

Trade Finance

Documentary Credit (DC) Issuance / Advising / Transfer

– A payment undertaking to facilitate your domestic/international trade transaction settlement

For the Buyer

In order for you to purchase with peace of mind, DC assures that you will only pay for your goods if your suppliers present complying documents in accordance to the terms and conditions that you have set forth in the DC. Our team of bills document experts is there to deliver that promise to you.

As your business partner, we will issue DCs on your behalf to most parts of the world. We are dedicated to support you with over 500 agent banks in more than 60 countries worldwide.

Benefits

- Payment will only be made when DC conforming documents are presented
- Better opportunity to negotiate with suppliers for better credit terms and pricing
- May obtain import financing
- Bank may assist to clear exchange control matters and related trade issues when the DC is issued

For the Seller

We are equally committed in advising your incoming DCs promptly whilst at the same time authenticating and giving you the assurance that your Incoming DC is genuine.

Benefits

- The terms under which the payment will be made are known prior to shipment hence providing more control over cash flow
- Payment is assured by submitting DC compliant documents
- Need not worry about financial standing of buyer as payment obligation is undertaken by issuing bank
- Control over the shipping documents is retained until payment/ acceptance is received
- Confirmed order and no worry of cancellation without consent
- May obtain export financing

General Features

DC constitutes an irrevocable and definite undertaking of the Issuing Bank to honor a complying presentation. It can be issued on Sight or Usance basis, depending on instructions given by the buyer (Applicant). Settlement currency is available in HKD, USD and RMB.

A DC is basically a documentary instrument provided by banks in order to facilitate trade settlement. The DC Issuing Bank issues a written undertaking at the request and in accordance with the instructions of the buyer (Applicant). The Issuing Bank assures payment to the seller (Beneficiary) as long as the latter presents documents which comply with the terms and conditions of the DC issued.

The main governing set of rules for DC is the latest version of Uniform Customs and Practices for Documentary Credit (UCP) and Uniform Rules on Reimbursement (URR) published by International Chamber of Commerce (ICC).

What are my major obligations?

- a) You undertake to pay on presentation of documents or to pay at maturity date of the draft(s) and/or upon documents being honored or negotiated in compliance with the terms and conditions of the DC.
- b) In consideration of the Bank opening an DC, you undertake to pay the Bank all monies paid by the Bank pursuant to the DC together with interest/profit/commission at such rate(s) as may be fixed by the Bank from time to time and all customary charges and Bank's Agent's charges, if any. In addition, you authorise the Bank to debit your account in the Bank with all monies so paid or for which the Bank is liable under the DC.
- c) You certify that the import of the relevant goods is not prohibited or restricted and that you hold and undertake to exhibit to the Bank a valid license where such license is required.