Solutions for Exporters

Export Documentary Credit Confirmation

Accelerated receivables, reduced risk

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.

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 Sub Saharan Africa and other countries.

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*.

HSBC

The world's local bank

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.*

Electronic Value-added Services

- **Internet Trade Services.** View the full text of your export DCs online as soon as they are received and processed by HSBC.

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 Us

Contact your HSBC Relationship Manager or Trade and Supply Chain Specialist for further information. You can also call HSBC Trade and Supply Chain during regular business hours or visit us on the Web at www.hsbc.co.za.

Nazeem Mohammed
Vice President, Sales Trade Finance
+27 11 676 4541

Darryl Hardiman
Vice President, Sales Trade Finance
+27 11 676 4424

Myra Morgan - Zlatev
Head of Sales, Trade Finance
+27 11 676 4543

www.tradeandsupplychain.hsbc.com

** HSBC has sole discretion to make funding and confirmation decisions and reserves the right of recourse to you in the event of fraud or a court injunction being applied in the importer's country. Additional terms and conditions may apply.*

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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