

SECTION 7

CHANGES OF OWNERSHIP, NAME OR LOCATION

7-1. NOTIFICATION OF CHANGES.

7-2. Notification with respect to changes of ownership, name or location of the Agent are to be given to the CNSC prior to the change, and are processed in accordance with the provisions of this Section.

7-3. CHANGE OF OWNERSHIP.

7-4. **SOLE OWNER, PARTNERSHIP, ETC.** In the case of a sole owner, partnership or other unincorporated firm, a change of ownership means:

A. The transfer of an interest in the Agent which has the effect of transferring control of the Agent to a person in whom it was not previously vested;

B. The admission or withdrawal of a partner;

C. The incorporation of the Agent by a sole owner, partnership, or other unincorporated firm.

7-5. **CORPORATION.** In the case of a Corporation, a change of ownership means:

A. The transfer or issuance to any person of stock representing 30% or more of the total issued voting stock;

B. Any other transfer of stock that has the effect of vesting control of the Agent in 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;

C. The dissolution of a corporation and the creation of a sole proprietorship, partnership or other unincorporated firm.

7-6. PROCEDURE.

7-7. Prior to the date of the change of ownership, the Agent shall file with the CNSC a Joint Notice of Change, signed by both the transferor and transferee, together with an application from the transferee on forms provided by the CNSC.

7-8. On timely receipt of the Joint Notice of Change and a duly completed application, the CNSC shall advise its subscribing carriers of the proposed change and shall consider the application in the same manner as an original application under the terms of Section 1 of this Handbook and process the application under Section 2 of this Handbook.

7-9. If the Joint Notice of Change is received by the CNSC and a completed application is not submitted by the transferee by the date of change shown on the Joint Notice of Change, the CNSC shall notify the Agent and the subscribing carriers that the Agent shall be removed from the CNSC List of Endorsed Agents unless the Agent and the transferee jointly notify the CNSC that (1) the date of change has been postponed or (2) that the change of ownership will not take place. In either case, the CNSC shall notify all subscribing carriers.

7-10. An application from the transferee, without receipt of the Joint Notice of Change, following the date of change, will be considered as a new application, and the Agency Agreement in effect with the Agent (the previous owner) may be terminated. Air Waybills and other transportation documents will normally be removed from the Agent by the Carrier.

7-11. If the completed application is submitted by the transferee in sufficient time prior to date of change shown on the Joint Notice of Change form, and the CNSC is unable to determine the qualifications of the applicant for endorsement by the date, the CNSC shall advise subscribing carriers, the transferor and the transferee that the transferee will not be endorsed until the current financial position of the transferee is satisfactory and the contents of the application are verified. The transferor shall remain on the list of CNSC Endorsed Cargo Agents pending action on the application of the transferee unless it advises the CNSC that it wishes to be removed from such list as of the date of change of ownership.

7-12. APPLICATIONS INVOLVING CHANGE OF OWNERSHIP, NAME AND/OR LOCATION.

7-13. An application for appointment under a change of ownership which also includes a change of name and/or location shall not be treated as separate applications but shall be actioned by the CNSC as one application.

7-14. NEW AGREEMENT REQUIRED.

7-15. The CNSC shall execute an Agency Agreement with the successful applicant if the application is made under paragraph 7-4 or subparagraph 7-5.C of this Section on behalf of those subscribing carriers which have empowered it to do so.

7-16. The transferee's Agency Agreement shall take effect and the transferor's Agency Agreement shall terminate as of the date the transferee is found to meet the standards set forth in Section 2 of this handbook.

7-17. NEW AGREEMENT NOT REQUIRED.

7-18. A new Agreement with the successful applicant is not required where an application is made under subparagraphs 7-5.A and 7-5.B of this Section.

7-19. UNDERTAKING BY TRANSFEEE.

7-20. Except in cases where the change of ownership is effected by a change in the beneficial ownership of stock in a corporation, every application shall be accompanied by an undertaking by the transferee to accept joint and several liability with the transferor for all outstanding amounts payable to Carriers under the transferor's Agency Agreement until the date when the transfer of ownership is found to meet the standards and that the transferee is appointed.

7-21. DEATHS AFFECTING OWNERSHIP.

7-22. On receipt of information of the death of the sole owner of an Agency, the CNSC shall notify subscribing carriers. However, at the request of the person entitled to represent the decedent's estate, the CNSC may enter into a temporary Agency Agreement with such person (which shall be in the same form and have the same force and effect as an Agency Agreement) on behalf of subscribing carriers which have appointed it agent-in-fact. If the CNSC at any time has reason to believe that the financial position of the estate is unsatisfactory, it shall notify subscribing carriers and the Agent. If the Agent submits evidence of a satisfactory financial position,

the CNSC shall notify the Agent and subscribing carriers of receipt of evidence of the satisfactory financial position of the estate.

7-23. On receipt of information of the death of a member of a partnership or other unincorporated firm or of a stockholder of a corporation holding 30% or more of the total issued stock or in whom control of the Agent is vested, the CNSC shall notify subscribing carriers.

7-24. In the events referred to in Paragraphs 7-22 and 7-23, if the person entitled to represent the decedent's estate proposes to transfer or to confirm the transfer of the agency business or of the decedent's interest in the Agent, as the case may be, to an heir, legatee or other person, such transfer shall be deemed a change of ownership for the purpose of this Section. The representative of the estate and the transferee shall jointly give notice to the CNSC as required under Paragraph 7-7 of this Section and the provisions of Paragraphs 7-6 through 7-18 as appropriate and 7-20 of this Section shall apply.

7-25. CHANGE OF LOCATION AND/OR NAME.

7-26. When an Agent changes any address for any location, such Agent shall notify promptly the CNSC who shall so advise subscribing carriers. Authority to act as a Cargo Agent shall continue to apply to the new address.

7-27. Where an Agent moves from the handling facilities that were inspected in the course of endorsing its application for listing, such Agent shall promptly notify the CNSC who may inspect the new facilities in order to determine whether or not the new facilities meet the standards for public endorsement.

7-28. Where an Agent changes its name, it shall promptly notify the CNSC. The CNSC shall ascertain whether the new name is identical with or misleadingly similar to the name of any subscribing carrier the name of Cargo Network Services Corporation (CNSC); or the name of an airline office. If the name change does not conflict with any of these names, the CNSC shall notify subscribing carriers of the new name and enter into a new Agency Agreement on behalf of those subscribing carriers that have authorized it to do so.

7-29. If the CNSC finds that the new name conflicts, it shall notify the Agent and all subscribing carriers that the Agency Agreement will be terminated. Such Agency Agreement will not be terminated on behalf of those carriers that have not authorized CNSC to do so.

AGENT/INTERMEDIARY NAME

- (2) The name(s) under which the activities of the Agent/Intermediary are conducted, or under which any of its offices are operated, shall only be such as are set forth in this Agreement.

ASSIGNMENT, CHANGE OF OWNERSHIP, CHANGE OF NAME, CHANGE OF LOCATION

- (3) (a) The Agent/Intermediary shall not assign any of its rights or obligations under this Agreement without the prior consent in writing of the Carrier.
- (b) Any change in the legal or beneficial ownership of the Agent/Intermediary shall be subject to prior notice in writing to the Carrier. The Agent/Intermediary undertakes that it will be a condition of any such change of ownership that the person or persons who acquire the business of the Agent/Intermediary or any interest therein shall accept liability jointly and severally with the Agent/Intermediary for any obligation of the Agent/Intermediary to the Carrier as at the date of such change of ownership; provided, however, that if the Agent/Intermediary is a corporate body or a partnership and the change of ownership is effected by the transfer of a part or all of the equity in such corporate body or by the transfer of a share held by a limited partner, the transferee of the equity or of such limited partner's share shall be liable for the said obligations to the Carrier only to the same extent as the transferor is so liable.
- (c) The Agent/Intermediary shall notify in a timely manner the Carrier of any change of name or change in the location of any of its business locations.
- (d) Notice to the Carrier under this Paragraph shall be given to the CNSC.
- (e) The Agent/Intermediary shall comply with the procedures of the CNSC for changes if the Carrier so requires.

INDEMNIFICATION

- (4) (a) Subject to the application of the principles of contributory negligence, the Carrier hereby agrees to indemnify and hold harmless the Agent/Intermediary, its officers, agents, and employees, from all responsibility and liability for any injury, damage, expense or loss sustained by any person or property caused by or arising from any negligent act, omission or willful misconduct of the Carrier, its officers, agents and employees and the officers, agents and employees of CNSC acting on behalf of the Carrier which responsibility or liability arises directly or indirectly from any transportation sold and handled by the Agent/Intermediary pursuant to this Agreement;
- (b) The Agent/Intermediary shall obey and observe all the directions and instructions given to it by the Carrier relating to the sale of air cargo transportation and the handling of consignments therein and the Agent/Intermediary agrees to indemnify and hold harmless the Carrier, its officers, agents and employees and the officers, agents and employees of CNSC acting on behalf of the Carrier from all responsibility and liability for any injury, damage, expense or loss to any person or property caused by or arising from any violation of this Agreement or from any negligent act, omission, willful misconduct or misrepresentation of the Agent/Intermediary, its officers, agents and employees.

TERMINATION

- (5) (a) If either party at any time defaults in observing or performing any of the provisions of this Agreement, or if either party shall become bankrupt or make any assignment for the benefit of or enter into any arrangement or composition with its creditors, or go into liquidation or suffer any of its goods to be taken in execution, or if either party ceases to carry on business, this Agreement may be terminated forthwith by the other party and the Carrier may without prejudice to any of its rights under this Agreement take possession of any Air Waybills and other documents and property belonging to the Carrier.