



Ottawa, October 7, 2008

# MEMORANDUM D1-7-1

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## In Brief

### POSTING SECURITY FOR TRANSACTING BONDED OPERATIONS

1. This memorandum is revised as a result of the Paper Burden Reduction Initiative; the revisions are aimed at eliminating obsolete and duplicated requirements, streamlining certain commercial processes and modifying complex policies and forms.
2. In accordance with the above Continuation Certificates, Government of Canada Transfer form (Y76) and letter of credit are no longer required.
3. The section on “Canada Customs Multi Purpose Bond” has been removed due to a change in name of the Customs Bond.
4. In order to clarify, precise signature requirements for the principal have been incorporated in the D120 *Customs Bond*.



Printed in Canada



Ottawa, October 7, 2008

# MEMORANDUM D1-7-1

## POSTING SECURITY FOR TRANSACTING BONDED OPERATIONS

This memorandum outlines and explains general policies and procedures relating to the posting of security for participating in Canada Border Services Agency (CBSA) bonded transactions.

A request to participate in a bondable transaction shall be made in writing. Where applicable, the appropriate Agency application form shall be used.

## GUIDELINES AND GENERAL INFORMATION

1. The memoranda listed below outlines specific policies and procedures for posting security for bonded operations. Before making an application to transact a bonded operation, the applicable memoranda should be consulted to clarify application requirements, levels of security, bond format, and specific completion instructions.

- D1-2-1 *Special Services*
- D1-8-1 *Licensing of Customs Brokers*
- D3-1-1 *Regulations Respecting the Importation, Transportation, and Exportation of Goods*
- D3-1-3 *Importation of Intoxicating Liquors*
- D3-1-6 *Customs Post Audit System*
- D3-2-1 *International Air Traffic*
- D3-2-2 *Air Cargo – Import Movements*
- D3-2-3 *Air Cargo – In-Transit Movements*
- D3-3-1 *Forwarded and Consolidated Cargo – Import Movements*
- D3-4-2 *Highway Cargo – Import Movements*
- D3-4-5 *Highway Cargo – In-Transit Movements*
- D3-5-1 *Vessels in International Service*
- D3-5-2 *Marine Cargo – Import Movements*
- D4-1-4 *Customs Sufferance Warehouses*
- D4-1-6 *Disposal of Abandoned and Forfeited Goods*
- D4-3-3 *Duty Free Shop – Licensee Responsibilities*
- D8-1-1 *Temporary Importation (Tariff Item No. 9993.00.00) Regulations*
- D8-1-2 *International Events and Conventions Services Program (IECSP)*
- D8-1-4 *Form E 29B, Temporary Admission Permit*
- D17-1-0 *Accounting for Imported Goods and Payment of Duties Regulations*
- D17-1-1 *Documentation Requirements for Commercial Shipments*

- D17-1-2 *Reporting and Accounting for Low Value Commercial Goods (Under CAN\$1,600)*
- D17-1-4 *Release of Commercial Goods*
- D17-1-5 *Importing Commercial Goods*
- D17-1-8 *Release Prior to Payment of Duties Privilege*
- D17-1-10 *Coding of Customs Accounting Documents*
- D17-1-11 *Private Printing Policy and Procedures*
- D17-1-21 *Maintenance of Records and Books in Canada by Importers*
- D17-2-1 *Coding of Adjustment Request Forms*
- D17-2-2 *Processing of Adjustment Request Forms*
- D17-4-0 *Courier/Low Value Shipment Program – Low Value Commercial Goods*
- D17-4-1 *Persons Authorized to Account for Casual Goods*

## Participation in Bonded Transactions

2. Any registered company, whether an individual, partnership or corporation is eligible to post security with the CBSA to participate in bonded revenue transactions.
3. Security may be presented locally at each CBSA office where business is to be conducted. When business is to be conducted at more than one CBSA office, the client may wish to post security with CBSA Headquarters.

## Acceptance of Security Deposits

4. Security can be posted in one of, or a combination of, the following forms:
  - (a) cash
  - (b) a certified cheque or money order
  - (c) a transferable bond issued by the Government of Canada, or
  - (d) a bond issued by either of the following:
    - (i) a company that is approved by the Treasury Board as an entity whose bonds may be accepted by the Government of Canada. Please refer to Treasury Board website, Appendix L.
    - (ii) a member of the Canadian Payments Association (CPA) as referred to in section 4 of the *Canadian Payments Association Act*. Please refer to the Canadian Payments Association website.
    - (iii) a corporation that accepts deposits insured by the Canada Deposits Insurance Corporation or the *Régie de l'assurance-dépôts du Québec* to the

maximum permitted by the statutes under which those institutions were established.

(iv) a credit union as defined in subsection 137(6)(b) of the *Income Tax Act* (CPA membership must be through a central co-operative).

(v) a corporation that accepts deposits from the public, if repayment of the deposits is guaranteed by Her Majesty in right of a province.

5. Letters of credit will not be accepted as security deposits for bonded revenue transactions.

6. It is the responsibility of the individual, partnership or corporation posting security to notify the CBSA of any changes to their address or contact information. Failure to provide notification of address changes may result in suspension of the bonded privileges if the CBSA is unable to contact the principal.

7. If the company changes its legal name, a rider or endorsement is to be obtained from the surety or financial institution and sent, along with the copy of the relevant legal articles of name change/amalgamation, to the CBSA office where the bond is held.

8. The CBSA office holding the security is to acknowledge receipt to the principal and the surety or financial institution.

### **Cash, Certified Cheques and Money Orders**

9. The CBSA accepts security deposits in the form of cash, certified cheques or money orders drawn on chartered banks, credit unions, caisses populaires, trust companies and other financial institutions, providing they are members of the Canadian Payments Association.

10. Security in the form of cash, certified cheque or money order will be returned to the applicant when the privileges associated with transacting a bonded operation are no longer required and the conditions for which the security was taken have been met.

### **Government of Canada Bonds**

11. Security deposits in the form of Government of Canada bonds shall be accepted in non-certificate form only (Safekeeping Agreement). Government of Canada bonds already on deposit in certificate form shall remain effective until the bonding arrangement terminates or the bond matures – whichever comes first. Government of Canada Savings Bonds are not acceptable as they are not transferable.

12. A properly completed Safekeeping Agreement and form BSF391, *Transfer of Registered Bonds* shall be submitted to the CBSA. A specimen of the BSF391 form can be found as Appendix A of this memorandum.

13. The Safekeeping Agreement shall bear signatures of two officers of the chartered bank or investment/securities dealer involved and the signature of a CBSA employee delegated with the appropriate signing authority. A specimen of the form can be found as Appendix B of this memorandum.

14. The market value of Government of Canada bonds posted as security is to be sufficient to cover the security privilege. Market value information (bid and ask quotations) may be found in the financial section of most major daily newspapers.

15. Name changes to the terms of an existing security in the form of non-certificate Government of Canada bonds, are to be made in writing to the CBSA program unit where the security is being held. Requests for a change of name should be submitted with a certified true copy of either a Certificate of Continuance or Supplementary Letters Patent issued by the provincial or federal authority that approved the change in name. Changes in information relating to the non-certificate Government of Canada bonds will require that the Safekeeping Agreement be amended or replaced.

16. Government of Canada Bonds held as security are returned to the bearer when all the conditions have been met and the need for posting security to transact a bonded operation ceases.

17. Government of Canada bonds are not acceptable as security deposit in lieu of the provisional duty levied under the *Special Import Measures Act* (SIMA). Surety bonds are the only acceptable form of bonds for SIMA purposes

### **Surety and Financial Institution Bonds**

18. Surety and Financial Institution bonds are to be made on form D120 *Customs Bond*. A specimen of the form with completion instructions can be found in Appendix C of this memorandum. See section 4(d).

19. The various memoranda noted in paragraph 1 outline the conditions under which a surety or bank bond is acceptable security for CBSA purposes. These bonds must adhere to a prescribed format, as contained in the applicable memoranda, which clearly describe the purpose, amount, terms and provisions of the bond.

### **Signature and General Requirements**

20. On the D120 *Customs Bond*, the CBSA requires the signatures of two company officials, along with their corporate seal, as a matter of financial control. Unless the company officials are the President and the Secretary (or Secretary-Treasurer), a certified copy of the by-laws authorizing other officers to sign on behalf of the company shall be required and verified. When the security depositor is a single proprietorship or partnership, the CBSA requires the signature(s) of the proprietor or of two partners on the surety bond.

21. If the corporation does not have a seal, the customs bond is to be witnessed by either a commissioner of oath, notary public or a lawyer.

22. The surety and financial institution bonds shall bear their corporate seals, if available, otherwise either a commissioner of oaths, notary public or lawyer shall witness the signature(s) of the authorized representative(s). The bond must be signed and sealed by the witness.

### Riders, Endorsements or Amendments

23. The terms and conditions of a bond can be altered by the surety or financial institution with a rider, endorsement or amendment. This document is to indicate:

- (a) the name of the surety or financial institution;
- (b) the bond number;
- (c) the principal;
- (d) the bond amount; and
- (e) the type of activity secured; and
- (f) purpose (i.e. increase or decrease the amount secured, change of name, etc)
- (g) the effective date of the rider.

The signature requirements for riders, endorsements and amendments are the same as the original bond.

### Cancellation of Bonds

24. Any bond may be cancelled upon written notice provided by the surety or financial institution in compliance with the cancellation provisions enumerated in the bond. This notice indicating the name of the principal, the type of activity secured, the bond number and amount is to be addressed to the CBSA office where the bond is held.

25. Under the terms and conditions of the D120 *Customs Bond*, the security will be cancelled 30 days from the date of receipt of the notice by the applicable CBSA office. The cancelled bond will be retained on file by the CBSA for future reference and audit purposes, except if the bond is tendered under the anti-dumping regulations of the *Special Import Measures Act* (SIMA). In such cases, a photocopy of the bond is retained on file and the original is returned to the depositor.

26. For the D120 *Customs Bond*, there is a one-year liability period after the cancellation date of the bond during which claims can be made by the CBSA. Such claims may only be made for debts incurred prior to the cancellation date of the bond.

### Reinstatement

27. To reinstate a bond, the surety or financial institution is to forward a reinstatement notice to the applicable CBSA office. The notice is to indicate the following:

“that, notwithstanding having cancelled bond No.\_\_\_\_\_, on (date), it is the company’s intention to again act as surety for (name of client) and reinstate the terms and conditions of the bond in the amount of \$\_\_\_\_\_ in its entirety. This reinstatement becomes effective as of \_\_\_\_\_.”

28. The date on which the reinstatement becomes effective must be at least one day prior to cancellation date. The CBSA will send an acknowledgement to the surety or financial institution along with the principal confirming that the bond remains in force.

### Claims Against Security

29. When the terms and conditions for which security is taken are not met, the CBSA will withhold a sufficient portion of the security to cover the amount owing. This course of action will be followed in the case of security tendered in the form of cash, certified cheque or Government of Canada bonds. In the case of surety and financial institutions bonds, after reasonable attempts have been made to collect from the principal, the CBSA will enforce the terms and conditions of the bond and make a demand to the surety or financial institution for payment of a debt that has been incurred by the principal. The CBSA will provide relevant documentation to substantiate the claim.

### Additional Information

30. General questions may be addressed to the following:

BIS (phone numbers):

1. Calls within Canada – toll-free

– Service in English: **1-800-461-9999**

– Service in French: **1-800-959-2036**

– For those with hearing or speech impairments:  
**1-866-335-3237**

2. Calls outside of Canada – long distance charges apply

– Service in English: 204-983-3500 or 506-636-5064

– Service in French: 204-983-3700 or 506-636-5067

E-Mail Address: General questions and information:  
cbsa-asfc@canada.gc.ca

31. Specific questions relating to a particular bonded transaction or privilege should be directed to the CBSA office or Headquarters program unit responsible for the program.

## APPENDIX A

## FORM BSF391, TRANSFER OF REGISTERED BONDS

Canada Border  
Services AgencyAgence des services  
frontaliers du Canada

## TRANSFER OF REGISTERED BONDS

## TRANSFERT D'OBLIGATIONS ENREGISTRÉES

Name of client - Nom du client		Business number - Numéro d'entreprise	
Street - Rue		Apt.- App.	
City - Ville	Province	Postal code - Code postal	Telephone - Téléphone ( )
Purpose of security - But de la garantie			Amount - Montant \$

Bond number(s)  
Numéros des obligationsMaturity  
Échéance


▶ Par value  
Valeur au pair \$ \_\_\_\_\_

Know all men by these presents that I/we

Sachez par les présentes que je (nous)

\_\_\_\_\_  
Type or print name - Dactylographiez ou écrivez le nom en lettres moulées

for value received, do hereby assign and transfer unto the Receiver General for Canada all right, title and interest in the bond(s) described above absolutely and the Bank of Canada is hereby authorized to make such entries in the books of registration as are required to give effect to such transfer.

pour valeur reçue, cède(cédons), transmets (transmettons) inconditionnellement au receveur général du Canada tout droit, titre et intérêt dans la ou les obligations décrites ci-dessus et que la Banque du Canada est autorisée par les présentes à passer les écritures voulues dans les livres d'enregistrement afin de mettre cette cession en vigueur.

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20  
Daté à \_\_\_\_\_ ce \_\_\_\_\_ jour de \_\_\_\_\_ 20

\_\_\_\_\_  
Signature of transferor - Signature du cédant

\* Signature of transferor and authority to sign is hereby guaranteed.

\* La signature du cédant et l'autorisation de signer sont garanties par les présentes.

\_\_\_\_\_  
Signature of guarantor - Signature du garant

\* Signature of transferor and authority to sign must be guaranteed by a Canadian chartered bank or other financial institution acceptable to the Bank of Canada.

\* La signature du cédant et l'autorisation de signer doivent être garanties par une banque à charte du Canada ou toute autre institution financière agréée par la Banque du Canada.

BSF391

Printed in Canada - Imprimé au Canada

## APPENDIX B

## SAFEKEEPING AGREEMENT FORM

## NON-CERTIFICATE GOVERNMENT OF CANADA BONDS

## SAFEKEEPING AGREEMENT

**THIS AGREEMENT** made the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**BETWEEN:** HER MAJESTY THE QUEEN IN RIGHT OF CANADA as represented by the Minister of Public Safety  
(the Minister)

**AND:** \_\_\_\_\_,  
having a branch at \_\_\_\_\_  
\_\_\_\_\_ (the Financial Institution)

**AND:** \_\_\_\_\_,  
having a business address at \_\_\_\_\_  
\_\_\_\_\_ (the Depositor), being the  
transferor of Government of Canada bonds pledged with the Canada Border Services Agency.

**WHEREAS:**

- A. The Depositor has purchased one or more than one bond issued by the Government of Canada to fulfil its obligations to post security with the Minister in accordance with the *Financial Administration Act*, and either the *Customs Act*, the *Excise Act*, the *Excise Tax Act* or the *Excise Act, 2001*.
- B. The Minister agrees to accept as security certain bonds issued by the Government of Canada.
- C. The Financial Institution agrees to act as a safekeeper of the security in accordance with the terms of this Agreement, without a fee.

**NOW THEREFORE THE PARTIES** agree as follows:

**1. Safekeeping**

The Depositor hereby deposits the following security or, in the case of non-certificate security, other evidence of such security, which has been assigned and transferred or pledged to the Minister in accordance with Article 2, with the Financial Institution for safekeeping on behalf of the Minister and the Depositor:

GOVERNMENT OF CANADA BONDS

REGISTRATION (NAME): \_\_\_\_\_

BOND NUMBER(S) /SERIES: \_\_\_\_\_

PURPOSE OF SECURITY: \_\_\_\_\_

FACE (PAR) VALUE: \$ \_\_\_\_\_

BOND ISSUED/BOUGHT at:

\_\_\_\_\_

YIELD: SEMI-ANNUAL: \_\_\_\_\_%

ANNUAL: \_\_\_\_\_%

MATURITY/DUE DATE: \_\_\_\_\_

MATURITY VALUE: \$ \_\_\_\_\_

**SUM OF PLEDGE WHEN GRANTED: \$ \_\_\_\_\_**

Additional security may be deposited, or, in the case of non-certificate security, other evidence of such security furnished, and this Agreement shall be deemed to be amended from time to time so as to reflect such additional security.

**2. Assignment and Transfer/Pledge**

The Depositor shall assign and transfer, in the name of the Receiver General for Canada, all right, title and interest in the security described in Article 1. In the Province of Quebec, the Depositor shall remit the bond as a pledge to the Minister.

**3. Title**

The Depositor hereby represents and warrants to the Minister and the Financial Institution that the security and any additional security deposited hereunder is not and shall not be subject to any hypothecs, guarantees, mortgages, liens, charges, sureties, security interests or encumbrances.

**4. Interest Payments**

If interest is earned and/or paid on the security while the security is in safekeeping, the Financial Institution shall arrange for the interest payments to be remitted directly to the Depositor.

**5. Withholding Interest Payments**

Pursuant to Article 8 and notwithstanding Article 4, the Minister has the right to direct the Financial Institution to withhold remittance to the Depositor of interest payments if, in the opinion of the Minister, the Depositor contravenes obligations under this Agreement or its statutory obligations under the *Customs Act*, the *Excise Act*, the *Excise Tax Act* or the *Excise Act, 2001* for which the security has been posted. In no circumstances shall the Financial Institution inquire, nor is it obliged to inquire, as to whether the Minister may give notice pursuant hereto. The Financial Institution shall, upon withholding remittance to the Depositor of an interest payment, within fourteen days of the payment of interest, mail to the Minister a cheque payable to the Receiver General for Canada, for a sum equal to the amount of the interest payment.

**6. Reinvestment**

If, while the security is in safekeeping, the security matures, the Financial Institution shall, upon consulting with the Depositor, redeem the security and reinvest the proceeds in the same type of security, at the then applicable rate, in the name of the Receiver General for Canada and continue to hold such security in safekeeping. Where a pledge has been used, the Depositor shall commit to enter into a new contract thereby remitting as a pledge, in the name of the Receiver General, all rights, title and interest in the new security acquired according to the terms stated in paragraph 1 of the present article.

## **7. Delivery of Security**

The Financial Institution shall hold the security, or, in the case of non-certificate security, other evidence of such security, on behalf of the Minister and the Depositor in an account in the name of the Receiver General for Canada until the Minister, by written notice to the Account Executive of Record with a copy to the Branch Manager of the Financial Institution and the Depositor, either:

- (a) directs the Financial Institution to sell or redeem the security on behalf of the Minister and deliver the proceeds to the Minister by cheque made payable to the Receiver General for Canada, or remit the security to the Minister; or
- (b) directs the Financial Institution to deliver the security to the Depositor or its successors or assigns, in which case the Minister shall execute such documents as are reasonably necessary to deliver the security to the Depositor, or its successors or assigns.

## **8. Breach of this Agreement or the *Customs Act*, *Excise Act* or the *Excise Tax Act***

The Minister has the right to direct the Financial Institution to sell, redeem or remit the security pursuant to Article 7(a) if, in the opinion of the Minister, the Depositor contravenes obligations under this Agreement or its statutory obligations under the *Customs Act*, the *Excise Act*, the *Excise Tax Act* or the *Excise Act, 2001* for which the security has been posted. In no circumstances shall the Financial Institution inquire, nor is it obliged to inquire, as to whether the Minister may give notice pursuant to Article 7(a).

## **9. Duty of Care**

In selling or redeeming the security for the Minister, the Financial Institution shall take reasonable care to obtain the true market value of the security at the time the Minister directs that the security is to be sold or redeemed.

## **10. Proceeds of Sale**

Within fourteen days of receipt of the notice pursuant to Article 7(a), the Financial Institution shall mail to the Minister either a cheque, payable to the Receiver General for Canada, for a sum equal to the gross proceeds of the sale or redemption of the security or the security.

## **11. No Lien**

The Financial Institution shall not have any lien or security upon the bond or upon any proceeds from the sale or redemption thereof.

## **12. No Set-off**

The Financial Institution shall have no right to set-off or compensate any amount owed to the Financial Institution by the Minister or the Depositor against the security or against any proceeds from the sale or redemption thereof.

## **13. Duties of Financial Institution**

The Financial Institution shall have no duties or responsibilities to the Minister or the Depositor whatsoever except as expressly provided in this Agreement and shall not have any liability or responsibility arising under any other agreement to which the Financial Institution is not a party. The Financial Institution shall have no liability to the Minister or the Depositor for the performance of the security or for the diminution in value of the security. The Financial Institution shall not be responsible for monitoring the value of the security or for ensuring its market value is maintained at or conforming to any value.

## **14. Reliance on notice given by the Minister**

The Financial Institution is entitled to deal with the Minister as owner of the security and any additional security for all purposes hereunder, and may rely upon any notice given by the Minister or its representative in accordance with this Agreement and the Financial Institution shall not be liable or responsible to the Minister, the Depositor or any other person for any action taken or omission in reliance upon such notice.

## **15. Third Party Proceedings Against Security**

If the security deposited hereunder shall be attached, garnished, seized or levied upon under any court order or statutory order or similar order or direction, or if the withdrawal, delivery, trading or transfer of the security shall be prohibited or enjoined by any statutory order or order of any court or authorized body, then as soon as reasonably practicable after receipt of the applicable writ, order, judgement, decree, statutory order or other similar process (herein called the "Writ") and in any event prior to complying with such Writ, the Financial Institution shall notify and provide the Minister and the Depositor with a



copy of such Writ, and shall consult with the Minister on how such Writ should be handled. If, prior to consulting with the Minister, the Financial Institution is, in the opinion of its legal counsel, legally compelled to obey and comply with any such Writ or else stand liable for contempt of court or other fine or penalty, the Financial Institution shall not be liable to either the Minister or the Depositor by reason of such compliance. In the event the Financial Institution is served with a claim involving the security, the Financial Institution shall promptly notify and provide the Minister and the Depositor with a copy of such claim.

#### **16. Indemnity**

The Depositor or its successors or assigns shall indemnify and save harmless the Minister and the Financial Institution from and against all claims, demands, damages, losses, costs and expenses made against or incurred, suffered or sustained by the Minister or the Financial Institution and based upon or arising out of any action taken in accordance with this Agreement. This indemnity shall survive the termination of this Agreement.

#### **17. Statements**

The Financial Institution shall send to the Minister, with a copy to the Depositor, a statement, at least annually, indicating the current value of the security.

#### **18. Representative of the Minister**

Wherever in this Agreement the Minister is authorized or empowered to do, perform or consent to any act, matter or thing, such act, matter or thing may be done, performed or consented to on behalf of the Minister by the Regional Director, Operations in the Canada Border Services Agency region where the Depositor normally does business with the Canada Border Services Agency, or, if appropriate, by the Director, Operational Services Division, Programs and Operational Services Directorate, or by the Director, Tariff Policy Division, Trade Programs Directorate, or such other person named in a written notice mailed to the Financial Institution and the Depositor.

#### **19. Termination**

This Agreement may be terminated by the Financial Institution upon no less than 90 days prior written notice thereof to the Minister and the Depositor and the security shall be delivered to the Depositor at the Depositor's address.

#### **20. New Safekeeping Agreement**

If this Agreement is terminated in accordance with Article 19, the Depositor shall, before the expiry of the notice provided by the Financial Institution, enter into a new Safekeeping Agreement with a new financial institution.

#### **21. Notices to the Minister**

Any notice, statement, cheque or other document to be provided to the Minister under this Agreement shall be sent to the Regional Director, Operations in the Canada Border Services Agency region where the Depositor normally does business with the Canada Border Services Agency, or if appropriate, to either the:

Director, Operational Services Division Programs and Operational Services Directorate Operations Branch Canada Border Services Agency 191 Laurier Avenue West, 12th Floor Sir Richard Scott Building Ottawa, Ontario K1A 0L8	Director, Tariff Policy Division Trade Programs Directorate Admissibility Branch Canada Border Services Agency 150 Isabella Street, 4th Floor Ottawa, Ontario K1A 0L8
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or to such other person named in a written notice mailed to the Financial Institution and the Depositor. In the Excise program, such act, matter or thing may be done, performed or consented to on behalf of the Minister by the Director, Excise Duty and Taxes or such other person named in a written notice mailed to the Financial Institution and the Depositor.

#### **22. Notices to the Financial Institution**

Any notice, statement, cheque or other document to be provided to the Financial Institution under this Agreement shall be sent to the Financial Institution at the address appearing on the first page of this Agreement to the attention of the Account Executive of Record.

#### **23. Amendment of Client Account Agreement**

The Financial Institution's Client Account Agreement is hereby amended wherever necessary to the extent it is inconsistent with this Agreement, so as to permit the safekeeping of the security by the Financial Institution pursuant hereto.

**24. Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Provinces and Territories of Canada and the laws of Canada applicable therein.

**IN WITNESS WHEREOF** the parties have executed this Agreement as of the date first above-mentioned.

ON BEHALF OF HER MAJESTY THE QUEEN IN RIGHT OF CANADA as represented by the Minister of Public Safety

Sign: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

**NAME, ADDRESS AND SEAL OF THE FINANCIAL INSTITUTION**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Sign: \_\_\_\_\_

Sign: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

**NAME AND ADDRESS OF THE SECURITY DEPOSITOR**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Sign: \_\_\_\_\_

Sign: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

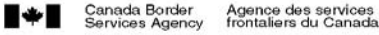
Telephone Number: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

APPENDIX C

**FORM D120, CUSTOMS BOND**

(Can also be found on [www.cbsa.gc.ca](http://www.cbsa.gc.ca) website under Publications and Forms.)



Bond No. \_\_\_\_\_

**CUSTOMS BOND**

In accordance with the Acts, Regulations and other authorities governing the customs activity identified below, we, the "principal" and "surety", jointly and severally bind ourselves, our respective heirs, executors, administrators, successors and assigns in the amount stated below unto Her Majesty in right of Canada, her heirs and successors. We, the principal, further acknowledge that we are required to furnish and maintain security in the amount noted.

**1. Activity to be secured**

Relevant legislative authority \_\_\_\_\_

Bond amount \_\_\_\_\_  
(in words)

dollars (\$) \_\_\_\_\_

**2. Legislative authorities**

*Customs Brokers Licensing Regulations  
 Transportation of Goods Regulations  
 Customs Bonded Warehouse Regulation  
 Customs Sufferance Warehouse Regulations*

*Duty Free Shop Regulations  
 Temporary Importation (Tariff Item No. 9993.00.00) Regulations  
 Accounting for Imported Goods and Payment of Duties Regulations  
 Other authorities may be accepted*

The condition of the above written obligation is such that, if the obligation imposed by these legislative authorities is well and truly performed, this obligation shall be void and of no effect, but, otherwise, shall be and remain in full force, virtue and effect. Notwithstanding the foregoing, it is understood and agreed that the liability of the surety under this bond shall be limited to the amount stated herein and shall not be cumulative during the existence of this bond.

**3. Specify the period of validity of this bond as determined by the relevant Regulations (check one box only)**

a)  Continuous bond — Effective date: \_\_\_\_\_

b)  Bond for a specified period — Starting on the \_\_\_\_\_ day of \_\_\_\_\_ year \_\_\_\_\_  
 and terminating on the \_\_\_\_\_ day of \_\_\_\_\_ year \_\_\_\_\_

**4. It is understood that the above-written obligation shall apply to activities conducted at** \_\_\_\_\_

**5. a)** Provided that the surety gives the CBSA office **holding the security 30 days** notice by registered mail of its intention to terminate the obligation undertaken, this obligation and all liability shall cease insofar as any act or dealing by the principal subsequent to the termination date is concerned, but, otherwise, shall remain in full force and effect.

**b)** The liability of the principal and of the surety hereunder, shall arise upon receipt by the surety of a written demand from the Canada Border Services Agency (CBSA) containing relevant documentation to substantiate the claim. However, if the principal or the surety provides, within 60 days of the date of such demand, evidence to disprove the claim, then such liability, if any, arises on the date of the notice confirming that the demand is valid. All such demands shall be given to the surety within one year following the date of termination of this bond.

**6. Notwithstanding this bond, it is understood that the CBSA may, at any time, as it sees fit, refuse the privileges associated with this bond.**

**7. In witness whereof, the principal has hereunto set his hand and seal and the surety has caused those present to be sealed with its corporate seal, attested to be the signature of its duly authorized officials, the day and year written below. We the principal further testify that we have read and understand the relevant Acts, Regulations and other authorities indicated herein, and hereby undertake to be strictly governed by the provisions thereof.**

Principal (name and address)	Signature and seal
	President's name
	Signature
	Secretary or treasurer's name

Business number \_\_\_\_\_

Surety (name and address)	Signature and seal
	Name and title
	Signature
	Name and title

**8. Signed, sealed, and delivered in the presence of** \_\_\_\_\_  
(witness for principal, notary public, commissioner of oath or by a lawyer)

**9. Dated this** \_\_\_\_\_ **day of** \_\_\_\_\_ **year** \_\_\_\_\_

D120 E (08)



BSF259 E



**INSTRUCTIONS FOR THE COMPLETION OF FORM D120, *CUSTOMS BOND*****BOX INSTRUCTIONS**

1. Indicate the bond number, if applicable.
2. In field 1, state the specific bonded activity that will be secured. Consult the applicable regulation or customs D-Memorandum for the specific wording and for other information that may be required.
3. Identify the relevant authority by writing in the appropriate legislation.
4. Write the amount of security in words.
5. Write the amount of security in figures.
6. In field 3, consult the applicable D-Memorandum for completion instructions, as the period of validity of a bond varies depending on the program and purpose for which it is issued.
7. In field 4, state the CBSA office where the activities are to be conducted. For Headquarters security, state "All CBSA offices in Canada".
8. In field 7, along with the principal's business number, state the principal's name and address.
9. Affix the signatures of two duly authorized officers of the principal indicating their names and titles and impressing with the corporate seal.
10. State the surety's name and address.
11. Affix the signature of authorized individuals of the surety company, indicating their names and titles and impressing with the corporate seal.
12. In field 8, affix the signature of witnesses, if required.
13. In field 9, state the date the bond was signed and sealed.

**REFERENCES**

<p><b>ISSUING OFFICE –</b> Brokers Licensing and Account Security Programs Licensing, Export, and Accounting Division Admissibility Branch</p>	<p><b>HEADQUARTERS FILE –</b> 7640-0</p>
<p><b>LEGISLATIVE REFERENCES –</b> <i>Customs Act</i>, Section 8, 166 (1) and (2)</p>	<p><b>OTHER REFERENCES –</b> Memoranda listed in paragraph 1 of this memorandum.</p>
<p><b>SUPERSEDED MEMORANDA “D” –</b> D1-7-1 dated March 28, 2002</p>	

Services provided by the Canada Border Services Agency are available in both official languages.

