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**** PROCEDURE**

STANDARD BANKING PROCEDURE FOB QINGDAO (CHINA)

[NOT APPLICABLE FOR FIRST TRIAL]

1. Buyer issues **ICPO** along with Buyer's company certificate of registration.
2. Seller issues commercial invoice of the products in the storage tanks at the port of **Qingdao**, Buyer signs and return commercial invoice along with an acceptance letter of commitment to execute transaction.
3. Seller issues to Buyer the below Partial **POP** Documents:
 - (3.1) Statement of Product Availability in Storage Tank.
 - (3.2) Tank Storage Receipt (**TSR**) with verifiable Barcode.
 - (3.3) Notice of Readiness with tank farm contact details.
 - (3.4) Tank Extension Invoice issued to the buyer by the tank farm where the product is stored in Qingdao.
4. Buyer makes payment and extends Seller's tank for three days (within 2-3 days after receiving the invoice issued by the Tank Farm) and obtains fresh **TSR** on their name & secures their Clearance Access Entrance Permit (**CAEP**), Inspection Permit and Required Accreditation from the Tank Farm Company for Buyer's representatives & Inspection team to have access and gain entrance to the Tank Farm Storage Terminal and schedule appointment to perform Dip Test on the stored product in Seller's rented/leased ex-shored tanks in Qingdao Port, China. (Buyer's financial responsibility). **NOTE: Physical meeting with the Tank Farm and/or entrance into the storage facility is only possible upon successful tank extension payment fee being paid to and confirmed by the Tank Farm.**
5. Upon completion of the above, Seller issues to Buyer Change of Ownership Title & Allocation and Transaction Allocation Certificate, the **ATV** with Physical Verification, Unconditional Dip Test Authorization (**DTA**) with full details of Tank operator and Tank Coordinate and sends to Buyer the Authorization to Sell & Collect (**ATSC**). Buyer conducts dip test and confirms the **Q&Q** of the product in the storage tanks. Upon successful dip test, Buyer sends their Charter Party Agreement (**CPA**) and Vessel's **Q88** and Seller injects the product Into Buyer's exit Vessel.
6. Buyer makes payment by **MT103** or **T/T** wire transfer for the total product available, Seller release to the Buyer all relevant Documents relating to the exportation of the product. Seller pays all intermediaries involved in the transaction.
7. Upon satisfaction and conclusion of the trial liftable transaction by Buyer, both Buyer and Seller sign contract for monthly delivery with rolls and extension.



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What buyer need to provide:

- 1) **Proof of funds** from the Buyer (**BCL** signed by two bank officers) must be presented, to be considered to advance towards an **ICPO**
- 2) To proceed with a first trial (min quantity) on **CIF** basis. (see CIF Procedure)

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[PRODUCT LIST]

Product	Sub-Product	UM	Min Quantity	Max Quantity
Jet Fuel	Aviation Kerosene Colonial Grade 54 (JET FUEL JP54)	BBL	1,000,000	2,000,000
Jet A-1	Aviation Turbine Fuel (JET A-1)	BBL	1,000,000	2,000,000
Diesel	Diesel D6 Virgin Low Pour Fuel Oil	GLN	50,000,000	200,000,000
Diesel	Diesel Fuel EN590 Euro 5 (ULSD 10PPM)	MT	50,000	100,000
Crude Oil	Easter Siberian Pacific Ocean (ESPO) Crude Oil	BBL	2,000,000	2,000,000
Oil	Light Cycle Oil (LCO)	MT	50,000	100,000
Oil	MazutM100 Gost 10585-2013	MT	50,000	100,000



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LEGEND

ATB:	Authority To Board. Used for oil shipments – issued by the seller, it provides the authority to enable the buyer to board the vessel to confirm cargo availability, quantity and quality.
ATL:	Authority To Load: Authority to load buyer's vessel
ATPCC:	Allocation Transaction Passport – Code Certificate
ATSC:	Sellers Authorization to Sell & Collect
ATV:	Authority to verify
BG:	Bank Guarantee
CFR:	Cost and Freight. The price includes the cost of the goods, loading, and freight to the named Destination Port. This does not include unloading charges. e.g. CFR Rotterdam.
CI:	Commercial Invoice
CIF:	Cost, Insurance and Freight. This is the same as CNF, but also includes insurance to the named Destination Port.
CP:	Charter Performance Agreement
DLC:	Documentary Letter of Credit
DTA:	Dip Test Authorization / Direct Transfer Agreement
FCO:	Full Corporate Offer
FOB:	Free on Board. This means that the supplier pays only to the point where the goods are loaded on board the carrying vessel. The seller must clear the goods for export. As soon as the goods are over the ship's rail they become the responsibility of the buyer.
ICPO:	Irrevocable Corporate Purchase Order
LOI:	Letter of Intent. A document by which the buyer states that he intends to enter into a transaction.
MT103:	standardized SWIFT payment message used specifically for cross border/international wire transfers. We use SWIFT for all payments made via Money Mover. MT103s are globally accepted as proofs of payment and include all payment details such as date, amount, currency, sender and recipient.
MT199:	Interbank Message used between two banks to transmit a SKR or a free format message engaging two bank's readiness to move forward with a transaction, usually a private one. A MT199 swift message is easily explained as a "chat" message.
NOR:	Notice of Readiness
PB:	Performance Bond
POF:	Proof of Funds. A note from a buyer's bank to the seller/seller's bank that money is available to complete the proposed transaction.
POP:	Proof of Product
Q & Q Report:	quantitative and qualitative record
RWA:	(Ready, Willing, and Able) A banking term meaning Readiness, Willingness and Availability of funds for a particular transaction.
SBLC:	Stand-By Letter of Credit. Is a financial guarantee or performance bond issued by a bank on behalf of a buyer. i.e. a written obligation of the issuing bank to pay a sum to a beneficiary on behalf of their customer in the event that the customer himself does not pay the beneficiary. The SL/C is regulated by the ICC-500 rules.
SGS:	(formerly Société Générale de Surveillance). This is an international company (SGS Group) who are the definitive quality/specification testing agency for many commodities. Their certificates are internationally accepted.
SPA:	Sale and Purchase Agreement
TSA:	Tank Storage Agreement/ Trans-Pacific Stabilization Agreement
TSR:	Tank Storage Receipt
TTT:	Tanker to Tanker Transfer. (Relates to a method of consignment for Crude Oil)
TTV:	Tanker to Vessel Transfer (relates to a method of consignment for Crude Oil)
UDTA:	Unconditional Dip Test Authorization