

<b>INSTRUMENT:</b>	<b>LETTER OF CREDIT</b>	<b>PAYMENT GUARANTEE</b>	<b>STANDBY LETTER OF CREDIT</b>
<b>ISSUE:</b>			
<b>DEFINITION</b>	Undertaking to honour a documentary complying presentation.	Undertaking to honour a documentary complying presentation.	Undertaking to honour a documentary complying presentation
<b>USAGE</b>	Performance	Non-performance	Performance/Non-performance
<b>GOODS OR SERVICES?</b>	GOODS	GOODS/PERISHABLE GOODS/ CONTINUOUS SUPPLIES/SERVICES	GOODS/PERISHABLE GOODS/ CONTINUOUS SUPPLIES/SERVICES
<b>GOVERNING RULES</b>	UCP 600	URDG 758 ICC <i>(or specified jurisdiction or local laws of beneficiary's country. Rarely UCP 600/ISP98)</i>	UCP 600 or ISP98 <i>(rarely UCP600 and ISP98 or URDG 785 ICC)</i>
<b>CONFIRMATION</b>	Available under UCP 600	Not available under URDG 758 ICC. A local guarantor could issue a guarantee against a counter-guarantee in their favour.	Available under UCP 600 /ISP98
<b>EXPIRY DATE/PLACE</b>	All letters of credit must state an expiry date/place.	Since the counter-guarantee and the guarantee are two separate guarantees, each guarantee includes its own expiry date/event and place*	All standby letters of credit must state an expiry date/place.
<b>POINTS OF ENTRY/ AVAILABILITY</b>	Confirmer (where applicable) or the issuer.	Only available with the guarantor.	Confirmer (where applicable) or the issuer.
<b>PROTECTION</b>	Under a letter of credit the confirmer is protected under UCP 600. (i.e.: court injunction, lost in transit documents, etc.)	Guarantor non protected by the applicable rules. (i.e.: court injunction**, lost in transit documents, etc.)	Under a standby the confirmer is protected under UCP 600/ISP98. (i.e.: court injunction, lost in transit documents, etc.)
<b>SYNDICATION/PARTICIPATION</b>	Not applicable	Not applicable	Applicable only under ISP98
<b>SETTLEMENT/RISK MITIGATION/FINANCING</b>	Settlement/risk mitigation/financing	Risk mitigation	Settlement/risk mitigation/financing
<b>ELECTRONIC PRESENTATION</b>	Available only under eUCP	Available under URDG 758 ICC	Available only under ISP98
<b>CHANGE OF CURRENCY/ EXTEND OR PAY</b>	Not available	Available under URDG 758 ICC	Change of currency not available under UCP600/ISP98 Extend or pay available under ISP98
<b>OWN RECORDS</b>	Not available under UCP 600.	Available under URDG 758 ICC***	Not available under UCP 600 ICC/ Available under ISP98
<b>LAW AND JURISDICTION</b>	Place where the LC is available.	The applicable law and jurisdiction is the place of the counter-guarantor for the counter-guarantee and the place of the guarantor for the guarantee.	Place where the standby is available.

*The content of this chart has been compiled with meticulous care and to the best of our knowledge. However, we cannot assume any liability for the up-to-dateness, completeness or accuracy of any of the pages.*

\*: Where not issued under URDG 758 rules, some countries do not accept expiry dates or the application of the expiry date is subject to other provisions, ie return of the guarantee or a grace period.

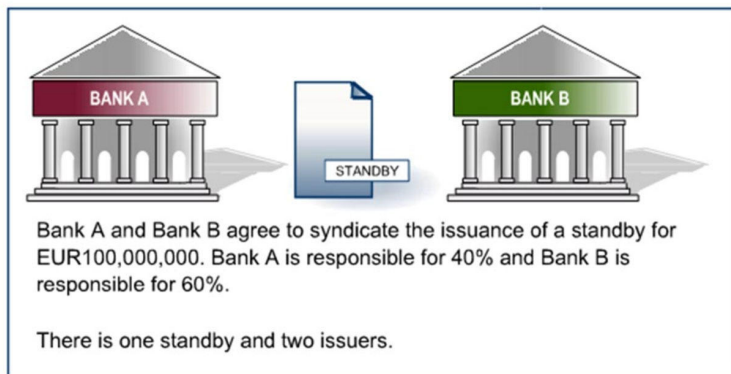
\*\* : It is not clear whether a guarantor that is not being reimbursed by the counter-guarantor due, for example, to an injunction against the counter-guarantor, is protected by URDG 758. According to the Guide to ICC Uniform Rules for Demand Guarantees - URDG 758, in similar circumstances, there would be a possibility to sue the applicant.

\*\*\*: URDG 758 ICC: Guarantor's own records means records of the guarantor showing amounts credited to or debited from accounts held with the guarantor, provided the record of those credits or debits enables the guarantor to identify the guarantee to which they relate;

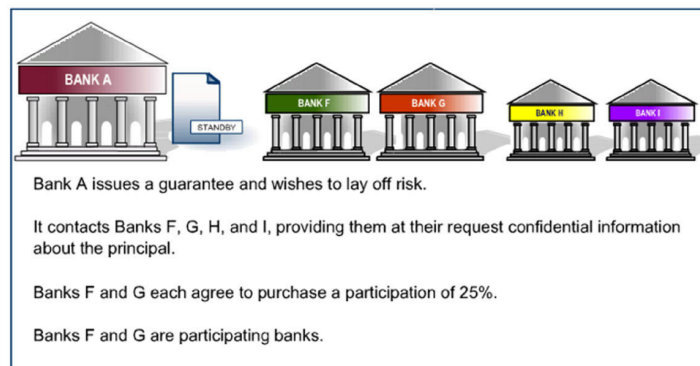
**SYNDICATION/PARTICIPATION:** Banks sometimes desire to spread the risk involved in issuing an independent undertaking by asking other banks to take a share in it. Such actions are more common with standbys than commercial letters of credit because the amounts involved are typically much higher.

ISP98 rule 10 clarifies the meaning of "syndication" and "participation" as used in connection with ISP98 standbys.

#### SYNDICATION:



#### PARTICIPATION:



Syndication involves a situation where the standby is issued by more than one issuer. In a syndication, each syndicating bank books the credit for its portion of the obligation because its obligation is limited to that amount. Unlike syndication, participation arises in situations where there is only one issuer but it desires to sell its risk in exchange for a portion of the revenues generated by the standby or guarantee. It will, therefore, contact other banks to inquire whether they are interested in purchasing a participation. Before a bank can make such a decision, it will require financial information about the creditworthiness of the applicant or principal. Because the participating banks are not liable on the undertaking but only obligated to reimburse the issuer should it honour a complying presentation, it is not uncommon that neither applicant/principal nor beneficiary are aware of the participation.