

THE SCOTTISH MINISTERS

Transport Scotland  
Buchanan House,  
58 Port Dundas Road,  
Glasgow,  
G4 0HF

[ Date]

Dear Sirs,

**ON DEMAND PERFORMANCE BOND**

1. We understand that you have or are about to enter into an agreement (“**Roads Agreement**”) with [ ] Limited, incorporated under the Companies Acts (company number [ ]) and having their registered office at [ ] (“**the Developer**”) for the execution of certain works by the Developer which affect part of the A[ ] trunk road, and that under the Roads Agreement, you require an on demand Bond in respect of the due performance by the Developer of its obligations under the Roads Agreement.
2. We *[name and address of issuer]* hereby irrevocably and unconditionally promise to pay forthwith, as a primary obligation, to you on your first written demand an amount or amounts not exceeding in aggregate *[maximum amount of bond £[sum]][reducing to £[sum] from the Date of Practical Completion as defined in the Roads Agreement]* provided that your demand complies with the provisions of this Bond.
3. This Bond shall expire on the Date of Final Completion as defined in the Roads Agreement (“**Expiry**”).
4. Your demand under this Bond must be received by us before Expiry and must be in the form of a statement signed by you (“**Demand Notice**”) that:
  - 4.1 the Developer has failed to perform its obligations under the Roads Agreement in accordance with its terms and conditions;
  - 4.2 as a result of such failure, the amount claimed is due to you;
  - 4.3 specifies in what respects the Developer has so failed; and

4.4 specifies the amount claimed.

We shall accept such Demand Notice as conclusive evidence, for the purposes of this Bond alone, that the amount claimed is due to you under this Bond.

5. On Expiry, this Bond shall become null and void, whether returned to us for cancellation or not, and any Demand Notice received after Expiry shall be ineffective.
6. You may only transfer or assign this Bond to a successor body which substantially performs the functions previously performed by you.
7. For the avoidance of doubt, nothing in this Bond shall confer on any third party any benefit or the right to enforce any term of this Bond and no *jus quaesitum tertio* is hereby created in favour of any person.
8. This Bond shall be governed by and construed in accordance with the law of Scotland and the parties submit to the exclusive jurisdiction of the Scottish courts

Yours faithfully,

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For and on behalf of  
[*issuer*]