

Export Letters of Credit

Trade & Working Capital

A method of payment commonly used in international trade transactions, whereby the Issuing Bank promises to pay the Exporter – provided the Exporter complies with the terms and conditions of the Letter of Credit. A Letter of Credit may also be referred to as a Documentary Credit.

Features

- Irrevocable Letters of Credit cannot be cancelled or changed without the consent of all parties involved (Exporter, Importer, and the Issuing Bank).
- Foreign Issuing Bank and country risk can be mitigated via confirmation of the Letter of Credit.
- May be payable upon presentation of certain documents (sight) or at a future date after documents have been accepted under the Letter of Credit (term or usance).
- Can be transferred to a third party if stipulated in the Letter of Credit.
- The Letter of Credit should be consistent with the terms and conditions stipulated in the commercial contract.
- Letters of Credit can be advised electronically via TDFacilitrade Online Service, email, or SWIFT MT798.

Benefits

- Exporter is assured of receiving payment if it complies with all terms and conditions of the Letter of Credit.
- Under a Letter of Credit, the Exporter relies upon the creditworthiness of the Issuing Bank and not that of the Importer.
- Term/Usance Letters of Credit can be discounted upon acceptance of drafts thereby expediting cash flow.
- Exporters may offer extended payment terms if payment is through a Letter of Credit.
- Electronic notification of Letters of Credit through TDFacilitrade Online Service or SWIFT MT798 eliminates illegible copies of Letters of Credit and provides a central database.
- Registration for TDFacilitrade Online Service is available at no additional cost above advising fees.

Requirements

- Contact your Relationship Manager for a complete registration package for TDFacilitrade Online Service.

For more information, contact your Relationship Manager or a Trade & Working Capital Specialist.
