

Solutions For Exporters

# Export Documentary Credit Confirmation

# Additional payment assurance when trading under DC terms

Selling products globally can increase opportunities but the consequences can be unpredictable, especially in unfamiliar markets. With HSBC's confirmation added to a documentary credit (DC), you know that HSBC will undertake to pay on a limited recourse basis\* against presentation of compliant documents, allowing you to trade in new markets with greater confidence.

## Your needs

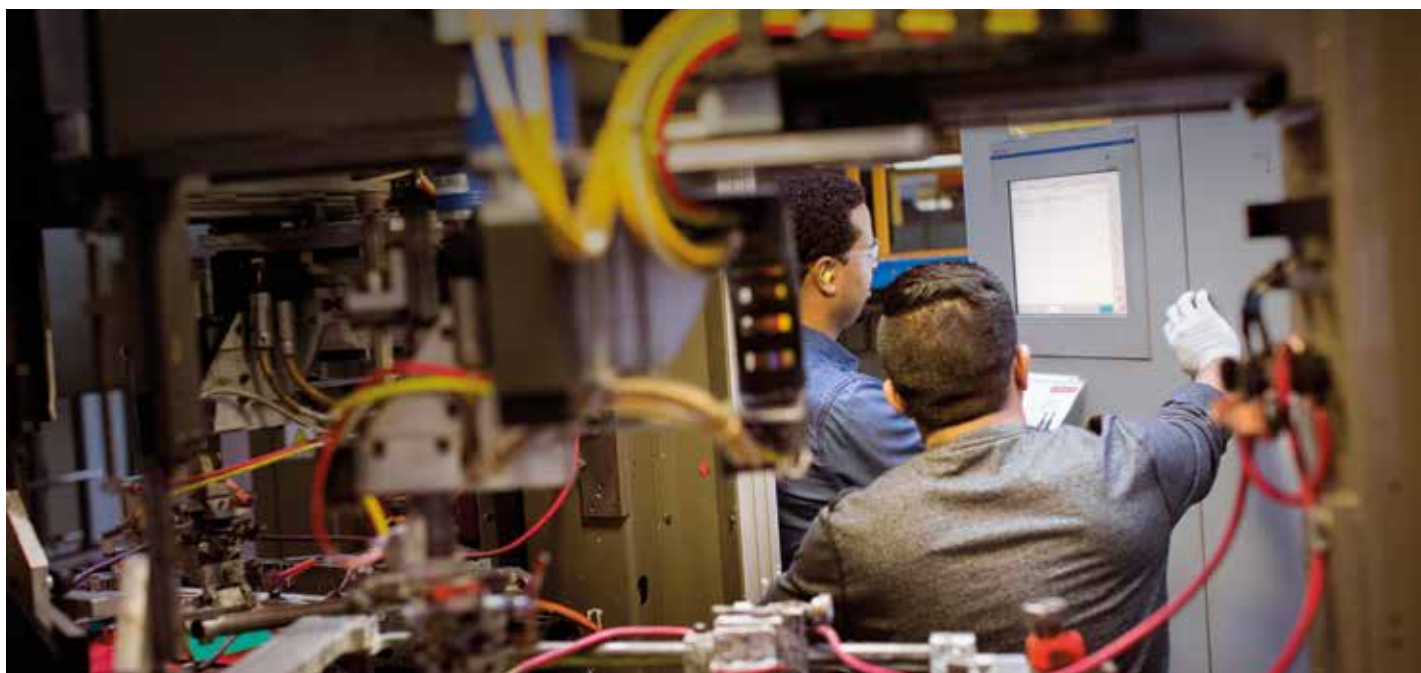
This is the solution for you if:

- You are not familiar with the DC-issuing bank and its ability to make payment.
- You are concerned that political factors in your buyer's country, such as the government imposing currency controls or expropriating bank assets could lead to non-payment under the DC.
- You have entered into a DC transaction that represents a substantial portion of your sales and are concerned about the impact on your business should the issuing bank be unable to make payment.

## Product features

- **Payment assurance.** HSBC's undertaking to pay when confirming a DC is subject to the Uniform Customs and Practice (UCP) rules published by the International Chamber of Commerce. The undertaking is conditional on your presentation of documents that comply with the terms and conditions of the DC.

- **Confirmation of DCs issued by other banks and by HSBC.** Your local HSBC office can add confirmation to DCs issued by other banks to mitigate the counterparty and country risk associated with these transactions. You may also request your local office to add confirmation to DCs issued by HSBC in other countries to mitigate the country risk associated with these transactions. Confirmation charges will apply.
- **Non-compliant documents.** HSBC's confirmation will cease immediately if non-compliant documents are presented. However, subject to acceptance of the documents by the DC-issuing bank, HSBC may, upon request, reinstate its undertaking to pay at its sole discretion. Additional fees and conditions may apply.
- **Financing under confirmed DCs.** You can access funding on presentation of compliant documents by requesting that HSBC discount your export bills under confirmed DCs\*.



### Benefits to you

- **Greater flexibility to increase sales.** Expand your sales to new customers in new markets with added payment assurance.
- **Manage counterparty and country exposure.** Minimise your risk of loss due to exposure to a specific issuing bank or country with the added assurance of HSBC's conditional undertaking to pay.
- **Additional assurance before starting production.** Ask HSBC to add confirmation to a DC as soon as it has been issued and advised to you.
- **One-stop shop.** HSBC's unparalleled international standing, global network and risk management expertise allow us to provide a one-stop DC confirmation service for a wide range of banks in many countries.

### How it works

Your Export DC Confirmation is handled through the following steps:

1. You ask your buyer to instruct his or her bank (the DC-issuing bank) to:
  - ensure the DC terms call for confirmation to be added, and
  - advise the DC through HSBC.
2. Upon receipt of the DC, HSBC will contact you to advise if confirmation is possible and, if so, will quote a confirmation fee for your acceptance.

3. You present documents to HSBC. If the documents are compliant with the terms of the DC, HSBC can either provide upfront funding to you by purchasing your export bills, or alternatively, can send them for approval and payment.\*

### Related products

- **Comprehensive Export DC solutions.** Delivered by HSBC's team of trusted financial professionals to efficiently handle your international transactions.
- **Pre-set exchange rates and forward contracts/options.** Protect your business against future currency fluctuations by fixing an exchange rate upfront.

### Contact points

For further information please contact your HSBC Relationship Manager or Trade and Supply Chain specialist today.

If you do not have a Relationship Manager, or are not an HSBC customer, call us on 2380 1843 during office hours or contact Commercial Banking Contact Centre on 2380 8000 from 8.00am to 5.00pm Monday to Friday (excluding public holidays). Alternatively you may visit [www.business.hsbc.com.mt](http://www.business.hsbc.com.mt)

Trade and Supply Chain  
 HSBC Bank Malta p.l.c.  
 Business Banking Centre  
 80 Mill Street, Qormi QRM 3101 Malta



\* HSBC handles DC transactions in accordance with the Uniform Customs and Practice for Documentary Credits (UCP), a set of international standards for the handling of Documentary Credits through financial institutions. The rules are published by the International Chamber of Commerce (ICC).

Trade and supply chain transactions may be subject to credit approval. Other restrictions, including specific country regulations, may apply. Foreign currency exchange rates may apply to certain trade transactions. Certain products and solutions contained herein may not be offered in every market. Check with your local HSBC Trade and Supply Chain specialist for a full product offering in your country.

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