

**UNIFIED CLEARING GROUP
UNIFORM FORM OF IRREVOCABLE STANDBY LETTER OF CREDIT**

GENERAL INSTRUCTIONS

Instructions for issuance of a Letter of Credit ("LC") on UCG Uniform Letter of Credit Form (dated 4/16/99):

1. ***Applicability:*** The UCG Uniform Letter of Credit Form (4/16/99) was developed by the Unified Clearing Group, in consultation with the U.S. Committee on International Banking, in order to provide a uniform form for the issuance of credits to the U.S. securities and futures clearing organizations that are participants of the group and that accept letters of credit to support the obligations of their participants. **Except to supply the information required on the Cover Page of the form, the text of the form LC shall not be altered in any way by the Issuing Bank without express notice to and consent of the Beneficiary. These instructions do not form a part of an LC issued on the form.**

2. ***Cover Page:*** The Bank shall complete the information on the Cover Page of the LC in accordance with these General Instructions and in accordance with any "Supplemental Instructions" provided by the clearing organization to which the LC is being issued (the "Original Beneficiary"). Material set forth in brackets and bold italics should be omitted and replaced with the information requested. Information should be supplied under the following items as follows:

Clearing Participant: Supply the exact name of the entity that is a participant of the Beneficiary and for whose obligations to the Beneficiary this LC is intended to serve as collateral.

Account Type: This information should be supplied or omitted in accordance with the Supplemental Instructions of the Beneficiary.

Applicant: This is the name of the "account party" having the reimbursement obligation to the Issuing Bank. This will ordinarily be the Clearing Participant. If so, this space may be left blank.

Governing Law: Unless the Original Beneficiary specifies otherwise in its Supplemental Instructions, the Issuing Bank may select either New York or Illinois law as the governing law. Note that the choice of law also affects the forum selection provision in paragraph 8.

Beneficiary: The exact name of the clearing organization that is the Original Beneficiary as such name appears in the Supplemental Instructions supplied by the Original Beneficiary.

Amount: State the aggregate amount that may be drawn under the LC. The Amount may be in any currency requested by the applicant and acceptable to the Original Beneficiary. If the Amount is to be in a currency other than United States Dollars ("USD"), the name of the currency must be clearly specified here in addition to the amount. Unless another currency is specified, the Amount will be assumed to be in USD.

Expiry Date: Most clearing organizations accept only LCs having expiration dates that fall on certain dates (e.g., the last day of each calendar quarter) and/or that have a maximum duration (e.g., one year). Each clearing organization specifies in its Supplemental Instructions the range of Expiry Dates acceptable to it ("Permitted Expiry Dates"). The Expiry Date of each LC issued to that clearing organization as the Original Beneficiary should correspond to that description, and the clearing organization will ordinarily not accept the LC if it specifies a date that is not a Permitted Expiry Date. Similarly, a Beneficiary may not accept an amendment that specifies a new Expiry Date that is other than a Permitted Expiry Date. Of course, an LC issued or amended with an Expiry Date that is other than a "Permitted Expiry Date" is nevertheless valid and enforceable against the Issuing Bank in accordance with its terms if the Beneficiary makes a Demand.

Issue Date: Enter the actual date on which the LC is issued to the Original Beneficiary. Note that paragraph 1 of the LC provides that it is "effective immediately."

Replacement Credits: A space is provided to supply the number of any LC issued by the same bank that is being replaced by this LC. It is often the case that an Applicant will request a new LC to replace an expiring one. It is intended that the Beneficiary would be able to draw on either the old LC (before it expires) or the new LC, but never on both. By identifying the number of the LC that is being replaced, the bank invokes certain protections contained in paragraph 1(c) of the LC against a draw on both the old and the new LC. An LC may replace another LC even if the first LC has been transferred. Accordingly the Original Beneficiary of the new LC may be the Transferee and not the Original Beneficiary of the old LC.

Primary Office: The Primary Office of the Issuing Bank is the office where a Demand is to be presented for payment. This might be an office other than the headquarters or principal office of the bank. The Primary Office must be in the United States unless Supplemental Instructions for a particular clearing organization expressly state otherwise.

Alternative Offices: The form provides a space to identify two Alternative Offices where a Demand may be presented under circumstances identified in subparagraphs 1(a)(i), (ii), (iii) or (iv) of the LC. Supplemental Instructions for each clearing organization should be consulted to determine whether the particular clearing organization requires two, one or no Alternative Offices to be specified. Unless a clearing organization specifies otherwise in its Supplemental Instructions, Alternative Offices should be within the U.S.

Non-U.S. Office: When an LC is payable in a currency other than USD, the Beneficiary will ordinarily require that a Demand be payable by an office of the Issuing Bank in the country of origin of the currency. That office is to be specified here. **NOTE** that paragraph 1(f) of the LC provides that a Demand in respect of a credit denominated in currency other than USD may be presented either at the Primary Office or at the Non-U.S. Office at the election of the Beneficiary.

Telephone and Facsimile: The form requires that a telephone number and a facsimile number be provided for each office of the Issuing Bank that is identified on the cover page. These numbers should be the numbers through which the bank wishes to be contacted if a Demand is made. The telephone number should be a number at which a responsible officer of the Bank may be reached for purposes of communicating with the Beneficiary regarding a Demand or any action to be taken in connection with the LC.

Approved Means: Consult the Supplemental Instructions for the particular Beneficiary to determine which of the various means of communication are to be checked as Approved Means of transmitting amendments to the Beneficiary. **NOTE** that the Approved Means apply only to those transmissions specifically required by the LC to be by Approved Means. For example, a Beneficiary may submit a Demand to the Bank by

S.W.I.F.T. even though S.W.I.F.T. has not been identified as an Approved Means by that Beneficiary.

Cutoff Time: Consult the Supplemental Instructions for the particular Beneficiary to determine whether a Cutoff Time of 4:00 p.m. is required.

3. UCG Uniform Letter of Credit Terms: The terms of the LC are set forth in the UCG Uniform Letter of Credit Terms dated 4/16/99, including paragraphs 1 through 8 thereof and Exhibits A through F-2 thereto. The pre-printed UCG Uniform Letter of Credit Terms dated 4/16/99 must be attached to the Cover Page of each Letter of Credit unless the Beneficiary Clearing Organization specifies otherwise in its Supplemental Instructions.

4. Exhibits: Alternative language in, and supplemental information required by, the form of Demand and forms of various amendments that are set forth as Exhibits to the Uniform Letter of Credit Terms are to be selected or supplied at the time the Exhibits are used.