

Outgoing Guarantees (Standby Letters of Credit)

Trade & Working Capital

An Outgoing Guarantee (Standby Letter of Credit) is an commitment by a Bank on behalf of its customer that a payment will be made to the designated beneficiary should a default event occur. Standby Letters of Credit exhibit a sign of good faith in business transactions, and are proof of a buyer's credit quality and repayment abilities.

Features

- Assures your buyer/seller that payment will be made by TD if default occurs.
- When a buyer requires a bid bond/tender, advance payment, or performance guarantee to support a contract, the Issuing Bank (TD) can structure and issue a guarantee on behalf of the Exporter either directly to the buyer, or indirectly through a correspondent bank in the buyer's country.
- Outgoing Guarantee (Standby Letter of Credit) applications can be completed and transmitted to TD electronically via Tdfacilitrade Online Service.

Benefits

- Facilitates Exporters conducting business in international markets (tender process and contract completion).
- May provide sellers with enough comfort so that a buyer may avoid prepayment for products/services.
- May be used in place of cash security as collateral against the performance of a contract.

Requirements

- The client must have a credit facility in place for an Outgoing Guarantee (Standby Letter of Credit) to be issued.
- Tdfacilitrade Online Service requires initial set up by a Trade & Working Capital Specialist.

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