

TRUST RECEIPTS

How Trust Receipt (TR) works?

Settlement Instructions to be provided to UOB for incoming Import Documents

When the documents arrive, whether under Letter of Credit or Documents Against Payment (D/P) terms, the Importer/Buyer is obliged to effect payment against the release of the documents from the bank. If the Buyer does not wish to effect payment, he can use the Import Financing provided by the bank under the Trust Receipt arrangement.

How will I be notified of the arrival of my Import document? And what should I do?

You will receive a “Collection Notice” via fax from UOB.

There are two settlement options for you to select from:

- To debit from your account OR
- To employ Trust Receipt Financing (You will need to have a pre-arranged Trade Facility)

Trust Receipt Financing

Once Buyer's application for Trust Receipt facilities has been approved by the Bank, a Trust Receipt Agreement and/or Letter of Hypothecation will be signed. The Bank will set a credit limit which is determined by the Buyer's three Cs of credit-worthiness (Character, Capacity and Capital) and/or their goodwill.

The Bank then becomes the new creditor, effecting payment on behalf of the Importer (Buyer) to the Exporter (Seller) overseas, under the Trust Receipt facilities, reducing the credit limit as the facility is used.

Procedures for Import Bills Payment

You will need to collect the Original Collection Notice from your designated collection location.
(Not applicable if you select – To debit from your account)
(Not applicable if you have existing Master Trust Receipt Agreement with UOB)

Prior to collecting your import documents from your collection location, you are required to obtain signatures of the Company signatories on the Original Collection Notice together with your Company Stamp and provide UOB with your settlement instructions for the import bill.

If the Collection Notice lists discrepancies pertaining to your documents, [please reply via fax to us first](#) if you are accepting the discrepancies. Unless otherwise stated, in order for UOB to disburse the payment for at Sight LC, you are required to obtain signatures of the Company signatories together with Company Stamp.

Can UOB accept my instruction for “Collection Notice” via fax to require Trust Receipt Financing?

UOB can accept your instruction via fax when you sign a Master Trust Receipt Agreement with UOB.

A [Master Trust Receipt Agreement](#) is a blanket Trust Receipt that covers all your business transactions that require Trust Receipt financing from the Bank.

How it works:

When your import documents arrive at the Bank, you no longer need to make a trip to the Bank to collect your Original Collection Notice for signature in order to obtain Trust Receipt Financing.

With the Master Trust Receipt Agreement* in place, you now simply sign on the fax copy of the Collection Notice we send to you, and return the same copy to us by fax for processing. You just need to make ONE trip to the Bank to pick up your approved Trust Receipt financing documents.

To apply, you may obtain the [Master Trust Receipt Agreement](#) Form from UOB Trade Services.

Only upon successful application, will you then be able to execute your instruction via fax to UOB.
***You would need to sign a Fax indemnity to enable us to act on your instructions by fax.**

Procedures for TR repayment

To redeem the Trust Receipt, full payment is made to the Bank including interest, once the goods have been sold by the Buyer. If necessary, it is possible to obtain approval from the Bank for an extension on the expiry date of the Trust Receipt, if the Buyer is unable to sell the goods before due date of the Trust Receipt financing tenor.

Can I settle Partial Payment for my Trust Receipt?

Yes, you can give instructions to UOB to settle partial payment for your Trust Receipt.

Is there any penalty charge when I settle my Trust Receipt before the due date?

No, there is no penalty charge if you settle Trust Receipt before the due date.

How do I apply for Trust Receipt Financing?

You can simply download and print out the Documentary Collections Form from the following link:
[Trust Receipt Financing
www.uob.com.sg/corporate/commercial/useful/business_resource.html](http://www.uob.com.sg/corporate/commercial/useful/business_resource.html)

Alternatively, you can visit any [UOB Group Branch](#) to obtain the Application Forms.