

EXAMPLE

PROCEDURES

- 1 Buyer issues LOI to the Seller.
2. Seller issues the FCO to the Buyer and the Buyer signs and seals the acceptance of the FCO and returns the original to the Seller. (FCO Valid 5 Working Days)
3. Within 5 (Five) international banking days the Buyer must issue Irrevocable Confirmed Purchase Order (ICPO) and Bank Comfort Letter (BCL) signed by 2 (two) Bank officers to the Seller Bank. (Soft Probe or RWA may be acceptable). If you want to give permission for a soft probe, the ICPO must contain the following clause at the end.
“We hereby provide our authorization to the bank of the Seller (XXXXXXXXXXXXXX) to conduct and enquiry into our financial capacity in regards to this transaction (soft Probe).”
4. The Seller will issue a softcopy of Agreement to the Buyer and when both parties agree on the draft and then both parties sign the Contract in a way convenient to both. If by courier, then four originals will be sent to the Buyer for signing and return. Electronic signature is acceptable.
5. The Buyer shall within Fourteen (14) International Banking Days from receipt of executed contract, instruct their bank, which must be a “Prime 25 World Rated Bank” to block in their own account, sufficient funds to cover One (1) full months value of the commodity. When Blocked, the Buyer’s bank, shall issue the Seller’s bank a “Blocked Funds Letter” (either “Bank to Bank” or “Hard Copy” are acceptable), samples of the “Blocked Funds Letters” are in Annex “C” and “D” attached.
6. The Seller’s Bank shall within Five (5) International Banking Days, issues Non-Operative Performance Bond for 2% of one month value of the said commodity.
7. The Seller’s Bank shall within Twenty One (21) International Banking Days of positive verification of the Blocked Funds Letter, issue a Ready, Willing and Able (RWA) to the buyer’s bank indicating that the POP is in the bank ready to be sent.
8. Buyer’s Bank within Five (5) International Banking Days, shall issues to the Seller’s Bank the Pre Advise (MT799) of an Unconditional, Callable, Transferable, Negotiable, Divisible, and Assignable Bank Guarantee (BG), for the value of One (1) months supply, from a Prime 25 World Rated Bank, and posted on European Euroclear for verification.
9. On Verification and Validation of the MT799, the Seller’s bank shall send by SWIFT, the POP to the Buyer’s bank.
10. The Buyer’s Bank within Five (5) International Banking Days of Validation and Verification of the POP, will make the BG operative by MT760, and forward the hard copy to seller’s office in Kuala Lumpur.
11. On Verification, Validation and Authentication of the BG, the Seller’s bank will immediately make the Performance Bond from Clause 6 above, operative.
12. Buyer’s Bank, within Five (5) international banking days of the PB becoming operative, will issue to Seller’s Bank an Operative, Irrevocable, Revolving, Transferable, Divisible and Assignable Documentary Letter of Credit (RDLC) (One month supply value).

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13. The Seller will provide Charter Party Agreement to the Buyer, within Fourteen (14) international banking days, after the Seller send RWA of the POP (Clause 7 above)
14. After the Seller's bank receives and confirms the RDLC (and other documents listed above), and within Forty Five (45) working days of verifying the Buyer's "Blocked Funds Letter", the Seller shall proceed to start loading the Commodity based on the RDLC received and confirmed, quantity, port of delivery, import license and other related documents from the buyer. The second and subsequent delivery will be within blocks of Thirty (30) Working Days. (As per loading schedule).
15. The Monthly Lot payment shall be made against the Seller's invoice (and other documents listed in the contract) on presentation of the listed documents to the Buyer's bank, the RDLC shall then be automatically topped up for the next month's shipment.
16. Others are as per contract.

Please enter Legal Company Name and BG and RDLC Issuing Bank Coordinates for inserting in Contract Documents.

The Verbiage of the BG MUST be submitted for approval prior to issuing the Actual Irrevocable BG in case any changes are needed. The Final BG must be posted on European Euroclear.

Bank Name :

Bank Address :

Account Name :

Account Manager :

S.W.I.F.T. Code :

Telephone number :

Fax Number :

Bank Officers Name :

I trust the above meets with your approval.

Yours Sincerely,
XXXXXXXXXX

TERMS & CONDITIONS ACCEPTED by Buyer

Authorized Signature)

Name) Company Seal

Position)

Date)

EXAMPLE

ANNEX "A "
RUSSIAN GAS OIL L0.2-62, GOST 305-82
LOWEST SULPHUR CONTENT (0.02%) AND EXPORT QUALITY GRADE
SPECIFICATIONS.

TEST ITEM TEST METHOD LIMITS

1. Appearance Visual C & B
2. Calculated Cetain ASTM D 976-91 Min 47
3. API Gravity @ 60* F Upper ASTM D 405-96 Report
API Gravity @ 60* F Lower ASTM D 4052-96 Report
4. Specific Gravity @ 15.6/15.6*C Upper ASTM D 4052-96 0.82-0.84
Specific Gravity @ 15.6/15.6*C Lower ASTM D 4052-96 0.82-0.84
5. Kinematics Viscosity @ 40*C ASTM D 445-01 1.8-4.1
6. Pour Point* C ASTM D 97-96a max-10
7. Sulphur Content % WL ASTM D 5453-00 max 0.02%
8. Water ad Sediment %vol. ASTM D 2709-96 min 0.05
9. Flash Point (P.M.) * C ASTM D 93-00 min 52
10. Distillation: Initial Boiling Point* C ASTM D 86-01 Report
Distillation: 10% Boiling Point* C ASTM D 86-01 Report
Distillation: 50% Boiling Point* C ASTM D 86-01 Report
Distillation: 90% Boiling Point* C ASTM D 86-01 max-357
11. Colour ASTM ASTM D 1500-98 max 2.0

ANNEX "B "

(PLEASE NOTE: TWO BANK OFFICERS MUST SIGN THIS LETTER)
(ON BANK LETTER HEAD OF BUYER'S BANK)
BANK COMFORT LETTER
CONFIRMATION OF FUNDS CERTIFICATE

DATE :

BANK NAME :

ADDRESS :

TELEPHONE :

FACSIMILE :

SWIFT :

TELEX :

ROUTING # :

ACCOUNT NUMBER :

ACCOUNT NAME :

TO : XXXXXXXXXXX

We, The undersigned Bank Officer's, Hereby certify and confirm with full responsibility that the above client's financial capabilities at today's date (Name of Company) is financially capable of fulfilling a contract of up to (Quantity) Metric Tons of (Product Name) per month and can enter the contract for (One Year), is reserved in this Bank at the request of (Buyer's Company Name) for the finalization of contract for the purchase of (Name of Product).

These funds are Available for the purchase of the above identified Product. In issuing this statement, The Bank Recognized their Liability in accordance with the term of the Contract should it proceed.

EXAMPLE

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NAME OF BANK OFFICER 1 NAME OF BANK OFFICER 2
TITLE: TITLE:
SIGNATURE: SIGNATURE:
BANK SEAL & CHOP

ANNEX "C"
CONFIRMATION VIA : SWIFT WIRE FORMAT MT-760

DATE :
SENDER BANK : <Bank Name>
: <BANK ADDRESS>

BANK OFFICER :
SWIFT CODE :
ACCOUNT NUMBER :
ACCOUNT NAME :
BANK SCREEN CODE :
BANK ACCESS NO. :
TELEPHONE :
FAX :
RECEIVER BANK NAME :
BANK ADDRESS :
BANK OFFICER :
SWIFT CODE :
TELEPHONE :
FAX :

FOR BENEFIT OF :
ACCOUNT NUMBER :
BLOCKED FUNDS

WE, <BANK NAME>, <BANK ADDRESS>, REPRESENTED BY THE UNDERSIGNED OFFICERS, HEREBY CONFIRM WITH FULL BANK RESPONSIBILITY AND LIABILITY, AND ACKNOWLEDGE THAT AN AMOUNT OF<AMOUNT IN WORDS> (USD\$<AMOUNT IN NUMERALS>) IN CASH FUNDS HAVE BEEN UNILATERALLY AND FIRMLY RESERVED BY OUR CLIENT : _____ ; ACCOUNT NUMBER _____ FOR A PERIOD OF SIXTY (60) DAYS FROM THE DATE OF THIS LETTER.

WE ALSO CONFIRM THAT OUR CLIENT HAS FULL CUSTODY OVER SAID FUNDS IN HIS ACCOUNT AND THESE FUNDS SHALL REMAIN RESERVED AND UNDER HIS EXCLUSIVE INSTRUCTIONS. WE FURTHER CONFIRM THAT THESE FUNDS ARE GOOD, CLEAN, CLEARED, UNENCUMBERED LEGTIMATELY EARNED FUNDS OF A NON-CRIMINAL ORIGIN AND ARE FREE AND CLEAR FROM ANY CLAIMS, LIENS AND ENCUMBRANCES WHATSOEVER.

WE ALSO CONFIRM THAT THIS BLOCKED FUNDS LETTER HAS BEEN ISSUED UNDER OUR ABOVE CLIENT EXCLUSIVE INSTRUCTIONS THAT THESE FUNDS ARE EXCLUSIVELY BLOCKED AND RESERVED FOR THE BENEFIT OF XXXXXXXX WITH ACCOUNT NUMBER Z307850, AT YOUR BANK, FOR THEIR USE AND BENEFIT EXCEPT FOR THE TRANSFER OUT OR RELEASE OF THESE SAID FUNDS.

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THIS IS AN OPERATIVE BANK INSTRUMENT AND IS SUBJECT TO THE UNIFORM COMMERCIAL CODE AS IT RELATES TO BANK CREDIT INSTRUMENTS. THIS CALLABLE BANK CONFIRMATION IS VALID FOR SIXTY (60) DAYS AND MAY BE VERIFIED ON A BANK-TO-BANK BASIS. FOR AND ON BEHALF OF <BANK NAME AND ADDRESS>

BANK OFFICER NAME BANK OFFICER NAME
TITLE/POSITION TITLE/POSITION
TELEPHONE BANK TELEPHONE
FACSIMILE SEAL FACSIMILE

ANNEX "D"
(On Bank Letterhead)
USD BLOCKED FUNDS LETTER

Issue Date :
Registration Ref :
To : Company Name :
Company No. :
Represented By :
Passport No. :
Dear Sirs
REFERENCE CODE : -----

Account Name :

Account Number :

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1. We (BANK NAME & ADDRESS)....., hereby confirm with full bank responsibility and liability, and acknowledge that an amount of UNITED STATES DOLLARS xxxxxxxxxx xxxxxx MILLION (USDxxx,000,000.00) in cash funds are presently deposited with us by our above client.
 2. We further confirm that our above client has full custody over said funds in his/their account and under his/their exclusive instructions, we have received irrevocable instruction that these funds are exclusively blocked and reserved for the benefit of XXXXXXXXXX, represented by for their use and benefit except for the transfer out or release of these said funds.
 3. We furthermore attest and confirm that this irrevocable United States Dollars Blocked Funds Letter has been issued on the blocked and reserved of the said funds under the above account for a period of sixty (60) calendar days from2008 to 2008.
 4. We will recognize and accept instructions directly from XXXXXXXXXXXXX only with respect to the following transactions:
 - a. Verifying that the funds in this account are kept intact for the said sixty (60) calendar days (Reference Code :).
 - b. Scanning the account at any time to ensure that the funds are intact

(Reference Code :).

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5. Under no circumstances will XXXXXXXXXXXXXXXX have any authority whatsoever to withdrawal, transfer out, release or collateralize the above funds.
6. We further confirm that these United States Dollars Funds are good, clean, cleared funds of non-criminal origin and obtained from legal source/s and that they are free and clear from any claims, liens and/or encumbrances whatsoever.
7. We are ready to confirm this on bank-to-bank basis.

For and on behalf of(BANK NAME AND ADDRESS).....
this letter signed by two internationally authorized bank officers as follows.

(Bank Seal)

Bank Officer's Name & Title Bank Officer's Name & Title
(Two Bank Officers' Signature and Bank Seal)
