

## **PROCEDURES (SBLC / BG by SWIFT MT 760)**

**DRAFT CONTRACT ISSUED:** The Seller issues a draft contract with banking information in response to the Seller's receipt and acceptance of the Buyer's Irrevocable Corporate Purchase Order (ICPO) and Bank Comfort Letter (BCL).

**BUYER SIGNS DRAFT:** The Buyer will review and complete the Buyer's corporate and banking information, sign and seal and return the draft contract to the Seller. Draft contract shall be signed with each page initialed and sent via fax or electronic message, which will be deemed as original and valid.

**SELLER SIGNS DRAFT:** Within three (3) banking days of the receipt of the signed draft contract the Seller will sign and seal and return the draft contract to the Buyer. This draft contract will be exchanged by way of e-mail, fax, and or electronic facsimile and will be deemed as original and valid until hard copies are exchanged.

**BUYER'S AUTHORIZATION TO VERIFY FUNDS:** The Buyer will provide the Seller with a letter in the Seller's provided format, authorizing the Seller's Bank to verify funds in his account. The Buyer will copy this letter to his Bank Officer.

**SELLER CONTRACTS:** Immediately upon the receipt of the Buyer's "Letter of Authorization to Verify Funds" the Seller will, produce six (6) signed Hard Copies of the Contract then sign and seal each Hard Copy, initialing at the bottom of each page and express courier them to the Buyer for signature. (No electronic signatures allowed).

**SELLER'S PROFORMA INVOICE / PROOF OF PRODUCT:** The Seller, with the Hard Copies of the Contract sent by express courier, will provide his PROFORMA INVOICE for the first shipment and a verifiable 'soft' PROOF OF PRODUCT of the Seller's allocation.

**BUYER CONTRACTS:** The Buyer, within two (2) days of receiving the Hard Copies of the Contract will initial each page, sign and seal each Hard Copy and express

courier four (4) hard copies back to the seller. (No electronic signatures or initials allowed)

**BUYER'S BANK ISSUES SBLC / BG by SWIFT "MT-760:** The Buyer's Bank, a bank acceptable to the Seller's Bank, within five (5) Banking days of the signing of the Hard Copies of the Contract, issues their confirmed SBLC / BG by SWIFT MT760 (in the Seller's approved text) to the Seller's Bank. A hard copy will be couriered to the Seller's Bank within seven (7) banking days.

**SELLER'S BANK ISSUES (POP):** Within ten (10) banking days of the receipt of the Buyer's SBLC / BG by SWIFT MT 760 the Seller's Bank will issue the Operative Performance Bond (if applicable) and the POP to the Buyer in the following form, if applicable:

License to export issued by the Brazilian Government;

Approval to export issued by the Brazilian Government;

Statement of availability of product;

o Refinery commitment to produce the full contracted amount of product o SGS / Warehouse Receipt for the first shipment;

Charter Party Agreement to transport the product to the Buyer's designated Discharge Port.

**SHIPMENT OF PRODUCT:** The Seller will ship the product within 30 – 45 (Thirty to Forty Five) days of the Buyer's Bank's issuance of the SBLC and its acceptance by the Seller's Bank.

**PAYMENT FOR REVOLVING MONTHLY SHIPMENTS:** The Buyer will pay for each shipment after loading of the vessel by means of SWIFT or funds transfer sent by his Bank within five (5) banking days AFTER receipt of the Seller's Commercial Invoice and the Shipping Documents (Section 10.1) for each vessel shipped as per the agreed delivery schedule. Upon receipt of these documents the Buyer will

immediately transfer 100% payment for the outstanding shipment balance directly to the Seller's Operating Account as set out within this contract. (NOTE: Arrangements can be negotiated for payment being made upon the arrival (Notice of Arrival (NOA)) of the vessel at the Destination Port)

**TITLE:** Title for the goods for each shipment will pass from the Seller to the Buyer after receipt of 100% (One Hundred percent) of the funds due for that shipment into the Seller's designated Operating Account.

**PAYMENT FOR SPOT BUYS OR FOR THE LAST VESSEL SHIPPED:** After the last vessel

Shipped under the contract is paid for the Seller will instruct his Bank release the "Blocked Funds" to the Buyer's Bank or at the Buyer's option the Seller will instruct his Bank to draw against the "Blocked Funds" for payment of the last vessel shipped

### **Acceptable forms of Payment**

3 Month Standby Letter of Credit/Bank Guarantee (SBLC/BG) and TTs

1 Month Standby Letter of Credit/Bank Guarantee(SBLC/BG) and monthly revolving SBLC's

Fully funded revolving Standby Letter of Credit/Bank Guarantee (SBLC/BG) (For quantities less 1 million metric tons per annually.)



THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS ICC 500 (LATEST VERSION) PUBLISHED BY INTERNATIONAL CHAMBER OF COMMERCE OF PARIS, FRANCE.

THIS IS AN OPERATIVE INSTRUMENT.

ALL CHARGES ARE FOR THE ACCOUNT OF THE APPLICANT.

Authorized Bank Officer

Authorized Bank Officer

Name and title

Name and title

Signature

Signature

SEAL

SEAL