the participants in the Settlement Platform and matches the BSP calendar. The key dates and periods in the SwO Schedule are:

- ClearanceRQ Submission Deadline Date – CRQSDD – this is the date when the ClearanceRQ from ORA must be submitted. If ClearanceRQ is submitted by this date, then the corresponding Remittance Date (RD) and Settlement Date (SD) can be fulfilled.
- Processing time for the Settlement Manger – P – this is the time the Settlement Manager needs to process the clearance request submitted by the CRQSDD. This could vary by market depending on market size and market operations.
- Remittance Transfer Notification Delivery Deadline Date – RTNDDD – this is the date when the Remittance Transfer Notification must be delivered to the payer.
- Remittance processing date – R – this is the time necessary for the payer to execute the remittance. It is pre-agreed time period for each market.
- Remittance Date – RD – the date the remittance is executed
- Settlement Manager Settlement Process – S – this is the time necessary to execute the settlement.
- Settlement Date – SD – the date of the settlement

CRQSDD->(P)->RTNDDD->(R)->RD->(S)->SD

Sample SwO Schedule

Operation	ClearanceRQ Submission Deadline Date	Remittance Transfer Notification Delivery Deadline Date	Remittance Date	Settlement Date & Settlement Transfer Notification Date
XX_CUR[1]	07-11-2019	10-11-2019	15-11-2019	15-11-2019
XX_CUR	15-11-2019	18-11-2019	25-11-2019	25-11-2019
XX_CUR	23-11-2019	26-11-2019	02-12-2019	02-12-2019
XX_CUR	30-11-2019	03-12-2019	09-12-2019	09-12-2019
XX_CUR	07-12-2019	10-12-2019	16-12-2019	16-12-2019
XX_CUR	15-12-2019	18-12-2019	23-12-2019	23-12-2019

[1] XX denotes ISO country code such as CH for Switzerland. CUR denotes ISO three letter currency code such as CHF for Swiss Franc.

3. Net reconcilation

For any given entity the Settlement Manager will receive multiple clearances where the entity will be either the Payer or the Payee. Therefore, if the Settlement Manager was performing clearance on daily basis, the settlement manger will add the Net Clearance Amounts of the Clearance where the entity is a Payee and deduct the Net Clearance Amount from the Clearances where the entity is the Payer.

However, if clearance is not performed daily then the settlement manager will combine all Clearances with the same Remittance Dates. Then the Settlement Manager will add the Net Clearance Amount for the Clearances where the entity is a Payee and deduct the Net Clearance Amount for the Clearances where the entity is a Payer. Thus, the Settlement Manager will determine the Settlement Payees and the Remittance Payer and avoid sending unnecessary Transfer Notifications.

Transfer of Funds

1. Settlement Payees

The Settlement Payee is the party receiving the funds as per the SettlementTransferNotif message. The funds that will be transferred by the settlement manager to the Settlement Payee's bank account will equal the "Total Amount" in the SettlementTransferNotif message. Where possible the Settlement Manager will include in the details of the bank transfer the SettleID of the SettlementTransferNotif. The Settlement Payee will have the following options when choosing how to receive the funds related to the SwO clearance:

a) As part of one settlement payment

that includes funds cleared using the SwO Process with funds cleared using other processes. The corresponding details in the SettlementTransferNotif such as the "Total Amount" are included in the bank amount deposited in the Settlement Payee's bank account. If possible, the SettleID of the SettlementTransferNotif would be included in the bank transfer order details.

b) As a separate payment

including the SettleID wherever possible, in the same bank account where funds cleared using other processes are deposited.

Overall, the Total Amount in the SettlementTransferNotif message shall correspond to the deposit into the Settlement Paye's bank account in the case of separate payment and will be different from the deposit into the Settlement Payee's bank account in the case when it is part of one settlement payment that includes SwO clearance.

2. Remittance Payers

The Remittance Payer is the party paying funds as requested by the Settlement Manger with the RemittanceTransferNotif. Remittance Payer must include the RemitID in the details of the bank transfer order for the remitted funds so that the Settlement Manager is able to identify the payment. However, the Settlement Manager will apply any payment received from the Remittance Payer to the total outstanding obligations of the Remittance Payer. The Settlement Manager will use the funds received from the Remittance Payer to fulfil outstanding obligation of that Remittance Payer in the order the obligations were recorded and irrespective if the reporting was according to DISH Standard or SwO Standard.

Both RemitID and SettleID are generated by the Settlement Manager and therefore the Settlement Manager must guarantee that they are unique. For example, if there is RemitID "SWO35791A1" there could not be SettleID "SWO35791A1".

Error Codes

Error codes that are common to the "Enhanced and Simplified Distribution Standard" (NDC and ONE Order standards) will be used when depicting errors in the SwO Standard. Such error codes are provided in "Codeset "9321 Application error, coded"" of the "IATA XML CODESET". They are used in the "Error" complex data element to the root element of the ClearanceRS message and in the "Notification" complex data element of the Acknowledgement message.

In addition, following are error codes related to specific SwO Standard validations:

o MSGNCMP – Message could not validate against XSD.
This error code is used in the "Error" child element to the root element, when the entire message is being rejected because the XML was not formed in compliance with the XSD schema and that data is not in the expected format. It is recommended that all such errors are identified at once and XPath is used to navigate through the ClearanceRQ to locate all nodes with errors.

o MSGRJCT – Message is rejected.
This error code is used in the "Error" child element to the root element, when the entire message is being rejected. Errors related to the Clearance child element will be provided in the "Error" element that is part of the "Clearance" type.

o CLRNCNT – Message is rejected due to incorrect ClearanceCount value.
This error code is used in the "Error" child element to the root element, when the entire message is being rejected. In this case the entire message is rejected because the total count of clearances in the message does not equal to the value in the data element ClearanceCount.

o CLIDDUP – ClearanceID already processed by Settlement Manager
o SNDNVLD – The Payer or the Payee in the Clearance did not originate this clearance
o PAYRNST – Payer not certified for SwO Transactions
o PAYENST – Payee not certified for SwO Transactions
o PARPAEN – Payer and Payee have not agreed to use SwO for clearance
o TRNNOUN – AgreementID and CommitmentID combination already processed by Settlement Manager
o TCNOVLD – TypeCode value not valid. Only "Cash" and "IEP" are accepted
o CURNVLD – The currency code is not valid for the settlement manager's operational bank account in the market where the payer and payee are settling
o ATHIDEX – Authorisation ID has expired /provide expiration time and when it was received/.

The long description text, together with additional explanations can be used in the "DescText" data element included in the "Error" complex data element of the ClearanceRS message and in the Acknowledgement "StatusMessageText" data element.

Enhanced and Simplified Distribution

1. Prerequisite Complex and simple data elements

The SwO Standard is agnostic in nature and can fulfil various clearance requirements. Therefore, the SwO Standard can be used to perform clearance of sales enabled by the Enhanced and Simplified Distribution Standard. Here are data elements from the Enhanced and Simplified Distribution Standard and how they relate to the data elements in the SwO Standard:

a) Agreement ID
in the Enhanced and Simplified Distribution Standard this is the OrderID

b) Commitment ID
in the Enhanced and Simplified Distribution Standard this is the PaymentID

c) Net Clearance Amount

this is the same data element in the Enhanced and Simplified Distribution Standard. It is important to note that in the Enhanced and Simplified Distribution Standard the Net Clearance Amount will have either + or – sign but when used in the ClearanceRQ the Net Clearance Amount will be an absolute value |Net Clearance Amount| because the ClearanceRQ has clearly defined Payer and Payee that make the sign redundant.

In the Enhanced and Simplified Distribution Standard Net Clearance Amount is defined as the amount agreed to be cleared in the Order between the two parties to the Order. Net Clearance Amount is always from the point of view of the party initiating the clearance request and therefore can be either positive [+] when the initiator of the clearance is to receive funds or negative [-] when the initiator of the clearance has to pay-out funds. It is part of the PaymentProcessingSummary in the Order.

- Net Clearance Amount – amount to be cleared between ORA and the respective counterparty, i.e. the Seller. It is the difference between ORA Receivable from the Seller and ORA Payable to the Seller or [NetClearanceAmount] = [ORA Net Receivable] - [ORA Net Payable]. Net Clearance Amount can be either positive [+] when ORA is to receive funds or negative [-] when ORA has to pay-out funds.

- ORA Net Payable – amount owed by ORA to the Seller that has not yet been paid for the given order. In its Offer (OfferPriceRS) ORA will provide the ORA Net Payable amount to define what is the total payable from ORA to the Seller if this offer is accepted.

- ORA Net Receivable – amount owed to ORA by the Seller that has not yet been paid for the given order. In its Offer (OfferPriceRS) ORA will provide the ORA Net Receivable amount as what ORA expects to receive for this offer. However, in OrderCreateRQ or OrderChangeRQ the ORA Net Receivable would equal to the payment collected by the Seller on behalf of ORA or the payment relevant to the Settlement with Order process if payment is collected using multiple payment methods.

It is required that all Clearances originate from valid payment commitment that can be identified by its Payment Identifier. Therefore, the recommended release version for the Enhanced and Simplified Distribution Standard is 19.2. Requests for creation or change of order must be done with messages that result in OrderViewRS message that has valid payment related node and payment commitment identifier.

Financial and Accounting Systems

1. Reconciliation information with regards to payments

One of the benefits the Settlement with Order Standard and Process must deliver for the involved parties is the ability to automate reconciliation of payments with financial accounting entries. There are two messages that are designed to facilitate such improvement.

a) SettlementTransferNotif message
this message is sent to the Settlement Payee when the payment is made to the Settlement Payee's bank account. The "Settle ID" that identifies the message is also used to identify the bank transfer that equals the "Total Amount" value in the SettlementTransferNotif. The "Settle ID" is included in the bank order of the settlement manager. The message will include all transactions that were supposed to be settled at that day using the "Clearance Status Code" to define each transaction's status. For example, if transaction has been settled the "Clearance Status Code" for that transaction will have value "Fully Settled". When transaction is only partially settled the "Clearance Status Code" will have value "1-Partially Settled" if it is the first partial settlement or "N-Partially Settled" for all partial settlements after the first. In this case the field "Remaining Amount" will be populated with the amount not yet settled. When the last amount of partially settled transaction is settled the "Clearance Status Code" will have value of "Final Settlement". In the cases when already settled transaction has to be reversed the "Clearance Status Code" will have value "Claw Back". Finally, when the settlement manager has exhausted all possible options to collect money for not-settled, partially settled or reversed transactions, the settlement manager will set the "Clearance Status Code" of such transactions to "Write off". The value of the data element "Total Amount" in the SettlementTransferNotif message is the sum of all Clearance transactions with "Clearance Status Code" equal to "Fully Settled", "Partially Settled" and "Final Settlement" and Clearance transactions with status "Claw Back" subtracted. Only the values in the data element "Net Clearance Amount" are used to calculate the "Total Amount" in the SettlementTransferNotif message. The Settlement Payee will have to reverse any entries that have not been settled or have been settled partially. Thus, the funds received in the bank will match the accounting records.

b) RemittanceTransferNotif message
this message is sent to the Remittance Payer to inform the Remittance Payer of the amount due at the given Remittance Date. The message includes all relevant Clearances where the Remittance Payer is either the Payer or the Payee. The value of the data element "Total Amount" in the RemittanceTransferNotif message is the amount that the Remittance Payer must pay into the Settlement Manager's operational account. The Remittance Payer must include in the bank transfer order the "Remit ID" that identifies the RemittanceTransferNotif message relevant to the payment.

2. Cash Management

Thanks to the ClearanceRS and ClearanceNotif messages both parties to a Clearance now know when to expect to pay or receive funds. Because the "Remittance Date" and the "Settlement Date" are included in both message the two parties to the Clearance can record either Accounts Payable with expected Remittance Date or Accounts Receivable with expected Settlement Date.

3. Timing of Accounting records

Carrier (ORA) will process accounting entries as per internal financial and accounting policies. One possibility is that at the time when the ClearanceRQ message is created accounting entries are prepared but not yet recorded. Only when the ClearanceRS is received with values for Settlement and Remittance Dates carrier adds the respective date and records the previously prepared accounting entry. Alternatively, ORA can prepare and record the accounting entry only when the ClearanceRS has been received indicating that the ClearanceRQ has been received and processed successfully.

Seller will receive the same information at once with the ClearanceNotif message and will decide what and when to record in its financial system as per internal rules.

Examples of accounting postings are provided in Annex A to this document

4. Airline reference

This is an optional identifier provided by ORA that is used in Carrier's own processes (for example accounting posting references). If this identifier (called Airline Reference Identifier or AirlineRefID) is provided by the carrier then it is mandatory to include it in all messages.

Known Issues

Please note that the published xsd files for the SwO Standard Release 19.2 have the following know issue:

1. Definition of "AirlineRefID_Type":

Currently the definition is:

None	Copy

```
<xs:simpleType name="AirlineRefID_Type">

        <xs:annotation>

                <xs:documentation>Airline Reference identifier is a character
string that is managed by the carrier.</xs:documentation>

        </xs:annotation>

        <xs:restriction base="xs:token">

                <xs:maxLength value="15"/>

                <xs:pattern value="([A-Za-z0-9]{15})"/>

        </xs:restriction>

    </xs:simpleType>
```

The highlighted part is defined wrongly and it shall be: **<xs:pattern value="([A-Za-z0-9]{1,15})"/>**. In addition, there must be minimum length defined **<xs:minLength value="1"/>**. Therefore, in all xsd of the SwO Standard the "AirlineRefID_Type" shall be defined as follows:

None	Copy

```
<xs:simpleType name="AirlineRefID_Type">

        <xs:annotation>

                <xs:documentation>Airline Reference identifier is a character
string that is managed by the carrier.</xs:documentation>

        </xs:annotation>

        <xs:restriction base="xs:token">

                <xs:minLength value="1"/>

                <xs:maxLength value="15"/>

                <xs:pattern value="([A-Za-z0-9]{1,15})"/>

        </xs:restriction>
```

```
        </xs:simpleType>
```

2. Enumeration values for the "ClearanceStatusCodeContentType"

The statuses "cancelled" and "not settled" are missing from the list of values defined for the status code of the clearance. Therefore, it is necessary to add the following to the "ClearanceStatusCodeContentType":

None	Copy

```
<xs:enumeration value="CNCLD">

                    <xs:annotation>

                        <xs:documentation>- Cancelled
'CNCLD'</xs:documentation>

                    </xs:annotation>

            </xs:enumeration>

            <xs:enumeration value="NOSTL">

                    <xs:annotation>

                        <xs:documentation>- Not Settled
'NOSTL'</xs:documentation>

                    </xs:annotation>

            </xs:enumeration>
```

3. Definition for "ClearanceID_Type"

Currently the definition is:

None	Copy

```
<xs:simpleType name="ClearanceID_Type">

        <xs:annotation>

            <xs:documentation>Clearance identifier is a character string
managed by a carrier.</xs:documentation>

        </xs:annotation>

        <xs:restriction base="xs:token">

            <xs:maxLength value="15"/>

            <xs:pattern value="([0-9]{7}[A-Za-z0-9]{8})"/>
```

```
            </xs:restriction>

        </xs:simpleType>
```

The highlighted part is defined wrongly and it shall be: **<xs:length value="15"/>**. Therefore, in all xsd of the SwO Standard the " ClearanceID_Type " shall be defined as follows:

| None | Copy |

```
<xs:simpleType name="ClearanceID_Type">

        <xs:annotation>

                <xs:documentation>Clearance identifier is a character string
managed by a carrier.</xs:documentation>

        </xs:annotation>

        <xs:restriction base="xs:token">

                <xs:length value="15"/>

                <xs:pattern value="([0-9]{7}[A-Za-z0-9]{8})"/>

        </xs:restriction>

    </xs:simpleType>

>
```

Augmentation Point

It is possible that new requirements may be identified during the implementations, and implementers will be constrained by the SwO Standard release lifecycle, which will, in turn, slow down the adoption. The augmentation point structure is provided to support these types of scenarios and provide implementers with an interim solution so as to avoid hindering the pace of adoption. At the same time Augmentation points usage is highly discouraged on a longer-term basis – it is not aligned with the overall standardization efforts and creates grounds for multiple bilateral variations of the implementations. It is expected that implementers will produce corresponding change requests to the SwO Standard to include required functionality, managed through Augmentations in the interim, for the next available release cycle. The objective is to enhance the

SwO Standard for the benefit of the industry and to avoid the multiplication of its bilateral variations. Therefore, valid business requirements should be covered by amendments to the SwO Standard. SwO Standard schemas will primarily be used as a payload mechanism for web services and accordingly it may be anticipated that there will be additional information required for processing that has not yet been defined in the schemas. To accommodate this scenario, the SwO Standard schemas include support for the specification of implementer-proprietary data structures from non SwO Standard namespaces that are wrapped in SwO Standard conformant types so they may be used in an SwO Standard schema. The main construct available for wrapping non-SwO Standard-conforming types is an Augmentation point structure.

The augmentation point structure can contain:

a) Attributes from external namespaces
b) Elements from external namespaces

Augmentations are not considered to be a part of the SwO Standard functionality and therefore may be ignored if not recognized/understood/implemented by consuming systems. In most cases, the usage and exact specifications of such augmentation points would need to be agreed upon bilaterally amongst integrated parties.

Accounting Postings

1. Single booking

SwO ORA Accounting Posting

Use Case: Seller orders a service of €600
- only one service sold
- no other transactions
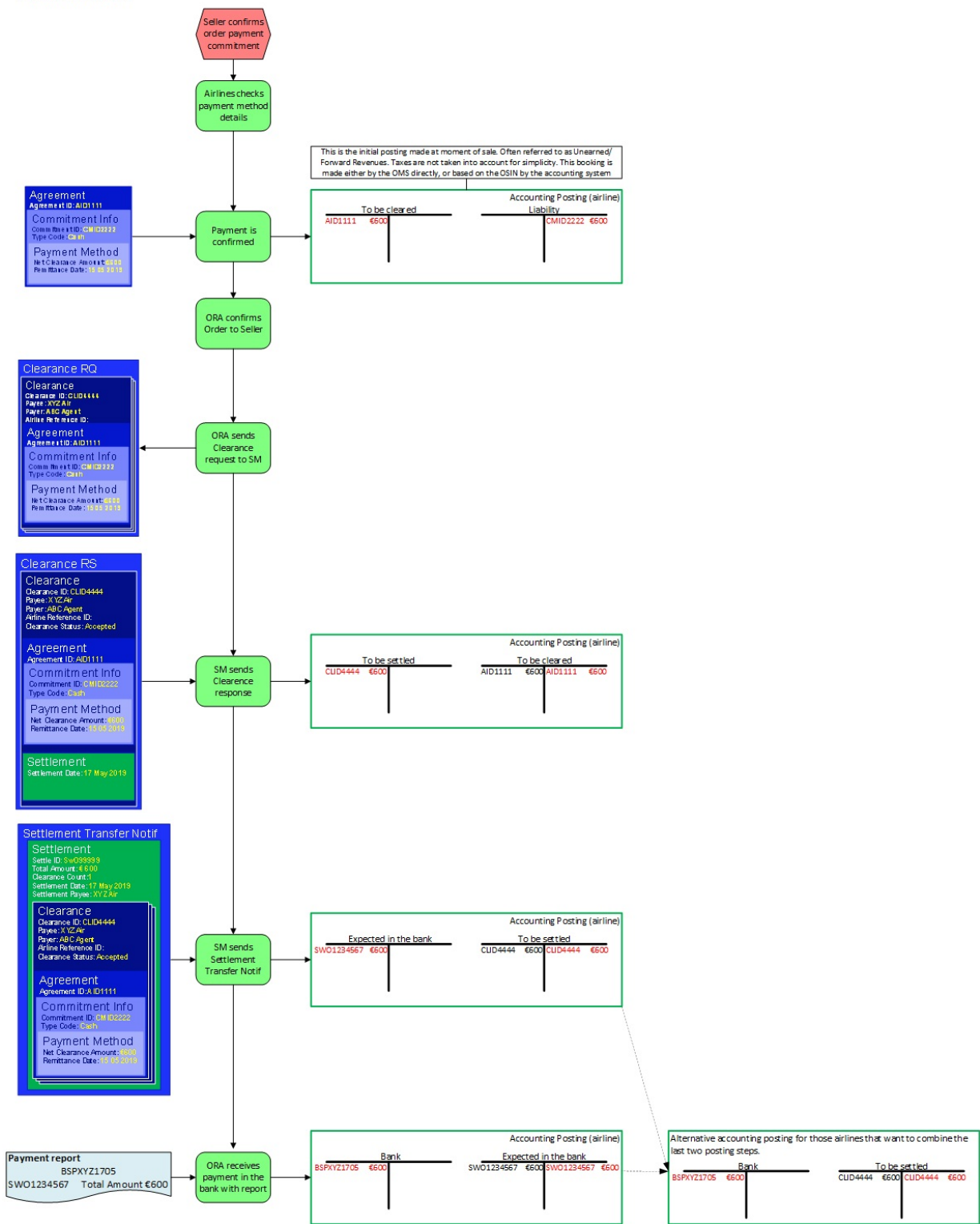
2. Use of AirlineRefID to combine daily accounting postings

Order Confirmation (or OSIN)

Date	AID	CMID	AirlineRef	Amount
15-Oct	AID1111	CMID1111	ALR1510	€600
15-Oct	AID2222	CMID2222	ALR1510	€700
16-Oct	AID3333	CMID3333	ALR1610	€300
16-Oct	AID4444	CMID4444	ALR1610	€900

ClearanceRS

Date	CLID	AID	CMID	AirlineRef	Amount
15-Oct	CLID4444	AID1111	CMID1111	ALR1510	€600
15-Oct	CLID5555	AID2222	CMID2222	ALR1510	€700
16-Oct	CLID6666	AID3333	CMID3333	ALR1610	€300
16-Oct	CLID7777	AID4444	CMID4444	ALR1610	€900

SettlementTransferNotif SettleID: SWO1234567 Date: 20-Oct

Date	CLID	AID	CMID	AirlineRef	Amount
15-Oct	CLID4444	AID1111	CMID1111	ALR1510	€600
15-Oct	CLID5555	AID2222	CMID2222	ALR1510	€700
16-Oct	CLID6666	AID3333	CMID3333	ALR1610	€300
16-Oct	CLID7777	AID4444	CMID4444	ALR1610	€900

Payment Report

SettleID	Original Currency	Settle Currency
SWO1234567	€2,500.00	€2,500.00

BSPXYZ2005	Total	€2,500.00

To be cleared

Debit		Credit
ALR1510	€1300	
ALR1610	€1200	

Liability

Debit		Credit	
		CMID1111	€600
		CMID2222	€700
		CMID3333	€300
		CMID4444	€900

To be settled

Debit		Credit
ALR1510	€1300	
ALR1610	€1200	

To be cleared

Debit		Credit	
ALR1510	€1300	ALR1510	€1300
ALR1610	€1200	ALR1610	€1200

Expected in the bank

Debit		Credit
SWO1234567	€2500	

To be settled

Debit		Credit	
ALR1510	€1300	ALR1510	€1300
ALR1610	€1200	ALR1610	€1200

Bank

Debit		Credit
BSPXYZ2005	€2500	

Expected in the bank

Debit		Credit	
SWO1234567	€2500	SWO1234567	€2500