

Buying or Leasing SBLC

Looking for a genuine and reliable Provider to buy or lease a Standby Letter Of Credit (SBLC) or a Bank Guarantee (BG)? Well, your search ends here and there is no need to look any further. We are experts at handling issuance as well as monetizing of SBLC/BG and we have successfully done this many times over. Banks, Corporations, Airline Operators, Investment Bankers, Energy Companies, Project Owners, Miners, Oil & Gas upstream and downstream companies, Commodity Traders, etc. have used our services to successfully obtain SBLCs/BGs. Since purchasing or leasing SBLC/BG is a complicated process, you need to follow our procedure unconditionally to attain success provided you are financially capable to transact and possess the correct business credentials. You also must have a credible reason (e.g. a bankable project or an ongoing trade deal) to purchase/lease such financial instruments. We are supported by some very well established and wealthy corporations, Institutions, funds, and Ultra High Net Worth Individuals (UHNWI) around the globe who act as our Providers.

We do not accept SBLC applications from either brokers or intermediaries. All SBLC/BG applicants are first required to engage us as their sole and exclusive SBLC FACILITATOR for obtaining SBLC/BG through us. Our services are no longer free and clients seeking SBLC/BG need to pay for the Compliance we undertake once CIS/KYC form is received by us. This also helps us keep myriad joker brokers away who have absolutely no knowledge of how things work in this industry.

Before proceeding, we strongly recommend one reads through the information below:

WHAT IS SBLC?

Standby Letter of Credit (SBLC)/ Bank Guarantee (BG) is a guarantee of payment issued by a bank on behalf of a client that is used as "payment of last resort" should the client fail to fulfil a contractual commitment with a third party. Standby letters of credit are created as a sign of good faith in business transactions and are proof of a buyer's credit quality and repayment abilities. The bank issuing the SBLC performs brief underwriting duties to ensure the credit quality of the party seeking the letter of credit, then sends notification to the bank of the party requesting the letter of credit (typically a seller or creditor).

A standby letter of credit shows a company's credit quality and ability to repay loans. Although SBLC/BG is not intended for use as a replacement for immediate cash payment obligation, it helps fulfil business obligations in case the business stops operations, cannot pay its vendors or becomes insolvent.

Small businesses often face difficulty when securing financing. For this reason, Standby Letters of Credit may be especially beneficial for encouraging investors to lend money to such a company. In case of default, investors are assured they will be paid the principal and interest from the bank through which the SBLC/BG is secured.

Standby Letters of Credit are issued for use in a wide variety of commercial and financial operations. Standby Letters of Credit are very much alike Documentary Letters of Credit (DLC). The main difference between a Documentary Letter of Credit and a Standby Letter Of Credit being that unlike DLCs, SBLCs only become operative in case the applicant defaults. In case of default, the beneficiary in whose favor the SBLC was issued, can draw on the SBLC and demand payment.

Historically, Standby Letters of Credit were developed because the US regulator legally limited US bank's authority to issue Bank Guarantees.

SBLCs are also very similar to Bank Guarantees (BG), which too require that the presentation of stipulated documents be compliant with the terms and conditions of the Bank Guarantee. SBLC's and Bank Guarantees are different in terms of protection, they both serve the primary purpose of making sure that sellers get paid, but while a Standby Letter of Credit protects the seller, a Bank Guarantee (BG) protects both sides, since it also protects the buyer in case the supplier never ships the goods or ships them in a damaged condition.

When requesting a SBLC, a business owner proves to the bank he is capable of repaying the loan. Collateral may be required to protect the bank in case of default. The bank typically provides a letter to the business owner within one week of receiving documentation. The business owner must pay a SBLC fee for each year that the letter is valid. The fee is typically 1-10% of the SBLC value. If the business owner meets the criteria outlined in the contract before the due date, the business owner can cancel the SBLC without further charges.

Standby Letters of Credit (SBLC) are a very flexible tool, making them a suitable product for securing a wide range of payment scenarios. A financial SBLC, the most common type, is typically used in international trade or other high-value purchase contracts where litigation or other non-payment actions may not be feasible. A financial SBLC guarantees payment to the beneficiary if criteria outlined in the contract are left unfulfilled. For example, an exporter sells goods to an overseas buyer who guarantees payment in 30 days. When the payment does not appear by the deadline, the exporter presents the SBLC to the importer's bank and receives the payment.

A performance SBLC ensures the time, cost, amount, quality of work and other criteria are fulfilled in a manner acceptable to the client. The bank pays the beneficiary if any of the written obligations are unmet. For example, a contractor guarantees a construction project will be finished in 90 days. If work remains incomplete after the 90-day period, the client can present the SBLC to the contractor's bank and receive the payment due.

The SBLC should not be confused with the documentary credit which is instead a means of payment since the buyer goes to his bank and asks him to pay the seller at a given moment, i.e. on a date or to the fulfilment of a condition (delivery for example).

HOW DOES SBLC WORK?

1. As a performance standby – backs a commitment to perform other than to pay money/funds and includes an obligation to pay for losses occurring from a default of the buyer in the process of completing an underlying transaction.
2. As an advance-payment standby – supports an obligation to account for an advance payment made by the supplier to the buyer.
3. As a bid-bond or tender-bond standby – backs an obligation of the buyer to execute a contract if the buyer is awarded a bid.
4. As a counter standby – backs the issuance of another, separate standby letter of credit or other undertaking by the supplier of the counter standby.

5. As a financial standby – supports an obligation to pay funds, including any instrument evidencing an obligation to repay borrowed money.
6. As an insurance standby – supports an insurance obligation of the applicant.
7. As a commercial standby – backs the commitment of a buyer to pay for goods or services in the event of non-payment by other methods.
8. As a direct-pay standby – intended to be the primary method of payment. It may or may not be linked to a default in performance or payment.

SBLC/BG FACTS:

1. Whether purchased or leased, SBLC / BG is issued for a “term” normally 1 year and 1 day (366 days), which may extend up to multiple years depending on the Provider’s own discretion and Provider’s level of comfort with the Beneficiary.
2. Banks will issue an SBLC/BG to any of its customers if they have sufficient cash in their bank account or available balance in their credit line (if they are already availing a credit line from the bank). It’s a complete myth that “Banks Do Not Issue SBLC/BG). This is the “Primary Market” transaction.
3. Providers of SBLC/BG are a part of the “Secondary Market” transactions. SBLC/BG Providers are high net worth corporations or individuals who hold bank accounts at the issuing bank that contain significant cash sums (assets). SBLC/BG Provider would often be a collateral management firm, a hedge fund, or private equity company. SBLC/BG Provider instructs its issuing bank to secure and encumber cash in his own account and authorizes the bank to "cut" (an industry terms meaning to create a financial instrument such as SBLC/BG). Effectively, the SBLC/BG is “leased” or “sold” to the Beneficiary as a form of investment since the Provider receives a return on his commitment.
4. SBLC/BG is issued under ICC/URDG758 (UPC 600) protocol and is readily accepted by almost all International as well as Private Banks.
5. SBLC/BG is supplied by the Issuing Bank of the Provider to the Beneficiary’s bank account at the Receiving Bank and is transmitted inter-bank via the appropriate SWIFT platform alone (MT-760).
6. The Provider and the Beneficiary agree to enter into a Collateral Transfer Agreement (CTA) which governs the issuance of the SBLC/BG. The SBLC/BG is specifically issued to the Beneficiary for a defined purpose and each contract is bespoke. It is effectively a form of “Securities Lending” and often a derivative of “re-hypothecation”. The fact that there is an

underlying agreement (the CTA) has no bearing on the wording or construction of the Guarantee (SBLC/BG). This allows the Beneficiary to use the SBLC/BG to raise credit, to guarantee credit lines and loans or to enter trade positions or buy/sell contracts.

7. SBLC/BG is valuable in the secondary and tertiary markets, and this also creates an environment for Intermediaries to profit on the leasing and selling of SBLC/BG. Unfortunately, this also creates misunderstandings and opportunities for fraud. Scammers keep trying, by imposing their “procedures” which in general, involve rushed deals with no hard copies to follow, advanced payments, and so on.
8. By its own nature and definition, only banks can legally issue SBLC (Stand-By Letters of Credit) or BG (Bank Guarantee). This is not only common sense, but actually regulated by banking laws in most countries since these are debt obligations issued by banks.
9. SBLC/BG must be UCP-600 compliant and hence it must be issued by a licensed bank alone. Otherwise, it will not be UCP-600 compliant, regardless of the wording of the document. If it is not UCP-600 compliant, no bank will ever accept it as collateral or even as a documentary credit. While it is true that URDG-758 changed this from banks to “a bank, other institution or person” may act as a guarantor, the fact is that URDG-758 rules implied that financial stability of the guarantor is obligatory, and that the issuance of said documents shall be governed by the internal legislation of each country. Regardless, most banks will only accept documentary credit from other banks, due to their financial stability and their full compliance with local laws.
10. Banks, in general, will monetize only an “owned/purchased” SBLC/BG. They will not monetize a “leased” SBLC/BG. In contrast to a purchased or owned SBLC where the buyer becomes the official owner of the instrument and in turn would be able to lease the SBLC out to a Third Party, a “leased SBLC” cannot be “leased out” any further.
11. There are private Monetizers who would monetize a “leased” SBLC/BG. Some Monetizers will, however, only accept SBLC/BG with CUSIP or ISIN Numbers. This means they will NOT accept a fresh cut bank guarantee, ONLY seasoned instruments. Seasoned BG’s cost more and generally are only available to be purchased from secondary owners not banks.
12. Although a leased SBLC/BG is not considered an “asset” (a leased SBLC/BG is not trading securities, trading debt instruments, or trading investment funds. There is no public market for the trading of SBLC/BG. All SBLC/BG transactions are private transactions), it can still be monetized, discounted or funded (whereby the SBLC/BG is turned into usable cash) by a resourceful Monetizer. Remember, SBLC/BG is after all a written obligation of the issuing bank to pay a sum on to a beneficiary on behalf of their customer in the event that the customer himself does not pay the beneficiary. The Instrument/ Security remains valid during the term before the Expiry Date. Such resourceful Monetizers possess the capacity to a draw a line of credit against “leased” SBLC/BG and use part of the cash to pay the client his “Non Recourse Monetization Payment” (often 40% to 65% of the value of the Leased Bank

Instrument known as “Loan To Value” (LTV). The Monetizer then takes the balance of the money from the Line of Credit and places these funds into Trade / PPP using a proprietary trading platform. This platform is often a group of experienced bank traders who use the Monetizers cash and trade it generating significant profit returns on a weekly or monthly basis. Often the Platform uses normal trading risk protection strategies to ensure the Monetizers funds receive significant protection from all trading downside risk.

13. Most people often confuse the term NOT RATED with the fact that some SBLC/BG issuing entities are not real banks, but private companies offering consulting services, and sometimes, issuing documents that are beyond their legal and financial capacity, hiding themselves behind the excuse that because they are an “offshore bank” or a foreign corporation or because they only deal with foreigners, they do not need to hold a banking license or comply with reserve deposits with the Central Banks of the jurisdictions from where they operate. The reality is, a rating is just an opinion given by one person or company, about the credibility of the bank or institution what the rating is about; but this has almost nothing to do with the truth, that the documents in question are worthless not because of the credit rating of the issuer, but because the issuer is not a bank.
14. For political reasons, most Eurozone regulated banks avoid, as much as they can, to work with banks of certain countries. Trying to monetize an instrument issued by a Latin American country, or even China is almost impossible!! Even Europe is not free of that problem; for example, while the list of embargo banks from Russia and Ukraine is very small, most Eurozone regulated banks prefer to not accept as collateral instruments issued by any Russian or Ukraine based banks, they say it is to reduce their risks as much as possible, and to avoid working with banks that while not currently on the embargo list, can be included in said list at any time. Some other countries have strong, reliable and highly praised banks with excellent credit ratings, like Azerbaijan, yet almost no Eurozone regulated bank wants to work with instruments issued by them; this limits the ability of most monetizers to work with instruments from banks of these countries regardless of the credit rating of the bank.
15. To determine if a borrower is worthy of an SBLC/BG, many banks will undertake a credit analysis. Credit analyses focus on the ability of the organization to meet its debt obligations, focusing on default risk. Lenders will generally work through the five C's to determine credit risk: the applicant's credit history, capacity to repay, its' capital, the loan's conditions, and associated collateral. This form of due diligence can revolve around liquidity and solvency ratios. Liquidity measures the ease with which an individual or company can meet its financial obligations with the current assets available to them, while solvency measures its ability to repay long-term debts. Specific liquidity ratios a credit analyst may use to determine short-term vitality are current ratio, quick ratio or acid test, and cash ratio. Solvency ratios might entail the interest coverage ratio.

SBLC Transaction Procedure Instrument & Service Description

A Bank Guarantee (BG) is the name used mostly in Europe and Standby Letter of Credit (SBLC) is exactly the same, but used in the USA. Since we are working globally you will see the expression BG/SBLC in our documents.

Our Purchased as well as leased BGs/SBLCs are issued by World's rated Top 25 Banks. We use the Bank SWIFT Network to have clients' BG/ SBLC delivered Bank to Bank using SWIFT MT799 followed by SWIFT MT760. We operate an extremely reliable, efficient delivery and authentication process.

STEP BY STEP PROCEDURE FOR OBTAINING BG/ SBLC

1. Beneficiary submits to Subcontracts India a signed official Letter Of Interest (LOI) for applying for SBLC/BG together with compliance documents:

1.1 Client Information Sheet (CIS)

1.2 Statement of Non-Solicitation of Funds

1.3 Irrevocable Fee Protection Agreement covering all identified beneficiaries/ intermediaries from both sides

1.4 Clear color copy of the beneficiary's/Signatory's passport

1.5 Certificate of Incorporation of beneficiary's company

1.6 Proof of fund (POF): There must be availability of cash funds (not credit line) in the beneficiary's bank account sufficient to cover at least the price of the first tranche of the instrument. This can be in the form of a Bank Comfort Letter (BCL) or RWA (ready, willing, and able) letter issued by the beneficiary's bank and signed by at least two bank officers, or a screen shot of the account statement no older than 48 hours from the date of submitting the CIS.

1.7 **Applicant pays online for [Due Diligence Charges for KYC Compliance](#)**

2. After thorough and extensive due-diligence of the applicant/beneficiary and subsequent approval by the Provider, applicant/beneficiary will receive the Deed Of Agreement (DOA) Format which spells out Terms and Conditions of the Contract, approved contract amount (Face Value), individual tranche size and schedule, price, etc.

3. The applicant/beneficiary completes the Deed of Agreement (DOA):

a. Accepting the SBLC price.

b. Confirming applicant's/beneficiary's bank will accept the Provider's Corporate Invoice

c. Confirming acceptance of SWIFT MT799 BPU verbiage.

d. Confirming the Intermediary Fee Protection Agreement

e. Confirming the acceptance of the SWIFT MT760 (SBLC) verbiage

The filled & signed DOA must be returned on beneficiary's letterhead & sent to Subcontract India via e-mail duly signed in blue ink and stamped on each page

4. After internal scrutiny and evaluation of the filled DOA received from the applicant/ beneficiary, the Provider might undertake another due-diligence of the applicant/beneficiary. Once satisfied, the Deed Of Agreement (DOA) would be countersigned by the Provider after filling in all the relevant information relating to the Provider and his Bank, and returned to either the applicant/beneficiary for lodging it in his bank or to the applicant's/beneficiary's bank directly

5. The fully executed Deed Of Agreement (now lodged with Provider's and Beneficiary's respective banks) becomes the legally binding contract between the two parties.

6. The Provider will issue a Corporate Invoice to the Beneficiary's bank showing the all-inclusive amount of the SBLC/BG price and commissions to be paid after the SBLC/BG has been delivered via SWIFT MT760.

7. The beneficiary's bank will send a written confirmation via SWIFT MT799 to the Provider's bank stating that "it is RWA (ready, willing and able) to receive the SBLC/BG as per the Deed Of Agreement.
8. Provider's Bank will acknowledge the receipt of the SWIFT MT799 RWA send a counter MT799 RWA to the Beneficiary's bank confirming it is ready, willing and able to send the SBLC/BG Pre-Advice via SWIFT MT799 to the Beneficiary's Bank.
9. Within three (3) banking days, the Provider's bank will issue the SWIFT MT799 Pre-Advice confirming that the instrument will be delivered against the issuance of SWIFT MT799 BPU (bank payment undertaking) by the beneficiary's bank.
10. Beneficiary's Bank will send the SWIFT MT799 BPU (Bank Payment Undertaking earlier used to be called ICBPO) as per the verbiage earlier provided in the DOA to guarantee payment for the Corporate Invoice after delivery of the SBLC/BG to beneficiary's bank (Note: ICBPO is now banned)
11. Within five (5) banking days after Provider's bank receives and authenticates the SWIFT MT799 BPU, the Provider's bank will deliver the SBLC/BG via SWIFT MT760 and also provide the copy of the SWIFT message via bank e-mail.
12. Within Five (5) banking days after the SBLC/BG is delivered and received by Beneficiary's bank via SWIFT MT760 and is authenticated, the beneficiary's bank will activate the Bank Payment Undertaking and pay the Provider via SWIFT MT103. The hard copy of the SBLC/BG to be delivered via bank bonded courier to the beneficiary's bank within seven (7) days after the payment being received by principal's bank.
13. The beneficiary pays xxxxxx percent all inclusive (xx% + 2%) of face value of each tranche, as per the relevant irrevocable fee protection agreement.
14. All subsequent tranches will be based on the same procedure, until the agreed amount of the contract with Provider reaches completion or the collateral or funds become exhausted.
15. Any unauthorized bank calls without prior agreement between parties, probes or communications, or an improper solicitation or disclosure involving any of the banks concerned in this transaction will result in immediate cancellation of this transaction and subject the violating party to damages.

GENERAL PROVISIONS AND CONDITIONS:

1. Parties are not allowed to contact the other Party's bank without express written permission. Any Party attempting to do so will lead to cancellation of this Agreement and invoke the penalties described in Paragraph 16, below. For greater clarity, any telephone calls, facsimile or other prohibited forms of communication shall cause the immediate cancellation of this transaction and incur a liability for damages on the part of the breaching Party.
2. After countersign The LOI package by PRINCIPAL, the LOI becomes a legally binding Contract (Dead of Agreement) between both parties, only if the BENEFICIARY's bank issues Proof of Fund (POF) and deliver to the PRINCIPAL's Bank's coordinated indicated in this document according timing of mentioned procedure. If the BENEFICIARY's bank does not issue this mentioned SWIFT within Seven (7) calendar days after date of countersign LOI by the PRINCIPAL, will result immediate cancellation of this transaction and subject the violating party to damages. As mentioned in Paragraph 3 below.
3. As mentioned in the Procedures above, should the BENEFICIARY default to pay the purchase price to the PRINCIPAL as agreed upon confirmation of BG MT760 in the BENEFICIARY's bank

account, PRINCIPAL will instruct the issuing bank to put a claim on the BG thereby obliging the BENEFICIARY's Bank to return the BG MT760 to the issuing Bank.

4. Each Party warrants and represents that it has full power and authority to enter into this Agreement and to perform the transaction as per the terms stated herein.
5. The Parties agree that the Non-Circumvention / Non-Disclosure rules of all issues from the (International Chamber of Commerce) ICC up to and including the latest edition apply and shall remain effective for a period of five years from the date of execution of this Agreement. All information contained herein including banking information and codes are privileged information and represent the sole property of the Party from which they originate.
6. The terms of this Agreement are binding upon the Parties whose signatures appear herein. The Parties to this Agreement and their respective employees, agents, associates/affiliates, transferees, assignees or designees agree to be bound by the Non-Circumvention / Non-Disclosure and Force Majeure provisions of the ICC as mentioned in Paragraph 5 above.
7. This Agreement is subject to the domestic laws of any country properly having jurisdiction over the subject-matter of this Agreement. The Parties agree that they will strive to resolve all disputes amicably. All disputes arising out of or in connection with the present Agreement that cannot be resolved amicably shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce in Paris, France, by one or more arbitrators appointed in accordance with the said Rules. The language of Arbitration shall be English and the governing law shall be the law of United Kingdom (England). The arbitration award shall be considered as final and shall be binding upon both Parties. The arbitration fee shall be paid by the losing Party.
8. Neither Party may assign, transfer or delegate its interest or duties without prior written consent of the other Party. No modification, amendment or supplement of this Agreement shall be binding unless it is in writing and signed by both the BENEFICIARY and the PRINCIPAL.
9. If any provision of this Agreement shall be or become prohibited or invalid under any applicable law, rule or regulation, then such provision shall be deemed ineffective to the extent of such prohibition or invalidity only, without thereby invalidating any of the remaining terms or provisions of this Agreement.
10. Neither Party hereto is making any representation regarding the tax consequences, if any, of the transactions envisaged herein. It is understood that the BENEFICIARY and the PRINCIPAL individually accept responsibility and liability for any/all taxes, imposts, levies, duties or charges that may be applicable in the execution of their respective roles and the discharge of this Agreement.
11. The BENEFICIARY and the PRINCIPAL shall be responsible only for those commissions/fees that they have respectively agreed, in writing, to pay.
12. Each Party shall indemnify and hold harmless the other Party against any and all claims, demands, damages or expenses of any nature arising out of the execution or implementation of this Agreement for a period beginning with the execution of this Agreement and ending three (3) years after the date of the completion of all acts contemplated in this Agreement.

13. The Parties hereby agree that the Parties have entered into this private transaction at their sole discretion and no one Party has solicited the other Party in any way neither it can be considered as the solicitation of funds. This transaction is strictly of a private nature between the private Parties which is being defined by this private Agreement. This transaction does not and shall not be interpreted as the sale of securities as defined by the Securities Act of 1933/34 of the United States of America as amended and/or any other laws of any other nation related to the securities transaction. This transaction/Agreement is exempted from the Securities Act and would not be required to be registered with any authority or with any government body department.
14. This Agreement embodies the entire understanding of the Parties hereto. There is no other Agreement, understandings, representations or warranties, whether written or oral, in effect between the Parties. The Parties acknowledge that this Agreement is the sole governing document between the Parties. The Parties agree that this Agreement supersedes any and all prior correspondence, Agreements or drafts, which shall be null and void and of no further force and effect.
15. All terms, condition and closing procedures of this Agreement shall be binding upon and inure to the benefit of the Parties hereto, and their respective heirs, legal representative, successor and assigns.
16. These documents may be signed in counterparts, which when taken together shall constitute an original. This document may also be transmitted by facsimile or email and shall be deemed as original for the purposes of enforceability. The Parties declare that they have read this entire Agreement and have clearly understood the same to its fullest.
17. By signing this LOI / DOA, both parties agree under the laws and trading guidelines set forth by the ICC that they are ready willing and able to complete this transaction under the terms and conditions stated within this letter of intent.
18. EDT (Electronic document transmissions) shall be deemed valid and enforceable in respect of any provisions of this Contract. As applicable, this agreement shall be: (1)-Incorporate U.S. Public Law 106-229," Electronic Signatures in Global and National Commerce Act" or such other applicable law conforming to the UNCITRAL Model Law on Electronic Signatures (2001) and; (2)-ELECTRONIC COMMERCE AGREEMENT (ECE/TRADE/257, Geneva, May 2000) adopted by the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT). (3)-EDT documents shall be subject to European Community Directive No. 95/46/EEC, as applicable.
19. Either Party may request hard copy of any document that has been previously transmitted by Electronic means provided however, that any such request shall in no manner delay the parties from performing their respective obligations and duties under EDT instruments.
20. The BENEFICIARY hereby acknowledges and confirms that neither the Collateral Provider nor their associates, nor any person on their behalf solicited him/her in any way whatsoever that can be construed to be a solicitation herein. Both parties hereby confirm with full authority that the above terms are agreed and acceptable.

IMPORTANT: THE TRANSACTION PROCEDURE AND THE TERMS AND CONDITIONS KEEP CHANGING. GET IN TOUCH WITH US FOR LATEST UPDATES

