Standard Chartered

KEY FACTS DOCUMENT

WHOLE SALE BANKING PRODUCTS

This document does not replace/stipulate Terms & Conditions which are available separately. Please ensure to request for a copy of Terms & Conditions, prior to purchasing the product or service.

Wherever applicable, “SCB” will stand to denote Stand Chartered Bank, Sri Lanka, unless otherwise specified.

Wherever applicable, “Group” refers to the Standard Chartered PLC, United Kingdom.

This document serves to comply with the requirements of Banking Act Direction No 8 of 2011, dated 5th October 2011 headed, Customer Charter of Licensed Banks.

TRANSACTION BANKING-
TRADE AND
CASH PRODUCTS

DESCRIPTION OF PRODCUTS AND SERVICES

TRADE PRODUCTS

1. Letter Of Credit

An import Letter of Credit is an unconditional undertaking, given by an "Issuing Bank" at the request of it's customer (the Applicant or Importer) to pay the Beneficiary (or Supplier) against stipulated documents, provided all the terms and conditions in the Letter of Credit are complied with.

The Issuing Bank can:

Undertake to make payment to or to the order of a third party (the "Beneficiary") or to accept and pay bills of exchange (or drafts) drawn by the beneficiary at sight or on a fixed future date.

Authorize another bank (normally in the exporters' country) to effect such payment, or to accept and pay such bills of exchange on a fixed future date

Authorize another bank to negotiate against compliant documents

SCB can issue sight or Usance Letters of Credit through its extensive network of Group offices and correspondent banks globally.

Benefits

Under a Letter of Credit, the payment risk is effectively transferred to SCB as the Issuing Bank. A customer can therefore negotiate better price discounts with suppliers or request extended credit terms to help improve customer cash flow as the import payment is guaranteed by SCB upon presentation of compliant documents by the beneficiary.

Customer is also assured that payment or acceptance will not be made unless the documents called for under the Letter of Credit and the terms and conditions of the Letter of Credit are strictly complied with

Customer maintains control over the transaction through the Letter of Credit mechanism. Customer can, for example, incorporate a latest date for shipment, payment terms and specific documentary requirements, all of which are irrevocable and therefore require the agreement of the Issuing Bank and the Confirming Bank (if any), and beneficiary before such can be revised

2. Other types of Letter of Credit

Standby Letter of Credit (SBLC):

A SBLC operates in the likeness of a Bank financial guarantee, with the main differentiating factor being that it is governed by the current version of UCP or ISP98.Functionally, a SBLC is a similar instrument to that of a Letter of Credit in that it serves as an obligation on the part of SCB to pay a beneficiary based either on their written demand certifying non-fulfillment of contracted terms or against stipulated documents.

However, payment under a SBLC is typically triggered by a negative event such as non-performance, whereas payment under a Letter of Credit is typically triggered by shipment of goods. SBLC's may be used to guarantee delivery of goods on an open account basis, repayment of trade loans, or securing payment for goods and services delivered by third parties.

Transferable Letter of Credit:

A transferable Letter of Credit is one that can be transferred in full or partially by the original beneficiary to one or more second beneficiaries. Such Letters of Credit are usually issued when the ultimate buyer needs a type of commodity or goods but can only buy them through an intermediary because the latter has a relationship or sole distributor rights with the manufacturers or producers of such goods. Under such arrangements the intermediary commits to a small amount of funds to the transaction without divulging data related to the Ultimate Buyer and Ultimate Seller.

Revolving Import Letter of Credit:

In a revolving Letter of Credit the credit amount can be renewed or reinstated without specific amendments to the Letter of Credit being required. A revolving Letter of Credit can revolve in relation to time or value .If it revolves by time, a Letter of Credit may be available for an agreed value against a predefined number of times - for example, USD100,000 every month for 12 months. If the LC revolves by value, the Letter of Credit amount is usually reinstated after utilization for a potentially unlimited number of times during the validity of the Letter of Credit. Typically, revolving Letters of Credit are used in situations where constant and regular shipments from the same supplier are effected over a given period although it is possible to limit customer exposure at any one time.

Red Clause Letter of Credit:

A red clause Letter of Credit facilitates pre-shipment finance for the beneficiary. It is often used to assist suppliers in paying for materials and labour or perhaps an intermediary, who needs financing to conclude a transaction. It is useful in situations where the customer’s supplier is trusted but has difficulty in sourcing the raw materials or goods unless payment is made in advance. An important point to note is that in the event the customer’s seller does not perform under the LC, SCB’s customer, as applicable, would still be liable for settlement of the advanced funds.

Back-to-Back Letter of Credit:

A back-to-back Letter of Credit is issued using an existing export L/C opened in customer's favour with consistent terms and conditions as security and the source of repayment. Similar to Transferable Letters of Credit the buyer will not normally know the ultimate supplier and the SCB's customer can therefore supply the buyer without divulging data relating to third parties.

Bank Requirements

An approved credit facility for the issuance of such Letters of Credit

Application for the opening of the Letter of Credit or amendment to the Letter of Credit should be made on the standard form provided by SCB and duly signed by authorized signatories of the customer's company consistent with the records held with SCB.

The authorized signatories of the company should sign any annexure for special or additional conditions to be incorporated in the text of the Letter of Credit. Such conditions should be concisely stated and where applicable, must mention the supporting document to be presented under the Letter of Credit

The Letter of Credit application should be accompanied by a sales contract or a confirmed purchase order or a proforma invoice from the supplier. The details stated in the L/C application should be as per the contract / proforma invoice, specifically with respect to tenor, value, commodity and Inco terms

The application should be properly completed and all terms and conditions must be clear, precise, workable, technically correct and subject to the current version of UCP. The importation of goods should not be subject to any boycott, blacklisting or contravene any regulations or SCB's SCB internal policies or International sanctions issued by any other government agency, which is binding on SCB.

Evidence of insurance should be presented in case of FOB or CFR contracts indicating SCB as co-insured, loss payee or with SCB's interest noted on the policy.

Any violation of local and Group Anti Money Laundering principles could result in the bank's refusal to act on customer instruction or to address appropriate escalation as required by law.

3. Import Bills for Collection

Exporters can instruct their Bank (called the "Remitting Bank") to send commercial documents (such as invoices, Bills of lading or Airway Bills) or financial documents (such as Bills of Exchange) on a collection basis to the "Presenting Bank", normally located in the Importers' country. Upon receipt of such documents, SCB will acknowledge receipt and release documents strictly in accordance with instructions received from the Remitting Bank either against payment (if the collection instruction calls for documents against payment or D/P) or acceptance (if the collection instructions call for documents against acceptance or D/A).

Collections can be further defined into two categories, Documentary and Clean Collections. Documentary Collections are the most common form of collections, and usually comprise of both financial and commercial documents which would required in order to obtain delivery of goods. On the other hand, clean collections comprise financial documents only, which typically represent an outstanding debt or acknowledgement of payment to be made at a later date.

Benefits

- Documentary collections are a more secure method of payment than advance payment as they can provide comfort to an importer that goods have been shipped and, if an independent inspection certificate is presented comply with the order specifications

- As an importer, the customer may be able to negotiate for better credit terms (such as making payment 30 days later) rather than paying the exporter at sight because the documents are handled by banks.

- As the importer the customer does not have to make payment until the goods have been shipped and can negotiate better credit terms with customer's supplier because documents will be handled through the banking system

Bank Requirements

- SCB will only handle documents under collection that are subject to Uniform Rules for Collection, 1995 Revision, ICC Publication No 522 and presented through a Remitting Bank

4. Import Loans

An import Loan is a short-term cash advance (with recourse) that enables the customer as an importer to meet the customer's immediate payment obligations under a sight or usance Letter of Credit presentation or Import Documentary Collection. Under such arrangements, SCB finances the customer's import commitments by making payment against the Letter of Credit or Documentary Collection and receives payment from the customer at a pre-determined date in the future. Here, the credit period between the time that the bank provides finance and the time the customer repays the bank, should be sufficient for the customer to either manufacture goods for final sale or for direct sale to end buyers.

Benefits

This will allow the customers more financial resources to clear goods from the port and manufacture, store or arrange for final sale to the end buyer

The supplier is independent of the process of raising finance. They need not sign any documentation, but receive payment as per the original contract terms through the Letter of Credit or Bill for Collection

As the customer is able to reimburse the suppliers on a sight basis or when the tenor is due, this will increase the bargaining power of the customer - typically in terms of the contract price.

Bank Requirements

A credit limit sanctioned for Import Loan

Request for financing should be made in the Bank's standard form, and duly signed by authorized signatories of the customer's company as per the Bank's records.

The Letter of Credit should call for a complete set of original bills of lading that are consigned "to order" and blank endorsed or consigned to the order of SCB. These bills of lading and other essential trade documents will be released to the customer upon receipt of the duly signed trust receipt form.

The underlying goods with which SCB is financing must be suitable (i.e., SCB reserves the right to reject financing of fashionable goods, perishable goods or price volatile goods).

The financing period that is accorded to the customer must be matched to the customer's cash conversion cycle, which typically would be about 90 days or less but in any case should not exceed 180 days.

Financing should normally be in the same currency as the proceeds paid under the Letter of Credit or Bill for Collection. However, if the financing were in domestic currency the customer would need to enter into a forward FX deal with SCB.

5. Shipping Guarantee

A shipping guarantee is issued by SCB on the customer instruction when the vessel carrying the goods arrives earlier than the original bill of lading, which requires the customer to clear the goods or face the possibility of incurring demurrage charges.

Under such circumstances, the shipping documents may still be in transit to SCB or may have been lost in transit. If the goods were transported by air, SCB would issue Delivery Orders to authorize the release of goods at the airport.

Shipping Guarantees are typically only issued when SCB is the LC Issuing Bank, in which case the Bill of Lading should be consigned "to order" and blank endorsed or consigned to the order of SCB.

Benefit

The customer will be able to clear the goods before receipt of the original shipping documents thus avoiding demurrage charges

Bank Requirements

A Shipping Guarantee Application on the SCB's standard form which incorporates a counter indemnity should be submitted together with the shipping company's agency indemnity form in duplicate

An undertaking to accept all the discrepancies, if the shipping guarantee is issued against a Letter of Credit, once the documents are received along with an authority to debit the customer account

An undertaking to return the original guarantee duly discharged by the beneficiary (carrier) upon receipt of original bill of lading

Copy of related commercial invoice and Bills of Lading should be presented along with the Shipping Guarantee form. In the absence of invoices, alternative documents such as insurance policies should be used to determine the value of the goods.

6. Guarantees

Bonds and Guarantees are written undertakings, either conditional or unconditional, issued by SCB on customer's behalf to indemnify the beneficiary (the buyer of goods or services, the supplier or a Statutory Board) wherein the beneficiary requires a cash deposit or a bank Guarantee as support in the event of default against the terms of contract by the customer. .

Bonds and Guarantees are like a Standby Letter of Credit and are not meant to be drawn against unless a demand has to be made by the beneficiary on the Issuing Bank along with a Statement of
Default and any documents called for in the Guarantee are presented as evidence of such default.

Presently, the types of Guarantees offered by SCB include:

- Utility Guarantee
- Performance Bond
- Bid / Tender Bond
- Advance Payment Bond
- Guarantee for Supply of Goods / Services

If the customer has a credit facility this will enable the customer to request the bank to issue a Bond / Guarantee against the Credit line. This will help manage cash flows more effectively.

Bank Requirements

- Bonds and guarantees can only be issued where a specific credit limit has been established, reflecting the types of bonds/guarantees allowed

- SCB's standard form, incorporating indemnity terms and conditions, must be used for each application for a Bond or Guarantee and signed by the customer's authorized signatory/signatories in accordance with the mandate signed with SCB.

- All formats should be provided by the customer, except where these are Statutory Boards' Guarantees or Bonds. The wording / format of the required Bond or Guarantee must be in accordance with SCB's legally approved standard format; otherwise it will be submitted for legal approval.

- Maximum tenor must not exceed 12 months. Unless approved within the limit terms or specific approval is obtained

- A copy of the customer's contract with the beneficiary should be presented if necessary

7. Letter Of Credit Advising

Letter of Credit Advising is a service provided by SCB whereby an Issuing Bank, on behalf of the Applicant or Importer (bank's customer's customer) duly transmits a Letter of Credit by SWIFT, authenticated telex or dispatches, or by mail or courier to SCB. SCB will check the LC for its authenticity. If deemed authentic, SCB will then notify it's customer to collect the said Letter of Credit.

Benefits

As the Beneficiary, the customer may be reasonably assured that the Letter of Credit is genuine and if the customer presents the documents stipulated under the Letter of Credit, it is unlikely that the Issuing Bank should challenge the authenticity of such Letter of Credit.

If the customer decides to lodge the Original Letter of Credit and amendments with SCB for safe-keeping, the customer will not need to worry about misplacing it (Note: Original Letters of Credit are required for negotiation)

8. Letter of Credit Confirmations

Confirmation of a Letter of Credit constitutes an undertaking on the part of the Confirming Bank, in addition to that of the Issuing Bank, to pay a customer, without recourse, if documents are presented in compliance with the terms and conditions of the credit.

SCB has a large branch and correspondent banking network across the globe and is a leading banking facilities provider in the Middle East, Asia Pacific, Africa, Latin America and other emerging markets. SCB offers Letters of Credit confirmations to exporters to help mitigate sovereign and bank risks subject to its internal approvals.

Benefits

- Confirmation of a Letter of Credit protects the customer and the exporter, against Issuing Bank and country risk. This means that if the customer had successfully performed under the terms and conditions of the Letter of Credit, SCB will guarantee the export proceeds, irrespective of whether the Letter of Credit Issuing Bank honors its obligations or not

- In gaining protection against country risks the customer can access new and emerging markets since the risk of non-payment are borne by the Confirming Bank

- The customer can secure non-recourse financing upon presentation of compliant documents Bank Requirements

- The Letter of Credit should clearly allow for Confirmation, or instruct SCB to confirm the Letter of Credit and indicate whether confirmation charges are for the account of beneficiary or applicant

- The Letter of Credit should not usually have a credit period of more than 180 days

- The Letter of Credit normally has to be restricted to SCB before the confirmation is effected

- Reimbursement should be clearly defined and available by telegraphic transfer

- All confirmations are subject to internal approvals and availability of bank and country limits.

- The Letter of Credit should not permit the original bills of lading to be sent directly to the applicant nor should the bill of lading/Airway bill be consigned to the importer

- The Parties in the Letter of Credit should not be related parties.

- The type of goods and trade should be normal for the customer (the Exporter) and related to the customer's core business

9. Letter of Credit Negotiations

Letter of Credit negotiation is defined within Uniform Customs & Practice for Documentary Credits as the "giving of value". In effect, by negotiating export documents under a Letter of Credit, SCB will pay the customer and the Exporter, with its own funds, and will rely on the reimbursement by the Issuing Bank at a later date. Letters of Credit that are both available at sight or Usance are capable of being negotiated.

Negotiation of documents under a Letter of Credit can either be with or without recourse to the customer. If the export documents are compliant with the Letter of Credit terms and the Letter of Credit is confirmed by SCB, then negotiation will be without recourse to the customer. On the other hand, if the Letter of Credit is not confirmed, then negotiation will be with recourse to the customer. (What is meant by "**with recourse**" is that in the event the Issuing Bank refuses to pay or accept documents under the Letter of Credit, SCB will have the right to claim reimbursement, with interest, on the funds that have been advanced to the customer.).

Benefit

- The customer will be able to receive funds in advance, which can be used to repay the pre-shipment loans that the customer may have taken to produce the goods, pay the suppliers if the customer was a an intermediary or fund the working capital requirements. This is especially useful if the customer had granted credit terms to the buyer under the Letter of Credit.

Bank Requirements

- The Letter of Credit should not usually have a credit period of more than 120 days

- The Letter of Credit must state that it is a freely negotiable instrument (i.e. It is available for negotiation at any Bank), or state that it is available for negotiation at SCB counters.

- SCB SCB must be in possession of the original Letter of Credit

- The Letter of Credit must not be transferable.

- The Letter of Credit should not permit the original bills of lading to be sent directly to the applicant or should the bill of lading/Airway bill consigned to the importer

- All Negotiations are subject to internal approvals and availability of credit limits

- A Negotiation Application in SCB's standard form must be submitted

- The Beneficiary must be a customer of SCB.

- The parties in the Letter of Credit should not be related partiesExport Documents presented under the Letter of Credit must be in strict compliance with the stipulated terms and conditions Note: If the export documents are not in strict compliance the customer may still request for an advance of funds subject to the customer having an appropriate facility with SCB. However, it is important to note that any such advances against discrepant documents are with full recourse to the customer and if the discrepancies are considered by SCB to be "material", SCB reserves the right not to advance funds against such Letters of Credit.

10. Letter of Credit Collections

A Letter of Credit Collection is similar to a Letter of Credit Negotiation in that SCB, as the nominated bank will handle the export documents and present these to the Issuing Bank for payment or acceptance under the framework of UCP. The key point to note is that SCB will continue to examine the documents, and will notify the customer if any of the documents that have been presented do not conform to the Letter of Credit.

The material difference is that SCB does not guarantee that funds will be made available to the customer even though the customer has performed in strict compliance with the terms and conditions under the Letter of Credit.

Typically, a Letter of Credit collection is presented under the following conditions:

- The customer presents conforming documents under a restricted or freely negotiable Letter of Credit, but chooses not to avail of the negotiation of proceeds since the customer will have to pay transit interest if in case of availing of advanced funds under such a negotiation

- The customer presents non-conforming documents (ie discrepant documents) under the Letter of Credit and instructs SCB to forward them to the Issuing Bank for payment or acceptance

- SCB SCB elects not to negotiate documents at its own discretion or due to concerns regarding the issuing Bank or the country in which the Issuing Bank is located

- The customer is currently a non-borrowing customer, and presents non-conforming documents (which does not allow the SCB to negotiate the documents for the customer under reserve)

Benefit

- By presenting documents through SCB for presentation and examination, the bank will be in a position to notify the customer of any discrepancies under the Letter of Credit. If such documents can be amended by yourselves and represented as clean it will save the customer valuable time, money and risk since the Issuing Bank will not be obliged to reimburse the customer if documents are non-conforming (in this instance the Issuing Bank may also return documents, at the customer's cost)

Bank Requirements

- SCB's standard form for handling Export bills should be completed with sufficient instructions to enable the SCB to process the documents including the customer's consent to forward the documents on a collection basis.

11. Export Bills for Collection

An Export Bill for collection is a process whereby an Exporter can rely on international banking channels to control document movement and release. Under export collections, the customer can instruct SCB (the "Remitting Bank") to send commercial documents (such as invoices, Bills of lading or Airway Bills) or financial documents (such as Bills of Exchange) on a collection basis to a Collecting Bank / Presenting Bank) in the customer's buyer's country. Upon receipt of such documents, the Presenting Bank will then release documents against payment (if the collection instruction calls for documents against payment or D/P) or against acceptance (if the collection instructions call for documents against acceptance or D/A) from the customer's buyer, and strictly in accordance with instructions from SCB.

For export bill collections, SCB is not obliged to check the contents of the documents (though typically, SCB will examine the customer's bills of exchange, invoices and shipping documents for consistency as a value-added service). SCB will, however, ensure that all documents submitted as indicated in its' standard request for handling export bills form are received and the customer instructions detailed thereon are acted upon.

Benefits

- Documentary collections are typically a more secure method of payment than open account trading because the transaction is handled through the banking channels and documents are only released in accordance with the customer's instructions.

Bank Requirements

- The Bank's standard form for handling Export bills should be completed and provide sufficient instructions to enable SCB to process the documents.

- SCB will only handle documents under collection that are subject to Uniform Rules for Collection 1995 Revision Publication No. 522.

12. Pre-shipment Finance

Pre-shipment finance is working-capital finance that is provided by SCB to an exporter, on a "with-recourse basis" against either a confirmed export order from the customer’s end buyer or against a Letter of Credit. As the exporter, the customer may require working capital finance to purchase goods (if the customer is an intermediary), purchase raw materials for subsequent manufacturing of final goods, warehousing, or to arrange for the transportation of goods.

SCB can offer a pre-shipment credit facility in both Local as well as foreign currency.

Benefits

- The customer will receive funds in advance, which may be used to fund working capital needs, such as the purchase or manufacture of goods, or to arrange for transportation or storage

- Since the customer has either an Export Order or a Letter of Credit to support the customer’s your application, the cost of financing will invariably be much cheaper than an overdraft (in general, financing costs will be cheaper if supporting sales are through a letter of credit rather than the export order)

- With a lower cost of financing the customer may be able to negotiate better contract terms with the buyers vis-a-vis competitors.

Bank Requirements

- The Bank will typically finance up to 70% of the individual Export Order or Letter of Credit since the sale price should always be higher than the buying price

- The maximum tenor accorded under this facility is typically around 90 days or less but this may be extended, depending on the customer’s cash conversion cycle up to maximum of 120 days

- If pre-export finance is against a Letter of Credit the customer may be required to instruct us to add our confirmation to the Letter of Credit, subject to the bank’s and country risk assessment.

- The customer will need to be an existing customer of SCB, and preferably have a proven performance track record

- The terms of trade and the size of the transaction should follow normal trading patterns between the customer and the end buyer

- The parties in the Letter of Credit or Export Order should not be related parties

- SCB must retain the original export order documents or export Letter of Credit, and arrangements must be made to have the export proceeds paid directly to SCB. Furthermore, if pre-shipment financing is affected against a Letter of Credit the customer will be required to negotiate the documents through SCB

13. Invoice Financing

Invoice financing enables an importer or exporter who trades on an open account basis to raise short-term pre or post shipment finance using commercial invoices (not proforma invoices) and transport documents. This form of finance can be domestic or cross border.

By presenting these documents the Bank can provide short-term finance to the importer or exporter. The tenor of each advance is normally 90 days but the maximum tenor should not normally exceed 180 days.

The maximum amount advanced for imports is 100% and for exports, the maximum should not normally exceed 85% of the invoice value.

Benefits

- Better cash flow

- The customer will enjoy cheaper financing compared to an overdraft facility

- As a buyer the customer can reimburse the supplier on a sight basis and should be in a better bargaining Position

Bank Requirements

- A credit limit sanctioned for invoice financing

- Request made on the Bank's standard form and duly signed by authorized signatories as per the Bank's records

- Related company financing is prohibited.

- The financing period must match to the customer’s cash conversion cycle

- For imports, advance must be paid directly to supplier via supplier's bank and for export proceeds of the sale must be paid directly to SCB.

- Invoices must not be dated more than 30 days prior to the date of finance

14. Supply Chain Financing

The Supplier Finance is a bilateral financing programme through which SCB offers packaged finance facilities to key suppliers of the customer's company. This finance is provided strictly to those suppliers which have a direct linkage to the customer's company and is based on the strength of the underlying relationships that the customer has with those suppliers.

Benefits

- This will help lower working capital level
- Administrative costs will be minimized with SCB which will enable the customer with payments and collections from the customer's business partners.
- Increases partner loyalty.
- Ability to enjoy price discounts from suppliers

Bank Requirements

- Master agreement for whichever solution the customer wishes to avail of (Supplier or Buyer Finance).
- The customer will also need to be in close touch with the Relationship Manager and ensure to advise SCB of any adverse information pertaining to the customer's business partners.

15. Receivable Services

Receivable services is the purchase and subsequent discount of invoices raised by a supplier on selected buyers. This can be with or without recourse to the supplier.

SCB can help to structure without recourse funding using credit insurance to insure receivables purchased, by allocating internal limits on approved buyers or using bank guarantees issued in the buyer's name.

Factoring facilities can be on a disclosed or undisclosed basis. A disclosed facility is one in which the buyer is advised of the purchase of the invoices by the bank from the seller, whereas the undisclosed facility is where the buyer is not advised.

The maximum tenor for factoring is normally 120 days from the invoice date. The maximum funding under factoring must not normally exceed 90% of the total invoice value.

Benefits

- Mitigate the risks of buyer default
- Protection against non payment
- Improve or protect company financial ratios.
- Better cash flow

Bank Requirements

- All funding must be covered by Group Account Managers or bank guarantees
- Must sign Receivable Purchase Agreement
- Must have an approved Factoring facility

16. Portfolio Receivable Services (PRS)

Portfolio Receivable Services (PRS) is a working capital funding solution that allows the customers you to unlock liquidity from one of the largest asset in the customer balance sheet on Accounts Receivables, on a portfolio basis.

This is a differentiated offering from regular Receivable Services, for PRS evaluating the quality of receivable rather than assess the balance sheet strength of the seller.

Portfolio Receivable Services is delivered on the back of a contract (Receivable Purchase Agreement) by which Bank purchase the receivables from the Seller and the receivables are assigned to SCB.

In consideration of this purchase, SCB will offer the following services:

- With Recourse funding against approved receivables
- Collection Support (in case the program is disclosed to buyer)
- Sales Ledgering – information to clients on sales ledger for each buyer covered under the facility

The following are Key Attributes associated with Portfolio Receivable Services: -

Better Access to Working Capital - Not solely restricted by strength of financials instead the clients (seller) limit will be based on the requirement of the seller and will be a factor of credit period, sales turnover, number of buyers/their concentration, dilution/credit notes etc.

Sales Ledgering Capabilities – information to SCB's customers on sales ledger for each buyer covered under the facility

Collection Support - Increased capacity to ensure repayment of account receivables

SCB can cover a large number of buyers together on a portfolio basis.

The primary obligor is the client (Seller) hence, SCB has recourse against the Seller for amount of funding provided against eligible receivables, if Buyers do not pay by the agreed due date.

17. Vendor Pre Pay (VPP)

Vendor Prepay is an offering under Supplier Financing Programme "targeted at Big buyer Small seller relationships"; most often evidenced by high volume of small to medium value transactions. The Bank will purchase such receivables from the vendor and prepay them on a without recourse basis. The Bank retains the right to decide which receivables it would like to purchase and 100% financing of the assigned receivable is possible. The primary obligor under this arrangement would continue to be the Buyer and this would mean predicating risk on the payment ability of the Buyer.

Advantages of VPP

For Anchor –

The underlying Anchor needs satisfied by this product are:

- Integrated payment system also supports their supply chain financing needs
- Make supply chain cost competitive by reducing procurement cost
- Resilient supply chain and option to build strategic alliances with suppliers in tough times.
- Increase days payable outstanding; stretch working capital by extending the credit period
- Back end integration

For Spoke -

The underlying Supplier needs are:

- Immediate visibility of approved invoices through Straight2Bank.
- Quicker access to liquidity.
- Reduce default risk in balance sheet
- Localized financing at competitive rates thereby freeing existing credit lines
- Provide working capital support for sales growth

CASH PRODUCTS

18. Book Transfer

A book transfer is used to pay to another account within the bank in the same country. Only the beneficiary name and account number is required to process the payment.

19. Outward Telegraphic Transfer

Outward Telegraphic Transfers are used to make payments to another bank in foreign currency. Full beneficiary account details are necessary to complete the transaction. For payments to beneficiaries within the European countries, IBAN information MUST be provided in the payment instruction.

20. Real Time Gross Settlement

An RTGS is used to pay urgent high value transactions to an account with other banks within the country. Finality of settlement is immediate and usually in local currency.

Full beneficiary details are necessary to complete the transaction.

21. ACH (SLIPS)

A direct Credit is used to pay non urgent low value transactions at a high volume to accounts maintained in other local commercial banks in local currency. Finality of settlement is 0 to 5 days depending on the specific system within the country.

Full beneficiary account details are necessary to complete the transaction.

22. Payroll (PAY)

A 'PAY' uses the same payment mechanism as ACH and BT. Channel handling of PAY transactions will ensure that only authorized personnel can have access to the information, which makes it suitable for payroll payments.

23. Local Bank Cheques

Local Bank Cheques are used to make general and payroll payments when guaranteed funding is necessary. Clients are debited up-front for the issuance of Local Bank Cheques. Only the beneficiary name is required to issue a Local Bank Cheque.

24. Corporate Cheque Outsourcing

Corporate Cheque Outsourcing is when the customer wants to remove all noncore functions and reduce operational risk by outsourcing their cheque issuance function to a Third party. Although SCB is issuing the cheques on behalf of the customer, these instruments are not guaranteed and subject to available funds at the time of clearing. Only the beneficiary name is required to issue a Corporate Cheque.

25. Inward Telegraphic Transfer and Inward RTGS

Inward Telegraphic Transfers are used to receive payments from another bank in foreign currency. Inward RTGS is used to receive payments in local currency from local Banks. Funds are credited to client account upon confirming cover of the relevant remittance.

26. Sweeping

Sweeping involves the physical transfer of debit and credit balances of accounts in same currency denomination to or from a master account on a periodic basis in such way that the balances of all participating sub accounts finally are transferred to a master account.

27. Pooling

Notional cash pooling is based on the fictive consolidation of account balances - there are no real movements of funds between the accounts.

Credit and debit balances on the accounts concerned are notionally brought together and offset to establish a net position for the calculation of interest.

28. International Bank Cheques

International Bank Cheques are used make payments in foreign currency to another Bank. International Bank Cheques are guaranteed instrument.

Customers are debited upfront when the cheques are issued.

Only the beneficiary name is required to issue an International Bank Cheque.

29. Standing Orders

This is an instruction given by the Customer to SCB to pay a beneficiary a regular amount of money on a periodic basis.

30. Premium Services Banking & Cash Pick-up and Delivery (PSBCP)

PSBCP comprises Cash, Cheque and Document Collection & Delivery, and provision of mobile teller services or teller implants. The services are selectively offered to customers for convenience, security and to make banking, more time efficient. Currently PSB handles only Documents and Customer Cheque processing. Services such as Cash pick up, delivery and mobile services are handled by the branch, through an outsourced arrangement with a contracted local vendor.

31.Gateway Banking-

Gateway Banking allows Standard Chartered to enter into a bank to bank corporate client referral arrangement with an existing Correspondant bank client. By signing the Standard Chartered Gateway Banking Agreement, drafted by Standard Chartered Wholesale Bank legal counsel, the Referring Bank (Gateway Bank) can introduce the corporate customers to Standard Chartered in the following seventeen countries: Bahrain, Bangladesh, China, Hong Kong, India, Indonesia, Jordan, Malaysia, Pakistan, Philippines, Qatar, Singapore, South Korea, Sri Lanka, Taiwan, Thailand and United Arab Emirates.

32.Internet Payment Services (Merchant Acquiring)-

Internet payment service is an on-line extension to the existing collections channels. This service caters to e-Merchants where internet payments are a key part of their sales and distribution. Under these collection models, the bank provides merchant acquiring services by leveraging its position as a member of the payment network such as Visa and Mastercard. This will enable clients the merchants to offer internet based payment services to their down-stream customers.

33.Custody & Clearing-

Custody & Clearing services include a range of "back office services" for clients investments in securities. The core services offered include:

- Opening client's Securities accounts at the CDS
- Safekeeping of securities
- Settlement of securities
- Corporate Actions (tracking, notification and acting on corporate action instructions of client).
- Income and dividend collection
- Proxy Voting (in accordance with clients instructions)
- Reporting: Trade portfolio reporting (Statement of holdings, transactions reporting, MIS reporting) and other customized reporting as agreed with the client.
- FX conversion on clients behalf
- Providing information to client's agents (e.g. chartered accountants/tax agents)

The ancillary service offerings which are offered selectively include:

Market Information communication (Newsflashes, Securities Market Report, etc.)

The securities include equity, debt, warrants, rights, units (e.g. mutual fund). The same may either be in physical form or may be scripless.

Clients may contract directly with SCB's individual branches/subsidiaries or they may choose to appoint a single SCB Branch/subsidiary as a "Hub" which in turn appoints sub-custodians in the various markets in which the client invests in.

34. ESCROW-

ESCROW is a deposit of an asset with an independent Escrow Agent to facilitate the completion of a contractual agreement between two or more parties to a transaction. The Escrow Property in the vast majority of cases comprise of cash deposits, however, we may also hold financial instruments (e.g. equities, fixed Income securities, govt. securities, warrants, unit trusts, mutual funds), either in physical or scripless form and property documents of title. The Escrow Agent administers the agreement between two or more parties in relation to the deposit of the Escrow Property with the Escrow Agent for the future delivery to one or more of the parties upon completion of particular condition(s) or event(s) within a mutually agreed time frame. Such an arrangement is formalized by an Escrow Agreement between the parties to the underlying transaction (e.g. Seller and Buyer) and a neutral third party (Escrow Agent).

LENDING PRODUCTS

DESCRIPTION OF PRODUCTS AND SERVICES

1. Bridging Loan

This- is a contract between a borrower and SCB whereby SCB provides the borrower with a certain amount of currency (domestic or foreign), for a period in excess of one day and not exceeding one year.

Bridging Loans are a structured form of borrowing that are generally refinanced through a term loan, bond or IPO (amongst others)

Drawings against the loan are usually made in one amount and once the loan is drawn, further drawings are not permitted even if repayments have reduced the principal amount. The limit must be reduced as repayments are received.

Interest is charged on the outstanding balance at an agreed rate with repayment aligned to the timing of the source of repayment.

2. Short Term Money Market Loan

This is a contract between a borrower and SCB (a lender) whereby the lender provides the borrower with a certain amount of currency, domestic or foreign, for a period not exceeding one year. Full repayment of principal and interest due to the lender must be paid at the end of the facility period that should not exceed one year.

Drawings can be made and repaid throughout the period of the facility. Tenor must not exceed one year and subject to the Bank's discretion to suspend / cancel the facility if uncommitted

Interest is charged on the individual drawings made under the loan at a rate agreed at the time of the drawing. The drawing is repaid on the maturity of the drawing

Repayment, usually there is no repayment schedule, as the loan can be continually drawn & repaid throughout the term of the facility. However, settlement prior to due date would result in a penalty been applied.

3. Drawing Against Un-cleared Effects (DAUE)

This refers to funds drawn on a customer's account against cheques (normally only local currency) deposited to the same account but not yet processed and cleared through the cheque clearing system. Tenor will be matched to the local clearing period for the currency in which the cheques/effects are drawn. Repayment will be automatic through the clearance of the uncleared cheques. A limit will be agreed on the account up to which the customer may overdraw. Once the limit is utilised interest will be charged on outstanding utilisation on a daily basis.

4. Overdraft

An overdraft facility is a revolving borrowing facility repayable on demand, made available in connection with a current account. A limit will be agreed on the account up to which the customer may overdraw. Once the limit is utilised interest will be charged on outstanding utilisation on a daily basis.

Overdrafts are a flexible form of borrowing intended to finance day-to-day cash flow requirements generated by normal business activity. They are not intended for the financing of long term borrowing requirements for which more appropriate credit lines are available.

Repayment is made without notice through any type of credit to the overdrawn current account from normal business activities. Balances repaid can be redrawn without the need for a request from the customer to the Bank. The Bank at all times retains the right to restrict availability of funds and/or to demand repayment.

Tenor of an overdraft is one day; maximum one year with bank approval. However, the SCB may agree to make overdraft facilities available for shorter periods and is based on terms and conditions of the facility.

5. Term Loan

This is a contract between a borrower and a lender, that is SCB whereby the lender provides the borrower with a certain amount of currency, be it domestic or foreign, for a period in excess of one year and up to 5 years.

Term Loans are a structured form of borrowing which is frequently intended for general corporate purposes and may be intended to finance specific transactions, specific assets and the funding requirements that this generates. They are intended for the financing of longer term borrowing requirements as opposed to overdrafts that are for the financing of short-term working capital requirements.

Drawings against the loan are usually made in one amount, (but not necessarily) and once the entire loan is drawn, further drawings are not permitted even if repayments have reduced the principal amount. Therefore the limit should be reduced as repayments are received. However it should be noted that the loan may be phased to reflect the underlying transaction, in these instances the limit is managed in line with the drawings. Drawings depend on the nature of underlying financing requirement of the client, at times they could be linked to specific events or milestones.

Interest is charged on the outstanding balance at an agreed rate and repayment of principal may be made in instalments or by bullet repayments, according to a pre-agreed schedule. Interest is charged on outstanding balances.

Repayment is typically made by fixed monthly, quarterly or annual repayments dependent upon the nature of the underlying transaction, the cash flow it generates and the loan agreement.

Procedure to be followed for all above products:

The customer should forward the following documents to SCB for credit evaluation:

- Written request for the facilities and security which could be provided from SCB
- 5 year (historic) profitable audited financials
- Customer is not listed in the Credit Information Bureau for default of any other loan facility
- 2 bank references acceptable to SCB
- In operation for over 5 years
- Business Plan with projections for 2 years
- Top 10 Buyers / Suppliers

On receipt of the above financials OCC will carry out a detail analysis of the information submitted and provided it falls within the acceptable credit requirements of SCB, a site visit to the company and factory will be done. Terms and conditions pertaining to the borrowing will be listed in the indicative letter of offer by the SCB to the customer. Once customer accepts the indicative letter of offer, a letter of offer will be sent for acceptance to the company's board of directors.

Complaints procedure for Transaction Banking, Cash Products, Trade Services and Lending Products should be directed to the Whole Sale Banking Client Service Group, as follows :

Tel: 2480048

Email: straight2bank.lk@sc.com

Fax: 5450050

FINANCIAL MARKETS

<u>1. FOREIGN EXCHANGE TRANSACTIONS (WHOLESALE BANKING)</u>

A foreign exchange ("FX") transaction involves buying and selling of one currency against another for an agreed amount of currency at a specified rate. Transactions can be settled either by physical delivery of currency or by net settlement on a pre agreed settlement date. Based on the settlement date of the transaction, Foreign Exchange contracts can be broadly categorized as follows;

Settlement value Cash: Settled on the same day

Settlement value Tom: Settled one business day later

Settlement value Spot: Settled on the second business day after deal date (except for CAD)

Settlement value Forward: Settled on any business day after spot date

Typically a customer with receivables or payables in a currency other than its operating currency will tend to enter in to foreign exchange transactions to manage their exposures to foreign exchange rate movements. Such transactions are governed by regulations of the Central Bank of Sri Lanka, and are permitted for the purpose of hedging underlying exposures and risk management but not for speculation.

Transaction Process

- Completion of bank's foreign exchange transaction application form / transaction confirmation.
- The client must submit proof of underlying exposure as required by the Central Bank of Sri Lanka.
- All transactions are subject to exchange control regulations issued by Central Bank of Sri Lanka and Standard Chartered Bank's internal policies and procedures.
- Foreign exchange transactions may be concluded in an environment where conversations involving transactions are recorded, which can be used for the purpose of resolution of disputes between parties on a later date.

Documentation

- Transaction confirmation.
- Proof of the underlying exposure (where applicable).
- Regulatory declarations / approvals and other documents including master agreements, dealing mandates, board resolutions, etc… that may be required by the bank.
- Standard Chartered Bank's internal approval if required.

Charges and Fees

There are no charges directly applicable on foreign exchange transactions conducted at rates published by the bank. However standard/ pre agreed tariffs which are applicable for processing transactions will be levied. (ex: fund transfer charges, SWIFT messages processing fees, trade bill processing charges, commissions, discounts, etc..)

Potential Risk

Entering in to foreign exchange transactions may entail financial risk to the client owing to adverse changes in foreign exchange rates which are subject to change without prior notice.

The client should ensure that they are entering in to transactions for the purpose of hedging exposures and managing risk but not for speculation.
Foreign exchange transactions are governed by Central Bank of Sri Lanka and Standard Chartered Bank's internal policies and procedures.
The bank may at its discretion cancel/terminate outstanding transactions and may charge any losses resulting from such cancellations to the client.

Clients may request to cancel or rollover existing contracts prior to the maturity date of the transaction. In such instances any losses incurred owing to such cancellations or rollovers will be charged to the client. However, in order to prevent speculation in foreign exchange contracts, any gains arising to the client owing to such cancellations will not be credited to the client and will be withheld by the bank.

The client should also note that historic rates on rollovers are not permitted by the Central Bank of Sri Lanka and all rollovers will be done at rates prevailing at the time of rollover. The client should also note that rollover of an existing transaction will only be possible if the request is made prior to maturity and will be subject to the bank's internal approvals and regulatory approval.

Complaint Procedure

Wholesale banking clients may direct their complaints regarding FX transactions to the following officers of the bank.

Jakque Diasz	*Dharshan Jayaratne*
Head of Financial Markets Sales	*Head of FM/ Co Head of Wholesale Banking*
Financial Markets	*Financial Markets*
Phone: 0112480046	*Phone: 0112480045*
jakque.diasz@sc.com	*dharshan.jayaratne@sc.com*

Provision of Obtaining Mark to Market Updates

Clients may request the bank for mark to market updates from the bank if required. Such requests should be made in writing to:

The Head of Financial Market Operations,
Standard Chartered Bank,
No 37, York Street, Colombo 01.

Clearly specifying the client information such as;

- Account Number
- Account Name
- Transaction details
- Date of mark to market details to be provided
- Recipient of mark to market information and contact details, i.e. address, e mail address etc.

The bank may provide such mark to market updates within 3 business days, or within 7 business days for monthly updates.

2. FOREIGN EXCHANGE TRANSACTIONS (CONSUMER BANKING)

A foreign exchange ("FX") transaction involves buying and selling of one currency against another for an agreed amount of currency at a specified rate. Transactions can be settled either by physical delivery of currency or by net settlement on a pre agreed settlement date. Based on the settlement date of the transaction, Foreign Exchange contracts can be broadly categorized as follows;

Settlement value Cash: Settled on the same day

Settlement value Tom: Settled one business day later

Settlement value Spot: Settled on the second business day after deal date (except for CAD)

Settlement value Forward: Settled on any business day after spot date

Typically a customer with receivables or payables in a currency other than its operating currency will tend to enter in to foreign exchange transactions to manage their exposures to foreign exchange rate movements. Such transactions are governed by regulations of the Central Bank of Sri Lanka, and are permitted for the purpose of hedging underlying exposures and risk management but not for speculation.

Transaction Process

- Completion of bank's foreign exchange transaction application form / transaction confirmation.
- The client must submit proof of underlying exposure as required by the Central Bank of Sri Lanka.
- All transactions are subject to exchange control regulations issued by Central Bank of Sri Lanka and Standard Chartered Bank's internal policies and procedures.
- Foreign exchange transactions may be concluded in an environment where conversations involving transactions are recorded, which can be used for the purpose of resolution of disputes between parties on a later date.

Documentation

- Transaction confirmation.
- Proof of the underlying exposure (where applicable).
- Regulatory declarations / approvals and other documents including master agreements, dealing mandates, board resolutions, etc… that may be required by the bank.
- Standard Chartered Bank's internal approval if required.

Charges and Fees

There are no charges directly applicable on foreign exchange transactions conducted at rates published by the bank. However standard/ pre agreed tariffs which are applicable for processing transactions will be levied. (ex: fund transfer charges, SWIFT messages processing fees, trade bill processing charges, commissions, discounts, etc..)

Potential Risk

Entering in to foreign exchange transactions may entail financial risk to the client owing to adverse changes in foreign exchange rates which are subject to change without prior notice.

The client should ensure that they are entering in to transactions for the purpose of hedging exposures and managing risk but not for speculation.
Foreign exchange transactions are governed by Central Bank of Sri Lanka and Standard Chartered Bank's internal policies and procedures.
The bank may at its discretion cancel/terminate outstanding transactions and may charge any losses resulting from such cancellations to the client.

Clients may request to cancel or rollover existing contracts prior to the maturity date of the transaction. In such instances any losses incurred owing to such cancellations or rollovers will be charged to the client. However, in order to prevent speculation in foreign exchange contracts, any gains arising to the client owing to such cancellations will not be credited to the client and will be withheld by the bank.

The client should also note that historic rates on rollovers are not permitted by the Central Bank of Sri Lanka and all rollovers will be done at rates prevailing at the time of rollover. The client should also note that rollover of an existing transaction will only be possible if the request is made prior to maturity and will be subject to the bank's internal approvals and regulatory approval.

Complaint Procedure

Wholesale banking clients may direct their complaints regarding FX transactions to the following officers of the bank.

Thilak Palitha Perera	*Darshan Jayaratne*
Head, Consumer Bank Markets Sales, Sri Lanka	*Head of Financial Markets, Sri Lanka*
Financial Markets	*Financial Markets*
Phone: 0112480288	*Phone: 0112480045*
thilakpalitha.perera@sc.com	Darshan.jayaratne@sc.com

Provision of Obtaining Mark to Market Updates

Clients may request the bank for mark to market updates from the bank if required. Such requests should be made in writing to:

The Head of Financial Market Operations,
Standard Chartered Bank,
No 37, York Street, Colombo 01.

Clearly specifying the client information such as;

- Account Number
- Account Name
- Transaction details
- Date of mark to market details to be provided
- Recipient of mark to market information and contact details, i.e. address, e mail address etc.

The bank may provide such mark to market updates within 3 business days, or within 7 business days for monthly updates.

3. REPURCHASE AGREEMENT (WHOLESALE BANKING)

Repurchase Agreements commonly known as Repo Investments are agreements which allow an investor to lend money to a financial institution against Treasury Bills/ Bonds. Repo investments are regulated by the public debt department of the Central Bank of Sri Lanka.

Flexibility in the tenor is a key feature of repo investments. Repos may pay the invested amount and the accrued interest at maturity of the investment.

Any individual who is a Sri Lankan national, organisation or a corporate incorporated in Sri Lanka can invest in repos with Standard Chartered Bank subject to furnishing necessary documents and submitting the relevant applications.

Transaction Process

- Submission of Completed Standard Chartered Bank's repo application form.
- Subsequent to the receipt of the application, the bank processes the investment allocating bills/ bonds on behalf of the applicant.
- If the client is investing in repos for the first time it's a requirement to open an account with the Central Depository System (CDS). This will be done by the bank on behalf of the client upon submission of the relevant account opening forms.
- A customer advice is generated and provided to the customer, which entails key details of the transaction.

Investors have the option to discount repo investments prior to the maturity date upon request. However the bank will do so at rates prevailing at the time of such discounting, and may also debit additional charges to the customer which may be applicable at the time of discounting such investments. The customer must be mindful that in the event of a premature withdrawal, the principal amount invested by the customer may be at risk depending on prevailing market conditions at the time, and may tend to receive lesser amount than initially invested.

Documentation

Completion of the bank's transaction application form to enter in to the repurchase agreement, master repurchase agreement and any other documents which may be required from the bank time to time.

Potential Risk

The customer is exposed to interest rate risk when investing in repos, and may even face capital losses in the event when Repos are discounted prior to maturity owing to adverse changes in interest rates. Given that repurchase agreements are backed by the government securities, they are considered to be relatively safe from the perspective of credit risk.

Charges and Fees

There are no charges directly applicable on repo transactions conducted at rates published by the bank. However standard/ pre agreed tariffs which are applicable for processing transactions such as fund transfers, SWIFT messages, commissions and discounts will be applicable as per standard tariffs.

Complaint Procedure

Wholesale Banking clients may direct their complaints regarding repo transactions to the following officers of the bank.

Mr. Nandi Anthony	Mr. Dharshan Jayaratne
Head of ALM	Head of Financial Markets
Financial Markets	Financial Markets
Phone: 0112480047	Phone: 0112480045
nandi.anthony@SC.com	dharshan.jayaratne@sc.com

4. REPURCHASE AGREEMENT (CONSUMER BANKING)

Repurchase Agreements commonly known as Repo Investments are agreements which allow an investor to lend money to a financial institution against Treasury Bills/ Bonds. Repo investments are regulated by the public debt department of the Central Bank of Sri Lanka.

Flexibility in the tenor is a key feature of repo investments. Repos may pay the invested amount and the accrued interest at maturity of the investment.

Any individual who is a Sri Lankan national, organisation or a corporate incorporated in Sri Lanka can invest in repos with Standard Chartered Bank subject to furnishing necessary documents and submitting the relevant applications.

Transaction Process

- Submission of Completed Standard Chartered Bank's repo application form.
- Subsequent to the receipt of the application, the bank processes the investment allocating bills/ bonds on behalf of the applicant.
- If the client is investing in repos for the first time it's a requirement to open an account with the Central Depository System (CDS). This will be done by the bank on behalf of the client upon submission of the relevant account opening forms.
- A customer advice is generated and provided to the customer, which entails key details of the transaction.

Investors have the option to discount repo investments prior to the maturity date upon request. However the bank will do so at rates prevailing at the time of such discounting, and may also debit additional charges to the customer which may be applicable at the time of discounting such investments. The customer must be mindful that in the event of a premature withdrawal, the principal amount invested by the customer may be at risk depending on prevailing market conditions at the time, and may tend to receive lesser amount than initially invested.

Documentation

Completion of the bank's transaction application form to enter in to the repurchase agreement, master repurchase agreement and any other documents which may be required from the bank time to time.

Potential Risk

The customer is exposed to interest rate risk when investing in repos, and may even face capital losses in the event when Repos are discounted prior to maturity owing to adverse changes in interest rates. Given that repurchase agreements are backed by the government securities, they are considered to be relatively safe from the perspective of credit risk.

Charges and Fees

There are no charges directly applicable on repo transactions conducted at rates published by the bank. However standard/ pre agreed tariffs which are applicable for processing transactions such as fund transfers, SWIFT messages, commissions and discounts will be applicable as per standard tariffs.

Complaint Procedure

Wholesale Banking clients may direct their complaints regarding repo transactions to the following officers of the bank.

Mr. Nandi Anthony
Head of ALM
Financial Markets
Phone: 0112480047
nandi.anthony@SC.com

Mr. Dharshan Jayaratne
Head of Financial Markets
Financial Markets
Phone: 0112480045
dharshan.jayaratne@sc.com

5.TREASURY BILLS (WHOLESALE BANKING)

Treasury bills are short term debt instruments issued by the Government of Sri Lanka (government security) under the local treasury bill Ordinance No. 8 of 1923 (as amended) by which it raises domestic public debt for budgetary purposes.

Treasury bills are issued for Three Months (91 Days), Six Months (182 Days) and One Year (364 Days) by the public debt department of the Central Bank as an agent for the government of Sri Lanka. Treasury bills are issued at regular auction cycles occurring every Wednesday. Primary Dealers are authorised to bid in these auctions. Treasury bills are subsequently traded in the secondary market. Standard Chartered Bank is a participant of the secondary market and allocates treasury bills for clients based on availability.

Any individual who is a resident of Sri Lanka or an organisation or a Corporate incorporated in Sri Lanka can purchase treasury bills from Standard Chartered bank subject to furnishing necessary documents and completing the relevant applications. Foreign nationals or foreign incorporated entities may purchase treasury bills in accordance with regulatory approvals prevailing at the time of investment.

Transaction Process

- Submission of completed Standard Chartered Bank's treasury bill application.
- Subsequent to the receipt of the application, the bank allocates Bills (scripless) on behalf of the applicant. The client may be requested to submit additional documentation based on regulatory requirements which may arise from time to time the client is compelled to open an account with the Central Depository System (CDS).
- If the client is investing in treasury bills for the first time it's a requirement to open an account with the Central Depository System (CDS). This will be done by the bank on behalf of the client upon submission of the relevant application.
- The customer will receive an advice from the bank providing key economic details of the transaction.
- Foreign investors investing in treasury bills may have additional reporting requirements.
- Foreign investors are permitted to enter in to transactions such that they may hedge their exposure to foreign exchange with relation to the investment.

Cancellation

The investor has the option to discount a treasury bill prior to its maturity date upon request. However the bank will do so at rates prevailing at the time of such discount, and may levy charges which may be applicable at the time of discounting. This may, depending on interest rates at the time and other applicable charges, result in the customer receiving a value lower than the value initially invested.

In the event a foreign investor wishes to prematurely exit or discount the investment in treasury bills, the investor should also unwind any related FX facilities.

Potential Risk.

The customer is exposed to interest rate risk when investing in treasury bills and may even face capital losses in the event when bills are discounted prior to maturity owing to adverse changes in interest rates.

The customer should seek independent advice on the treatment of tax and interest without reliance to the bank for such advice.

Foreign investors investing in treasury bills may also have FX exposure.

Charges and Fees

There are no charges directly applicable on treasury bills conducted at rates published by the bank. However standard/ pre agreed tariffs which are applicable for processing transactions such as fund transfers, SWIFT messages, commissions, discounts… etc will be applicable as per standard tariffs

Complaint Procedure

Wholesale Banking clients may direct their complaints regarding repo transactions to the following officer of the bank.

Yasantha Jayasinghe

Head, FX & Rates Trading

Phone: 94112480054

Email: Yasantha.Jayasinghe@sc.com

Darshan Jayaratne

Head Global Markets, Sri Lanka

Phone: 94112480045

Email: Darshan.Jayaratne@sc.com

6. CONSUMER BANKING, TREASURY BILLS- KEY FACT DOCUMENT

Treasury bills are short term debt instruments issued by the Government of Sri Lanka (government security) under the local treasury bill Ordinance No. 8 of 1923 (as amended) by which it raises domestic public debt for budgetary purposes.

Treasury bills are issued for Three Months (91 Days), Six Months (182 Days) and One Year (364 Days) by the public debt department of the Central Bank as an agent for the government of Sri Lanka. Treasury bills are issued at regular auction cycles occurring every Wednesday. Primary Dealers are authorised to bid in these auctions. Treasury bills are subsequently traded in the secondary market. Standard Chartered Bank is a participant of the secondary market and allocates treasury bills for clients based on availability.

Any individual who is a resident of Sri Lanka or an organisation or a Corporate incorporated in Sri Lanka can purchase treasury bills from Standard Chartered bank subject to furnishing necessary documents and completing the relevant applications. Foreign nationals or foreign incorporated entities may purchase treasury bills in accordance with regulatory approvals prevailing at the time of investment.

Transaction Process

- Submission of completed Standard Chartered Bank's treasury bill application.
- Subsequent to the receipt of the application, the bank allocates Bills (scripless) on behalf of the applicant. The client may be requested to submit additional documentation based on regulatory requirements which may arise from time to time the client is compelled to open an account with the Central Depository System (CDS).
- If the client is investing in treasury bills for the first time it's a requirement to open an account with the Central Depository System (CDS). This will be done by the bank on behalf of the client upon submission of the relevant application.
- The customer will receive an advice from the bank providing key economic details of the transaction.
- Foreign investors investing in treasury bills may have additional reporting requirements.

- Foreign investors are permitted to enter in to transactions such that they may hedge their exposure to foreign exchange with relation to the investment.

Cancellation

The investor has the option to discount a treasury bill prior to its maturity date upon request. However the bank will do so at rates prevailing at the time of such discount, and may levy charges which may be applicable at the time of discounting. This may, depending on interest rates at the time and other applicable charges, result in the customer receiving a value lower than the value initially invested.

In the event a foreign investor wishes to prematurely exit or discount the investment in treasury bills, the investor should also unwind any related FX facilities.

Potential Risk.

The customer is exposed to interest rate risk when investing in treasury bills and may even face capital losses in the event when bills are discounted prior to maturity owing to adverse changes in interest rates.

The customer should seek independent advice on the treatment of tax and interest without reliance to the bank for such advice.

Foreign investors investing in treasury bills may also have FX exposure.

Charges and Fees

There are no charges directly applicable on treasury bills conducted at rates published by the bank. However standard/ pre agreed tariffs which are applicable for processing transactions such as fund transfers, SWIFT messages, commissions, discounts… etc will be applicable as per standard tariffs

Complaint Procedure

Wholesale Banking clients may direct their complaints regarding repo transactions to the following officer of the bank.

Palitha Perera

Head, CB Market Sales

Phone: 0112480288

Email: thilakpalitha.perera@sc.com

Yasantha Jayasinghe

Head, FX & Rates Trading

Phone: 94112480054

Email: Yasantha.Jayasinghe@sc.com

Darshan Jayaratne

Head Global Markets, Sri Lanka

Phone: 94112480045

Email: Darshan.Jayaratne@sc.com

Disclosure of Information

The bank is regulated by the Central Bank of Sri Lanka, and is obligated to provide details of customer transactions to the Central Bank of Sri Lanka and other regulatory/statutory institutions without prior notice to the customer, and without further obligations or legal recourse to the customer.

7. E-CHANNELS/ ELECTRONIC FX DELIVERY KEY FACT DOCUMENT

Foreign exchange online platform is a single bank, proprietary offering from Standard Chartered Bank offered to our existing clients. This allows the customer to transact FX electronically, thus reducing time and opportunity for errors in obtaining FX quotes. Investors in Foreign Exchange contracts offered on the platform are also requested to refer the Wholesale Banking FX Key Fact Document.

Transaction Process

- Submission of relevant applications requesting the electronic FX delivery platform.
- Client enters the deal/request on the web screen. Request details include amount, value date. (tenor) and CCY pair.
- Request is priced automatically; the client accepts the price and enters in to the transaction.
- SCB confirms the transaction. This confirmation will capture all key economic details of the transaction.

Documentation

Documentation requirements are the same as all FX programmes (Board resolution, Dealing mandate, ISDA and proof of underlying expense).

Additionally the customer has to be a registered user of Straight2Bank (Standard Chartered Bank's online platform), and complete the relevant documentation applicable from time to time to all S2Bx clients.

Rollovers are permitted only at current market rates.

Cancellation of transactions will be done at current market rates. Any losses arising from such cancellations will be charged to clients to an account maintained with the branch. Any gains will be absorbed by the bank to prevent speculation.

Potential Risk

The customer should ensure that they are entering in to transactions for the purpose of hedging exposures and managing risk and not for speculation.

Entering in to foreign exchange transactions may entail financial risk to the customer owing to adverse changes in foreign exchange rates which are subject to change without prior notice to the customer.

Foreign exchange transactions are governed by Central Bank of Sri Lanka and Standard Chartered Bank's internal policies. The Bank may at its discretion cancel/terminate transactions with the customer and may charge any losses resulting from such cancellations to the customer.

Charges and Fees

There are no charges directly applicable on Foreign Exchange transactions and are transacted at rates published on the Bank's platform. However standard/ pre agreed tariffs which are applicable for processing transactions such as fund transfers, SWIFT messages, trade bill processing charges, commissions, discounts, etc, will be applicable. Cancellation of transactions entered in to will be done at current market rates.

Complaint Procedure

Wholesale Banking Customers may direct their complaints regarding FX transactions to the following officers of the bank.

Jakque Diasz	*Dharshan Jayaratne*
Head of FM Sales	*Head of Financial Markets/ Co Head of Wholesale Banking*
Financial Markets	*Financial Markets*
Phone: 0112480046	*Phone: 0112480045*
jakque.diasz@sc.com	*dharshan.jayaratne@sc.com*

8. TREASURY BOND (WHOLESALE BANKING)

Treasury bond is a medium/ long term debt instrument issued by the Government of Sri Lanka under the Registered Stock and Securities Ordinance No. 7 of 1937 (as amended), when it raises domestic public debt for budgetary purposes, for a tenor greater than one year. The current maturity profile of treasury bonds range from 2 to 20 years. Treasury bonds typically carry semi annual coupons, which pays the holder of the bond a pre determined interest rate of the face value of the bond. The face value of the bond is paid at maturity. Treasury Bonds are considered to be free of default risk, owing to the fact that they are LKR denominated negotiable instruments issued by the government of Sri Lanka. However the client is exposed to interest rate risk on such instruments.

Any Individual of Sri Lankan nationality, Organisation or a Corporate Incorporated in Sri Lanka can purchase treasury bonds from Standard Chartered Bank, subject to furnishing necessary documents and completing relevant applications. Foreign nationals and institutions may purchase treasury bonds subject to restrictions stipulated by the Central Bank of Sri Lanka.

In the event client is a foreign national, they may choose to enter in to a FX transaction to mitigate the FX risk associated with the investment.

Transaction Process

- Submission of Completed Standard Chartered Bank's treasury bond application.
- Subsequent to the receipt of the application, the bank allocates bonds (non physical/ scripless) on behalf of the applicant. Along with this the client may be requested to submit additional documentation based on regulatory requirements prevalent at the time.
- If the client is investing in treasury bonds for the first time they are required to open an account with the Central Depository System (CDS) such that securities may be

deposited. This will be done by the bank upon submission of relevant documentation.
- The bank will send the customer an advice containing the key economic details of the transaction.

The investor has an option to discount the bond prior to its maturity date upon request; however the bank will do so at rates prevailing at the time of such discounting, and may also levy additional charges applicable at the time of premature withdrawal.

Documentation

Completion of the bank's transaction application form, the risk disclosure statement acknowledged and provided to the bank, and any other documents which may be required to be complied from time to time.

Potential Risk.

The customer is exposed to interest rate risk when investing in treasury bonds and may even face capital losses in the event when bonds are discounted prior to maturity owing to adverse changes in interest rates. Treasury bonds have a reinvestment risk considering the reinvestment of the coupon. Foreign nationals would also be exposed to FX risk.

The investor has the option to discount a treasury bond prior to its maturity date upon request. However the bank will do so at rates prevailing at the time of such discount, and may levy charges which may be applicable at the time of discounting. This may, depending on interest rates at the time and other applicable charges, result in the customer receiving a value lower than the value initially invested.

In the event a foreign investor wishes to prematurely exit or discount the investment in treasury bonds, the investor should also unwind any related FX facilities.

Charges and Fees

There are no charges directly applicable on treasury bond transactions conducted at rates published by the bank. However standard/ pre agreed tariffs which are applicable for processing transactions such as fund transfers, SWIFT messages, commissions, discounts, etc will be applicable as per standard tariffs.

Complaint Procedure

Wholesale Banking clients may direct their complaints regarding treasury bond transactions to the following officers of the bank.

Yasantha Jayasinghe
Head, FX & Rates Trading
Financial Markets
Phone: 0112480054

Dharshan Jayaratne
Head of FM/ Co Head of Wholesale Banking
Financial Markets
Phone: 0112480045

yasantha.jayasinghe@sc.com dharshan.jayaratne@sc.com

9. TREASURY BOND (CONSUMER BANKING)

Treasury bond is a medium/ long term debt instrument issued by the Government of Sri Lanka under the Registered Stock and Securities Ordinance No. 7 of 1937 (as amended), when it raises domestic public debt for budgetary purposes, for a tenor greater than one year. The current maturity profile of treasury bonds range from 2 to 20 years. Treasury bonds typically carry semi annual coupons, which pays the holder of the bond a pre determined interest rate of the face value of the bond. The face value of the bond is paid at maturity. Treasury Bonds are considered to be free of default risk, owing to the fact that they are LKR denominated negotiable instruments issued by the government of Sri Lanka. However the client is exposed to interest rate risk on such instruments.

Any Individual of Sri Lankan nationality, Organisation or a Corporate Incorporated in Sri Lanka can purchase treasury bonds from Standard Chartered Bank, subject to furnishing necessary documents and completing relevant applications. Foreign nationals and institutions may purchase treasury bonds subject to restrictions stipulated by the Central Bank of Sri Lanka.

In the event client is a foreign national, they may choose to enter in to a FX transaction to mitigate the FX risk associated with the investment.

Transaction Process

- Submission of Completed Standard Chartered Bank's treasury bond application.
- Subsequent to the receipt of the application, the bank allocates bonds (non physical/ scripless) on behalf of the applicant. Along with this the client may be requested to submit additional documentation based on regulatory requirements prevalent at the time.
- If the client is investing in treasury bonds for the first time they are required to open an account with the Central Depository System (CDS) such that securities may be deposited. This will be done by the bank upon submission of relevant documentation.
- The bank will send the customer an advice containing the key economic details of the transaction.

The investor has an option to discount the bond prior to its maturity date upon request; however the bank will do so at rates prevailing at the time of such discounting, and may also levy additional charges applicable at the time of premature withdrawal.

Documentation

Completion of the bank's transaction application form, the risk disclosure statement acknowledged and provided to the bank, and any other documents which may be required to be complied from time to time.

Potential Risk.

The customer is exposed to interest rate risk when investing in treasury bonds and may even face capital losses in the event when bonds are discounted prior to maturity owing to adverse changes in interest rates. Treasury bonds have a reinvestment risk considering the reinvestment of the coupon. Foreign nationals would also be exposed to FX risk.

The investor has the option to discount a treasury bond prior to its maturity date upon request. However the bank will do so at rates prevailing at the time of such discount, and may levy charges which may be applicable at the time of discounting. This may, depending on interest rates at the time and other applicable charges, result in the customer receiving a value lower than the value initially invested.

In the event a foreign investor wishes to prematurely exit or discount the investment in treasury bonds, the investor should also unwind any related FX facilities.

Charges and Fees

There are no charges directly applicable on treasury bond transactions conducted at rates published by the bank. However standard/ pre agreed tariffs which are applicable for processing transactions such as fund transfers, SWIFT messages, commissions, discounts, etc will be applicable as per standard tariffs.

Complaint Procedure

Consumer Banking clients may direct their complaints regarding treasury bond transactions to the following officers of the bank.

Palitha Perera	Yasantha Jayasinghe	Dharshan Jayaratne
Head, CB Market Sales WB Financial Markets	Head, FX & Rates Trading Financial Markets	Head of FM/ Co Head Financial Markets
Phone: 0112480288	Phone: 0112480054	Phone: 0112480045
thilakpalitha.perera@sc.com	yasantha.jayasinghe@sc.com	*dharshan.jayaratne@sc.com*

10. FIXED DEPOSIT (FD)

A **Fixed Deposit** (popularly known as a FD) is a financial instrument provided by commercial banks which provide investors with a higher rate of interest vis-à-vis a regular savings account, whereby the customer places his funds with the bank for a pre determined time frame. Currently FDs are offered for a tenor of up to one year. However the bank may offer FDs for a longer tenor on a case-by-case basis.

Standard Chartered Bank accepts FDs in LKR and other major currencies (subject to the investor's eligibility to place a deposit in a relevant currency. Interest on FDs may be paid at maturity of the deposits, or on a periodic basis.

It is popular for the invested capital along with the accumulated interest on a FD to be paid on its maturity.

Any eligible corporate/ institution can invest in FDs with Standard Chartered Bank subject to furnishing necessary documents and completing the relevant applications. (Please discuss the eligibility to open account with your relevant relationship manager).

Transaction Process

FDs are offered only to existing WB clients of the bank.

- Submission of a completed FD application form of the bank along with the withholding tax (WHT) declaration.
- Subsequent to the receipt of the application, the bank processes the FD. The client may be requested to submit additional documentation based on regulatory requirements which may arise from time to time.
- The customer will receive an advice from the bank containing the key economic details of the transaction.

Tax Liability

Investments in FDs are subject to withholding tax, which may be deducted by the bank. Interest income earned by corporates may also be subject to income tax and any other government levies. The customers should obtain independent advice with regard to treatment of taxation and interest on their own without reliance to any material provided by the bank.

Cancellation

The investor may choose to withdraw a deposit prior to its contracted maturity date. In such instances the customer should submit a written request. The bank may agree to such requests based on market conditions prevailing at the time and will be subject to penalties and charges on account of such premature withdrawal.

Documentation

Completion of the bank's FD application form and WHT Declaration. (Additional documentation may be requested on a case by case basis on regulatory requirements applicable to the customer).

Potential Risk.

When placing a FD with the bank, the customer assumes both interest rate and credit risks. Deposits accepted by Standard Chartered Bank's Colombo branch are payable only by Standard Chartered Bank's Colombo branch, and are not payable to customers outside of Sri Lanka by any other branch office or subsidiary of Standard chartered Bank.

Customers who prematurely withdraw deposit proceeds may be subject to charges, which will be determined by market conditions at the time of such premature withdrawals, which may even result in the client receiving an amount lesser than the initial investment.

Charges and Fees

There are no charges directly applicable on placing FD investments are conducted at rates published by the bank. However standard/ pre agreed tariffs which are applicable for processing transactions such as fund transfers, SWIFT messages, commissions, discounts… etc will be applicable as per standard tariffs

Complaint Procedure

Wholesale Banking Customers may direct their complaints regarding FD transactions to the following officers of the bank.

Mr. Jakque Diasz	*Mr. Dharshan Jayaratne*
Head of FM Sales	*Head of Financial Markets/ Co Head of Wholesale Banking*
Financial Markets	*Financial Markets*
Phone: 0112480046	*Phone: 0112480045*
jakque.diasz@sc.com	*dharshan.jayaratne@sc.com*

Deposit Insurance

Central Bank of Sri Lanka requires that all demand deposits up to LKR 200,000.00are insured by the government deposit insurance programme carried out by the Central Bank.

11. AAG TRAIN

TRAIN is a proprietary structured deposit programme offered by SCB. The bank may / may not specify a minimum rate of return on a given investment. Clients can invest the funds within pre-agreed parameters. In a typical transaction a major portion of the funds are invested in risk free debt instruments, and the remainder is invested in G10 currencies.

Structured deposits are offered to select corporate and institutional clients of the bank based on their investment capacity and risk appetite.

The investment strategy followed by the bank may change from time to time, and the customer should obtain a detailed description from the bank at the time of investment.

Structured deposits offered under this programme are placed directly with Standard Chartered Bank Plc, UK and not with the bank's Sri Lanka branch. Entities incorporated in Sri Lanka will have to obtain prior approval from the Central Bank of Sri Lanka to invest in TRAIN structured deposit instruments.

Transaction Process

- Submission of the TRAIN investment documentation required by the bank.

- Regulatory approvals.
- Transfer of foreign currency to Standard Chartered Bank Plc UK on account of the structured deposit.
- Deposit placement and confirmation duly signed.
- Clients are able to borrow against the structured instrument placed with the bank such borrowings are accommodated on a case by case basis by the bank at terms applicable at the time of such borrowing.

Cancellation

Cancellation or premature withdrawal of funds from structured investments is permitted only at the sole discretion of the bank and the bank reserves the right to decline such withdrawals. Premature withdrawals will also take place after the bank fully takes in to consideration the cost of unwinding the investments, which will be charged to the customer. Standard Chartered Bank will be the sole calculation agent of such unwinding costs. The customer in such instances may receive an amount lesser than the amount initially invested.

Documentation

- TRAIN documentation issued by the bank duly completed by the customer.
- Regulatory approvals.

Potential Risk.

Entering in to a structured deposit may entail financial risk to the customer owing to factors (economic, market and other) beyond the bank's control, which are subject to change without prior notice to the customer.

In worst case situations the investor may even lose a part of the invested capital owing to adverse movements selected investments.

The client should ensure that they are aware of all risks associated with structured deposits prior to investing in such instruments and should independently evaluate the merits and risks of such investments without reliance to any information provided by the bank.

Transactions are governed by the laws of the United Kingdom and Standard Chartered Bank's internal policies and procedures.

Charges and Fees

Fees are subject to change upon market conditions, all applicable fees will be detailed to the client prior to entering in to the transaction.

Complaint Procedure

Customers may direct their complaints regarding TRAIN transactions to the following officer of the bank.

Jakque Diasz	Darshan Jayaratne
Head, Financial Market Sales	Head, Financial Markets Sri Lanka
Standard Chartered Bank	Standard Chartered Bank

37, York Street
Colombo 01
Tele: + 94 112480046
Jakque.diasz@sc.com

37, York Street
Colombo 01
Tele: +94 112480045
Darshan.Jayaratne@sc.com

12. COMMODITY DERIVATIVES

A commodity derivative instrument is a contract between two parties that specifies conditions under which payments, or payoffs, are to be made between the parties. Derivatives can be settled either by cash or by physical delivery of the underlying.

Standard Chartered Bank offers risk management and investment solutions across a full spectrum of commodities, base metals, precious metals, agriculture, energy, coal and freight. We provide a wide range of over the counter (OTC) products, including spot and forward transactions, swaps, options, exotic options, structured trades, commodity-linked financing and investment products. The bank is also able to provide physical precious metal capabilities including loans and consignments.

Commodity derivatives are offered to select clients based on their knowledge of sophisticated financial products, their risk appetite and the appropriateness of such transactions to the underlying business. All such transactions are governed by bank's policies, procedures and guidelines along with regulatory guidelines issued by the central bank of Sri Lanka. Transactions are subject to approval of Central Bank of Sri Lanka on a case-by-case basis.

Transactions Process

Commodity derivatives are offered to the bank's clients on a bilateral basis and requisite documentation will depend to a great extent on the regulation and the bank's policies applicable at the time.

Completion of the banks ISDA documentation, related board resolutions, terms sheet and transaction confirmations along with the submission of required regulatory approvals.

Potential Risk

Entering in to derivatives may entail financial risk to the customer owing to adverse changes in the prices of the underlying benchmarks, and other market variables which are subject to change without prior notice to the customer.

Customers should ensure that they are entering in to transactions for the purpose of managing risk and not speculation.

All derivative transactions are governed by Central Bank of Sri Lanka and Standard Chartered Bank's internal policies.

Clients may request the bank to restructure the transaction. Such requests will only be accommodated provided the required regulatory and bank's Internal approval including availability of credit limits. At the time a client entering in to a commodity derivative will at no time imply that the bank is obliged to unwind or restructure such transactions at a later date.

The bank may be depending on market variables prevailing at the time, at its sole discretion as calculation agent to determine the economic details of such termination or restructure. The bank may also choose to ask for additional payments, margin, collateral, and guarantee or request the customer to enter in to a credit support annexure for such purposes.

The customer is requested to independently evaluate the merits and risks of the transaction without reliance on any material provided by the bank.

The customer should note that derivative transactions may present significant risk to the customer and any scenario analysis provided is only for the purpose of illustration and should not be considered to be exhaustive.

Charges and Commissions

There are no chargers directly applicable on derivative transactions; however charges for other supporting activities (ex: fund transfer fees) may apply.

Complaint Procedure

Wholesale Banking Customers may direct their complaints regarding commodity derivative transactions to the following officers of the bank.

Jakque Diasz	Dharshan Jayaratne
Head of FM Sales	Head of Financial Markets/ Co Head of Wholesale Banking
Financial Markets	Financial Markets
Phone: 0112480046	Phone: 0112480045
jakque.diasz@sc.com	dharshan.jayaratne@sc.com

Obtaining Mark to Market Updates

Clients may request the bank for mark to market updates from the bank if required. Such requests should be made in writing to:

The Head of Financial Market Operations,
Standard Chartered Bank,
No 37, York Street, Colombo 01.

Clearly specifying the customer information such as:

- Account Number
- Account Name
- Transaction details
- Date of mark to market details to be provided
- Recipient of mark to market information and contact details, i.e. address, e mail address etc.

The bank may provide such mark to market updates within 3 business days, or within 7 business days for month end updates.

13. FX OPTIONS

A Foreign-Exchange Option (commonly shortened to just FX Option ("FXO") or Currency Option) is a financial derivative instrument that alters the profile of the cash flows of an observable underlying. FX options can be used in isolation or as a combination of several options to form a single contract.

Corporations primarily use single or a combination of multiple FX options to hedge uncertain future cash flows.

Transaction Process and Documentation

- FX options are offered only to existing clients of the bank. Transactions are offered only on a bi-lateral basis.
- ISDA documentation including board resolutions and dealing.
- Transaction form sheet and confirmation and proof of underlying transactions.

Potential Risk

Entering in to FX Options transactions may entail financial risk to the customer owing to adverse movements in foreign exchange rates which are subject to change without prior notice to the customer.

Clients should independently evaluate the merits and risks of the transaction prior to entering in to same, without reliance on any material provided by the bank.

Customer should also read and understand the term sheet and relevant scenario analysis prior to entering in to the transaction. Scenario analysis provided by the bank is only for the purpose of illustration and does not encompass an exhaustive list of scenarios.

The customer should ensure that they are entering in to transactions for the purpose of hedging underlying exposures and managing of risk, not for speculation.

Foreign Exchange Options transactions entered in to with the bank are governed by Central Bank of Sri Lanka and Standard Chartered Bank's internal policies.

Charges and Fees

There are no charges directly applicable on Foreign Exchange Option transactions conducted at rates agreed with the bank.

Any request to unwind or prematurely terminate transactions will be done at market rates prevailing at the time. Such terminations may result in incurring substantial losses to the client. The bank may in some instances refuse to accommodate such cancellations or terminations requested by the client.

Clients may request the bank to restructure a transaction. Such requests will only be accommodated provided the required regulatory and SCB Internal approvals including availability of credit limits. A client entering in to an FX Option will at no time imply that the bank is obliged to unwind or restructure such transactions at a later date. The bank may be depending on market conditions prevailing at the time which may not be observable, at its sole discretion as calculation agent, determine the economic details of such termination or restructure. The bank may also choose to ask for additional payments, margin, collateral guarantee or request the customer to enter in to a credit support annexure.

Complaint Procedure

Wholesale banking customers may direct their complaints regarding FX options transactions to the following officers of the bank.

Jakque Diasz	Dharshan Jayaratne
Head of FM Sales	Head of Financial Markets/ Co Head of Wholesale Banking
Financial Markets	Financial Markets
Phone: 0112480046	Phone: 0112480045
jakque.diasz@sc.com	dharshan.jayaratne@sc.com

Obtaining Mark to Market Updates

Clients may request the bank for mark to market updates for transactions if required. Such requests should be made in writing to:

The Head of Financial Market Operations,
Standard Chartered Bank,
No 37, York Street, Colombo 01.

Clearly specifying the customer information such as:

- Account Number
- Account Name
- Transaction details
- Date of mark to market details to be provided
- Recipient of mark to market information and contact details, i.e. address, e mail address etc.

The bank may provide such mark to market updates within 3 business days, or within 7 business days for monthly updates.

14. PRECIOUS METALS

Precious metals are rare, high value metals generally referring to gold, silver, platinum, palladium and rhodium. As well as having industrial uses, they are also considered to have value in their own right and are used as a store of wealth. As a rule bars and ingots generally trade on their pure precious metal content value. However precious metal coins may trade significantly above their pure metal content if they are sought after by collectors; the premium is known as it numismatic value.

For historic reasons precious metals are usually traded in troy ounces ('oz.t') which is equivalent to 1.2153 imperial ounces.

Standard Chartered Bank offers over the counter (OTC) products to our clients, but do not offer exchange traded products. Our precious metal product portfolio includes;

- Precious metal forwards
- Leases and deposits
- Swaps
- Physical and consignment trading
- Precious metal options

Commodity derivatives are offered to select clients based on their knowledge of sophisticated financial products and risk appetite. All such transactions are governed by banks policies, procedures and guidelines along with regulatory screening.

Transactions Process

- Derivative transactions are approved only for the bank's existing clients.
- Completion of the banks ISDA documentation, related board resolutions, terms sheet and transaction confirmations.
- Regulatory approvals
- Commodity derivatives are offered to the bank's clients on a bilateral basis and requisite documentation will depend to a great extent on the regulation and the bank's policies applicable at the time.

Potential Risk

Entering in to derivatives may entail financial risk to the customer owing to adverse changes in the prices of the underlying benchmarks, which are subject to change without prior notice to the customer.
Customers should ensure that they are entering in to transactions for the purpose of hedging exposures and managing risk, and not for speculation.
All derivative transactions are governed by regulatory guidelines issued by the Central Bank of Sri Lanka and Standard Chartered Bank's internal policies.

Clients may request the bank to restructure the transaction. Such requests will only be accommodated provided the required regulatory and bank's Internal approvals including availability of credit limits. A client entering in to a commodity derivative will at no time imply that the bank is obliged to unwind or restructure such transactions at a later date. Standard Chartered Bank may be depending on market variables prevailing at the time, at its sole discretion as calculation agent to determine the economic details of such termination or restructure. The bank may also choose to ask for additional payments, margin, collateral, and guarantee or request the customer to enter in to a credit support annexure for such purposes.

The customer is requested to independently evaluate the merits and risks of the transaction without placing reliance on any material provided by the bank.

Charges and Commissions

Charges, commission and margins are transaction specific and will be negotiated prior to entering in to a given transaction.

Complaint Procedure

Wholesale Banking Customers may direct their complaints regarding FX transactions to the following officers of the bank.

Jakque Diasz	Dharshan Jayaratne
Head of FM Sales	Head of Financial Markets/ Co Head of Wholesale Banking
Financial Markets	Financial Markets
Phone: 0112480046	Phone: 0112480045
jakque.diasz@sc.com	dharshan.jayaratne@sc.com

Obtaining Mark to Market Updates

Clients may request the bank for mark to market updates from the bank if required. Such requests should be made in writing to:

The Head of Financial Market Operations,
Standard Chartered Bank,
No 37, York Street, Colombo 01.

Clearly specifying the customer information such as:

- Account Number
- Account Name
- Transaction details
- Date of mark to market details to be provided
- Recipient of mark to market information and contact details, i.e. address, e mail address etc.

The bank may provide such mark to market updates within 3 business days, or within 7 business days for month end updates.

15. INTEREST RATE DERIVATIVES

An interest rate derivative is a derivative where the underlying asset is the right to pay or receive an amount of money (usually notional) at a given interest rate.

Transaction Process

Completion of the banks ISDA documentation, related board resolutions, terms sheet and transaction confirmation, along with required regulatory approvals.

Documentation

- Transaction confirmation.
- Proof of the underlying exposure (where applicable).
- Regulatory declarations / approvals and other documents including master agreements, dealing mandates, board resolutions, etc… that may be required by the bank.
- Standard Chartered Bank’s internal approval if required.

Charges and Fees

There are no charges directly applicable on transactions conducted at rates published by the bank. However standard/ pre agreed tariffs which are applicable for processing transactions will be levied. (ex: fund transfer charges, SWIFT messages processing fees, commissions, discounts, etc..)

Potential Risk

Entering in to interest rate derivatives may entail financial risk to the customer owing to adverse changes in interest rates. The customer should ensure that they are entering in to transactions for the purpose of managing risk and not speculation.

Interest rate derivative transactions are governed by Central Bank of Sri Lanka and Standard Chartered Bank's internal policies.

Clients may request the bank to restructure the transaction. Such requests will only be accommodated, provided the required regulatory and bank's Internal approval including availability of credit limits. At the time a client entering in to an interest rate derivative will at no time imply that the bank is obliged to unwind or restructure such transactions at a later date.
The bank may be depending on market variables prevailing at the time, at its sole discretion as calculation agent to determine the economic details of such termination or restructure. The bank may also choose to ask for additional payments, margin, collateral, and guarantee or request the customer to enter in to a credit support annexure for such purposes.

The customer is requested to independently evaluate the merits and risks of the transaction without reliance on any material provided by the bank.

Customers should note that derivative transactions may present significant risk to the customer and any scenario analysis provided is only for the purpose of illustration and should not be considered to be exhaustive.

Complaint Procedure

Customers may direct their complaints regarding FX transactions to the following officers of the bank.

Jakque Diasz	Dharshan Jayaratne
Head of FM Sales	Head of Financial Markets/ Co Head of Wholesale Banking
Financial Markets	Financial Markets
Phone: 0112480046	Phone: 0112480045
jakque.diasz@sc.com	dharshan.jayaratne@sc.com

Obtaining Mark to Market Updates

Clients may request the bank for mark to market updates from the bank if required. Such requests should be made in writing to:

The Head of Financial Market Operations,
Standard Chartered Bank,
No 37, York Street, Colombo 01.

Clearly specifying the customer information such as:

- Account Number
- Account Name
- Transaction details
- Date of mark to market details to be provided
- Recipient of mark to market information and contact details, i.e. address, e mail address etc.

The bank may provide such mark to market updates within 3 business days, or within 7 business days for month end updates.

16. FOREIGN EXCHANGE (FX) SWAPS

A foreign exchange swap, forex swap, or FX swap is a simultaneous purchase and sale of similar amounts of the base currency for another with two different value dates and exchange rates. A foreign exchange swap consists of two legs:

- A spot foreign exchange transaction, and
- A forward foreign exchange transaction.

Clients may refer the KFD for Foreign Exchange Transactions for further information. Swap transactions are permitted only for a select group of customers.

Transaction Process

- Transaction confirmation.
- The client must submit proof of underlying exposure, as required by the Central Bank of Sri Lanka.
- Foreign exchange swap transactions may be concluded in an environment where conversations involving such transactions are recorded, which can be used for the purpose of resolution of disputes between parties on a later date.

Documentation

Complete FX Swap documentation, including but not limited to;

- Transaction confirmation.
- Proof of the underlying exposure (where applicable).
- Regulatory declarations / approvals and other documents including.
- ISDA master agreements, dealing mandates, board resolutions and other documents that may be required by the bank.
- Standard Chartered Bank's internal approvals, if required.

Potential Risk

Entering in to foreign exchange swap transactions may entail financial risk, owing to adverse changes in foreign exchange rates which are subject to change without prior notice to the customer.

Customers should ensure that they are entering in to transactions only for the purpose of managing risk.

Foreign exchange swap transactions are governed by Central Bank of Sri Lanka and Standard Chartered Bank's internal policies. The Bank may at its discretion cancel/terminate transactions with the customer, and may charge any losses resulting from such cancellations to the customer.

Charges and Fees

There are no charges directly applicable on foreign exchange swap transactions conducted. However standard/ pre agreed tariffs which are applicable for processing transactions such as fund transfers, SWIFT messages, commissions, discounts, etc, will be applicable.

Customers may request to cancel or rollover an existing contract prior to the maturity date of the transaction. In such instances, any losses incurred owing to such cancellations or rollovers will be charged to the customer. However, in order to prevent speculation in foreign exchange contracts, any gains arising to the customer owing to such cancellations will not be credited to the customer and will be withheld by the bank. Cancellations and extensions are subject to regulations applicable at the time of the transaction.

Complaint Procedure

Customers may direct their complaints regarding FX swap transactions to the following officers of the bank.

Jakque Diasz	*Dharshan Jayaratne*
Head of FM Sales	*Head of Financial Markets/ Co Head of Wholesale Banking*
Financial Markets	*Financial Markets*
Phone: 0112480046	*Phone: 0112480045*
jakque.diasz@sc.com	*dharshan.jayaratne@sc.com*

Provision of Obtaining Mark to Market Updates

Clients may request the bank for mark to market updates from the bank if required. Such requests should be made in writing to:

The Head of Financial Market Operations,
Standard Chartered Bank,
No 37, York Street, Colombo 01.

Clearly specifying the customer information such as:

- Account Number
- Account Name
- Transaction details
- Date of mark to market details to be provided
- Recipient of mark to market information and contact details, i.e. address, e mail address etc.

The bank may provide such mark to market updates within 3 business days, or within 7 business days for month end updates.

General Condition applicable to all Products/Services listed in this Key Fact Document

Disclosure of Information

Standard Chartered Bank is regulated by the Central Bank of Sri Lanka, and is obligated to provide details of customer transactions to the Central Bank of Sri Lanka and other regulatory/statutory institutions without prior notice to the customer, and without further obligations or legal recourse to the customer.