



## Application for Opening an Irrevocable Documentary Credit

To: Abu Dhabi Commercial Bank PJSC - Islamic Banking UAE Branch: \_\_\_\_\_ (hereinafter the "Bank")

From: [Name of the Applicant] \_\_\_\_\_ (hereinafter the "Applicant")

L/C No.: \_\_\_\_\_ ILCD: \_\_\_\_\_ Issue Date: \_\_\_\_\_ (for the Bank's use)

### Application for Opening an Irrevocable Credit (hereinafter the "Letter of Credit" or "LC")

- Please indicate the Bank instructions by placing **x** in the respective box.
- Any alteration to this application must be signed by the Applicant.

#### Option 1:(L/C Under Cash Payment Transaction)

- The Applicant requests the Bank to open in its name and on its behalf an irrevocable Letter of Credit and to receive all the documents in its name in accordance with the terms set out hereinafter for the Letter of Credit.
- The Applicant undertakes to pay the cost of goods plus the Bank's related charges for this transaction.

#### Option 2:(L/C Under Murabaha Transaction)

- The Applicant requests the Bank to open, in the Bank's name, an irrevocable Letter of Credit and to receive all documents representing and evidencing title and possession of the described goods in accordance with the terms set out hereinafter for the Letter of Credit.
- The Applicant undertakes, that upon the Bank's acquiring the title to, and possession of, the described goods, the Applicant will purchase the same from the Bank as per the Promise to Purchase attached to this application.

#### Option 3:(L/C Under Wakala Murabaha Transaction)

- The Applicant requests the Bank to open in its name and on its behalf an irrevocable Letter of Credit and to receive all the documents in its name in accordance with the terms set out hereinafter for the Letter of Credit.
- The Applicant undertakes to purchase the goods from the Bank under a Wakala Murabaha arrangement.

#### Option 4:(L/C Under Salam Financing Transaction):

- The applicant requests the bank to open in its name and on its behalf an irrevocable Letter of Credit and to receive all the documents in its name in accordance with the terms set out hereinafter for the Letter of Credit.
- The applicant submits transactional schedules of the Salam Agreement at every financing request to finance the goods against the relevant instrument.

(In case of special L/C, please check the following types)

STANDBY     REVOLVING     BACK TO BACK     TRANSFERABLE

In case of Murabaha L/Cs, specify the name of the transferee: \_\_\_\_\_

Credit to be issued/advised through:

Courier with Swift advise     Swift     Full Telex     Courier

Advising Bank:

\_\_\_\_\_  
\_\_\_\_\_

(Applicant does not need to fill in unless specifically directed by the Beneficiary, as the credit will be advised through the Bank's office or preferred correspondent.)

Amount (in words and figures)

\_\_\_\_\_

Tolerance \_\_\_\_\_ (if any, please specify)

Date of Expiry: \_\_\_\_\_ Place of Expiry: \_\_\_\_\_

Place of Presentation: \_\_\_\_\_

Applicant name and address: \_\_\_\_\_

Beneficiary (herein the "Beneficiary") name and address: \_\_\_\_\_

Credit:  Restricted  Unrestricted

Credit Available with any bank:

At sight  By usance  By acceptance  By negotiation

By deferred payment at \_\_\_\_\_ against presentation of documents detailed herein.

B/L  AWB  TCN  Invoice  Delivery Note

Partial Shipment:  Allowed  Not Allowed

Transshipment:  Allowed  Not Allowed

Transportation from: \_\_\_\_\_ Transportation to: \_\_\_\_\_

Shipment Date: \_\_\_\_\_

Shipment Terms:  FOB/FCA  CFR  CIF/CIP  CPT  CIP  Local Delivery  Ex-Works  Ex-Factory

Shipping Marks: \_\_\_\_\_

Description of Goods: \_\_\_\_\_ Variance: \_\_\_\_\_

Against the documents detailed herein and the Beneficiary's draft drawn on \_\_\_\_\_

## Documents Required

### Commercial Invoice

\_\_\_\_\_ originals and \_\_\_\_\_ copies duly signed by the Beneficiary stating the full name and address of the manufacturer/producer and certifying the origin of goods and contents to be true and correct. Originals of which must be  Legalized  Not Legalized by UAE Embassy/Consulate in the country of the Beneficiary and any relevant authorities in the UAE.

### Bill of Lading

Full set of 'clean on board' **Marine Bill of Lading** issued to the order of [the Beneficiary/Agent/Shipper] marked freight [prepaid/payable at destination] and to be notified to the Applicant. The bill of lading must contain name, address and telephone number of carrying vessel's agent at port of destination.

### Airway Bill

Evidencing goods consigned to the order of the Bank, marked freight [prepaid/payable at destination], and to be notified to the Applicant. A copy of the invoice, packing list and certificate of origin must accompany the consignment.

### Truck Consignment Note OR Truck Way Bill

Truck Consignment Note/Truck Way Bill evidencing goods consigned to the order of the Bank, marked freight [prepaid/payable at destination], to be notified to the Applicant, and showing the Truck number, name and address of their agents in UAE.

### Delivery Order/Note

(In case of local delivery of goods)

An original duly signed and dated by \_\_\_\_\_ confirming receipt of the goods in good condition.

**Forwarder's Certificate of Receipt (FCR)**

Issued by the shipping agents M/S \_\_\_\_\_ confirming receipt of goods described in the Letter of Credit for onward delivery to \_\_\_\_\_

**Certificate of Origin**

Certificate of origin in duplicate issued/certified by \_\_\_\_\_ or in its absence by \_\_\_\_\_ Original of which must be legalized by the UAE Embassy/Consulate in the country of the Beneficiary and any relevant authority in the UAE certifying that the goods are of \_\_\_\_\_ origin and stating the full name and address of the manufacturer/producer of the goods, the name of the exporter and the exporting country.

**Insurance (Arranged by Applicant)**

**In case of FOB/CFR/Ex-Works/Ex-Factory**

Insurance covered locally by the Applicant under open cover note/policy no.: \_\_\_\_\_  
With \_\_\_\_\_ Telex no. \_\_\_\_\_  
Fax no. \_\_\_\_\_ Tel no. \_\_\_\_\_

Shipment advice quoting the name of the carrying vessel/aircraft/truck number, date of shipment/dispatch, number of packages, marks, amount, LC number, and cover note policy number must be sent to the Bank and the Applicant by either fax/telex/registered airmail/courier service. Copy(ies) of transmitted shipment advice(s) accompanied by fax activity report(s)/registered airmail receipt(s)/courier receipt(s) must accompany the documents.

**Insurance (Arranged By Beneficiary)**

**In case of CIF**

(Marine/Air/Land) Insurance Policy or certificate for the goods, issued to the order of [the Beneficiary/Agent/Shipper]. In the currency of this credit for at least 110% of CIF invoice value covering risks as per Institute or London Underwriters current clauses for cargo, all risks, theft, pilferage and non-delivery, war, strike, riots and civil commotion with extended cover from warehouse to warehouse and expressly stating that claims if any are payable in [currency].

Other requirements: \_\_\_\_\_

**Pre-shipment Inspection of Goods**

Pre-shipment inspection required  Undertaking for Pre-shipment Inspection waiver attached

**Other Documents**

Packing List in \_\_\_\_\_ original and \_\_\_\_\_ copies  Certificate of Weights

Specification Lists  Health Certificates

**For any Special Document/ Instructions/Conditions**

Please specify/attach additional sheet.

Other terms/conditions are as per the laws and regulations of the country governing import of goods where goods are landed.

**Charges:**

Applicant  Beneficiary

**Confirmation Charges:**

Applicant  Beneficiary

**Confirmation Instructions:**

May Add  Confirm  Without

**Documents to be presented within \_\_\_\_\_ days after the date of shipment/dispatch/ issuance of the Transport document(s)/Delivery/Air cargo, etc. but must be within the validity of the Credit.**

All documents have to be in English or Arabic language with ( ) originals and ( ) copies bearing the LC number required, unless otherwise specified.

In case of Options 1, 3 or 4, the Applicant assumes all risks of non-delivery of the shipment and of all compliance with local export/import or other laws or regulations affecting the underlying trade transaction.

In consideration of the Bank issuing, opening or subsequently amending the Letter of Credit on the terms and conditions/descriptions overleaf, the Applicant (if more than one individual then jointly and severally) hereby undertakes:

## General Conditions

1. To pay on demand to the Bank or the Bank's representatives, successors and assigns all money paid by the Bank or the Bank's agents in pursuance of any Letter of Credit together with commission and customary charges. The Applicant hereby authorizes the Bank to charge accounts belonging to it with all money paid for which the Applicant is liable under this credit. In doing this, the Bank may at any time and without notice to the Applicant, combine and/or consolidate all or any of the Applicant's accounts and set-off or transfer any sums standing to the credit of any or more of such accounts in or toward satisfaction of any of the Applicant's liabilities to the Bank including but not limited to the one related to this credit whether the same be actual or contingent, primary or collateral, several or joint.
2. That all goods, Bills of Lading, Warrants, Delivery Orders, Documents of Title and Security whatsoever which have been or shall be hereafter delivered to the Bank's possession or to the possession of the Bank's agents as a result of opening or in connection with any transaction under this credit, shall be pledged to the Bank as a security for all payments made or which maybe made by the Bank or by the Bank's agents under this credit together with commission and other customary charges. The Applicant also undertakes to deposit with the Bank, from time to time further collateral/security as and when the Bank may require in the event of depreciation of market value of goods or of any other security under this credit, provided, however, the Bank shall be at liberty at the Bank's discretion at any time without notice to the Applicant to sell or cause to be sold any merchandise under this credit and/or the aforesaid security in such manner and at such times and places as the Bank shall think appropriate, either by public auction or by private sale at the Bank's option, and to apply net proceeds towards reimbursement or payments under this credit and the Applicant also agrees to pay to the Bank, on demand, the amount of any deficiency in this regard and accepts the Bank's accounting as conclusive evidence of the amount due by the Applicant to the Bank.
3. That the Applicant's liability hereunder is not affected in any manner whatsoever and the Bank will not be responsible for any loss or damage which may happen to any such merchandise during its transit and/or after its arrival, and/or the non-insurance or improper or inadequate insurance thereof and/or any deficiency in the quantity, quality, weight or value thereof and/or stoppage or detention thereof by the shipper or any other person whosoever.
4. The Applicant undertakes to keep the goods/merchandise covered against fire and other risks after expiry of the insurance under this credit and in case of loss, the amount due under all such policies shall be paid over to the Bank and the Bank is hereby authorized to collect such amount due under such insurance.
5. It is clearly understood and agreed by the Applicant that neither the Bank nor the Bank's agents shall be in any way responsible for the description, quality, quantity, value or delivery of any such goods (as long as the goods are in conformity with the description provided in the Applicant's promise to purchase in the case of Option 2: L/C under Murabaha Transaction) nor the correctness, genuineness, sufficiency, regularity or validity of any draft or document or any endorsement thereon under this credit nor the general or particular conditions stipulated in any documents nor the time, place, manner or order in which shipment is made nor the delay, fraud or deviation from instructions in regards to shipment nor the character, adequacy, validity or genuineness of any insurance, nor the solvency or responsibility of an insurer, or for any other risk connected with insurance nor the solvency, responsibility or relationship of any party issuing any documents in relationship to the goods nor any errors, omissions, interruptions, delays or failures to arrive in transmission or delivery of any documents or messages. Further, the Bank shall not be responsible for any act, error, neglect or default, omission, insolvency or failure in business in any way of any of its correspondents.
6. The Applicant further declares that this agreement shall not be affected by his death (if the Applicant is an individual) or its liquidation or bankruptcy or dissolution (if the Applicant is a corporate entity) but shall remain in full force and effect and shall continue to be binding notwithstanding any changes which may from time to time take place by death or otherwise however in the partners or constitution of the Applicant's company and/or the Bank and that this agreement does not supersede but is in addition to any letter of pledge/hypothecation and/or other documents already signed or which may hereafter be signed by the Applicant in favour of the Bank.
7. Upon the non-performance of any of the obligations, promises to pay and/or liabilities set forth herein, or upon the failure of the Applicant to conform with any of the terms or provisions of this agreement, or in the event of the death, dissolution, bankruptcy, appointment of a receiver, attachment of property of the Applicant by a creditor, assignment by the Applicant for the benefit of creditors, or any other series of events occurs which in the opinion of the Bank may result in a material adverse change then, or at any time after the happening or any such event, at the Bank's option any or all of the obligations, promises and/or liabilities set forth herein shall become due and payable immediately, without demand or notice, to the fullest extent permitted by the applicable law.
8. It is understood and agreed that all instructions and correspondence relating to this credit are to be sent at the Applicant's risk and that the Bank does not assume any responsibility for any inaccuracy, interruption in transmission by telegraph or cable or telex or delivery by post/courier.
9. The Bank may, without the Applicant's, consent assign or transfer this agreement, or any other instrument(s) evidencing any or all of the obligations and/or liabilities arising herein, and may deliver any or all of the goods or property then held as security to the assignee or transferee.
10. The Bank has the authority in its sole discretion, and without the Applicant's consent, but subject to notice, to insert any additional conditions and/or requirements of a commercial and/or regulatory nature which are deemed necessary in the Bank's and/or Applicant's interest into the Letter of Credit and related documents.
11. This agreement and the construction, performance and validity hereof shall be governed by and construed in all respects in accordance with the laws of the UAE to the extent they do not contradict with the principles of Islamic Shari'ah, in which case the principles of Islamic Shari'ah shall prevail. The parties irrevocably submit to the non-exclusive jurisdiction of the competent Courts in the UAE.

This credit will be subject to the uniform customs and practice for documentary credits (2007 revision, publication No. 600 of the International Chamber of Commerce, Paris), insofar as they are applicable.

All \_\_\_\_\_ charges and commissions (postage, courier, telex included) payable outside the Bank are to be charged to the account of \_\_\_\_\_.

Documents to be presented within \_\_\_\_\_ days after the date of issuance of the transport document(s) and within the validity of this credit.

This agreement shall be binding on the Applicant and his heirs, administrators, executors, successors and permitted assigns and shall inure to the benefit of and be enforceable by the Applicant and his successors, transferees and assigns.

The Applicant hereby declares that the Applicant has read, reviewed, and understood the above terms and conditions and confirms his/its acceptance thereof.

Clauses 3, 4 and 5 are not applicable if L/C is under Murabaha transaction (Option 2).

\_\_\_\_\_  
**Applicant's Authorized Signature(s)**

Name: \_\_\_\_\_ A/C No: \_\_\_\_\_

\_\_\_\_\_  
Signature with Company's Stamp

In case of any query please contact:

Mr. \_\_\_\_\_ Tel. No.: \_\_\_\_\_

Mobile No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_

**For Bank Use Only**

\_\_\_\_\_  
Manager's Signatures

Commission:  Standard  Special \_\_\_\_\_

Exchange Rate: \_\_\_\_\_

Margin \_\_\_\_\_ %  Blocking \_\_\_\_\_ %

Business Segment:

BBU  CBD  CFD  Others \_\_\_\_\_ %

**Undertaking for unrestricted Letter of Credit**

In the event of the Bank issuing a Letter of Credit with an "unrestricted negotiation" clause upon the Applicant's request, the Applicant hereby undertakes irrevocably and unconditionally to hold itself responsible to the Bank for any liability which may be suffered by the Bank for this credit, arising from or based on it and the Applicant undertakes to compensate the Bank for any sums and all expenses and charges relating to the said credit directly or indirectly which the Bank may be asked to pay and authorizes the Bank to debit its account with such sums, expenses and charges.

\_\_\_\_\_  
**Applicant's Authorized Signature(s):**

Name: \_\_\_\_\_ A/C No: \_\_\_\_\_

Signature with Stamp (if any): \_\_\_\_\_



## PROMISE TO PURCHASE (the "Promise")

This promise to purchase ("Promise") is made on this day of \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ at \_\_\_\_\_  
by \_\_\_\_\_ of \_\_\_\_\_ represented by Mr. \_\_\_\_\_  
in his capacity as \_\_\_\_\_ ("Promissor") in favour of \_\_\_\_\_ ("Beneficiary").

### Preamble

Whereas the Promissor wishes to purchase the goods as more particularly described in the Purchase Requisition and/or Proforma Invoice/Quotation/Offer (strikeout which is not applicable) (the "Goods") submitted to the Beneficiary on \_\_\_\_\_ and annexed as Schedule 1; and

Whereas the Beneficiary, relying on the Promissor's Promise to Purchase, may acquire the Goods to sell the same to the Promissor by way of Murabaha.

### Article 1

The Promissor hereby irrevocably and unconditionally undertakes to purchase the Goods from the Beneficiary after the Beneficiary has acquired title to, and possession of, the Goods. The Promissor hereby undertakes that immediately upon receipt of the notice from the Beneficiary of the readiness of the Goods, the Promissor shall forthwith purchase the Goods by signing the Murabaha Sale Agreement (substantially in the form set out in Schedule 2 (the "Murabaha Sale Agreement") and take delivery of the Goods upon the terms and conditions of the Murabaha Sale Agreement.

### Article 2

The sale, which is the subject of this Promise, shall be on Murabaha basis, and at the sale price calculated as follows (the "Sale Price"):

- Amount of Purchase Price/Proforma Invoice/Quotation/Offer, plus
- Beneficiary's profit calculated @ \_\_\_\_\_ % over and above [\_\_\_\_\_] months [EIBOR/BASE RATE] on the amount specified in 2 (a) less any Security Deposit, from the date of payment to the Supplier by the Beneficiary till the Murabaha end date, plus
- Costs and expenses of the Beneficiary, minus
- Security Deposit (Hamish Jiddiyah)

The net Sale Price shall be paid by the Promissor the manner and/or in accordance with the terms of the Murabaha Sale Agreement.

### Article 3

The Murabaha Sale Agreement shall, inter alia, include the following main terms:

- Delivery shall be upon receipt of documents from the correspondent bank;
- The Promissor shall bear the loading and unloading charges, customs duties, port clearance charges and the transportation of the Goods to the Promissor's premises/warehouse. The Promissor shall not have the right to claim any of the aforesaid charges from the Beneficiary.
- The Promissor shall bear all ownership risks after assuming the title to, and taking the actual or constructive possession of, the Goods.

#### Article 4

If the Promissor withdraws from executing the transaction before the Beneficiary acquires the Goods, the Promissor shall bear all administrative expenses incurred by the Beneficiary till that date. These administrative expenses shall be deducted from the Security Deposit and the Promissor shall be responsible to compensate and/or indemnify the Beneficiary if this amount is not sufficient. The Promissor undertakes to pay the actual loss to the Beneficiary arising out of its withdrawal from this Promise.

#### Article 5

If the Promissor refuses to purchase the Goods after the Goods have been purchased by the Beneficiary, the Beneficiary is entitled to sell the same and get the actual cost thereof. If the sale proceeds exceed the Beneficiary's costs and expenses, such excess will be the sole right of the Beneficiary in its capacity as the owner of the Goods, and in case the proceeds are insufficient to cover the costs and expenses of the Beneficiary, the Promissor shall be liable to pay the shortfall to the Beneficiary.

#### Article 6

In the event that the supplier fails to supply and/deliver the Goods to the Beneficiary on time, the Promissor acknowledges that the Beneficiary will not be held liable for late delivery or failure to deliver or for non-execution of the order by the supplier.

The Promissor also acknowledges that the Beneficiary shall not be liable for any damage or loss which the Promissor may incur due to delay in the arrival of the Goods/documents thereof if it had been shipped by the supplier within the allocated period. The Promissor, in the execution of this Promise, shall undertake to buy the Goods and enter into a Murabaha Sale Agreement immediately after the arrival of such Goods/documents relating thereto.

#### Article 7

The Promissor has paid to the Beneficiary \_\_\_\_\_ being a security deposit (Hamish Jiddiyah) (the "Security Deposit") to be used as a security for any consequent liabilities of the Promissor arising out of the Promise (including but not limited to the circumstances specified in Articles 4 and 5). Upon conclusion of the Murabaha Sale Agreement, such amount shall be deducted by the Beneficiary from the Sale Price.

#### Article 8

The Promissor hereby irrevocably undertakes to indemnify and hold the Beneficiary harmless from and against all liabilities, losses, claims demands including, but not limited to, the liabilities under the purchase agreement (signed between the Promissor and the owner of the supplier) and reasonable expenses in connection with or arising out of, or connected in anyway to, this Promise, unless the Promissor proves beyond reasonable doubt that the loss or damage is not directly attributable to it.

#### Article 9

This Promise shall be governed by the laws of the UAE to the extent the same do not contradict the principles of Shari'ah in which case the principles of Shari'ah shall prevail.

Signed by

.....

Name:

.....

A/C No.: