

Recommendations for completing the Application for letter of credit

The Application must reflect the following required and as possible full information:

- ✓ **Field 50: Name of legal entity/full name (patronymic, if available), sole proprietor and address of the organization – order giver**

This field, in addition to the above information, it is advisable to fill in telephones / fax numbers of the organization – order giver and the date of completion of the Application

- ✓ **Field 59: Beneficiary (name and legal address, BIN/IIN – to be filled in on the Beneficiary's language)**

To be filled in name, legal address, BIN/IIN, account No. and Bank details of the Beneficiary (on the language of the contract concluded between the Applicant and Beneficiary)

- ✓ **Field 31 D: Expiration date and place of the letter of credit**

Expiration date of the letter of credit is the last day when Beneficiary may use this letter of credit, i.e. submit documents to the nominated bank.

If the validity of the letter of credit is specified in the form of "N days / weeks / months / years / from/after the date of opening of letter of credit", then at issue of the letter of credit the Bank independently calculates and indicates in the telecommunications report to foreign bank the exact date of expiry of the letter of credit, guided by the following principles:

1. Taking into account the provisions of Article 173 of the Civil Code of the Republic of Kazakhstan and Article 45d ISBP², when calculating the period of validity of the letter of credit specified in the form of "N days from / after the date of opening", it is understood that the words "from / after" have the same meaning and that billing period begins from the day following the date of opening.

2. Taking into account the provisions of Article 174 of the Civil Code of the Republic of Kazakhstan, in the calculation of the validity of the letter of credit specified in the form of "N months from / after the opening date" in the telecommunications report to foreign bank should be indicated that the deadline expires on the corresponding day of the last month of the validity period. If the end of the validity period calculated in months falls on such month in which there is no corresponding date, then term shall expire on the last day of that month.

E.g. if the letter of credit is opened on 31 December with a validity of 2 months from the opening date, then maturity falls to 28 February (in a leap year – 29 February).

3. The term defined in a week, is considered as a term calculated in days, and is considered to be equal to seven days, respectively, to determine the expiration date of the letter of credit, the procedure set forth in p.1 should be used.

To indicate the term in part weeks is inadmissible.

4. The period specified in half of the month is considered as a period calculated by days and is considered equal to fifteen days, respectively, to determine the expiration date of the letter of credit, the procedure set forth in p.1 should be used.

5. Procedure for determination of the expiry date of the letter of credit specified in the form of "N years from / after the date of opening" is similar to the one set forth in p.2.

6. The term calculated by quarters or half of the year is governed by the rules applicable for the periods calculated in months (p. 2).

7. If the last day of the period falls on non-working day, the maturity date is considered to be the next following business day.

The Bank shall inform the Applicant on the exact expiration date of the letter of credit in the notification of opening the letter of credit.

The Bank carries out transaction "Return Letter of Credit" on the day following the expiration date of the letter of credit.

Example:

Expiration date of the letter of credit: N = 11 November 2011

Return of the letter of credit is software (the SW): N+1 = 12 November 2011

* If expiration date of letter of credit falls on a holiday (weekend / holiday), then actual date of expiry of the letter of credit will be the next working day:

² "International Standard Banking Practice for document inspection of documentary letters of credit" (ISBP, Publication of ICC No.645)

Example:

Expiration date of the letter of credit: N = 04 January 2011 (non-working day)

Actual expiration date of the letter of credit: N+1 = 05 January 2011 (working day admissible)

Return letter of credit to the SW: N+2 = 06 January 2011

As the expiration place of the letter of credit should be specified a location of the performing Bank, to which, according to the letter of credit, the Beneficiary must submit documents. Accordingly, if the letter of credit is performed in JSC Halyk Bank, Almaty, the expiration place should be indicated as "Almaty, Kazakhstan." If the letter of credit is performed by a foreign bank, the expiration place will be the country of such bank.

✓ **Field 32 B: Amount and currency of the letter of credit** (in figures and words)

The amount can be specified: fixed total, the maximum or estimated, which in certain cases can be exceeded or underestimated for a certain percentage (tolerance).

In the application for opening revolving letter of credit should be indicated quota, the term of its use (once a week, month, quarter or other.), the procedure and the amount of recoveries, as well as the limit (maximum amount) of the letter of credit. Depending on the revolving type, such letters of credit may provide estimates on a cumulative or non-cumulative basis, i.e. allow to add the unused or not fully used amount in the previous period to the new quota (recovered amount of the letter of credit) or to prohibit such accession.

✓ **Field 57 A: Advising Bank** (in foreign language)

When advising the unconfirmed letter of credit it is required participation of advising bank, which informs the Beneficiary of the letter of credit issue in its favor, and transmits the text of the letter of credit without any obligation on his part.

In this field, you must specify the full name of the Advising Bank and its Swift code.

Example: Commerzbank AG, Frankfurt, SWIFT: COBADEFF

✓ **Field 53 A: Confirming Bank** (in foreign language)

This field is filled in upon issue of a confirmed letter of credit, i.e. letter of credit confirmed by another bank

If by virtue of the authority or the request of the Issuing Bank (JSC Halyk Bank), the correspondent bank adds to the letter of credit of Halyk Bank its acknowledgment, thereby in addition to the obligation of Halyk Bank that has issued letter of credit, it undertakes independent firm liability to make payment, if documents under the letter of credit are presented, and all the conditions of the letter of credit are met.

In this field, you must specify the full name of the Confirming Bank and its Swift code.

Example: Commerzbank AG, Frankfurt, SWIFT: COBADEFF

* It is important to note that Confirming Bank may not always be the Advising Bank.

Example:

Advising Bank: Deutsche Bank AG, Frankfurt, SWIFT: DEUTDEFF

Confirming Bank: Commerzbank AG, Frankfurt, SWIFT: COBADEFF

✓ **Field 41 A. The letter of credit is performed by** (name of the performing bank)

The letter of credit should clearly indicate the way it is performed. Methods of execution of the letter of credit: payment upon presentation of documents (immediate), deferred payment, acceptance of urgent drafts and negotiations.

If letter of credit is opened with confirmation of foreign bank, it will be performed in foreign bank.

If letter of credit does not require confirmation, the performing bank may be both Halyk Bank and foreign bank (bank of the seller - Beneficiary). For the Applicant is more favorable so that Halyk Bank was the nominated bank.

Letter of credit with payment “upon presentation of documents (at sight)” is the most common type of letter of credit. Settlements with Beneficiary are carried out directly upon presentation of the documents specified in the letter of credit, if the terms of the letter of credit are met. This takes into account the time required for the verification of documents by the Bank.

If the letter of credit provides for payment in installments (deferred payment), the Beneficiary receives payment not at the time of submission of documents to the nominated bank, but at a later date stipulated in the conditions of the letter of credit.

Negotiation means to provide value of drafts to the Beneficiary and / or documents by the Bank authorized to negotiate (negotiating bank), and in fact is a "purchase" of documents from the Beneficiary, in accordance with the terms of the letter of credit.

In the calculations of the acceptance letter of credit in the presentation of documents is carried out the acceptance of drafts, with its subsequent payment at maturity.

✓ **Field 43 P and Field 43 T:**

In the Field 43 P “Partial shipments” should be marked as admissible / partial shipments inadmissible

In the Field 43 T “Overload in transit” should be marked as admissible / overload in transit inadmissible

✓ **Field 44 A / E: Shipment / dispatch / taking in charge from / to:**

✓ **Field 44 B / F: For transportation to ...**

Indicate the location of shipment and delivery of goods in accordance with the terms of the contract

✓ **Field 44 C: Last date of shipment or period of shipment**

The last date of shipment shall set the deadline for shipment of goods, and the proof of this is the issuance of the transport document. The last shipment date must be consistent with the term of payment so as sufficient time has left for the submission of documents.

In some cases, it is indicated the shipment period, for example, September – October 2011.

✓ **Field 45 A: Description of good/services and terms of shipment**

Description of good/services: Specify description of goods / works / services, quantity ..., the price per unit. The Bank may reject too detailed description of the goods in order to avoid mistakes and misunderstandings.

Product name must be complete and accurate, stressing significant features, but no technical details. If upon opening of the letter of credit is not yet known the exact amount of the goods, the expression "about" is used, which allows deviation of 10%. Without this word, deviation of 5% is admissible in certain cases, provided that the sum of claims does not exceed the amount of the letter of credit.

This field also indicates number and value of the contract / agreement signed between the Applicant and the Beneficiary on the basis of which a letter of credit is issued, if the conditions of the contract / agreement cover the issue of the letter of credit.

Terms of delivery: Governed usually by the official Rules of the International Chamber of Commerce for the interpretation of trade terms "Incoterms 2000", ICC Publication No.560 / "Incoterms-2010", ICC Publication No.715 (if necessary, change to the new Rules).

✓ **Field 46A: List of documents**, against which must be made payment on the letter of credit

Specify exactly against which documents the payment must be made. Payments are made on the letter of credit normally against presentation by the seller (Beneficiary) of the following documents indicating the number of required originals and / or copies of:

- 1) commercial invoice (tax invoice, the invoice);
- 2) transport document (full set of (... / ... of the originals) clean on board bill of lading issued in the name / ... order, with notice, marked "freight payable at destination" (for shipments FOB) or "freight paid" (for shipments CIF) or air waybill, auto waybill, duplicate of rail waybill or postal receipt containing the name and address of the consignee, the mark of the freight payment and carrier mark of shipment (the stamp of departure station), indicating in as the consignee (this can be organization – order giver or third organization);
- 3) the insurance policy / certificate issued in the name of / order ... (upon shipments on CIF / CIP conditions);
- 4) other documents (the list of necessary certificates is provided (origin, quality, quantity, etc.), packing lists, specifications, etc.)

For all documents (except for tax invoices, transport and insurance documents) the letter of credit must determine their exact text or the main features of their content. If this description is absent, then documents will be accepted by the Bank in the form in which they were presented by the Beneficiary.

The terms of letters of credit opened for settlements for goods on conditions CIP or CIF must include the presentation of insurance documents. If the insurance document is not required then the order giver must accordingly inform the Bank, indicating it in the application for issue of the letter of credit.

If the letter of credit provides for submission of incomplete set of originals of the bill of lading or the multimodal transport document, which are documents of title, then the order giver shall inform the Bank on the entity to receive the remaining originals.

✓ **Field 47A: Special instructions** (to be filled in if required)

This field contains all the additional conditions, which the Applicant wishes to be reflected in the conditions of the letter of credit. For example:

1. Information on the language in which the documents can be presented. For example: "The documents can be submitted in Russian" or "Documents are accepted in Russian."

2. Information on prepayment / advance payment on the contract / agreement signed between the Applicant and the Beneficiary.

- ✓ **Field 48: Special deadline for submission of documents to the nominated bank** (filled in if necessary)

In addition to specification of the expiration date (i.e. the deadline for submission of documents) the letter of credit can also indicate specific period of time (from the date of shipment or from the date of issue of any document, etc.), during which must be done submission of documents, in accordance with the terms of the letter of credit. If such period of time is not provided, then for the letters of credit requiring presentation of transport document (s), the banks will not accept documents presented to them later than 21 days after the date of shipment

- ✓ **Field 71 B: Payment terms of fees and expenses under the letter of credit**

This field specifies the payer of the fees and expenses incurred by Purchasing Bank, Selling Bank and Confirming Bank (upon issue of the letter of credit with confirmation).

- ✓ **Table "To be filled in by the Applicant"**

The following table specifies the information that customer is aware of Bank tariffs, as well as Applicant's account opened in the Bank and powers to write-off the amount of coverage (upon issue of secured letter of credit), as well as information on fees and expenses arising from the opening and servicing of the letter of credit. This table must include the stamp and signatures of the authorized persons of the organization – order giver (the Applicant). The Application for issue of the letter of credit is submitted at the place of customer account service or to assistant of credit manager for verification of compliance of the signatures and seal with applied samples available at the Bank.

- ✓ **Information on consent for personal data for the Applicant's representative (legal entity/sole proprietor)**

In accordance with the Law of the Republic of Kazakhstan No.94-V dated 21 May 2013 "On personal data and their protection", the Bank carries out collection and processing of bearer's personal data for the purpose of providing banking services by the Bank. After reading the information specified in this table, the Applicant puts the date and signature, which is its consent for collection and processing of Bearer's personal data by the Bank.

- ✓ **Marked by currency control as executed**

The Application of the Applicant must bear this mark when Bank issues guarantee in favor of non-resident and / or on behalf of non-resident indicating the name of the Applicant and account contract number issued in full accordance with the Rules of export and import currency control in the Republic of Kazakhstan and obtaining by residents of account numbers of the contracts for export and import No.42 dated 24 February 2012.

- ✓ **Letter of credit is governed by Uniform Customs and Practice for Documentary Credits**, Publication of International Chamber of Commerce, Paris, France, No.600 dated 2007.

The Applicant presents to the Bank the Application for issue of letter of credit, stamped and signed by the authorized persons of the Applicant, in accordance with the sample signatures and seal card stored in the Bank.

In the Application for issue of letter of credit must be used standard terms and wording appropriate to the "Uniform Customs and Practice for Documentary Credits and official Rules of International Chamber of Commerce for the interpretation of trade terms Incoterms-2000"/ "Incoterms -2010", publication of ICC No.560 (Incoterms-2000/ Incoterms-2010) (if required – change to the new Rules).

Any correction in the Application must be stamped and signed by authorized persons of the Order Giver-organization (Applicant), in accordance with the sample signatures and seal card stored in the Bank. Corrections in the amount and / or currency of the letter of credit are not allowed. The Applications that have corrections made by correction fluid are not accepted.

Changes in the letter of credit conditions are made on the basis of the letter printed on the letterhead of the Order Giver's organization (Applicant), certified by signatures of the authorized persons and stamped, in accordance with the samples available in the Bank.

In case of changes relating to the amount and validity of the letter of credit, the Letter must be marked by currency control as executed.

For consultation on issue and servicing of letter of credit, please call:

- 8 (727) 330 - 1085, 330 – 1722, Documentary Operations Division
- 8 (727) 330 – 1157, 330 - 1823, Structured and Trade Finance Division