

OCBC BANK: CUSTOMERS ALL CHARGED UP FOR GLOBAL TRADE FINANCE RULES IMPLEMENTATION THIS SUNDAY

Kuala Lumpur, 29 June 2007 – “They are all charged up and ready to embrace the changes.”

That is the conclusion of OCBC Bank (Malaysia) Berhad following its three-month education programme to update its trade finance customers on changes that will affect the industry globally when the International Chamber of Commerce (ICC) rolls out the sixth revision of its Uniform Customs and Practice for Documentary Credits, UCP600, this Sunday (1 July 2007).

According to its Head of Global Trade Finance, Ms Chuang Boon Kheng, customers have generally appreciated the upcoming changes in UCP600, which include language-related amendments for easier understanding, removal and merging of certain articles, and creation of new articles as well.

The changes, the first in thirteen years, would have significant impact on all operational aspects of letters of credit (LC), whether import, export or standby LCs. These include LC applications, agreements, standard letters and system changes. In line with the new provisions of UCP600, there would also be an alignment of the format for messages relating to the SWIFT payment network.

Five articles from the previous UCP500 have been removed altogether, while 14 others have been either merged or otherwise provided for in UCP600.

Among the specific changes are the replacement of the term ‘reasonable time’ with a definite number of days for examining and determining compliance of documents, a new provision concerning addresses of the beneficiary and the applicant, an expanded discussion of ‘original documents’, a redrafted set of articles aimed at resolving confusion over the identification of carriers and agents, a new section of definitions containing terms such as ‘honour’ and ‘negotiation’, new provisions for the discounting of deferred payment credits and the removal of the concept of a revocable credit.

“The changes are largely positive for the industry and certainly significant. So, we have been helping our corporate and SME customers to embrace these updates confidently and make them work in their favour. We believe they would be positive about the launch this Sunday.

“Among those who would be directly affected by the changes are executives in the procurement, sales and marketing, shipping, finance and accounts departments of our business banking customers,” she added.

The UCP is the work of the ICC, an international organisation founded in 1919. It is formulated entirely by experts in the private sector and remains the most widely accepted and practised rules for documentary credit ever developed, now in its sixth revision.

About OCBC Bank

Singapore's longest established local bank, OCBC Bank, currently has assets of S\$157 billion and a network of over 370 branches and representative offices in 15 countries and territories including Singapore, Malaysia, Indonesia, Vietnam, China, Hong Kong SAR, Brunei, Japan, Australia, UK and USA. This network includes more than 250 branches and offices in Indonesia operated by OCBC Bank's subsidiary, PT Bank NISP. OCBC Bank and its banking subsidiaries offer a wide range of specialist financial services, from consumer, corporate, investment, private and transaction banking to global treasury and stockbroking services to meet the needs of its customers across communities.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia, in terms of assets and market share, and its asset management subsidiary, Lion Capital Management, is one of the largest asset management companies in Southeast Asia. Additional information may be found at www.ocbc.com.

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