



2020

CARGO MEMBERSHIP HANDBOOK



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Applicable in USA

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INTRODUCTION

WHO WE ARE

In order to meet the needs of international airlines and shippers and provide a competent and cost effective cargo distribution system, CNS, a wholly owned-subsiidiary of IATA, was incorporated in the State of Delaware on November 8, 1984. Its Advisory Board is comprised of individuals with expertise in the cargo business drawn from the international air transportation and air cargo forwarding industries.

Each airline customer of CNS is free to appoint as its agent or authorized intermediary any person who has met either CNS's standards or the carrier's own standards, either directly or through CNS. A list of the corporation's subscribing carriers is available on the CNS website www.cnsc.net.

This Handbook details procedures relating to the appointment and retention of CNS Endorsed Cargo Agents and Authorized Intermediaries (collectively or individually referred to as "applicant" or "Agent/Intermediary" throughout this handbook).

OUR VISION AND MISSION STATEMENT

Our vision

To deliver a safe, secure and sustainable US air cargo industry that drives economic growth, connects and enriches the world.

Our mission

To represent, lead and serve the US air cargo industry.

SECTION 1: THE CNS LISTS

1.1. General

1.1.1. CNS maintains available for the CNS subscribing carriers' two lists of active companies in the sale of air cargo transportation and in the preparation of shipments ready for carriage:

- a) A list of CNS Endorsed Cargo Agents and Authorized Intermediaries, and
- b) A list of Commercial Accounts.

1.2. CNS Endorsed Cargo Agents and Authorized Intermediaries

1.2.1 A CNS Endorsed Cargo Agent and Authorized Intermediary is a company who has met and continues to meet all the criteria for CNS endorsement contained in Section 2 of this Handbook. The list is available to subscribing carriers in CNS CASS USA.

1.2.2 Additional locations/ branches operating under the numeric code of the Endorsed Applicant are also available on the list mentioned above.

1.3. Commercial Accounts

1.3.1. A CNS Commercial Account is an entity that wishes to settle through the CASS but is not a CNS Endorsed Cargo Agent and Authorized Intermediary. An entity can become a CNS Commercial Account by sponsorship of a CNS participating carrier and payment of the corresponding Commercial Account registration fee.

1.3.2. Commercial Accounts have access to CASS and to the air waybill stock allocation program.

1.3.3. Commercial accounts are not endorsed by CNS.

1.3.4 CNS activity with Commercial Accounts is limited to assignment of the numeric code (always starting with 99), update of account information and posting of payments. The list of Commercial Accounts is available to subscribing carriers in CNS CASS USA.

SECTION 2: STANDARDS FOR ENDORSEMENT BY CARGO NETWORK SERVICES CORPORATION

The CNS Endorsement Program (“The Program”) facilitates participating airlines working relationships with Agents/Intermediaries. The program provides the Applicant with industry recognition of their financial and professional competence.

The Program sets objective criteria pertaining to the financial standing, standards of staff competence, experience and knowledge of air cargo products, suitability of premises, suitability of cargo handling and processing equipment and products and services, for endorsement of the Applicant.

The specific standards for CNS endorsement are described in detail in this Handbook.

In particular, the Applicant must meet these essential requirements:

- Qualified and duly trained staff, particularly with regard to the awareness, acceptance, and handling of dangerous goods.
- Sound financial and credit standing.
- Suitable working premises and cargo handling facilities.
- Active promotion and sale of international air cargo transportation.

2.1. Qualification Criteria for Endorsement

Any person (which term shall include a company, partnership, association, limited liability company, corporation, or other legal entity) can apply for endorsement as long as the below described criteria are met.

It is the responsibility of the Applicant to ensure that the endorsement criteria requirements and qualifications continue to be met in order to ensure retention as a CNS Endorsed Cargo Agent and Authorized Intermediary. The Applicant must immediately notify CNS if at any time it fails to maintain the endorsement criteria and cease and desist from holding itself out to the industry and to the CNS participating carriers as a CNS Endorsed Cargo Agent and Authorized Intermediary.

CNS endorsement criteria include:

A) LICENSE TO TRADE

The Applicant shall possess all applicable licenses to operate as an Agent/Intermediary in any jurisdiction where it conducts its business.

B) TSA REGULATIONS

All Applicants are considered Indirect Air Carriers (IACs) under U.S. government regulations and therefore must comply with any and all Transportation Security Administration security regulations imposed on IACs.

Indirect Air Carrier Certificates must be provided with your application.

***Live Animals' handlers are exempt from IAC certification, as long as the business activity code number is classified under Transportation & Warehousing or Courier & Messengers.**

C) PROMOTION AND SALE

The Applicant must be engaged in the promotion and sale of international air cargo transportation and in the provision of services related thereto, and must have been so engaged for a period of at least six consecutive months after obtaining IAC certification.

D) PREMISES

- 1) Applicants should operate facilities which comply with national security standards and which are equipped to prepare air freight for carriage, or have access to such facilities by means of a written agreement with a third party provider.
- 2) Applicants must maintain an administrative and/or sales office, or a department of an office, that is engaged principally in the promotion and sale of international air cargo transportation.
- 3) Applicants must maintain suitable cargo handling premises, such as warehouse, and equipment necessary to perform the following functions at a minimum:
 - a) Offering any services to the public, including quoting rates and reservations services offered by the carrier.
 - b) If acting as an agent, quoting carrier's rates and charges and conditions pertaining to such rates and charges.
 - c) Accepting for carriage and delivering (or arranging for acceptance and or delivery) of consignments of general cargo to a carrier.
 - d) Accepting for carriage and delivering (or arranging for delivery) to a carrier dangerous goods in accordance with the applicable Dangerous Goods Regulations.
 - e) Adhering to security control measures as prescribed by the responsible authority(ies), and supplemented from time to time by the member airlines.

*** Live Animals and Human Remains are exempt from the warehouse requirement.**

Accordingly, CNS endorsement will be restricted to this particular commodity. In the event Applicant wishes to transport any other type of cargo, the requirements of Section C will apply.

E) MINIMUM STAFF REQUIREMENTS

The Applicant shall have:

- 1) One qualified staff member with at least six months of experience in air cargo operations.
- 2) Head office (s) with a minimum of two employees who have completed current training in Dangerous Goods Awareness and Handling (“DG”) according to IATA DGR Regulations.
- 3) Branch office(s) with a minimum of one employee who has completed current training in DG according to IATA DGR Regulations.

Ultimately, the number of necessary trained staff at a head office and/or branch office is determined by the company’s owners/management team. CNS guidelines are minimum requirements for maintaining CNS endorsement.

For purposes of this section, “current training” means having earned a certificate recognizing the successful completion of DG training within the past 2 years.

F) TRAINING REQUIREMENTS

IAC TRAINING

- 1) Applicant shall have at least one employee at the head office and branch office who has a current IAC Air Cargo Security Training for Indirect Air Carrier (IACSSP).

IAC training is valid for 12 months after training completion.

Due to the complexity of the TSA IAC Program Applicants are encouraged to seek training through a CNS endorsed training program.

DG TRAINING

- 1) Applicant shall have at least two employees at the head office who have completed current training for Dangerous Goods Acceptance.
- 2) Applicant shall have at least one employee at the branch office who has completed current training for Dangerous Goods Acceptance.

- 3) Training for Dangerous Goods should be in accordance with the IATA DG Regulations.
- 4) Training is to be administered by either an IATA accredited training school, an IATA member airline, or in-house training delivered by an internal staff member of the Applicant who holds a current DG Category 6 certification and IATA instructor certification.

For a current list of IATA DG Accredited Training Schools please visit the training pages in the IATA website www.iata.org

G) FINANCIAL STANDING

- 1) The Applicant must demonstrate satisfactory financial standing and the ability to cover its financial obligations.
- 2) Applicants must demonstrate a minimum of \$30,000 Working Capital, \$50,000 Tangible Net Worth and \$15,000 Bank Balance.
- 3) Details on the minimum ratios and financial information to be furnished by the Applicant are provided in Parts 3.2.1.2.-D and 3.2.1.2.-E of this Handbook.

H) SATISFACTORY CREDIT STANDING

Applicant must demonstrate a satisfactory credit standing, based on:

- Business Credit Report from Dunn & Bradstreet Paydex Score of 60 and above.
- References from commercial vendors.

2.2. Additional Requirements

No Applicant shall be endorsed or retained as a CNS Endorsed Cargo Agent and Authorized Intermediary if:

- A) A substantial portion of the air transportation which the Applicant sells and/or handles is in relation to goods owned by such Applicant.
- B) An Applicant uses a name that is:
 - 1) The same or misleadingly similar to the name of a CNS subscribing carrier.
 - 2) The same or misleadingly similar to Cargo Network Services Corporation.
 - 3) The same or misleadingly similar to that of another CNS Endorsed Agent.
- C) Any material statement made in the application is inaccurate, misleading, or incomplete.

- D) If the Applicant or any person holding a financial or ownership interest in the Applicant, was involved with an Agent/Intermediary removed from the CNS List of Endorsed Cargo Agents and Authorized Intermediaries due to non-payments to CASS and payment to the airline was never made (other than any such debts legally extinguished through formal bankruptcy proceedings).

Application will be denied unless proof of payment for all outstanding CASS balances at the time of cancellation is received (from the Applicant or from all affected carriers) or unless, based on investigation and all information available, it is determined that such Applicant, person or owner did not participate in the acts or omissions that caused the termination of endorsement.

- E) If the Applicant holds an agreement with any carrier that includes the following functions of a General Sales Agent:
- 1) Soliciting and promoting traffic for the services of the principal and, if necessary, employing staff competent and sufficient to do so.
 - 2) Providing and maintaining a suitable area in its place of business to be used exclusively for the transaction of the business of the principal(s).
 - 3) Arranging for distribution of timetables, tariffs, and promotional materials of the principal(s) to Agents/Intermediaries and the general public in the assigned territory.
 - 4) Servicing and supervising of Agents/Intermediaries in the assigned territory and/or the control of such Agent/Intermediaries' remittances and commissions retained.

SECTION 3: APPLICATION PROCEDURE

3.1. Application Form

- 3.1.1. Any person (as defined in Section 2) who meets the standards outlined in Section 2 of this Handbook may become a CNS Endorsed Cargo Agent and Authorized Intermediary and be so listed by CNS.
- 3.1.2. An application form is available, in the CNS website at www.cnsc.net
- 3.1.3. All information supplied in the application form must relate to the location for which endorsement is sought.

3.2. Application Submission

- 3.2.1. When seeking endorsement as a CNS Endorsed Cargo Agent and Authorized Intermediary, the Applicant shall submit to CNS:
 - 3.2.1.1. Complete Application Form (refer to 3.1.2).
 - 3.2.1.2. Complete supporting documentation including:
 - A) Copy of the Applicant's Articles of Incorporation/Organization certified by the proper State authority. If application is for a state other than the one of incorporation/organization, certificate of authorization to conduct business in that specific state also will be required.
 - B) Operating Agreement if a Limited Liability Company.
 - C) If the Applicant uses a trade name, copy of the fictitious name filing certified by the proper State authority. CNS endorsement supports only one trade name.
 - D) Financial Statements. Please refer to Section 8 of this Handbook for details.
 - E) Copy of bank statements for the last three months of the financial statement showing the monthly ending balance. An Applicant must maintain a Cash Balance of not less than \$15,000.
 - F) Copy of the lease or similar written agreement for Applicant's office and warehouse facilities.
 - G) If Applicant does not operate a warehouse but uses the services of a third party warehouse, the warehouse must be located no more than 60 miles from the office. Additionally, CNS requires a written agreement between both parties indicating the following:
 - The type of service the third party provides to the Applicant.
 - Duration of the agreement.
 - Location of the facility.
 - Confirmation that access to the facility is granted to the Applicant.

- Confirmation that as a representative/agent of an IAC, warehouse personnel is in compliance with TSA.
 - H) Confirmation that the warehouse facility has at least one full-time employee who holds a current DGR training by air certificate in accordance with IATA DG regulations. A copy of this certificate must be provided to CNS.
 - I) If any owner of the Applicant is not a US citizen, a copy of their passport or alien registration card is required.
 - J) Copies of international air waybills (12-15) already processed by the Applicant covering six months of activity. Air waybills are to be in accordance to IATA Resolution 600a.
 - K) Current certificate for Shipment of Hazardous Materials by Air Training, in accordance with IATA DG Regulations, for at least two employees.
 - L) Evidence of current IAC Air Cargo Security Training for Indirect Air Carrier-Direct Employee (IACSSP), for at least one employee. Due to the complexity of the TSA IAC Program, Applicants are encouraged to seek training through a CNS endorsed training program.
 - M) Copy of the TSA certificate with the IAC number assigned to the Applicant. For applications with different address than the IAC certificate, provide evidence of listing with TSA (IAC Management System)
 - N) Application fee due at time of submission. Please refer to CNS website at www.cnsc.net
- 3.2.1.3. Branch office(s) can be listed with CNS once an Applicant has obtained CNS endorsement. The process is addressed in Section 9 of this Handbook.
- 3.2.1.4. If any information on an application is missing, incomplete or inaccurate, it could result in denial of the application.

3.3. Application Processing

- 3.3.1. The complete application process takes approximately 60 to 90 days, and may vary based on application volume and information missing on application submission.
- 3.3.2. Upon receipt of the completed application, a listing of applications together with information provided by the Applicant will be available to all CNS subscribing carriers.
- 3.3.3. If evaluation determines that the application is incomplete, the company will have 15 calendar days to submit the missing information.
- 3.3.4. If on final review the Applicant does not meet the endorsement criteria, it will be notified of the reasons. The applicant will have the opportunity to request a reconsideration within 30 days of the rejection notice at no additional cost.

- 3.3.5. Denial of an application shall be without prejudice to the right of the Applicant to re-apply or to seek appointment directly from individual carriers to represent such carriers in the sale and handling of air cargo transportation as Agent/Intermediary on their behalf.
- 3.3.6. Applications denied on grounds of unsatisfactory credit standing are subject to a re-application waiting period of a minimum of six months.
- 3.3.7. If CNS determines that the Applicant meets the standards for CNS endorsement, it shall notify the Applicant and subscribing carriers and shall enter it on the list of CNS Endorsed Cargo Agents and Authorized Intermediaries as of the date of such determination. Thereafter, the procedures set forth in Section 6 shall apply.
- 3.3.8. If the application is denied or the Applicant fails to maintain its status as a CNS Endorsed Cargo Agent and Authorized Intermediary, then:
- A) The Applicant shall lose its endorsement and be removed from the list of Endorsed Cargo Agents and Authorized Intermediaries.
 - B) The Applicant will be given the option to continue settling transactions through CNS CASS USA as a Commercial Account list pursuant to Section 1.3.
 - C) Proper notice of the removal will be given to the CNS subscribing carriers. The Endorsed Cargo Agent and Authorized Intermediary Agreement will be terminated. Carriers will nonetheless be free to continue accepting cargo from the Applicant under such commercial terms and conditions as bilaterally negotiated and agreed to between such Applicant and the Carriers.

SECTION 4: THE CNS NUMERIC CODE

4.1. Code Assignment

- 4.1.1. Each CNS Endorsed Applicant is assigned a numeric code by CNS. The numeric code is part of the worldwide system of coding owned by IATA and may not be used by anyone in the US other than an Endorsed Cargo Agent and Authorized Intermediary or Commercial Account holder.
- 4.1.2. Such assignment shall continue only as long as the assignee remains a CNS Endorsed Cargo Agent and Authorized Intermediary or Commercial Account and shall be withdrawn at termination of the CNS endorsement or status as a Commercial Account.

4.2. Use of the Code

- 4.2.1. The CNS Endorsed Applicant shall always insert the code and the four-digit locator code (branch code) in the air waybill.
- 4.2.2. The Code shall not be shared, lent, leased, sold or otherwise transferred by the assignee to any other company. Failure on the part of the assignee to respect this exclusivity of usage requirement shall constitute valid grounds for CNS to withdraw the assignee code and cause CNS to review the endorsement.

4.3. Administration and Publication

- 4.3.1. The code shall be administered and published by CNS.
- 4.3.2. The numeric code is, and shall remain, the property of IATA. Moreover, its use is restricted to Applicants appearing on the active list of CNS Endorsed Cargo Agent and Authorized Intermediaries or the active list of Commercial Accounts.

SECTION 5: USE OF CNS LOGO

5.1. CNS Endorsed Cargo Agents and Authorized Intermediaries are entitled to use the CNS Endorsed Cargo Agent Logo on letterhead and publicity materials exactly as illustrated in this Handbook.



No other form of the CNS logo is authorized for use.

For instructions for printers, artists and engravers please contact CNS Customer portal <https://portal.cpsc.net/cns>.

5.2. CNS endorsement does not entitle the use of the IATA logo.

5.3. Use of the CNS logo is permitted only in connection with activities of a CNS Endorsed Cargo Agent and Authorized Intermediary in the U.S.

5.4. Commercial accounts are not allowed to use the CNS logo.

SECTION 6: APPOINTMENT/ AGENCY AND AUTHORIZED INTERMEDIARY AGREEMENT/ TERMINATION/REINSTATEMENT

6.1. Summary of Appointment/Agency and Authorized Intermediary Agreement

- 6.1.1. The subscribing carriers of CNS may appoint any person on the List of CNS Endorsed Cargo Agents and Authorized Intermediaries individually, or through CNS on their behalf. The President of CNS or the President's designee, acting on behalf of the subscribing carriers which have authorized CNS to do so, shall appoint the Applicant and shall execute a Cargo Agency and Authorized Intermediary Agreement "(the Agreement") on their behalf. Where CNS executes the Agreement, CNS shall notify subscribing carriers. The Agreement shall become effective between each carrier and the freight forwarder on the date both the Agent/Intermediary and CNS sign the agreement and has the same force and effect between the carriers individually and the Applicant as though they were both named in the Agreement as the Parties. The Agreement may contain additional terms and conditions which may be required by individual subscribing carriers.
- 6.1.2. A certificate of CNS endorsement is issued on the effective date of endorsement. (Head office only).
- 6.1.3. An endorsement decal is sent (one per listed location).

Endorsement by CNS does not guarantee credit with CNS subscribing carriers. Endorsed Cargo Agents and Authorized Intermediaries need to approach the individual carriers and negotiate such commercial terms on a bilateral basis.

6.2. Annual Renewal of Membership

- 6.2.1. CNS membership is renewed annually on a calendar year basis and is effective upon receipt of payment of the Annual Fee. Annual Fee invoices are distributed electronically no later than October 31st of the prior calendar year.
- 6.2.1.1. Fee is due no later than January 31st of each year.
- 6.2.1.2. Late fee for payments received after January 31st of each year will apply.
- 6.2.2. The following materials are sent to the CNS member head office upon receipt of payment of the Annual Fee:
- 6.2.2.1. Renewal certificate of endorsement (one per company).
- 6.2.2.2. Complimentary IATA DGR manual (latest edition).

6.3. Termination of Endorsement

Termination of such appointment may occur due to:

6.3.1. Withdrawal of appointment by carrier

- 6.3.1.1. Carrier can withdraw appointment of any Applicant. Carrier shall supply CNS with copy of the notice sent to our member.
- 6.3.1.2. The carrier is removed from the list of carriers represented by CNS in the Endorsed Cargo Agent and Authorized Intermediary Agreement. Copy of the revised Schedule 1 is mailed to the Cargo Agency and Authorized Intermediary.

6.3.2. Withdrawal of appointment by Applicant

- 6.3.2.1. Notice in writing is to be presented by the Applicant to CNS indicating its decision to terminate endorsement because the Applicant does not wish to renew membership, the Applicant's business has closed, the Applicant is no longer an IAC, the Applicant is no longer conducting air export, or the Applicant has merged into another entity.
- 6.3.2.2. The applicant has 30 days to reconsider its decision to withdraw its endorsement.

6.3.3. Withdrawal of appointment by CNS

- 6.3.3.1. Where CNS finds that an Applicant no longer meets the requirements for appointment, CNS shall notify the Applicant that its appointment has been terminated.

- 6.3.3.2. The following circumstances can lead to termination of endorsement by CNS:

Non-compliance with the Financial Review Process (details under Section 11 of this Handbook).6 months waiting period to re-apply for CNS endorsement will apply for termination due for non-compliance with financial review.

- Non-compliance with the Change of Ownership process (details under Section 7 of this Handbook).
- Alleged Change of Ownership that does not qualify as such (details under Section 7 of this Handbook).
- Non-compliance with the Name Change process (details under Section 7 of this Handbook).
- Alleged Name Change that does not qualify as such (details under Section 7 of this Handbook).
- Non-payment of the CNS Annual Fee.
- Failure to notify CNS of any change of location (either head or branch offices).
- Acting as an airline GSA or GSSA.
- Failure to renew Irrevocable Standby Letter of Credit as requested.
- Failure to meet endorsement criteria.

6.4. Termination Effective Date

Upon receipt of Agent/Intermediary's request for termination prior to effective date, the agent code will be deactivated for future billings in the CNS CASS USA system, the account will remain active for the next 60 days to allow payment of any outstanding CNS CASS USA billings.

Note, if after termination of endorsement, the agent would like to keep doing business through CNS CASS USA, it may apply to be a CNS Commercial Account (refer to Section 1). Letter of termination shall take effect immediately upon notification. Such termination does not release any of the parties from fulfillment of all obligations accrued prior to the effective date.
Termination without Prejudice

Where the Applicant fails to maintain its registration with CNS, termination is without prejudice to the Applicant's right to enter into a new bilateral agreement with carrier(s).

6.5. Reinstatement

6.5.1. CNS, at its sole discretion, may consider reinstatement of endorsement under the following circumstances:

- Termination due to non-payment of annual fee
- Termination due to non-compliance with the Financial Review process
- Termination due to non-compliance with the Change of Ownership process
- Termination due to non-compliance with the Change of Location process
- Termination due to non-compliance with the Change of Name Change process
- Termination due to failure to renew Standby Letter of Credit upon receipt of renewal (subject to current CASS payments)

6.5.2. Reinstatement fee applies. Please refer to CNS website at www.cnsc.net

SECTION 7: CHANGES REQUIRING CNS ENDORSEMENT REVIEW

Change of Ownership, Legal Status, Name, or Location

Notice with respect to changes of ownership, legal status or name of the Applicant is to be given to CNS prior to the change and processed in accordance with the provisions of this Section.

7.1. Change of Ownership

Any type of change must be notified to CNS.

Events that qualify as a change of ownership include:

- 7.1.1. Change in corporate form, from a sole proprietorship, partnership or other unincorporated firm to a corporation, LLC or other corporate entity (or vice versa) if it involves a change of ownership
- 7.1.2. The transfer of an interest in the Applicant which has the effect of transferring control of the Applicant to a person in whom it was not previously vested, whether by means of a single transaction or as the result of a series of transactions in a 36 months period.
- 7.1.3. The transfer or issuance to any person of stock representing more than 50% of the total issued voting stock.
- 7.1.4. Merger of a CNS endorsed Agent with and into another company will be treated as a change of ownership
- 7.1.5. The transfer or issuance to any person of stock representing up to 50% of the total issued voting stock is considered a minor change of ownership as long as it does not represent a change in the controlling stock.
- 7.1.6. Changes resulting from the death of an owner without admission of new owners, it is considered a minor change of ownership. A death certificate is to be presented.
- 7.1.7. Minor changes of ownership only require presentation of Schedule A duly signed by a company officer and witness.

7.2. Change of Ownership Procedure

- 7.2.1. At least 30 days prior to the date of the change of ownership, the Applicant shall file with CNS a Notice of Change, signed by both the transferor and transferee indicating the expected time of completion of the transaction.
- 7.2.2. In the event of a change of ownership caused by the death of a majority owner of an Applicant, the Applicant must present a death certificate.
- 7.2.3. If the Notice of Change is received by CNS and a completed application is not submitted by the transferee by the date shown on the Notice of Change, CNS shall notify the Applicant and the subscribing carriers that the Applicant shall be removed

from the CNS List of Endorsed Cargo Agents and Authorized Intermediaries, unless the Applicant and the transferee jointly notify CNS that (a) the date of the change has been postponed or (b) that the change of ownership will not take place.

- 7.2.4. An application from the transferee, without receipt of the Notice of Change, following the date of change, will be considered as a new application, and the Endorsed Cargo Agent and Authorized Intermediary Agreement in effect with the Applicant (the previous owner) may be terminated.
- 7.2.5. On the date shown on the Notice of Change, complete documentation for major changes of ownership or mergers is to be submitted to CNS.
- 7.2.6. The following is the complete list of documentation required for processing
- Notice of Change (form available in the CNS website www.cnsc.net).
 - Certificate of merger reflecting the surviving company name if applicable.
 - Articles of incorporation of the surviving company (mergers only).
 - Schedule A (form available in the CNS website www.cnsc.net).
 - Financial statement. Please refer to Section 8 of this Handbook for details.
 - Bank statements for the last three months of the financials with a minimum average ending balance of \$15,000.
 - Change of ownership fee. Please refer to CNS website at www.cnsc.net

Failure to comply with the change of ownership process will result in termination of the CNS endorsement.

7.2.7. Applications involving Change of Ownership and Name

- 7.2.7.1. An application for appointment under a change of ownership which also includes a change of name shall not be treated as a separate application but shall be handled as one application.

7.2.8. New Agreement Required

- 7.2.8.1. CNS shall execute an Agency Agreement for approved changes of ownership on behalf of those subscribing carriers which have empowered it to do so.

7.3. Change of Name

7.3.1. When an Endorsed Applicant changes its name, it shall promptly notify CNS. CNS shall ascertain the new name is not:

- The same or misleadingly similar to the name of a CNS subscribing carrier.
- The same or misleadingly similar to Cargo Network Services Corporation.
- The same, or misleadingly similar to that of another CNS Endorsed Applicant.

7.3.2. If the CNS finds that the new name conflicts with an existing name, it shall so notify the Applicant and advise of:

- 7.3.2.1. CNS's inability to proceed with the change under the new the proposed name.

- 7.3.2.2. CNS's request for amended articles of incorporation changing the name to the one reflected in the CNS certificate of endorsement or in its defect amended articles of incorporation with a legal name that does not represent a name conflict.
- 7.3.2.3. CNS's request for a registration for fictitious name (if applicable) that does not represent a name conflict.
- 7.3.3. A name change resulting from a change of company status from a corporation to an LLC or vice-versa shall be considered a name change (as long as ownership remains the same)
- 7.3.4. The following documentation must be furnished to CNS when a name change occurs:
 - Amended Articles of Incorporation certified by the proper State authority reflecting the new name (if legal name is being changed).
 - If CNS registration is in a state other than the one of incorporation/ organization, certificate of authorization to conduct business in that specific state is also required.
 - Copy of the registration of the fictitious name or assumed name filed with the proper State authority (if applicable).
 - Copy of certificate of conversion (if applicable).
 - Copy of a bank statement reflecting the company new name or a letter from the banking institution reflecting that they have been advised that a change of the company name is occurring.
 - If an LOC is on file, amended LOC under the new name is required.
 - Name change fee. Please refer to CNS website at www.cnsc.net
- 7.3.5. Failure to comply with the name change process will result in termination of the Agency endorsement.
- 7.3.6. CNS will issue a new Agreement and certificate of endorsement and notify CNS subscribing carriers.
- 7.3.7. If the endorsed Applicant communicates to CNS it no longer wishes to conduct business under a trade name, notice in writing to CNS will suffice.
 - 7.3.7.1. Removal of trade name fee. Please refer to CNS website www.cnsc.net.
 - 7.3.7.2. CNS will issue new Agreement and certificate of endorsement and notify CNS subscribing carriers.

7.4. Change of Location

7.4.1. Branch Office Change of Location within the same State

When an Applicant changes the address for any location, such Applicant shall promptly notify CNS.

- 7.4.1.1. Address change for branch offices within the same state require no additional information.
 - 7.4.1.2. CNS shall so advise subscribing carriers.
 - 7.4.1.3. Authority to act as an Endorsed Cargo Agent or Authorized Intermediary shall continue to apply to the new address.
- 7.4.2. Branch Office Change of Location to a different State.

A branch office address change to a different state will be treated as a new branch office.

Refer to Section 9 of this Handbook for details.

7.4.3. Address Change Head Office/Handling Facility (ies)

When an Endorsed Applicant moves from the office and/or handling facilities that were inspected in the course of endorsing its application for listing, such Applicant shall promptly notify CNS which may inspect the new facilities to determine whether or not the new facilities meet the Endorsement Criteria.

- 7.4.3.1. If the Applicant's head office is moving to a different state, a certificate of authorization to transact business certified by the proper State authority is required.

7.4.4. Branch Office Becoming a Head Office.

When a company has changed operations/corporate structure and a branch has now become the head office, the Applicant shall so notify CNS.

- 7.4.4.1. A certificate of authorization certified by the proper State authority is required.

7.4.5. CNS Listed Locations No Longer Engaged in Air Export Operations.

When a location is no longer involved in air cargo export operations, the Applicant shall promptly notify CNS, which will remove the affected location from the CNS List of Endorsed Cargo Agents and Authorized Intermediaries and advise subscribing carriers.

The Applicant has 30 days to reconsider its decision to withdraw listing of location.

A new endorsement decal could be sent as per request of the applicant once the change of location is finished.

SECTION 8: FINANCIAL ASSESSMENT

Financial Assessment is performed for New Applicants and existing CNS Endorsed Cargo Agents and Authorized Intermediaries.

8.1. Types of acceptable Financial Statement

<u>Type of Financial Report</u>	<u>New Applicants</u>	<u>CNS Endorsed Cargo Agents</u>
Compiled, Reviewed, Audited	Yes	Yes
In-house (disregarded LLC)	Yes	Yes
In-house (publicly owned)	Yes	Yes
Corporate Tax return	No	Yes
Sole Proprietors	No	No

Any other type of in-house reports are not acceptable.

8.2. Guidelines for preparation of financials

8.2.1. Compiled, reviewed or audited financials

Requirements:

- Prepared by CPA
- Accountant's letter duly signed
- Balance Sheet
- Income Statement
- Retained Earnings
- Cash Flow
- Accountant notes to the financials
- CPA license (applicable ONLY for compiled report)
- Report is to contain at least 6 months of trading

If report is to be presented for an existing member that underwent a merger, post-merger financials must be supplied. Depending on when merger took place the 6 months of trading might not apply.

- Closing date must be within 6 months of submission.
- If a consolidated report, report must include a balance sheet and income statement broken down by entities rolling into the consolidation. Assessment is only performed for the company seeking or holding CNS endorsement.

8.2.2. In-house report for publicly owned entities

Requirements:

- Letter from CFO or CEO duly signed stating:

“The financials presented have been prepared in accordance with GAAP and are a true representation of the company financial condition taken as a whole. Financials are rolled into the consolidated financial of the ultimate parent company “insert name” listed in the i.e. NY Stock Exchange as a control public company”.

- Balance Sheet
- Income Statement
- Report is to contain at least 6 months of trading

If report is to be presented for an existing member that underwent a merger, post-merger financials must be supplied. Depending on when merger took place the 6 months of trading might not apply.

- Closing date must be within 6 months of submission
- 10-Q or 10-K report of parent company
- Assessment is never performed for the parent but for the company seeking or holding CNS endorsement.

8.2.3. In-house report for single member LLC treated as a disregarded entity

Requirements:

- Letter from CFO or CEO duly signed describing the particulars when it comes to ownership and preparation of financial statements and tax return.

For example: single member LLC, who the sole member is, that the company is treated as a disregarded entity, that files no tax return, that no balance sheet is prepared, and how financials are prepared by the organization.

- Income Statement
- Report is to contain at least 6 months of trading

If report is to be presented for an existing member that underwent a merger, post-merger financials must be supplied. Depending on when merger took place the 6 months of trading might not apply.

- Closing date must be within 6 months of submission.
- Parent consolidated financial statements or tax return
- Assessment is never performed for the parent but for the company seeking or holding CNS endorsement.

- Disregarded single member LLC presenting the above-described financial report will be subject to presentation of an Irrevocable Standby Letter of Credit as no financial assessment of metrics will be possible (no balance sheet). Refer to 8.3. of the Handbook.

8.2.4. Corporate tax return

Requirements:

- Name/title/signature of preparer and officer (on page 1 of the return or IRS e-file signature authorization form)
- Schedule L “Balance Sheet per Books” cannot be blank.
- Complete tax return including all schedules
- Report is to contain at least 6 months of trading

If report is to be presented for an existing member that underwent a merger, post-merger financials must be supplied. Depending on when merger took place the 6 months of trading might not apply.

- Tax ending month/year must be within 6 months of submission

8.2.5. Sole Proprietors

Requirements:

- No Financial Statements are required.
- Irrevocable Standby Letter of Credit for \$30,000 must be presented.

8.3. Financial Metrics

8.3.1. Minimum Metrics

- Financials for entity seeking endorsement or existing member must evidence a minimum of \$30,000 Working Capital and \$50,000 Tangible Net Worth.

8.3.2. Irrevocable Standby Letter of Credit

- Companies failing to evidence the above minimum metrics may consider presentation of an Irrevocable Standby Letter of Credit.
 - New applicants: \$30,000
 - Existing members: the equivalent of an average of Agent/Intermediary’s monthly sales over the past 12 months multiplied by 2.

Instructions will be provided in due time.

- The LOC will remain in place until such minimum financial metrics are met and the amount will be evaluated before renewal, based on CNS CASS USA billings.

- Release of an LOC for a disregarded LLC will be the CASS payment history (rated C or better).

8.4. Accounts not considered for metrics calculation

- Stock Subscription Receivable and Stock Subscribed are not considered as Current Assets nor as Capitalization.
- Receivables or notes due from officers or shareholders are not considered Assets.
- Goodwill, organizational expenses, covenant not to compete, and leasehold improvements are not considered Tangible Assets and if amounts are reflected as such, they will be automatically deducted from the Equity or Net Worth computations.
- Real Estate (owners and partners homestead) are not considered Assets.
- Land or automobiles not used exclusively for business purposes cannot be considered Assets or included in Net Worth computations.

SECTION 9: LISTING OF ADDITIONAL LOCATIONS

CNS Endorsed Cargo Agents and Authorized Intermediaries can list additional offices (branches) on the CNS list. Listing of additional offices is subject to receipt of an acceptable branch office application.

9.1. Types of Branch Offices

CNS considers two types of branch offices:

- 9.1.1. Branch Office - an office under the ownership and control of the Applicant, operating under the same trade name as the Applicant.
- 9.1.2. Independent Branch Office - an office that is not under the same ownership and control of the Applicant, but the Applicant has authorized the company to operate under the same trade name of the Applicant.
- 9.1.3. The responsibility to comply with the CNS Endorsement Criteria resides with the person of the CNS Endorsed Applicant.

9.2. Branch Office Procedure

- 9.2.1. The following documentation is to be submitted to CNS to request the assignment of a locator code:
 - Application form signed by a corporate officer. Appropriate box for branch ownership needs to be selected.
 - Current certificate of DG training by air, based on IATA DG Regulations, for at least one employee at that facility.
 - Evidence of IAC Air Cargo Security Training (IACSSP) for at least one employee at that facility.
 - Fee will apply. Please refer to CNS website www.cnsc.net.
- 9.2.2. Once a locator code is assigned, CNS shall give proper notice to headquarters of the CNS Endorsed Applicant, branch office and CNS subscribing carriers.
- 9.2.3. Application form and procedure can be obtained in the CNS website www.cnsc.net.

9.3. Independent Branch Office Procedure

- 9.3.1. The following documentation is to be submitted to CNS to request the assignment of a locator code for an independent branch office:
 - Cargo Agency and Authorized Intermediary Agreement (Independent Branch).
 - Application form signed by a corporate officer.

- Current Certificate of DG training by air, based on IATA DG Regulations, for at least one employee at that facility.
 - Indirect Air Carrier Certificate
 - Evidence of IAC Air Cargo Security Training (IACSSP) for at least one employee at that facility.
 - Fee will apply. Please refer to CNS website www.cnsc.net
- 9.3.2. Once a locator code is assigned, CNS shall give proper notice to headquarters of the CNS Endorsed Applicant, independent branch office and the CNS subscribing carriers.
- 9.3.3. Application form and procedure can be obtained in the CNS website www.cnsc.net.

SECTION 10: AGENCY FEES

10.1. Types of Fees

The following agency fees in the amounts determined by the CNS Board of Directors shall be payable:

- 10.1.1. Fee for New Application for Endorsement.
- 10.1.2. Fee for processing changes of ownership.
- 10.1.3. Fee for processing changes of name.
- 10.1.4. Fee for processing changes of name that involves only the removal of a trade name.
- 10.1.5. Fee for CNS membership renewal
- 10.1.6. Fee to assign a branch office code.
- 10.1.7. Fee to assign an independent branch office code
- 10.1.8. Fee for Agency reinstatement
- 10.1.9. Fee for late payment of the renewal of the CNS membership

Fee Schedule can be obtained in the CNS website www.cnsc.net

No application will be processed without receipt of fee.

SECTION 11: CNS CASS USA

11.1. What is CNS CASS USA?

In the United States, international export shipments are generally handled by one of two processes: (a) the Cargo Accounts Settlement System (CNS CASS USA), or (b) directly with the carriers. All CNS Endorsed Cargo Agents and Authorized Intermediaries and Commercial Accounts have access to CNS CASS USA.

CNS CASS USA is an Electronic Invoicing Presentment and Payment platform offering online invoicing and payment services for CNS member agencies. Each year, CASS-USA processes and clears over 3 million transactions valued at more than \$4 billion.

The CNS CASS USA system is designed to provide seamless financial transactions through online access to all cargo invoices and gives Applicants the ability to set up electronic payments through the platform, reducing in-house processing costs while enhancing business relationships. Cash flow forecasting and treasury management are strengthened for both carriers and Agents/Intermediaries.

CNS CASS USA can be accessed through the CNS Customer Portal at the following link: <https://portal.cnsc.net/cns>

11.2. CNS CASS USA and CNS Customer Portal Administrator

When an Agent/Intermediary is officially endorsed by CNS, they must identify a designated CNS CASS USA Administrator who will be in charge of system administration for all users. Responsibilities include, but are not limited to: assigning new users, password resets, bank account administration, payment initiation/authorization and serving as the point of contact for all carrier billing issues.

It is the Agent/Intermediary's responsibility to update the following contact information in the CNS Customer Portal for future correspondences:

- Name
- Title
- Physical Address
- E-mail
- Office & Mobile Phone Numbers

11.3. Training

For training information please contact CNS staff. Please go to the section 11.14. “CNS CASS USA General Contact Information” of this Handbook to schedule individual training.

11.4. Air Waybill Stock Management

Each carrier electronically assigns a block of air waybill number ranges to a specific Agent/Intermediary. Once set up in the system, assigned Agent/Intermediary users can request a block of numbers based upon their allocation. The carrier has full control over each distribution and should be contacted directly to request additions, deletions or changes to a specific allocation. Assignment of air waybills to Commercial Accounts is at the sole discretion of, and as bilaterally agreed with, the carrier(s).

11.5. CNS CASS USA Billing & Remittance Schedule

The Schedule has been established to ensure efficient reporting and consolidated billing of cargo transactions cleared through CNS CASS USA. The Schedule is divided into 24 billing periods. Each month there are two billing periods: the 1st through the 15th of the month and the 16th through end of the month. The Schedule headings are as follows:

- Submission Date - All carriers upload their billing data for a particular period
- Invoice Date - Invoices are available for Agents/Intermediaries to view and download in the CNS CASS USA system
- Remittance Date* - “Due Date” when payment is expected
- Rebill Period Ending Date – Deadline for carriers to submit a rebill for an adjusted invoice

****Notice: the CASS-USA billing and remittance schedule has been established to ensure efficient reporting and consolidated billing of cargo transactions cleared through CNS CASS USA. The actual remittance date applicable to any individual carrier-billing may be varied by agreement between that carrier and agent/intermediary. In the event that your true remittance date differs from our scheduled remittance date, we kindly request that you notify CNS to avoid termination of endorsement or taking other adverse action against an agent/intermediary, otherwise, CASS-USA will expect payment on the remittance date as indicated on the schedule. Other credit arrangements or accommodations between carrier and agent/intermediary may also be negotiated between carrier and agent/intermediary.***

The CNS CASS USA Billing & Remittance Schedule can be accessed through the Customer Service Portal <https://portal.cnsc.net/cns>

11.6. Uploading of Billing Data

Twice a month, each carrier is required to upload billing data into CNS CASS USA. After each submission, all carrier data is consolidated and available for Agents/Intermediaries to manage.

11.7. Invoice Availability and Options

All Agents/Intermediaries are notified through an automated e-mail once invoices are available to view online. Notifications include a link to the CNS Customer Portal where they are able to access CNS CASS USA. The following options are available for each Agent/Intermediary:

- View invoices online in CNS CASS USA
- Print the invoice
- Export using the following formats: Pdf, Excel or HOT File.

11.8. Adjustments

As part of the dispute resolution process, Agents/Intermediaries are allowed to adjust their invoices to the amount they will be paying and provide a detailed explanation of the adjustment. An Agent/Intermediary must select the proper Reason Code that is most appropriate for the adjustment, and provide comments to best explain the reason for the adjustment. All Agents/Intermediaries are strongly recommended to provide as much detail as possible to help resolve the dispute in a timely manner. Adjustments can be made directly in the CASSLink system by adjusting each air waybill or by uploading an adjustment file created by the Agent/Intermediaries' accounting system.

After an Agent/Intermediary adjusts the air waybill, it is added to the carrier's "Open Adjustments Queue" for review. The carrier has up to 45 days after the Due Date to rebill the air waybill if there is still a discrepancy. If there is no action from the carrier after this period, the adjustment will be automatically approved as adjusted by the Agent/Intermediary. Once the air waybill is "rebilled" by the carrier, it is submitted as invoices for the next available billing period.

11.9. Payments

All Agent/Intermediary payments for a specific billing period are expected to be received on or before the Due Date according to the CNS CASS USA Billing & Remittance Schedule. CNS CASS USA consolidates all payments and electronically remits back to the carrier with one single disbursement. The carrier will receive a Paid Data File that contains a detailed breakdown of each air waybill in order to properly reconcile their deposit.

11.9.1. Acceptable forms of payments include:

11.9.1.1. ACH Debit: This is done directly through the CNS CASS USA system.

- You add your bank account information and then when ready to initiate your payment choose this method. Administrators can add/reject bank account details using the Bank Profile Manager in CNS CASS USA.
- Funds are then taken out of your account on the day you specify if the transaction is submitted before 3:00 p.m. EST. Please notify your bank to remove any debit filters and advise them the following information where the debit instructions will be coming from:
 - Company Name – IATA HINGE ACCOUNT
 - Company ID – 0013194403
 - No Charge for this service and you control when you want to pay.

11.9.1.2. ACH Credit

- Payment is set up via your online banking service
- Normally there is no charge for this service as it is considered “online banking”.

11.9.1.3. Fed Wire Transfer.

- Mostly used for large payment amounts.
- Banks do charge for this (fees vary)

****When paying by ACH Credit or Fed wire, make sure to include the payment reference number in the notes / banking details section of the transfer****

11.10. Banking Information

Agent/Intermediary bank account information needs to be set up in the CNS CASS USA system by the Administrator. Once completed, the Agent/Intermediary will be able to initiate electronic payments (ACH-Debit) to carriers via CNS CASS USA.

11.11. Net Due Agent/Intermediary Payments

When an Agent/Intermediary is due a refund from a carrier for a particular billing period, they must not have any past due invoices from previous billing periods; otherwise the payment cannot be authorized in the CNS CASS USA system.

When all accounts payable are current the payment will be initiated to the Agent/Intermediary via an ACH transfer. Each Agent/Intermediary must complete and submit a CNS CASS USA Beneficiary Letter indicating their banking information (BI) and have it signed by an authorized representative of the company. CNS will then add the BI into the CNS CASS USA system in order for the refund to be processed.

11.12. Agent/Intermediary Ratings and Implications

Agents/Intermediaries are rated in CNS CASS USA based on payment performance using the following scale:

- A – On or before the Due Date
- B – Between 1 and 7 days
- C – Between 8 and 15 days
- D – Greater than 15 days

In an effort to improve collection activity for CNS member carriers, the Agent/Intermediary rating system was designed as an incentive for Agents/Intermediaries to make payments on-time. Carriers and CNS pay close attention to this rating as it is used as a basis for placing an Agent/Intermediary on Financial Review. In the event an Agent/Intermediary continues to be delinquent in payments to CNS CASS USA after being placed on Financial Review, the Agent/Intermediary will be subject to termination of CNS Endorsement.

Notice: As the CNS remittance date (due date) is not necessarily a reflection of actual credit terms negotiated between a carrier and an Agent/Intermediary, carriers are required to communicate to CNS any billing on which payment is not due on the CNS CASS USA due date. CNS will review those billings for rating purposes.

11.13. Financial Review

At the end of each month CNS will run a report to identify all Agents/Intermediaries with a Payment History Rating of “D”.

Each Agent/Intermediary will be contacted by CNS Customer Service to confirm with them if the amounts are in fact past due (in accordance to the individual airline credit terms).

Once past due amounts are confirmed the Agent/Intermediary will be given 7 calendar days to pay all outstanding invoices.

If an Agent/Intermediary does not pay by the given deadline, it will be placed on Financial Review. A jeopardy notice will be sent informing that endorsement will be terminated if the following criteria are not met:

- Full payment of all past due balances within 7 calendar days of jeopardy notice
- Financials received within 30 calendar days of jeopardy notice. Please refer to Section 8 of this Handbook for details.
- Bank statements for the last three months of the financials with a minimum average ending balance of \$15,000.
- Agent/Intermediary to provide an LOC (irrevocable standby letter of credit) within 30 calendar days of notice from CNS (an LOC is requested in the event financials do not meet CNS standards).
- Calculation of LOC amount is determined by taking an average of Agent/Intermediary’s monthly sales over the past 12 months multiplied by 2.
- Your payment rating must improve to C in the first 3 months after financial review.

In the event an Agent/Intermediary has ACH Debit rejections for 2 billing periods within a 3 month period they will be placed on Financial Review.

Note: The Agent/Intermediary Payment History rating is calculated as an average for the past six months for the days sales outstanding measuring how an Agent/Intermediary pays compared the Due Date. Being placed on Financial Review may affect the Agent/Intermediary’s credit terms with the carries.

11.14. CNS CASS USA General Contact Information

For assistance with any of the above topics or if you have any other questions or concerns about CNS CASS USA. Please submit your enquiries through the CNS Customer Portal at <https://portal.cns.net/cns>

SECTION 12: REDUCED FARE VOUCHERS

12.1. The basic purpose of the vouchers is to identify the agency and its staff to the airlines from which reduced fare transportation is requested. To assist in this process, the vouchers confirm to the airline that your agency is endorsed by CNS.

12.2. There are no airline agreements obligating international airlines to grant reduced fare transportation to Endorsed Agents. Each Carrier, therefore, remains free to determine its own policies and procedures in this respect.

12.3. Similarly, the actual discount given to a cargo Agent/Intermediary is a matter of individual airline discretion.

12.4. The number of reduced fare vouchers supplied to each endorsed agent is based on the Agent/Intermediary's annual gross CNS CASS USA billings.

12.5. For reduced fare transportation, the owner or responsible officer of the agency should apply to the airline cargo manager directly. This should be done on letterhead using the agencies form per Attachment A. The letter or form should be accompanied by the appropriate reduced fare voucher.

12.6. Reduced fare vouchers will be provided to CNS endorsed agents upon request.

INSTRUCTION SHEET

Sample letter to the airlines for which Reduced Fare Transportation is requested (on Agent/Intermediary Letterhead). Agent/Intermediary must check with carriers regarding handling of reservations and other conditions pertaining to actual travel.

Dear Airline:

Application is hereby made for a reduced fare ticket for the following person:

Family Name of Person: _____

First Name & Initial of Passenger: _____

Position/Title in Agency: _____

Given name of accompanying spouse (if applicable):

Years employed by Agent/Intermediary: _____

ITINERARY

FROM	TO	CLASS	DATE
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

In connection with the application, one CNS Reduced Fare Travel Voucher is enclosed.

The undersigned is authorized to make its application on behalf of the above named passenger and certified that the information is complete and accurate.

Name

Position

Signature

SECTION 13: AVAILABLE PUBLICATIONS

For CNS publications visit the CNS website www.cnsc.net

For a list of IATA publications please visit the IATA website www.iataonline.com

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