**Foreign Exchange Transaction Agreement**

Export, Import, Issuance of Local Credit, Negotiation (Collection) of Drafts under Local Credit

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

To:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Principal: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (seal)

Address:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

I/We hereby confirm that the General Terms and Conditions for Credit Transactions shall apply to the export or import transactions, the local credit issuance transactions, negotiation (collection) of bill of exchange under local credit transaction and agree to be bound by the following provisions.

**CHAPTER I. GENERAL**

**Article 1. Scope of Application**

This Agreement shall apply to each of the following transactions currently outstanding or to be entered into hereafter:

① Export Transactions

(1) Negotiation or collection of proceeds of documentary bills of exchange (the “Documentary Bills”)

(including the shipping documents which are not accompanied by the draft) ;

(2) Negotiation of clean bills of exchange under stand-by letters of credit, etc.; and

Any other transaction similar to any of the preceding items.

② Import Transactions

(1) Issuance of letter of credit ;

(2) Delivery and settlement of Documentary Bills ;

(3) Delivery and settlement of the documentary clean letters of credit under stand-by letters of credit ; and

(4) any other transactions similar to the above.

**Article 2. Exercise of Right**

① The Bank may demand payment of the negotiation amount (which means the negotiation amount paid by the bank, hereinafter referred to as the same) of export Documentary Bills by exercising its right to repurchase or its rights either under the bills of exchange or under the loans, at the option of the Bank, by treating such dishonored amount as a loan.

② The Bank may demand for repayment of the settlement amount under import Documentary Bills which the Bank had already paid, by exercising the Bank’s rights either under the bills of exchange or under the loans, at the option of the Bank.

**Article 3. Security**

I/We hereby transfer the title to the goods, and the relevant documents required under the transactions set forth in Article 1 above to the Bank as a security for my/our performance of obligations to the Bank and my/our payment of interest, discount charges, fees, default interest and the incidental expenses, etc. in connection with the relevant transactions.

**Article 4. Exchange Rate**

The exchange rate as determined by the Bank on the date of actual payment or receipt shall apply, regardless of the date or time of the receipt of an application, etc.

**Article 5. Payment of Fees, Expenses & Damages**

① Unless caused by reasons attributable to the Bank, I/we will pay to the Bank any interest, discount charges, fees, default interest, damages and any other incidental expenses arising from any of the transactions as set forth in Article 1, and freight, insurance premium and any other costs, together with any expenses and losses incurred by the Bank in connection with the enforcement or protection of its rights or acquisition or disposition of any security as requested by the bank by specifying the basis for calculation; provided, that if I/we raise any objection to the computation methods, etc., the bank shall examine such computation methods, etc. and notify the result of the examination to me/us.

② The bank shall give notification of the rate and computation method for the interest, discount charges, fees and other expenses as stated in paragraph 1 above, except for those which by their nature are difficult to notify.

③ In the event a party (the “third party”) other than me/us is required to pay any interest, etc. in the above Paragraph 1, the Bank may also demand such payment from me/us on my/our account if the Bank is not paid by the third party on demand and I/we shall immediately pay such amount; provided, that if the bank has received from the third party such amount, the bank shall return such amount to me/us.

**Article 6. Term of Agreement**

The term of this Agreement shall not be fixed, provided, that due to unavoidable circumstances, the Bank or I/we may terminate this Agreement. In this case, the Agreement shall continue to apply to the transactions entered into prior to such termination.

**Article 7. Governing Rules**

The Bank and I/we hereby agree that matters not provided for in this Agreement, unless otherwise agreed, shall be governed by “Uniform Customs and Practice for Documentary Credits”, “Uniform Rules for Collections”, “Uniform Rules for Bank-to-Bank Reimbursement under Documentary Credit” other international rules and regulations, and relevant regulations of the Bank.

**CHAPTER II. Special Agreement on Export Transaction**

**Article 8. Appointment of Correspondent Banks and Transmittal Methods**

Unless not specified in letters of credit, contracts or applications for negotiation, the Bank shall appoint correspondent banks and determine transmittal methods.

**Article 9. Extension of Settlement Period**

If the obligor requests extension of settlement period, the Bank may agree to such extension with my/our consent, provided, however, if the Bank deems it unavoidable, the Bank may agree to such extension without my/our consent and in such case, the Bank shall immediately notify me/us of such agreement.

**Article 10. Reimbursement of Negotiation Amount**

① Upon occurrence of any of the following events, I/we will be automatically obligated to repay the negotiation amount of the Documentary Bills specified in each of following items, without any notice or demand from the bank and will immediately pay such amount.

1.All Documentary Bills, if any of the events set forth in Article 7, Paragraph 1(Automatic Acceleration of Payment) of the General Terms and Conditions for Credit Transaction occurs to me/us ;

2.All Documentary Bills payable by the obligor, if any of the events set forth in Article 7, Paragraph 1(Automatic Acceleration of Payment) of the General Terms and Conditions for Credit Transactions occurs to such obligor ;

3.The Documentary Bills the negotiation amount of which has not been paid, or which have not been accepted, within such period as specified by the relevant rules and regulations of the Bank ;

4.The Documentary Bills which were dishonored or were refused to be accepted by the Correspondent Banks, etc. ;

5.The Documentary Bills which were dishonored or were refused to be accepted by the Correspondent Banks, etc. ;

②If any of the events set forth in Article 7, Paragraphs 4 and 5 (Acceleration of Payment obligation at the Bank’s Written Demand or Notice) of the General Terms and Conditions for Credit Transactions occurs to me/us, I/we will be obligated to repay the negotiation amount of all Documentary Bills after the expiry of a period specified by the bank, which is greater than 10 days, from the date of receipt of written notice, and will immediately pay such amount.

③In connection with Paragraphs 1 and 2, I/we shall pay the negotiation amount based on the Documentary Bills or the “application for negotiation” submitted at the time of application for negotiation. The Bank may continue to exercise any and all rights on Documentary Bills and export goods until I/we have paid the negotiation amount, damages, fees and expenses incidental thereto.

**Article 11. Return of documentary Bills**

①The Bank will not be required to return to me/us the Documentary Bills, the export goods, at the time of payment of my/our obligations to the Bank under this Agreement or by set-offs under Article 9 (Set-off by the Bank) of the General Terms and Conditions for Credit Transactions.

②I/We will receive, in the Bank’s offices, the Documentary Bills which the Bank returns to me/us, provided, however, the export goods shall be deemed to be delivered when I/we receive the Documentary Bills.

③If it is impossible to return the Documentary Bills and the export goods due to reasons not attributable to the Bank, the Bank shall not be obligated to return the same to me/us.

**CHAPTER III. Special Agreement for Import Transactions**

**Article 12. Issuance of Letter of Credit, Advice thereof and Appointment of the Correspondent Banks, etc.**

①The Bank shall issue the letter of credit (the “L/C”) and advise thereof in accordance with the statements on the application for L/C (including the application for amendment to L/C, if any) submitted by me/us.

②Unless specified in the application for L/C, the Bank shall appoint the correspondent banks(advising banks, negotiating banks, paying banks, accepting banks, confirming banks and other relevant banks, the “Correspondent Banks”) and determine the methods of advice.

**Article 13. Disposal of Goods under Trust Receipts**

①I/We will neither use the goods under trust receipt for purposes other than warehousing, transportation, delivery, processing or sale, nor provide such goods to any third as a security, nor conduct any other acts that may impair the interests of the Bank.

②For any sale by me/us of the goods received from the Bank under trust receipt, I/we will obtain the consent of the Bank in advance regarding the amount, delivery of the Goods, method of receiving the proceeds, etc.

③I/We will promptly pay the sales proceeds of the goods to the Bank or assign to the Bank any bills or other negotiable instrument delivered as payment of the sales proceeds.

**Article 14. Documentary Bills In discrepancy with Terms and Conditions of L/C**

①If it is deemed necessary for the purpose of protecting the rights of the Bank, the Bank may refuse the payment or acceptance of the Documentary Bills in discrepancy with terms and conditions of L/C without my/our consent. In this case, the Bank shall notify me/us thereof post facto.

②The preceding Paragraph 1 shall apply to the cases where the Bank is inquired from the Correspondent Banks and others whether the Bank agrees to pay or accept the Documentary Bills due to the discrepancies of such Documentary Bills with the terms and conditions of the L/C even before the receipt of such Documentary Bills.

③If I/we fail to respond to the Bank’s inquiries regarding the discrepancies with the terms and conditions of the L/C within the specified period under the relevant laws and regulations of the Bank, the Bank may, in its discretion, approve or refuse the payment or acceptance of the Documentary Bills.

**Article 15. Settlement Date**

With respect to the settlement of the Documentary Bills payable at sight, I/we will pay within the period prescribed by the regulations of the Bank after receipt of such Documentary Bills (or debit notices when a debit notice is received earlier than such Documentary Bills), and with respect to the settlement of usance bills, I/we will pay on the maturity date thereof.

**Article 16. Delivery of Import Goods under Letter of Guarantee**

①If I/we wish to receive the import goods before the receipt of Bills, I/we will apply for the letter of guarantee for import (including approval of delivery of import goods pursuant to air waybills) and obtain the prior approval of the Bank.

②In case I/we apply for the letter of guarantee, I/we will make a margin deposit as specified by the relevant laws and regulations of the Bank.

**Article 17. Cancellation and Amendment of L/C**

①The Bank may cancel or amend the L/C only in accordance with my/our request, provided, however, in case the Bank cancels or amends the L/C in accordance with my/our request, the cancellation or amendment shall become effective only with prior consents of all the relevant parties (the issuing bank, the beneficiary and the confirming bank in case of confirmed L/C).

②Notwithstanding the provision of the preceding Paragraph 1, the Bank may cancel L/C due to reasonable causes such as L/C expired, etc. In this case, the Bank shall give post facto notice to me/us.

**Article 18. Issuance of L/C In the Name of A Third Party**

In case I/we apply for L/C which is in the name of a third party in my/our name to the Bank, this Agreement shall apply in all respects.

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| I/we confirm that I/we have received the General Terms and Conditions for Credit Transactions and that the contents thereof have been fully explained to me/us. |
| Principal  (seal) |