**STANDBY LETTER OF CREDIT**

***[Note to Applicants: The Standby Letter of Credit must be issued by a bank found in Schedule I or Schedule II of the Bank Act (S.C. 1991, c.46), and must be callable at the bank’s counters in Toronto, Ontario.]***

Letter of Credit: #[Letter of Credit Number]

Date: [Select date]

Alcohol and Gaming Commission of Ontario (AGCO)

90 Sheppard Ave East

Suite 200

Toronto ON M2N 0A4

Attn: Registrar

Dear Sir or Madam:

RE: Letter of Credit in respect of an Expression of Interest to apply for a licence to legally operate a cannabis retail store in Ontario commencing April 1, 2019, in accordance with *Cannabis Licence Act, 2018*, Ontario Regulation 468/18 and related Expression of Interest Lottery Rules.

At the request of our client [insert name of client] (“Applicant”), we [insert name and address of issuing bank], hereby issue in favour of the Alcohol and Gaming Commission of Ontario as representative of HMQ, an irrevocable standby letter of credit (the “Letter of Credit”) in the amount of fifty-thousand dollars ($50,000) Canadian.

The amount available under this Letter of Credit is payable at such time as the Applicant has received a Notification Letter from the Registrar of the AGCO (Registrar), (“Notification Letter”), that the Applicant’s Expression of Interest has been selected by the Registrar in the Expression of Interest Lottery and that the Applicant may apply for a Retail Operator Licence pursuant to the *Cannabis Licence Act, 2018.*

The Lottery Rules for the Expression of Interest Lottery may be found at <https://www.agco.ca/cannabis/expression-of-interest-lottery-rules>.

A request for payment shall be initiated upon (a) receipt by us of a written demand for payment, accompanied by a certificate signed by two officers of the Alcohol and Gaming Commission of Ontario certifying that the Alcohol and Gaming Commission of Ontario is entitled to draw on this Letter of Credit pursuant to the Lottery Rules for the Expression of Interest Lottery and (b) presentation of this Letter of Credit.

The above documents may be presented to the [bank name] at [insert bank’s Toronto address].

This Letter of Credit will expire at 5:00 PM EST on December 13, 2019, and the Alcohol and Gaming Commission of Ontario may call for payment of any amount outstanding under this Letter of Credit at any time up to 5:00 PM EST on that date should this Letter of Credit not be extended.

We hereby agree that demands delivered under this Letter of Credit will be duly honoured upon presentation provided that all terms and conditions herein have been complied with.

Written demands drawn under this Letter of Credit shall state on their face that they are drawn under this Letter of Credit #[insert Letter of Credit number] .

It is understood that [insert name of issuing bank] is obligated under this Letter of Credit for payments of monies only.

The Expression of Interest Lottery Rules are referred to herein for reference purposes only and do not form part of the terms of this Letter of Credit.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision) of the International Chamber of Commerce (ICC Publication No. 600) the (“UCP”) with the exception of Articles 18-30 inclusive (other than Article 29a, which shall apply) and Articles 31b, 31c and 32 except to the extent, if any, inconsistent with the express terms of this Letter of Credit. Notwithstanding Article 36 of the UCP, if this Letter of Credit expires during an interruption of business as contemplated in Article 36, we shall honour any demand made under this Letter of Credit prior to the expiration date, within 30 days after the date in which such interruption of business ends (and we shall notify you promptly when it does so end. For matters not covered by such publication, it shall be governed by and construed in accordance with the laws of the Province of Ontario.

Yours very truly,

[NAME OF ISSUING BANK]

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name:[print name]

Title:[print title]

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name: [print name]

Title: [print title]