

Elements of the Irrevocable Standby Letter of Credit

The irrevocable standby letter of credit, and/or any amendments thereto, shall:

- 1) be issued by a financial institution (“Issuer”) which is a member of the Canadian Payments Association;
- 2) be issued in the name of the applicant for the auction of the additional PCS spectrum in the 2 GHz frequency range (“PCS Auction”);
- 3) provide for a face amount in accordance with the deposit amount required in the rules and policies laid out in the document *Policy and Licensing Procedures for the Auction of Additional PCS Spectrum in the 2 GHz Frequency Range*;
- 4) provide for sight payment to the Receiver General for Canada (“Beneficiary”) by way of Issuer’s draft against presentation of a written demand for payment, signed by the Assistant Deputy Minister, Spectrum, Information Technologies and Telecommunications, Industry Canada or the Director General, Radiocommunications and Broadcasting Regulatory Branch, Industry Canada, certifying that the Applicant:
 - a) owes monies as a result of being standing high bidder on a licence at the close of the PCS auction; **or**
 - b) owes penalties at the close of the PCS auction; **or**
 - c) owes monies as a result of being standing high bidder on a licence or licences at the close of the PCS auction and owes penalties at the close of the PCS auction;
- 5) provide that the Issuer shall honour the Beneficiary’s demand for payment on sight without inquiring whether the Beneficiary has a right or agreement as between itself and the Applicant to such payment without recognizing any claim of the Applicant;
- 6) provide for partial drawings such 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;
- 7) provide that the Letter of Credit shall expire at close of banking business on July 30, 2001, if not drawn upon on or before that date; and
- 8) provide that it is subject to the International Chamber of Commerce (ICC) *Uniform Customs and Practice for Documentary Credits*, 1993 Revision, Publication No. 500.

The Letter of Credit is one of the vital documents that should be carefully addressed and may require your financial institution to deviate from its standard form of Letter of Credit. To assist applicants in the PCS auction, a sample Letter of Credit that would be acceptable to the Department is presented below.

SAMPLE LETTER OF CREDIT

BENEFICIARY: Receiver General for Canada
c/o Industry Canada
300 Slater Street, Ottawa, Ontario, K1A 0C8

DATE: _____

AMOUNT: _____

At the request of our customer, **(Insert Applicant's Name Here)**, we, **(Insert Financial Institution's Name and Full Mailing Address Here)**, hereby issue in your favour our Irrevocable Standby Letter of Credit in the aggregate amount of **(Enter Dollar Amount Here)**.

We authorize you to draw on this branch under this Letter for Credit in the form of a written demand for payment, which demand we shall honour on sight without inquiring whether you have a right as between you and the Applicant to make such demand and without acknowledging any claim of the Applicant. Multiple written demands may be presented subject to the sum of those demands not exceeding **(Enter Dollar Amount Here)**.

Provided, however, that you are to deliver to us at the above address the following documentation.

Your written demand for payment to the Receiver General of Canada signed by the Assistant Deputy Minister, Spectrum, Information Technologies and Telecommunications, Industry Canada OR the Director General, Radiocommunications and Broadcasting Regulatory Branch, Industry Canada certifying that the Applicant:

- (1) owes monies as a result of being standing high bidder on a licence or licences at the close of the PCS Auction; **OR**
- (2) owes penalties at the close of the PCS Auction; **OR**
- (3) owes monies as a result of being standing high bidder on a licence or licences at the close of the PCS Auction and owes penalties at the close of the PCS Auction.

THIS LETTER OF CREDIT IS ISSUED SUBJECT TO THE INTERNATIONAL CHAMBER OF COMMERCE (ICC) UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, 1993 REVISION, PUBLICATION NO. 500.

The above documentation must be presented at this branch on or before the end of banking business on the 30th day of July, 2001, at which time this Letter of Credit will expire.

Authorized Signature

Authorized Signature