Performance Security

Issue date:……………………

Expiry date:………………….

[Insert the Bank’s Name and the Address of Issuing Branch or Office]

Beneficiary:[Insert the name and address of the Employer]

Date: [Insert the date as dd/mm/yyyy]

PERFORMANCE GUARANTEE No.: [Insert the number}

WE have been informed that [Insert the name of the Contractor] (hereinafter called "the Contractor") has entered into Contract No. [Insert the reference number of the contract] dated [Insert the date as dd/mm/yyyy] with you, for the execution of [Insert the name of the contract and brief description of Works] (hereinafter called "the Contract").

FURTHERMORE, we understand that, according to the conditions of the Contract, a performance guarantee is required.

At the request of the Contractor, we [Insert the name of the Bank] hereby irrevocably undertake to pay you any sum or sums not exceeding in total an amount of [Insert the amount in words and figures] such sum being payable in the types and proportions of currencies in which the Contract Price is payable, upon receipt by us of your first demand in writing accompanied by a written statement stating that the Contractor is in breach of its obligation(s) under the Contract, without your needing to prove or to show grounds for your demand or the sum specified therein.

This guarantee is subject to the Uniform Rules for performance Guarantees 758, ICC Publication No.600.

Furthermore, the following clauses have to be considered:

f. The bank guarantee shall expire on the specified date( No later than the [Insert the date as dd/mm/yyyyy,) and any demand for payment under it must be received by us at this office on or before that date and no claim shall be entertained by the bank after the expiry period specified above.

g. All claims need to be received the Office of Bank before the close of the Banking hours on the specified date.

h. This guarantee cannot be extended without the consent or application received from the Applicant or the Bank issuing the Counter guarantee. The Bank shall not be obliged to extend/ withhold the Bank Guarantee at the request of the beneficiary and no such claim can be entertained.

i. The Bank shall be obliged to cancel the Bank guarantee without recourse to the beneficiary and/ or the applicant on the expiry of the period as stated under clause (a).

j. It shall not be deemed necessary for the original Bank Guarantee to be received at the Bank for cancellation which shall be effected as stated under clause (a).

k. The guarantee needs to be confirmed at the Bank in order to be enforceable. The Bank shall not be liable for any such Bank guarantee issued if it is not duly confirmed.

“Notwithstanding anything contained herein:

a)   our liability under this Bank Guarantee shall not exceed (AFN).\_ \_ \_ \_ \_ \_ in words \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ only);

b)   This Bank Guarantee shall be valid up to \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ ; and

c)   we are liable to pay the guaranteed amount or any part thereof under this Bank Guarantee only and only if you serve upon us a written claim or demand on or before \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ (date of expiry of Guarantee).”

[Insert the signature(s)]

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