



Supplementary conditions

**to General conditions for guarantee for trade receivables, credit
period not exceeding 12 months**

defining political events

September 2010

**This English translation of the authentic Swedish
text serves merely for information purposes and in
case of dispute the Swedish text shall prevail.**

Supplementary conditions defining political events

Terms defined in the General conditions for the guarantee have the same meaning in these Supplementary conditions. If provisions of the General conditions for the guarantee conflict with the Supplementary conditions, the relevant provisions of the Supplementary conditions will take precedence.

1. Introductory provisions

- 1.1** These supplementary conditions define "political events" under the guarantee. Events falling outside the scope of the definition constitute commercial events.
- 1.2** A political event as defined in section 2 a) – d) will only be deemed to have occurred in the case of actions and events that directly prevent or delay transfer or execution of payment, or performance of the contract in the manner intended. General economic and political actions and events having an indirect impact on the contract, such as devaluation, depreciation, changes in customs duties, changes in interest rates or tax rises, do not constitute political events within the meaning of this condition.
- 1.3** Indemnification for loss due to political events will only be paid out if the guarantee-holder is able to show that the loss was the direct result of events or actions specified in section 2 below. In other cases indemnification for non-payment of clear and due claims will be paid at the guarantee percentage rate applying to commercial events under the guarantee, provided that the guarantee covers commercial events.
- 1.4** If non-payment or deficient performance of the contract derives from a political or commercial event, a subsequent event will not cause a change in the nature of the harmful event. This does not apply if the harmful event ceases before the time at which the loss is adjusted.
- 1.5** If a claim remains unpaid three months after the due date, and the delay is not due to a political event, the loss will be deemed to be due to a commercial event.

2. Political events covered by the guarantee

a) Impediments to transfer

The guarantee covers loss arising due to a public authority in another country having unexpectedly taken action preventing or delaying a payment transfer.

The taking of action "unexpectedly" is to be understood to mean that the action has come about despite the fact that the guarantee-holder, in accordance with the General conditions for the guarantee, has received necessary permissions, or has ascertained that permissions have been obtained, and despite the fact that the guarantee-holder had no well-founded reason to expect that the action would be taken.

The guarantee will only cover the risk of impediments to payment transfer if it is incumbent on the buyer to make payment outside the country of purchase.

Where the place of payment stated in the contract is inconsistent with the place of payment stated in bills of exchange made out under the contract, the buyer will be considered to have met his payment obligations by making payment in the place of payment stated on the bills. However, if the contract expressly provides that (i) bills of exchange are to be issued and that the place of payment under the bills of exchange is to differ from that under the contract; and (ii) this fact does not discharge the buyer from his obligation to make payment in the place stated in the contract, the buyer will not be deemed to have met his payment obligation until he has made payment in the latter place. The provisions here concerning bills of exchange also apply to promissory notes and letters of credit.

An impediment to payment transfer will only be deemed to exist if the buyer has unsuccessfully used all legal means at his disposal to acquire the agreed currency and transfer the amount in question, regardless of the exchange rate at which the currency can be bought.

The buyer must take specific action to deposit the sum at the bank or other institution responsible for making the transfer within three months from the due date of the claim. The amount must have been transferred to a specific account for transfer and be deposited there separately from the debtor's assets for the guarantee-holder's account pending removal of the impediment to transfer. If the amount has not been deposited within the stipulated three-month period, the loss will not be deemed to be due to an impediment to transfer.

The guarantee also covers the situation where, following the removal of a temporary impediment to transfer of payment, transfer has been made, but exchange rate fluctuations have caused the amount to be lower than the contractual amount. In this case, the guarantee-holder will be entitled to indemnification for loss due to an impediment to transfer if the buyer has deposited an amount in local currency equivalent at that time to the amount that was to have been transferred to the guarantee-holder in the contract currency.

The waiting period runs from the day the buyer has deposited the amount in question at the bank or other institution responsible for making the transfer and has taken other actions necessary for the transfer.

b) General moratorium

The guarantee covers loss arising due to a public authority in another country having introduced a general moratorium or having otherwise released the buyer from his obligation to make payment.

c) Impediments to performance of the contract

The guarantee covers loss arising due to a public authority in another country having unexpectedly taken action other than as described in section 2a) and 2b), that has prevented or delayed performance of the contract in the intended manner.

d) War, internal unrest, natural disaster and other extraordinary events

The guarantee covers loss arising due to war, internal unrest, natural disaster or other extraordinary event in another country having prevented or delayed payment or

performance of the contract in other respects in the intended manner. The term "extraordinary event" means events of an unusual nature and having a far-reaching impact that are beyond the control of the guarantee-holder and buyer, e.g., a general strike or an industrial dispute arising as a result of more general conflicts of a political nature in society at large.

3. Indemnification and recovery

- 3.1** If the guarantee only covers political events, indemnification will only be paid if the guarantee-holder is able to verify that the loss is the result of events or actions set out in section 2 above.
- 3.2** In relation to guaranteed claims, the guarantee-holder is under a duty to participate in actions that may be required to bring about a debt consolidation agreement. The guarantee-holder hereby authorises the Swedish Government and/or EKN to conclude such an agreement. Conclusion of a debt consolidation agreement does not constitute any limitation of EKN's obligation to pay indemnification under the guarantee.