


## PRODUCT DISCLOSURE SHEET

<p><b>PRODUCT DISCLOSURE SHEET</b></p> <p>(Read this Product Disclosure Sheet before your business/company decides to take up the product. Be sure to also read the bank's terms and conditions, which includes terms in the Facility Offer Letter, the relevant Application Form and the Bank's Standard Trade Terms (available at <a href="https://www.gbm.hsbc.com/gtrfstt">https://www.gbm.hsbc.com/gtrfstt</a> or upon request).)</p>	<p><b>HSBC Bank Malaysia Berhad (HSBC)</b></p>  <p><b>EXPORT DOCUMENTARY CREDIT (DC)</b></p> <ul style="list-style-type: none"><li>- <b>DC Advice (DCA)</b></li><li>- <b>DC Confirmation (DCC)</b></li><li>- <b>Transferable DC</b></li><li>- <b>Export DC Bill Handling &amp; DC Negotiation (DCN)</b></li></ul> <p>&lt;Date&gt;</p>
<p><b>1. What is this product about?</b></p>	
<p>A Documentary Credit (DC) is a written undertaking by an issuing bank, on behalf of 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.</p> <p>Export DC refers to DC services provided to sellers (who are the beneficiaries of the DC issued) for both domestic and international trade and comprise of the following key services: -</p> <ol style="list-style-type: none"><li>1. DC Advising</li><li>2. DC Confirmation</li><li>3. Transferable DC</li><li>4. Export DC Bill handling and DC Negotiation</li></ol> <p>No credit facility is required for exporters to access Export DC services.</p> <p><b>DC Advising (DCA)</b> Issuing banks issue DC to their correspondent bank in the seller's country that in turn will process the incoming DC and dispatch the same under their covering letter to the exporter. Hence, DCA is a service provided to the DC beneficiaries by the bank where the bank assumes the role of a DC Advising bank and checks for the authenticity of all incoming DCs issued to the seller. The processed DC is usually mailed to the customer or collected by the customers from the Bank's counter. HSBC also advises electronically and provides a "DC Safe Custody" option where the DC will be securely stored at the bank eliminating the hassle of dealing with a paper copy.</p> <p><b>DC Confirmation (DCC)</b> If the beneficiary of the DC doubts the ability of the DC issuing bank to pay, and/or doubts the ability of the country in which it is located, he/she may arrange to have the DC "confirmed" by another bank of a higher credit standing/reputation, typically located in a country other than where the issuing bank is located. In many cases the advising bank is nominated to add confirmation to the credit. Confirmed DCs provide double protection to beneficiaries.</p> <p>The confirmation of a DC constitutes a definite undertaking by the confirming bank to assume the obligations and liabilities of the issuing bank. The issuing bank will expressly request the confirming bank to add its confirmation to the DC (although the confirming bank is under no obligation to do so).</p> <p>A fee for the risk undertaking will be charged by the confirming bank based upon a multitude of factors including the value of the DC, the standing of the issuing bank and its location, the expiry date of the DC and the usance period.</p> <p><b>Transferable DC</b> A transferable DC is a type of DC designated as transferable. A transferable DC is one that can be transferred by the original beneficiary (First beneficiary) to one or more second beneficiaries and allows for substitution of drafts and invoices by the First beneficiary. If a transferable DC allows for partial shipments, the DC may be transferred to one or more second beneficiaries with each party receiving its own portion of the transaction payment. It is normally used when the first beneficiary does not directly supply the merchandise, but acts as the middleman and wishes to transfer part, or all rights and obligations to the actual supplier/s, who are the second beneficiaries. Shipment of goods is directly from the second beneficiary to the DC applicant. Export Transferable DC is usually for customers who act as the middleman, trading agents or sourcing offices.</p>	

### **Export DC Bill Handling and DC Negotiation (DCN)**

DC beneficiaries are required to present documents as required under the DC to a bank (usually their bank/nominated bank as stipulated in the DC) in order to claim payment from the issuing bank. Export DC bill handling is the service provided by the DC beneficiary's bank/nominated bank to in checking the documents against the DC to ensure that the documents satisfy the requirements of the DC before presenting the documents to the issuing bank for payment in accordance with the instructions contained in the DC.

At the time of presenting documents, the beneficiary may request HSBC to finance the bill, if the beneficiary requires funds urgently prior to receipt of payment from the issuing bank. Where the DC allows the credit to be available by negotiation, HSBC may, at its discretion, choose to negotiate the bill subject to key evaluation criteria such as bank and country risk, documentary risk and availability of the credit. DC Negotiation is therefore simply a form of post-shipment financing where the negotiating bank advances the DC bill amount to the seller first prior to receipt of payment from the issuing bank.

### **2. What do I get from this product?**

Selling under DC terms allows you to enjoy the following key benefits: -

1. reduce risk of non-payment from your buyers – receive greater payment assurance especially in unpredictable and unfamiliar markets
2. DC negotiation allows you to extend credit terms to your buyers but provides you with access to funds quickly after shipment without having to drawdown on your credit facility
3. Transferable DC allows trader /middlemen to purchase from their suppliers on DC terms without the need to establish a DC issuance facility.

#### Standard Cut-Off Times

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)
- Cross Border Payment - 10.00 a.m (for AUD & JPY)
- Ringgit Payments (Rentas) – 11.00 a.m.

Note: Service delivery standards shall depend on customer's grouping as "Premier" or "Standard" or as agreed in customer's legal agreements. Kindly contract the Client Services Team for further details on other cut-off times not mentioned above.

### **3. What are my obligations?**

- Your obligations are to ensure performance of the trade and that they are bona-fide transactions.
- For DCN transactions, the bank holds the right of recourse to your business/company in the event of default by the issuing bank. Where financing charges are payable on maturity of the bill, your business/company is obliged to pay the interest charges on due date.
- Under a DC Confirmation, the bank's commitment will cease immediately if non-compliant documents are presented. However, subject to acceptance of the documents by the issuing bank, HSBC, may, upon request, reinstate its undertaking to pay at its sole discretion. Additional fees and conditions may apply.

<b>4. Key charges include: -</b>	
<b>Key Charges</b>	<b>Description</b>
Export DC Advising	<ul style="list-style-type: none"> <li>• Advising Commission of RM10 per DC Advise (Advising/Pre-Advising/Subsequent Advising)</li> <li>• DC Advising Handling Fee of RM20 (customer with DC Safe Custody); RM70 – (customer without DC Safe Custody); RM90 for non-customers (Note: RM40 rebate if bills are submitted to HSBC for negotiation.)</li> <li>• Subsequent DC Advising Handling Fee – RM30 (customer); RM60 (non-customer)</li> <li>• Pre-Advising Handling Fee – RM10 (customer); RM20 (non-customer)</li> </ul>
Export DC Confirmation	Confirmation Commission of 0.1% per month or part of month or as determined by the bank (min RM250 for account of beneficiary)
Export DC Transfer	Transferable DC commission – 0.1% per month on the amount of the transferred credit (min. RM500)
Export DC Bills (Purchased / Non-Purchased)	<ul style="list-style-type: none"> <li>• DC Bills Checking Fee - min RM50 or RM100 (for Arab and Indian continents)</li> <li>• Presentation with discrepancies (including bills sent for Approval &amp; Payment basis) – RM30 per set of documents</li> <li>• DC bills commission (Ringgit &amp; foreign currency bills) – 0.1% flat <ul style="list-style-type: none"> <li>○ Min RM50 for customer and RM100 for non-customer</li> <li>○ Max RM500 for ringgit bills and RM250 for foreign currency bills</li> </ul> </li> </ul>
Other charges	<p>Please refer to our schedule of tariff and charges at <a href="https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges">https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges</a> for full list of charges</p> <p>The fees and charges above may be updated from time to time and in case of inconsistency, the fees and charges stated in the prevailing standard tariff and charges (which is available at <a href="https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges">https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges</a>) shall prevail over the fees and charges stated in this document.</p>
<b>5. What if I fail to fulfill my obligations?</b>	
<p><b>Right of Recourse</b> The bank holds the right of recourse to your business/company.</p> <p><b>Late Payment Fees</b> 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.</p> <p>Please refer to our schedule of tariff and charges at <a href="https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges">https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges</a> for more information.</p>	
<b>6. What if I fully settle the loan before its maturity?</b>	
Premature settlement of a foreign currency DC bill negotiated may incur an appropriate compensation charge (conclusively calculated by the Bank) which will be levied for exchange difference and/or break costs.	
<b>7. Do I need any insurance / takaful coverage?</b>	
Whilst you do not specifically need to take up any insurance / 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.	
<b>8. What are the major risks?</b>	
Major risks that your business/company face under DC terms are the potential bank and country risks such as civil unrest which may result in a non-payment event from the issuing bank or a potential delay in payment.	
<b>9. What do I need to do if there are changes to my contact details?</b>	
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	

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contact your Relationship Manager for further clarification.

**10. Where can I get further information?**

- Should you require additional information about taking up Export Documentary Credit, please refer to the *bankinginfo* booklet on ‘Small and Medium Enterprises - Financing Products for Your Business – Trade Financing, available at [www.bankinginfo.com.my](http://www.bankinginfo.com.my).

Kindly take note that the products available in the *bankinginfo* booklet refers to financing products in general, and may not be an exact representation of products offered by the Bank.

- If you have any enquiries, please contact your Relationship Manager or Trade representative or visit our website at: <https://www.business.hsbc.com.my>.

**11. Where can I get assistance and redress?**

- 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)

- You may also seek the services of Agensi Kaunseling dan Pengurusan Kredit (AKPK), an agency established by Bank Negara Malaysia to provide free services on money management, credit counselling and debt restructuring for individuals and SMEs. You can contact AKPK at:

Level 5 and 6, Menara Bumiputra Commerce,  
Jalan Raja Laut  
50350 Kuala Lumpur  
Tel: 03-2616 7766 (Monday to Friday; 9am - 5:30pm local time)  
Email: [enquiry@akpk.org.my](mailto:enquiry@akpk.org.my)

- If you wish to complain, please contact the following: -

If you wish to complain on the products & services provided by us, you may contact us at:	If your query or complain is not satisfactorily resolved by us, you may contact Bank Negara Malaysia LINK or TELELINK at:
<p>HSBC Bank Malaysia Berhad Customer Experience Team, Level 30, Menara IQ Persiaran TRX 55188 Tun Razak Exchange, Kuala Lumpur Malaysia Telephone: +603-2075 6235 Facsimile: +603-88942811 Operating Hours: (9.00am to 4.00pm–Monday to Friday) E-mail: <a href="mailto:complaints@hsbc.com.my">complaints@hsbc.com.my</a></p>	<p>Bank Negara Malaysia Jalan Dato' Onn, P.O. Box 10922 50929 Kuala Lumpur. Tel: 1-300-88-5465 (1-300-88-LINK) (Overseas: 603-2174-1717) Fax: 603-2174 1515 Web form: eLINK at <a href="https://telelink.bnm.gov.my/">https://telelink.bnm.gov.my/</a> Operating Hours: 9.00am to 5.00pm–Monday to Friday General Number: 603-26988044/2698 9044/9179 2888</p>

OR alternatively, you may file your dispute with Financial Markets Ombudsman Service (FMOS) as follows:

<p style="text-align: center;"><b><u>By fax/email/post</u></b></p> <p style="text-align: center;"><i>Chief Executive Officer Financial Markets Ombudsman Services (Reg. No: 200401025885) 14<sup>th</sup> Floor, Main Block, Menara Takaful Malaysia No. 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur.</i></p>	<p style="text-align: center;"><b><u>In Person (walk-in)</u></b></p> <p style="text-align: center;"><i>Financial Markets Ombudsman Services (Reg. No: 200401025885) 14<sup>th</sup> Floor, Main Block, Menara Takaful Malaysia No. 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur.</i></p>
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**12. Other trade loans available?**

Other trade finance solutions include (but not limited to): -

- Receivables Financing
- Supply Chain Financing
- Pre/Post-Shipment Buyer Loans (including Bankers Acceptance)
- Pre/Post-Shipment Seller Loans (including Bankers Acceptance)
- Documentary Credit Issuance / Shipping Guarantee
- Bank Guarantee / Standby Documentary Credit Issuance
- Export Bills Purchased
- Export Credit Refinancing

Please also contact your Relationship Manager or Trade Representative for details of other Non-Financed Trade Services and/or further discussion on appropriate financing solutions that caters to your company's best interest.

**IMPORTANT NOTE(S):**

- **Your business/company will be classified as bad and doubtful after 3 months / 90 days' default in any loan/facility repayments and this trade facility may be withdrawn/cancelled.**
- **You are advised to go through and understand the information in this Product Disclosure Sheet. HSBC recommends that before you make any decision or accepting any of the Bank's terms and conditions for this product (for example, terms and conditions found in facility offer letter, or the Bank's Standard Trade Terms, etc) you should consult with qualified professional advisers to obtain the appropriate financial, legal, accounting, tax or other advice which is suitable for your business, as well as to ensure adequate understanding of your key contractual obligations under these terms and conditions. We are always ready to assist and provide clarification if you are in doubt. Should you require any support, kindly reach out to your Relationship Manager or the relevant HSBC officer. Your subsequent application for the trade service/facility is deemed as having an understanding of the relevant product (and you have sought for clarification, if required).**
- **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.**

The information provided in this disclosure sheet is valid as at <insert date>.

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Name:  
Designation:  
Company Name:  
Date: