# IRREVOCABLE STANDBY LETTER OF CREDIT FORM

***Note to Users:***

Issuers may propose to include additional provisions beyond those included in this Letter of Credit form, including those relating to the issuers' undertaking being subject to Office of Foreign Assets Control (OFAC) regulations, the Patriot Act, anti-boycott, anti-terrorism, anti-drug trafficking, money-laundering, economic sanctions and similar laws and regulations, whether of the United States, the United Nations or other applicable laws and regulations. It is recommended to avoid accepting sanctions clauses in letters of credit that contain language which enables the issuer to avoid performance based on discretionary interpretations of sanctions or compliance with an internal policy of such issuer. Keep in mind that any internal bank policy may be broader than applicable law and subject to change more quickly and arbitrarily than applicable law. These clauses can in effect serve to undermine the irrevocable nature of letters of credit, and it is difficult to assess and foresee the effect of these clauses under letters of credit. Such advice is consistent with guidance from the ICC published on August 20, 2014 (Doc# 470/1238, which is available at http://www.iccwbo.org/Advocacy-Codes-and-Rules/Guidance-Paper-on-The-Use-Of-Sanctions-Clauses-In-Trade-Finance-Related-Instruments-Subject-To-ICC-Rules/).

Irrevocable Standby Letter of Credit Number XXXXXXXXXX

| Letter of Credit Amount | Issue Date | Expiry Date |
|---|---|---|
| US$XXXXXXXXXXXXXX | Mo/Day/Year | Mo/Day/Year |

Beneficiary:
[Insert Name and Address]

Applicant:
[Insert Name and Address]
[Account Party:
[Insert Name and Address][1]

We, [Bank Name], hereby issue our irrevocable standby letter of credit Number XXXXXXXXXX (the "Letter of Credit") in favor of Beneficiary (also referred to herein as "you"), by order and for the account of Applicant, available for payment at sight at our office located at [address] for US$ XX,XXX,XXX against presentation of the following documents (which may be presented by physical delivery[ or by facsimile, e-mail or other electronic transmission][2][, provided that any presentation by facsimile, e-mail or other electronic transmission shall also be followed by physical delivery of documents within one (1) business day thereafter][3]):

1.) The original of this Letter of Credit and all amendments, if any, for our endorsement;

and

2.a) A statement signed by a representative of Beneficiary stating that payment is due and owing by [Applicant][4] [if other than Applicant, insert name of counterparty][5] to or for the account of Beneficiary under that certain ISDA® Master Agreement[6] dated as of [ ] by and between

[1] In the event that the Applicant, i.e., the entity that applied for the issuance of this Letter of Credit pursuant to the Letter of Credit application, is different than the term "account party" (e.g., Applicant may not be Beneficiary's ISDA counterparty, but may have applied for the Letter of Credit in respect of Applicant's affiliate that is Beneficiary's ISDA counterparty), then the name and address of the account party and appropriate references to the account party should be added. In practice, the Applicant and the account party are often the same, but they do not have to be. A letter of credit may refer to an account party that is different than the Applicant. While the term "Applicant" is defined in ISP98, UCP 600 and the UCC, the term "account party" is not. The definitions of Applicant in ISP98 and the UCC do recognize that one may apply for a letter of credit on behalf of another person (or "for the account of" another person), and while not formally defined, such other person could be an "account party". In such a case, it is likely that the Applicant is the party that has the relationship with the issuer, while the account party does not. Nonetheless, the reimbursement arrangement between issuer and the Applicant may provide that, in the event that the issuer makes a payment under the applicable letter of credit to the beneficiary, both the Applicant and the account party will be responsible for reimbursing such issuer.

[2] Insert if Beneficiary desires the ability to present by facsimile, e-mail or other electronic transmission. Globally throughout this Letter of Credit, insert relevant facsimile, e-mail and/or other electronic references, as applicable, to the extent such transmission is permitted by issuer.

[3] In the event that footnote 2's bracketed text is included, this bracketed text can be included or excluded per issuer's preference.

[4] Insert if Applicant is Beneficiary's ISDA counterparty.

[5] Include if Beneficiary's ISDA counterparty is not the Applicant (e.g., is an affiliate).

[6] The ISDA® 1992 Master Agreement and the ISDA® 2002 Master Agreement is a copyrighted document. ISDA® is a registered trademark of the International Swaps and Derivatives Association, Inc. Either the ISDA® 1992 Master Agreement or the ISDA® 2002 Master Agreement may be utilized in conjunction with this form of Letter of Credit.

[Applicant][7] [if other than Applicant, insert name of counterparty][8] and Beneficiary, together with all confirmations, exhibits, schedules and annexes thereto, as each may be amended from time to time, and has not been received, which statement demands payment under the Letter of Credit in the amount of [insert amount up to entire remaining undrawn amount] and states that the same is due and owing;

or

2.b) A statement signed by a representative of Beneficiary stating that, with reference to that certain ISDA® Master Agreement dated as of [_______] by and between [Applicant][9] [if other than Applicant, insert name of counterparty][10] and Beneficiary, together with all confirmations, exhibits, schedules and annexes thereto, as each may be amended from time to time ("ISDA Agreement"), [Applicant[11]] [if other than Applicant, insert name of counterparty][12] has failed to cause the issuing bank to renew, substitute or sufficiently increase the amount of a Letter of Credit (as defined in the ISDA Agreement), Transfer (as defined in the ISDA Agreement) one or more additional Letters of Credit (as defined in the ISDA Agreement) or otherwise Transfer sufficient Eligible Credit Support (as defined in the ISDA Agreement) as required by the ISDA Agreement, and the Delivery Amount (as defined in the ISDA Agreement) applicable to [Applicant][13] [if other than Applicant, insert name of counterparty][14] equals or exceeds [Applicant's][15] [if other than Applicant, insert name of counterparty and add "'s"][16] Minimum Transfer Amount (as defined in the ISDA Agreement) as a result of such failure, which statement demands payment under the Letter of Credit in the amount of [insert amount up to entire remaining undrawn amount] and states that such demand is pursuant to such ISDA Agreement.

It is a condition of this Letter of Credit that it shall be deemed automatically extended without written amendment for [one-year][17] periods from the present or any future expiry date unless at least [60][18] days prior to such expiration date, we send Beneficiary notice in writing at the address set forth above by overnight courier that we elect not to extend this Letter of Credit beyond the initial or any extended expiry date thereof.

Partial and multiple drawings are permitted. In the event of any partial drawing we will, promptly following physical presentation thereof, return the original Letter of Credit and all amendments to you.

The foregoing documents expressly required by this Letter of Credit for presentation must be presented [either][19] by physical delivery [or by facsimile, e-mail or other electronic transmission][20] of such documents

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7 Insert if Applicant is Beneficiary's ISDA counterparty.
8 Include if Beneficiary's ISDA counterparty is not the Applicant (e.g., is an affiliate).
9 Insert if Applicant is Beneficiary's ISDA counterparty.
10 Include if Beneficiary's ISDA counterparty is not the Applicant (e.g., is an affiliate).
11 Insert if Applicant is Beneficiary's ISDA counterparty.
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16 Include if Beneficiary's ISDA counterparty is not the Applicant (e.g., is an affiliate).
17 This period may vary, but it is common for an "evergreen" letter of credit to refer to a one-year period.
18 This period varies by issuer and should be consistent with the terms of the ISDA Credit Support Annex. From the Applicant's perspective, it is desirable to build in a suitable cushion in the timetables such that, if issuer notifies Beneficiary that the Letter of Credit will not be renewing, Applicant has sufficient time to procure another letter of credit before a Letter of Credit Default occurs in respect of the Letter of Credit provided to Beneficiary under the ISDA Credit Support Annex, the Valuation Percentage of such Letter of Credit drops to zero or an Event of Default occurs, as may be provided for by the terms of the ISDA.
19 Include if Letter of Credit permits facsimile, e-mail or other electronic presentation.
20 Include to the extent that the Letter of Credit permits facsimile, e-mail and/or other electronic presentation.

by the expiry date of this Letter of Credit, as extended from time to time in accordance with its terms [, provided that any presentation by facsimile, e-mail or other electronic transmission shall be followed by physical delivery of such documents within one (1) business day thereafter,][21] on any business day at our office located at [address] attention: [standby letter of credit department] [or to fax number: [issuer to insert fax number]] [or to e-mail address: [issuer to insert e-mail address]][22][; provided that any presentation by facsimile, e-mail or other electronic transmission shall not be effective until Beneficiary confirms by telephone our receipt of such presentation by calling us at telephone number [issuer to insert telephone number][23]. In the event of any non-conforming presentation, we shall immediately notify Beneficiary in writing by [facsimile to fax number [Beneficiary to insert fax number] or by e-mail to [Beneficiary to insert e-mail address]][24] that the presentation has been rejected, which notice shall indicate the reasons for dishonoring such presentation and shall, to the extent that Beneficiary physically presented such documents, return to Beneficiary the documents presented by Beneficiary in support of its demand for payment. Beneficiary may thereafter present documents and receive payment hereunder in the event a conforming presentation is made in accordance with the terms of this Letter of Credit.

If we receive a conforming presentation not later than [11:00 a.m., New York][25] time, on any business day we will honor such presentation not later than [3:00 p.m. New York][26] time on the business day following the date of such presentation. If we receive a conforming presentation later than [11:00 a.m., New York] time, on any business day we will honor such presentation not later than [11:00 a.m., New York] time, on the second business day following the date of such presentation. All payments made under this Letter of Credit shall be made by means of wire transfer in immediately available United States dollars[27] to Beneficiary's account as indicated by Beneficiary.

All costs, fees and charges related to this Letter of Credit number XXXXXXXXXX shall be for the account of Applicant.

We hereby engage with you that all documents presented in compliance with the terms of this Letter of Credit will be duly honored if presented for payment on or before the expiry date, as extended from time to time in accordance with the terms of this Letter of Credit.

[This [facsimile] [electronic] copy shall be the operative instrument [until such time as the original is received].][28]

[Upon our receipt of an indemnity letter in the form of Exhibit A signed by a representative of Beneficiary that includes a certification that the original of this Letter of Credit has been lost, stolen, mutilated or

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[21] To the extent that the Letter of Credit permits facsimile, e-mail and/or other electronic presentation, the bracketed text can be included or excluded per issuer's preference.
[22] Include to the extent that the Letter of Credit permits facsimile, e-mail and/or other electronic presentation.
[23] Include if Letter of Credit permits facsimile, e-mail or other electronic presentation and issuer requires such telephonic confirmation.
[24] Beneficiary to insert either facsimile or e-mail notification, if applicable.
[25] Time and governing locality for establishing time of presentation varies according to location of issuer and Beneficiary and issuer preferences.
[26] Time and governing locality for establishing time of presentation varies according to location of issuer and Beneficiary and issuer preferences.
[27] Insert whatever currency is applicable.
[28] Include if Beneficiary desires and issuer is amenable to having the facsimile, e-mail or other electronic copy of the Letter of Credit constitute the operative instrument either permanently or until such time as the original Letter of Credit is received, as selected. This may be helpful, for example, in instances where time is of the essence and the Beneficiary needs the Letter of Credit or amendment thereto to be in effect prior to receipt of an original.

destroyed, we will promptly issue to the Beneficiary a certified true copy of this Letter of Credit which shall constitute an original Letter of Credit for all purposes hereof.][29]

This Letter of Credit shall be subject to the provisions (to the extent that such provisions are not inconsistent with this Letter of Credit) of the International Chamber of Commerce International Standby Practices (ICC publication no. 590, 1998) (the "ISP98")[30] with regard to all matters not provided for herein, and, to the extent not inconsistent with the ISP98, this Letter of Credit shall be governed by and interpreted in accordance with the laws of the State of New York, without giving effect to any choice of law rules that would require the application of laws of another jurisdiction.

Sincerely,

_________________________________
Authorized signature

Please direct any written correspondence including drawing or inquiries always quoting our reference number to: [issuer to insert]

[29] Include if Beneficiary desires, and issuer is amenable to issuing, a certified copy of the Letter of Credit under such circumstances.

[30] Standby letters of credit may also be governed by the Uniform Customs and Practice for Documentary Credits, 2007 Revision, ICC Publication No. 600, often referred to as UCP 600 or an earlier version thereof known as UCP 500. ISP98, however, is specifically tailored to standby letters of credit and is more generally used in connection with ISDAs between U.S.-based commercial end-users in the energy industry.