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FOREWORD

The Export Credit Refinancing (ECR) Scheme was introduced by Bank Negara Malaysia (BNM) in 1977. Effective 1 January 1998, the Scheme was taken over by Export-Import Bank of Malaysia Berhad (Exim Bank). The objective of the ECR Scheme is to promote Malaysia's export and International trade via two types of facilities:-

- (i) the Pre-shipment ECR; and
- (ii) the Post-shipment ECR.

The Pre-shipment ECR facility is advanced by Exim Bank to facilitate the export of Malaysian products and trade prior to shipment and to encourage the backward linkages between the exporters and local suppliers in export oriented industries. The Post-shipment ECR facility is an advanced to exporters to finance the export or trade after shipment.

2. The purpose of this Guideline is to provide a broad framework to govern the utilization of ECR Scheme in Malaysia. The ECR Guideline has made revised based on the proposals, discussions and consultations made with ECR Banks, exporters and relevant parties.

3. It is hoped that the revised ECR Guideline would be able to provide better guidance to the users, including the ECR Banks. In any case, should there be any further clarification or explanation on the revised Guideline, enquiries can be directed to:-

**Export Credit Refinancing (ECR) Section
Export-Import Bank of Malaysia Berhad
Level 8, UBN Tower
No. 10, Jalan P. Ramlee
P.O. Box 13028
50796 Kuala Lumpur**

**Tel : 03 – 2732 9944 / 03 – 2034 6666
Fax : 03 – 2032 5935
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PART 1
PRELIMINARY

1.1 TITLE AND EFFECTIVE DATE

This Guideline may be referred to as a Guideline on Export Credit Refinancing Scheme and shall be operative effective 1st January 2006. This Guideline also supersedes all ECR Guidelines previously issued by Exim Bank.

1.2 PURPOSE

The purpose of the ECR Guideline is to provide a broad framework to govern the utilization of ECR Scheme in Malaysia

1.3 INTERPRETATION

For this Guideline, the following definitions shall apply:-

"Administrative Limit" refers to a maximum limit of financing for each Pre-shipment and Post-shipment facilities, determined by Exim Bank from time to time.

"Cash Received in Advance" refers an advance payment made by a Buyer for the purchase of the goods either partially or in full to the Seller.

"Cash Reimbursement System (CRS)" refers to the mechanism of financing domestic purchases, whereby a direct/indirect exporter advances cash payments to his suppliers, on or before deliveries, and subsequently obtain reimbursements from his ECR Bank.

"Certificate of Performance (CP)" refers to a certificate issued by Exim Bank to eligible direct/ indirect exporters to enable them to access the Pre-shipment ECR facility, subject to the terms and conditions specified in the certificate. The specimen of CP is as per **Appendix 3**.

"Direct channelling" refers to export documents sent by the exporters directly to the overseas buyers.

"Direct exporter" refers to a party who exports the goods directly to overseas buyer either from Malaysia or from a foreign country.

"Domestic inputs" refers to raw materials, semi-finished or finished products processed domestically using local/imported materials.

"Domestic Purchase (DP)" refers to a Pre-shipment ECR loan to finance the domestic inputs from local suppliers.

"ECR Bank" refers to any financial institution that participates in the ECR Scheme in Malaysia.

"ECR Domestic Letter of Credit (ECR DLC)" refers to a sight letter of Credit issued by an ECR Bank, at the request of a direct/ indirect exporter, to his supplier and backed by an export order or a CP. The stamp to be used to identify an ECR DLC is given in **Appendix 6**.

"ECR Domestic Purchase Order (ECR DPO)" refers to a sight Purchase Order issued by a direct/ indirect exporter to his supplier(s), backed by an export order or a CP. The format of an ECR DPO is given in **Appendix 7**.

"ECR rate" refers to the rate of interest as prescribed by ECR Bank from time to time, applicable to both Pre-shipment and Post-shipment facilities by ECR Banks to a direct/ indirect exporter.

"ECR funding rate" refers to the rate of interest as prescribed by Exim Bank from time to time, applicable to Pre-shipment and Post-shipment ECR facilities extended by Exim Bank to ECR Banks to refinance their ECR financing, to a direct/ indirect exporter.

"ECR transactional line of credit" refers to the Pre-shipment credit line extended by Exim Bank to the ECR Bank against the pledge of a Pre-shipment bill as collateral.

"Exim Bank" refers to Export-Import Bank of Malaysia Berhad.

"Export" refers to the sale, for payment, and physical delivery of goods produced or manufactured in Malaysia to a foreign buyer abroad, supported by export documents.

"Export documents" refers to the full set of export bills, inclusive of invoices and transport documents, bearing the name of exporter obtaining the financing.

"Export order" refers to a Sales Contract, Purchase Order, Foreign Letter of Credit or a Telex Order (which must be subsequently supported by either a sales contract/ purchase order).

"Foreign inputs" refers to raw materials, semi-finished or finished products imported from foreign suppliers.

"Foreign Purchase (FP)" refers to a Pre-shipment ECR loan to finance the purchase of foreign inputs from suppliers.

"Indirect exporter" refers to a supplier of domestic input, intermediate or final products to ECR Users or to a company residing in Free Trade Zones (FTZs) and/ or Licensed Manufacturing Warehouses (LMWs) companies.

"Local Purchase Order (LPO)" refers to a sight purchase order issued by a direct/ indirect exporter to his local supplier using their own format.

"Merchanting Trade or Trade" refers as payment to/ receipts from non-resident in settlement of goods acquired from and relinquished again to another country without crossing the border of Malaysia. It also includes payments for purchases of non-resident owned goods by resident within Malaysia.

"Month" refers to a calendar month.

"Off-Setting Arrangement" refers to a Pre-arrangement whereby the cost of inputs/ services provided by the buyer is deducted or off-set against seller's invoice value.

"Post-shipment bill" refers to a Bill of Exchange drawn by an ECR Bank on and accepted by an exporter to mature at a fixed future date to be pledged with Exim Bank as collateral for refinancing.

"Post-shipment ECR" refers to loan advanced for a certain period after shipment, to finance the export Malaysia products and Merchanting Trade on sight/ usance terms.

"Post-shipment proceeds" refer to proceeds from financing of sight/ usance exports (inclusive of Post-shipment ECR, Export Bill negotiated purchased, Bankers Acceptances etc).

"Pre-shipment bill" refers to a Bill of Exchange drawn by an ECR Bank on and accepted by a direct/ indirect exporter to mature at a fixed future date, to be pledged with Exim Bank as collateral for Pre-shipment ECR financing.

"Pre-shipment ECR" refers to loan to purchase domestic/ foreign inputs prior to shipment.

"Seasonal exporter" refers to an exporter who exports eligible goods only during certain periods of the year.

"Standard en-route period" refers to the estimated period taken for an export bill to be accepted by the foreign buyer/ Bank and/ or for payment to be received by ECR Bank with a maximum of 21 days depending on the destinations and at ECR Bank's discretion.

"Usance" refers to the credit term/ tenor on the Bill of Exchange offered by the Seller to the Buyer.

"Overhead Expenses (OE)" refers to a Pre-shipment ECR loan advanced to a direct/ indirect exporter for the financing of their overhead expenses.

"Wash-out/Buy back" refers to revocation/ cancellation of a forward contract due to price fluctuations, unavailability of goods supplied, etc.

"Working day" refers to business day in Federal Territory Kuala Lumpur.

PART 2
INTRODUCTION TO ECR FACILITIES

2.1 ELIGIBILITY FOR ECR FACILITIES

The company which is incorporated in Malaysia involved directly or indirectly in export activity and international trade is eligible for the ECR Facilities.

2.2 ACCESS TO THE ECR FACILITIES

2.2.1 A direct/ indirect exporter should first arrange for an ECR credit line with an ECR Bank.

2.2.2 For consideration of access to the ECR Facilities, the direct/ indirect exporter must submit the following documents to Exim Bank:-

- i. Application for Access to the ECR Facility (**Appendix 1**),
- ii. Latest Annual report; and
- iii. A bank draft/ cheque of RM50 payable to Export-Import Bank of Malaysia Berhad.

2.2.3 The direct/ indirect exporter is required to get an endorsement from his ECR Bank for the ECR credit line granted to them prior to the submission of Access Application to Exim Bank.

2.2.4 Upon receiving Exim Bank's approval letter, the direct/ indirect exporter must present the Access approval letter together with relevant documents to his ECR Bank for further arrangement of ECR financing. The flow chart of access to the ECR facilities is as per **Appendix 2**.

2.2.5 Provision of false information by the direct/ indirect exporter to Exim Bank would result in the immediate termination of access to the ECR facilities.

2.3 ACCESS TO THE ECR FACILITIES

2.3.1 The two types of facilities available for exporters under ECR Scheme are as follows:-

- (i) Pre-shipment ECR.
- (ii) Post-shipment ECR.

PART 3
PRE-SHIPMENT ECR

3.1 PRE-SHIPMENT ECR FACILITY

3.1.1 The Pre-shipment ECR facility is available to a direct/ indirect exporters, to finance their purchases of from domestic and/or foreign suppliers prior to shipment of goods to overseas buyers.

3.2 METHOD OF FINANCING

3.2.1 Under Pre-shipment ECR facility, there are two methods of financing direct/ indirect exporter:-

- (a) Order-based method; and
- (b) Certificate of performance (CP)-based method

3.2.2 The decision to determine the method of financing under Pre-shipment facility will be at the discretion of the ECR Banks.

3.2.3 However, the following criteria may be used as a guide for the ECR Banks to determine the method of financing under Order-based method for direct/ indirect exporter:-

- i. A new company who is involved in export business for a period of less than a year; or
- ii. A seasonal exporter; or
- iii. An exporter whose export for the preceeding twelve (12) months was less than RM1 million; or
- iv. An indirect exporter.

- 3.2.4 For a direct exporter using Order-based method, the Pre-shipment ECR financing is advanced against evidence of an export order.
- 3.2.5 For an indirect exporter, the Pre-shipment ECR financing is advanced against an ECR DLC, ECR DPO or LPO issued in his favour.
- 3.2.6 For direct/ indirect exporter using CP-based method, a Certificate of Performance issued by Exim Bank once a year would be the basis for Pre-shipment ECR financing. A specimen of CP is as per **Appendix 3**.
- 3.2.7 A direct/ indirect exporter is required to submit the following documents to Exim Bank for every CP application:-
- (a) CP application form (**Appendix 4**).
 - (b) Auditor's certification letter (**Appendix 5**) or Exchange Control of Malaysia (ECM5) quarterly report to Bank Negara Malaysia.
 - (c) Latest annual report/ audited account/ management accounts.
 - (d) A draft/ cheque of RM50 payable to Export-Import Bank of Malaysia Berhad for the CP fee.

- 3.2.8 The ECM5 quarterly report to Bank Negara Malaysia may be used as an alternative to the auditor's certification letter for a direct exporter. Any variation to the above said alternative documents is subject to Exim Bank's discretion.
- 3.2.9 A direct/ indirect exporter using CP-based method, may request for a revision of the CP limit subject to the following:-
- (a) The current CP amount must have been fully utilized;
 - (b) The application for early renewal of CP must be supported by **Appendix 4, Appendix 5** or ECM5 quarterly report to Bank Negara Malaysia and Latest Annual report/ Audited Account;
 - (c) A recommendation letter from his ECR banks; and
 - (d) A bank draft/ cheque of RM50 payable to Export-Import Bank of Malaysia Berhad for the CP fee.
- 3.2.10 The maximum eligible amount of financing under Pre-shipment ECR is subject to the administrative limit determined by Exim Bank on the facility from time to time.
- 3.2.11 An exporter may request for an additional amount of financing exceeding the current administrative limit with recommendation from ECR Bank and subject to Exim Bank's approval.
- 3.2.12 Notwithstanding the above, Exim Bank may at its sole discretion, decline request for additional ECR Pre-shipment financing to any direct/ indirect exporter for any reason whatsoever.

3.3 AMOUNT OF FINANCING

- 3.3.1 For Pre-shipment Order-based method, the eligible amount of financing is up to ninety five (95) percent of the value of the export order for direct exporter or ECR DLC, ECR DPO or LPO for indirect exporter, rounded downwards to the nearest thousand Ringgit.
- 3.3.2 For Pre-shipment CP-based method, the amount specified on the CP would be the amount eligible for annual financing.
- 3.3.3 For an direct exporter, the CP eligible amount is determined based on the actual or 100% of the export value for the last preceeding 12 months.
- 3.3.4 For indirect exporter, the CP eligible amount is determined based on the eighty percent (80%) of the total value of ECR DLC/ ECR DPO/ LPO received from ECR users, FTZ or LMW companies for the last preceeding 12 months.
- 3.3.5 As the maximum period of financing for Pre-shipment loan is 4 months, the total CP eligible amount should be equally proportioned for three (3) validity period accordingly.

3.4 PERIOD OF FINANCING

3.4.1 The maximum period of financing under Pre-shipment is 4 months (120 days) and subject to the following:-

- (a) for a direct exporter using Order-based method, the period of financing is from the date of presentation of export order to the ECR Bank until shipment date plus the standard en-route period, whether the export is under sight or usance terms;
- (b) for an indirect exporter using Order-based method, the period of financing is from the date of presentation of ECR DLC, ECR DPO or LPO to the ECR Bank until the expiry date of the ECR DLC, ECR DPO or LPO. The expiry date of the DLC, ECR DPO or LPO is based on the latest delivery date plus a grace period of 30 days; and
- c) for an exporter using CP-based method, the period of financing is based on the period specified in the CP.

3.5 DISBURSEMENT OF PRE-SHIPMENT LOAN

3.5.1 Prior to the disbursement of Pre-shipment loan, the direct/ indirect exporter is required to create a lodgement/ lodge pre-shipment bill that is determined from the amount of financing granted to them.

3.5.2 The Pre-shipment bills lodged with Exim Bank must have a minimum nominal value of RM10,000.

3.5.3 From the Pre-shipment bill the exporter can utilize the Pre-shipment ECR facility through the following types of loans:-

- (i) DP - Domestic Purchase
- (ii) FP - Foreign Purchase
- (iii) OE - Overhead Expenses

3.5.4 DP and FP can only be drawdown against the following documents:-

- (i) Invoice and delivery order for purchases from local supplier.
- (ii) Invoice and transport document for purchases from foreign supplier.

3.5.5 In the event that the direct/ indirect exporter has made advance payments to his local or foreign suppliers, reimbursement can be made against submission of supporting documents ie. evidence of payments made to the respective supplier which is acceptable to the ECR Bank.

3.5.6 For reimbursement cases, the following terms should be adhered to:-

- (i) Payment by direct/ indirect exporter to the respective suppliers must have been made within one (1) month from the delivery date/ bill of lading date/ airway bill date.

- (ii) Claims must be made to the ECR banks within two (2) months from the delivery date/ bill of lading date/ airway bill date.

Note: The foreign purchase (import) could be under documentary credit, collection or open account basis.

3.5.7 OE loan is available to all direct and indirect exporters including trading companies.

3.5.8 The entitlement of OE drawdown amount shall be as follows:-

- (i) Manufacturing Company - Maximum thirty (30) percent of the Pre-shipment bill amount.

- (ii) Trading Company - Maximum ten (10) percent of the Pre-shipment bill amount.

- (iii) The drawdown of OE is subject to an initial DP, FP or a combination of DP and FP disbursement of a minimum of twenty (20) percent of the pre-shipment bill amount.

- (iv) If there is a brought forward loan (for CP users), drawdown of OE will only be allowed after the brought forward loan has been settled and fulfilment of the above (iii).

3.5.9 The minimum drawdown under Pre-shipment facility made against any lodgement is RM2,000.

3.6 LIQUIDATION OF ECR PRE-SHIPMENT LOAN

- 3.6.1 The liquidation of pre-shipment loan should be made from export proceeds received from the overseas buyers/ post-shipment proceeds received from the ECR banks. Using other sources of funds to liquidate pre-shipment loan is not allowed.
- 3.6.2 For indirect exporter, liquidation of pre-shipment loan should be made from local sales proceeds received from the ECR users, FTZ/ LMW companies.
- 3.6.3 ECR Bank must obtain Exim Bank's approval to liquidate pre-shipment loan using other sources of fund.

A direct/ indirect exporter using Order-based method of financing is required to use the export proceeds/ post-shipment proceeds/ local sales proceeds (from ECR users, FTZ/ LMW companies) whether partially or in full to liquidate the outstanding loan.

- 3.6.4 A direct/ indirect exporter using CP based method of financing is required to liquidate the outstanding CP loan as follows:-
- (a) For CP without any brought forward loan, any export proceeds/ local sales proceeds received during the first two months of a CP validity period are not subject to liquidation.
 - (b) The direct/ indirect exporter is required to use at least seventy (70) percent of the export proceeds/ local sales proceeds (from ECR users, FTZ/ LMW companies) received from the beginning of the third month of a CP validity period to liquidate his outstanding CP loans.

- (c) For CP with brought forward loan, a direct/ indirect exporter is required to use at least seventy (70) percent of his export proceeds/ local proceeds (from ECR users, FTZ/ LMW companies) received during a CP validity period to liquidate the loans outstanding.
- (d) If a direct exporter receives post-shipment financing from Post-shipment ECR or any form of post-shipment facilities through the ECR Bank's facilities (i.e export bill negotiated/ purchased, Bankers Acceptances etc. on sight/ usance basis), a minimum of seventy (70) percent from the post-shipment proceeds should be used to liquidate the outstanding CP loan throughout the CP validity period.
- (e) The brought forward loan can only be carried forward once. A direct/ indirect exporter must ensure that the brought forward loan is settled at least one day (ECR transactional working day) before the maturity of the prevailing CP period, failing which, the exporter would not be entitled to roll-over current balance outstanding to the next CP period.

3.6.5 If a direct/ indirect exporter utilizes Pre-shipment ECR under a CP from more than one Bank, he must ensure that the export proceeds/ Post-shipment proceeds/ local sales proceeds (from ECR users, FTZ/ LMW companies) are channelled in equal proportion to the loan utilization from each Bank for the liquidation purposes.

3.7 CONDITIONS FOR BRINGING FORWARD OUTSTANDING (ROLL-OVER) PRE-SHIPMENT LOAN

3.7.1 Where export proceeds/ Post-shipment proceeds/ local sales proceeds (from ECR users, FTZ/ LMW companies) received by the end of every 4 months of a CP period are insufficient to liquidate outstanding loan, this outstanding loan may be carried forward to the next 4 months of CP period, subject to the following conditions:-

- (a) complied with all the terms and conditions of CP and no objection or refusal (adverse remarks) from the ECR Banks;
- (b) the amount of loan brought forward plus the new CP loan in the succeeding period shall not exceed the CP limit approved for that period by Exim Bank;
- (c) the amount available for drawing under the new CP shall be the difference between the new CP amount for that period and the total old loans brought forward from the previous CP period;
- (d) a direct/ indirect exporter may drawdown the DP or FP, up to the extent of the available amount in (c);

- (e) following any reduction of brought forward loan, an equal amount shall be made available for drawing under the current CP period. The amount available for drawing would be based on the latest outstanding balance after taking into account the amount of liquidation done to reduce the roll-over amount; and
- (f) any unutilized loan under a current lodgement/ CP period shall not be eligible for drawing in the next lodgement/ CP period.

If the direct/ indirect exporter fails to use the payment/ export proceeds and/ or post-shipment financing received for the liquidation purposes, the exporter's ECR Bank is authorized to use seventy (70) percent of these monies to liquidate the outstanding CP loan.

- 3.7.2 If the CP amount for the last CP period has been fully utilized and fully settled prior to its maturity date, the exporter may apply for early renewal effective from the above full settlement date.
- 3.7.3 For renewal of CP on yearly basis, application by direct/ indirect exporter shall reach Exim Bank not less than 10 working days prior to the maturity date of the existing CP.

PART 4

DRAWDOWN PROCEDURES & DOCUMENTATIONS UNDER PRE-SHIPMENT FACILITY

4.1 LOCAL OR FOREIGN PURCHASES

4.1.1 Under pre-shipment financing, direct/ indirect exporter may request its ECR bank to issue a Letter of Credit to their local/ foreign supplier for its purchases and obtain pre-shipment financing under DP or FP.

4.1.2

Alternatively, a direct/ indirect exporter may issue a purchase order to the local/ foreign supplier.

4.2 ISSUANCE OF ECR DOMESTIC/ FOREIGN LETTER OF CREDIT

4.2.1 Subject to the ECR facilities being granted by the ECR Bank, a direct/ indirect exporter may request his ECR Bank to issue a sight LC to his local or foreign supplier.

4.1.2 Payment for the Sight LC is against drawdown under Domestic Purchase (DP) or Foreign Purchase (FP) loans. The financing amount under DP/ FP will be based on the actual invoice value.

- 4.2.3 If sight LC is issued to a foreign supplier, the direct/ indirect exporter shall present the following documents to his ECR Bank for drawdown under FP:-
1. invoice
 2. transport documents
- 4.2.4 Issuance of sight LC to local suppliers (ECR DLC format is given in **Appendix 6**) should be at the request of:-
- (a) an exporter to the first stage indirect exporter; or
 - (b) the first stage indirect exporter to his suppliers.
- 4.2.5 To further promote backward linkages under the ECR Scheme, the beneficiary of the ECR DLC (indirect exporter) may request his ECR Bank to grant him Pre-shipment ECR facility. He may then, request for LCs or issue Purchase Orders to his local foreign suppliers and obtain financing under DP or FP.
- 4.2.6 If the indirect exporter choose to purchase his goods from the local suppliers using ECRDLC, the ECR Bank shall indicate prominently on the ECR DLC the following features:-
- (a) that it is issued for Pre-shipment ECR;
 - (b) that the payment shall be on sight basis;
 - (c) the extent of backward linkages (i.e. a direct exporter/ level supplier);

- (d) that payment shall be made documents are received by the issuing Bank where all terms and conditions have been complied with; and
 - (e) that it is issued subject to the current Uniform Customs and Practices for Documentary Credit (UCP), issued by the International Chamber of Commerce.
- 4.2.7 The ECR DLC received by an indirect exporter shall not be transferred to any other supplier.
- 4.2.8 An indirect exporter shall deliver the goods to his buyer within the period specified in the ECR DLC and obtain payment from the issuing Bank either directly or through ECR Bank by presenting the documents complying to the terms and conditions of the ECR DLC.
- 4.2.9 Amendments to the ECR DLC are allowed except for reduction in the amount and/ or tenor.

4.3 TYPES OF PURCHASE ORDER

- 4.3.1 As an alternatively to a Letter of Credit, a direct/ indirect exporter may issue a sight purchase order to the local or foreign suppliers and obtain financing under DP or FP.
- 4.3.2 For domestic purchases, there are two types of Purchase Order available to finance the domestic purchase (DP):-
- (a) ECR Domestic Purchase Order (ECR DPO)
 - (b) Local Purchase Order (LPO)

4.4 ISSUANCE OF ECR DOMESTIC PURCHASE ORDER (ECR DPO)

- 4.4.1 Under ECR DPO, the buyer (direct/ indirect exporter) shall issue ECR DPO in 3 copies (format is given in **Appendix 7**), marked "BUYER'S COPY", "SELLER'S COPY" and "BANK'S COPY" respectively, and present them to his ECR Bank.
- 4.4.2 ECR Bank shall allocate an ECR Bank's reference number (to be determined by the ECR Bank) to the full set of ECR DPO and earmark buyer's ECR credit line, and then return the full set to buyer.
- 4.4.3 Buyer shall present full set of ECR DPO to seller (his domestic supplier) who shall confirm acceptance by signing on the full set of ECR DPO.
- 4.4.4 Buyer and seller shall retain their respective copy, while the Bank's copy shall be presented to the ECR Bank for retention.
- 4.4.5 Under ECR DPO, apart from payment made directly to the supplier, the buyer is eligible for reimbursement on any advances made to suppliers by presenting the invoice, delivery order and evidence of payment made which are acceptable to the ECR bank.
- 4.4.6 No amendment shall be allowed on the ECR DPO. Any necessary changes would require the issuance of a new ECR DPO.
- 4.4.7 Under ECR DLC/ ECR DPO, the seller (indirect exporter) who receives an ECR DLC/ ECR DPO may use the said document to obtain ECR financing from the ECR Bank. The operating procedures shall be as follows:-

- (a) present ECR DLC/ ECR DPO to ECR Bank for retention, and for financing under the Order-based method.
- (b) request ECR Bank to issue LC or issue ECR DPO to their supplier.
- (c) present invoice and transport documents to the ECR Bank for drawdown under DP/ FP. A claim for reimbursement can be considered by producing documentary evidence of payment made to the supplier which are acceptable to the ECR Bank.

4.5 ISSUANCE OF LOCAL PURCHASE ORDER (LPO)

4.5.1 The other type of purchase order issued to local supplier is LPO. The operational procedures for the issuance of LPO are as follow:-

- (a) permission to use LPO is at the ECR Bank's discretion.
- (b) the purchase shall be on sight term and the payment to the supplier must be made within one month from the delivery date.
- (c) reimbursement from Exim Bank for the payments made directly to the suppliers are allowed subject to the submission of additional documentary evidence of payment made to the suppliers which are acceptable to the ECR Bank.

- 4.5.2 Under LPO, the buyer shall issue a purchase order and present it to the seller. The term of purchase shall be on sight basis and format of the purchase order is to be determined by the purchases and agreed by the seller accordingly.
- 4.5.3 For direct payment from ECR Bank to the supplier, the buyer shall present an invoice and delivery order to the ECR Bank.
- 4.5.4 For reimbursement under ECR DPO/ LPO, apart from invoice and delivery order, the buyer must provide a payment evidence made to the supplier acceptable to the ECR Bank. The latest date for presentation of the abovementioned documents to the ECR Bank shall be as follows:-
- (a) Order-based method - Within 2 months from the delivery date/ bill of lading date/ airway bill date and before maturity of the relevant Pre-shipment bill lodged.
 - (b) CP-based method - Within 2 months from the delivery date/ bill of lading date/ airway bill date.
- 4.5.5 The ECR DPO/ LPO charges shall be determined by Exim Bank from time to time. The maximum ECR DPO/ LPO charges shall be at 0.05 percent flat on the value of each ECR DPO or invoice value (for LPO), with a minimum of RM20.00 and maximum of RM500.00.
- 4.5.6 For the purchase of commodities under ECR DLC/ ECR DPO/ LPO, a direct/ indirect exporter may present a Summary Listing (SL) of transport documents to replace the delivery order as supporting documents for drawdown under Pre-shipment ECR financing.
- 4.5.7 The minimum amount of drawdown under DP/ FP loan must not be less than RM2,000.

PART 5

CASH REIMBURSEMENT SYSTEM (CRS)

5.0 OPERATING PROCEDURES

5.1.1 Automatic approval is hereby given to the direct/indirect exporter under palm oil, rubber, timber industries to purchase commodities and fisheries sub-sector for CRS under DP.

5.1.2 A direct/ indirect exporter (other than palm oil, rubber, timber industries and fisheries sub-sector) who is sourcing goods locally from numerous, small and scattered local suppliers may be eligible for CRS under DP subject to ECR Bank's recommendation, Exim Bank's written approval and fulfilment of the following conditions:-

- (a) a direct/ indirect exporter may advance cash payment to the small scattered suppliers, who must be final suppliers of a homogenous product;
- (b) after delivery of the products by the suppliers, the direct/ indirect exporter shall present the following documents evidencing such cash advances to the ECR Bank:-
 - (i) a standard summary of payments (**Appendix 8**), or any format which the ECR Bank deems fit for their verification purpose.
 - (ii) supporting documents, evidencing the deliveries and payments made, which are acceptable to the ECR Bank.

- (c) claims for reimbursements under CRS shall only be allowed for all deliveries by suppliers made within 2 months prior to the date of claim from the Bank.
- (d) the maximum delivery per supplier shall not exceed RM50,000 per month, or such other amount as approved by Exim Bank.
- (e) a direct/ indirect exporter shall maintain complete records of cash payments made under the CRS, and these records should be made available for examination by the ECR Bank or Exim Bank. The records must have at least the following information:-
 - (i) name and address of recipients;
 - (ii) date and amount of cash advanced;
 - (iii) acknowledgement of receipt by recipients;
 - (iv) date of delivery of products by recipients.

5.1.3 A direct/ indirect exporter who is purchasing commodities under palm oil, rubber, timber and fisheries sub-sector are not subject to conditions (a) and (d) above.

PART 6

PRE-SHIPMENT ORDER-BASED METHOD GENERAL GUIDELINE

6.1 BUNCHING OF EXPORT ORDERS

6.1.1 ECR Banks may bunch export orders subject to the following terms and conditions:-

- (a) the minimum lodgement amount under bunching of export order is RM10,000; and
- (b) the maturity of the Pre-shipment bill corresponds to the longest tenor of the export orders being bunched, subject to a maximum tenor of 4 months (120 days).

6.2 SPLITTING OF A SINGLE EXPORT ORDERS

6.2.1 A direct/ indirect exporter using the Order-based method, may utilize Pre-shipment financing for partial amounts throughout the validity period of the Contract or Letter of Credit to covering a single Export Order, subject to the following terms and conditions:-

- (a) the total utilization of Pre-shipment financing by a direct/ indirect exporter shall not exceed the eligible amount which is up to ninety five (95) percent of the value of the Export Order;
- (b) the ECR Bank shall indicate on the original Export Order that Pre-shipment financing had been extended;

- (c) the maturity date of the individual Pre-shipment bill shall not exceed the shipment date of the Export Order plus the standard en-route period, subject to a maximum tenor of 4 months (120 days); and
- (d) the export proceeds for the relevant export orders shall be remitted to the same ECR Bank that had granted the exporter the Pre-shipment financing.

6.3 PARTIAL SHIPMENT/ DELIVERIES

- 6.3.1 Subject to the conditions in the Export Order, a direct exporter is allowed to make partial shipments and eligible for Pre-shipment facility.
- 6.3.2 An indirect exporter is allowed to make partial deliveries under an ECR DLC, ECR DPO or LPO subject to a minimum drawdown of RM2,000.

6.4 CANCELLATION OF EXPORT ORDERS

- 6.4.1 In cases of cancellation of export orders by overseas buyers prior to the shipment date (as specified in the export order) the Pre-shipment loan (under Order-based method) shall not be withdrawn until the original maturity date. No further drawdown is issuance of ECR DLC, ECR DPO or LPO can be allowed.

- 6.4.2 However, any DP or FP drawdown under ECR DLC, ECR DPO or LPO issued prior to the cancellation, shall be allowed. The outstanding Pre-shipment ECR loan of a direct exporter shall be allowed to run until maturity.
- 6.4.3 In cases of cancellation of ECR DPO/ LPO by a direct exporter, the Pre-shipment ECR loan shall be withdrawn immediately. The outstanding Pre-shipment loan of an indirect exporter must be liquidated.
- 6.4.4 Such cancellations shall immediately be reported to Exim Bank, in the format given in **Appendix 9**.

6.5 NON-PERFORMANCE BY DIRECT AND INDIRECT EXPORTER

- 6.5.1 Non-performance by a direct/ indirect exporter under Order-based method refers to:-
- (a) a shortfall in export/ delivery by more than ten (10) percent of the value of order, except for agricultural products, where the maximum shortfall allowed is thirty (30) percent; or
 - (b) non-shipment/ delivery of goods within 1 month from the last shipment date/ delivery date as specified in the export order/ ECR DLC or ECR DPO/ LPO or within 1 month from the maturity date of the Pre-shipment bill, which ever is later; or
 - (c) the invocation of the "wash-out" or "buy back" clause in the export contract.

6.5.2 The non-performing direct/indirect exporter shall pay the ECR Bank the principal outstanding amount together with accumulated interest. The ECR Bank shall subsequently credit Exim Bank's account.

6.5.3 The ECR Bank shall report cases of non-performance to Exim Bank immediately by using **Appendix 9**, upon expiry of the 1 month grace period attaching the following documents:-

- (a) a copy of export order;
- (b) letter of explanation on non-performance or cancellation from an exporter;
- (c) copies of correspondences between buyer and exporter relating to (b) above letter from ECR Bank giving the details (amount and date of export) on shipments effected (if any);
- (d) copies of invoices and transport documents on (d) above; and
- (e) copy of amended export order (if any).

6.5.4

ECR Bank shall credit Exim Bank's account for the penalty charge imposed on the direct/ indirect exporter for non-performance of export.

6.5.5

The penalty charged would be calculated as follows:-

Penalty = penalty rate x loan amount x period of financing

- 6.5.6 The penalty rate shall be determined by Exim Bank and penalty charges be borne by ECR users.
- 6.5.7 A direct/ indirect exporter who does not perform the export or local sales to ECR users, FTZ/ LMW companies would be barred from utilizing ECR facilities for such period of time as deemed appropriate by Exim Bank.

6.6 PRE-SHIPMENT BILLS

- 6.6.1 A Pre-shipment bill is a bill of exchange drawn by an ECR Bank on and accepted by a direct/ indirect exporter to mature at a fixed future date which is pledged to Exim Bank as a collateral **(Appendix 10)**.
- 6.6.2 A Pre-shipment bill shall:-
- (a) bear authorized signatures of the ECR Bank (drawer) and the customer (drawee);
 - (b) be of an original usance not exceeding the last shipment/delivery date as determined from the export order plus the standard en-route period under Order-based method for direct exporter and the ECR DLC or ECR DPO or LPO for indirect exporter respectively. For CP users, the original usance of the Pre-shipment bill shall not exceed the validity date as mentioned in the CP;

- (c) have a maximum usance not exceeding 4 months (120 days);

- (d) mature on a working day in the Federal Territory; and should a normal business day be subsequently declared a Federal holiday, the Pre-shipment bill shall be deemed to mature on the next working day;

- (e) have a nominal value which is not less than RM10,000 and rounded downwards to the nearest thousand ringgit and shall not exceed the eligible amount of financing;

- (f) any drawdown under pre-shipment should not less than RM2,000;

- (g) be endorsed by the ECR Bank to Exim Bank; and

- (h) be kept in safe custody by the ECR Bank for Exim Bank.

PART 7

POST-SHIPMENT

7.1 POST-SHIPMENT ECR FACILITY

7.1.1 Post-shipment ECR facility is available to a direct exporter who exports products on sight/ usance terms and is engaged in the international trade. Under the Post-shipment ECR facility, exporters can obtain immediate funds upon presentation of export documents after shipment of goods.

7.1.2 Notwithstanding the above, Exim Bank may at its sole discretion, decline request for ECR Post-shipment financing to any direct exporter for any reason whatsoever.

7.2 METHOD OF FINANCING

7.2.1 The method of financing under Post-shipment ECR facility is Bill Discounting. An exporter shall present the export documents, to the ECR Bank for creation of Post-shipment bill to enable it to be discounted at Exim Bank.

7.3 AMOUNT OF FINANCING

7.3.1 The amount of financing under Post-shipment ECR, is up to one hundred percent (100%) of the value of the export bill rounded downwards to the nearest thousand ringgit.

7.3.2 Post-shipment bills discounted with Exim Bank must have a minimum nominal value of RM10,000.

7.3.3 The eligible amount of financing under Post-shipment ECR is subject to the exporter's administrative limit imposed by Exim Bank from time to time.

7.3.4 An exporter may request for an additional amount of financing exceeding the current administrative limit with recommendation from ECR Bank, subject to Exim Bank's approval.

7.4 PERIOD OF FINANCING

7.4.1 The period of financing under Post-shipment ECR, is from the date when the export documents are presented to the ECR Bank until the maturity date of the export bill, plus standard en-route period, subject to a minimum period of 7 days and maximum period of 6 months (183 days).

7.4.2 For Post-shipment on sight terms, the financing period shall not exceed 60 days.

7.5 POST-SHIPMENT REFINANCING (DRAWDOWN)

7.5.1 All drawdown under Post-shipment ECR must be accompanied by the following documents to his ECR Bank:-

1. Invoice.
2. Transport document that must bear the name of the exporter; or
3. The Custom Export Declaration Form plus other pertinent export documents.

7.5.2 For merchanting trade transactions, the exporter must produce/ furnish the following documents to the ECR Bank for Post-shipment financing:-

1. Invoice.
2. Transport document (certified/ duplicate copy may be accepted).
3. A declaration from the Malaysian exporter confirming that the goods have been shipped/ sent out to the overseas buyer.

7.5.3 The exporter must also ensure that payments from the overseas buyer must be routed to Malaysia directly.

7.6 LIQUIDATION OF ECR POST-SHIPMENT FINANCING

7.6.1 The Post-shipment financing shall be liquidated upon:-

- (a) receipt of export proceeds; or
- (b) maturity of the Post-shipment bill whichever is earlier.

7.6.2 The ECR Bank shall discharge a Post-shipment bill if:-

- (a) the export documents are dishonoured via non-acceptance by the buyer; or
- (b) it has been informed by the direct exporter that the export documents have been discharged by payment.

- 7.6.3 ECR Bank shall credit Exim Bank's account with the "early liquidation" amount calculated at the original rate of refinancing for the number of days remaining to maturity.
- 7.6.4 The ECR Bank shall accordingly debit the exporter's account with the "early liquidation" amount for the remaining usance, at the original rate of refinancing.

PART 8

POST-SHIPMENT GENERAL GUIDELINE

8.1 BUNCHING OF EXPORT BILLS

8.1.1 ECR Banks may bunch export bills for refinancing, subject to the following terms and conditions:-

- (a) the minimum refinancing amount of the export bill/ invoice being bunched is RM10,000; and
- (b) the maturity of the Post-shipment bill corresponds to the shortest tenor of export bills being bunched.

8.2 POST-SHIPMENT BILLS

8.2.1 A Post-shipment bill is a bill of exchange drawn by an ECR Bank on and accepted by an exporter to mature at a fixed future date to be endorsed to Exim Bank for refinancing. A Post-shipment bill **(Appendix 11)** shall:-

- (a) bear authorized signatures of the ECR Bank (drawer) and an exporter (drawee);
- (b) have a usance period not exceeding the tenor of the export bill plus the standard en-route period, with a minimum period of 7 days and a maximum period not exceeding 6 month (183 days);

- (c) mature on a working day in the Federal Territory; and should a normal business day be subsequently declared a Federal holiday, the Post-shipment bill shall be deemed to mature on the next working day;
- (d) have a nominal value of not less than RM10,000 and is rounded downward to the nearest thousand ringgit;
- (e) be endorsed by the ECR Bank to Exim Bank; and
- (f) be kept in safe custody by the ECR Bank for Exim Bank.

PART 9

COMMON GUIDELINE UNDER PRE & POST-SHIPMENT FACILITIES

9.1 CHANNELLING EXPORT DOCUMENTS AND EXPORT PROCEEDS UNDER PRE & POST-SHIPMENT FACILITIES

- 9.1.1 Regardless of whether the direct exporter utilizes the Pre-shipment and/ or Post-shipment facility, upon shipment of the goods to the overseas buyer, the direct exporter is required to channel his export document through the ECR Bank (for collection or negotiation) for the latter's onward submission to the overseas buyers.
- 9.1.2 For Pre-shipment ECR Order-based method, upon shipment of goods, the export documents must be forwarded to the same ECR Bank which has granted the Pre-shipment ECR loans.
- 9.1.3 For Pre-shipment ECR CP-based method, the exporter is required to channel his export documents to the ECR Banks, in equal proportion to the amount of Pre-shipment financing granted by them. This is to avoid unnecessary transfer of fund from one Bank to another, to liquidate the Pre-shipment ECR loan.
- 9.1.4 Similarly, an indirect exporter is required to channel its collection bills through the ECR Banks in equal proportion to the amount of Pre-shipment financing granted by them.
- 9.1.5 On a case to case basis, direct channelling of export documents and export proceeds may be allowed under Pre/ Post-shipment facilities subject to the discretion of ECR Bank.

9.2 INTEREST COMPUTATION

9.2.1 Interest on Pre-shipment ECR is computed on daily outstanding balance, accumulated and payable on the last working day of the month and on maturity or early discharge of the Pre-shipment bill.

9.2.2 The interest on Pre-shipment ECR is calculated as follows:-

$$I = \frac{P \times R \times T}{36500}$$

Where

I	=	Interest
P	=	Pre-shipment loan outstanding
R	=	Rate of interest in percent per annum
T	=	Number of days the loan is outstanding

9.2.3 The Pre & Post-shipment ECR funding rate shall be determined by Exim Bank from time to time.

9.2.4 The ECR bank is allowed to add a margin, as determined by Exim Bank, to the ECR funding rate for financing the direct/ indirect exporter.

9.2.5 The ECR Bank shall debit exporter's account and credit Exim Bank's account respectively with the accumulated interest for Pre-shipment on the last working day of each month or credit within a period notified by Exim Bank or on the full settlement date (early discharge) or maturity of the Pre-shipment bill.

9.2.6 For Post-shipment ECR, the interest payable is deducted upfront and exporter will receive only the discounted proceeds of the Post-shipment financing.

9.2.7 The discounted proceeds will be calculated based on the following formula:-

$$P = \frac{NV}{\left[\frac{r \times t}{36500} \right] + 1}$$

Where P = Proceeds
NV = Nominal value or maturity value
r = Rate of interest in percent per annum
t = Number of days to maturity.

9.3 EXCHANGE RATE

9.3.1 The ECR Bank shall determine the ringgit value of the Pre-shipment/ Post-shipment bill by converting the foreign currency amount of the export order in the cases of Pre-shipment and export bills under Post-shipment at the prevailing counter, spot or contracted forward rates at the time of financing.

PART 10

OPERATING PROCEDURES UNDER ECR FACILITIES

10.1 OPERATING PROCEDURES BETWEEN EXPORTER AND ECR BANKS

10.1.1 For first time users, upon obtaining approval for Access to ECR facilities from Exim Bank, a direct/ indirect exporter shall furnish the ECR Access approval letter from Exim Bank and Authorization Letter **(Appendix 12)** to his ECR Bank. These two documents should be presented to the ECR Banks should the direct/ indirect exporter wish to utilize the ECR facilities.

10.2 OPERATING PROCEDURES UNDER PRE-SHIPMENT

10.2.1 A direct/ indirect exporter using Order-based method shall present the export order or ECR DLC or ECR DPO or LPO to the ECR Bank to obtain financing.

10.2.2 The ECR Bank will earmark/ endorse the export order or ECR DLC or ECR DPO or LPO and create a lodgement or Pre-shipment bill indicating the amount of financing.

10.2.3 For an indirect exporter who has received orders from an ECR user or FTZ/ LMW companies, ECR Bank shall check the name of the buyers and types of input to be supplied are as indicated in Exim Bank's Access Approval letter.

10.2.4 A direct/ indirect exporter using CP method shall present the CP to the ECR bank to obtain financing.

- 10.2.5 An exporter may present the CP to one or more ECR Banks to arrange for Pre-shipment transactional lines of credit.
- 10.2.6 The ECR Bank shall verify that:-
- (a) the CP is valid;
 - (b) the amount to be financed is within the CP limit.
- 10.2.7 The ECR Bank shall endorse the amount it approves on the reverse of the CP and the total amount endorsed by all the ECR Banks combined shall not exceed the CP amount approved by Exim Bank.
- 10.2.8 The value of each Pre-shipment bill drawn shall correspond to the amount endorsed by each ECR Bank on the CP.
- 10.2.9 The ECR Bank shall draw a Pre-shipment bill based on the particulars submitted by direct/ indirect exporter.
- 10.2.10 The ECR Bank shall retain copies of trade documents (export orders, invoices, transport documents, receipts etc) submitted by the exporter, at the Bank for a minimum period of 6 months. The ECR Bank shall also ensure that these documents are made available upon request by Exim Bank.
- 10.2.11 A guide on how to assign Exim Bank reference number to each Pre-shipment bill drawn is outlined in **Appendix 13(i)**.

10.3 OPERATING PROCEDURES UNDER POST-SHIPMENT

10.3.1 Upon shipment of the goods to overseas buyer, the exporter shall present a set of export document to the ECR Bank for Post-shipment ECR financing comprising of transport documents and invoice.

10.3.2

The ECR Bank after verifying that the export documents are in compliance with the terms and conditions of the facility, shall draw a Post-shipment bill on the exporter for the ringgit equivalent of the export bill value.

10.3.3

Once a post-shipment bill is drawn and accepted by an exporter, the ECR Bank shall process the transaction and credit the exporter's account with the total discounted proceeds.

10.3.4

The exporter must notify his ECR Bank if he has pre-shipment loans outstanding with other bank. The ECR Bank will remit the Post-shipment proceeds to the respective banks for liquidation purposes.

10.3.5

Safe custody of the Post-shipment bill and copies of the export documents submitted by an exporter is the responsibility of the ECR Bank. The ECR Bank is to retain all documents submitted by an exporter for a minimum period of 6 months and made available upon request by Exim Bank.

10.3.6

A guide on how to assign Exim Bank reference number to each Post-shipment bill drawn is outlined in **Appendix 13(ii)**.

10.4 OPERATING PROCEDURES UNDER ECR SCHEME BETWEEN ECR BANK AND EXIM BANK

- 10.4.1 All ECR Bank shall undertake to honour and remit all payments, interest and charges to Exim Bank as per their Letter of Undertaking **(Appendix 14)**.
- 10.4.2 Branches/ main offices of the ECR Banks shall transmit data/ particulars of their ECR transactions to their Head Office or designated branch via their own internal communication link or system for onward transmission to Exim Bank.
- 10.4.3 The head office or the Designated Branch of the ECR Bank, with established communication link with Exim Bank, shall perform the data entry on the daily ECR transactions, including other related activities via the Exim ECR Net System (refer to Exim ECR Net System Manual), and transmit the data to Exim Bank daily by 2.30 p.m. on Monday to Fridays.
- 10.4.4 There will be no ECR transaction on Saturday and Sunday, including public holidays declared for Federal Territory.
- 10.4.5 For sudden public holiday declared by the Government, any bills (Pre-shipment/ Post-shipment) maturing on the said date must be settled with Exim Bank on the next working day.
- 10.4.6 An ECR transactional line of credit will be granted by Exim Bank for each Pre-shipment/ Post-shipment bill lodged by ECR Banks. For any

drawdown request by an ECR Bank, Exim Bank shall make advances under the established line to the ECR Bank.

10.4.7 Notwithstanding the above, Exim Bank may at its own and sole discretion decline any request for ECR Pre-shipment/ Post-shipment financing due to any reason whatsoever.

10.4.8 For the purpose of making payment to and receiving payments from ECR Banks, Exim Bank has appointed a Fund Transfer Agent who will act on behalf of Exim Bank and perform the following transactions:-

- (a) credit the ECR Bank's clearing account with the total value of the loans drawdown/ refinanced;
- (b) credit Exim Bank with the total value of the loans liquidated, discharged or redeemed and the amount of accumulated interest on the last working day of each month (a period identified by Exim Bank) upon early discharge or maturity of the Pre-shipment bill; and
- (c) credit Exim Bank with amount of accumulated processing fees on the last working day of each month.

10.5 FINANCING THE MERCHANTING TRADE

10.5.1 A direct exporter who is involved in Merchanting Trade may be considered for ECR Pre-shipment and Post-shipment financing subject to the following conditions:-

- (i) provision at the sole discretion of his ECR Bank;
- (ii) at least 30% of his export must be made from Malaysia which must be certified by an external auditor annually;
- (iii) the payments / proceeds must come from overseas buyers.

10.6 FINANCING AGAINST CASH RECEIVED IN ADVANCE

10.6.1 Subject to the sole discretion of his ECR bank, a direct exporter who receives cash in advance for the Export Order or Export Bills, is eligible for Pre-shipment / Post-shipment ECR financing for the remaining balance of payment under the Export Orders or Export Bills.

10.7 TARIFF CHARGES AND ECR TRANSACTIONS FORM

10.7.1 The tariff charges for ECR processing and operational matters are as per **Appendix 15**. Any variation or revision to the tariff charges shall be at the discretion of Exim Bank.

10.7.2 For ECR transactions, a specimen / template form is provided as per **Appendix 16** for ECR banks' standard use. ECR Banks however, are allowed to make necessary changes of the

particulars or format based on the individual ECR Bank's internal requirements.

PART 11

NON COMPLIANCE, ABUSE & VIOLATION

11.1 NON COMPLIANCE, ABUSE & VIOLATION UNDER ECR GUIDELINE

- 11.1.1 In the event that a Pre-shipment ECR bill is subsequently determined by Exim Bank to be ineligible for financing, the ECR Bank shall immediately discharge the Pre-shipment ECR bill.
- 11.1.2 ECR Bank shall credit Exim Bank's account accordingly with the amount outstanding together with accumulated interest at a penalty interest rate, for the period from and inclusive of the date of initial drawdown up to, but excluding the date when the Pre-shipment bill is discharged.
- 11.1.3 In the event that a Pre-shipment ECR loan drawdown is determined to be in violation of the ECR Guideline, that Pre-shipment ECR loan shall be cancelled.
- 11.1.4 Following the above, ECR Bank shall credit Exim Bank's account accordingly with the relevant loan drawdown together with accumulated interest at a penalty interest rate, for the period from the date of drawdown up to, but excluding the date when the loan is cancelled.
- 11.1.5 In the event that a Post-shipment bill is determined by Exim Bank to be ineligible for refinancing, the ECR Bank shall immediately discharge the bill.

- 11.1.6 ECR Bank shall credit Exim Bank's account with the relevant proceeds, at a penalty interest rate determined by Exim Bank on the nominal value for the period from and inclusive of the date of refinancing up to, but excluding the date when the Post-shipment bill is discharged.
- 11.1.7 The penalty interest rate for the above shall be determined by Exim Bank from time to time.
- 11.1.8 The ECR Bank shall report to Exim Bank all cases of abuse of the ECR Scheme by a direct / indirect exporter and subject to Exim Bank's findings the non-complying party would be barred from utilizing the ECR facilities.

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APPLICATION FOR ACCESS TO THE ECR FACILITY

* Tick as appropriate Direct Exporter Indirect Exporter**A. Company Profile**

Name of Company _____

Registration No. _____ Authorized Capital RM _____

Date of Incorporation _____ Paid-up Capital RM _____

Date of Commencement of business _____ Turnover as per the latest Annual Report RM _____

Type of Industries/Sector _____ Shareholder's Funds RM _____

Correspondence Address _____ Number of Full-time Employee _____

_____ Telephone No. _____

_____ Facsimile No. _____

_____ E - Mail Add. _____

Contact Person _____ Designation _____

Attached herewith is our Latest Annual Report**Nature of Business**

Manufacturing

Trading

Status of Business (Ownership)

Local (RC)

Foreign (NRCC)

Shareholders' Composition

Shareholders	% of Equity	Country of Origin
Bumi		
Non-Bumi		
Foreign		

*** B. Confirmation by Bank (PART 'B' ONLY)**

We hereby confirm that the above exporter, _____ has obtained an ECR credit line of RM _____ from our bank for financing under Pre / Post-shipment ECR facilities.

(Signature)

Name : _____

Designation : _____

Telephone No. : _____

Bank's Stamp : _____

Date : _____

C. For Indirect Exporter

Buyer (ECR User/FTZ Co/LMW Co)	Address of ECR User/FTZ Co./LMW Co./LMWs License No.
_____	_____
_____	_____
_____	_____

D. Declaration

We confirm that the particulars in this form to be true and accurate. We hereby authorize Exim Bank and the ECR Bank to verify the information from whatever sources the banks may consider appropriate. We also undertake to abide by the rules and regulations as stipulated in the Guideline.

(Authorized Signatory)

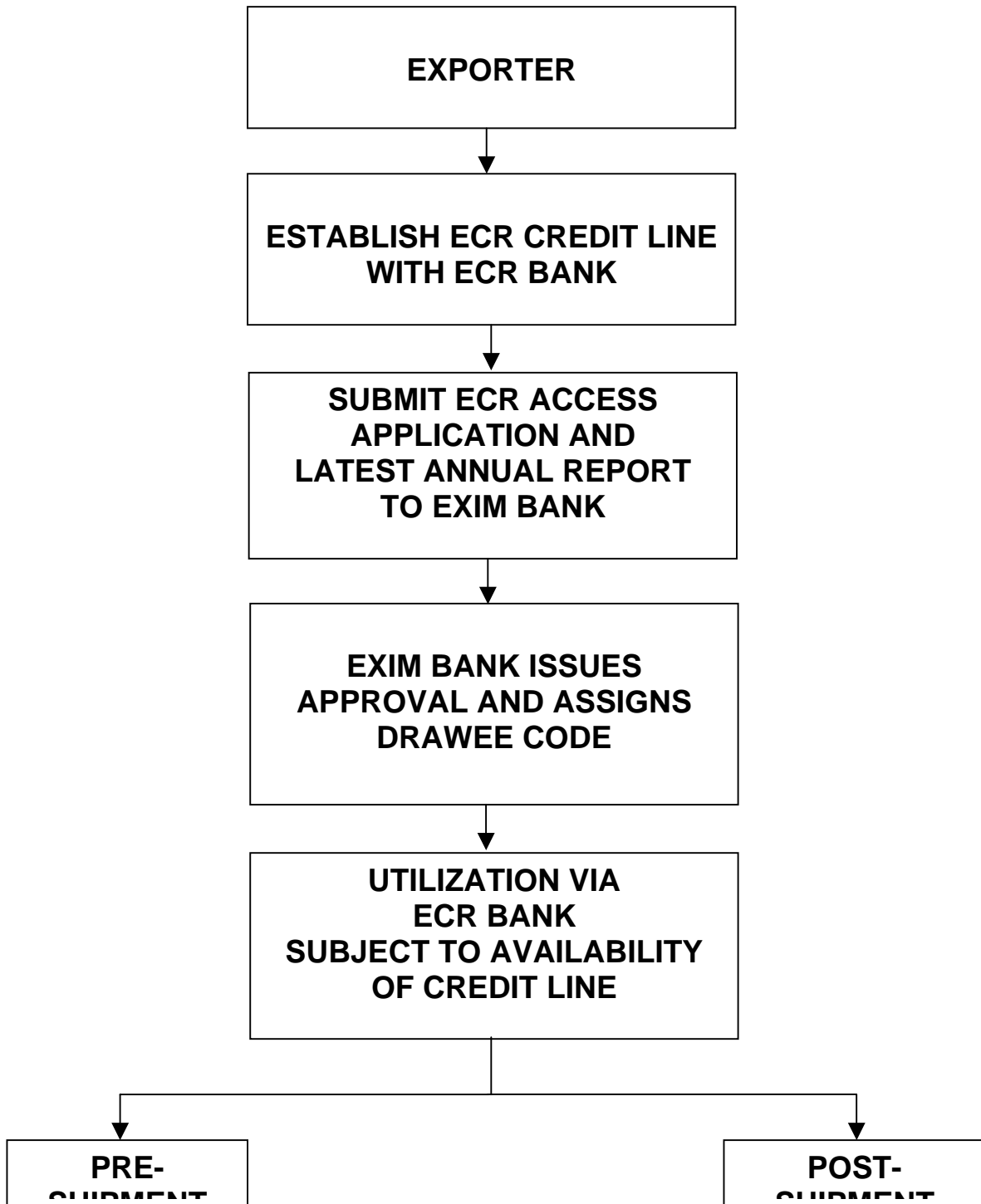
Name _____ Designation _____

Date _____ Company's Stamp _____

* Column B to be completed by ECR Bank (compulsory).

* Exporter who obtained ECR line from more than one bank, please enclose also photocopy letter of offer received from the respective banks.

ACCESS TO ECR FACILITIES





CERTIFICATE OF PERFORMANCE

PRE-SHIPMENT EXPORT CREDIT REFINANCING (ECR)

CP NO.	0 6 7 6	DRAWEE CODE	E 0 8 7
NAME	ECR USER SENDIRIAN BERHAD		
ELIGIBLE AMOUNT RM	6 0 0 0 0 0 0		
ELIGIBLE	OE	-	3 0 (per cent of bill value)
CP VALIDITY PERIOD FROM	0 3 0 5 2 0 0 5	TO	2 1 0 4 2 0 0 6

SEGREGATION OF ELIGIBLE CP AMOUNT :-

	VALIDITY PERIOD	ELIGIBLE AMOUNT (RM)	SUB CP NO.
FROM	03/05/2005 TO 30/08/2005	2,000,000.00	0676a
FROM	30/08/2005 TO 23/12/2005	2,000,000.00	0676b
FROM	23/12/2005 TO 21/04/2006	2,000,000.00	0676c

IMPORTANT CONDITIONS (To be observed strictly by exporter and ECR banks)

1. **CHANNELLING OF EXPORT DOCUMENTS AND EXPORT PROCEEDS**
All export documents and export proceeds related to this CP should be channelled in proportion to the ECR Bank(s)
2. **MINIMUM LIQUIDATION**
 - (a) 70 per cent of export proceeds received during this CP period should be used to liquidate any CP loan carried forward from the previous validity period of the CP.
 - (b) 70 per cent of export proceeds received from the beginning of the 3rd month of the validity period of the CP should be applied to liquidate any CP loans outstanding.
 - (c) 70 per cent of post-shipment proceeds should be used to liquidate any CP loan outstanding as and when such proceeds are received during this CP period.
3. **CONTINUITY OF VALIDITY PERIOD AND ANNUAL CP RENEWAL**
Continuation of CP is subject to your compliance to the ECR Guideline and Exim Bank discretion. Application for a new CP must be supported by Appendix 4, Auditor's Certification Letter (Appendix 5)/ ECM5 report to BNM, and Latest Annual Report/ Audited Accounts/ Management Accounts and a bank draft/ cheque of RM50.00 payable to Export-Import Bank of Malaysia Berhad for the CP fee and should reach Exim Bank at least ten (10) working days before the expiry date of CP.
4. **ENDORSEMENT BY ECR BANKS**
Participating ECR banks should endorse on the reverse of this CP the value of pre-shipment bill lodged by the exporter.

For and on behalf of EXPORT-IMPORT BANK OF MALAYSIA BERHAD

AUTHORISED SIGNATURES
 ECR Department

(Reverse side of the CP)

Approving Bank	Date of Approval	Amount Approved (RM)	Remaining Balance (RM)	Authorised Signatories & Bank's Stamp

(Company's Letter Head)

Date:

APPLICATION FOR A CERTIFICATE OF PERFORMANCE

Please tick where applicable

Direct exporter

Indirect exporter

- 1) Name of company : _____
- 2) Value of **goods** exported/sales to ECR user/FTZ & LMW Co. during last financial year:
from _____ to _____ : RM _____
- 3) Value of **goods** exported/sales to ECR user/FTZ & LMW Co. for the last preceeding 12 months:
from _____ to _____ : RM _____
- 4) Export of goods/sales to ECR user/FTZ & LMW Co. for the last preceeding 12 months :-
(excluding current month)

<u>Month</u>	<u>Amount exported</u> (RM '000)
(i)	
(ii)	
(iii)	
(iv)	
(v)	
(vi)	
(vii)	
(viii)	
(ix)	
(x)	
(xi)	
(xii)	

	=====
	Total RM

- 5) No. of Full-time employee : _____
- 6) Banker (s) : _____

Signed,
Exporter

(Auditor's Letter Head)

Date :

ECR Section
Export-Import Bank of Malaysia Berhad
Level 8, UBN Tower
No. 10, Jalan P. Ramlee
P.O. Box 13028
50796 Kuala Lumpur

Auditor's Certification on Application for a CP

(i) For Direct Exporter (Version 1)*

We have examined to the extent considered appropriate, the values of goods mentioned in item 4 in the CP application form (Appendix 4), by Name of Exporter, against the Customs Export Declaration Form. In our opinion, the value of goods export within the stipulated period (_____to_____) amounting to RM _____ are fairly stated based on the Customs Exports Declaration form.

(i) For Indirect Exporter (Version 2)*

We have examined to the extent considered appropriate, the values of goods mentioned in item 4 in the CP application form (Appendix 4), by Name of Indirect Exporter, against the ECR Domestic Letter of Credit (ECR DLC), ECR Domestic Purchase Order (ECR DPO) issued by ECR User and/or Local Purchase Order (LPO) issued by License Manufacturing Warehouse (LMW)/ Free Trade Zone (FTZ) companies (the above mentioned companies are as per Access approval letter issued by Exim Bank). In our opinion, the value of goods supplied within the stipulated period (_____to_____) amounting to RM _____ are fairly stated based on the ECR DLC/ECR DPO/LPO.

Signed,
External Auditor

*Note : Select which applicable.

(ECR Bank's Letter Head)

ECR DOMESTIC LETTER OF CREDIT

This Letter of Credit is issued in relation to the

Direct Exporter's Export Order No. : _____

or Certificate of Performance No. : _____

and at the request of :-

Direct Exporter

_____ - Level Supplier

SELLER'S COPY

(Company's Letter Head)

ECR DOMESTIC PURCHASE ORDER

To : (SELLER'S NAME)
(ADDRESS)

ECR DPO No. * : _____
Date : _____

1. We are pleased to place the following order(s) with you :-

Description of Products	Qty	Total Value
	Total	

2. Instructions to SELLER

(i) Please return the copy of this ECR Domestic Purchase Order (DPO) marked BUYER'S COPY and BANK'S COPY to us after confirmation of acceptance.

(ii) Please deliver the above item(s) to _____
by (Latest Delivery Date) _____ (Address)

(iii) Partial Delivery allowed prohibited

(iv) Terms of payment

Sight payment upon delivery of goods and presentation of invoice and transport documents both quoting this ECR DPO No. either by you or your bank, to us; or If you have utilised Pre-shipment ECR using this ECR DPO, presentation of invoice quoting this ECR Bank Ref. No. is to be made to our bank, (Name & Branch of Bank) by your financing bank for collection.

(v) This purchase order is irrevocable. Any cancellation must be by mutual agreement. For ~~cancellation, please sign in the space provided below and return this purchase order to us.~~

(vi) Other Conditions

We confirm acceptance of this order on :

(Date)

Signature(s)
(Seller's Stamp)

Signature(s)
(Buyer's Stamp)

For Cancellation

We agree to the cancellation of this purchase order on :

(Date)

Signature(s)
(Seller's Stamp)

This ECR DPO is issued in relation to the Direct ~~Exporter's~~ :

CP No. _____
Export Order _____

We are :

Final Exporter _____
_____ - Level Supplier

(For Partial Delivery Only)

Date of Delivery	Date of Payment	Amount Financed (RM)	Authorised Signature(s) of Bank

* Note : To be endorsed by Buyer's Bank on the BANK'S COPY.

(Company's Letter Head)

Date:

To: ECR Bank
Address

Pre-shipment ECR Facility
- Cash Reimbursement System Summary Sheet

We append hereunder a summary of cash advances made by (Name of Company) to suppliers of (Name of Products) between (Date) and (Date).

Name of Recipient	Amount of Advance RM	Date of Advance Made	Date of Delivery
Total for the month			
Grand Total			

We confirm that the maximum delivery per supplier per month has not exceeded the limit as determined by Export-Import Bank of Malaysia Bhd. We further undertake to make available, as and when required, complete records and details for inspection, as specified in the Guideline on ECR facilities.

Yours faithfully,

.....
(Authorized Signatories)
(Company's Stamp)

(ECR Bank's Letter Head)

Date :

Export Credit Refinancing (ECR) Section
 Export-Import Bank of Malaysia Berhad
 Level 8, UBN Tower
 No. 10, Jalan P. Ramlee
 P.O. Box 13028
 50796 Kuala Lumpur

Dear Sir/Madam,

**Pre-shipment Export Credit Refinancing Facility
 - Cancellation of Order / Non-Performance**

In relation to our pre-shipment ECR financing at our :-

Head / Main Office
 Branch at _____

(a) We have today received advice from our client _____ that the export order / ECR DLC / ECR DPO/ LPO relating to the pre-shipment bill with Exim Ref. Number _____ with nominal value RM _____ has been cancelled; OR

(b) We wish to notify you of the non-performance by our client _____ relating to the following pre-shipment bills :-

<u>Exim Ref. No.</u>	<u>Amount</u>	<u>Maturity Date</u>
----------------------	---------------	----------------------

The reason for non-performance is:-

(Please tick where applicable)

non-shipment.
 shortfall in export.
 invocation of 'wash-out' / 'buy-back' clause.

Yours faithfully,

.....
 (Authorized Signatories)

PRE-SHIPMENT BILL

<p>Accepted on : (Date) (Direct / Indirect Exporter) Accepted by : Exporter) (Authorised Signatories & Stamp)</p>	<p style="text-align: right;">EXIM REF. NO :</p> <p>PRE-SHIPMENT BILL NO :</p> <p>MATURITY VALUE (RM) : MATURITY DATE :</p> <p>On (Date) no days of grace allowed, pay to the order of (Name of ECR Bank) the sum of ringgit Value received arising out of the future export / sales of</p> <p>To (Direct / Indirect Exporter) (Address)</p> <p style="text-align: right;">For : (ECR Bank) (Authorised Signatories) (Bank's Stamp)</p>
--	---

8.5"

4"

POST-SHIPMENT BILL

<p align="center">Accepted on : (Date) (Direct Exporter) Accepted by : (Authorised Signatories & Stamp)</p>	<p align="right">EXIM REF. NO :</p> <p>MATURITY VALUE (RM) : MATURITY DATE :</p> <p align="center">On (Date) no days of grace allowed, pay to the order of (Name of ECR Bank) the sum of ringgit value received in export financed at per cent per annum arising out of the export of for which an export bill in the amount of drawn at days sight has been sent for collection / negotiation under reference number</p> <p>To (Direct Exporter) (Address)</p> <p align="right">For : (ECR Bank) (Authorised Signatories) (Bank's Stamp)</p>
---	---

8.5"

4"

(Company's Letter Head)

Date:

To : ECR Bank
Address

Dear Sir/Madam,

**Pre-shipment / Post-shipment
Export Credit Refinancing (ECR) Facility
Authorization to Operate our Account with you**

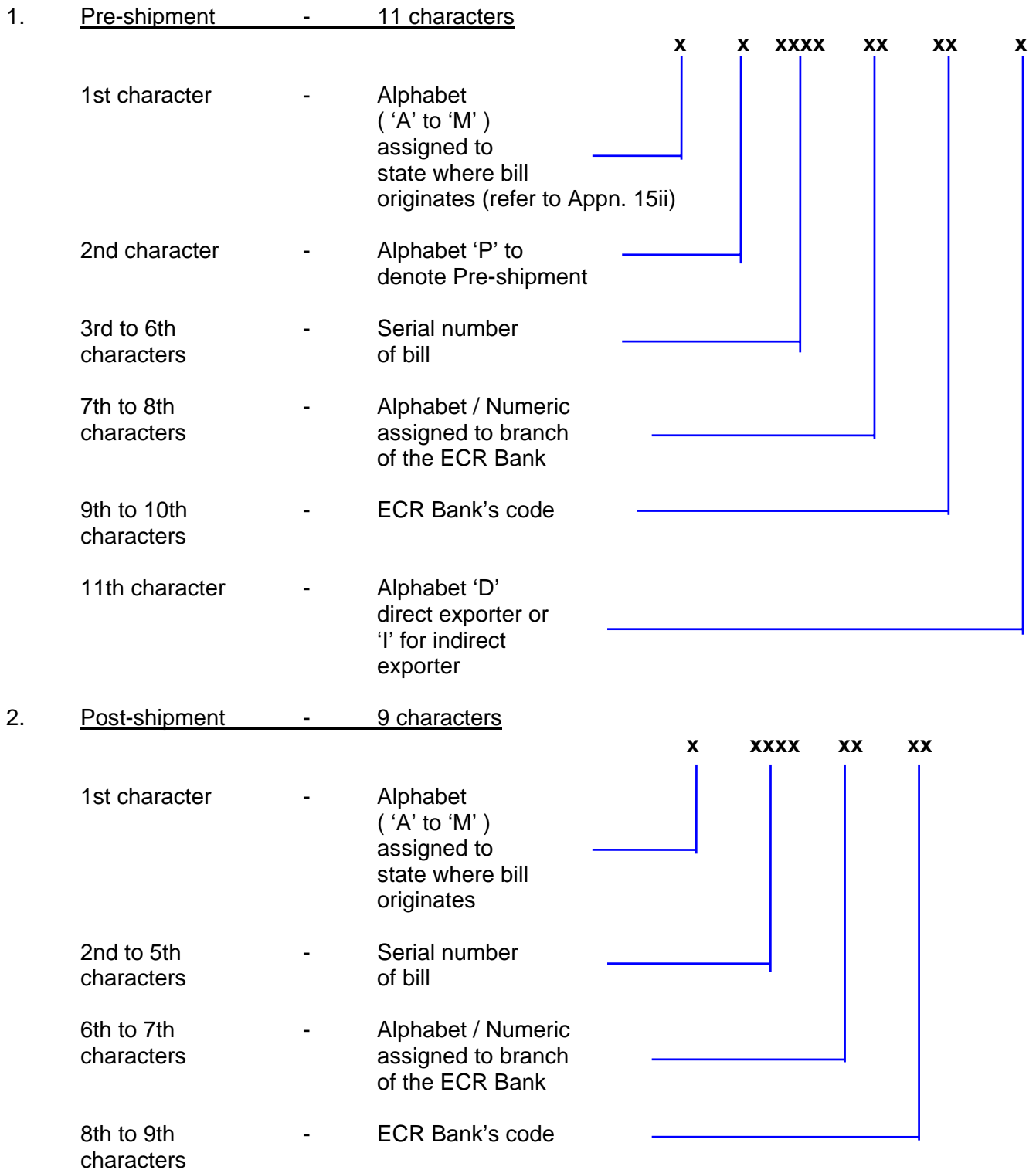
We hereby authorize you to operate our account No. _____ with you to facilitate our access to Export-Import Bank of Malaysia Bhd (Exim Bank)'s Pre-shipment ECR Facility under the following terms and conditions :-

- (i) We shall accept a pre-shipment bill drawn by yourselves. The accepted pre-shipment bill shall be lodged by you with Exim Bank;
- (ii) We shall notify you in writing for each relevant loan drawdown;
- (iii) Our account with you will be credited with the amount of loan drawn down, if the relevant documents are in order;
- (iv) The maximum duration of the advances would not exceed the tenor of the pre-shipment bill;
- (v) Our account will be debited with the amount of accumulated interest calculated on the basis of the daily outstanding pre-shipment loans, at the prevailing ECR rate, at the end of each calendar month and at maturity or early discharge of the pre-shipment bill;
- (vi) Our account will be debited with the principal amount of the pre-shipment loans which will be liquidated or which will mature;
- (vii) Our account will be debited with the amount of accumulated ECR processing fees calculated on the basis of the daily ECR transactions at the end of each calendar month;
- (viii) Our account will be debited with the penalty charge on non-performance or violation of ECR Guideline; and
- (x) We shall ensure that there are sufficient funds in our account for you to effect the above.
- (ix) Our account will be debited with the nominal value of the post-shipment bill as and when we received the export proceeds from overseas buyer or upon maturity of the post-shipment bill whichever is earlier.

Yours faithfully,

(Authorized Signatories)
(Company's Stamp)

Assignment of Exim Reference Number



Alphabet 'A' to 'M' Assigned to State Where Bill Originates

<u>ECR Bank Branches</u>	<u>Pre</u>	<u>Post</u>
1. Kuala Lumpur	AP	A
2. Penang	BP	B
3. Sabah	CP	C
4. Sarawak	DP	D
5. Johor	EP	E
6. Pahang	FP	F
7. Perak	GP	G
8. Kedah	HP	H
9. Kelantan	JP	J
10. Malacca	KP	K
11. Selangor	LP	L
12. Trengganu	MP	M
13. Negeri Sembilan	NP	N
14. Perlis	SP	S

(ECR Bank's Letter Head)

Date :

Export Credit Refinancing (ECR) Section
Export-Import Bank of Malaysia Berhad
Level 8, UBN Tower
No. 10, Jalan P. Ramlee
P.O. Box 13028
50796 Kuala Lumpur

Dear Sir/Madam,

Letter of Undertaking for Utilisation of Pre/ Post-Shipment ECR Facilities

- (1) We hereby authorize Exim Bank to credit the clearing account of (Name of Bank) with Bank Negara Malaysia, subject to all of the following terms and conditions of the pre-shipment ECR facility being complied with :-
- (i) our bank would lodge a Pre-shipment/ Post-shipment bill drawn by ourselves and accepted by a customer with Exim Bank as collateral for a pre-shipment transactional line of credit;
 - (ii) Exim Bank will provide a Pre-shipment/ Post-shipment transactional line of credit to our bank if the pre-shipment/ Post-shipment bill is found to be in order;
 - (iii) our bank will notify Exim Bank, of the intent to drawdown the loan under the line of credit referred to in (ii);
 - (iv) pursuant to our notification of a loan drawdown, Exim Bank is to credit our clearing account with Bank Negara Malaysia with the amount of drawings;
 - (v) the maximum duration of the advances granted by Exim Bank pursuant to (iii) and (iv) above would not exceed the tenor of the Pre-shipment/ Post-shipment bill;

- (2) We hereby undertake to:-
- (i) credit Exim Bank's Agent clearing account with the accumulated interest calculated on the basis of daily outstanding pre-shipment loans at the prevailing pre-shipment ECR funding rate, at the end of each calendar month and at maturity or early discharge of the pre-shipment bill;
 - (ii) credit Exim Bank's Agent clearing account with the principal amount of pre-shipment loans which have been liquidated or have matured;
 - (iii) credit Exim Bank's Agent clearing account with the accumulated ECR processing fees calculated on the basis of daily ECR transactions, at the end of each calendar month;
 - (iv) credit Exim Bank's Agent clearing account with penalty charge on non-performance or violation of ECR Guideline; and
 - (v) bear the penalty interest and charges for any delay payment to Exim Bank's Agent account.
- (3) We hereby agree and will abide with all the terms and conditions as per ECR guideline issued by Exim Bank effective 1 January 2006 or any other subsequent revised ECR Guideline which may be introduced from time to time at the sole discretion of Exim Bank.

Yours faithfully,

(Authorized Signatories)

(Name of Persons)

(Bank's Stamp)

TARIFF CHARGES UNDER THE ECR SCHEME

<u>Application For Acces</u>	Charges (RM)
New Application for Access	50.00
<u>Application For Certificate of Performance (CP)</u>	
1) Issuance of CP	50.00
2) Revision of CP Limit	50.00
<u>Other</u>	
1) Request for Increase in Administrative Limit (more than RM100 million)	200.00
2) Special approval	50.00
3) Handling Fees	50.00
4) Remittances Fees	5.00

Processing Fee to be Charged for All the Pre-shipment and Post-shipment ECR Transactions

Type of Transactions	Processing Fee per Transaction (RM)
<u>Pre-shipment</u>	
1. Lodgement	5.00
2. Roll-over	5.00
3. Drawdown	5.00
4. Partial Drawdown	5.00
5. Early Discharge	5.00
6. Redemption	5.00
<u>Post-shipment</u>	
1. Refinancing	5.00
2. Early Discharge	5.00
3. Redemption	5.00

Type of Transactions	Processing Fee Per Transaction (RM)
<p>Reports</p> <ol style="list-style-type: none"> 1. Daily Confirmation Report 2. Pre-shipment Month-end Interest Report 3. Post-shipment Quarterly Report <p><u>Online Update For ECR Transactions</u></p> <p>Pre-shipment</p> <ol style="list-style-type: none"> 1. Lodgement 2. Roll-over 3. Drawdown 4. Partial Liquidation 5. Early Discharge 6. Redemption <p>Post-shipment</p> <ol style="list-style-type: none"> 1. Refinancing 2. Early Discharge 3. Redemption 	<p>5.00</p> <p>10.00</p> <p>10.00</p> <p>10.00</p> <p>10.00</p> <p>10.00</p> <p>10.00</p> <p>10.00</p> <p>10.00</p> <p>10.00</p> <p>10.00</p> <p>10.00</p>

(ECR Bank's Logo)

Date:

SAMPLE/TEMPLATE

ECR BANK

(Attn: Trade Finance Department)

Dear Sir/Madam,

Ref: INSTRUCTION ON ECR/ECR-i TRANSACTION – POST-SHIPMENT FACILITY

I/We hereby request you to refinancing / early discharge the post-shipment ECR loan in accordance to the particular below. I/We have read and hereby agree to observe and be bound by the terms and conditions laid down in the ECR Guideline and in any other agreements executed by me/us upon your approval of my/our application hereof.

1. Drawee Code Drawee Name
2. Record Type (C : Conventional / I : Interest Free)

<input type="checkbox"/> Refinancing	<input type="checkbox"/> Early Discharge
Total Nominal (RM) : Destination :	Early Discharge Date : Eximref No. : New Proceeds (RM) :

Thank you.

Yours faithfully,

(Authorized Signatories)

FOR ECR BANK'S USE ONLY	
Eximref No. : Refinancing Date : Maturity Date : Total Proceeds (RM) :	Signature(s) Verified : Check By : Authorized By :

FOR ECR BANK'S USE ONLY - System On-line Request to Exim Bank
To : Exim Bank, Due to our system failure, we hereby request Exim Bank to perform on-line up date for the above transaction for / or on our behalf. Thank you. ECR Bank Authorized Signatories (Bank's Stamp) Note : Please submit your request latest by 12.00 pm

Tick where applicable