

Documentary Credit 2007 revision

UCP 600

정용혁 11. July . 2009

global presence, local expertise

TREASURY SERVICES

INVESTMENT SOLUTIONS

financial institution solutions

electronic transactions

TRADE FINANCE AND SERVICES

CASH MANAGEMENT

multicurrency transactions

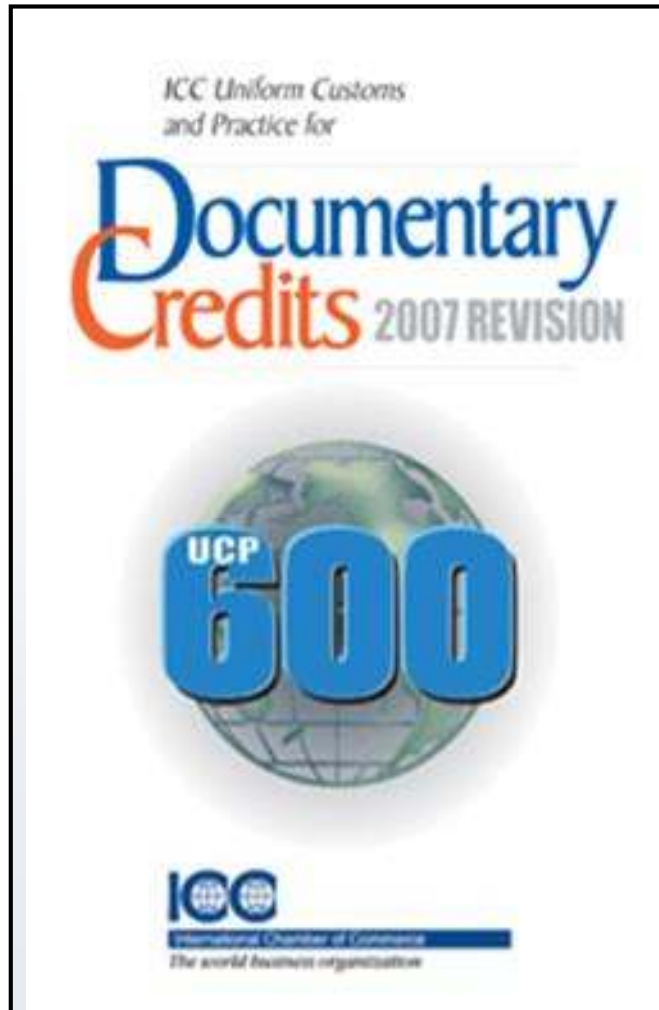
	Dollar	Pound	Yen	Peseta
Australia	1.9862	2.8406	0.0161	0.0102
Canada	1.5621	2.2341	0.0126	0.0082
Hong Kong	7.7994	11.154	0.0631	0.0413
Indonesia	10830.0	15488.7	87.7491	57.4090
Japan	123.325	176.325	1.0000	0.6536
Mexico	9.2325	13.2040	0.0748	0.0489
Norwa			0.0730	0.0483
Singapore				0.0095
Sweden	14.7622	14.7053	0.0833	0.0544
Switzerland				0.0091
U.K.				0.0037

Prepare Transaction

Authorize Payment

Release Payment

General Inquiry



Effective July 1, 2007

UCP 600 – General Provisions and Definitions

Article 1 – Application of UCP

- ▶ UCP 600 **are rules**
- ▶ **Expressly indicates** in the credit
- ▶ Applicable also to standby credit
- ▶ Binding on all parties unless **expressly modified or excluded**

Examples of express indication:

UCP 600 1

Use of SWIFT:

**40E: Applicable Rules
UCP LATEST VERSION**

Use of telex or letter:

**This credit is subject to the Uniform Customs and Practice
for Documentary Credits, 2007 Revision, ICC Publication
No. 600.**

This credit is subject to UCP 600

Examples of an exclusion or modification to a rule:

UCP 600 1

Contrary to article 32 of the UCP, this credit remains valid for subsequent installments despite any shipment or drawing not made within the period allowed.

Sub-Article 28(c) does not apply.

Documents must not be dated earlier than the date of the issuance of this credit.

UCP 600 – General Provisions and Definitions

Article 2 – Definitions

Certain terms are defined, so that they provide references when such terms are used in the articles

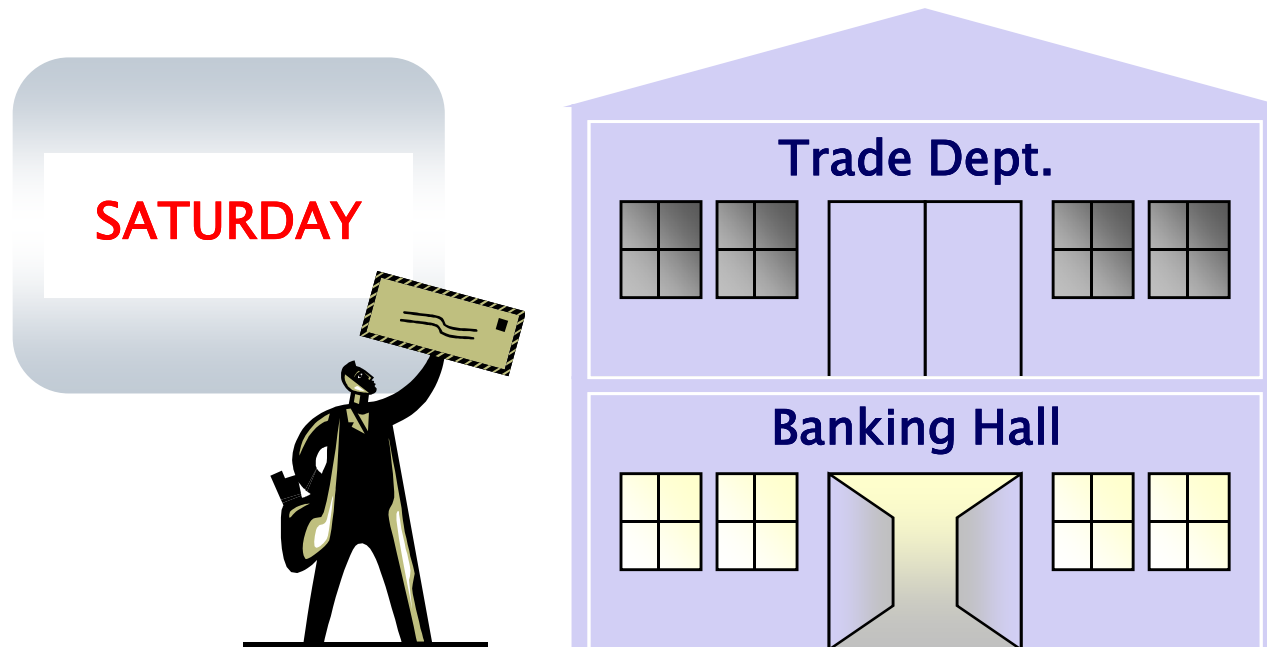
A	Advising bank
	Applicant
B	Banking day
	Beneficiary
C	Complying presentation
	Confirmation
	Confirming bank
	Credit

H	Honour
I	Issuing bank
N	Negotiation
	Nominated bank
P	Presentation
	Presenter

Banking Day

UCP 600 2

- ▶ Day on which a bank is **regularly open for performance of an act subject to these rules**



Complying Presentation

UCP 600 2

- ▶ Presentation in accordance with
 - ⇒ *Terms & conditions of the credit*
 - ⇒ *Applicable UCP provisions*
 - ⇒ *International standard banking practice*

What is international standard banking practice ?

Is it referring to the “ISBP” ?

▶ Honour

For credit available by ...

⇒ <i>Sight payment</i>	Pay at sight
⇒ <i>Deferred payment</i>	Incur deferred payment undertaking Pay at maturity
⇒ <i>Acceptance</i>	Accept bill of exchange Pay at maturity

▶ Negotiation

- ⇒ *Purchase by the nominated bank of drafts (drawn on another bank) and/or documents under a complying presentation,*
- ⇒ *By **advancing or agreeing to advance funds to beneficiary**, on or before the banking day on which reimbursement is due to the nominated bank.*

Nominated Bank; Presentation; Presenter

UCP 600 2

- ▶ The bank with which the credit is available, or **any bank in the case of a freely available credit**

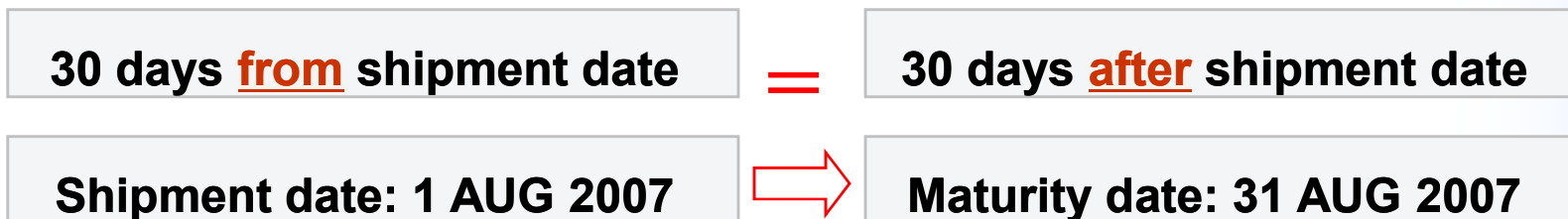
- ▶ Presentation
 - ⇒ *Delivery of documents to issuing bank or nominated bank; or*
 - ⇒ *The documents so delivered*

- ▶ Presenter
 - ⇒ *Party that makes a presentation*

UCP 600 – General Provisions and Definitions

Article 3 – Interpretations

- ▶ Where applicable, words in the singular include the plural and vice versa.
 - ⇒ No more “(s)” - “Document” instead of “Document(s)”
- ▶ A credit is irrevocable even if no indication to that effect.
- ▶ For determining maturity date, the words “from” and “after” exclude the date mentioned



- ▶ A documents may be signed by handwriting, facsimile signature, perforated signature, stamp, symbol or any other mechanical or electronic method of authentication.
- ▶ A requirement for a document to be legalized, visaed, certified or similar will be satisfied by any signature, mark, stamp or label on the document which appears to satisfy that requirement.
- ▶ Branches of a bank in different countries are considered to be **separate** bank.
- ▶ Terms such as “first class”, “well known”, “qualified”, “independent”, “official”, “competent” or “local” used to describe the issuer of a document allow any issuer except the beneficiary to issue that document.

- ▶ **Unless required to be used in a document**, words such as “prompt”, “immediately” or “as soon as possible” will be disregarded.
- ▶ Expression “on or about” or similar is a stipulation that an event is to occur five calendar days before until five calendar days after the specified date, both start and end dates included.
- ▶ For determining shipment period:
 - words “to”, “until”, “till”, “from” and “between” include the date or dates mentioned.
 - words “**before**” and “after” exclude the date mentioned.
 - Terms “first half” and “second half of a month means the 1st – 15th and 16th – last day of the month, all dates inclusive.
 - Terms “beginning”, “middle” and “end” of a month means the 1st – 10th, the 11th – 20th and 21st – last day of the month, all days inclusive.

Interpretations

UCP 600 3

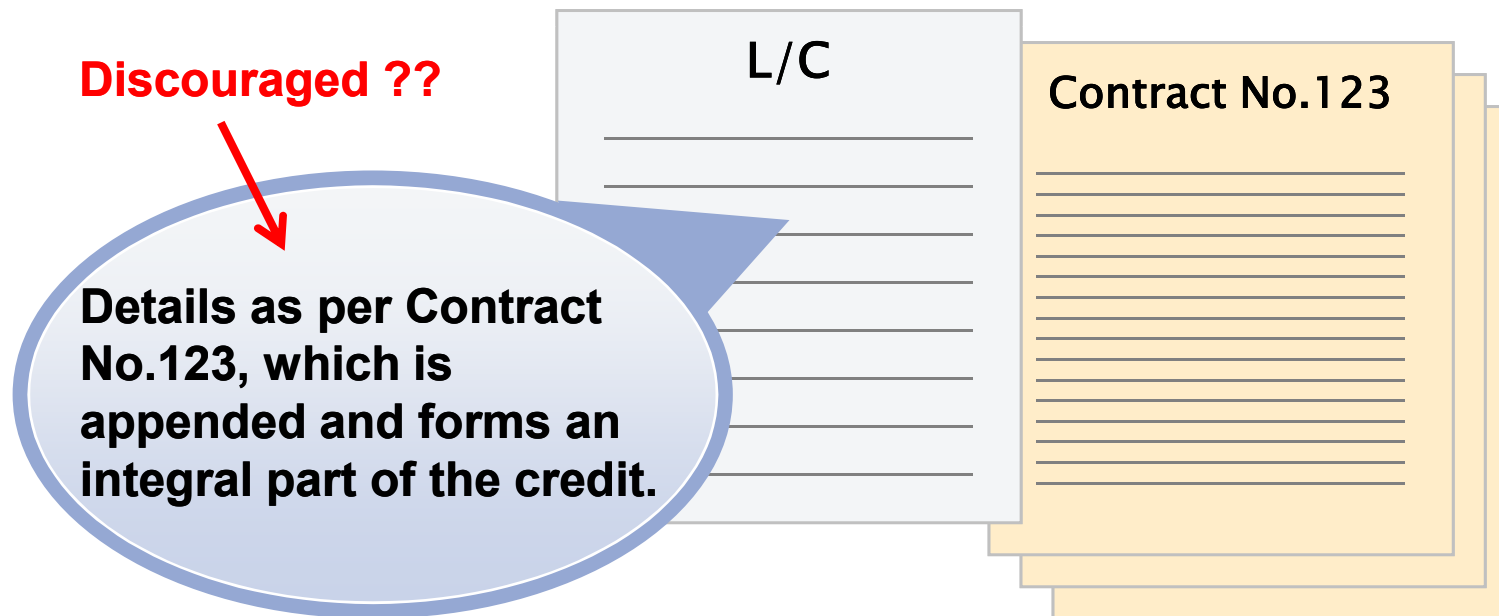
- ▶ For determining a period of shipment, the words “from” and “after” have different meanings
 - ⇒ “From” includes the date mentioned
 - ⇒ “After” excludes the date mentioned



UCP 600 – General Provisions and Definitions

Article 4 - Credits v. Contracts

- ▶ Independence Principle - L/C is a separate transaction from the underlying contract
- ▶ Banks **should discourage** any attempt to include contract as integral part of L/C



UCP 600 – General Provisions and Definitions

Article 5 - Documents v. Goods/Services/Performance

- ▶ Banks deal with documents and not with goods, services or performances to which the documents may relate.

UCP 600 – Liabilities and Responsibilities

Article 6 - Availability, Expiry Date and Place for Presentation

▶ L/C must ...

- ⇒ *State the bank with which it is available, or that it is available with any bank (available with a nominated bank also available with the issuing bank)*
- ⇒ *State that it is available by sight payment, deferred payment, acceptance or negotiation*
- ⇒ *Not be available by draft on applicant*

Examples:

Available with issuing bank by deferred payment

Available with Bank XYZ by payment

Available with any bank by negotiation

Availability, Expiry Date & Place for Presentation

UCP 600 6

▶ Expiry date

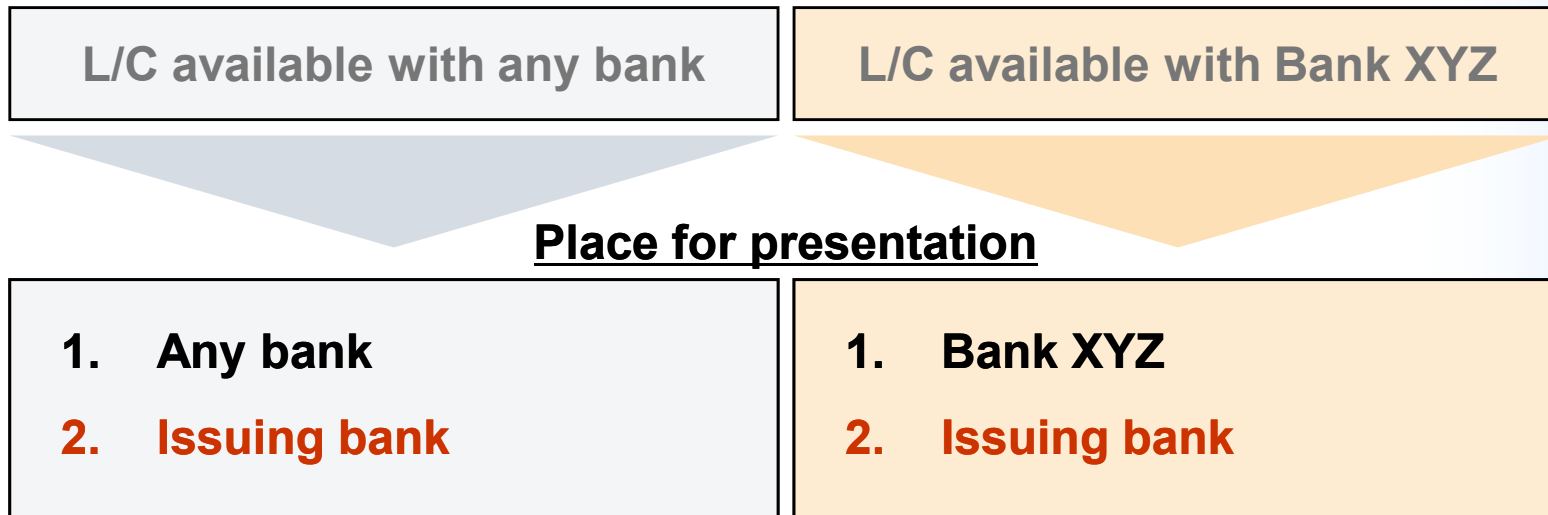
⇒ *Last day for presentation of documents*

▶ Place for presentation

⇒ *Bank with which the L/C is available, **or***

⇒ *Any bank, if the L/C is available with any bank, **and***

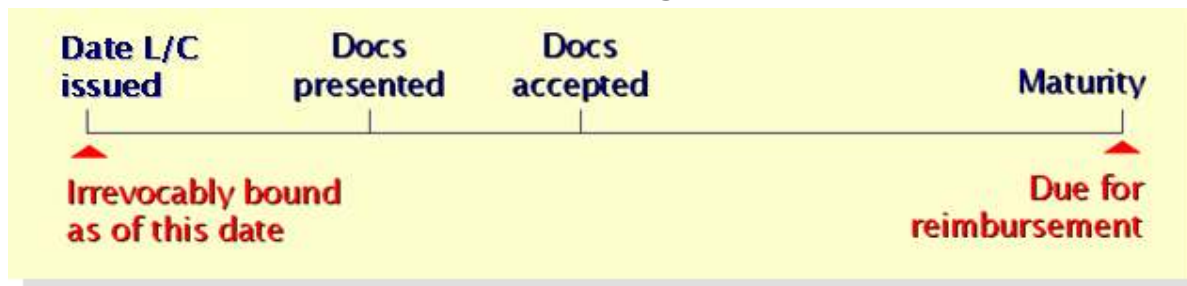
⇒ *Issuing bank*



UCP 600 – Liabilities and Responsibilities

Article 7 – Issuing Bank Undertaking

- ▶ Honour complying presentation made to nominated bank or to issuing bank itself
- ▶ Reimburse nominated bank that has honoured/negotiated and forwarded complying documents to issuing bank
- ▶ Irrevocably bound as of the time L/C is issued
- ▶ For usance L/C, reimbursement is due at maturity of deferred payment undertaking or acceptance, **whether or not nominated bank prepaid or purchased before maturity**

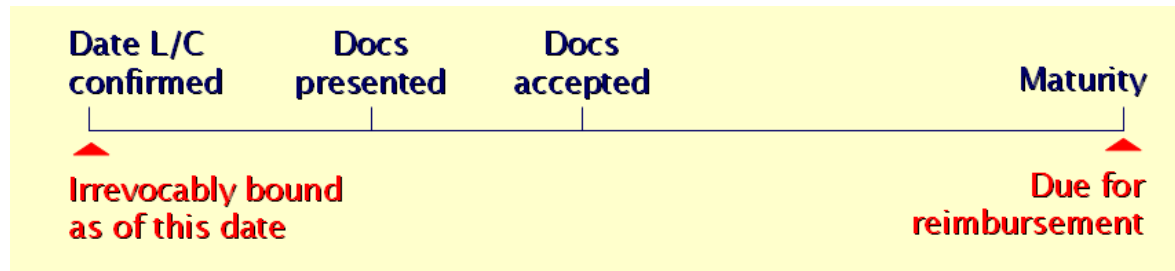


- ▶ Issuing bank's undertaking to reimburse nominated bank is independent of its undertaking to beneficiary

UCP 600 – Liabilities and Responsibilities

Article 8 – Confirming Bank Undertaking

- ▶ Honour a complying presentation, or negotiate without recourse
- ▶ Reimburse nominated bank that has honoured/negotiated and forwarded complying documents to confirming bank
- ▶ Irrevocably bound as of the time of confirmation
- ▶ For usance L/C, reimbursement is due at maturity of deferred payment undertaking or acceptance, **whether or not nominated bank prepaid or purchased before maturity**



- ▶ Confirming bank's undertaking to reimburse nominated bank is independent of its undertaking to beneficiary

UCP 600 – Liabilities and Responsibilities

Article 9 - Advising of Credits and Amendments

- ▶ By advising an L/C, the advising bank signifies:
 - ⇒ *Its without **any undertaking** to honour or negotiate*
 - ⇒ *It has **satisfied itself** as to the apparent authenticity of the L/C or amendment*
 - ⇒ *The advice **accurately reflects** the L/C's terms and conditions*

- ▶ An advising bank may utilize the services of another bank to advise the credit - second advising bank

UCP 600 – Liabilities and Responsibilities

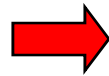
Article 10 – Amendments

- ▶ Amendment must be agreed to by the issuing bank, confirming bank, if any, and the beneficiary
- ▶ Issuing bank/Confirming bank is irrevocably bound as of time of issuance and advising of amendment
- ▶ Confirming bank must inform issuing bank of election not to extend confirmation to an amendment and may advise beneficiary of amendment without its confirmation
- ▶ Notification of acceptance or rejection received should be given by second advising bank to the advising and the advising bank to the issuing bank
- ▶ Partial acceptance = Notice of rejection

- ▶ Disregard any provision that the amendment shall be in force unless rejected by beneficiary within certain time

Silence ≠ Consent

Disregard



Amendment No.1

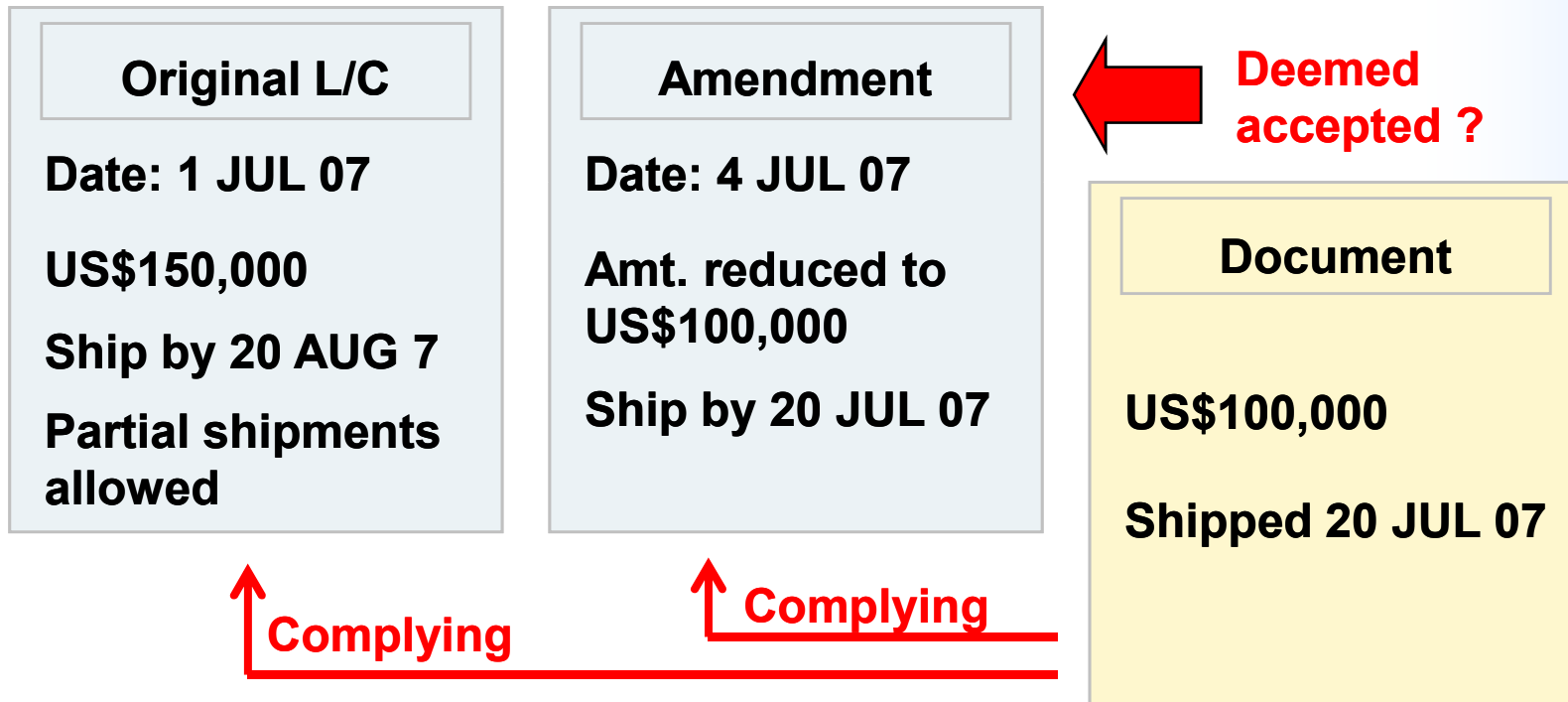
- Amount reduced by USD100,000.00

This amendment shall be in force unless rejected by beneficiary on or before 30 Nov 2007.

Acceptance of Amendment by Performance

UCP 600 10

- ▶ Presentation that complies with the credit and not yet accepted amendment – deemed to be beneficiary's acceptance of the amendment



UCP 600 – Liabilities and Responsibilities

Article 11 – Teletransmitted and Pre-Advised Credits and Amendments

- ▶ Authenticated teletransmission of credit and amendment deemed to be operative, unless otherwise stated.
- ▶ If teletransmission states “full details to follow” (or words of similar effect), issuing bank must then issue the operative credit or amendment in terms not inconsistent with the teletransmission
- ▶ Preliminary advice of issuance of a credit or amendment **obligates the issuing bank** to issue the operative credit or amendment.

UCP 600 – Liabilities and Responsibilities

Article 12 – Nomination

- ▶ Nomination does not obligate nominated bank to honour
- ▶ By nominating a bank to accept a draft or incur a deferred payment undertaking, an issuing bank authorizes that nominated bank to prepay or purchase a draft accepted or a deferred payment undertaking incurred by that nominated bank

UCP 600 – Liabilities and Responsibilities

Article 13 – Bank to Bank Reimbursement Agreements

- ▶ If a credit states that reimbursement is to be obtained from a reimbursing bank, it must state if the reimbursement is **subject to the ICC rules for bank-to-bank reimbursements** in effect on the date of issuance of the credit.

UCP 600 – Examination of Documents

Article 14 - Standard for Examination of Documents

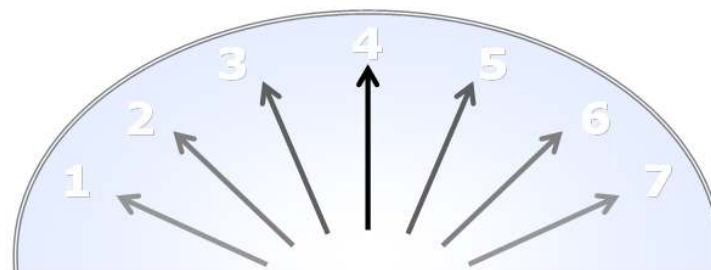
- ▶ Must examine documents on their face to determine compliance
- ▶ Other than the commercial invoice, description of goods, **services or performance**, may be stated in general terms
- ▶ Disregard documents not required by L/C and may be returned
- ▶ Disregard non-documentary condition
- ▶ Documents may be dated prior to issuance date of LC, but not later than date of presentation

Reasonable Time

UCP 600 14

- ▶ UCP 500: Reasonable time, not to exceed SEVEN banking days following the day of receipt of documents
- ▶ UCP 600: **Max. of FIVE banking days** following day of presentation. Not curtailed or affected by other events.

	M	Tu	W	Th	F	Sa	S	M	Tu	W
UCP 600	0	1	2	3	4	X	X	5		
UCP 500	0	1	2	3	4	X	X	5	6	7



What is reasonable ?

Period for Presentation

UCP 600 14

- ▶ Presentation including an **original transport document** must be made not later than 21 calendar days after date of shipment
- ▶ Transport document - Subject to **Articles 19-25**

Data in Documents

- ▶ Data in a document **must not conflict** with data in that document, other stipulated documents or the L/C

Unspecified Issuer or Content

UCP 600 14

- ▶ Other than invoice, transport document or insurance document, banks will accept the document if (1) its content appears to **fulfill the function**, and (2) it complies with 14(d)

Example: L/C calls for Inspection Certificate

<p>Inspection Certificate</p> <p>Goods have been inspected and are certified to be in order.</p> <p>Signed </p> <p>Dated 1 JUL 2009</p> <p><input checked="" type="checkbox"/></p>	<p>Inspection Certificate</p> <p>Goods are certified to be of Singapore origin.</p> <p>Signed </p> <p>Dated 1 JUL 2009</p> <p><input type="checkbox"/></p>	<p>Goods have been inspected and are certified to be in order.</p> <p>Signed </p> <p>Dated 1 JUL 2009</p> <p><input checked="" type="checkbox"/></p>
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Addresses of Beneficiary & Applicant

UCP 600 14

- ▶ Need not be the same between stipulated documents & the credit; but
- ▶ Must be **within the same country** as in the credit
- ▶ Disregard contact details of beneficiary and applicant (fax, phone, email) stated in the credit
- ▶ However, if they form part of **consignee and notify party details in transport document**, applicant's contact details must be as stated in the credit

Addresses of Beneficiary & Applicant

UCP 600 14

Letter of Credit

Applicant: ABC Inc.
3 Temasek Avenue
16-00 Centennial Tower
Singapore 039190
Fax No. 6328 5201

B/L to notify applicant

Invoice

Bill to: ABC Inc.
10 Coleman Street
Singapore 179809
Fax No. 6328 5464

Bill of Lading

Notify: ABC Inc.
10 Coleman Street
Singapore 179809
Fax No. 6328 5464

Bill of Lading

Notify: ABC Inc.
3 Temasek Avenue
16-00 Centennial Tower
Singapore 039190
Fax No. 6328 5201

Shipper, Consignor, Transport Document Issuer

UCP 600 14

- ▶ Shipper or consignor of goods indicated on any documents need not be the L/C beneficiary, but must be consistent among all documents



- ▶ Transport document may be issued by party other than carrier/ owner/ master/ charterer, provided it meets the requirements of articles 19, 20, 21, 22, 23 or 24

UCP 600 – Examination of Documents

Article 15 – Complying Presentation

When ...

Issuing bank determines a presentation is complying	It must honour and release documents to the applicant
Confirming bank determines a presentation is complying	It must honour or negotiate and forward documents to issuing bank
Nominated bank determines a presentation is complying, and honours or negotiates	It must forward documents to confirming bank or issuing bank

Without delay

UCP 600 – Examination of Documents

Article 16 – Discrepant Documents, Waiver and Notice

- ▶ Nominated/Confirming/Issuing bank may refuse to honour or negotiate discrepant documents
- ▶ Issuing bank, in its sole judgment approach applicant for waiver
- ▶ Notice of refusal **must be given no later than close of the fifth banking day** following day of presentation
- ▶ Failing to act in accordance with this article precludes the bank from claiming the presentation does not comply
- ▶ After providing notice of refusal
 - ⇒ **The bank may return documents to presenter at any time**
 - ⇒ *Issuing bank or confirming bank may claim refund for any reimbursement made, with interest*

▶ **Single** Notice of Refusal must state:

- ⇒ *the bank is refusing to honour or negotiate,*
- ⇒ *each discrepancy in respect of the refusal, and*
- ⇒ *one of the following:*

The bank is holding documents pending presenter's further instructions

NEW

The issuing bank is holding documents until it receives waiver from applicant and agrees to accept it, or receives further instructions from presenter prior to agreeing to accept the waiver

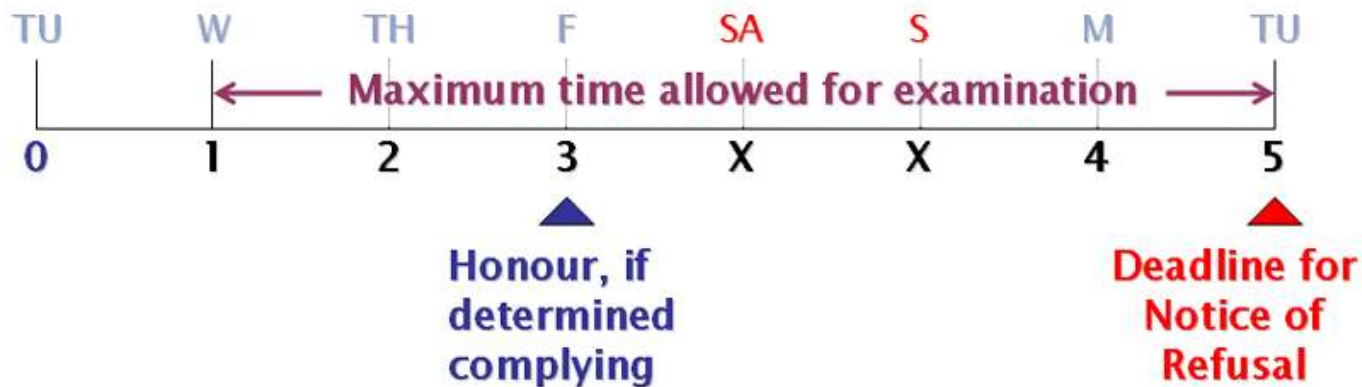
The bank is returning the documents

NEW

The bank is acting in accordance with instructions previously received from the presenter

Important Timelines (UCP 600 - 14,15,16)

- ▶ Document Examination:
 - ⇒ **Max. 5 banking days** following the day of presentation
- ▶ Complying Presentation:
 - ⇒ **When** an issuing bank determines that a presentation is complying, it must honour
- ▶ Refusal:
 - ⇒ Notice of refusal **by the close of the fifth banking day** following the day of presentation



UCP 600 – Examination of Documents

Article 17 – Original Documents and Copies

- ▶ At least one original must be presented
- ▶ Original Document = apparent original signature, mark, stamp or label of issuer of the document
- ▶ Also an Original = written, typed, perforated or stamped by the document issuer's hand; or on original stationery; or states that it is original
- ▶ L/C requires copies of documents, either originals or copies is acceptable
- ▶ Documents “in duplicate”, “in two fold” or “in two copies”, presentation of at least one original and remaining number in copies is acceptable.

UCP 600 – Documents

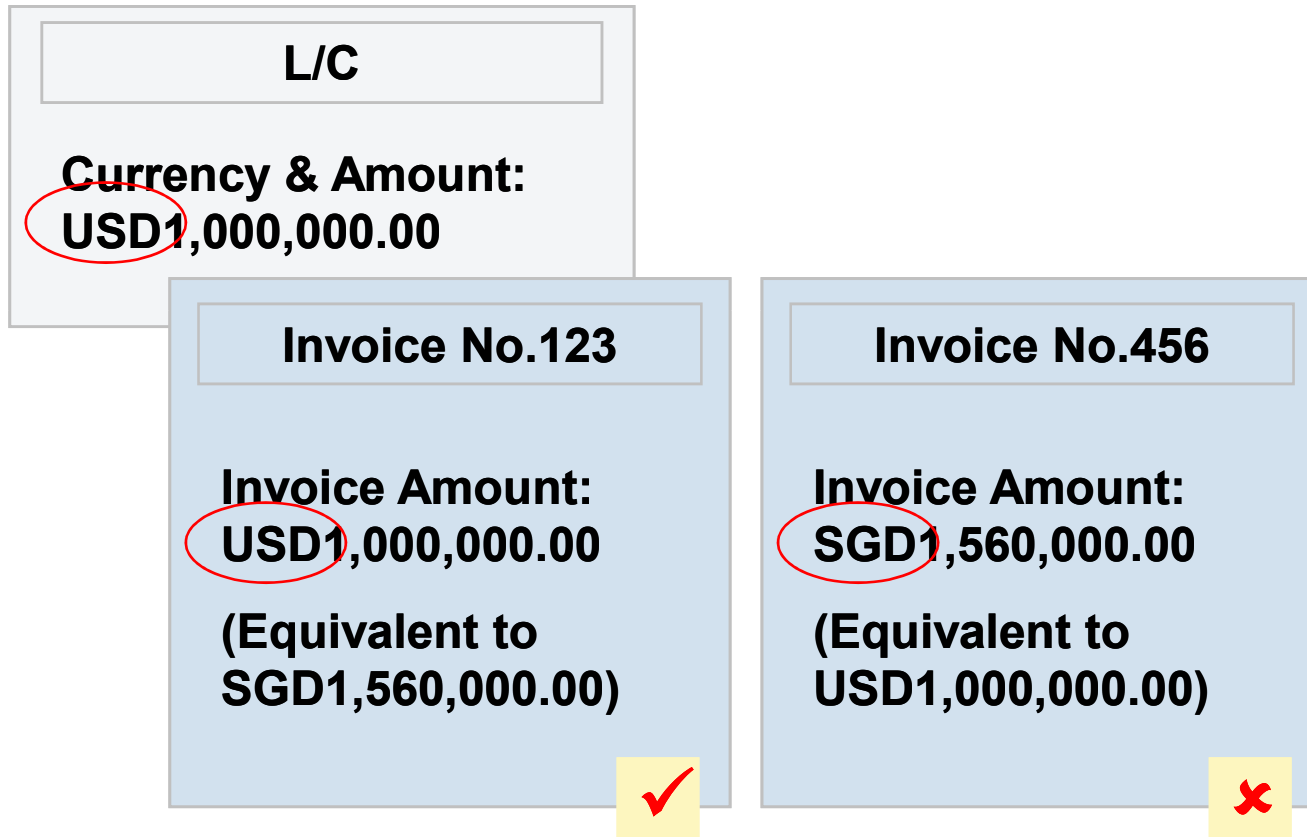
Article 18 – Commercial Invoice

- ▶ Issued by beneficiary, made out in the name of applicant, and need not be signed (*except as provided in article 38 – Transferable L/C*)
- ▶ Invoice amount in excess of L/C – May be accepted by the **nominated bank**, but must not be honoured or negotiated in excess of L/C amount
- ▶ Description of goods, **services or performance** must correspond with L/C description

Commercial Invoice

UCP 600 18



- ▶ Must be in the same currency as L/C



UCP 600 – Documents

Article 19 – Transport Documents Covering at Least Two Different Modes of Transport

- ▶ Must appear to indicate name of carrier
- ▶ Signed by carrier, master or named agent
- ▶ If signed by agent, need to specify for whom - carrier or master - it is signed

ABC Forwarders  _____ As Agent <i>For Master</i>	600 ✓ 500 ✗
ABC Forwarders  _____ As Agent <i>For Master, Takashi Yanagawa</i>	600 ✓ 500 ✓



Transport Document Covering at Least Two Different Modes of Transport

UCP 600 19

- ▶ Indicating goods have been dispatched, taken in charge or **shipped on board**:
 - ⇒ *by pre-printed wording – issuance date is the date of dispatch, taking in charge or shipped on board*
 - ⇒ *by a dated notation indicating the date goods have been dispatched, taken in charge or shipped on board – this date is the date of shipment*

- ▶ Must indicate place of dispatch, taking in charge or shipment and place of final destination stated in the L/C, even if transport document:
 - ⇒ *states, in addition, different place of dispatch, taking in charge or shipment or place of final destination*
 - ⇒ *contains indication “intended” or similar qualification in relation to vessel, port of loading or port of discharge*



Changes to SWIFT MT700

▶ New fields for transport details:

44A	Place of Taking in Charge/ Dispatch from .../ Place of Receipt
44E	Port of Loading/ Airport of Departure
44F	Port of Discharge/ Airport of Destination
44B	Place of Final Destination/ For Transportation to .../ Place of Delivery

Transport Document Covering at Least Two Different Modes of Transport

UCP 600 19

- ▶ If issued in more than one original, all originals are required
- ▶ Need not examine contents of Terms and Conditions of carriage
- ▶ Must not indicate it is subject to a charter party (no mention of “vessel propelled by sail”)
- ▶ Unloading from one means of conveyance and reloading to another means of conveyance (**whether or not in different modes of transport**) during the carriage from the place of dispatch, taking in charge or shipment to the place of final destination – **is transshipment**
 - ⇒ *Transport document **may** indicate goods will or may be transshipped provided entire carriage is covered by one and the same transport document*
 - ⇒ *Even prohibited by the L/C, transport document indicating transshipment will or may take place is acceptable*




UCP 600 – Documents

Article 20 – Bill of Lading

Article 21 – Non-Negotiable Sea Waybill

- ▶ Must appear to indicate name of carrier
- ▶ Signed by carrier, master or named agent
 - ⇒ *If signed by master, name of master is not necessary*

Master 	600 <input checked="" type="checkbox"/>
500	<input checked="" type="checkbox"/>

- ▶ If signed by agent, need to specify for whom, carrier or master - it is signed

ABC Forwarders 	600 <input checked="" type="checkbox"/>
As Agent	500 <input checked="" type="checkbox"/>
For Master	

ABC Forwarders 	600 <input checked="" type="checkbox"/>
As Agent	500 <input checked="" type="checkbox"/>
For Master, John Doe	



Bill of Lading Non-Negotiable Sea Waybill

UCP 600 20,21

- ▶ Indicating goods have been shipped on board:
 - ⇒ *by pre-printed wording – issuance date is the date of shipment, or*
 - ⇒ *by a dated on board notation – on board date is the date of shipment*

- ▶ Port of loading in B/L differs from that stated in the L/C, or B/L contains “intended” qualification with regards to port of loading – “On Board Notation” is required, regardless of pre-printed “shipped” B/L is presented, indicating:
 - ⇒ *port of loading as in the L/C*
 - ⇒ *date of shipment*
 - ⇒ *name of vessel*

- ▶ If issued in more than one original, all originals are required



Bill of Lading Non-Negotiable Sea Waybill

UCP 600 20,21

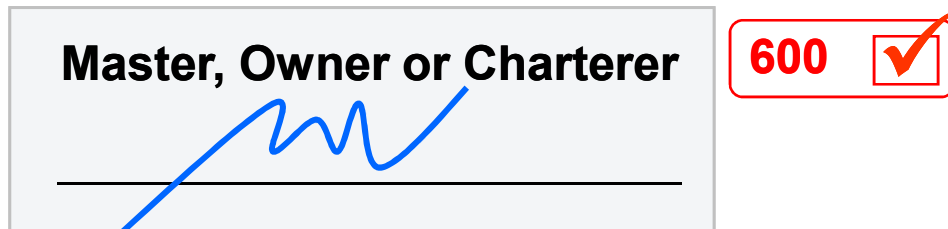
- ▶ Need not examine contents of Terms and Conditions of carriage
- ▶ Must not indicate it is subject to a charter party (no mention of “vessel propelled by sail”)
- ▶ Unloading from one vessel and reloading to another vessel during the carriage from port of loading to port of discharge - **is transshipment**
 - ⇒ *B/L may indicate goods will or may be transshipped provided entire carriage is covered by one and the same B/L*
 - ⇒ *Even prohibited by the L/C, B/L indicating transshipment will or may take place is acceptable if goods have been shipped in a container, trailer or LASH barge*
- ▶ Disregard clauses in B/L carrier reserve the right to transship



UCP 600 – Documents

Article 22 – Charter Party Bill of Lading

- ▶ B/L containing indication that it is subject to a charter party
- ▶ Signed by master, owner, **charterer** or named agent
 - ⇒ *If signed by master, or owner, or charterer, their names are not necessary*




- ▶ If signed by agent, need to specify for whom –master, owner or charterer - it is signed




Charter Party Bill of Lading


UCP 600 22

- ▶ Agent signing for owner or charterer must indicate name of owner or charterer


ABC Forwarders


As Agent
For Owner, John Doe

600 

ABC Forwarders


As Agent
For Charterer, John Doe

600 

ABC Forwarders


As Agent
For Master

600 



Charter Party Bill of Lading

UCP 600 22

- ▶ Indicating goods have been shipped on board:
 - ⇒ *by pre-printed wording – issuance date is the date of shipment, or*
 - ⇒ *by a dated on board notation – on board date is the date of shipment*
- ▶ Port of discharge may be shown as a range of ports, or geographical area, as stated in L/C
 - ⇒ *e.g. L/C calls for shipment to Asian ports*
- ▶ If issued in more than one original, all originals are required
- ▶ Need not examine charter party contracts
- ▶ No mention that the B/L must not indicate vessel propelled by sail only



UCP 600 – Documents

Article 23 – Air Transport Document

- ▶ Must appear to indicate name of carrier
- ▶ Signed by carrier or named agent
- ▶ If signed by agent, need to indicate that agent has signed for on behalf of carrier
- ▶ Must indicate date of issuance, which will be deemed to be the date of shipment, unless.....
- ▶ Specific notation of actual date of shipment, even not called for in the credit, will be deemed to be the date of shipment



Air Transport Document

UCP 600 23

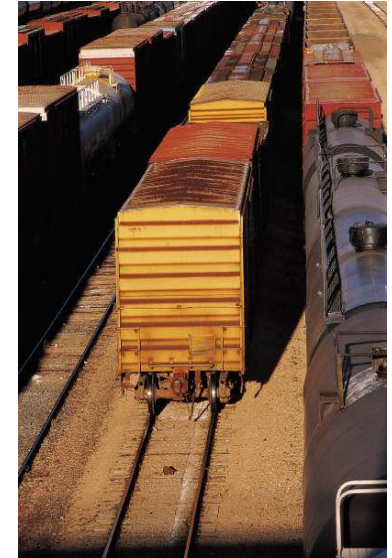
- ▶ Shipment date not determined by any other information re flight number and date (in box marked “for carrier’s use only)
- ▶ Be the original for consignor or shipper, even if credit stipulates full set of originals
- ▶ Need not examine Terms and Conditions of carriage
- ▶ Unloading from one aircraft and reloading to another aircraft during the carriage from the airport of loading to the airport of destination – **is transshipment**
 - ⇒ *Even L/C prohibits transshipment, air transport document indicating goods will or may be transshipped is acceptable, provided entire carriage is covered by one and the same air transport document*



UCP 600 – Documents

Article 24 – Road, Rail or Inland Waterway Transport Documents

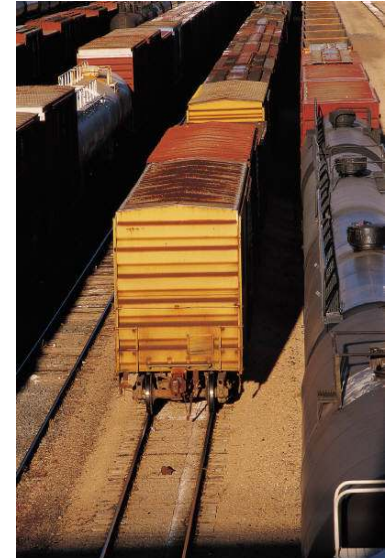
- ▶ Must appear to indicate name of carrier
- ▶ Signed by carrier or named agent
- ▶ If signed by agent, need to indicate that agent has signed for or acted for or on behalf of carrier
- ▶ Must indicate date of issuance or date goods have been received for shipment, dispatch or carriage, which is the date of shipment, unless the transport document contains a dated reception stamp, an indication of date of receipt or a date of shipment
- ▶ Indicate place of shipment and place of destination as per L/C
- ▶ In the absence of indication as to the number of originals issued, the number presented deemed to be the full set



Road, Rail or Inland Waterway Transport Documents

UCP 600 24

- ▶ Unloading from one means of conveyance and reloading to another means of conveyance, **within the same mode of transport**, during the carriage from the place of shipment, dispatch or carriage to the place of destination – **is transshipment**
 - ⇒ *Transport document **may** indicate goods will or may be transshipped provided entire carriage is covered by one and the same transport document*
 - ⇒ *Even prohibited by the L/C, transport document indicating transshipment will or may take place is acceptable*



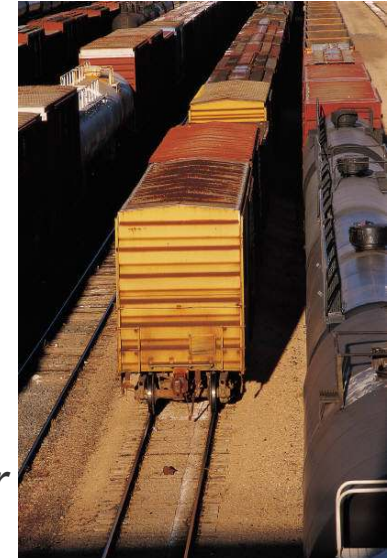
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Road, Rail or Inland Waterway Transport Documents

UCP 600 24

- ▶ For rail transport document:
 - ⇒ *If it does not identify the carrier, any signature or stamp of railway company is accepted as being signed by the carrier*
 - ⇒ *Transport document marked “duplicate” is accepted as an original*
 - ⇒ *Transport document will be accepted as original whether marked as an original or not (also applicable to inland waterway transport)*

- ▶ Road transport document marked for consignor or shipper or bear no marking for whom the document has been prepared – **is the original**



UCP 600 – Documents

Article 25 – Courier Receipt, Post Receipt or Certificate of Posting

- ▶ Courier receipt must appear to:
 - ⇒ *Indicate the name of courier service, and be stamped or signed by the named courier service at the place the goods are to be shipped*
 - ⇒ *Indicate a date of pick-up or receipt, which will be deemed to be the date of shipment*
 - ⇒ *Requirement that courier charges to be paid or prepaid is satisfied by the courier receipt evidencing courier charges are for account of a party other than the consignee*

- ▶ Post receipt or certificate of posting, must appear to be stamped or signed and dated at the place the goods are to be shipped. This date will be deemed to be the date of shipment



UCP 600 – Documents

Article 26 – “On Deck”, “Shipper’s Load and Count”, “Said by Shipper to Contain” and Charges Additional to Freight

- ▶ Transport document indicating goods are or will be loaded on deck not acceptable
- ▶ Transport document indicating goods may be loaded on deck is acceptable
- ▶ “Shipper’s Load and Count” and “said by shipper to contain” is acceptable
- ▶ Transport document bearing reference to charges additional to freight is acceptable

UCP 600 – Documents

Article 27 – Clean Transport Document

- ▶ Clean transport is one bearing no clause or notation expressly declaring a defective condition of goods or their packaging
- ▶ The word “clean” need not appear on a transport document, even credit requires “clean on board”

UCP 600 – Documents

Article 28 – Insurance Document and Coverage)

- ▶ Insurance document – Insurance policy, insurance certificate or declaration under open cover
- ▶ Issued and signed by insurance company, underwriter or their agents or their **proxies**
- ▶ Signature by agent or proxy indicated as being for or on behalf of insurance company or underwriter



ABC Insurance Co. Ltd.



Agent for
ABC Insurance Co. Ltd.



By proxy for
ABC Insurance Co. Ltd.

Insurance Document and Coverage

UCP 600 28

- ▶ All originals must be presented, if the document indicates that more than one original has been issued
- ▶ Cover Note not acceptable
- ▶ Insurance policy is acceptable in lieu of insurance certificate or declaration under open cover
- ▶ Issued no later than shipment date, or it appears from the document that cover is effective from a date no later than shipment date

Insurance Policy

Effective Date
1 AUG 2007

Issued on 8 AUG 2007

Bill of Lading

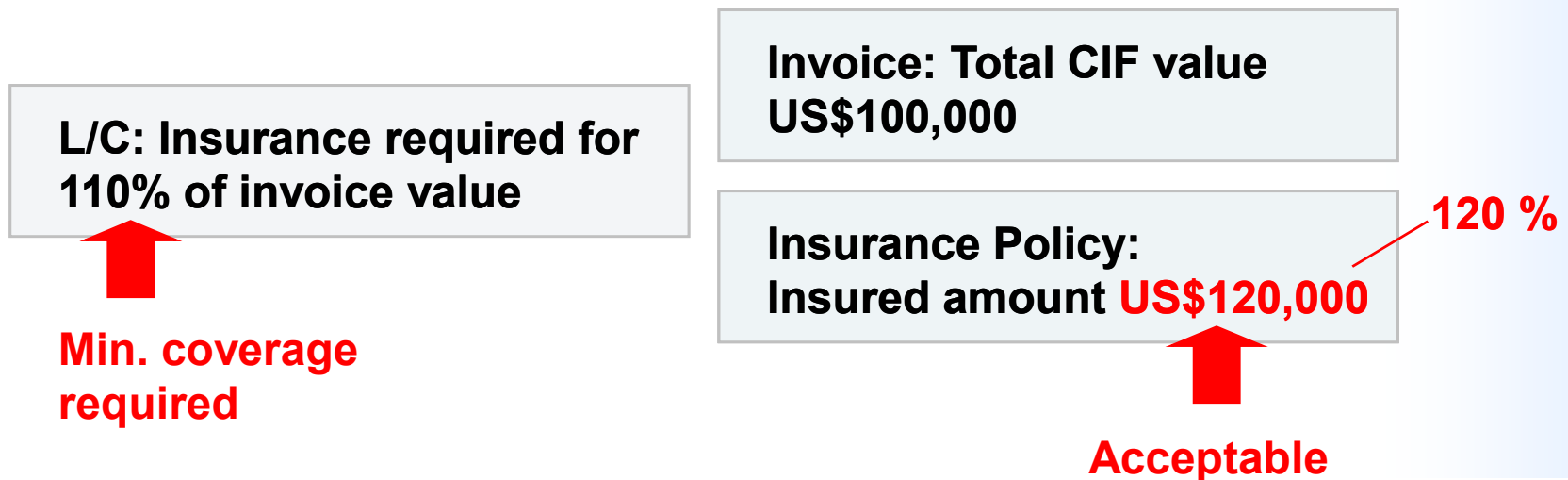
Shipped On Board
1 AUG 2007

Issued on 1 AUG 2007

Insurance Document and Coverage

UCP 600 28

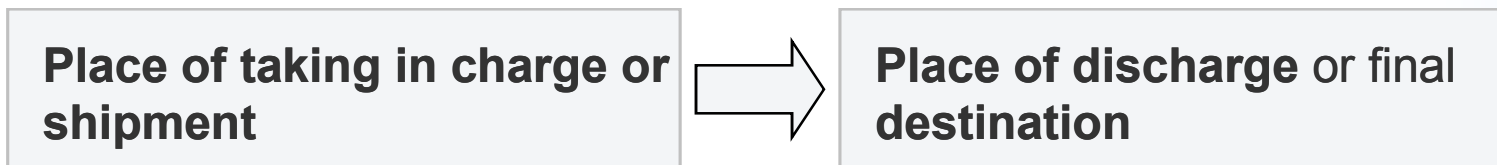
- ▶ Insurance coverage expressed in the L/C as percentage of goods/invoice value (e.g. 110% of CIF value) is deemed to be minimum coverage required



Insurance Document and Coverage

UCP 600 28

- ▶ Min. 110% of CIF or CIP value, if L/C does not indicate insurance coverage required
- ▶ If CIF or CIP value cannot be determined from documents – take the greater of the following:
 - ⇒ *Amount for which honour or negotiation is requested; or*
 - ⇒ *Gross invoice value of the goods*
- ▶ Risks covered at least :



... as stated in the L/C

- ▶ L/C should state type of insurance required and additional risks to be covered
- ▶ If L/C uses imprecise terms such as “usual risks” or “customary risks”, bank will accept insurance document without regard to any risks not covered
- ▶ If L/C requires insurance against “all risks”, bank will accept insurance document containing any “all risks” notation or clause, without regard to any risks stated to be excluded
- ▶ Insurance document may :
 - ⇒ *Contain reference to any exclusion clause*
 - ⇒ *Indicate that cover is subject to franchise or excess (deductible)*

UCP 600 – Miscellaneous Provisions

Article 29 – Extension of Expiry Date or Last Day for Presentation

- ▶ Expiry date or last day for presentation falls on a day the bank is closed for **reasons other than “Force Majeure”**, it will be extended to the first following banking day
- ▶ Nominated bank **must provide** the issuing bank or confirming bank with a statement that presentation was made within the time limits extended
- ▶ Latest date for shipment **will not be extended**

UCP 600 – Miscellaneous Provisions

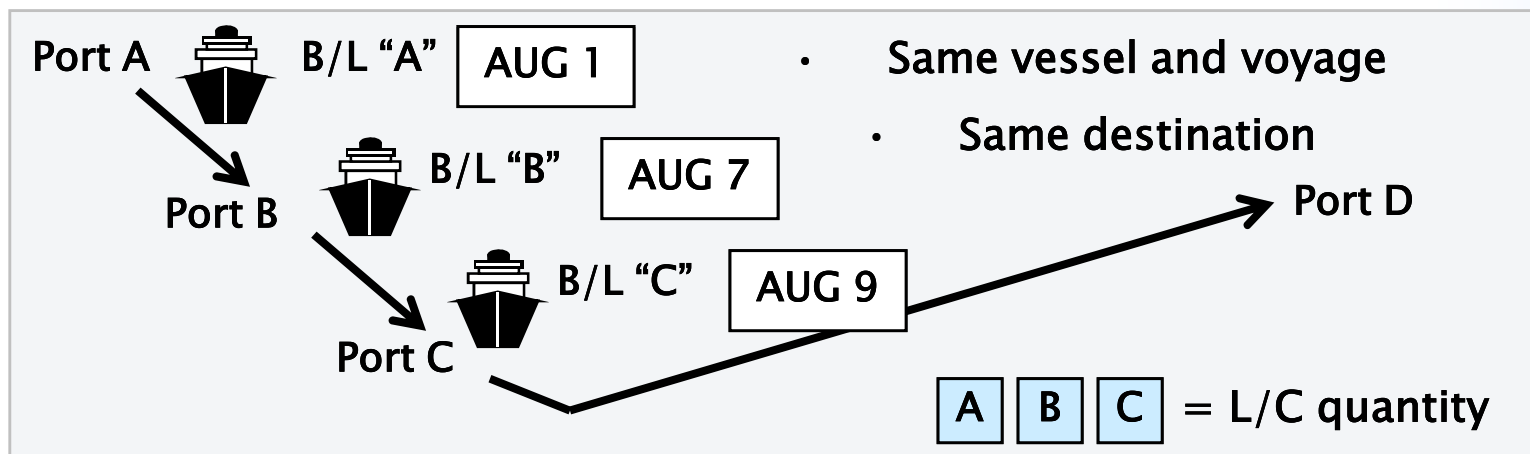
Article 30 – Tolerance in Credit Amount, Quantity and Unit Prices

- ▶ Words “about” or “approximately” used in conjunction with credit amount, quantity or unit prices, are to be construed as allowing a tolerance not to exceed 10% more or 10% less
- ▶ Quantity not in terms of stipulated number of packing units or individual items has a tolerance not to exceed 5% more or 5% less, providing credit amount is not over drawn
- ▶ Even when partial shipment is not allowed, a tolerance not to exceed 5% less than the credit amount is allowed, provided the quantity is shipped in full and that any unit price is not reduced.

UCP 600 – Miscellaneous Provisions

Article 31 – Partial Drawings or Shipments

- ▶ Partial drawings or shipments are allowed
- ▶ Presentation of multiple sets of transport docs evidencing shipment on the same means of conveyance (e.g. vessel, aircraft) from different ports/places on different dates and for the same journey to the same destination – not partial shipment



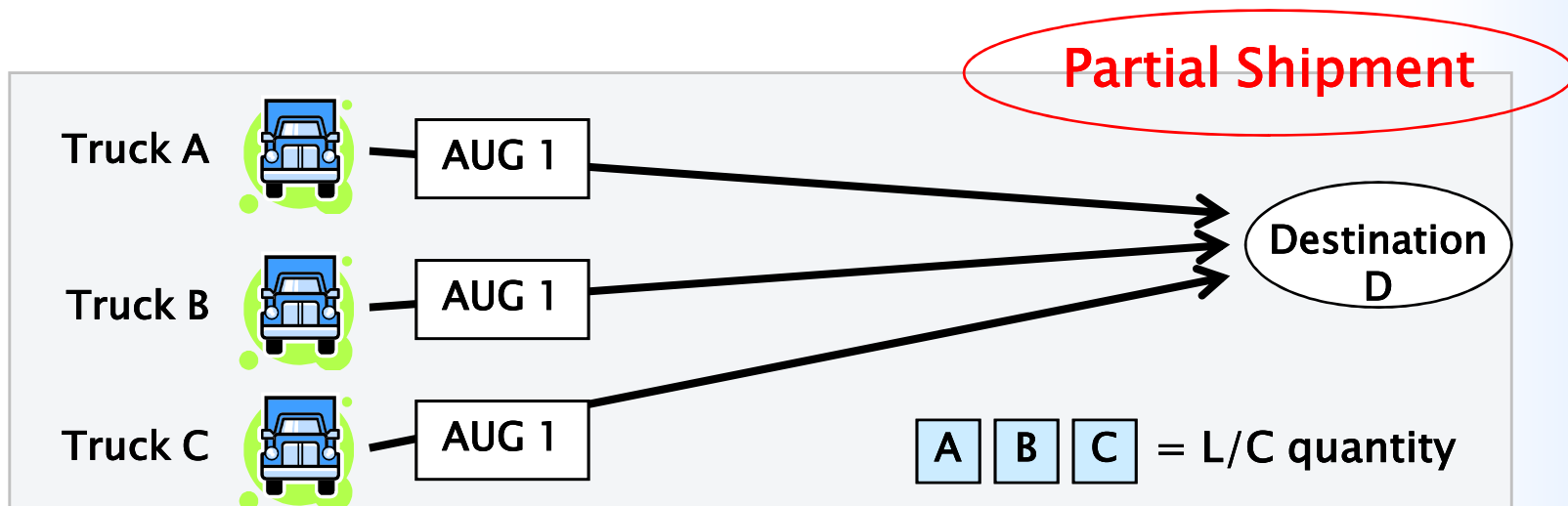
- ▶ Take latest of the shipment dates as date of shipment (Aug 9 in the above example)

Partial Drawings or Shipments

UCP 600 31

NEW

- ▶ Presentation of multiple sets of transport docs evidencing shipment on more than one means of conveyance within the same mode of transport (e.g. shipment by truck) will be regarded as partial shipment, even if shipped on the same day for the same destination



- ▶ Multiple courier receipts not regarded as partial shipment, if stamped/signed by same courier at same place & date and for same destination

UCP 600 – Miscellaneous Provisions

Article 32 – Installment Drawings or Shipments

- ▶ Any installment not drawn or shipped, credit ceases to be available

Article 33 – Hours of Presentation

- ▶ Banks have no obligation to accept presentation outside of its banking hours

UCP 600 – Disclaimers

Article 34 – Disclaimer on Effectiveness of Documents

- ▶ Banks are not liable or responsible for any fraudulent documents or the accuracy and representation of any documents.

UCP 600 – Disclaimers

Article 35 – Disclaimer on Transmission and Translation

- ▶ When act in accordance with instruction or on own initiative, banks are not liable or responsible for any loss in transit, mutilation or other errors arising in the transmission of any messages or delivery of letters or documents
- ▶ Complying documents lost in transit, between:
 - ⇒ *Nominated bank and issuing/confirming bank, or*
 - ⇒ *Confirming bank and issuing bank*

Issuing/confirming bank must honour or negotiate, or reimburse
- ▶ Banks are not obligated to translate and may transmit credit terms without translating them

UCP 600 – Disclaimers

Article 36 – Force Majeure

- ▶ Bank will not honor or negotiate under a credit that expired during interruption of its business, which is not under its control

UCP 600 – Disclaimers

Article 37 – Disclaimer for Acts of an Instructed Party

- ▶ Issuing bank or advising bank not liable or responsible for instructions not carried by another bank
- ▶ Bank instructing another bank to perform services is liable for that bank's charges
- ▶ Issuing bank is liable for charges that cannot be collected or deducted from the proceeds
- ▶ Applicant is bound by and liable to indemnify a bank against all obligations and responsibilities imposed by foreign laws and usages

Disclaimer for Acts of an Instructed Party

UCP 600 37

- ▶ L/C or amendment should not stipulate that advising to beneficiary is conditional upon the receipt by advising bank or second advising bank of its charges

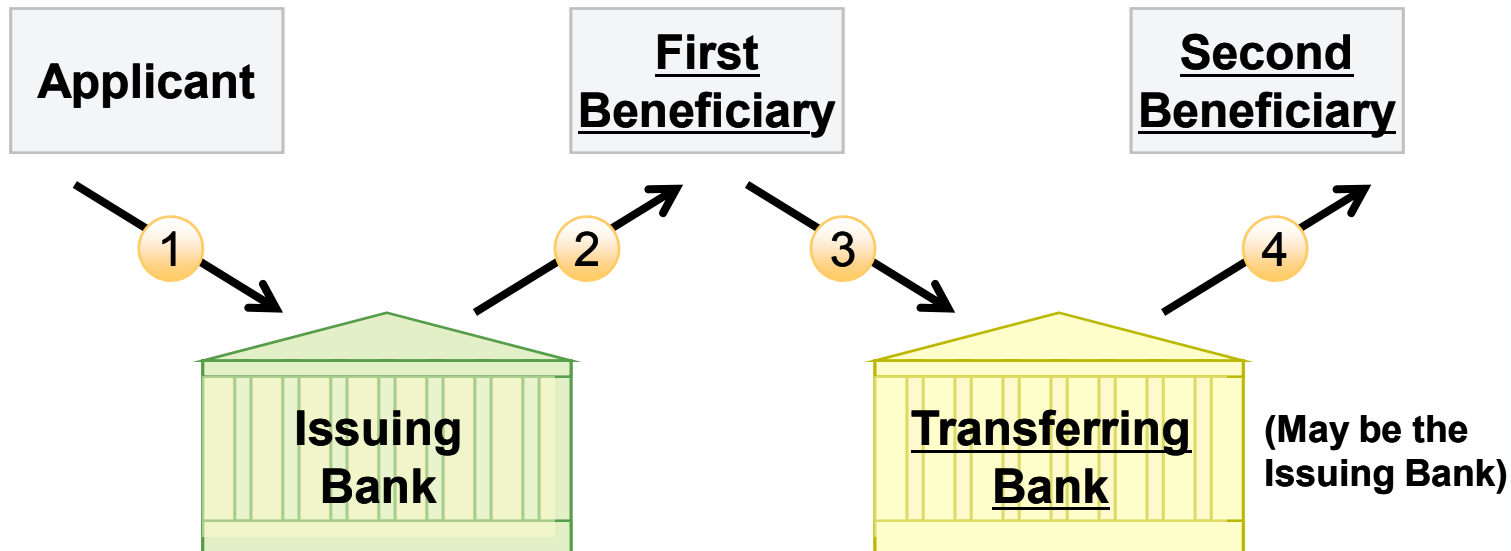
Unacceptable clause:

Notwithstanding sub-article 37c, the advising bank must collect their advising fee prior to advising the credit to the beneficiary

UCP 600 – Transferable LC & Assignment of Proceeds

Article 38 – Transferable Credits

- ▶ **Transferable credit** – An L/C may be made available by the transferring bank to a second beneficiary



1. L/C application

2. Transferable credit

3. Request for transfer

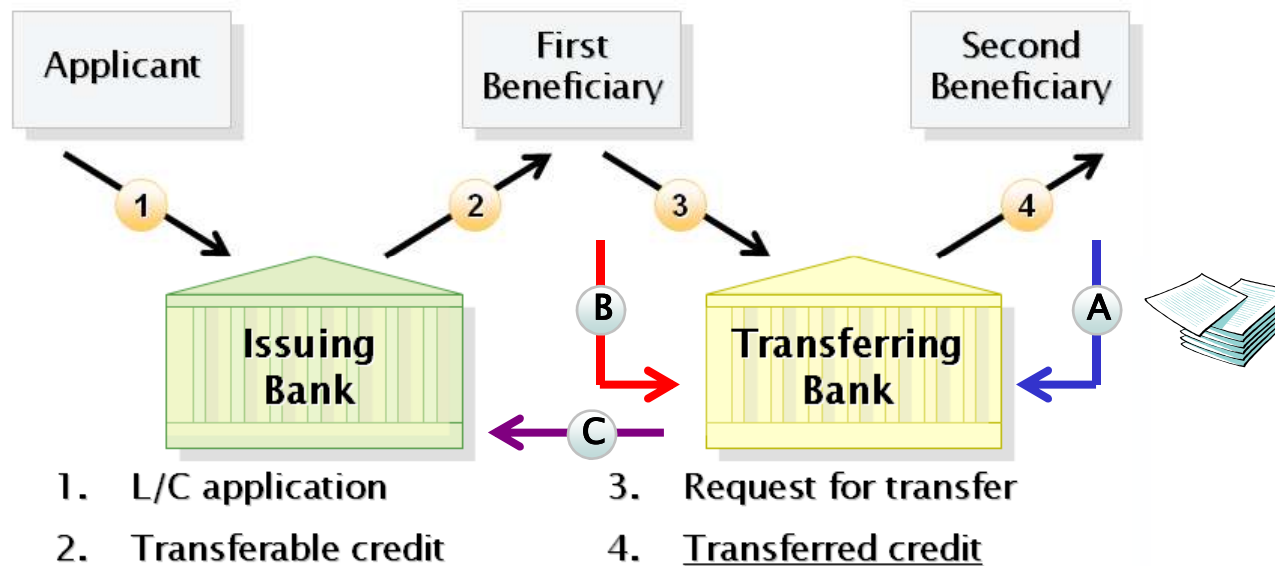
4. **Transferred credit** –
(Credit has been made available
to a second beneficiary)

- ▶ Transferred credit must accurately reflect the terms and conditions of the credit, **including confirmation** ...

- ▶ Second beneficiary's documents may be sent to issuing bank if first beneficiary fails, on first demand, to:
 - ⇒ *Present its invoice (and draft, if any), or*
 - ⇒ **Rectify discrepancies in its invoice (where such discrepancies did not exist in second bene's invoice)**

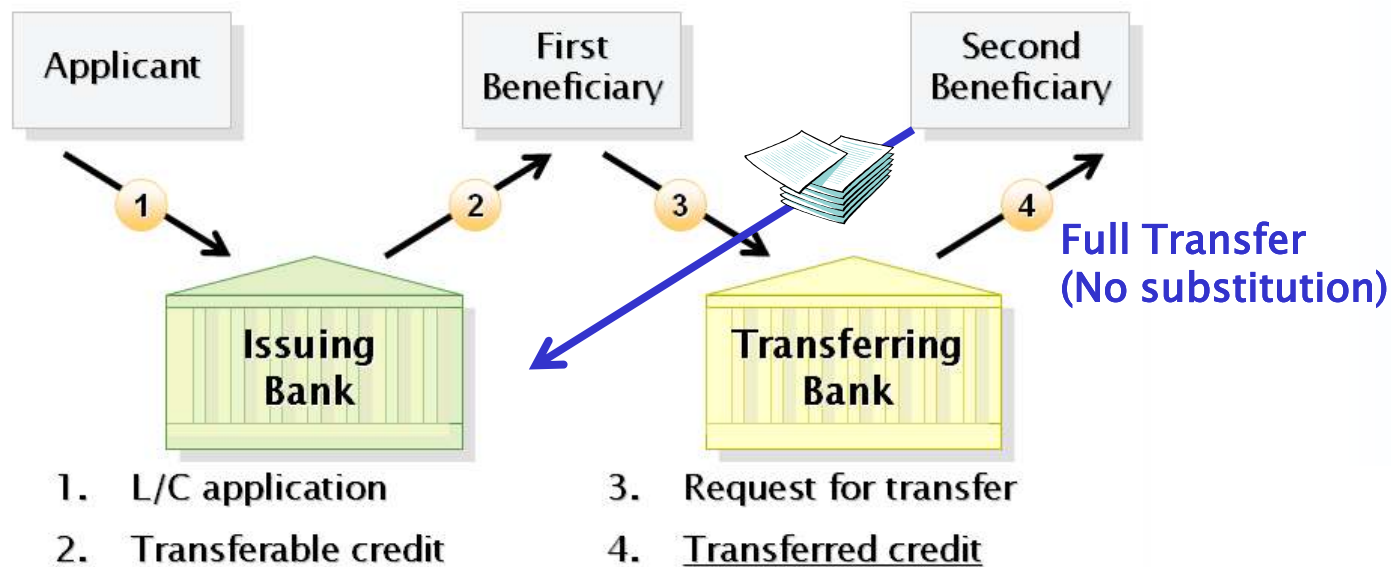
Transferable Credits

- ▶ 38 (k): Second beneficiary's documents must be presented to transferring bank



Transferable Credits

- ▶ 38 (k): Second beneficiary's documents must be presented to transferring bank
 - ⇒ However, in case of Full Transfer, documents may be presented directly to issuing bank
 - ⇒ Therefore the Transferred Credit should expressly exclude sub-article 38 (k)



- ▶ Bank not obligated to effect transfer
- ▶ All charges relating to the transfer are for the account of first beneficiary
- ▶ If L/C allows partial drawings or shipments, it can be transferred in part to more than one second beneficiary
- ▶ Transferred L/C cannot be transferred to any subsequent beneficiary
- ▶ Must determine the handling of subsequent amendments
- ▶ Rejection of an amendment by one or more second beneficiary does not invalidate the acceptance by any other second beneficiary
- ▶ Allowable changes:
 - credit amount - unit price - expiry date - period for presentation
 - latest shipment date - percentage of insurance coverageFirst beneficiary's name may be substituted for that of the applicant
- ▶ Honour or negotiation of transferred L/C may be in the second beneficiary's country

UCP 600 – Transferable LC & Assignment of Proceeds

Article 39 – Assignment of Proceeds

- ▶ Assignment of proceeds under the credit only.
Not an assignment of right to perform under the credit.

**THANK
YOU**

