



# **Guidance on Financial Security for a Hazardous Waste Transport Licence Application**

Revision 1.0

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## **Purpose**

The Province requires evidence of financial security prior to issuing, renewing or revising a Hazardous Waste Transport Licence. Financial security conditions and information are outlined below:

## **Amount and Acceptable Forms**

A security in the amount of \$10,000.00 (CDN) must be demonstrated by means of an Irrevocable Letter of Guarantee/Credit or a Surety Bond.

## **Conditions**

The Irrevocable Letter of Guarantee/Credit or Surety Bond must be issued by a Canadian chartered bank, trust company, credit union, surety agency or other institution approved by the Director of Waste Management. A financial institution must meet all of the following qualifying criteria:

- Canadian Chartered Schedule 1, 2, or 3 Banks or Canadian Credit Unions;
- Senior unsecured long term credit rating of Standard and Poor's A+, Moody's A1, or Dominion Bond Rating Service A (high), (determined by the lowest rating); and,
- An office in Canada.

Irrevocable Letter of Guarantee/Credit must clearly identify the following:

- That the letter of credit is payable to the Minister of Finance;
- Legal Registered Company name of the carrier applying for the licence;
- The gross amount that may be claimed (\$10,000.00);
- The licence number to which the letter applies;
- A brief description of the licence;
- The bank and branch at which a claim may be made;
- That a claim must be paid by the financial institution at any time and from time to time upon written demand from the Minister;
- The expiry date with automatic renewal; and
- The "Evergreen Clause" (automatic renewal).

Security bond must clearly identify, but is not limited to the following:

- "Surety" is held and firmly bound unto Her Majesty the Queen in the Right of the Province of British Columbia as represented by the Minister of Environment;
- Legal Registered Company name of the carrier applying for the licence;
- The gross amount that may be claimed (\$10,000.00);
- The licence number to which the letter applies;

- A brief description of the licence;
- The financial institution and branch being a surety
- No expiry date or contain Evergreen Clause (automatic renewal)

Where an Evergreen Clause is present, a sample is shown below:

This Letter of Credit/Guarantee shall be deemed to be automatically extended on an annual basis without any formal amendment unless thirty (30) days prior to the present expiry or any future expiry date as automatically extended we shall notify you in writing that we elect not to extend the letter of credit for any further period.

The recommended formats must be adhered to. Any deviation from the wording may cause a delay in the processing of the application. The recommended formats are available in the Hazardous Waste web page for the following acceptable forms of financial security: Irrevocable Letter of Guarantee/Credit and Surety Bond.

### **Use and Release**

Your (or your company's) liability will not be limited to the amount of the security. If you (or your company) fail to comply with the requirements of the *Environmental Management Act*, the Hazardous Waste Regulation, or the terms of the licence, the required financial security will be used to mitigate the consequences, as necessary.

Any security deposited for a licence will be released within 90 days from the date on which a licence was cancelled upon request by the carrier or was surrendered to the ministry, provided the ministry has determined that you (or your company) have fulfilled all obligations under the *Environmental Management Act*, the Hazardous Waste Regulation and the terms of the licence.

### **Unacceptable Forms**

The ministry does not accept the following:

- Cash and certified cheques
- Convertible financial instruments issued by or guaranteed by a provincial or federal government such as treasury bills and bearer bonds
- Guaranteed investment certificates
- Indemnification agreements and Letters of Guarantee that are not from an approved chartered bank or credit union
- Non-transferable investment/savings bonds
- Joint bank accounts or bank accounts
- Collateral or agreements for contract and other non-standard forms of security
- Insurance policies
- Guarantee agreements
- Stock certificates

**Disclaimer:** This document does not supersede or replace the *Environmental Management Act* or its regulations; in the case of omissions or discrepancies, the *Act* and Hazardous Waste Regulation apply. It is intended for guidance only.