



# POLICY MANUAL

<b>POLICY TITLE:</b> Acceptable Letters of Credit	<b>POLICY #:</b> 0100-041
<b>AUTHORITY:</b> Administrative	<b>EFFECTIVE DATE:</b> January 23, 2015
<b>ISSUED BY:</b> Director of Finance	<b>REVIEW SCHEDULE:</b> 2-3 years
	<b>APPROVED BY:</b> Chief Administrative Officer
<b>DATE ISSUED:</b> January 23, 2015	<b>DATE APPROVED:</b> January 23, 2015

## PURPOSE:

To establish a policy regarding acceptable Letters of Credit.

## POLICY:

In situations where, for any purpose, the Town of View Royal requires that security of a Letter of Credit, such Letter of Credit shall contain statements, clauses, or provisions to ensure the following:

1. That the Letter of Credit is unconditional and irrevocable;
2. That the Letter of Credit is issued from any of the following banks, or credit unions:
  - a. Royal Bank of Canada;
  - b. Bank of Montreal;
  - c. Bank of Nova Scotia;
  - d. Canadian Imperial Bank of Commerce;
  - e. TD Bank;
  - f. HSBC Bank Canada;
  - g. Coast Capital Savings Credit Union;
  - h. Island Savings Credit Union;
  - i. Vancouver City Savings Credit Union;
  - j. Any other bank, credit union, or trust company as agreed to in writing by the Town's Director of Finance.

RECORD OF AMENDMENTS	REVIEW DATE	AMENDED	OUTCOME	MOTION #
	June 2024	3. remove the requirement that draws on letters of credit must be presented to a financial house in Greater Victoria	MOVED	C-112-24

3. That draws on the Letter of Credit must be able to be presented in writing to the issuer and delivered by registered mail or courier, or in person to the issuing financial institution;
4. That the Letter of Credit must be in Canadian funds;
5. That the credit is available to the Town by sight drafts drawn on the bank;
6. That the bank shall honour the demand without enquiring whether or not the Town has the right, as between the Town and the individual for whom the credit has been established;
7. That full and partial drawings are permitted;
8. That the Letter of Credit be drawn to be in effect for a minimum of one year;
9. That the project to which the Letter of Credit applies is identified by a statement of purpose and, where such exists, the Town's file number for the subdivision, and Development Permit with reference to which the Letter of Credit is provided;
10. That the Letter of Credit contain an "Automatic Renewal Clause" as follows:  
"It is a condition of this credit that it shall be deemed to be automatically extended, without amendment, for one year from the present or any future expiration date hereof, unless thirty (30) days prior to such date, we [bank] shall notify the beneficiary [Town of View Royal] in writing by registered mail, that we elect not to consider this credit to be renewed for any such additional period. Upon receipt by the beneficiary of such notice, they may draw here under by means of their signed written demand for payment";
11. That the bank agrees with drawers, endorsers, and holders that in due course a sight draft drawn under the Letter of Credit will be duly honoured;
12. That the Letter of Credit must be the original copy;
13. That the Letter of Credit must not contain a statement to the effect that any special certificates and/or requirements should accompany any draw on the Letter of Credit;
14. That the Letter of Credit must also include the name and address of the client;
15. That the Letter of Credit must list the Town of View Royal as the beneficiary; and
16. That the Letter of Credit, whenever possible, should be delivered directly from the Financial Institution to the Town of View Royal.

<b>RECORD OF AMENDMENTS</b>	<b>REVIEW DATE</b>	<b>AMENDED</b>	<b>OUTCOME</b>	<b>MOTION #</b>
	June 2024	3. remove the requirement that draws on letters of credit must be presented to a financial house in Greater Victoria	MOVED	C-112-24

A Letter of Credit containing any restriction or requirement other than those outlined above is not acceptable. Acceptance of any Letter of Credit by Town staff is subject to its approval by the Town's Director of Finance.

Exceptions to any restriction or requirement outlined above may only be approved by the Chief Administrative Officer.

**DISTRIBUTION:** Electronic file Y:\Administration\0340 Policies\50 - Final\0100 - Administration and Town of View Royal website.

<b>RECORD OF AMENDMENTS</b>	<b>REVIEW DATE</b>	<b>AMENDED</b>	<b>OUTCOME</b>	<b>MOTION #</b>
	June 2024	3. remove the requirement that draws on letters of credit must be presented to a financial house in Greater Victoria	MOVED	C-112-24