**ADD/CVD**

**Bond Underwriting Requirements and Authorization Forms**

**Effective January 29, 2008; Amended January 1, 2015**

**Single Transaction Bonds (STBs)**

General rule: STBs involving ADD/CVD exposure require specific surety approval. Exception: a broker may issue a STB without prior approval when all of the following apply:

 1) bond amount $10,000 or less

 2) total entered value $5,000 or less

 3) principal is a domestic corporation, LLC, or partnership

 4) non-reimbursement certificate is filed with entry summary

 5) estimated ADD/CVD is deposited in full with the entry summary

 6) Bond Designation Code is 'B' (new basic bond)

Even then, we recommend that you contact your bond service representative first to confirm that FastBond™ won’t reject the STB due to aggregate liability and/or other concerns relating to prior bond activity. Full collateral is often required, depending upon transaction details.

Entry types 03 and 07 are ADD/CVD-specific. Others (06 – consumption entry from foreign trade zone; 21/22 – warehouse/rewarehouse entry) do not denote ADD/CVD but may still involve ADD/CVD exposure. Above rules apply to any STB securing an entry to which an ADD/CVD case number applies, regardless of entry type. To minimize aggregate liability, surety may require that a collateralized continuous bond (vs. STBs) be issued. Note that a zero deposit rate does not guarantee zero ADD/CVD exposure at liquidation.

Except in rare instances, ADD/CVD must be paid with the entry summary. All new shipper review STBs in lieu of cash must be pre-approved irrespective of bond amount and 100% collateral is normally required.

ADD/CVD or not, any time CBP demands an STB from a principal who has a valid Activity Code 1 continuous bond on file (or demands an STB larger than per CBP standard bond amount guidelines), specific approval is required.

**Continuous bonds**

New continuous bonds for importers having or anticipating any entries with ADD/CVD exposure must be approved by the surety prior to issuance. Existing continuous bonds with ADD/CVD exposure will be evaluated by the surety upon renewal (or earlier, if the surety considers the need more urgent). The surety may require collateral in the form of an approved Letter of Credit (possibly to secure multiple terms), and a General Indemnity Agreement, in order to approve the new or renewing continuous bond with ADD/CVD exposure.

**General Requirements and Information**

Up-to-date ‘blanket non-reimbursement statements’ relating to all suppliers must be maintained at all times at all ports where ADD entries will be filed.

A financial review will always be performed as part of the underwriting process. If we cannot obtain the financial information from a public source such as the SEC, we must request that the importer’s financial information be submitted.

Other information that will be required includes, but may not be limited to, the questions on the appropriate ADD/CVD Bond Authorization form attached (either the STB or continuous form).

**Bond Premium Rates**

## Due to the surety’s increased exposure, bonds for ADD/CVD related entries may be subject to a higher rate. Your service representative will discuss the cost of the bond with you once the risk is determined during the underwriting process. STBs securing pre-order ADD/CVD entries are usually billed at general merchandise rates but specific approval is nevertheless necessary.

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**ADD/CVD Continuous Transaction Bond Authorization**

**Please submit the following along with a copy of the principal’s financial statements.**

|  |  |  |  |
| --- | --- | --- | --- |
| Date: |       | Broker: |       |
| Contact : |       | Phone : |       | Fax : |       |
| Email: |       |  |
| Principal: |       | Importer No.: |       |
| Address: |       |
| Bond Amount: |       |  |  |  |
| Commodity(ies): |       |
| HTSUS Subheading(s): |       |
| Producer(s) of goods: |       |
| **ADD/CVD Case No.****(10 Digit)** |  | **ADD/CVD****Rate (%)** |  | **Estimated ADD/CVD Values for the Next 12 Months** |  | **Estimated ADD/CVD Duties for the Next 12 Months** |
|       |  |       |  |       |  |       |
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|  |  |  |  |  |  |  |
|  |  | **Total** |  |       |  |       |
| Are there any “re-sellers” involved? | Yes [ ]  No [ ]  |
| (i.e., is the importer buying from someone other than the producer whose specific ADD/CVD rate is being used?) |
| Are blanket non-reimbursement statements on file for all goods subject to ADD? | Yes [ ]  No [ ]  |
| If yes, please attach statements. |
| Has the Importer ever been on Customs Sanctions? | Yes [ ]  No [ ]  |
| Comments: |       |
|  |       |

#### (For surety underwriting use only)

|  |  |
| --- | --- |
| Management Alert Report: |  |
| D&B Rating: |  |
| Approved? Yes [ ]  No [ ]  | By: |  | Date: |  |
| Financial Statement Required [ ]  | Collateral Required [ ]  | Indemnity Agreement Required [ ]  |
| Deposit Requested: | Cash Amount : |  | LC or C/D Amount : |  |
| Additional Comments: |  |
|  |

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