	FINANCE TREASURY STANDARD Letters of Credit		
	Responsible Business Unit: Finance	**Issue Date: 2021/07/01**	**Next Review Date: 2025/07/01**
	Approved By: **Chief Financial Officer or designate**		

1.0. STANDARDS AND PROCEDURES

1.1. These Performance Security Standards and Procedures (the "**Procedures**") are governed by Finance in conjunction with, and under the authority of, the Performance Security Policy (hereinafter the "**Policy**").

1.2. Treasury is responsible for the administration of all Letters of Credit accepted by The City.

1.3. All Letters of Credit accepted by The City of Calgary (hereinafter "**The City**") shall be directed to Treasury for central administration and management.

1.4. The commercial terms and conditions of the Letters of Credit, including the necessary guarantee amounts and triggering conditions, are the responsibility of the Business Unit and should be set according to commercial objectives, internal risk tolerances and standards. These standards are not defined in this document.

2.0. APPLICABILITY

2.1. These standards apply to Letters of Credit accepted by The City, unless otherwise directed and approved by Council or if an exception has been approved per section 4.0.

2.2. All existing Letters of Credit will be updated through ongoing negotiations and amendments to meet the Policy and Procedures.

3.0. DEFINITIONS

3.1. **"Canadian Financial Institution"** means a Canadian chartered bank listed in Schedule I, II, or III under the Bank Act (RSC 1991, c. 46)

3.2. **"Advising Bank"** means the bank that will inform The City, send the original Letter of Credit to The City, and provide The City with any amendments.

3.3. **"Applicant"** means the party that has requested the Letter of Credit to be issued.

3.4. **"Issuing Bank"** means the bank that issues the Letter of Credit as requested by an Applicant.

3.5. **"SWIFT"** means Society for Worldwide Interbank Financial Telecommunications and is a member-owned cooperative that provides safe and secure financial transactions for its members.

4.0. EXCEPTIONS

4.1. Any exceptions to the Standards and Procedures require approval by an authorized person, as outlined within Section 5.0.

4.2. Treasury shall coordinate the exceptions process, including seeking approvals, providing supporting recommendations, and ensuring the creation and maintenance of appropriate documentation of such exceptions.

4.3. All exceptions under the Policy or Procedure must be documented in writing and retained for two years following the expiration of the Letter of Credit.

4.4. To support any request for exception, the requester must prepare a memorandum outlining each material exception requested with rationale to support an exception from standardized risk management practices.

5.0. LETTER OF CREDIT STANDARDS

5.1. Letters of Credit are subject to the following standard terms and conditions, unless a formal request to the contrary has been received and approved (section 4.0):

Standard	Authority to approve Exceptions to Standards	Guidance
Letters of Credit should be for a minimum amount of at least $1,500.	Deputy Director, Corporate Finance or Treasury Manager or City Treasurer or Corporate Debt Officer or Senior Leader Cash Management.	Smaller amounts may not justify the expense of receiving, amending, storing, and managing Letters of Credit
Paper format Letters of Credit must be issued by a Canadian Financial Institution with physical locations acceptable to The City.	Treasury Manager or Deputy Director, Corporate Finance or City Treasurer or delegate	To ensure claims can be processed efficiently
For Canadian Schedule I, II or III Banks, Letters of Credit require an issuer credit rating of at least A- (Standard & Poor's) or equivalent	Treasury Manager or Deputy Director, Corporate Finance or City Treasurer or delegate	

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Standard	Authority to approve Exceptions to Standards	Guidance
For Banks located in Organization for Economic Co-operation and Development countries, Letters of Credit require an issuer credit rating of at least A- (Standard & Poor's) and A3 (Moody's)	Treasury Manager or Deputy Director, Corporate Finance or City Treasurer or delegate	
Issuing Banks must have access to the SWIFT network.	Treasury Manager or Deputy Director, Corporate Finance or City Treasurer or Corporate Debt Officer or Senior Leader Cash Management.	Electronic Letters of Credit is the preferred medium.
Letters of Credit must meet all standard terms and conditions contained within the Letter of Credit Template.	Treasury Manager or Deputy Director, Corporate Finance or City Treasurer or Corporate Debt Officer or Senior Leader Cash Management.	

6.0. ROLES & RESPONSIBILITIES

6.1. *Applicants are responsible for:*

6.1.1. Negotiating agreements with The City, including proposed terms for the Letter of Credit; and

6.1.2. Forwarding the finalized Letter of Credit to the Issuing Bank.

6.2. *Business units are responsible for:*

6.2.1. Creating the requirements for a new or amended Letter of Credit with the Applicant;

6.2.2. Issuing and soliciting proposed agreements including Letters of Credit to the Applicant and receiving feedback from the same; and

6.2.3. Engaging with Treasury, Corporate Finance-Projects, seeking advice or approval (if required) on terms of agreement regarding Letters of Credit, including the form of the Letters of Credit.

6.3. *Issuing Banks are responsible for:*

6.3.1. Obtaining the approved Letter of Credit Form from Treasury;

6.3.2. Drafting the proposed terms of the Letter of Credit using the approved Letter of Credit Form;

6.3.3. Issuing the Letter of Credit and directly notifying Treasury Banking & PCI when a Letter of Credit is issued or amended; and

6.3.4. Receiving the Letter of Credit from The City upon its expiration.

6.4. *Treasury, Corporate Finance–Credit is responsible for:*

6.4.1. Reviewing, assessing and proposing edits to the drafts of the Letter of Credit Form; and

6.4.2. Providing approval of the terms of Letters of Credit for which the Letter of Credit Form was not used.

6.5. *Treasury, Banking & PCI is responsible for:*

6.5.1. Receiving, reviewing and administering Letters of Credit, including access to the Letter of Credit management system; and

6.5.2. Releasing Letters of Credit to the Issuing Bank upon the completion of its conditions.

6.5.3. Providing approval of the terms of Letters of Credit for which the Letter of Credit Form was not used.

6.6. *Treasury, Corporate Finance Projects is responsible for:*

6.6.1. Engaging with business units to advise on the requirements for Letters of Credit in an agreement.

6.7. *The Advising Bank is responsible for:*

6.7.1. Providing feedback and advice on the terms of the Letter of Credit Form; and

6.7.2. Creating and updating draft Letters of Credit template in consultation with Treasury and the Letter of Credit Form.

7.0. History

Action	Date	Approval	Description
Clerical Correction	2026 Jul 28	Policy Lead	Updated role titles
Clerical Correction	2026 Jan 19	Leader, Governance and Policy	Changed Title Block to refer to Responsible Business Unit instead of Responsible Service.
Minor Revision	2023 May 10	n/a	Updated job titles in section 5 and removed embedded template.
New	2021 Jun 01	ELT2021-0688	New Standard.