

- 2.3.4. for the purposes of Article 2.2.2
- 2.3.4.1. a standby letter of credit (hereinafter referred to as “letter of credit”) means any arrangement, however named or described, whereby a financial institution (the “Issuer”), acting at the request and on the instructions of a customer (the “Applicant”), or on its own behalf, is to make a payment to or to the order of the Crown, as the beneficiary, or is to accept and pay bills of exchange drawn by the Crown, or authorizes another financial institution to effect such payment, or accept and pay such bills of exchange, or authorizes another financial institution to negotiate, against written demand(s) for payment, provided that the terms and conditions of the letter of credit are complied with, and
- 2.3.4.2. an irrevocable letter of credit which is issued by a financial institution (the “Issuer”) that is not a member of the Canadian Payments Association is acceptable provided it is confirmed by a financial institution (the “Confirmer”) that is a member of the Canadian Payments Association and is otherwise in compliance with the requirements set out in these Contract Security Requirements, and
- 2.3.4.3. letters of credit must follow the practices of the International Chamber of Commerce (ICC) Uniform Customs and Practice for Documentary Credits, 1993 Revision in force since January 1, 1994, known as ICC Publication N° 500.
- 2.3.5. a letter of credit referred to in Article 2.2.2 shall:
- 2.3.5.1. clearly specify that it is irrevocable or is deemed to be irrevocable pursuant to article 6 c) of the International Chamber of Commerce (ICC) Uniform Customs and Practice for Documentary Credits, 1993 Revision, ICC Publication N° 500;
- 2.3.5.2. state the face amount which may be drawn against it;
- 2.3.5.3. state its expiry date. The letter of credit shall remain in effect until final acceptance of the work by the departmental representative;
- 2.3.5.4. provide for sight payment to the Receiver General for Canada by way of the financial institutions’ draft against presentation of a written demand for payment signed by the authorized contracting authority identified in the letter of credit by his\her position title;
- 2.3.5.5. provide that more than one written demand for payment may be presented subject to the sum of those demands not exceeding the face amount of the letter of credit;
- 2.3.5.6. provide that it is subject to the International Chamber of Commerce (ICC) Uniform Customs and Practice for Documentary Credits, 1993 Revision, ICC Publication N° 500.
- 2.3.6. a letter of credit referred to in Article 2.2.2 may be issued or confirmed in either official language and shall be on the letterhead of the Issuer or Confirmer. The format is left to the discretion of the Issuer or Confirmer.
- 2.4. Where the contract security deposit is in the form of a bill of exchange, Her Majesty will pay interest annually to the Vendor, at a rate established from time to time pursuant to Section 21 (2) of the *Financial Administration Act*. Interest will be paid from the date the cheque is deposited in the Consolidated Revenue Fund.