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| |  | | --- | | **PRODUCT DISCLOSURE SHEET**  (Read this Product Disclosure Sheet before your business/company decides to take up the bank guarantee-i services by HSBC Amanah Malaysia Berhad (“**Bank**”) (“**Bank Guarantee-i”).** Be sure to also read the general terms and conditions.) | | |  | | --- | | **HSBC Amanah Malaysia Berhad**  **Bank Guarantee-i**  - Tender Bid Bond  - Performance Guarantee  - Advance Payment Guarantee  - Retention Bond  - Financial Guarantee  - Other Guarantees  <Date> | |
| **1. What is this product about?** | |
| |  | | --- | | Bank Guarantee-i is a guarantee letter issued by the Bank on behalf of our customer to a third party to facilitate our customer's usage of products or services or to secure contracts from third parties. Under the Bank Guarantee-i, the Bank will pay the third party in the event that the customer does not fulfil its contractual obligations.  For urgent Bank Guarantee-i issuances, customers with or without a Bank Guarantee-i facility may apply for this service by providing the Bank with 100% cash cover/cash margin (Margin Payments) in the currency of the Bank Guarantee-i. All rights, title and profit in the Margin Payments will be vested in the Bank and any un-utilised amount of the Margin Payments shall be refunded to our customer after the Bank Guarantee-i has been discharged and/or repaid in full. This Margin Payments service is known as “GuaranteeSmart” and same day issuance (or 24 hour) service is available subject to the Bank Guarantee-i being standard bank /pre-approved formats and other criteria being fulfilled such as complete set of documents are submitted and appropriate company mandate is in place for the customer’s authorised signatories to place the Margin Payments for the services. For our customers’ convenience, applications can be submitted via HSBCnet Internet Trade Services or physical application forms by uploading or attaching the Margin Payment Form to the Bank Guarantee-i template/application form. Customers are advised to contact our Client Service Team for further details.  Bank Guarantee-i is based on the Shariah contract of Kafalah (Guarantee) and can only be used for underlying contracts relating to Shariah-compliant business activities. The types of guarantees that would be offered under Bank Guarantee-i can be summarised as follows:  **Tender Bid Bond**  This guarantee is applied for by our customer (bidder) to support their tenders for contracts from potential buyers. The buyer is afforded a financial remedy if the tender is withdrawn by the bidder or the successful bidder fails to enter into a contract, or does not provide subsequent bond, such as a Performance Guarantee, to support the contract. The purpose is to substantiate the financial standing of the bidder.  **Performance Bond**  This guarantee replaces the Tender Bid Bond if the tender is accepted. Performance Bond is an undertaking on behalf of our customer (principal), to pay cash if the obligations of the principal under the contract are not discharged. The amount of such bonds is usually based on a percentage of the value of the contract and is significantly greater than that of the related Tender Bid Bond.  **Advance Payment Guarantee**  This guarantee is an undertaking to pay, on behalf of our customer (principal), the sum paid in advance under the contract by the contracting party (beneficiary) for obligations that have not yet been performed. Contracts sometimes include provisions, which allow principals to receive advance payments from beneficiaries for purposes such as mobilising plant and equipment or purchase of raw materials. The terms of such contracts normally provide that such sums advanced must be paid from (set-off against) progress payments under the contract. The beneficiary can recover the amount paid or a part thereof under the Advance Payment Guarantee if the principal fails to fulfil their underlying contractual obligations.  **Retention Bond**  Contracts may allow the contracting party (beneficiary) to retain a proportion of the contract sum until substantial completion of the contract has taken place, such as remedial works during warranty period. The beneficiary may be prepared to release this retention money to the principal against the presentation of this guarantee.  **Financial Guarantee**  A common type of guarantee issued to provide our customers with the means of obtaining facilities (which, for Bank Guarantee-i, should not be interest-bearing facilities or contain elements contrary to Shariah), from the beneficiaries of the guarantees, who may, if the need arises, claim under such guarantees up to a maximum amount and within a set period of time. For example; rent payments under a lease agreement, payment for utilities, court fees, etc.  **Other Guarantees**  This includes types of guarantees other than the ones mentioned above. Examples are Service Deposits, Supply Contracts, Security Deposits etc. | | |
| |  | | --- | | **2. What is the Shariah concept applicable?** | | |
| Bank Guarantee-i is provided under the Shariah principle of Kafalah (Guarantee). | |
| **3. What do I get from this product?** | |
| * Allows your company/business to expand into new markets * Provides security to your counterparty by a reputable bank. * Facilitate open account trade business for your company * Flexibility to participate in any kind of legal contract relating to Shariah-compliant business activities internationally or locally. * Competitive commission rate on the facility value | |
| **4. What are my obligations?** | |
| Your business/company will need to pay us the full guarantee amount should there be a claim from the beneficiary, in accordance to the terms and conditions of the Facility Offer Letter issued for the Bank Guarantee-i facility. | |
| **5. What are the fees and charges I have to pay?** | |
| Please refer to our schedule of tariff and charges at www.hsbcamanah.com.my for full details of bank guarantee issuance charges. Key charges are as follows:  1. Issuance Commission – 0.1% per month (1.2% per annum) on the guarantee amount, subject to a minimum of RM100 per Bank Guarantee-i issued. This commission is to be collected upfront before issuance of Bank Guarantee-i.  2. Fast Track – 0.125% per annum or part thereof on the guarantee amount.  3. Amendment to Bank Guarantee-i – subject to a minimum of RM100 for every Bank Guarantee-i amendment.  4. Stamp Duty – RM10 for Letter of Indemnity and RM10 for Letter of Guarantee.  5. GuaranteeSmart Commission – 0.125% per month (1.50% p.a.) of guarantee value (min RM350) per guarantee issued whichever is higher  Issuance commission is calculated based on the exact number of months the guarantee is valid for (From Value Date until Liability Date). Issuance commission for a guarantee amount of MYR10,000 for 7 months would be computed as follows: -  MYR10,000 x 1.2% p.a. x 7 months/12 months = MYR70  ***Note: The fees and charges for the above are exclusive of any statutory tax (“Tax”). Where Tax is chargeable on any of these items, the applicable Tax sum shall be imposed in addition to such fees and charges, and shall be payable to the Bank.*** | |
| **6. What if I fail to fulfil my obligations?** | |
| If the guarantee amount has to be recovered by any process of law, all fees and expenses in connection with such recovery, including the Bank’s solicitor, fees and cost, shall be borne by the customer. | |
| **7. Do I need any takaful coverage?** | |
| Whilst you do not specifically need to take up any takaful coverage for this product, you are encouraged to consider taking up appropriate coverage to protect your goods / business such as Marine Cargo Insurance, Fire  Commercial or Flexi Business Shield. Please contact your Relationship Manager for further details. | |
| **8. Do I need a guarantor or collateral?** | |
| On a case to case basis depending on your payment capabilities and other credit considerations. | |
| **9. What are the major risks?** | |
| Customer may be subject to the risk of fraudulent claims or frivolous claims by the beneficiary as clauses in the bank guarantee may enable a claim from the beneficiary to be undisputed. | |
| **10. What do I need to do if there are changes to my contact details?** | |
| It is important that the Bank is informed of any change in your business/company’s contact details to ensure that all correspondences reach your business/company in a timely manner. Changes in your business/company’s contact details should be formally submitted in writing and duly authorized by the company’s authorized signatories. Please contact your Relationship Manager for further clarification. | |
| **11. Where can I get further information?** | |
| If you have difficulties in making payments, you should contact your Relationship Manager earliest possible to discuss payment alternatives  If you wish to speak to our Trade representative, you may contact us at:  Client Service Team  Tel: 1-300-88-1099  Email: [gtrf.client.services.my@hsbc.com.my](mailto:gtrf.client.services.my@hsbc.com.my) | |
| **12. Where can I get assistance and redress?** | |
| * If you have difficulties in making payments, you should contact us earliest possible to discuss payment alternatives. You may contact us at:   [RM to fill up contact details: name, address, contact number and e-mail address]   * If you wish to complain on the products or services provided by us, you may contact us at:   Customer Experience Team  HSBC Bank Malaysia Berhad  2 Leboh Ampang  50100 Kuala Lumpur  Malaysia  Fax: +603-2179 1111 (9.00AM to 4.00PM – Monday to Friday)  E-mail: complaints@hsbc.com.my   * If your query or complain is not satisfactorily resolved by us, you may contact Bank Negara Malaysia LINK or TELELINK at:   Bank Negara Malaysia  P.O. Box 10922  50929 Kuala Lumpur.  Tel: 1-300-88-5465 (1-300-88-LINK)  (Overseas: 603-2174-1717)  Fax: 603-21741515  E-mail : bnmtelelink@bnm.gov.my  SMS: 15888  Operating Hours: 9:00AM to 5:00PM – Monday to Friday | |
| **13. Other trade financings available?** | |
| Other trade finance solutions available are   * Trust Receipt-i * Bills Purchased – i * Accepted Bills-i (Import and Export) * Clean Import Financing-i * Clean Export Financing-i   Please also contact your Relationship Manager or Trade Representative for details of other Non-Financed Trade Services. | |