

PRODUCT DISCLOSURE SHEET

Dear Customer,

This Product Disclosure Sheet (PDS) provides you with key information on your Trade Services/Financing. Other customers have read this PDS and found it helpful; you should read it too.



HSBC Bank Malaysia Berhad

Date:

(1) What is Documentary Credit Issuance?

A Documentary Credit (DC) is a written undertaking by HSBC Bank Malaysia Berhad as the issuing bank, on behalf of you (the buyer/applicant) to the seller (beneficiary), that payment will be made for the goods or services supplied by the seller, provided that the seller complies with all the terms and conditions established by the DC. DCs issued are irrevocable which means that they constitute a definite undertaking and cannot be revoked or amended without the agreement of all parties to the DC. Other DC structures may include (but are not limited to) Back-to-Back DC or Revolving DC or Red Clause DC, which are available depending on customer's business requirements.

For urgent issuance of DC where customers do not have a Trade facility yet, SpeedyLC is an alternative option where DC may be issued subject to 100% cash margin in the currency of the DC. This is a fast-track product designed especially for small businesses who may require importing goods or raw material from time to time, and who have not arranged any import trade facility. The cash margin (also known as Margin Payments) are advanced payments by the customer for issuance of the DC and upon transfer of the margin payments to the Bank, all rights, title and interest in and to any Margin Payments shall vest in the Bank free and clear of any liens, claims, charges or encumbrances.

Benefits – What do I get from this product?

By issuing a DC/ SpeedyLC, our Bank will undertake, on your behalf, to make payment to your supplier against presentation of compliant documents within the validity of the credit. With DC/SpeedyLC in place, your business/company may: -

- Provide payment security to your suppliers
- Only pay for goods if documents are presented in compliance to the DC terms
- Enjoy a safer and cheaper alternative to making deposits or advance payments as requested by your supplier
- Specify the terms and conditions of payment
- Negotiate longer trade terms with your supplier with usance DCs

(2) Know Your Obligations

You will have to pay a DC Issuance Opening commission @ 0.1% per month or part of month on the credit amount (min RM200). Where submissions are via HSBCnetITS, you will enjoy a RM50 discount (min RM150).

Illustration

- Your DC amount : RM350,000
- Your DC tenure: 50 days
- DC Opening commission: $0.1\% \times \text{RM}350,000 \times 2 \text{ months} = \text{RM}700$

You will pay a total of RM700 as commission for the DC issuance.

You also have to pay other fees and charges, where applicable, per our published tariff @ <https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges>. This includes: -

Opening charge on usance period (for usance DC)	0.1% per month or part of month for the usance period of the credit
Handling fee for Back-to-Back DC, Revolving DC and Standby DC	Min RM150
Cable cost per DC issued under SWIFT (including amendment & cancellation)	Local DC Min RM50; Overseas DC Min RM100
Handling Fee for same day processing received after 12 noon	Min RM150
Marginal Payment handling fee for non-trade customers	Min RM150

It is your responsibility to:



Read and understand the key terms in the contract before you sign it



You will need to pay the full DC value on due date (including commission charged as applicable). Alternatively, you can request for the DC to be financed by the Bank and converted into an Import Loan.



You are to ensure payment obligations of the trade transactions are met and that they are bona-fide transactions



Contact us immediately if you are unable to pay the due amount.

(Ver.Apr2025)

PUBLIC

(3) Know Your Risks

What if I fail to fulfil my obligations?

(1) Right to Set-Off

In the event of a default, your business/company will need to pay all additional interest, costs, charges and expenses incurred until the loan is fully repaid, which will be debited and/or set off from any credit balance(s) in any of your business/company's account(s).

(2) Late Payment Fees

Late payment fee is at 1% over and above the prescribed interest rate as stipulated in the legal agreement with customer (e.g. Facility Offer Letter); OR 3.5% above the bank's prevailing Cost of Funds.

What is the major Risk?

Under a DC, you are obligated to pay if the supplier presents compliant documents, even if the goods are damaged or do not meet your expectations.

You can take additional steps to enhance protection by:

- Verifying the supplier's reputation, financial standing and ability to produce the goods required; and obtaining samples of goods.
- Ensuring your DC calls for a certificate of inspection issued by an independent inspection agency, showing a report of 'clean findings' certifying that goods meet the standard as clearly defined by criteria set out.


(4) Other Key Terms

- You will be classified as bad and doubtful after 90 days default in any loan/facility repayments and this trade facility may be withdrawn/cancelled.
- HSBC recommends that before you make any decision or accepting any of the Bank's terms and conditions for this product, you should consult with qualified professional advisers to obtain the appropriate financial, legal, accounting, tax or other advice to ensure adequate understanding of your key contractual obligations under these terms and conditions.
- Collateral / Guarantor may be required on a case-to-case basis depending on your payment capabilities and other credit considerations
- Standard Cut-Off Times (Monday to Friday except for public holidays) for settlements are subject to the respective foreign currencies cut-off time and provided that complete information is received: -

Cross Border Payments	12.00 p.m. (exclude AUD & JPY)	10.00 a.m. (for AUD & JPY)
Ringgit Payments (Rentas)	11.00 a.m.	

- Service delivery standards shall depend on customer's grouping as "Premier" or "Standard" or as agreed in customer's legal agreements.
- Please inform us of any change in your contact details to ensure that all correspondences reach you in a timely manner. Changes in your contact details should be formally submitted in writing and duly authorized by the company's authorized signatories.
- For more details, you may refer to the *bankinginfo* booklet on 'Small and Medium Enterprises - Financing Products for Your Business – Trade Financing – Bank Guarantee', available at www.bankinginfo.com.my. Kindly take note that the information available in the *bankinginfo* booklet refers to types of financing products in general, and is not an exact representation of products offered by the Bank

Where can I get assistance and redress?

 Call us at: Client Service Team Tel: 1-300-88-1099	 Visit us at: https://www.business.hsbc.com.my	 Email us at: trade.clientservice.st@hsbc.com.my	Agensi Kaunseling dan Pengurusan Kredit (AKPK) Tel: 03-2616 7766 (Monday to Friday; 9am - 5:30pm) E-mail: enquiry@akpk.org.my
--	---	--	--

If your query or complain is not satisfactorily resolved by us, you may contact:

If your query or complaint is not satisfactorily resolved by us, you may contact:			
HSBC	BNM Telelink	Financial Markets Ombudsman Service (FMOS)	
Customer Experience Team Telephone: +603-2075 6235 Facsimile: +603-88942811 E-mail: complaints@hsbc.com.my	Tel: 1-300-88-5465 (1-300-88-LINK) (Overseas: 603-2174-1717) Fax: 603-2174 1515 Web form: eLINK at https://telelink.bnm.gov.my/	<u>By fax/email/post</u> Chief Executive Officer 14 th Floor, Main Block, Menara Takaful Malaysia No. 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur	<u>In Person (walk-in)</u> 14 th Floor, Main Block, Menara Takaful Malaysia No. 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur.

Customer's Acknowledgement*

Ensure you are filling this section yourself and are aware of what you are placing your signature for.

☐

I acknowledge that HSBC Bank Malaysia Berhad has provided me with a copy of the PDS.

☐

I have read and understood the key information contained in this PDS.

**A customer's acknowledgement of this PDS shall not prejudice his/her rights to seek redress in the event of subsequent dispute over the product terms and conditions.*

The Customer hereby acknowledges and agrees that by signing this document (or by way of an email confirmation provided to HSBC) all the terms and conditions of the Product Disclosure Sheet have been explained to them.

Name:

Date:

(Ver.Apr2025)

PUBLIC