



**RUNC**<sup>®</sup>  
International  
Banking Solutions

Title: **Bilateral Credit Limit Agreement**

Date: **March 1, 2021**

## **Bilateral Credit Limit Agreement**

Agreement on Bilateral Credit Limit for payment order (hereinafter the "Agreement") is made as .....

Between:

...(Bank A)..., incorporated and existing under the laws of ...(Country A)..., whose head office is at ..... (hereinafter the "... (Bank A) ...")

...(Bank B)..., incorporated and existing under the laws of ...(Country B)..., whose head office is at ..... (hereinafter the "... (Bank B) ...").

Whereas:

- ...(Bank A)... and ...(Bank B)..., have agreed to extend a Bilateral Limit amounting to maximum EUR 12,000,000.00 (twelve million Euros) as per the terms and conditions stated in this Agreement, in order to facilitate transaction(s) implementation within this limit in favor of beneficiaries.
- The main purpose of this Agreement is to provide possibility for implementing significant volume of reciprocal transactions just through the present Bilateral Limit by using innovative clearing mechanism, which prevents settlement per each transaction.
- The parties show their willingness to promote banking cooperation by facilitating payments in a manner supported by Local Currency liquidity;

Now therefore it is mutually agreed as follows:

### **Article 1. Definitions and Interpretations**

1.1 In this Agreement, unless the context requires otherwise the following terms and expressions shall have the meanings given thereto:

- "**Account**" means the virtual account that to be considered party for entering Debits in Clearing Euro.
- "**Agreement**" means Bilateral Credit Limit Agreement "No. ...." agreed at dated ..... between ...(Bank A)... and ...(Bank B)....
- "**Bilateral Balance**" means the outstanding amount resulting from the Clearing.

- "**Business Day**" means any day on which banks are officially open for business in ...(Country A)... or ...(Country B)..., where any action is to be taken respectively by ...(Bank A)... or ...(Bank B)... in accordance with the terms and conditions of this Agreement.
- "**CIMS**": As an abbreviation of Clearing Infrastructure and Messaging System, refers to a peer-to-peer and secure messaging system based on ISO15022, integrated with an infrastructure used by the parties in order to determine Bilateral Balance, transaction by transaction, automatically through the inter-connected Accounts. This system also informs the parties about their status following their request.
- "**Clearing**" means the procedure whereby the debits are, transaction by transaction, written-off against each other in a Clearing Period, so that the Bilateral Balance is determined after each Payment Order.
- "**Clearing Euro**": With respect to amounts to be debited to the Account, Clearing Euro is equivalent in value to one Euro (the lawful currency of the European Union Member States). Clearing Euro is the *unit of account* and the *currency of denomination* for instruments used to make payment through the Account mechanism, but the currency of payment for settlement of Eligible Transactions/Transfers (in favor of relevant beneficiaries) could be Local Currency, and settlement of Bilateral Balances (in favor of ...(Bank A)... or ...(Bank B)..., as applicable) is made in Reference Currency as defined hereunder.
- "**Clearing Infrastructure**": refers to the clearing infrastructure, which is a part of CIMS.
- "**Clearing Period**" means the period as follows:
  - The first Clearing Period shall commence from the Effective Date and end on 15<sup>th</sup> day of the next month; and
  - Each subsequent Clearing Period shall commence immediately after the expiry of the previous one and end on 15th day of each month;
- "**Creditor Party**" refers to a party that is creditor to the other party at the end of a Clearing Period. Clearly, this term may refer to ...(Bank A)... or ...(Bank B)... according to conditions.

- **"Debit"** means figures duly entered into the Account of each party pursuant to payments under Payment Order(s) made under this Agreement.
- **"Debtor Party"** refers to a party that is debtor to the other party at the end of a Clearing Period. Clearly, this term may refer to ...(Bank A)... or ...(Bank B)... according to conditions.
- **"Effective Date"** means the date on which ...(Bank A)... and ...(Bank B)... fulfilled all conditions precedent, as per sub-article 3.2 and issued jointly a letter in form and substance as per Annex 1 to this Agreement.
- **"Execution Date"** means the date on which payment of Payment Order is executed in favor of beneficiary.
- **"Interest"** means the interest on Bilateral Balance, which is payable by each party to the other party in accordance with Article 7 hereof.
- **"Interest Rate"** means the rate for Interest, which is equal to ..... per annum.
- **"Local Currency"** means the currency which serve in payment for effecting eligible transactions/transfers in favor of beneficiaries; Local Currency specifically in the Agreement include:
  - (Local Currency of Country A) for payments in ...(Country A)...’s territory; or
  - (Local Currency of Country B) for payments in ...(Country B)...’s territory;
- **"Payment"** means an amount paid under a Payment Order in favor of beneficiary.
- **"Payment Date"** means the date on which payment of each installment including principal and Interests falls due under this Agreement as per Article 6 and Article 7 hereof.
- **"Payment Order"** means the payment order to be paid by ...(Bank A)... and ...(Bank B)... in favor of beneficiaries in compliance with this Agreement and Article 5 hereof.
- **"Reference Currency"** means the currency which serve in payment for settling the Bilateral Balance on each Payment Date between ...(Bank A)... and ...(Bank B)...; Reference Currency specifically in the Agreement include:
  - EU euro (EUR) set as default for settlement of Bilateral Balance; or

- Any convertible currencies may be determined in mutual consent
- **"Settlement Period"** means a period in which Debtor Party shall settle its debt (the Bilateral Balance amount).
- **"Utilization Period"** means the period commencing from the Effective Date of the Agreement as stipulated in sub-article 3.2 and ending 12 months thereafter during which the Payment Order(s) can be accepted under the Agreement. This period may be extended by ...(Bank A)... and ...(Bank B)... consent to such extension in writing.

1.2 In this Agreement, unless the context requires otherwise, words implying the singular include the plural and vice versa, and words implying a gender include every gender. Unless stated otherwise, references herein to the Articles and Annexes are to Articles of and Annexes to this Agreement. Article headings are inserted for convenience only and shall have no effect on the interpretation of any of the provisions hereof. All Annexes to this Agreement are integral parts hereof.

## **Article 2. The Available Bilateral Credit Limit**

2.1 ...(Bank A)... and ...(Bank B)... have agreed to establish the Available Bilateral Credit Limit for an amount of not exceeding EUR 12,000,000.00 (twelve million Euros) to each other, as per the terms and conditions stated in this Agreement.

## **Article 3. Conditions Precedent to this Agreement**

3.1 The obligations of each party under this Agreement are conditional upon receipt by parties of the following documents in form and substance acceptable to it:

- A legal opinion to be issued by the legal department of ...(Bank A)... and ...(Bank B)... in form and substance as per Annex 2 to this Agreement;
- A letter indicating parties' readiness for using CIMS in bilateral Payment Orders.

3.2 When the conditions precedent set out in sub-article 3.1 has been fulfilled, parties will issue a letter as per Annex 1 to this Agreement jointly.

3.3 Should conditions precedent to this Agreement set out under sub-article 3.1 has not been fulfilled within 4 months from the conclusion date of the Agreement, the Agreement shall be considered as null and void, unless otherwise agreed upon in writing between ...(Bank A)... and ...(Bank B)....

#### **Article 4. Procedure for Utilization of the Available Bilateral Credit Limit**

4.1 For utilization of the Available Bilateral Credit Limit, parties shall submit the Payment Order under this Agreement to each other within the Utilization Period.

4.2 The Payment Order, which is issued in Clearing Euro, could automatically be audited by CIMS following the parties' request, in order not to exceed Bilateral Balance the limit set forth in Article 2 of this Agreement, so issued Payment Order shall be implemented by considering sub-article 6.8.

4.3 The Payment Order shall be sent through the communication means mentioned in Article 10 within message type 103 (MT 103), to be processed by Clearing Infrastructure. Other interactions between the parties could be sent through other available message types.

4.4 The execution of the Payment Order shall not contradict internal legislations and AML/CFT requirements of both countries.

4.5 Payment of Payment Order could be effected in local currency or any currency agreed with the beneficiary.

4.6 In order to make distinction between the Payment Orders under this Agreement and other payment orders, the term "Ref. No. ..." shall be declared in the field 72a of MT 103.

#### **Article 5. Payment of a Payment Order**

5.1 Parties hereby shall pay to the respective beneficiary the amount determined in Payment Order (except the fees agreed with the beneficiary) in Local Currency at the respective value date. Each Payment made by a party to the beneficiary will represent a debt of the other party in the Account.

5.2 The Debit shall be made under this arrangement on Execution Date in favor of the beneficiary. A Debit entered into the Account of any party shall constitute a credit in the same amount in favor of the other party.

5.3 The Parties are obliged to accept and pay the Payment Orders only if the Bilateral Balance does not exceed the Bilateral Credit Limit set forth in sub-article 2.1. Any payment above the Bilateral Credit Limit is out of Parties' obligations, although such payment will be entered into the Account and the Bilateral Balance will then be changed.

5.4 Any charge erroneously entered into a nominated Account shall be corrected in accordance with Article 6 of this Agreement.

## **Article 6. Clearing and Settlement**

6.1 Each debit entered into the respective Account shall be set-off with Bilateral Balance within Clearing Period by the Clearing Infrastructure. Therefore, each transaction makes a new Bilateral Balance one after another.

6.2 Bilateral Balance will be considered together with Interest accrued on daily basis by the Clearing Infrastructure.

6.3 The Bilateral Balance shall be updated by CIMS after each effected Payment Order.

6.4 Within the first 10 Business Days of each month, each party shall furnish in writing or through CIMS the other party, a Statement of the Account and a statement of Interest as the close of each month. The Statement of the Account and the Statement of Interest shall contain at least the following information with respect to each transaction in such month:

- Statement of the Account
- Balance of the Account as at beginning of the month
  - Date of Debit;
  - Amount of Debit;
  - Cumulative outstanding amount; and
- Statement of Interest
  - Date;
  - The Interest Rate for the relevant period;
  - Accrued Interest as at beginning of the month;
  - Monthly amount of the Debit / correction;
  - Monthly balance of the Account;
  - Monthly Interest; and
  - Cumulative Interest.

6.5 Settlement Period starts in two cases below. Debtor Party shall then settle its debt (make payment to the other party equal to Bilateral Balance owed to the other party) including Interests (if any) as stipulated under Article 7 within the relevant Settlement Period by representing the route of settlement to each other:

- At the end of each Clearing Period;
- If Bilateral Balance exceeds the limit set forth in Article 2 of this Agreement by a transaction before the end of Clearing Period.

6.6 Settlement Period shall end in Bilateral Balance settlement and lasts for five common Business Days at the most. If Bilateral Balance settlement does not take place within five common Business Days, then the parties shall refer to sub-article 6.13 and 7.3 of this agreement. "Common Business Day" refers to a Business Day on which both ...(Bank A)... and ...(Bank B)... are officially open for business.

6.7 Creditor Party shall send a MT 202 via CIMS to the Debtor Party as a receipt for settlement, immediately after receiving the Bilateral Balance amount. Value date of such message shall be the date of receiving payment.

6.8 Any Debit entered into the Account or statement thereof shall be considered final if not rejected by the relevant party within 1 month after receipt of the relevant statement.

6.9 Bilateral Balance settlement could be postponed to next Settlement Period based on consent of Creditor Party as long as it does not reach the Bilateral Limit (that is, the first case of sub-article 6.5 occurs).

6.10 The parties remit all amounts due to each other in Reference Currency without any deduction, set-off or counterclaims, whatsoever. Any payment to ...(Bank A)... and ...(Bank B)... under this Agreement shall be orderly applied to payment of Interests on delayed payments (if any), Interests and then towards repayment of principal amounts, in chronological order of past maturity dates.

6.11 If any payment date falls on a day, which is not a Business Day, such payment has to be made on the next following Business Day and the respective Interests shall be adjusted accordingly. However, if that Business Day is in another calendar month, such payment shall be made on the preceding Business Day.

6.12 The ...(Bank A)...'/...(Bank B)...'s payment obligations in connection with this Agreement shall be discharged only if and to the extent that the relevant amounts have been credited without any deduction to the account which shall be designated by ...(Bank B).../...(Bank A)... in due course.

6.13 If full payment of a sum due under the Agreement is not made on its due date then in addition to and without prejudice to any other remedy of ...(Bank A).../...(Bank B)... under this



Agreement, Interests for the period of the delay will be payable at the rate of "Interest Rate +.....% (..... percent)" per annum.

#### **Article 7. Interests**

7.1 Interests shall be calculated on the Bilateral Balance from the first day of Clearing Period on a daily basis, but sum of such daily Interests shall be added to the Bilateral Balance at the end of each Clearing Period.

7.2 Since Interests are added to the Bilateral Balance at the end of each Clearing Period, Interests shall be payable only in the first case of sub-article 6.5. In other words, those settlements that take place in the second case- of sub-article 6.5 do not include any Interest.

7.3 If settlement of Payment due under the Agreement is not made by parties on its due date, then Interests for period of the delay shall be calculated at the rate of "Interest Rate +.....% (..... percent)" per annum. Parties are obliged to settle such a Payment at this rate.

#### **Article 8. Tax, Duties and Other Charges**

8.1 All taxes, levies, fees, and similar costs arising at present or in future in connection with this Agreement or any other document referred to herein shall, if arising in ...(Country A)..., be borne by ...(Bank A)... and if arising in ...(Country B)..., be borne by ...(Bank B)....

#### **Article 9. Applicable Law and Jurisdiction**

9.1 Disputes and disagreements arising between the parties from or in connection with the Agreement or its interpretation, execution, modification and relating to the deals concluded in accordance therewith are resolved by the parties through negotiations within one month of the date of submission of claim by one of the parties to the other in writing.

9.2 If the parties do not come to an agreement within one month of the date of submission of claim in writing, the disputes that arise shall be resolved in accordance with the legislation of ...(Country A)... and ...(Country B).... In case of non-acceptance of the resolution results of Arbitration Court of ...(Country A)... or ...(Country B)...., the party hereunder can apply to the Arbitration Court of Switzerland.

#### **Article 10. Communications**

10.1 Any communication under this Agreement shall be made between ...(Bank A)... and

...(Bank B)... when needed in operational process. Communication including any correspondence in connection with the legal proceedings or bearing financial consequences must be in writing and in the English language and will be made by sending a letter through CIMS to the below-mentioned addresses:

If to ...(Bank A)...:

...(Bank A)...

Attention: .....

Mr./Ms. ....

Address: .....

BIC:.....

TLX: .....

Fax No.: .....

If to ...(Bank B)...:

...(Bank B)...

Attention: .....

Address: .....

BIC:.....

TLX: .....

Fax No.: .....

Or at such other addresses as the relevant party may from time to time notify to the other in accordance with this provision.

**Article 11. Miscellaneous**

11.1 If it becomes unlawful for ...(Bank A).../...(Bank B)... to give effect to its obligations hereunder, ...(Bank A)... and ...(Bank B)... shall so notify to each other in writing, whereupon ...(Bank A)...'/...(Bank B)...'s obligation to make available any Payment shall cease.

11.2 This Agreement may only be amended in writing signed by both ...(Bank A)... and ...(Bank B)....

11.3 ...(Bank A)... and ...(Bank B)..., acting through their duly authorized representatives, have caused this Agreement to be duly executed in 15 pages, in 2 original copies, all being the same and equally valid in the English Language.

For and on behalf of

.....

"...(Bank A)..."

For and on behalf of

.....

"...(Bank B)..."

**Effectiveness Notification**

**Annex 1**

No.: .....

Date: .....

Referring to the Article 3.2 of Bilateral Credit Limit Agreement No..... dated  
..... concluded between ...(Bank A)... and ...(Bank B)..., we declare that .....  
is consider as Effective Date.

For and on behalf of

.....

"...(Bank A)..."

For and on behalf of

.....

"...(Bank B)..."

(On the letterhead of ...(Bank A).../...(Bank B)...)

**Legal Opinion**

**Annex 2**

No.:.....

Date: .....

To: ...(Bank B).../...(Bank A)...

Dear Sir,

We refer to the Agreement on Bilateral Credit Limit Agreement No .....dated ..... (hereinafter the "Agreement") between ...(Bank A)... (hereinafter "... (Bank A)..." ) and ...(Bank A)... (hereinafter "... (Bank B)..." ). In the course of preparing this legal opinion, we have examined the following documents:

- (a). The original or copy certified to our satisfaction of the Agreement;
- (b). The original of the respective Articles of Association of ...(Bank A).../...(Bank B)...;
- (c). The By-Laws presently in effect of ...(Bank A).../...(Bank B)...; and
- (d). The originals of all the authorizations, registrations and consents required by ...(Bank A).../...(Bank B)... to enter into, execute, deliver and perform its obligations under the Agreement.

We have also examined such other documents, certificates, instruments, laws and directives, as we have considered necessary for the purposes of this legal opinion.

We are of the opinion that:

1. ...(Bank A).../...(Bank B)... has full power, authority and legal right to enter into the Agreement and the Agreement constitutes, and when executed and delivered will constitute, legally valid and binding obligations of ...(Bank B).../...(Bank A)..., enforceable in accordance with its respective terms.

2. Mr./Ms. .... as ..... of ...(Bank A).../...(Bank B)... is authorized to execute and deliver the Agreement and having been duly designated by the Board of the Bank as its attorney in fact has the right, power and authority to execute and deliver the Agreement and any notice, certificate and other documents thereunder on behalf of ...(Bank A).../...(Bank B).... We hereby verify the authenticity of his/her signature appeared on the Agreement.
3. The execution and delivery of the Agreement are not subject to any tax, duty, fee or other charge, imposed by or within ...(Country A)... and ...(Country B)....
4. The obligation of ...(Bank A).../...(Bank B)... under the Agreement shall rank at least equally pari passu at all times with all other unsecured obligation and unsecured external obligation of the ...(Bank A).../...(Bank B)....
5. All governmental and other authorizations, approvals, consents and licenses in ...(Country B).../...(Country A)... required for the entry into, execution, delivery, performance and enforcement of the Agreement, have been obtained and are in full force and effect.
6. The choice of the laws of ..... as the governing law and submission by ...(Bank B).../...(Bank A)... to the exclusive jurisdiction of the competent courts of ....., irrespective of the place of signature of the Agreement, will be recognized and upheld valid under the Laws of ...(Country B)... / ...(Country A)... and will not contradict to the public order of ...(Country B)... / ...(Country A)....
7. The execution, delivery and performance of the Agreement and all the documents, notices and instruments required thereunder do not and will not contravene, violate or constitute a default under (a) any provision of the statutes or other constitutive documents of ...(Bank A).../...(Bank B)...; (b) any provision of any agreement or other instrument to which ...(Bank A).../...(Bank B)... is a party or by which ...(Bank A).../...(Bank B)... or any of its assets is or may be bound; (c) any treaty, law or regulation applicable to ...(Bank A).../...(Bank B)...; or (d) any judgment, injunction, order or decree binding upon ...(Bank A).../...(Bank B)....
8. ...(Bank A).../...(Bank B)... may not claim for itself or its assets any immunity from suit or other legal process, and the waiver by ...(Bank A).../...(Bank B)... of such immunity is legal, valid, irrevocable, binding and enforceable against ...(Bank A).../...(Bank B)....

9. An award or a judgment rendered against ...(Bank A).../...(Bank B)... by ..... court in connection with this Agreement will be enforceable against ...(Bank A).../...(Bank B).... Such an award or a judgment will not contradict the public order of ...(Country A)... / ...(Country B)... and shall be recognized and enforced by the courts of ...(Country A)... / ...(Country B)... in accordance with ...(Country A)... 's/ ...(Country B)... 's law and procedural requirements.
10. Issuance of this legal opinion is not in contradiction to the laws of ...(Country A)... / ...(Country B)....

Legal Department

For and on behalf of

.....

"...(Bank A)..."

For and on behalf of

.....

"...(Bank B)..."