

What do you need for your activities?

Various | 05 May 2009

SACE's approach, procedures and due diligence

SACE is uniquely positioned to play a key role in addressing its clients need and in this continuous effort has simplified its procedures

1. In the preliminary stage of development of a transaction, SACE can provide in a short time and free of charge, a letter of interest (which has replaced the promise of guarantee) setting out the main general conditions, to the extent identified at such stage, of SACE potential support the deal.
2. SACE has devised a specific tool, the irrevocable promise of guarantee, fit to address the needs of those clients who require a commitment from SACE from the very beginning of the negotiation process or to bid in an international tender.
3. SACE has also reduced the application fees to be paid up front by the insured party and calculated in respect of the facility amount.

Facility Amount	Application Fee
below € 2.5 million	0
from € 2.5 million up to € 20 million	€ 2,500
above € 20 million	0.015% calculated on the facility amount in a maximum amount of € 15,000.

In case of facilities denominated in foreign currency, the equivalent value shall be determined on the basis of the prevailing exchange rate as of two business days before the application form is received.

4. The current banking system liquidity crisis has triggered an increase in spreads regarding export loans. In this outset, SACE, in order to support the competitiveness of Italian companies and also to preserve the ability of the borrowers to serve their debt, will:
 - cover spread on variable interest rates and fixed interest rates (CIRR) up to 130 bppa and 70 bppa respectively;
 - monitor spreads on interest rate associated with SACE risk, and if the situation is not sustainable from a financial perspective and/or the breakdown of the all-in remuneration between the liquidity provider and the risk taker is regarded as not fair, SACE reserves the right to discuss the financial conditions with the bank.
5. The sponsors, the financial institutions, and the exporters are encouraged to involve SACE from the very beginning of the negotiation process, to the financial closing. This would accelerate due diligence process and allowed the parties to achieve timely the financial closing and get the policy/guarantee a short timeframe. During the due diligence process, SACE may elect to appoint independent advisors (e.g. legal, technical, market, insurance, environmental, tax advisors, etc.). SACE may share those advisors with the lenders, with the appropriate measures to manage conflicts of interest in place.
6. In order to facilitate the drafting of the finance documents please note that, at least, the following items shall be included: purpose of the financing, "Isabel clause", cross default and acceleration clause, pari passu, negative pledge, disposals/mergers, change of control/ownership clause, financial covenants, information, undertakings, prohibited payment e antibribery clause, environmental covenant, SACE Third Party Rights, payment requests signed and/or accepted by the Borrower for any utilization, and relevant law legal opinions.
Please note that any legal opinions as to the legality, validity and enforceability of the transaction documents and the obligations of the obligors shall be addressed to and issued also for the benefit of SACE and shall include, inter alia, an opinion on (i) SACE subrogation rights; (ii) Corporate Existence and Execution; (iii) Legal, Valid, Binding and Enforceable Obligations of the Obligors; (iv) Conflict; (v) Further Acts; (vi) Registration Taxes/stamp taxes; (vii) Governing Law; (viii) Submission to Jurisdiction and Referral to Arbitration/Recognition and Enforcement of Arbitral Award/Recognition and Enforcement of Foreign Judgment; (ix) Ranking of Claims; (x) Finance Parties' Residency; and (xi) No Immunity.
7. SACE always endeavours to submit transactions to approval in a timing consistent with the transaction's own schedule towards closing. Transactions are submitted to approval once due diligence is completed and the financing documents substantially agreed. SACE issues its coverage shortly after SACE's approval:

- In respect of standard transaction (straightforward transaction wherein the commercial and financial documentation have already been signed), the insurance policy/guarantee shall be signed no later than 30 days from the issuance date and the conditions precedent shall be satisfied and the first drawdown shall take place within 7 months from the approval
- In respect of structured or project finance or transaction:
 - A term sheet will be provided as soon as the transaction has been approved;
 - The insurance policy/ guarantee shall be signed within 7 months from the approval date; and
 - The conditions precedent shall be satisfied and the first drawdown shall take place within 7 months from the approval date.

Please note that SACE reserves the right to evaluate at its own discretion any request for an extension of the above mentioned term and to demand, should such an extension be granted, additional premium and/or fees and/or up front payment of the insurance premium.