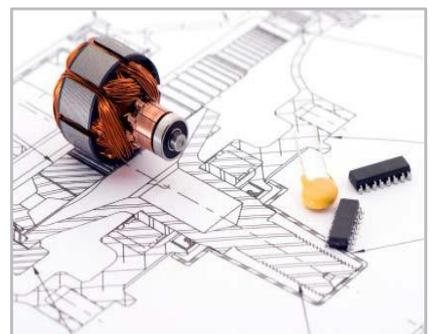
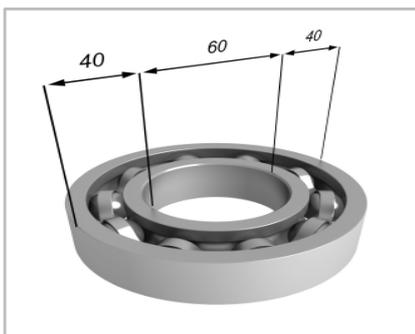
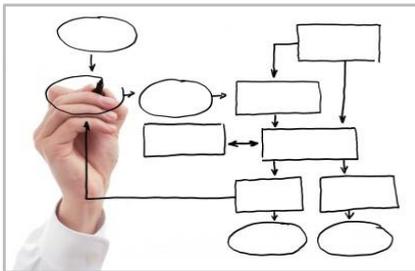
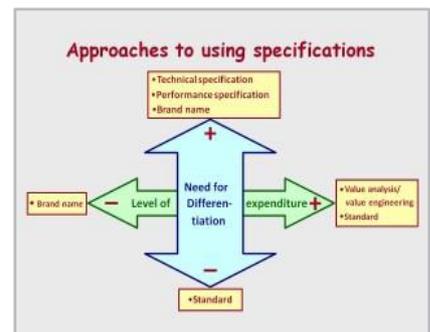


TRADING ASSET CONTROLS FOR BANK LENDING



TRADING ASSET CONTROLS FOR BANK LENDING

INDUSTRY'S FINANCING REQUIREMENTS

Steadily increasing commodity prices and/or inflation lead to the increase in borrowing needs of companies. Typically, companies rely on their relationship banks as the primary source of their borrowing needs. As far as the borrower is concerned, the advantage of seeking funds in this way might simply be one of cost whilst the relationship banks would be keen to emphasize their role as principal providers of the working capital.

Over the years, the emphasis on sound banking procedures and increased central bank regulation (BASEL II and III) has driven banks to be more prudent and apply all the “lending tools” and techniques when extending or enhancing credit lines.

This is true for a variety of reasons such as:

- The recent financial crisis has weakened a great many balance sheets resulting in a problem in maintaining historical credit limits.
- Inflation has doubled the value of trading assets within the past few years which has made previous credit limits inadequate even to maintain the same volume of trading.
- For smaller and medium sized companies equity capital has been difficult to raise resulting in greater reliance upon borrowed funds.
- The relative importance of trading assets to a company's net worth has increased whilst that of real property has decreased. However, it must be kept in mind that trading assets by their very nature are volatile and therefore cannot be relied upon as collateral unless carefully monitored.
- When the economy improves, purchasing will increase, sales will increase, and inevitably there will be a certain amount of overtrading. This is not necessarily unhealthy if the problem is recognized and appropriate plans are in place to keep overtrading under control. Until it is kept under control, the bank credit lines will be strained and bankers will be hard pressed to reconcile the seemingly conflicting forces of helping the industry recover whilst at the same time maintaining effective security.
- Even in times of recession, some companies enjoy an increase in business so the effects of inflation, scarcity of equity funds and good banking practice combine to strain a banker/borrower relationship.

In light of the foregoing, ACE GLOBAL DEPOSITORY (“ACE GLOBAL”) proposes two specific services in order to assist the bank in extending credit to its customers, namely its Certified Inventory Control Services (C.I.C) and Certified Accounts Receivable Services (C.A.R.S).

CERTIFIED INVENTORY CONTROL AS A LENDING TOOL

A Banker has several options to improve his bank's position when dealing with a client who wishes to maintain, increase or even establish a credit facility. As a first option the banker would be inclined to adopt a method whereby the existing secured or unsecured relationship with the client is not disturbed. This may be achieved by using trading assets as collateral, provided that there is appropriate accurate and timely information about the level of the trading assets.

However, the banker would also like to keep their current arrangements with their client mostly undisturbed. This can be achieved provided there is sufficient, accurate and timely information about the level of trading assets. But even this may be inadequate without a control mechanism which certified that the level of trading assets do not fall below a predetermined amount without the approval of the bank.

ACE GLOBAL's Certified Inventory Control (C.I.C) and/ or Certified Accounts Receivable Services (C.A.R.S) are designed to provide the necessary flow of information and the requisite controls that the bank needs as well as provide other safeguards for the bank.

Let's examine the advantages available to the bank and the borrower before examining how these services operate.

ADVANTAGES TO THE BANK

- These services keep the bank accurately informed on a periodic basis about the level of trading assets so that the unsecured or the secured relationship can be reassessed as conditions change.
- The banker has ACE GLOBAL's certification that its reports are accurate and that the assets being controlled do not fall below an agreed minimum level.
- This regular flow of current and accurate information enables a banker to grant the maximum facility to its client consistent with good banking practice. Thus, the bank's income quality is enhanced and the customer is assured of a continuing facility within agreed limits but one which can fluctuate with changing conditions and requirements.
- The Credit facility can be systematically reduced or controlled by putting it on a fluctuating basis arrived at by crediting the facility with say, 70% of the value of all stock received and debiting it with 80% of the stock delivered from the borrower's premises. This results in a gradual increase in the borrower's equity in his stocks.

ADVANTAGES TO THE BORROWER

- The greatest advantage to a bank customer is a financing plan which the ACE GLOBAL controls permit. In this way, the company spends a minimum amount of time worrying about finding new sources of short-term credit and maximum amount of time making a success of the business. To the extent that a company is able to rely on its relationship bank for its short term cash requirements its chances of success must be increased.
- The ACE GLOBAL services enable the bank's customer to provide the necessary transparency in reporting, and enables them to have a firm financing plan or to obtain enhanced credit limits based on the engagement of an independent third party acting on behalf of the bank in respect of the trading assets.

HOW CERTIFIED INVENTORY CONTROL WORKS

- Without cost or obligation to the bank or the bank's customer, ACE GLOBAL will visit the customer at his premises and will review stock control procedures, storage facilities, assess what types of stock could readily be controlled and will discuss all requirements and charges with the customer. The result of this survey will be reported to the bank so a decision can be made whether or not to proceed.
- Assuming the decision is made to use the ACE GLOBAL service, a tripartite Certified Inventory Control Agreement is executed by the bank, ACE GLOBAL and the customer. A copy of such an agreement is attached - See Appendix A-1.
- The bank will give ACE GLOBAL and the customer a letter which will include the following instructions:
 - ❖ Identification of the stock to be controlled under this facility.
 - ❖ The method ACE GLOBAL is to use in arriving at the value of goods received and delivered.
 - ❖ How often ACE GLOBAL is to report stock movements and inventory on hand.
 - ❖ A minimum level of stock below which ACE GLOBAL is not to permit the stock level to fall without prior authorization from the bank. This instruction can also take other forms depending upon the nature of the customer's business. See Appendix A-1 and A-2 for a sample ACE GLOBAL Certificate contained within it which illustrates a section for inventory movements as well as book debt changes.
- If required, ACE GLOBAL will select employees from among the customer's personnel to be seconded to ACE GLOBAL during the time that the Certified Inventory Control Service is in use. These employees will be fully instructed in their duties for ACE GLOBAL which should parallel their duties for the customer. It is very seldom that additional help is necessary to meet both the ACE GLOBAL and the customer's requirements.
- At the bank's option the customer's insurance policies covering the stock can be endorsed to show the bank's interest. If the Credit is unsecured this may not be required.
- A complete physical count of all stock would be made and the first Certificate issued to the bank.
- Regular (weekly or fortnightly) Certificates would be issued thereafter as agreed.
- ACE GLOBAL would conduct regular audits over the system and of the stock to see that all is in order.

CERTIFIED ACCOUNTS RECEIVABLE SERVICE

A customer's book debts may be worth as much or even more than the stocks so any monitoring system ACE GLOBAL installs would be enhanced by their inclusion. This can be done by employing many of the same techniques used in Certified Inventory Control. The ACE GLOBAL survey for example, would include the handling of book debts as well as stocks.

For this service, a Certified Accounts Receivable Service Agreement would be required to be entered into by the appropriate parties (See Appendix A-2 attached) and the bank would give ACE GLOBAL and the customer instructions regarding any debts to be excluded from its reporting (such as sales to affiliated companies, employees or those covered by repurchase agreements). ACE GLOBAL would then examine the customer's books, verify balances if necessary, prepare an age analysis and include its findings on the first Certificate and all changes on the subsequent Certificates.

The extent to which ACE GLOBAL would control payments received by the customer would be entirely at the bank's discretion and the bank might change its instructions to ACE GLOBAL on this point if the company's financial condition changes.

It is to be noted that the bank can request ACE GLOBAL to provide this service relating to account receivables in addition to the specific collateral control Field Warehousing service in respect of the customer's inventory being used as collateral.

OPTIONAL SUPPLEMENTARY REPORTS

As the ACE GLOBAL Certificate is a summary of changes and levels of trading assets being controlled, it does not include details such as descriptions of stock and information concerning debtors.

If this information is required, it can be provided as a supplement to the ACE GLOBAL Certificate or rendered separately at periodic intervals (such as quarterly) as and when required.

ACE GLOBAL DOCUMENTATION

It is very important that the necessary documents which evidence ACE GLOBAL's engagement establish that ACE GLOBAL is acting for and on behalf of the bank and with the express consent of the customer.

The following Annex's establish the minimum documentation that is required if ACE GLOBAL's services are to be utilized and indicate the simplicity of the services once an agreement has been established.

CERTIFIED INVENTORY CONTROL AGREEMENT

THIS AGREEMENT is made this ____ day of _____ 2012

BETWEEN:

(Address to be inserted)
(City & Country)
Tel: +
Fax: +
E-mail:

(hereinafter referred to as the “**Borrower**”)

OF THE FIRST PART

ACE GLOBAL [country] LIMITED *[to be filled in depending on nature of contracting entity within ACE GLOBAL]*
(Address to be inserted)
(City & Country)
Tel: +
Fax: +
E-mail:

(hereinafter referred to as “**ACE**”)

OF THE SECOND PART

(Address to be inserted)
(City & Country)
Tel: +
Fax: +
E-mail:

(hereinafter referred to as the “**Bank**”)

OF THE THIRD PART

ANNEX I	Services to be provided by ACE
ANNEX II	Fees and Charges Payable to ACE
ANNEX III	Letter of Indemnity
ANNEX IV	Sample Inventory Certificate

WHEREAS

- A The Bank and the Borrower have entered into an agreement relating to their respective rights in certain inventories (“Inventory”); and
- B The Bank and Borrower desire that ACE install its certified Inventory Control Service with respect to such Inventories for the account of the Bank and ACE has agreed to do so as more particularly described in Annex I hereto, attached upon the terms and conditions mentioned hereinafter;
- C Where the Bank has or will hereafter file relevant documents with regard to the protection of its interest in the said Inventory.

NOW, THIS AGREEMENT WITNESSES that in pursuance of the premises and in consideration of the mutual understanding and agreements herein contained the parties hereto **HAVE AGREED** as follows:

1 APPOINTMENT

The Borrower and the Bank hereby appoint ACE to install a certified Inventory Control Service with respect to the Inventory and ACE accepts to supervise the installation and maintenance of control records and procedures for Inventory to be subject to ACE's Inventory Control Service.

2 ACE AGREES

- 2.1. To supervise and participate in the taking of an initial inventory and to deliver to the Bank its Inventory Control Certificate in a form acceptable to the Bank certifying to the value of the Inventory on Borrower's premises computed at values declared by the Borrower and described by the Bank as being subject to its interest and subsequently to furnish to the Bank Inventory Certificates at regular intervals to be agreed upon by the Bank and ACE.
- 2.2. To comply with written instructions it has accepted from the Bank specifying the conditions pursuant to which the Borrower may remove the Inventory subject to the Bank's interest and to allow no further deliveries by the Borrower when the limit set forth in the Bank's instructions has been reached.
- 2.3. It shall be liable to the Bank for any loss the Bank may suffer as a result of reliance upon ACE's Inventory Certificate(s) to the extent that such Certificate(s) are incorrect, as a result of ACE's wilful default or gross negligence or failure to perform its obligations hereunder.
- 2.4. To report to the Bank any instances of improper care or condition of the Inventory which it may reasonably observe in the course of its regular inspections of the Inventory and to report to the Bank should the Inventory be lost or destroyed by any unforeseen cause, including but not limited to fire, theft, or burglary.
- 2.5. To provide a statement of account to the Bank as per the intervals as agreed with the Bank.
- 2.6. It is agreed that ACE shall have no responsibility or liability for the contents of boxes, packages or other containers which may be improperly marked, nor for the grade, quality, title, care or condition of the commodities on which it is reporting but shall be entitled to rely on the Borrower's representations in this regard. It is further agreed that ACE shall have no responsibility for the validity or priority of the Bank's interest or for the values declared by the Borrower in computing the value of the Inventory Certificates.

3 THE BANK AGREES

- 3.1. To furnish to ACE and the Borrower written instructions setting forth a description of the Inventory and specifying the conditions pursuant to which the Borrower may remove the Inventory subject to the Bank's interest. Such instructions are to be binding on ACE only when they have been accepted by ACE.

- 3.2. To pay on behalf of the Borrower, to ACE any charges due to it provided that the Borrower shall have failed to make payment and ACE shall have made written request to make such payment.
- 3.3. The Bank hereby waives all rights of subrogation against ACE under all insurance policies insuring in any way real or personal property belonging to the Bank or in which it has any interest.

4 THE BORROWER AGREES

- 4.1. To cooperate with ACE to in connection with ACE's inventory control and accounting requirements and to perform all of its obligations hereunder.
- 4.2. To furnish to ACE without charge such space on the Borrower's Storage Facility as may be required by ACE for the installation and maintenance of ACE's inventory records, and further agrees that ACE and its staff have full right of ingress and egress to the Storage Facility where the Inventory are stored.
- 4.3. To permit ACE and its staff to have full and unrestricted access to such of the Borrower's Inventory and accounting records and related documents as may be necessary in connection with the maintenance by ACE of said inventory control and may take and retain custody and control of all or part of such inventory records and related documents when required by ACE and to verify the accuracy thereof.
- 4.4. Upon receipt of the Bank's instructions specifying the conditions pursuant to which the Borrower may remove the Inventory subject to the Bank's interest, the Borrower will not permit the Inventory to be removed except in strict accordance with the terms of the Bank's instructions and that any delivery or removal of the Inventory in violation of the Bank's instructions shall constitute a default under the terms of this Agreement with the Bank.
- 4.5. To cooperate fully in all respects with ACE in connection with the installation and maintenance by ACE of inventory control records and to adhere to and comply with instructions from the Bank pertaining to the withdrawal of inventory certified by ACE.
- 4.6. To permit to ACE to install locks on all entrances to the Storage Facilities where the Inventory subject to the Bank's interest is stored and to lock said entrances or institute whatever other control measures are necessary to prevent the movement of the Inventory when an ACE employee is not on duty, when charges due under this Agreement are delinquent, or when, in the opinion of ACE, further deliveries of the Inventory would constitute a violation of the Bank's instructions.
- 4.7. ACE may rely upon the accuracy of the Borrower's representations in preparing its Inventory Certificates and in accepting delivery instructions from the Bank, and ACE makes no representation nor assumes any responsibility to the Borrower for the inventory included in its certification or subject to its limited control.
- 4.8. It shall have sole responsibility for the care and condition of such inventory and for the maintenance of safe and satisfactory storage conditions, and the said Borrower hereby holds ACE harmless from any damage or loss that may come to any inventory subject to ACE's certification.
- 4.9. To furnish to ACE financial statements accurately and completely reflecting the Borrower's financial condition whenever in the regular course of the Borrower's

business such statements are prepared; provided, however, that the Borrower shall furnish to ACE such statements at least once each year during the term hereof.

4.10. To the extent permissible by law, it will and does hereby waive all rights of subrogation against ACE under all insurance policies insuring in any way real or personal property of the Borrower or in which it has interest.

4.11. To indemnify and hold harmless ACE against any loss, damage, claim or liability asserted against it by reason of (1) the negligent or wrongful conduct of Borrower's employees, agents or sub-contractors unless acting in accordance with the instructions of ACE, or (2) in connection with the issuance of a Certificate by ACE, evidencing or purporting to evidence the value of the inventory on the Borrower's Storage Facility, or in maintaining control of said inventory.

4.12. While, this Agreement is in effect, the Bank may disclose to ACE any information in its possession relating to the Borrower's financial condition and the Borrower consents to such disclosure.

5 **DESCRIPTION OF SERVICES**

ACE shall render the services described in Annex I hereto either directly or through an authorised affiliate or a designated agent. Any services required other than those specified in this Agreement shall be requested in writing, negotiated and confirmed by **ACE**.

6 **FEES AND CHARGES**

In consideration of services provided by ACE herein, the Borrower hereby irrevocably agrees to pay ACE's fees and charges stipulated in Annex II hereto, including the cost of ACE of all special examinations, special travel expenses, attorney's fees incurred by ACE and required in order to protect the interest of the Bank and any additional expenses incurred by ACE as a result of Borrower's failing to comply with procedures installed by ACE, payable upon presentation of invoice. The fees shall be effective from the first day ACE deploys its staff to commence provision of services related to this Agreement.

7 **TAXES**

All fees and charges payable to ACE shall be net of any and all taxes and other mandatory payments, including VAT, charged, paid or which may be imposed in the future in relation to services described herein and the Borrower agrees that it shall be responsible for the payment of all such taxes.

8 **PAYMENTS**

All fees shall be charged monthly by ACE to the Borrower and payment shall be effected by the most appropriate means (wire transfer/cheque/Bankers draft) within thirty (30) days upon presentation of the invoice by direct transfer to the following account:

Account Holder: ACE () Limited
Bank: _____
Account Number: _____
Branch : _____

It is hereby understood and agreed that payments as per Annex II not made within five (5) working days after the due date of payment following presentation of the ACE

invoice shall be subject to a late penalty charge of eight per cent per month on the amount due.

9 **DURATION**

This Agreement comes into force when ACE deploys its staff to commence the Certified Inventory Control services relating to this Agreement, unless earlier terminated as provided for in paragraph 10 below.

10 **TERMINATION**

This Agreement may be terminated upon 30 (thirty) days written notice by either ACE or the Bank. The Borrower may also terminate this Agreement upon 30 (thirty) days written notice provided the Bank consents thereto in writing provided further that no termination notice by the Borrower shall become effective until the Bank and the Borrower have executed and delivered to ACE notice of such AGREED termination and release and all outstanding charges due to ACE have been paid. ACE shall have the right to suspend further certification and/or terminate this Agreement at any time for failure of the Borrower to perform any of its obligations hereunder. In the event ACE elects to terminate, such termination notice shall not affect ACE's responsibility to the Bank in connection with Inventory Certificates previously issued.

11 **AMENDMENTS**

This Agreement shall not be changed or supplemented in any way except by properly executed documents signed by a representative or officer duly authorised in writing by each of the parties hereto.

12 **FORCE MAJEURE**

Each party shall be relieved of liability for a partial or complete failure to perform its obligations under this Agreement, to the extent that and for so long as such failure is due to Force Majeure arising after the execution of this Agreement. "Force Majeure" shall mean extraordinary events or circumstances external to the party seeking to rely on them and which such party could neither foresee nor prevent by reasonable means "extraordinary events or circumstances" shall include, but not be limited to, strikes, floods, fire, earthquakes and other natural calamities, wars, military activities, civil unrest, local or foreign governmental authorities intervention, terrorism actual or threatened, and any other circumstance beyond that Party's reasonable control.

Immediately upon the occurrence of an event of Force Majeure, the Party claiming inability to perform by reason thereof shall notify the other Party in writing of these circumstances. Such notification shall include information on the nature of the circumstances and why they excuse performance under this Agreement and, if possible, an assessment of their influence on the Party's future ability to perform its obligations under this Agreement. The Party affected by Force Majeure will use its best efforts to eliminate the events or circumstances giving rise to Force Majeure and to continue to perform the obligations under this Agreement whose performance was affected by Force Majeure.

13 **SURVIVAL OF WARRANTIES**

All warranties and indemnities of the Borrower, the Bank and ACE shall survive the termination of this Agreement.

14 **ASSIGNMENTS**

Except as expressly provided herein, any assignment of this Agreement or any right hereunder by any of the parties without the prior written consent of other parties shall be null and void.

15 **APPLICABLE LAW**

This Agreement shall be construed and interpreted in accordance with the Laws of England

[English law preferred or else country law depending on local law requirements].

16 **CONFIDENTIALITY AND NON-DISCLOSURE**

Each party and their agents, representatives and employees shall keep confidential any information concerning the business or business operations which may be discussed or disclosed in the course of the relationship created by this Agreement and will not disclose any such information to any third party without the written permission of the other.

17 **SEVERABILITY**

The invalidation of any one of the terms, conditions or other provisions herein by judgement or court order shall in no way affect any other terms, conditions and provisions hereof, and the remainder of this Agreement shall remain in full force and effect.

18 **RECITALS**

The matters set forth in the "WHEREAS" clauses on page one (1) hereof are incorporated into and made part of this Agreement.

19 **HEADINGS**

The Paragraph and Sub-paragraph headings contained in this Agreement are for convenience in reference only and are not intended to define or limit the scope of this Agreement or any term thereof.

20 **ARBITRATION**

It is hereby agreed and understood that the parties hereto shall carry out this Agreement in the spirit of mutual co-operation and good faith and that any difference, dispute or controversies shall be resolved and settled amicably among the parties hereto. If, however, amicable settlement shall not be possible, the parties hereto agree that all disputes in connection with this Agreement or the execution thereof shall be settled by Arbitration process in accordance with the ICC arbitration rules. The number of Arbitrators shall be one as agreed by the Parties to this Agreement. The place of arbitration shall be Dubai (UAE) / Geneva (Switzerland) / *or country of operation depending on local law requirements*. The language of the proceedings shall be English. Notwithstanding the above a Party hereto is entitled to seek preliminary injunctive relief or interim or conservatory measures from any court of competent jurisdiction pending the final decision or award of the arbitrator and provided also that the parties expressly reserve the right to appeal the final decision as provided by applicable law.

21 **ANNEXES**

All stated Annexes form an integral part of this Agreement. In case of conflict between the provisions of this Agreement and the former shall apply.

22 **NOTICES**

22.1 The Parties choose as their *domicilia citandi et executandi* for all purposes under this Agreement, whether in respect of court process, notices or other documents or communications of whatsoever nature, the following addresses:

THE BORROWER:

Telephone: _____ Facsimile: _____
Email: _____ Attention: _____

THE BANK:

Telephone: _____ Facsimile: _____
Email: _____ Attention: _____

ACE: _____

Telephone: _____ - Facsimile: _____
Email: _____ Attention: _____

22.2 Any notice or communication required or permitted to be given in terms of this Agreement shall be valid and effective only if in writing but it shall be competent to give notice by facsimile provided that the issuing Party has obtained a report showing that the fax has been properly sent, or by a scanned document sent by email.

22.3 Any Party may by notice to the other Parties change the physical address chosen as its *domicilium citandi et executandi* to another physical address where postal delivery occurs or its postal or email address or its facsimile number, provided that the change shall become effective on the 10th (tenth) business day from the deemed receipt of the notice by the other Parties.

23 ENTIRE AGREEMENT

This Agreement sets forth all the covenants and understandings between the Parties with respect to the matters herein contained.

IN WITNESS WHEREOF, the Parties have executed this Agreement in triplicate

For and on behalf of
BORROWER

For and on behalf of
BANK

For and on behalf of
ACE GLOBAL (_____) LIMITED

ANNEX I AND II

(DETERMINED ON A CASE BY CASE BASIS)

ANNEX III

ACE GLOBAL CERTIFICATE

ACE GLOBAL COLLATERAL CONTROL CERTIFICATE

Certificate No Date

ISSUED TO (LENDER)

AT REQUEST OF (BORROWER)

CURRENCY

REPORT TYPE	REGION CODE	RECEIVABLES LOCATION NUMBER	INVENTORY LOCATION NUMBER	BANK NAME	PERIOD
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

ACE GLOBAL COLLATERAL CONTROL CERTIFICATE

1 CERTIFIED ACCOUNTS RECEIVABLE

A BALANCE LAST REPORT (LINE 1G)

B INSTALLMENTS (MINUS)

C PLUS NEW CERTIFICATIONS

D LESS DEPOSITS

E LESS NON CASH CREDITS

F PLUS DEPOSITS NON-CERTIFIED/DEBIT ADJ

G **TOTAL VALUE OF OUTSTANDING ACCOUNTS RECEIVABLES** A-B+C-D-E+F

H LESS ACCOUNTS RECEIVABLE OVER 90 DAY:

I LESS CONTRAS

J **NET ELIGIBLE ACCOUNTS RECEIVABLE FOR THIS PERIOD** G-H-I

2 CERTIFIED INVENTORY

A ELIGIBLE INVENTORY

Commodity	Quantity	Market Rate	Collateral Value	Collateral Rate	Updated Collateral Value	Minimum Collateral Value	Collateral Value Report
<input type="text"/>	<input type="text"/>	<input type="text"/>					

Commodity	Quantity	Market Rate	Collateral Value	Collateral Rate	Updated Collateral Value	Minimum Collateral Value	Collateral Value Report
<input type="text"/>	<input type="text"/>	<input type="text"/>					

C TOTAL CERTIFIED INVENTORY FOR THIS PERIOD

3 LOAN VALUE OF ABOVE COLLATERAL

A RECEIVABLES % of line 1J above

B INVENTORY % of line 2C above

C **TOTAL COLLATERAL LOAN VALUE THIS PERIOD**

D MAXIMUM FACILITY AS AGREED BETWEEN LENDER AND BORROWER

E CURRENT FACILITY AVAILABLE (Smaller of 3c or 3D)

4 LOAN BALANCE LAST REPORT LINE 7

A LESS () DEPOSITS LINE 1D APPLIED TO LOAN

() REDUCTION BY BORROWER

B PRESENT LOAN BALANCE (Line 4 LESS 4A)

5 EXCESS OR (DEFICIT) (3E LESS 4B)

6 LOAN ADJUSTMENTS

() PLEASE INCREASE LOAN BY THE AMOUNT STATE

() PLEASE DECREASE LOAN BY THE AMOUNT STATE

7 **NEW LOAN BALANCE THIS PERIOD** ADD OR SUBTRACT

8 TRANSFER BALANCE IN CASH COLLATERAL ACCOUNT TO BORROWERS ACCOUNT (1C Less amount applied to loan 4A)

ANNEX IV

LETTER OF INDEMNITY
BORROWER'S LETTERHEAD

Date : _____
Attention : ACE GLOBAL (____) Limited
Address : _____

Dear Sirs,

We refer to the Certified Inventory Control Agreement (including the exhibits attached thereto, the « Agreement » dated _____, 2012, among ACE GLOBAL (____) Limited ("ACE"), _____ (the Bank), and _____ (the Borrower), whereby ACE agreed to provide Certified Inventory Control services for the Bank and the Borrower in consideration of the payments provided in the Agreement.

We hereby undertake to:

- be fully liable or responsible for the consequences of any negligent act(s) and/or fraudulent act(s) resulting from our own negligence and/or our own fraud, or as the case may be, from the negligence and/or the fraud of our employees, servants, agents or sub-contractors or third party operators;
- indemnify and hold harmless ACE and any of its affiliate from every liability, claim, action, cause of action judgement, loss, expense, or cost whatsoever (including but not limited to reasonable attorney's fees and court costs) arising from or in any way related to or resulting from our so doing and/or our employees, servants, agents or sub-contractors' or third party operators own doing;
- testify, declare, depose or certify to the truth, or cause to testify, declare, depose or certify to the truth of any or all of the negligent act(s) and/or fraudulent act(s) before any competent tribunal, officer, or person and that we will co-operate fully in the prosecution of the person or persons who participate in the said negligent act(s) and/or fraudulent act(s);

This letter of indemnity shall be effective upon our acceptance hereof and shall continue in effect until termination of the Certified Inventory Control Agreement dated _____, 2012.

IN WITNESS WHEREOF, the undersigned has executed this Indemnity Letter this ____ day of _____, 2012.

By: _____
Name:
Title:

CERTIFIED ACCOUNTS RECEIVABLES SERVICE AGREEMENT

THIS AGREEMENT is made this ____ day of _____ 2012

BETWEEN:

(Address to be inserted)
(City & Country)
Tel: +
Fax: +
E-mail:

(hereinafter referred to as the “**Borrower**”)

OF THE FIRST PART

ACE GLOBAL [country] LIMITED *[to be filled in depending on nature of contracting entity within ACE GLOBAL]*
(Address to be inserted)
(City & Country)
Tel: +
Fax: +
E-mail:

(hereinafter referred to as “**ACE**”)

OF THE SECOND PART

(Address to be inserted)
(City & Country)
Tel: +
Fax: +
E-mail:

(hereinafter referred to as the “**Bank**”)
THIRD PART

OF THE

ANNEX I	Services to be provided by ACE
ANNEX II	Fees and Charges Payable to ACE
ANNEX III	Letter of Indemnity
ANNEX IV	Sample Certificate

WHEREAS

- A. The Bank and the Borrower have entered into an agreement for financing of the Borrower’s accounts receivable upon the security mentioned in the said financing document.
- B. The Bank and the Borrower have requested ACE to install its Certified Accounts Receivable Service (*C*A*R*S’) on the Borrower’s premises for the purposes herein contained.

NOW, THIS AGREEMENT WITNESSES that in pursuance of the premises and in consideration of the mutual understanding and agreements herein contained the parties hereto **HAVE AGREED** as follows:

1 **APPOINTMENT**

The Borrower and the Bank hereby appoint ACE to install a certified *C*A*R*S with respect to the Receivables of the Borrower and ACE accepts to supervise the installation and maintenance of control records and procedures for such Receivables to be subject to ACE's *C*A*R*S Service.

2 **ACE AGREES**

- 2.1 To supervise the installation and maintenance of such controls and records of Borrower's accounts receivable as the Bank or the Borrower may require to permit ACE to install its C*A*R*S;
- 2.2 To issue to the Bank at regular intervals to be agreed upon by the Bank and ACE:
- a. Assignment Schedules listing accounts receivable agreed to be assigned by Borrower to the Bank; and /or
 - b. Accounts Receivable Certificates certifying the validity of such accounts receivable provided by Borrower's accounts receivable records and controls are satisfactory to ACE, a form of which is attached as an Annex hereto;
- 2.3 To indemnify the Bank against actual loss suffered as a result of:
- c. Reliance upon ACE's Accounts Receivable Certificates to the extent that any accounts receivable are inaccurately certified as a result of wilful default, gross negligence or a breach of the obligations hereunder, or were invalid at the time of certification; and
 - d. Failure by the Borrower to apply any payments of certified accounts receivable in accordance with written instructions provided to ACE and Borrower by the Bank;
- 2.4 To provide the Bank and the Borrower with copies of all Accounts Receivable Age Analysis Reports prepared by ACE and upon request with any other information it may have which will assist in the accounting, control and collection of Borrower's accounts receivable;
- 2.5 To provide the Bank with periodic reports on all discounts or other credits granted by Borrower, including returned Inventory received by Borrower and on the position relating to all offsetting accounts;
- 2.6 To cause periodic examinations to be made of Borrower's accounts receivable records and controls by ACE's field examining staff;
- 2.7 To permit Borrower at all reasonable times to have access to and make use of such ACE accounts receivable records as may reasonably be required by Borrower in the conduct of its business; and
- 2.8 To treat all information relating to the Borrower's business as confidential, other than as contemplated by this Agreement.

3. THE BANK AGREES

- 3.1 To provide ACE and Borrower with the written instructions mentioned herein on a timely basis;
- 3.2 To pay, on behalf of Borrower to ACE any charges due to its pursuant to Clause 4 below provided that the Borrower shall have failed to make payment of such charges and ACE shall have made written requests to Lender to make such payment.

4. BORROWER AGREES

- 4.1 To permit ACE and its employees to enter and occupy without charge such as space on Borrower's premises as may be required by ACE for the installation and maintenance of C*A*R*S;
- 4.2 To permit ACE and its employees have full and unrestricted access to all of the Borrower's accounting records and related documents and to take and retain custody and control of all or part of such records and documents and to verify the accuracy thereof;
- 4.3 To co-operate fully with ACE in connection with the maintenance by ACE of C*A*R*S and to keep ACE promptly advised of all information which might adversely affect the value as collateral of its accounts receivable;
- 4.4 To apply in accordance of written instructions provided by the Bank to ACE and Borrower any payments received from debtors on any accounts receivable certified by ACE;
- 4.5 To second ACE employment such as employees as are required by ACE to maintain C*A*R*S;
- 4.6 To indemnify and hold harmless ACE against any loss, damage, claim or liability caused by a reason of negligent or wrongful conduct of employees referred to in (E) above unless such employees are acting in accordance with ACE's instructions; and
- 4.7 To furnish to ACE from time to time all statements relating to Borrowers financial position (including the audited balance sheet and profit and loss account) whenever in the regular course of borrower's business such statements are prepared and that the Bank may disclose to ACE any information relating to Borrower's financial condition.

5. DESCRIPTION OF SERVICES

ACE shall render the services described in Annex I hereto either directly or through an authorised affiliate or a designated agent. Any services required other than those specified in this Agreement shall be requested in writing, negotiated and confirmed by **ACE**.

6 FEES AND CHARGES

In consideration of the installation and maintenance of C*A*R*S Borrower agrees to pay ACE within 15 days from date of invoice unless otherwise provided:

- i. an installation charge of _____ per employee per day, payable upon installation of service;
- ii. a service charge relating to the accounts receivable which are the subject of C*A*R*S on the following basis:

Provided that for the first year of this agreement such service charge shall be a minimum of _____ payable upon installation of service;

- a. if ACE undertakes to produce data processing reports reflecting the status of Borrower's accounts receivable, a charge of _____ per Assignment Schedule line item or per report line item per month, whichever is greater, in excess of the first [150] line item which are the subject of C*A*R*S;
- b. the cost to ACE of all special examinations and special travel required and legal expenses incurred in order to protect the interests of the Bank or ACE, together with any additional expenses incurred by ACE as result of operating C*A*R*S or as a result of Borrower's failure to comply with any of the terms of this Agreement or with the procedures installed by ACE; and
- c. in the events of any amounts payable by Borrower hereunder remaining unpaid fifteen (15) days after the same shall have become due a late payment charge computed at the rate of 8 per cent per annum on all unpaid amounts, calculated from the date when such amounts shall have become due until the date of actual payment on a day-to-day basis.
- d. ACE shall not be responsible or liable for the validity or priority of the Banks's claim upon the Borrower's account receivable or for effecting the collection of such accounts receivables.

7 **TAXES**

All fees and charges payable to ACE shall be net of any and all taxes and other mandatory payments, including VAT, charged, paid or which may be imposed in the future in relation to services described herein and the Borrower agrees that it shall be responsible for the payment of all such taxes.

8 **PAYMENTS**

All fees shall be charged monthly by ACE to the Borrower and payment shall be effected by the most appropriate means (wire transfer/cheque/Bankers draft) within thirty (30) days upon presentation of the invoice by direct transfer to the following account:

Account Holder: ACE GLOBAL () Limited
Bank: _____
Account Number: _____
Branch : _____

It is hereby understood and agreed that payments as per Annex II not made within five (5) working days after the due date of payment following presentation of the ACE invoice shall be subject to a late penalty charge of three (3) per cent per month on the amount due.

9 **DURATION**

This Agreement comes into force when ACE deploys its staff to commence the Certified Inventory Control services relating to this Agreement, unless earlier terminated as provided for in paragraph 10 below.

10 **TERMINATION**

This Agreement may be terminated upon 30 (thirty) days written notice by either ACE or the Bank. The Borrower may also terminate this Agreement upon 30 (thirty) days written notice provided the Bank consents thereto in writing provided further that no termination notice by the Borrower shall become effective until the Bank and the Borrower have executed and delivered to ACE notice of such AGREED termination and release and all outstanding charges due to ACE have been paid. ACE shall have the right to suspend further certification and/or terminate this Agreement at any time for failure of the Borrower to perform any of its obligations hereunder. In the event ACE elects to terminate, such termination notice shall not affect ACE's liability to the Bank for the validity of accounts receivable previously certified.

11 **AMENDMENTS**

This Agreement shall not be changed or supplemented in any way except by properly executed documents signed by a representative or officer duly authorised in writing by each of the parties hereto.

12 **FORCE MAJEURE**

Each party shall be relieved of liability for a partial or complete failure to perform its obligations under this Agreement, to the extent that and for so long as such failure is due to Force Majeure arising after the execution of this Agreement. "Force Majeure" shall mean extraordinary events or circumstances external to the party seeking to rely on them and which such party could neither foresee nor prevent by reasonable means "extraordinary events or circumstances" shall include, but not be limited to, strikes, floods, fire, earthquakes and other natural calamities, wars, military activities, civil unrest, local or foreign governmental authorities intervention, terrorism actual or threatened, and any other circumstance beyond that Party's reasonable control.

Immediately upon the occurrence of an event of Force Majeure, the Party claiming inability to perform by reason thereof shall notify the other Party in writing of these circumstances. Such notification shall include information on the nature of the circumstances and why they excuse performance under this Agreement and, if possible, an assessment of their influence on the Party's future ability to perform its obligations under this Agreement. The Party affected by Force Majeure will use its best efforts to eliminate the events or circumstances giving rise to Force Majeure and to continue to perform the obligations under this Agreement whose performance was affected by Force Majeure.

13 **SURVIVAL OF WARRANTIES**

All warranties and indemnities of the Borrower, the Bank and ACE shall survive the termination of this Agreement.

14 **ASSIGNMENTS**

Except as expressly provided herein, any assignment of this Agreement or any right hereunder by any of the parties without the prior written consent of other parties shall be null and void.

15 **APPLICABLE LAW**

This Agreement shall be construed and interpreted in accordance with the Laws of England

[English law preferred or else country law depending on local law requirements].

16 **CONFIDENTIALITY AND NON-DISCLOSURE**

Each party and their agents, representatives and employees shall keep confidential any information concerning the business or business operations which may be discussed or disclosed in the course of the relationship created by this Agreement and will not disclose any such information to any third party without the written permission of the other.

17 **SEVERABILITY**

The invalidation of any one of the terms, conditions or other provisions herein by judgement or court order shall in no way affect any other terms, conditions and provisions hereof, and the remainder of this Agreement shall remain in full force and effect.

18 **RECITALS**

The matters set forth in the “WHEREAS” clauses on page one (1) hereof are incorporated into and made part of this Agreement.

19 **HEADINGS**

The Paragraph and Sub-paragraph headings contained in this Agreement are for convenience in reference only and are not intended to define or limit the scope of this Agreement or any term thereof.

20 **ARBITRATION**

It is hereby agreed and understood that the parties hereto shall carry out this Agreement in the spirit of mutual co-operation and good faith and that any difference, dispute or controversies shall be resolved and settled amicably among the parties hereto. If, however, amicable settlement shall not be possible, the parties hereto agree that all disputes in connection with this Agreement or the execution thereof shall be settled by Arbitration process in accordance with the ICC arbitration rules. The number of Arbitrators shall be one as agreed by the Parties to this Agreement. The place of arbitration shall be Dubai (UAE) / Geneva (Switzerland) / *or country of operation depending on local law requirements.* The language of the proceedings shall be English. Notwithstanding the above a Party hereto is entitled to seek preliminary injunctive relief or interim or conservatory measures from any court of competent jurisdiction pending the final decision or award of the arbitrator and provided also that the parties expressly reserve the right to appeal the final decision as provided by applicable law.

21 **ANNEXES**

All stated Annexes form an integral part of this Agreement. In case of conflict between the provisions of this Agreement and the former shall apply.

22 **NOTICES**

22.1 The Parties choose as their *domicilia citandi et executandi* for all purposes under this Agreement, whether in respect of court process, notices or other documents or communications of whatsoever nature, the following addresses:

THE BORROWER:

Telephone: _____ Facsimile: _____
Email: _____ Attention: _____

THE BANK:

Telephone: _____ Facsimile: _____
Email: _____ Attention: _____

ACE:

Telephone: _____ - Facsimile: _____
Email: _____ Attention: _____

22.2 Any notice or communication required or permitted to be given in terms of this Agreement shall be valid and effective only if in writing but it shall be competent to give notice by facsimile provided that the issuing Party has obtained a report showing that the fax has been properly sent, or by a scanned document sent by email.

22.3 Any Party may by notice to the other Parties change the physical address chosen as its *domicilium citandi et executandi* to another physical address where postal delivery occurs or its postal or email address or its facsimile number, provided that the change shall become effective on the 10th (tenth) business day from the deemed receipt of the notice by the other Parties.

23 **ENTIRE AGREEMENT**

This Agreement sets forth all the covenants and understandings between the Parties with respect to the matters herein contained.

IN WITNESS WHEREOF, the Parties have executed this Agreement in triplicate

For and on behalf of

BORROWER

For and on behalf of

BANK

For and on behalf of

ACE GLOBAL (_____) LIMITED

ANNEX I AND II

(DETERMINED ON A CASE BY CASE BASIS)

ANNEX III

ACE GLOBAL CERTIFICATE
ACE GLOBAL COLLATERAL CONTROL CERTIFICATE

Certificate No Date

ISSUED TO (LENDER)

AT REQUEST OF (BORROWER)

CURRENCY

REPORT TYPE	REGION CODE	RECEIVABLES LOCATION NUMBER	INVENTORY LOCATION NUMBER	BANK NAME	PERIOD

ACE GLOBAL COLLATERAL CONTROL CERTIFICATE

1 CERTIFIED ACCOUNTS RECEIVABLE

A BALANCE LAST REPORT (LINE 1G)

B INSTALLMENTS (MINUS)

C PLUS NEW CERTIFICATIONS

D LESS DEPOSITS

E LESS NON CASH CREDITS

F PLUS DEPOSITS NON-CERTIFIED/DEBIT ADJ

G **TOTAL VALUE OF OUTSTANDING ACCOUNTS RECEIVABLES** A-B+C-D-E+F

H LESS ACCOUNTS RECEIVABLE OVER 90 DAY!

I LESS CONTRAS

J **NET ELIGIBLE ACCOUNTS RECEIVABLE FOR THIS PERIOD** G-H-I

2 CERTIFIED INVENTORY

A ELIGIBLE INVENTORY

Commodity	Quantity	Market Rate	Collateral Value	Collateral Rate	Updated Collateral Value	Minimum Collateral Value	Collateral Value Report

Commodity	Quantity	Market Rate	Collateral Value	Collateral Rate	Updated Collateral Value	Minimum Collateral Value	Collateral Value Report

C **TOTAL CERTIFIED INVENTORY FOR THIS PERIOD**

3 LOAN VALUE OF ABOVE COLLATERAL

A RECEIVABLES % of line 1J above

B INVENTORY % of line 2C above

C **TOTAL COLLATERAL LOAN VALUE THIS PERIOD**

D MAXIMUM FACILITY AS AGREED BETWEEN LENDER AND BORROWER

E **CURRENT FACILITY AVAILABLE** (Smaller of 3c or 3D)

4 LOAN BALANCE LAST REPORT LINE 7

A LESS () DEPOSITS LINE 1D APPLIED TO LOAN () REDUCTION BY BORROWER

B **PRESENT LOAN BALANCE** (Line 4 LESS 4A)

5 EXCESS OR (DEFICIT) (3E LESS 4B)

6 LOAN ADJUSTMENTS

() PLEASE INCREASE LOAN BY THE AMOUNT STATEI

() PLEASE DECREASE LOAN BY THE AMOUNT STATEI

7 **NEW LOAN BALANCE THIS PERIOD** ADD OR SUBTRACT

8 TRANSFER BALANCE IN CASH COLLATERAL ACCOUNT TO BORROWERS ACCOUNT (1C Less amount applied to loan 4A)

ANNEX IV

**LETTER OF INDEMNITY
BORROWER'S LETTERHEAD**

Date : _____
Attention : ACE GLOBAL (____) Limited
Address : _____

Dear Sirs,

We refer to the Certified Accounts Receivable Agreement (including the exhibits attached thereto, the « Agreement » dated _____, 2012, among ACE GLOBAL (____) Limited ("ACE"), _____ (the« Bank »), and _____ (the « Borrower »), whereby ACE agreed to provide Certified Accounts Receivable Services for the Bank and the Borrower in consideration of the payments provided in the Agreement.

We hereby undertake to:

- be fully liable or responsible for the consequences of any negligent act(s) and/or fraudulent act(s) resulting from our own negligence and/or our own fraud, or as the case may be, from the negligence and/or the fraud of our employees, servants, agents or sub-contractors or third party operators;
- indemnify and hold harmless ACE and any of its affiliate from every liability, claim, action, cause of action judgement, loss, expense, or cost whatsoever (including but not limited to reasonable attorney's fees and court costs) arising from or in any way related to or resulting from our so doing and/or our employees, servants, agents or sub-contractors' or third party operators own doing;
- testify, declare, depose or certify to the truth, or cause to testify, declare, depose or certify to the truth of any or all of the negligent act(s) and/or fraudulent act(s) before any competent tribunal, officer, or person and that we will co-operate fully in the prosecution of the person or persons who participate in the said negligent act(s) and/or fraudulent act(s);

This letter of indemnity shall be effective upon our acceptance hereof and shall continue in effect until termination of the Services Agreement dated _____, 2012.

IN WITNESS WHEREOF, the undersigned has executed this Indemnity Letter this ____ day of _____, 2012.

By: _____
Name: _____ Title: