

STAND BY LETTER OF CREDIT

Vendita prodotti petroliferi

STAND BY LETTER OF CREDIT

(Specimen)

With reference to the sale contract number [INSERT CONTRACT NO.] between [SELLER] (the “Beneficiary”) and [BUYER] (the “Applicant”) we, [ISSUING BANK] hereby issue our irrevocable standby letter of credit number [INSERT L/C NO.] in favour of the Beneficiary for an amount of Euro [AMOUNT IN EURO] (say [INSERT AMOUNT IN EURO IN WORDS]).

Price Clause: [as described in Article 8 of the sale contract]

This irrevocable standby letter of credit shall be available at the counters of [SELLER’S BANK] [BANK ADDRESS] at sight against presentation of the following documents:

1. a copy of the Beneficiary’s unpaid invoice; and
2. a statement of the Beneficiary reading as follows:

“The undersigned Beneficiary hereby demands payment of EURO [INSERT AMOUNT IN EURO] under the Standby Letter of Credit.

Beneficiary states that [BUYER] (the “Applicant”) has failed to fulfil its contractual payment obligations under the terms of the contract n° for the sale of [QUANTITY] Tons of [PRODUCT] and that the amount claimed does not exceed the amount unpaid by the Applicant in respect of such default and the outstanding amount of this standby letter of credit.

These demands and statements are made as the date hereof.

(Beneficiary's name)

by its undersigned officer”.

This standby letter of credit expires on the [INSERT A DATE]

Special Conditions:

1. All bank charges are for the account of the Applicant.
2. Provisional and/or final invoices allowed.
3. Multiple drawings permitted.
4. Above documents presented in specimen form acceptable.
5. This letter of credit shall take effect in accordance with its terms, but such terms shall not alter, add to or in any way affect the Agreement between [Seller] and [Buyer] to which this letter of credit relates.
6. The value of this letter of credit can be escalated/de-escalated upon request from the Beneficiary, in accordance with the loaded quantity and the above Price Clause, even above or below the stated limits, but in any case, up to a maximum amount of Euro XX.000.000,00 (xxx MILLION). This maximum amount can be increased, subject to a specific amendment to this SBLC, up to +20% (PLUS 20 PCT), as stated in Article 10 of the sale contract.

Except as otherwise expressly provided herein, this Standby Letter of Credit is subject to the Uniform customs and practices for documentary credits (2007 revision), International Chamber of Commerce Publication No. 600 and subsidiarily governed by Italian Law. In case of any dispute or claim arising out of or in connection with this Stand-by Letter of Credit, the exclusive Italian courts of Rome will be competent.