

# Overall agreement

General regulations (654-02)



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*Relations between Ducroire, the Luxembourg export credit agency (hereinafter referred to as “Ducroire”), and its insured are governed by both these General Regulations and the General Terms (664-02), save where special agreements otherwise state.*

*Insured parties are referred to hereinafter as “the insured”. Where, however, provisions apply simultaneously to an exporter and a bank, Ducroire will, in order to avoid confusion, refer to “the exporter” or “the bank” rather than to “the insured”.*

## CHAPTER 1

# General

## ARTICLE 1

### Usual description of the risks covered

- 1.1** Insurable risks are defined in Article 1 of the General Terms, save for risks in connection with bank guarantees, risks in respect of contracting equipment, which are defined in Articles 24 and 25 respectively of the aforesaid General Terms.
- 1.2** Ducroire shall be free to assess the public or private nature of the debtor or of the guarantor. Pursuant to the formula adopted by the European Union, Ducroire shall, in principle, deem as public “any buyer constituting the public authority, in whatever form (States, public authorities such as the provinces, departments or communes, public institutions), and which cannot legally or administratively be made bankrupt”.

## ARTICLE 2

### General comprehensive cover obligation

Each insured party shall agree with Ducroire on a package of contracts to be presented for cover. The comprehensive cover obligation shall be the subject of an overall agreement subject to Articles 3 to 5 of these Regulations.

A bank may obtain cover only if the risks in respect of which it wishes to arrange cover are linked to commercial contracts under an overall undertaking entered into by the exporter if the commercial contract is performed by the latter at his own financial risk.



## CHAPTER 2

## Overall agreement

## ARTICLE 3

## Definition and object

- 3.1.** Under an overall agreement, the insured shall, within the limits fixed by it, be obliged to propose to Ducroire, prior to any commitment in respect of his foreign customer, that it arrange cover for all the risks defined in the General Terms which relate to his commercial contracts.

Unless special provisions state otherwise, the obligation of the insured shall extend to commercial contracts concluded by undertakings directly or indirectly controlled by him.

- 3.2.** Ducroire shall be free to insure or not to insure the contracts proposed and to lay down the terms and conditions of cover. It may, in particular, require that :

- > the obligations of the insured in respect of it, in particular the latter's financial obligations (payment of premiums, reimbursement of indemnities wrongly paid out or of compensatory advances, various means of recourse likely to be exercised should the bank financing the contract be granted a direct guarantee, etc.), be guaranteed by a security, the nature of which shall be determined on a case-by-case basis;
- > the insured obtain from third parties (associates, subcontractors, shareholders, for example) – in a manner to be prescribed on a case-by-case basis – technical or financial assistance deemed essential to the successful completion of the contract by him.

- 3.3.** The usual guaranteed proportions may be reduced if the application for cover is not submitted within the desired period, in accordance with Article 3.1.

- 3.4.** Where Ducroire agrees to arrange cover for a contract only on terms, which are less favourable than the usual terms applied by it to similar contracts performed in the foreign debtor's country, the insured shall be entitled not to arrange contract cover. This provision shall not apply if the less favourable cover terms are to penalise the failure by the insured to comply with the requirements of this agreement.

- 3.5.** Ducroire may conduct an examination into the insured's books in accordance with Article 19 of the General Terms, in order to verify:

- > that the commitments referred to in Article 3.1 have been honoured;
- > the accuracy of the declarations formulated with a view to the conclusion of the agreement;
- > the accuracy of the information given pursuant to Article 3.7.

- 3.6.** The insured shall inform Ducroire without delay of the events referred to in Articles 4.1.3 and 4.1.4.

- 3.7.** Ducroire may at any time ask of the insured:

- > any information of the latter's activity, financial situation and the allotment of shares it deems useful;
- > a list of all the contracts concluded during the period of the agreement with debtors in countries falling within the geographical sector defined in the Special Terms, even though exclusions provided for in the aforesaid.



## ARTICLE 4

### Cancellation

**4.1** Ducroire may cancel the agreement in the following cases:

- 4.1.1 - if the insured does not give the information referred to in Article 3.7 within a reasonable delay;
- 4.1.2 - if the examination referred to in Article 3.5 reveals any inaccurate declarations or contracts not declared for cover;
- 4.1.3 - the occurrence of any event detrimental to the solvency of the insured such as, in particular, an acknowledgement of the cessation of payments, writ or petition for bankruptcy, application for deferred payment or composition or arrangement with creditors;
- 4.1.4 - cessation or transfer of the insured's business as well as a substantial change in the composition of the shareholders.

**4.2** The agreement shall be cancelled without prior notice by registered letter. It shall automatically entail the cancellation of outstanding advices or offers of cover.

Without prejudice to the specific penalties provided for in the General Terms, it shall not affect outstanding policies.

**4.3** If – in the case referred to in Article 4.1.2 – Ducroire prefers to demand that the situation be regularised, it may impose by way of penalty an increase of up to double the amount of the unpaid premiums.

Whichever option chosen by Ducroire, the expenses relating to the examination referred to in Article 3.5 shall be borne in any case by the insured.

## ARTICLE 5

### Extension

**5.1.** The agreement shall be concluded for a term of two years.

The agreement shall be tacitly renewed for a further period of two years unless notice of cancellation is given by not later than one month before expiry.

**5.2.** Amendments to the agreement at the time of its extension shall apply no sooner to outstanding offers and advices than when extended.

**5.3.** Notwithstanding this rule, any improvements to the terms of cover shall apply immediately.



## CHAPTER 3

**Approach of Ducroire to applications for cover****ARTICLE 6****Général**

The approach of Ducroire to an application for cover shall be threefold :

- a) advice;
- b) offer of cover;
- c) policy.

**ARTICLE 7****The advice**

- 7.1** If the insured merely wishes to be apprised of Ducroire's position or if Ducroire considers that the facts at its disposal are insufficient for it to issue an offer of cover or a policy, it shall communicate its decision in the form of an advice.
- 7.2** The advice, which is by definition revocable, shall not constitute an undertaking to enter into a contract. It shall simply be a position of principle on the feasibility of an application's being considered on the basis of known data and on the terms to which any cover would be subject.
- 7.3** Unless otherwise stipulated, the advice shall automatically lapse at the end of the sixth month following that of its communication.
- 7.4** Any application for extension shall be received prior to the validity expiry date and shall be supported by a report on the progress of negotiations and changes in the contract data.

**ARTICLE 8****The offer of cover**

- 8.1** The offer of cover shall be an undertaking by Ducroire to insure the future contract described, provided that the insured requests that a policy be issued within 15 days of the contract's conclusion.
- 8.2** Pending the drawing up of the policy and subject to payment of the premium in the event of a claim, the offer of cover shall constitute temporary cover subject to the General Terms (1). This temporary cover may be withdrawn if the drawing up of the policy is delayed through the fault of the insured.
- 8.3** The premium rates referred to in the offer of cover shall have an indicative value only.
- 8.4** Unless otherwise stipulated, the offer of cover shall expire at the end of the sixth month following that of its issue. All applications for extension shall be subject to the provisions of Article 7.4.



<sup>(1)</sup> *In force at the time temporary cover begins.*

**8.5** Changes and extensions to the offer of cover shall take the form of a supplementary agreement only.

**8.6** Without prejudice to the possible application of Articles 5 and 8 of the General Terms, the insured shall, once he has knowledge or is apprised by Ducroire of events increasing the risk, and acting with all due care, skill and forethought, take, or arrange to have taken, the necessary steps to delay or prevent the conclusion or entry into force of the contract (suspension of the negotiations, non-extension of bids, etc.) after having consulted with Ducroire.

Any failure by the insured to fulfil these obligations shall mean forfeiture of rights, as provided for in Article 12 of the General Terms.

## ARTICLE 9

### The individual policy

**9.1** The final commitment of Ducroire shall form the subject of an individual insurance policy.

**9.2** The General Terms of the policy shall be those in force on the day of issue.

The Special Terms shall describe the contract insured and shall clarify or amend the General Terms; they shall, if necessary, contain provisions not embodied in the offer of cover, in order to make provision for the particular features of the contract which were unknown, or were insufficiently known, at the time the offer of cover was drawn up.

**9.3** With a view to the drawing up of the policy, the insured shall, before the contract is concluded, submit draft texts of the contract with related documentation, excluding purely technical documents unrelated to the assessment of the risks to be covered.

He shall then designate any amendment to such drafts.

## CHAPTER 4

# Special terms supplementing the general terms

## ARTICLE 10

### General

The special terms detailed in the following Articles shall apply depending on the situations which may arise, even if not expressly so stated in the policies, offers of cover or advices.

Failure to observe these provisions, unless expressly approved by Ducroire, shall be likely to jeopardise the commitments entered into by the latter.



## ARTICLE 11

### Confidential nature of the special terms prescribed in insurance documents

The special conditions prescribed in insurance documents (guaranteed proportion, premium, etc.) shall be confidential and may not be communicated to third parties without the express consent of Ducroire. Financial institutions assisting in the contract's performance shall not be deemed to be third parties.

## ARTICLE 12

### Reservation in respect of the commitments entered into by Ducroire

Where an offer of cover or advice embodies a provision regarding a ceiling on the commitments entered into by Ducroire, such offer of cover or advice shall be valid only if the amount available under the ceiling referred to enables a policy to be issued on conclusion of the contract.

In the light of this provision, it shall be for the insured to obtain written withdrawal of this reservation before entering into a commitment in respect of his customer. This reservation may be withdrawn for a period of 30 days, which may be extended if supporting grounds are provided.

## ARTICLE 13

### Side financing

This term shall refer to any loan contract granted by a bank and not insured by Ducroire and the object of which is to enable the foreign debtor to finance either the instalments arising under the commercial contract, in particular down-payments, or local expenditure beyond the level allowed by Ducroire.

The exporter having signed the commercial contract may neither be directly or indirectly involved in the risks of side financing nor fail to disclose information which he might have amassed on the subject, without being liable to forfeiture of rights on the basis of Article 7 of the General Terms. The bank shall, whether it is insured directly or is the assignee of indemnity entitlement, notify Ducroire of any side financing wholly or partly granted by it or which it knows to have been granted by third parties. Any side financing granted by it shall be covered by a separate agreement. In view of its common law liability with regard to the effect of its decisions on contracts covered by Ducroire, the bank shall inform Ducroire once any serious measures, such as suspension of withdrawals or speeding up of reimbursements, are proposed.





## ARTICLE 14

### Contracts performed with partners

- 14.1** If the insured is an associate or subcontractor of other firms, hereinafter referred to as “partners”, insurance cover shall be subject to the approval of the partners and of the agreement governing the relationship between the partners and the insured.
- 14.2** If the insured's share in the contract precludes any direct rights in respect of the foreign debtor, Ducroire may require the partner holding such rights to be insured by his national credit insurer and the latter to have concluded with Ducroire an arrangement for the joint management of the risk (joint insurance agreement, for example).
- Failing any such arrangement, or if the partner is another Luxembourg firm, Ducroire may require the partner to enter into a covenant jointly and severally with the insured or to pledge any other commitment which Ducroire considers essential to its control of risk developments.
- 14.3** Ducroire may, on request and for an additional premium, cover losses due to the partner's insolvency as defined in Article 1.2.1.1 of the General Terms.

## ARTICLE 15

### Incorporation of foreign equipment and services

Approval of a foreign incorporation shall always be provisional in the case of an offer of cover or advice.

Final approval shall not be given until the insured has submitted a list of foreign and Luxembourg equipment items and services, with particulars of type, origin (supplier and country) and price and the grounds for obtaining supplies abroad.

If, at the time of final approval, Ducroire notes an increase in the percentage of incorporation provisionally approved, it shall reserve the right to impose the penalty provided for in Article 12.2 of the General Terms.

## ARTICLE 16

### Jurisdiction and arbitration clauses

- 16.1** Disputes may not be settled through recourse to doubtful jurisdiction, whether in a court of law or a court of arbitration.

The arbitration clause recommended by Ducroire shall be that drawn up by the International Chamber of Commerce, reading as follows.

“All disputes arising in connection with the present contract shall be finally settled under the Rules of Conciliation and Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said Rules.”



It shall be for the insured to enlighten Ducroire regarding efforts by him to comply with any clause not in line with the condition outlined in the first paragraph of this Article which he requests Ducroire to approve.

**16.2** If evidence is produced that the conditions obtaining in the debtor's country are such that the jurisdiction and arbitration clauses are unlikely to be negotiated, Ducroire may, by way of exception, cover the denial of justice under the following conditions :

16.2.1 If, in the face of an application for compensation, Ducroire has invoked the exception provided for in Article 13.2 of the General Terms, the insured shall be allowed to prove that he is the victim of a denial of justice.

16.2.2 The pertinent decision shall be taken by an arbitrator, who shall pronounce a preliminary verdict in the presence of both parties. Such verdict shall be without appeal.

The arbitrator shall be appointed by common agreement of Ducroire and the insured.

Failing agreement, the President of the Brussels Commercial Court shall, at the suit of the party acting first, designate an arbitrator whom the parties shall undertake to accept.

16.2.3 In relations between Ducroire and the insured, denial of justice shall be defined as follows :

- > - failure by the insured to obtain a decision within the period usual in this type of dispute, following the failure to act or dilatory measures by the competent court; the insured may invoke this provision only if he proves that he has acted with dispatch and that he has exhausted every means open to him for mitigating the effect of or penalising such shortcoming of the court;
- > - violation of principles deemed, under Luxembourg law, to fall within the scope of international public order, in particular violation of defence rights.

16.2.4 If the preliminary verdict establishes that the insured is a victim of a denial of justice within the meaning of Article 16.2.3, the same arbitrator shall then hear and determine the substance of the dispute between the insured and the debtor. After hearing Ducroire and the insured, he shall decide whether, and to what extent, the allegations of the debtor are justified. The arbitrator shall have power to call upon any experts whom he considers necessary.

16.2.5 The costs of proceedings shall be shared between Ducroire and the insured.

## ARTICLE 17

### Individual financial credit, Recourse of Ducroire, Withdrawal procedure

**17.1** If Ducroire insures an individual financial credit in favour of a bank, it shall require the exporter holding the commercial contract to arrange for cover against cancellation claims.

**17.2** In the event of a claim on the policy issued to the bank to cover the financial credit, the exporter holding the commercial contract shall, the first time that Ducroire so requests and within the limits and in the circumstances stipulated hereafter, reimburse the indemnities paid to the bank if :

- > performance of the commercial contract is interrupted: in the amount of any credit balance against a loss account established in accordance with the provisions of Article 14.1 of the General Terms;



- > non-payment by the debtor of the financial credit, although arbitrary and contrary to the undertakings under the terms of the loan agreement entered into by him, is fundamentally the fault of the exporter: in the amount of the latter's contractual liability towards the debtor;
- > the percentage approved for foreign incorporation and local expenditure is exceeded: in the amount of the reduction in the guaranteed proportion, as provided for in Article 12.2 of the General Terms.

**17.3** Where Ducroire allows the exporter holding the commercial contract not to arrange cover for cancellation claims, the undertakings imposed on him under Article 17.2 shall be the subject of a separate act.

**17.4** Ducroire shall approve the loan withdrawal procedure. The bank shall endeavour to ensure that the loan agreement provides for the debtor to give it an irrevocable proxy to draw on the loan and to pay the exporter against presentation of the documents stipulated in the agreement.

If the issue of any of these documents is dependent on an act to be submitted by the debtor of the commercial contract, the loan agreement shall lay down that, unless the debtor adopts a position within a reasonable period of time, authorisation to draw on the loan shall be deemed to have been given.

## ARTICLE 18

### Individual financial credit, Progressive drawdowns, Overfinancing

**18.1** If Ducroire has sanctioned drawings to be made progressively against the individual financial credit prior to delivery, the loan withdrawal procedure may not procure "overfinancing" for the exporter.

**18.2** Overfinancing is hereby defined as the credit balance of a standing account to be kept in accordance with the rules laid down in Article 14.1 of the General Terms, with the debit item increased by a flat 5%.

Without prejudice to Ducroire's right to examine the exporter's books at any time, such situation shall be produced to the bank prior to any drawings against the loan.

The bank shall, when notifying settlement of the funds in accordance with Article 9.3 of the General Terms, attest that, due allowance being made for the revenue and expenditure forecasting programme with which it is familiar and for the information in its possession on the performance of the commercial contract in the context of its commercial relations with the exporter, the declaration appears to it to reflect the true situation. If overfinancing is found to exist, Ducroire may demand securities or guarantees it deems appropriate to take the recourse open to it under Article 17.2.1.

**18.3** If Ducroire has sanctioned simply the principle of progressive drawings, the exact procedure for seeking recourse to the loan shall be approved at a later date.

**18.4** In principle, drawings against the loan shall be linked to specific stages in the performance of the commercial contract. By way of exception, drawings on fixed dates linked to the date of signing or entry into force of the commercial contract may be sanctioned if the debtor has right of control over performance, together with the option of amending drawing dates in the light of delayed performance.



## ARTICLE 19

### Bank guarantees covering the insured's obligations

**19.1** The insured shall endeavour to ensure as far as possible that these guarantees, or any equivalent undertaking :

- > cannot be called in at the first time of asking, without supporting grounds;
- > cannot be extended at the option of the beneficiary;
- > are automatically reduced in line with and proportionate to performance if they refer to the reimbursement of down-payments. Such gradual reduction shall be determined in both the contract and the bank guarantee letter as such.

Ducroire shall recommend that insured parties use as a basis the Uniform Rules for Contract Guarantees proposed in 1978 by the International Chamber of Commerce.

**19.2** If financing is the subject of an individual financial credit, the insured bank shall seek to make every arrangement – invocable against third parties – to ensure that the benefit of the bank guarantees issued in favour of the debtor for the order and on account of the exporter is, in the event that they are called in by the debtor or his bank, extended by way of priority to claims arising under the financial credit.

Ducroire shall also refuse to accept that down-payments paid to the exporter in the form of a drawing against the financial credit be accompanied by bank refund guarantees. Where it has not been possible to prevent the latter, Ducroire shall refuse to indemnify losses accruing from their enforcement; the down-payments shall be deemed to have been acquired and shall be included in the loss account as a credit item.

## ARTICLE 20

### Bank guarantees to be remitted in the event of a tender

**20.1** The scope of cover shall be as defined in Article 24 of the General Terms, with the word "Contract" replaced by the word bid".

**20.2** When the insured invokes a reservation entered in his bid in respect of the terms of tender so as to refuse to deal with the debtor, the enforcement of the guarantee shall not be insured unless that reservation shall be invocable against the debtor.

**20.3** Cover shall extend to the enforcement of the guarantee due to the fact that the insured is led to refuse to deal on the terms of his bid owing to the refusal of Ducroire to issue an insurance policy during the validity of the offer of cover or the advice.

## ARTICLE 21

### Special transfer of indemnity entitlement

**21.1** Ducroire may, at the request of the exporter, grant a special transfer of cover benefit to the bank financing the contract.



Notwithstanding Article 18.3 of the General Terms, such special transfer shall mean the waiving by Ducroire of the right to invoke against the assignee any exceptions other than those arising through the conduct of the assignee or non-payment of the premium. Any indemnities paid to the assignee shall be refundable by the exporter at the request of Ducroire should the latter consider that it may invoke against the exporter an exception which the aforesaid act of waiving prevents it from invoking against the assignee.

- 21.2** Unless otherwise stipulated, this special transfer shall apply only to claims covered against the risk of non-payment, pursuant to the first paragraph of Article 4.2 of the General Terms, and relating to contracts involving a credit period in excess of 2 years, in accordance with the criteria laid down in Article 24.3.2.1.

It shall not apply to indemnities arising from the enforcement of bank guarantees put up for the order and on account of the exporter.

- 21.3** The special transfer shall be effective only if, at the time he invokes it, the assignee is still a creditor under the terms of financing of the insured claims. It may always be revoked by Ducroire in respect of claims not yet covered against non- payment risks.

## ARTICLE 22

### Compensation of loss accounts

Article 14 of the General Terms shall be supplemented by the following provisions in the case of any contract the principal amount of which is in excess of 3,750,000 euro :

- 22.1** Irrespective of the type of claim covered by the policy, Ducroire shall reserve the right to :
- > require that, even in the absence of cancellation, a loss account be established in accordance with the rules laid down in Article 14.1 of the General Terms, to which shall be added, if necessary, the account provided for in Article 25.3.2 of the General Terms;
  - > compensate between the results of the various loss accounts.
- 22.2** Article 22.1 shall not be invocable against the bank to which indemnity entitlement is assigned. The exporter shall reimburse to Ducroire indemnities paid to the bank, which it could have refused to pay to the exporter pursuant to the aforesaid Article.
- 22.3** Article 22.1 shall cease to apply on the date on which the exporter has fully discharged his contractual obligations.

## ARTICLE 23

### Contracts and bank guarantees payable wholly or in part in the debtor's currency (Local currency)

- 23.1** The conditions governing acceptance of such currency are laid down in Article 28.
- 23.2** Claims in non-transferable local currency shall not be covered against the risk of non- payment. Compensation thereof shall be included in the loss account established in respect of a cancellation claim. In the absence of a cancellation claim, however, the insured shall be indemnified in euro in respect of the sums transferred, with the approval of Ducroire, to the debtor's country to finance an overdraft in local currency, if such transfers are necessitated by the



occurrence of a cause of claim referred to in Article 1.2 of the General Terms and if local financing proves impossible or cannot be extended.

In such cases, the waiting period for claims shall be 6 months from the date of transfer.

- 23.3** Bank guarantees issued for the order and on account of the insured in favour of the debtor and relating to that portion of the contract, which is payable in non-transferable local currency, shall not be subject to compensation in accordance with the provisions of Article 24 of the General Terms. Compensation thereof shall be included in the loss account established in respect of a cancellation claim.

In the absence of a cancellation claim, however, the insured shall receive compensation in euro in respect of the sums debited to him by the bank having issued or counter-guaranteed the bank guarantees if he is able to demonstrate that, after consulting with the bank, it has proved impossible for him to use the sums in non-transferable local currency owned by him in the debtor's country to honour the bank guarantees.

In such cases, the waiting period for claims shall be 30 days from the date of debit.

## CHAPTER 5

# Rules needing to be observed if cover is to be considered

## ARTICLE 24

### Payment terms

- 24.1** The credit period agreed to by Ducroire shall depend on, among other things, the nature of the goods and services exported, performance deadline, the contract amount and the country of destination. Ducroire shall reserve the right to review its decision in the event of any reduction in the contract amount. Similarly, if the contract provides for fixed payment dates linked to the date of signing or entry into force of the contract, any curtailing of the performance deadline shall mean a corresponding reduction in the payment deadline. If the credit starting point is linked to the performance deadline, both the commercial and the financial credit shall incorporate an ultimate date for the credit starting point, based on the contract performance schedule, in the case of delays which are not attributable to the insured.
- 24.2** If a credit period runs from the "last delivery", this latter term shall be interpreted by Ducroire as meaning the last delivery of equipment vital to the operation of the installation, excluding supplies of spares and raw materials.
- 24.3** Ducroire shall, in the light of various international agreements, observe certain rules with regard to credit periods, the basis features of which are stated below.

#### 24.3.1 Consumer goods

The credit may not exceed 180 days from the date of arrival in the country of destination or 210 days from the date of shipment of the goods.

#### 24.3.2 Capital goods

- 24.3.2.1** The credit duration shall be determined on the basis of the following starting points :



- a) In the case of a contract for the sale of capital goods consisting of individual items usable in themselves (e.g. locomotives), the starting point shall be the mean date or actual date when the debtor takes physical possession of the goods in his own country.
- b) In the case of a contract for the sale of capital equipment for complete plant or factories where the insured has no responsibility for commissioning, the starting point shall be the date when the debtor is to take physical possession of the entire equipment (excluding spare parts) supplied under the contract.
- c) In the case of construction contracts where the insured has no responsibility for commissioning, the starting point shall be the date when construction has been completed.
- d) In the case of any contract where the insured has a contractual responsibility for commissioning, the starting point shall be the date when he has completed installation or construction and preliminary tests to ensure that it is ready for operation. This shall apply whether or not it is handed over to the debtor at that time in accordance with the terms of the contract and irrespective of any continuing commitment which the insured may have, e.g. for guaranteeing its effective functioning or for training local personnel.
- e) In the case of paragraph b, c and d where the contract involves the separate execution of individual parts of a project, the date of the starting point shall be the date of the starting point for each separate part, or the mean date of those starting points or, where the insured has a contract, not for the whole project but for an essential part of it, the starting point may be that appropriate to the project as a whole.

24.3.2.2 A minimum 15% prepayment shall be required if the credit period is more than one year. Prepayment shall mean any payment made, in accordance with standard practice, between the date of signing of the contract and the date of the credit starting point.

If the risk of cancellation is covered, a 5% down-payment shall be required, payable on the entry into force of the contract. This down-payment shall be replaced by an irrevocable letter of credit opened or confirmed prior to the occurrence of the risks covered by a Luxembourg bank, the subsidiary of a foreign bank in Luxembourg or a bank from a country classified under category 1 and available by the date of shipment at the latest.

24.3.2.3 The credit duration may under no circumstances exceed the following limits :

- a) if the credit period is not more than 5 years from the starting points as laid down in Article 24.3.2.1 :

minimum amount	maximum acceptable
of contract <sup>(1)</sup>	credit duration
the euro equivalent of	
USD 80,000	3 years
USD 175,000	4 years
USD 350,000	5 years

- b) if the credit period is more than 5 years from the starting points as laid down in Article 24.3.2.1 :





Ducroire shall apply the limits imposed by the Arrangement on Guidelines for Officially Supported Export Credits (commonly referred to as “OECD Consensus”), to which the European Union has acceded.

<sup>(1)</sup> *The amounts are shown in USD since they are fixed in this currency under an agreement signed by members of the International Union of Credit and Investment Insurers (Berne Union), to which Ducroire is a party.*

## ARTICLE 25

### Financing of local expenditure

Ducroire shall apply the following rule at the end of Article 24.3.2.3, with regard to the maximum amount that may be financed:

“Participants shall not finance, guarantee or insure credit for more than 100% of the value of the goods and services exported, including goods and services supplied by third countries. Thus, the amount of local costs supported on credit terms and conditions will not exceed the amount of the cash payment. They shall not grant such support for local costs financed on conditions more favourable than those supported for the exports to which such local costs are related.”

## ARTICLE 26

### Negotiable bills

Both credit payments and the corresponding interest shall be represented by bills of exchange and promissory notes.

The negotiable bills shall be domiciled with a bank established in Luxembourg, unless the drawee and the guarantor are private debtors.

The maturity period for successive negotiable bills may not be more than 6 months, the first such period occurring no later than 6 months after the credit starting point laid down in Article 25.3.2.1.

The insured shall endeavour to ensure that the negotiable bills are lodged, on the contract's entry into force, with a bank established in Luxembourg (in the case of a financial credit, with the bank granting the credit), which shall be irrevocably empowered to issue them and to place them on the market on the dates as laid down in the contract.

The procedure for issuing and placing on the market supplier credit bills and financial credit bills shall, in any case, be approved by Ducroire.

## ARTICLE 27

### Contracts and bank guarantees payable in foreign currency

**27.1** Ducroire shall agree to the payment in local currency of local expenditure as defined in Article 3.3.2 of the General Terms and of accompanying bank guarantees issued for the order and on





account of the insured in favour of the debtor, provided that such currency is quoted at an international financial centre.

**27.2** Ducroire shall agree to the payment in a foreign currency of both goods and services exported and accompanying bank guarantees issued for the order and on account of the insured in favour of the debtor if :

27.2.1 - the rate of such currency is published daily by the National Bank of Luxembourg, or if;

27.2.2 - the currency is that of the debtor's country and the following conditions are met :

- > such currency is freely usable in accordance with International Monetary Fund criteria;
- > such currency is widely used in the settlement of international transactions with the debtor's country or to constitute bank guarantees in favour of the debtor;
- > it is proved that acceptance of such currency is a prerequisite for the award of the contract;
- > such currency is quoted at an international financial centre.

