**FFSI ACCOUNTS SETTLEMENT POLICY ("THE POLICY")**

## INTERPRETATION

* 1. “Accountable Transactions” shall mean “Monies” payable and accountable by a “Debit Agent” to a “Credit Agent”.
	2. “Credit Agent” shall mean a “Network Office” who is entitled to demand payment of all freight and related charges from a “Debit Agent”.
	3. “Debit Agent” shall mean a “Network Office” who is obliged to pay and settle all freight and related charges owed to and payable to a “Credit Agent”.
	4. “Defaulter” or “Defaulting Agent” shall mean a “Debit Agent” who has failed to pay as per clause 4.1. stated hereinafter.
	5. “Money” or “Monies” shall mean any amount of money payable to a “Credit Agent” by a “Debit Agent”.
	6. “Normal Credit Term” shall mean settlement by the end of any month for the previous month’s transactions. However, for ocean freight shipments, the arrival dates of vessels are to be considered as transaction dates.
	7. "Payer" shall mean "Debit Agent".
	8. "Receiver" shall mean "Credit Agent".

## SETTLEMENT AND REMITTANCE TERM

* 1. A “Debit Agent” shall pay “Monies” due to a “Credit Agent” on “Normal Credit Term” basis.
	2. A “Credit Agent” shall have the right to request settlement forthwith from a “Debit Agent”, when “Monies” owing accumulate to an amount of US$30,000.00 or more, and the “Debit Agent” must effect settlement within fifteen (15) days, prior to the expiry of the “Normal Credit Term” period.
	3. When a dispute arises, only the disputed amount is allowed to be withheld. All disputes are to be resolved within thirty (30) days from due date per Clause 1.6. above.
	4. All amounts on invoices of a “Credit Agent” shall be expressed in the local currency of the “Credit Agent” or in the currency acceptable by both the “Debit Agent” and the “Credit Agent”.
	5. Settlements to a “Credit Agent” shall be in the form of a bank draft or by telegraphic transfer and in the currency as per the invoices of a “Credit Agent”. In the event the "Payer" is unable to settle in a currency other than per the invoices of the “Receiver” due to Central Bank or currency remittance restrictions, both the "Payer" and the “Receiver “ must first agree with the exchange rate to be applied prior to effecting the shipment.
	6. Provided the “Payer” settles the full original amount of remittance in the agreed upon currency within the credit term period, any further losses on currency exchange rates shall be borne by the “Payer”.
	7. Bank charges related to remittances either by bank drafts or telegraphic transfers shall be by bilateral agreement.

## ACCOUNTS RECEIVABLES/PAYABLES REPORT

* 1. An “Accounts Receivable/Payable Report” in U.S. dollars must be submitted by all “Network Offices” to “Network Services Office” on a monthly basis and this no later than the fifteenth (15th) day of each month.
	2. Any “Network Office” which fails to submit their “Accounts Receivable Report” for 3 months in any given calendar period shall be disqualified to receive any awards whatsoever from FFSI.

## IRREGULARITIES AND DEFAULT ACTION

* 1. If a “Debit Agent” fails to make settlements by the thirtieth (30th) day of the month for the previous month’s accounts or within seven (7) days after demand under Clause 2.2. hereof, the “Credit Agent” shall report the irregularity to the Network Services Office.
	2. On learning of such failure, the “Network Services Office” shall send to the “Debit Agent” a notice of irregularity for the settlement period in which such failure is notified. The notice shall invite immediate remittance in respect of the accountable transactions and shall request a full written explanation of the “Debit Agent’s” failure within fourteen (14) days.
	3. If settlement of the accountable transactions required by Clause 4.2. above is received and if the “Debit Agent” within fourteen (14) days from the date of notification submits a written explanation which satisfies the “Executive Directors” that a bona fide reason caused the failure to settle accountable transactions, no further action shall be taken, and the notice of irregularity shall be removed from the records.
	4. If the written explanation of the “Debit Agent” does not satisfy the “Board of Directors”, even after the remittance, the irregularity shall not be removed from the records.
	5. If settlement of the amount involved remains unsettled by fourteen (14) days from the date of the notice of irregularity, the “Network Services Office” shall take immediate and appropriate default action against the “Debit Agent”. The “Network Services Office” shall immediately send the “Debit Agent” a notice of default and demand for payment of the full amount involved, as well as any other amounts whether the remittance date for payment is due or not, within seven (7) days and at the same time the “Board of Directors” reserves the right to take the following actions: -
		1. notify all “Network Offices” of the “Association” of the default and request submissions of statements of accounts related to the “Defaulter”;
		2. direct all “Network Offices” of the “Association to withhold any “Money” due to the “Defaulter” by his “Debit Agents” until such time all disputes are settled. The “Board of Directors” have the right to demand all “Network Offices” of the “Association” to remit any “money” due to the “Defaulter” to the account of “FFSI” and the “Board of Directors” can exercise the right to dispose appropriately by a reasonable period as determined.
		3. In the event that the payables, due from the “Defaulter”, remitted to FFSI falls short of the receivables due to the “Credit Agents”, the “Board of Directors” may decide, at its sole discretion, to top up any short fall up to a maximum of US$25,000.00. This amount will come from our “Guarantee Fund” As purposely allowed under Clause 1.3 of the “FFSI GUARANTEE FUND POLICY”
		4. Members with bilateral credit arrangements with each other which are outside the “FFSI Accounts Settlement Policy” and “Guarantee Fund Policy” shall not be covered by the Guarantee Fund in the event that one of the agreeing parties to the bilateral credit arrangements goes bankrupt or defaults in payment.
		5. Without prejudice the “Board of Directors” may, at its discretion and depending upon the circumstances surrounding the default, remove the “Defaulting Agent” from the “Association’s” “Network Offices” Listing;
		6. Special arrangements, and if such arrangements are meant to replace Clause 2 above or any sub-clause thereof, on payment agreeable between the concerned “Network Offices” must be filed with the “Network Services Office”. Confirmation of Acceptance of FFSI Accounts Settlement Policy (The Policy)” is a prerequisite prior to consideration for admission as a “Network Office” to “FFSI”. The prescribed form, per APPENDIX III, confirming acceptance of “The Policy” must be duly completed and filed with the “Network Services Office”.