



Letter of Credit Transfer

Increase the liquidity of your export business by taking advantage of L/C.



A letter of credit transfer is the right stated in the L/C that allows the trader (first beneficiary) to transfer the L/C to the next beneficiary (second beneficiary), who is the manufacturer or supplier. Typically occurs in a deal where the trader is not the manufacturing company or there may not be enough items. The importer bank will issue a letter of credit to the trader with terms permitting to transfer the right under the L/C to the next beneficiary.

Normally, an L/C transfer is a one-time transfer for the whole amount, however, if the L/C allows for partial shipment, it can be partially transferred to more than one-second beneficiary; but the total amount must not exceed the amount in the L/C and can only be transferred once. The next beneficiary who receives the L/C transferred will not be able to transfer the L/C to another person.

The transferred letter of credit might be charged in two ways:

Substitution of Documents: Submit the trader's documents to SCB for collection instead of the next beneficiary's documents.

Without Substitution of Documents: Submit the second beneficiary's documents to SCB for collection.

Service Features

SCB offers a letter of credit transfer service where the exporter and importer agree to issue an L/C on the condition that the benefits are transferable,¹ and SCB is designated as the advising and transferring bank

In order to advise L/C to SCB, the importer should be informed of SCB's address as follows:

Siam Commercial Bank Public Company Limited
SWIFT code: SICOTHBK

SCB will issue a letter advising the transferee (second beneficiary) of the L/C transfer² and will endorse the original L/C that the stated L/C has been transferred.

SCB will only undertake the L/C transfer based on the rights and conditions assigned in the L/C. Modifications can be performed to comply with the UCP 600 rules that allow revisions:

- The overall cost of L/C can be decreased.
- The unit price can be lowered.
- The time required to submit export documents (the presentation period) can be decreased.
- The age of the L/C (expiry date) can be shortened.
- The delivery date can be scheduled to be sooner.
- The percentage of insurance coverage can be raised.

Once the second beneficiary exports the goods in accordance with the L/C terms, documents will be submitted to SCB to attach to the trader's documents for collection from the importing bank. Once the bill is collected, SCB will disburse the funds in proportion to the recipients' entitlements.

Remarks:

¹ By issuing this type of L/C, the importer is aware that the trader or the first beneficiary may not have the goods or not a real product manufacturer. Therefore, the L/C must be transferred to the second beneficiary who is the actual supplier or shipper.

² An L/C transfer will be advised to the second beneficiary via the presenting bank; however, if the transferee is in Thailand, SCB will advise the L/C transfer directly.

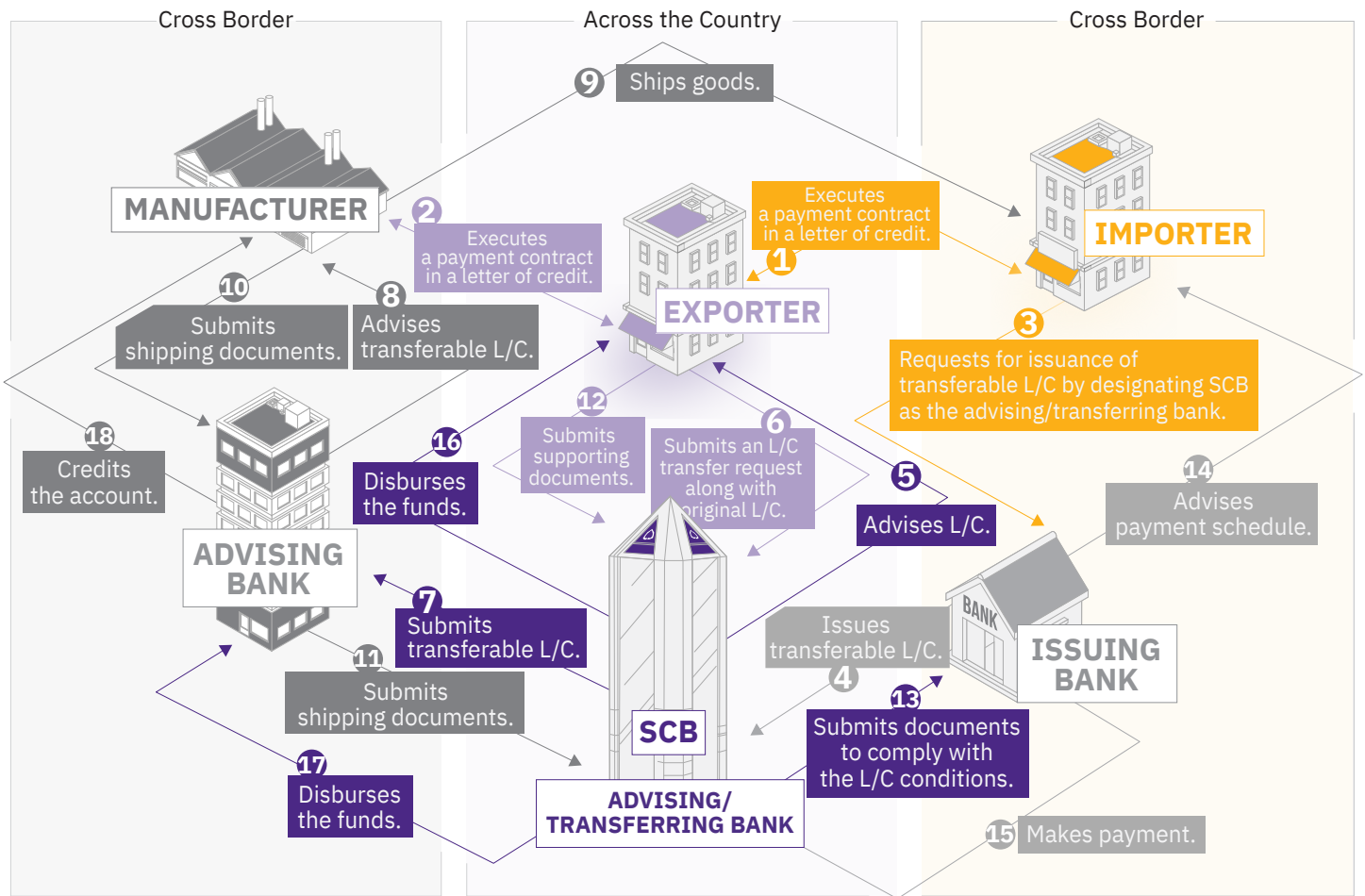
Transfers L/C to your second beneficiary with-in 4 hours,³ allowing you to continue running your business speedily.

Our experienced teams perform operations in a timely, accurate, and trustworthy manner. In addition, certified documentary credit specialists (CDCS) are on hand to assist you at every stage of the process.

SCB accepts transferable L/C from your importer's issuing bank through our global partner bank networks.

You can reach our professional assistance from any of SCB International Trade Service Centers located across the country.

Illustration of Letter of Credit Transfer



Benefits



Increase Liquidity

A L/C transfer increases your payment flexibility by eliminating the need to use bank credit facilities to purchase goods from manufacturers because you simply transfer the rights of the L/C to confirm the purchase order and make payment.



Get a Certain Payment

A L/C Transfer assures your manufacturers that they will receive payments for their goods as long as they perform in accordance with the stipulated terms.

Remark:

³ For the submission of the request form for L/C transfer and related documents correctly and completely within 4:00 p.m.

Required Documents:

- Application for transfer of documentary credit
- Documents supporting the request for a letter of credit transfer:
 - ▶ Original L/C or amendment L/C (if any)