



Circular BM/956

Date: July 28, 2003

To: All Licensed Banks (LBs) and Finance & Leasing Companies (FLCs)

Subject: Expired performance Bonds/Guarantees issued

Further to our Circular No. BM/810 dated March 08, 1997 and in supercession of the extant instructions on the subject, you are required to get the formats of the captioned documents revised to include therein the following as a footnote which is required to be discerned clearly.

Extract of Article 396 of Oman Law of Commerce No. 55/1990

“A bank shall be released in relation to the beneficiary if a demand from the beneficiary for payment does not reach it within the validity period of the letter of guarantee, unless it is expressly agreed prior to the coming to an end of such period that the same is to be renewed”.

Consequent upon the introduction of the revised format of the bond/guarantee as stipulated above, LBs & FLCs will take steps to cancel the relative bonds/guarantees in their books soon after the expiry thereof under advice to the beneficiaries concerned. However, it would be in the interest of Banks & Finance & Leasing Companies to follow up the return of such bonds/guarantees for cancellation and updating of records.

Best regards,

Hamood Sangour Al Zadjali
The Executive President