

UNDERSTANDING LETTERS OF CREDIT & BANKER'S ACCEPTANCE FOR COST EFFECTIVE TRADE FINANCING

06–07 JUNE 2018 (WEDNESDAY-THURSDAY), 9.00 AM – 5.00 PM

@ Hotel Equatorial Penang

1, Jalan Bukit Jambul, 11900 Bayan Lepas, Penang.

Introduction:

Documentary credits, also commonly known as letters of credit (LC), are often used for settlement of international trade transactions. While the seller takes comfort that the issuing bank provides an undertaking to honour payment upon presentation of documents that are in strict compliance with the terms and conditions of the LC, more often than not the seller is unable to fully comply with the terms and conditions of the LC either through circumstances that are beyond his control or due to lack of understanding of international rules governing LC which are technical. It is often costly for the seller when discrepancies are detected as apart from no longer enjoying the issuing bank's undertaking to honour payment, discrepancy fees are imposed and there is a delay in payment as the issuing bank contacts the buyer to accept the discrepancies. In extreme situations, it may lead to buyer requesting for a huge discount or even non-payment.

While letters of credit are preferred for settlement of international trade transactions as it is the next best alternative to advance payment, Bankers Acceptances (BA) has emerged over the years as a low cost trade financing instrument which enable manufacturers and traders to remain competitive in the international and domestic market.

This two-day program will enable participants to understand the mechanics of documentary credits, resolution of potential issues in the operation of credits, the protection given to each of the parties and the use of bankers acceptances as a cost effective trade financing instrument to provide manufacturers and traders with a competitive edge.

Target Group: Manufacturers, Traders, Exporters, Importers, Finance Managers, Sales Managers, Marketing Managers and their staff those who are interested to enhance their knowledge in LC and BA.

Learning Objectives

At the end of the program, participants would be able to:

- (a) Have an understanding of the operation of documentary credits;
- (b) Identify the key issues in the letter of credit transactions;
- (c) Explain documentary credit operation;
- (d) Be aware of the existence of international rules and practice governing documentary credits, i.e. Uniform Customs and Practice for Documentary Credits (UCP 600) and International Standard Banking Practice for examination of documents under UCP 600 (ISBP 745);
- (e) Solve the practical problems and find ways to overcome the problems in the credit transactions;
- (f) Have an understanding of how to use special documentary credits;
- (g) Avoid being a victim of fraud in documentary credit transactions;
- (h) Be aware of eligible trade finance transactions for BA financing;
- (i) Understand the features and conditions for BA financing;
- (j) Understand and comply with Guidelines on Bankers Acceptances that are issued by Bank Negara Malaysia;
- (k) Use BA as a cost effective financing instrument.

Program Delivery Methods:

The program includes combination of theoretical discussions and practical experiential learning with combination of lectures, case studies and group work.

Course Content

Day 1

- Introduction to Documentary Credits
 - ✓ Definition, purpose and nature of documentary credits (also commonly known as LC);
 - ✓ Sight and term documentary credits;
 - ✓ Revocable vs. Irrevocable documentary credits;
 - ✓ Unconfirmed and Confirmed documentary credits;

Day 2

- Special Credits
 - ✓ Revolving credit;
 - ✓ Back-to-Back credit;
 - ✓ Transferable credit;
 - ✓ Red Clause credit;
 - ✓ Standby Credit.

<ul style="list-style-type: none"> ✓ Advantages and disadvantages of documentary credits to the buyer and seller. ■ The Operation of Credit <ul style="list-style-type: none"> ✓ Parties to a documentary credit transaction; ✓ Contractual relationship and documentary credits; ✓ Operating mechanism of a documentary credit transaction; ✓ Types of documents used. ■ Uniform Customs and Practice for Documentary Credits (UCP 600) <ul style="list-style-type: none"> ✓ Interpretation of major UCP 600 articles with reference to International Standard Banking Practice for examination of documents under UCP 600 (ISBP 745); ✓ Implications of variances with UCP 600 rules. ■ Documentary Credit Application <ul style="list-style-type: none"> ✓ The importance of the sales contract; ✓ Stipulating terms and conditions; ✓ Commonsense rules to avoid unnecessary problems; ✓ Guide to completion of application form for opening a documentary credit; ✓ Check-list on completion of application of application form; ✓ Amendments and Cancellation. ■ Examination, Acceptance and Rejection of Documentary Credit <ul style="list-style-type: none"> ✓ What to do upon receipt of a documentary credit? ✓ Banks' duties regarding documents; ✓ Common discrepancies in documents; ✓ Practical pointers on how to avoid and resolve discrepancies. 	<ul style="list-style-type: none"> ■ Functions of Different Types of Credit and Different Roles of Bank ■ Fraud in Documentary Credits <ul style="list-style-type: none"> ✓ Fraud exceptions; ✓ Minimizing frauds. ■ Banker's Acceptance (BA) <ul style="list-style-type: none"> ✓ Definition of BA ✓ Features of BA ✓ Eligible amount for BA financing of purchases and sales; ✓ Period of BA financing for purchases and sales; ✓ BA discount rate; ✓ BA discounting formula; ✓ BA acceptance commission; ✓ General conditions for creation of BA; ✓ Additional eligible activities for BA financing subject to Bank Negara Malaysia approval; ✓ Conditions for BA drawn to finance purchases; ✓ Conditions for BA drawn to finance sales; ✓ Bunching of several transactions for BA creation; ✓ Caution against manipulation of documents to obtain BA financing. ■ Case Studies & Workshop <ul style="list-style-type: none"> ✓ Group participation; ✓ Practical problems and how to handle them; ✓ Application of the principles to the problems; ✓ Case analysis, identify issues and find solutions.
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Course Leader

Mr. Tang Seng Fatt, has more than 35 years of banking experience ranging from trade finance, credit, treasury and branch operations at head office, regional and branch level. During the course of his banking career, he has structured, managed accounts and has dealings with Fortune 500 companies, multinational companies, large corporates, public listed companies and SMEs in the manufacturing, wholesale, and retail, property and services sectors. His responsibilities include strategic planning and management, formulating policies and guidelines, business development, client and financial institution relationship management, trade, credit and operations management, business process re-engineering, credit, trade and treasury risk management, compliance with internal, central bank and international trade rules, guidelines and regulations, including AML and sanctions regulations, project management and implementation. He also provides trade advisory services and is the group resident expert on international trade rules and practices for the bank, subsidiaries and overseas branches in Hong Kong, Singapore, Vietnam, Cambodia and China.

Senior positions held ranges from General Manager & Head – Trade Services, Hong Leong Bank Berhad (2013 to 2015), General Manager & Senior Regional Head – Northern, Business & Corporate Banking, Hong Leong Bank Berhad (2011 to 2013), Senior Vice President & Head – Trade Services, EON Bank Berhad (2005 to 2011), Vice President, Northern Region Business Centre, EON Bank Berhad (2001 to 2004), Head of International Trade Services Division, Southern Bank Berhad (2000 to 2001), Manager and Senior Department Head, Treasury & International Division, Ban Hin Lee Bank Berhad (1994 to 2000).

Mr. Tang is one out of only 21 members globally that were selected by the International Chamber of Commerce (ICC) based in Paris to be in the ISBP Consulting Group that was involved in the revision of the International Standard Banking Practice (ISBP) rules on examination of documents under letters of credit. ISBP 745 rules were successfully introduced globally in 2013. He has also served as the Vice Chairman of International Chamber of Commerce (ICC) Malaysia Banking Committee from 2009 to 2011.

He often represents the bank at meetings with Bank Negara Malaysia (BNM) on exchange control and international trade matters such as Export Credit Refinancing (ECR), Bankers' Acceptances (BA), Bilateral Payments Arrangement (BPA), Multi Currency Trade Finance (MCTF) and Indirect Exporter Financing (IEFS) scheme. He was selected by BNM and Export Import Bank of Malaysia (Exim Bank) as a task force/committee member on ECR scheme.

Mr. Tang has also conducted various public seminars and in-house courses on trade financing, exchange control, foreign exchange risk management and treasury products for the business community, senior management personnel, branch managers of banks, fresh graduates under the Financial Sector Talent Enrichment Programme (FSTEP), Federation of Malaysian Manufacturers (FMM) and ICC Malaysia.

He holds a Masters degree in Business Administration (MBA) from Heriot Watt University, United Kingdom and a Diploma in Management with merit from the Malaysian Institute of Management. He also obtained a distinction in U.S. Commercial Banking while he was at the Bank of New York, New York in 1996.

Investment / Participation Fees

Normal fee: RM 1,500.00 / participant

10% group discount for three (3) or more registered participants from the same company or subsidiaries

REGISTRATION FORM



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No.	Name of Participant(s)	Designation	Vegetarian? (please tick <input type="checkbox"/>)
1			
2			
3			
4			
5			
6			

Registration Submitted By:

Company Name:

Company Address:

Contact Person:

Designation:

Tel:

Fax:

Email:

Payment: Enclosed herewith Cheque/ Bank Draft (No. _____) amounting to RM _____ for () participant(s), crossed and made payable to "flexiEdge Training PLT". OR

Bank in / transfer to our CIMB Bank A/C No.: 800 794 3431 and send us the bank in/ transaction slip.

Kindly send your completed registration form through email to Ms. Felicia Tham/ Mr. Quah Eng Siang at administrator@flexiedge.com.my or through fax to 04-646 8377.

For further enquiry, please contact Ms. Felicia Tham/ Mr. Quah Eng Siang of flexiEdge Training PLT at Tel: 04-646 8377/ 012-479 8377/ 013-588 3355



Terms and Conditions

1. Fees are inclusive of program kits, refreshments, lunch and certificate of attendance.
2. Program confirmation will be notified through email before the program date. Kindly ensure the email provided is reachable. Please check your email, read the details especially the **date, time and final venue** and acknowledge the confirmation notification.
3. (a) Cancellation / notice of withdrawal must be given in writing (email) to us before program confirmation, no fee shall be charged.
(b) No cancellation is allowed once our program confirmation is emailed to you. However, if registered participant is unable to attend, replacement is allowed. No shows shall be fully billed. No refund if participant/ replacement does not turn up on the training day.
4. flexiEdge Training PLT has the right to change the dates, time, venue, course leader or cancel the scheduled training due to unforeseen circumstances beyond its control.

*This program can be customised for In-House Training upon request.
Please contact Ms. Felicia Tham/ Mr. Quah Eng Siang @ 04-646 8377/ 012-479 8377 or email us at administrator@flexiedge.com.my
for more details or proposal.*