



TFP Trade Finance Program

WORKSHOP ON AML/CFT AND TRADE FINANCE

26-28 June 2019

Tanoa International Hotel, Nadi, Fiji

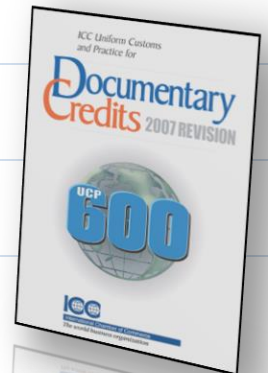
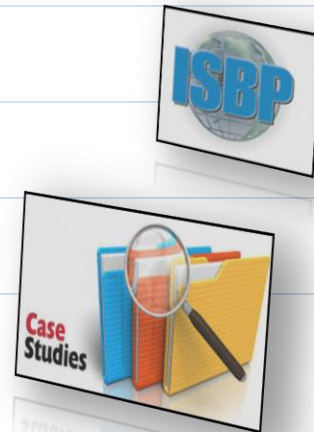
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***TRADE FINANCE
PRODUCTS IN ACTION***

DOCUMENTARY CREDITS



DOCUMENTARY CREDIT WORKFLOW ANALYSIS







Port of Loading

Place of Receipt

USD3,250,000.00
CIF Jebel Ali Port UAE....is acc
No advance payment....
But import confirmed LC
Available at 180 days OK!



Great ...
.... That was easy
and clear!

• UCP 600

• ISBP

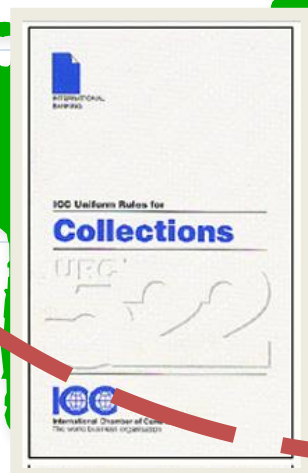
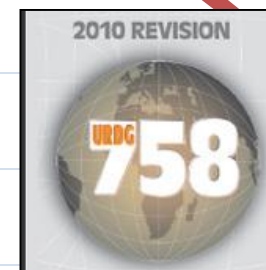
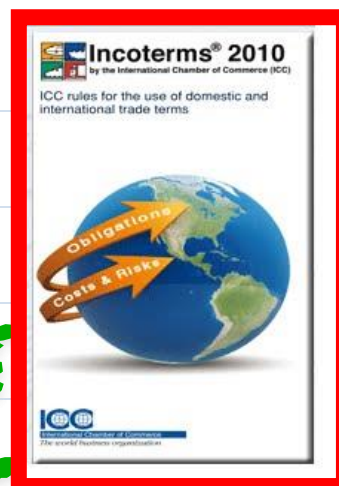
• URC 522

• ISP98

• URDG 758

• URR 725

• INCOTERMS



Effective from 1st July 2007

*ICC Uniform Customs
and Practice for*

Documentary Credits

2007 REVISION



International Chamber of Commerce
The world business organization

1933

UCP # 82 **First**

1951

UCP # 151

1962

UCP # 222

1974

UCP # 290

1983

UCP # 400

1993

UCP # 500

2007

UCP # 600

Letters of Credit Advanced Workshop

Section – I – Technical Analysis



PRE-EXP

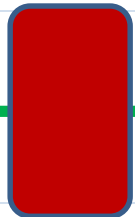
Payment...
...Risk!...
export finance?

BRIDGING THE RISK

S.W.I.F.T Letter of Credit in favour of Jordan Heavy Industry
Issued by First Bank of Japan, Tokyo Japan.

FIN MESSAGE (1 : F01SWAABET0AXXX0170000754)
700 issue of a documentary credit (2 : 1700SWAABET0XXXXN) >

: 27 sequence of total : 1/1
: 40A form of documentary credit : IRREVOCABLE
: 20 documentary credit number : 1234567
: 31C date of issue : 97/07/01
: 31D date and place of expiry : 97/09/30 Dublin
: 50 applicant : Orient Construction
123 Bird of Paradise Boulevard
Tokyo
: 59 beneficiary : Jordan Heavy Industry
67 Hill Street
Dublin
: 32B currency code amount :
amount
: 41A available with/by - swift addr : EXDBIE20
EXPORT DEVELOPMENT BANK
BY PAYMENT
: 42C drafts at : SIGHT DRAWN ON EXPORTER
: 43P partial shipment : NOT PERMITTED
: 43T transshipment : NOT PERMITTED
: 44A on board/dispatch : DUBLIN PORT
: 44B for transportation : TOKYO PORT
: 44C latest date of shipment : 97/09/09
: 45A descr goods and : 125000 UNITS OF
CIF TOKYO, JAPAN
: 46A documents required :
+COMMERCIAL INVOICE
+DETAILED DESCRIPTION
+INSURANCE CERTIFICATE
ALL RISKS AS PER INCOTERMS
CLAIMS PAYABLE IN JAPAN
+CERTIFICATE OF QUALITY
+CERTIFICATE OF ORIGIN
+FULL SET 3/3 CLEAN ON BOARD
CONSIGNMENT TO ORDER FIRST BANK
TOKYO MARKED FREIGHT
additional conditions :
: 47A THE NUMBER AND DATE OF THIS CREDIT AND THE NAME OF
OUR BANK MUST BE QUOTED ON ALL DOCUMENTS REQUIRED
: 71B charges : ALL CHARGES OUTSIDE JAPAN ARE FOR THE BENEFICIARY'S
ACCOUNT
: 48 period for presentation : WITHIN 21 DAYS OF THE ISSUE OF THE TRANSPORT DOCUMENTS
BUT WITHIN THE VALIDITY OF THE CREDIT
: 49 confirmation instructions : CONFIRM
: 78 instructions to pay/accept bk :
WE AUTHORISE YOU TO CLAIM ON OUR ACCOUNT NO 8899876
WITH INTER BANK NEW YORK AT MATURITY. SUBJECT TO
UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY
CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF
COMMERCE PUBLICATION NO 500 FORWARD ORIGINAL
DOCUMENTS DIRECT TO US BY COURIER.
)
(5 : (MAC : 32EFFDD7) AUTHENTICATION RESULT
(CHK : F4D3AC6C8805) Checksum Trailer
END



Performance...
...Risk!...
...import finance...



IMPORTER



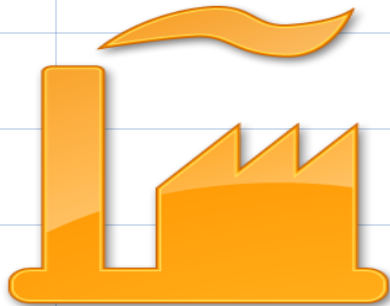
EXPORTER

Letters of Credit Advanced Workshop

Section – I – Technical Analysis

That Contract may take a number of different forms:

Seller



SELLER agrees
to sell



EXPORTER

Formal Agreement

Proforma Invoice

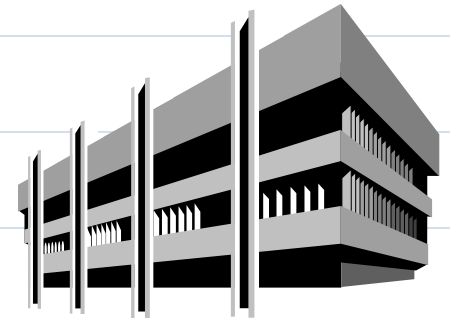
Purchase Order

Exchange of Telexes

emails



Buyer



BUYER agrees
to buy



IMPORTER

Letters of Credit Advanced Workshop

Section – I – Technical Analysis

The Sales Contract covers:

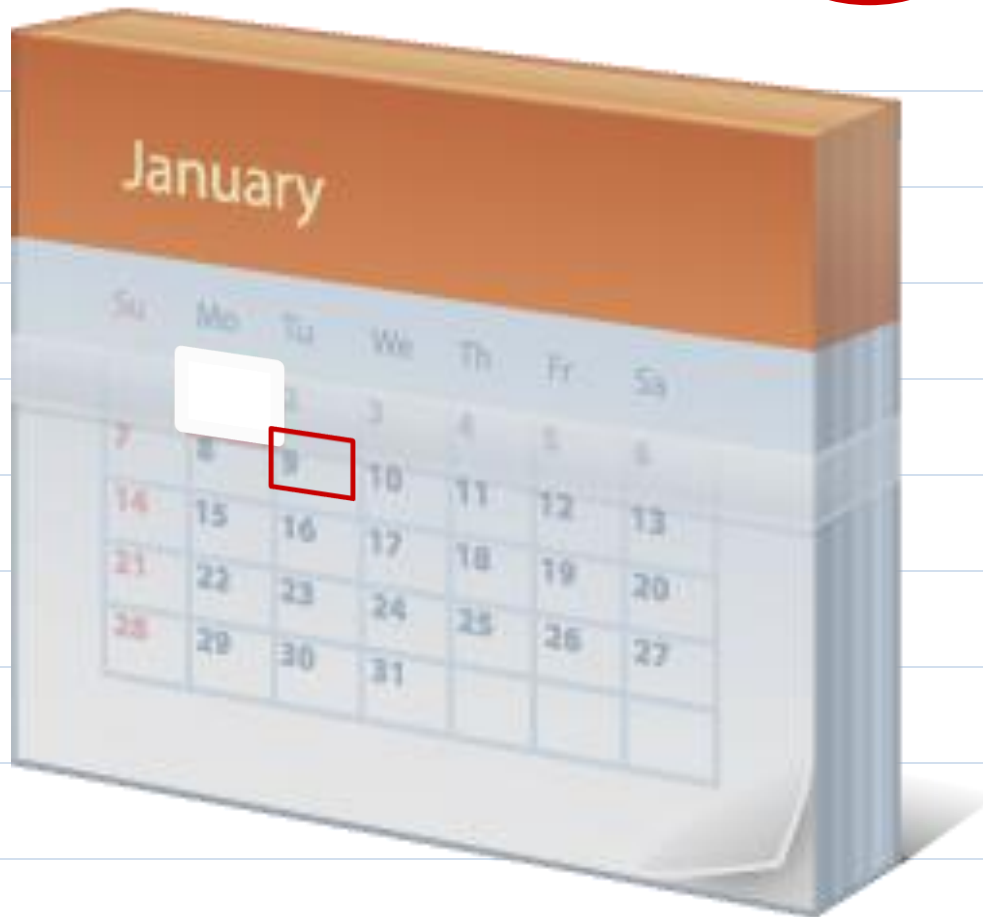
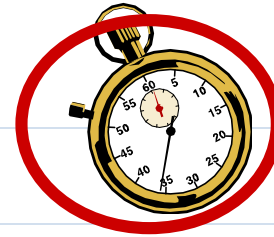


- n Goods ...
- n SHIPMENT
- n FROM...TO...
- n TERMS
 - INCOTERMS
 - Financing
- n PRICE
 - Currency
- n Method of Payment

Letters of Credit Advanced Workshop

Section – I – Technical Analysis

Shipment Date...

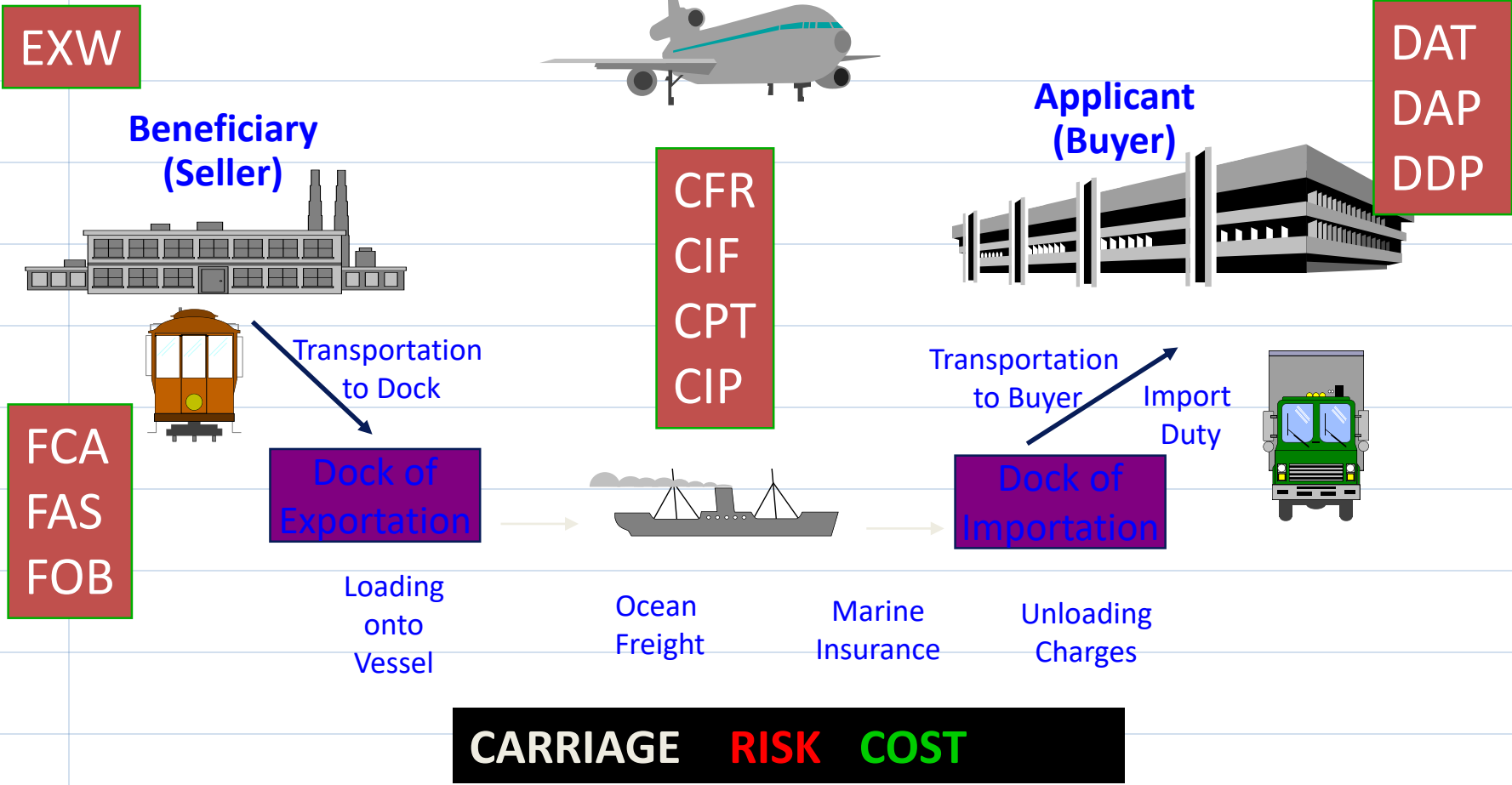


Letters of Credit Advanced Workshop

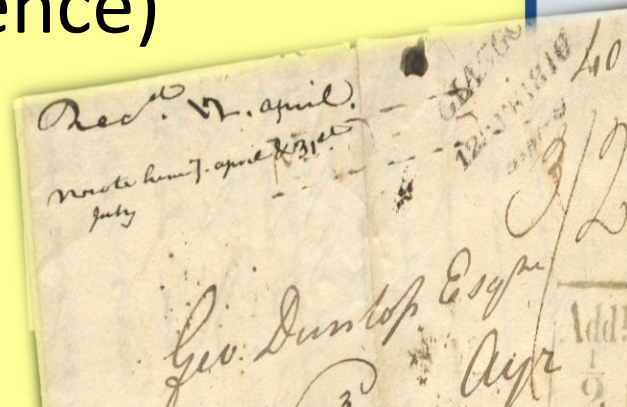
Section – I – Technical Analysis

INCOTERMS 2010

...international contract terms



The Role of Documents in International Trade.

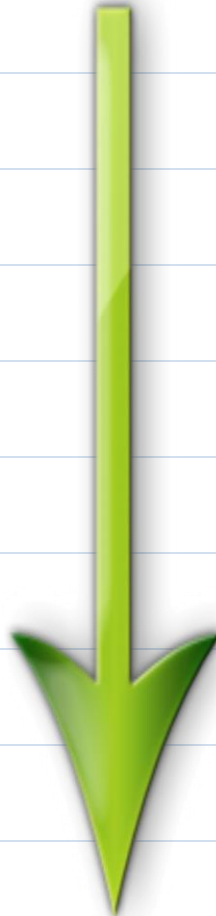
- Evidence of specific fact or action.
 - Presentation of Documents (evidence) to banks under Collections or Letters of Credit.
- 
- The image shows two pieces of old, handwritten paper. The left piece has cursive text including 'Recd. 12. April.', 'Money lent 7. April 1831', and 'J. B. J. J. J.'. The right piece has 'Geo. Dunlop Esq' and 'Apr' written on it. In the background, a blue shipping container with the letters 'SO' is visible.



Letters of Credit Advanced Workshop

Documents

Financial or Commercial



COMMERCIAL
INVOICES

PACKING
LIST

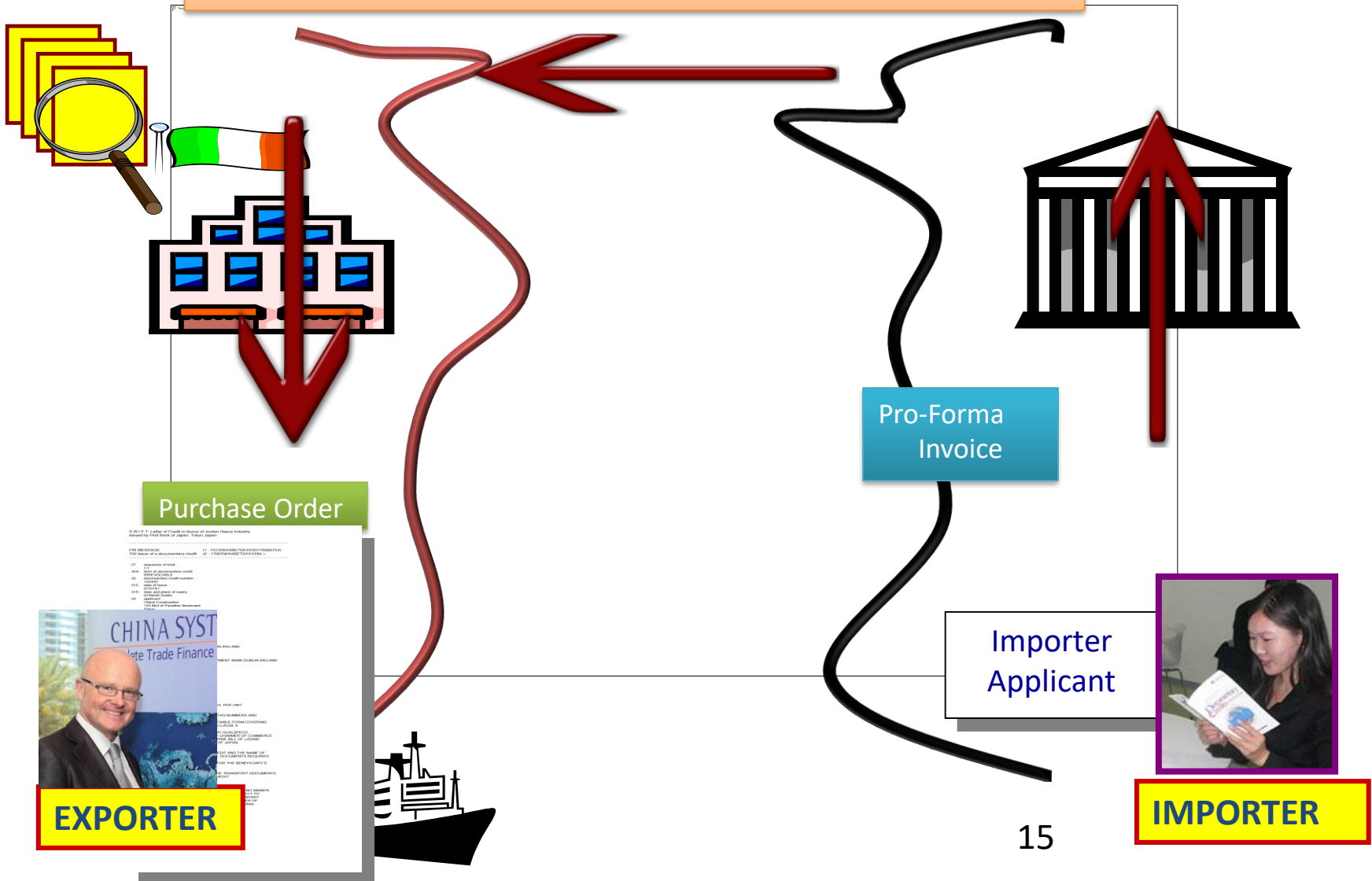
CERTIFICATE
OF ORIGIN

INSURANCE
CERTIFICATE

TRANSPORT
DOCUMENTS



THE PARTIES COMMERCIAL CREDIT



A stylized illustration of a classical building with a triangular pediment and several columns. In the foreground, there is a stack of four yellow papers with red borders. A magnifying glass with a silver frame and a brown handle is positioned over the top paper of the stack. The entire illustration is set against a background of light blue horizontal lines.

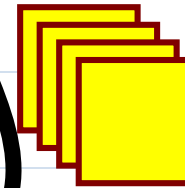
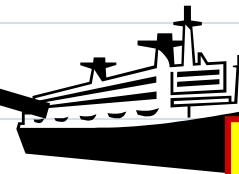
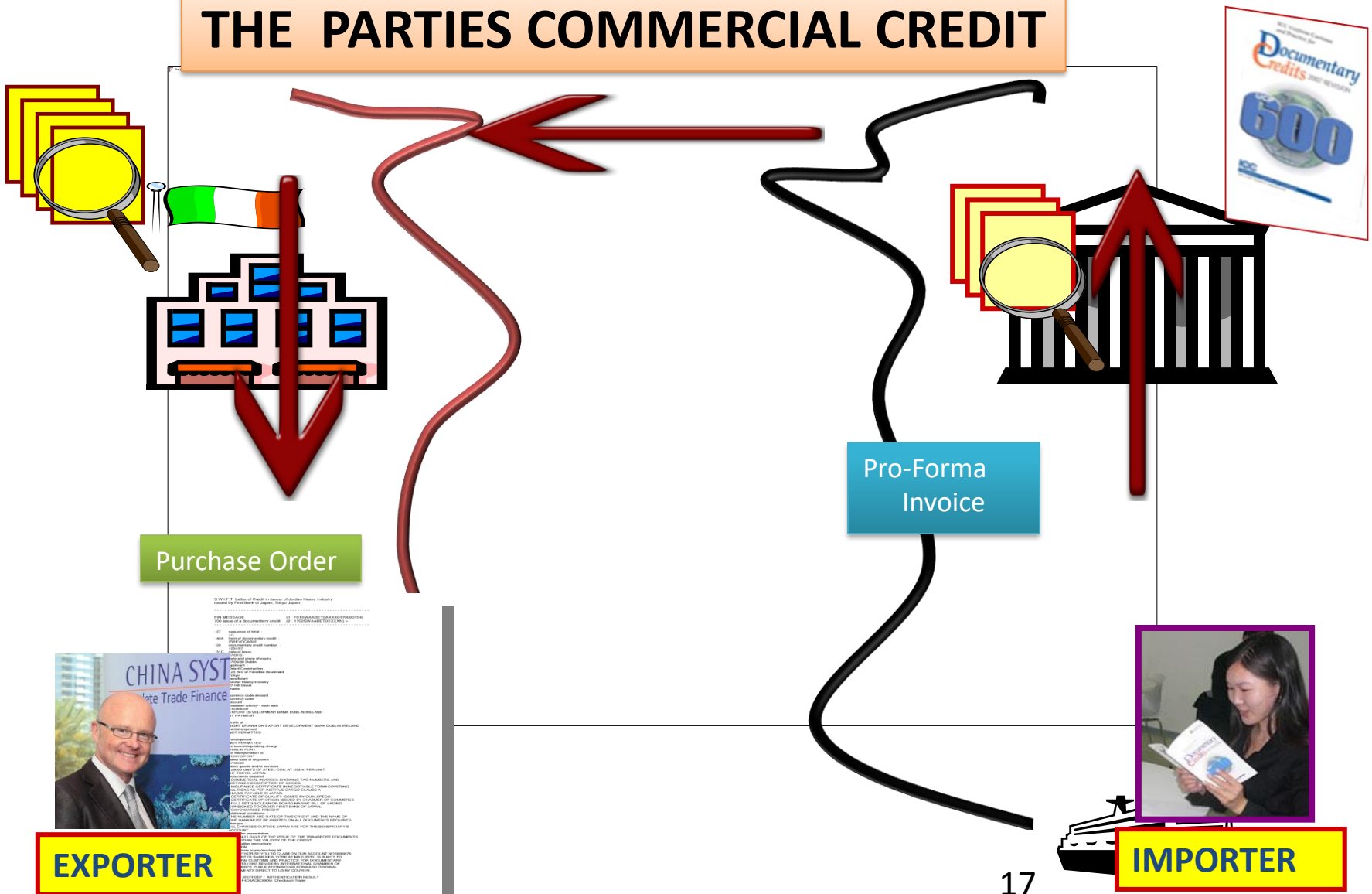


TABLE 1 List of 11 fields of knowledge and/or proficiency necessary for the successful completion of a cargo claim. (Source: Authors)	
1. FIVE FIELDS OF KNOWLEDGE OF A CARGO CLAIMANT	1. FIVE FIELDS OF KNOWLEDGE OF A CARRIER
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THE PARTIES COMMERCIAL CREDIT



[illegible]

UCP 600 AND LC CYCLE



Article 2 - Definitions
Advising bank means the bank that advises the credit at the request of the issuing bank.

Article 2 - Definitions
Issuing bank means the bank that issues a credit at the request of an applicant or on its own behalf

Article 2 - Definitions
Presentation means either the delivery of documents under a credit to the issuing bank or nominated bank or the documents so delivered.

Article 1 Application of UCP
The Uniform Customs and Practice for Documentary Credits, 2007 Revision, ICC Publication no. 600 (“UCP”) are rules that apply to any documentary credit (“credit”) (including, to the extent to which they may be applicable, any standby letter of credit) when the text of the credit expressly indicates that it is subject to these rules. They are binding on all parties thereto unless expressly modified or excluded by the credit.

Purchase



Article 2 - Definitions
Beneficiary means the party in whose favour a credit is issued.

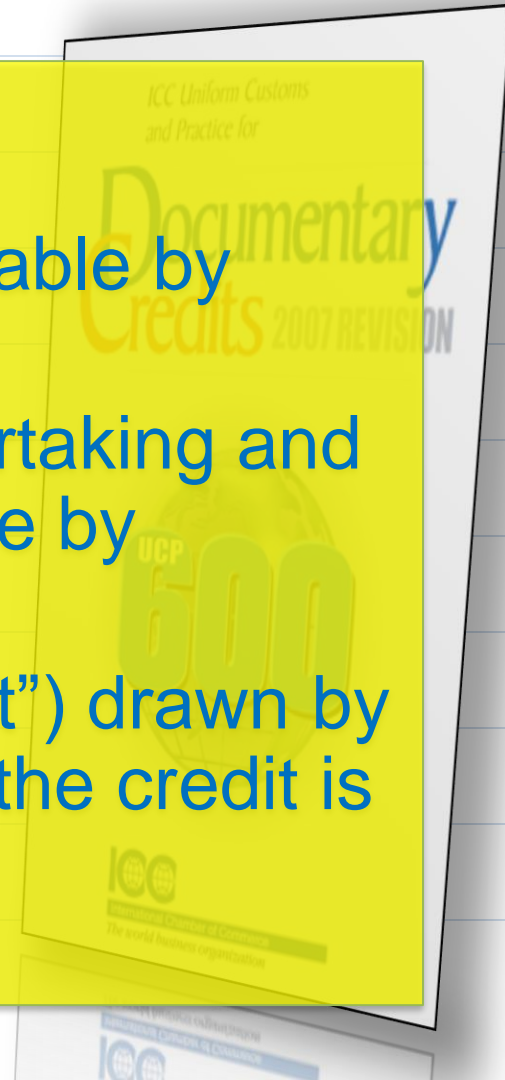
Pro-Forma

Article 2 - Definitions
Credit means any arrangement, however named or described, that is irrevocable and thereby constitutes a definite undertaking of the issuing bank to honour a complying presentation.

Article 2 - Definitions
Applicant means the party on whose request the credit is issued.

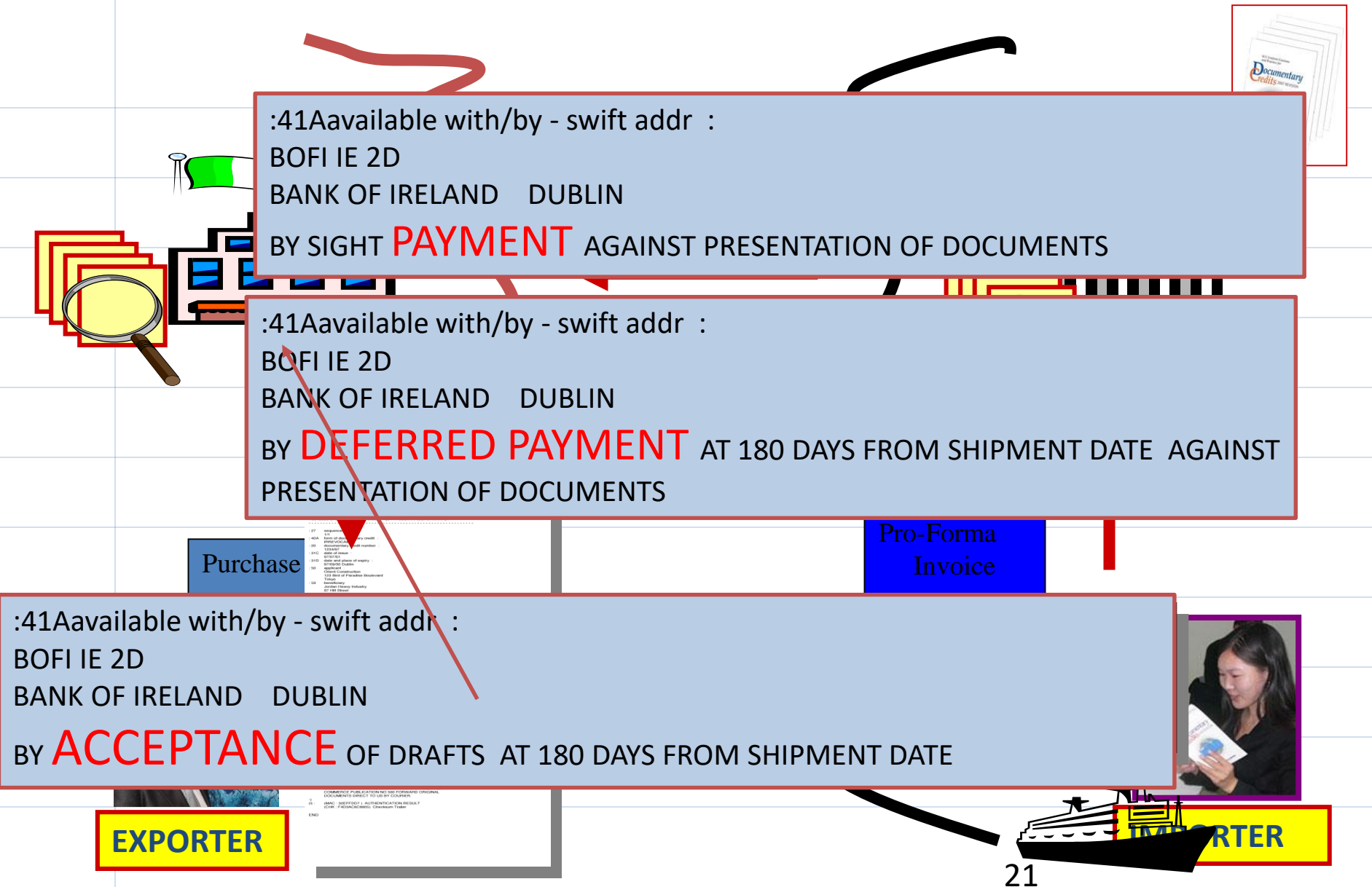
The UCP 600 concept of **Honour**

- Honour means:
 - a. to pay at sight if the credit is available by sight payment.
 - b. to incur a deferred payment undertaking and pay at maturity if the credit is available by deferred payment.
 - c. to accept a bill of exchange (“draft”) drawn by the beneficiary and pay at maturity if the credit is available by acceptance.



Letters of Credit Advanced Workshop

Section – I – Technical Analysis

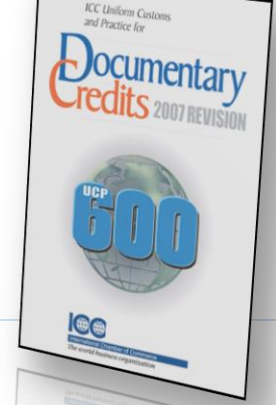


:41Aavailable with/by - swift addr :
BOFI IE 2D
BANK OF IRELAND DUBLIN
BY SIGHT **PAYMENT** AGAINST PRESENTATION OF DOCUMENTS

:41Aavailable with/by - swift addr :
BOFI IE 2D
BANK OF IRELAND DUBLIN
BY **DEFERRED PAYMENT** AT 180 DAYS FROM SHIPMENT DATE AGAINST PRESENTATION OF DOCUMENTS

:41Aavailable with/by - swift addr :
BOFI IE 2D
BANK OF IRELAND DUBLIN
BY **ACCEPTANCE** OF DRAFTS AT 180 DAYS FROM SHIPMENT DATE

The UCP 600 concept of Negotiation



- **Negotiation** means the purchase by the nominated bank of drafts (drawn on a bank other than the nominated bank) and/or documents under a complying presentation, by advancing *or agreeing to advance* funds to the beneficiary on or before the banking day on which reimbursement is due to the nominated bank.

Letters of Credit Advanced Workshop

Section – I – Technical Analysis

:41Aavailable with/by - swift addr :

NB BA 2N NL

NOMBA BANK INTL

BY **NEGOTIATION** OF DRAFTS AT SIGHT DRAWN ON ISSUING BANK

:41Aavailable with/by - swift addr :

BOFI IE 2D

BANK OF IRELAND DUBLIN

BY **NEGOTIATION** OF DRAFTS AT 120 DAYS FROM SHIPMENT DATE DRAWN ON ISSUING BANK

Article 2 - Definitions - Negotiation

Negotiation means the purchase by the nominated bank of drafts (drawn on a bank other than the nominated bank) and/or documents under a complying presentation, by advancing or agreeing to advance funds to the beneficiary on or before the banking day on which reimbursement is due to the nominated bank.



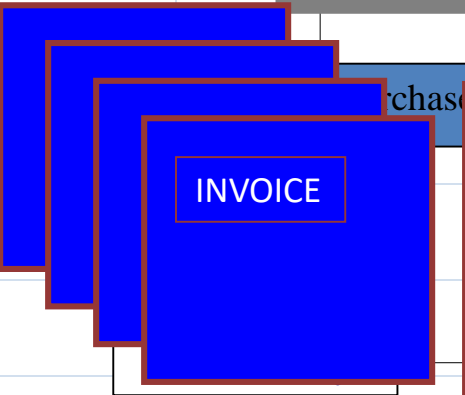
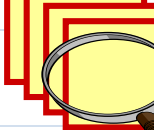
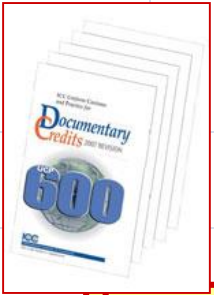
EXPORTER



IMPORTER

Article 4 Credits v. Contracts

a. A credit by its nature is a separate transaction from the sale or other contract on which it may be based. Banks are in no way concerned with or bound by such contract, even if any reference whatsoever to it is included in the credit.



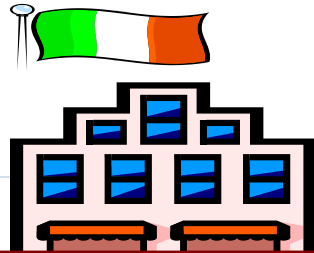
FOR MESSAGE 21 FORWARDING INSTRUCTIONS
FOR NAME OF A DOCUMENTARY CREDIT 22 FORWARDING INSTRUCTIONS
137 sequence of total
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Pro-Forma

Article 5

Documents v. Goods, Services or Performance

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



Article 8 Confirming Bank Undertaking

Provided that the stipulated documents are presented to the confirming bank or to any other nominated bank and that they constitute a **complying presentation**, the confirming bank must:

.....

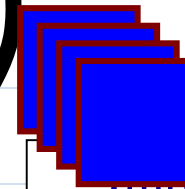
.....

honour, if the credit is available by sight payment, deferred payment or acceptance with the confirming bank;

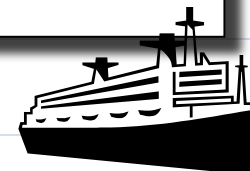
i. negotiate, without recourse, if the credit is available by negotiation with the confirming bank.

Article 7 Issuing Bank Undertaking

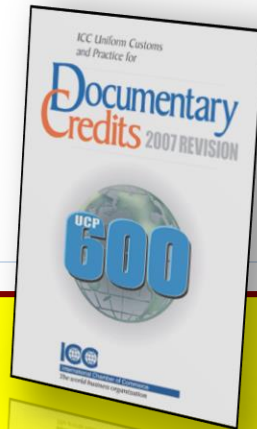
a. Provided that the stipulated documents are presented to the nominated bank or to the issuing bank and that they constitute a **complying presentation**, the issuing bank **must** honour



Importer
Applicant



IMPORTER



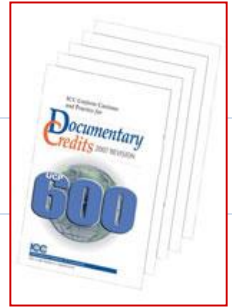
Article 2 - Definitions

Complying presentation means a presentation that is in accordance with
.....the terms and conditions of the credit,the
applicable provisions of these rules.....and
.....
.....international standard banking practice

Letters of Credit Advanced Workshop

Section – I – Technical Analysis

**Presentation to a bank where
...credits is available ?????**



Inspection
Certificate

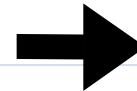


Insurance
Certificate



Commercial
Invoice

Beneficiarys'
Certificate



**BANK WHERE
CREDIT
IS AVAILABLE**

Transport
Document



UCP 600 – Nomination – Availability - Expiry

Article 6 Availability, Expiry Date and Place for Presentation

a. A credit must state the bank with which it is available or whether it is available with any bank. A credit available with a nominated bank is also available with the issuing bank.

b. A credit must state whether it is available by sight payment, deferred payment, acceptance or negotiation.

Article 12 Nomination

a. **Unless** a nominated bank is the confirming bank, an authorization to honour or negotiate does not impose any obligation on that nominated bank to honour or negotiate, *except when expressly agreed to by that nominated bank and so communicated to the beneficiary.*

b. 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.

c. Receipt or examination and forwarding of documents by a nominated bank that is not a confirming bank does not make that nominated bank liable to honour or negotiate, **nor**
does it constitute honour or negotiation.

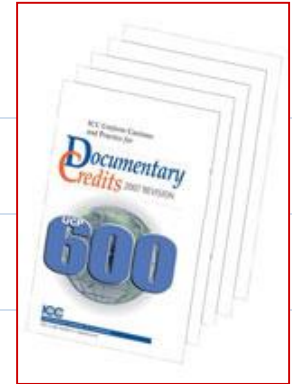
Letters of Credit Advanced Workshop

Section – I – Technical Analysis

Are these documents????

As a banker I check documents....which evidence performance.. If the documents comply the bank must

?



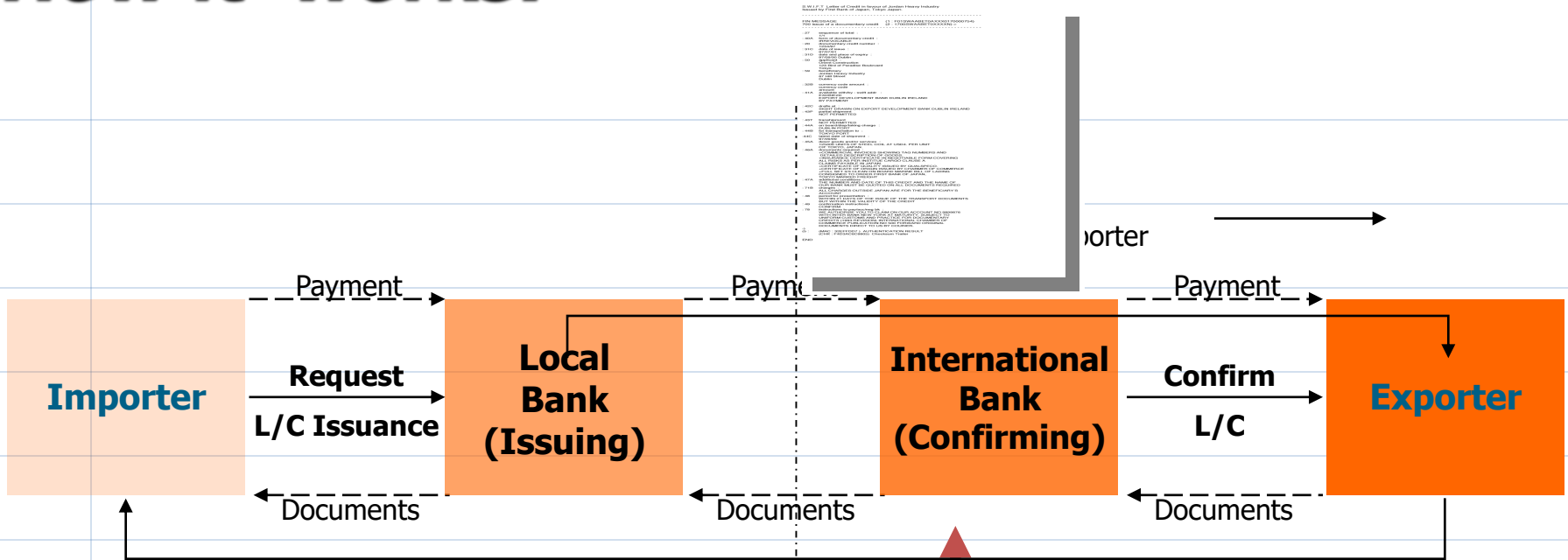
BANK WHERE

Article 34 Disclaimer on Effectiveness of Documents

A bank assumes no liability or responsibility for the form, sufficiency, accuracy, genuineness, falsification or legal effect of any document, or for the general or particular conditions stipulated in a document or superimposed thereon; nor does it assume any liability or responsibility for the description, quantity, weight, quality, condition, packing, delivery, value or existence of the goods, services or other performance represented by any document, or for the good faith or acts or omissions, solvency, performance or standing of the consignor, the carrier, the forwarder, the consignee or the insurer of the goods or any other person.

The Typical Trade Facilitation Deal

How it works!



**ADB Bank
STANDBY
AAA**

STANDBY - UCP 600

[illegible]

MINI CASE SME BISHKEK KYRGYZSTAN

– EXTENDING PAYMENT TERMS?

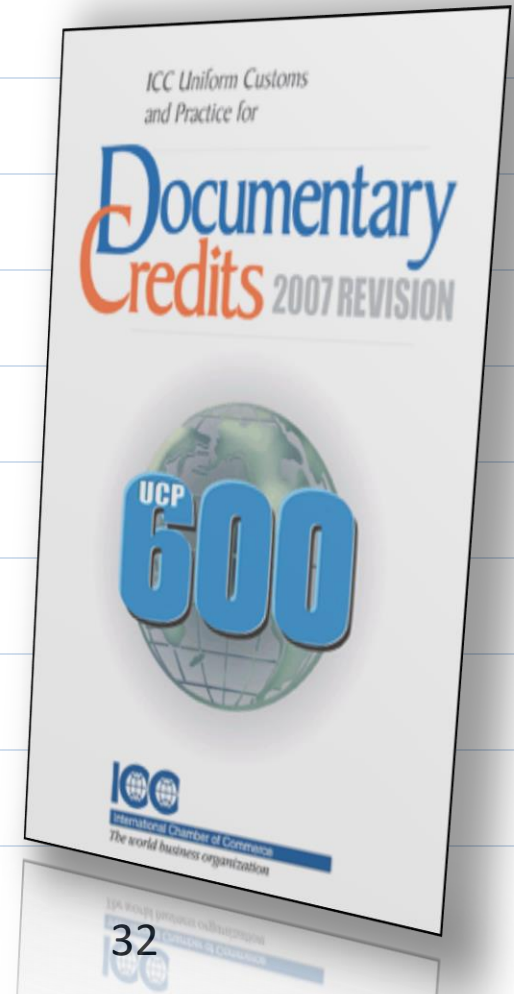
SME IMPORTER IN BISHKEK HAS BEEN IMPORTING WATER PURIFICATIONS SYSTEMS FROM BELGIUM FOR 7 YEARS WITH PAYMENT TERMS " PAYMENT IN ADVANCE"

IMPORTER IS REASONABLY HAPPY AS HE HAS 18% PROFIT MARGIN BUT PAYING IN ADVANCE IS HARD ON CASH FLOW..

Now, SME Importer in BISHKEK wishes Belgian supplier to provide extended payment terms of 120 days but the Belgian supplier is concerned about the payment or default risk on the SME Importer who is based in BISHKEK, KYRGYZSTAN.

ANY IDEAS ON HOW A TRADE FINANCE PRODUCT CAN HELP THE SME IMPORTER IN BISHKEK KYRGYZSTAN?

DOCUMENT PREPARATION AND EXAMINATION!



Letters of Credit Workshop

Section II – Document Preparation and Examination

UCP 600 STANDARD FOR EXAMINING DOCUMENTS

Article 14 Standard for Examination of Documents

Article 14 Standard for Examination of Documents

a. A nominated bank acting on its nomination, a confirming bank, if any, and the issuing bank **must examine a presentation to determine, on the basis of the documents alone, whether or not the documents appear on their face to constitute a complying presentation.**

Article 14 Standard for Examination of Documents

b. A nominated bank acting on its nomination, a confirming bank, if any, and the issuing bank **shall each have a maximum of five banking days following the day of presentation to determine if a presentation is complying. This period is not curtailed or otherwise affected by the occurrence on or after the date of presentation of any expiry date or last day for presentation.**

Article 14 Standard for Examination of Documents

d. Data in a document, when read in context with the credit, the document itself and international standard banking practice, need not be identical, but must not conflict with, data in that document, any other stipulated document or the credit.

Letters of Credit Workshop

Article 14 - Standard for Examination of Documents

f. If a credit requires presentation of a document other than a transport document, insurance document or commercial invoice, without stipulating by whom the document is to be issued or its data content, banks will accept the document as presented if its content appears to fulfil the function of the required document and otherwise complies with sub-article 14 (d).

Article 14 - Standard for Examination of Documents

g. A document presented but not required by the credit will be disregarded and may be returned to the presenter

Article 14 - Standard for Examination of Documents

h. If a credit contains a condition without stipulating the document to indicate compliance with the condition, banks will deem such condition as not stated and will disregard it.

Article 14 - Standard for Examination of Documents

1. A document may be dated prior to the issuance date of the credit, but must not be dated later than its date of presentation.



**Non Documentary
Conditions ?**



Dates ?

Letters of Credit Workshop

Section II – Document Preparation and Examination

Article 18 Commercial Invoice

S.W.I.F.T. Letter of Credit in favour of Jordan Heavy Industry
Issued by First Bank of Japan, Tokyo Japan

FIN MESSAGE (1 : F01SWABET0AXXXX170000754)
700 issue of a documentary credit (2 : 1700SWABET0XXXXN) >

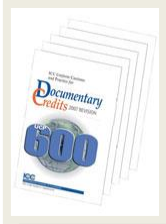
: 27 sequence of total :
A/I
: 40A form of documentary credit :
: 20 IRREVOCABLE
documentary credit number :
1234567
: 31C date of issue :
9/07/01
: 31D date and place of expiry :
9/09/00 Dublin
: 50 applicant
Orient Construction
123 Bird of Paradise Boulevard
Tokyo
: 59 beneficiary
Jordan Heavy Industry
67 Hill Street
Dublin

: 32B currency code amount :
currency code
amount
: 41A available with/by - swift addr :
EXDBIE20
EXPORT DEVELOPMENT BANK DUBLIN IRELAND
BY PAYMENT

: 42C drafts at :
SIGHT DRAWN ON EXPORT DEVELOPMENT BANK DUBLIN IRELAND
: 43P partial shipment
NOT PERMITTED

: 43T transshipment
NOT PERMITTED
: 44A on board/dispatch charge :
DUBLIN PORT
: 44B for transportation to :
TOKYO PORT
: 44C latest date of shipment :
9/09/00
: 45A descr goods and/or services :
125000 UNITS OF STEEL COIL AT USD4. PER UNIT
CIF TOKYO, JAPAN.
: 46A documents required :
+COMMERCIAL INVOICES SHOWING TAG NUMBERS AND
DETAILED DESCRIPTION OF GOODS
+INSURANCE CERTIFICATE IN NEGOTIABLE FORM COVERING
ALL RISKS AS PER INSTITUTE CARGO CLAUSE A
CLAIMS PAYABLE IN JAPAN.
+CERTIFICATE OF QUALITY ISSUED BY QUALSPEC.
+CERTIFICATE OF ORIGIN ISSUED BY CHAMBER OF COMMERCE
FULL SET 3/5 CLEAN ON BOARD MARINE BILL OF LADING
CONSIGNED TO ORDER FIRST BANK OF JAPAN,
TOKYO MARKED FREIGHT
: 47A additional conditions :
THE NUMBER AND DATE OF THIS CREDIT AND THE NAME OF
OUR BANK MUST BE QUOTED ON ALL DOCUMENTS REQUIRED
: 71B charges
ALL CHARGES OUTSIDE JAPAN ARE FOR THE BENEFICIARY'S
ACCOUNT
: 48 period for presentation :
WITHIN 21 DAYS OF THE ISSUE OF THE TRANSPORT DOCUMENTS
BUT WITHIN THE VALIDITY OF THE CREDIT
: 49 confirmation instructions :
CONFIRM
: 78 instructions to pay/accepting bk :
WE AUTHORISE YOU TO CLAIM ON OUR ACCOUNT NO 9899876
WITH INTER BANK NEW YORK AT MATURITY, SUBJECT TO
UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY
CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF
COMMERCE PUBLICATION NO 500 FORWARD ORIGINAL
DOCUMENTS DIRECT TO US BY COURIER.

->
(5 : (MAC : 32EFPDD7) AUTHENTICATION RESULT
(CHK : F4D3AC6C8805) Checksum Trailer
END



COMMERCIAL INVOICE		
<div></div> <div>Excellent Exercises Ltd</div> <div>PO BOX 60944</div> <div>Dubai</div> <div>UAE</div>		
BUYER		DATE: 8 October 2007
Beautiful Corporation of Ireland		
898 LIBERTY SQUARE		
Dublin, IRELAND		
COMMERCIAL INVOICE NO: 1234 shipped		
DESCRIPTION OF GOODS		VALUE
100 USED MULTIGYM FITNESS MACHINES		MODEL MG125
GOODS	100 X EUR8,500.	EUR850,000.00
INSURANCE		EUR 4,000.00
CARRIAGE		EUR 3,500.00
CIF DUBLIN		
TOTAL		EUR857,500.00
PACKING: 100 PIECES IN 25 CRATES		
WEIGHT: 4 METRIC TONNES		
ORIGINAL		Signed:

Letters of Credit Workshop **Article 18 Commercial Invoice**

Section II – Document Preparation and Examination

COMMERCIAL INVOICE		
Excellent Exercises Ltd		
		007
		VALUE
GOODS	100 X EUR8,500.	EUR850,000.00
		EUR 4,000.00
		EUR 3,500.00
		EUR857,500.00
Signed:		

Article 18 Commercial Invoice

a. A commercial invoice:

- i. must appear to have been issued by the beneficiary (except as provided in article 38);
- ii. must be made out in the name of the applicant (except as provided in sub-article 38 (g));
- iii. must be made out in the same currency as the credit; and
- iv. need not be signed.

Article 18 Commercial Invoice

b. A nominated bank acting on its nomination, a confirming bank, if any, or the issuing bank may accept a commercial invoice issued for an amount in excess of the amount permitted by the credit, and its decision will be binding upon all parties, provided the bank in question has not honoured or negotiated for an amount in excess of that permitted by the credit.



On Invoice Goods Description

There is NO REQUIREMENT for a mirror image.

For example, details of the goods may be stated in a number of areas with the invoice which, when collated together, represent a description of the goods *corresponding* to that in the LC

Example:

MT 700 ISSUE OF A DOCUMENTARY CREDIT
45A/ DESCRIPTION OF GOODS AND/OR SERVICE:

BRIGHT YELLOW

SULPHUR

IN BULK.

2

1

3



Petro-Chem. Int'l.

COMMERCIAL INVOICE

AGRICULTURAL MANUFACTURING CO.
P. O. BOX 456
GREEN TOWN

MODE OF SHIPMENT	SHIPMENT FROM	SHIPMENT TO
OCEAN SHIPMENT	PETRO-PORT	CALM PORT

PAYMENT TERMS:
AT SIGHT UNDER DC NO. IM123000CA ISSUED BY "AGRI-FIN BANK"

DESCRIPTION OF GOODS	AMOUNT
10,000 MT SULPHUR SULPHUR PURITY ON DRY BASIS 99.95 PCT. AS PER SALES CONTRACT COMM/213/03	USD 300,000
QUALITY AND PACKING: COLOUR BRIGHT YELLOW PACKING IN BULK	

P. O. BOX 5000, INDUSTRIAL CITY 99999

Letters of Credit Workshop

Section II – Document Preparation and Examination



Article 28 Insurance Document and Coverage

a. An **insurance document**, such as an insurance policy, an insurance certificate or a declaration under an open cover, **must appear to be issued and signed by an insurance company, an underwriter or their agents or their proxies**.

Any signature by an agent or proxy must indicate whether the agent or proxy has signed for or on behalf of the insurance company or underwriter.

... An insurance policy is acceptable in lieu of an insurance certificate or a declaration under an open cover.

DETAILED DESCRIPTION OF GOODS.
+INSURANCE CERTIFICATE IN NEGOTIABLE FORM COVERING
ALL RISKS AS PER INSTITUTE CARGO CLAUSE A
CLAIMS PAYABLE IN JAPAN.
+CERTIFICATE OF QUALITY ISSUED BY QUALSPECO.
+CERTIFICATE OF ORIGIN ISSUED BY CHAMBER OF COMMERCE
+FULL SET 3/3 CLEAN ON BOARD MARINE BILL OF LADING
CONSIGNED TO ORDER FIRST BANK OF JAPAN.
TOKYO MARKED FREIGHT
additional conditions :
THE NUMBER AND DATE OF THIS CREDIT AND THE NAME OF
OUR BANK MUST BE QUOTED ON ALL DOCUMENTS REQUIRED
charges :
71B ALL CHARGES OUTSIDE JAPAN ARE FOR THE BENEFICIARY'S
ACCOUNT

Cover effective 9 September 2007

Risk of damage by ineffective handling by carriers of their agents is excluded by this insurance.

In the event of loss or damage for which the insurance company is presumed to be liable immediate notice must be given to:-

Claims payable in:

Article 28 Insurance Document and Coverage

e. The date of the insurance document must be no later than the date of shipment, unless it appears from the insurance document that the cover is effective from a date not later than the date of shipment.

Fortress Insurance Company
Iqbal Karmally
Date of Issuance 12 September

Letters of Credit Workshop

Section II – Document Preparation and Examination



Article 28 Insurance Document and Coverage

f.
i. The insurance document must indicate the amount of insurance coverage and be in the same currency as the credit.

If there is no indication in the credit of the insurance coverage required, the amount of insurance coverage must be at least 110% of the CIF or CIP value of the goods.

When the CIF or CIP value cannot be determined from the documents, the amount of insurance coverage must be calculated on the basis of the amount for which honour or negotiation is requested or the gross value of the goods as shown on the invoice, whichever is greater.

71B : OUR BANK MUST BE QUOTED ON ALL DOCUMENTS REQUIRED
charges :
ACCOUNT :
48 : period for presentation :
WITHIN 21 DAYS OF THE ISSUE OF THE TRANSPORT DOCUMENTS
49 : BUT WITHIN THE VALIDITY OF THE CREDIT
confirmation instructions :
CONFIRM
78 : instructions to pay/accheg bk :
WE AUTHORISE YOU TO CLAIM ON OUR ACCOUNT NO 9899876
WITH INTER BANK NEW YORK AT MATURITY. SUBJECT TO
UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY
(CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF
COMMERCE PUBLICATION NO 500 FORWARD ORIGINAL
DOCUMENTS DIRECT TO US BY COURIER.
-) :
(5 : (MAC : 32EFFDD7) AUTHENTICATION RESULT
(CHK : F4D3AC6C8805) Checksum Trailer
END

Fortress Insurance Company

Road

CERTIFICATE UNDER **POLICY No:** FORT: 00781
By this document we **Fortress Insurance Company ('the Company')** certify that the Company has
mentioned risks to bearer and conveys all the rights of this original policy.

Amount/Value: EUR943,700.00 (Nine hundred and forty three thousand and
and euro)

Description

1000 FITNESS MACHINES MADE BY EXCELLENT EXERCISES LTD
Dubai Airport to Dublin Airport Ireland.
Warehouse Dubai to warehouse Dublin

Insurance Cover

Incoterms Clause 'A' (All Risk Cover)

September 2007
Effective handling by carriers of their agents is excluded by this insurance.
damage for which the insurance company is presumed to be liable immediate notice must be given to:-

Claims payable in:

Dublin

Fortress Insurance Company

Iqbal Karmally

Date of Issuance 12 September

Ramesh rangan
2007

Authorised Signature of **INSURED.**
Excellent Exercises Ltd

Letters of Credit Workshop

Section II – Document Preparation and Examination



Fortress Insurance Company

Article 28 – Insurance Document and Coverage

- g. A credit should state the type of insurance required and, if any, the additional risks to be covered.
- h. When a credit requires insurance against “all risks” and an insurance document is presented containing any “all risks” notation or clause....is acceptable ..
- i. An insurance document may contain reference to any exclusion clause.
- j. An insurance document may indicate that the cover is subject to a franchise or excess (deductible).

pany’) certify that the Company has
is original policy.

d forty three thousand and

EXERCISES LTD

notice must be given to:-

: 71B charges :
ACCOUNT
period for presentation :
: 48 WITHIN 21 DAYS OF THE ISSUE OF THE TRANSPORT DOCUMENTS
BUT WITHIN THE VALIDITY OF THE CREDIT
: 49 confirmation instructions :
CONFIRM
: 78 instructions to pay/accheg bk :
WE AUTHORISE YOU TO CLAIM ON OUR ACCOUNT NO 9899876
WITH INTER BANK NEW YORK AT MATURITY. SUBJECT TO
UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY
CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF
COMMERCE PUBLICATION NO 500 FORWARD ORIGINAL
DOCUMENTS DIRECT TO US BY COURIER.
-)
(5 : (MAC : 32EFFDD7) AUTHENTICATION RESULT
(CHK : F4D3AC6C8805) Checksum Trailer
END

Claims payable in:
Dublin

Ramesh rangan
2007

Authorised Signature of INSURED.
Excellent Exercises Ltd

Fortress Insurance Company
Iqbal Karmally

Date of Issuance **12 September**

Letters of Credit Workshop

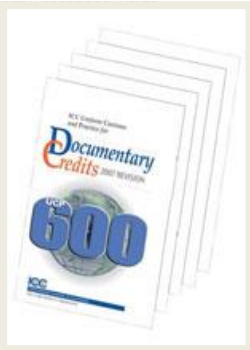
Section II – Document Preparation and Examination


Article 20 Bill of Lading

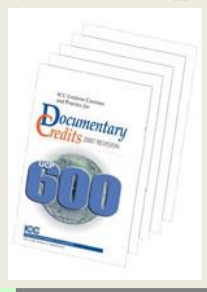
S.W.I.F.T Letter of Credit in favour of Jordan Heavy Industry
Issued by First Bank of Japan, Tokyo Japan.

FIN MESSAGE (1 : F01SWAABETOAXXX017000754)
700 Issue of a documentary credit (2 : 1700SWAABETOXXXXN) >

: 27 sequence of total : 1/1
: 40A form of documentary credit : IRREVOCABLE
: 20 documentary credit number : 1234567
: 31C date of issue : 97/07/01
: 31D date and place of expiry : 97/09/30 Dublin
: 50 applicant : Orient Construction
123 Bird of Paradise Boulevard
Tokyo
: 59 beneficiary
Jordan Heavy Industry
67 Hill Street
Dublin
: 32B currency code amount :
currency code
amount
: 41A available with/by - swift addr : EXDIBIE2
EXPORT DEVELOPMENT BANK DUBLIN IRELAND
BY PAYMENT
: 42C drafts at
SIGHT DRAWN ON EXPORT DEVELOPMENT BANK DUBLIN IRELAND
: 43P partial shipment
NOT PERMITTED
: 43T transshipment
NOT PERMITTED
: 44A on board/dispatching charge : DUBLIN PORT
: 44B for transportation to : TOKYO PORT
: 44C latest date of shipment : 97/09/09
: 45A descr goods and/or services : 125000 UNITS OF STEEL COIL AT USD4. PER UNIT
CIF TOKYO, JAPAN.
: 46A +COMMERCIAL INVOICES SHOWING TAG NUMBERS AND
DETAILED DESCRIPTION OF GOODS
+INSURANCE CERTIFICATE IN NEGOTIABLE FORM COVERING
ALL RISKS AS PER INSTITUTE CARGO CLAUSE A
CLAIMS PAYABLE IN JAPAN.
+CERTIFICATE OF QUALITY ISSUED BY QUALSPECO.
+CERTIFICATE OF ORIGIN ISSUED BY CHAMBER OF COMMERCE
+FULL SET 3/3 CLEAN ON BOARD MARINE BILL OF LADING
CONSIGNED TO ORDER FIRST BANK OF JAPAN,
TOKYO MARKED FREIGHT
additional conditions
: 47A THE NUMBER AND DATE OF THIS CREDIT AND THE NAME OF
OUR BANK MUST BE QUOTED ON ALL DOCUMENTS REQUIRED
charges :
: 71B ALL CHARGES OUTSIDE JAPAN ARE FOR THE BENEFICIARY'S
ACCOUNT
period for presentation :
: 48 WITHIN 21 DAYS OF THE ISSUE OF THE CREDIT
BUT WITHIN THE VALIDITY OF THE CREDIT
confirmation instructions :
: 49 CONFIRM
instructions to pay/acc/hg bk :
: 7B WE AUTHORISE YOU TO CLAIM ON OUR CREDIT
WITH INTER BANK NEW YORK AT MA1
UNIFORM CUSTOMS AND PRACTICE
CREDITS (1993 REVISION), INTERNATION
COMMERCE PUBLICATION NO 500 FOR
DOCUMENTS DIRECT TO US BY COURIER
) (MAC : 32FFDD7) AUTHENTICATION
(CHK : F4D3AC6C8B05) Checksum Trail
END



Marine/Ocean BILL OF LADING		
CONSIGNOR/SHIPPER: EXETER EXPORTS LINCOLN BUILDING FIFTH AVENUE MANHATTAN NEW YORK USA		BILL OF LADING NO : World Trans  MARINE BILL OF LADING (for Port-to-Port Shipment)
CONSIGNEE: TO ORDER OF ROSSI SHOES INTERNATIONAL VIA SOFIA GENOA ITALY		NUMBER OF ORIGINALS : 3
NOTIFY PARTY: MARIA ROSSI ROSSI SHOES INTERNATIONAL		FREIGHT COLLECT <input type="checkbox"/> FREIGHT PAID <input checked="" type="checkbox"/>
PLACE OF RECEIPT * INTENDED VESSEL LINER KING	PORT OF LOADING NEW YORK PORT	
MARKS/NUMBERS PD 1-10 LMI BAF-01-037 4,355 KGS 01/11 73558	DESCRIPTION OF GOODS 10 PALLETS SAID TO CONTAIN LADIES BLACK SHOES	GROSS WEIGHT
Received by the Carrier from the shipper in apparent good order (unless otherwise noted herein). One original Bill of Lading must be surrendered to the Carrier at the Port of Discharge or at a location acceptable to the Carrier.		
Subject to the terms and conditions of carriage as set out on the face and reverse of this document. Goods as declared by shipper. Carrier does not warrant as to the quantity, quality or validity of goods carried subject to the bill of lading.		
Oliver Ryan WORLD TRANS, AS CARRIER DATE: 28 September 2007		



Letters of Credit Workshop

Section II – Document Preparation and Examination

Article 20 Bill of Lading

a. A bill of lading, however named, must appear to:

i. indicate the name of the carrier and be signed by:

- the carrier or a named agent for or on behalf of the carrier, or
- the master or a named agent for or on behalf of the master.

Any signature by the carrier, master or agent must be identified as that of the carrier, master or agent.

Any signature by an agent must indicate whether the agent has signed for or on behalf of the carrier or for or on behalf of the master.



TOKYO PORT
latest date of shipment :
97/09/09
descri goods and/or services :
125000 UNITS OF STEEL COIL AT USD4. PER UNIT
CIF TOKYO, JAPAN.
documents required :

	PLACE OF RECEIPT		NUMBER OF ORIGINALS : 3
	*		

Article 20 Bill of Lading

a)

ii. indicate that the goods have been shipped on board a named vessel at the port of loading stated in the credit by:

- pre-printed wording, OR
- an on board notation indicating the date on which the goods have been shipped on board.

The date of issuance of the bill of lading will be deemed to be the date of shipment unless the bill of lading contains an on board notation indicating the date of shipment, in which case the date stated in the on board notation will be deemed to be the date of shipment.

Letters of Credit Workshop

Section II – Document Preparation and Examination

Article 20 Bill of Lading

S.W.I.F.T Letter of Credit in favour of Jordan Heavy Industry
Issued by First Bank of Japan, Tokyo Japan.

FIN MESSAGE (4 - F04SWAARET0A YYY0170000754)

Article 20 Bill of Lading

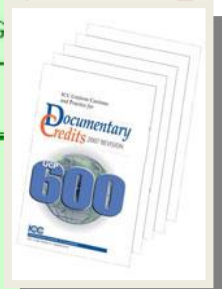
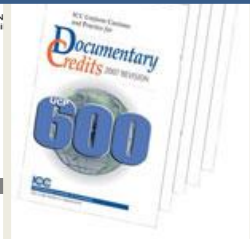
a) ...continued...

indicate shipment from the port of loading to the port of discharge stated in the credit.

If the bill of lading does not indicate the port of loading stated in the credit as the port of loading,.....(then) an on board notation indicating the port of loading as stated in the credit, the date of shipment and the name of the vessel is required.

This provision applies **even when** loading on board or shipment on a named vessel is indicated by pre-printed wording on the bill of lading

Marine/Ocean BILL OF LADING	
CONSIGNOR/SHIPPER: EXETER EXPORTS	BILL OF LADING NO :
<p>Presented to the port of discharge stated in the</p> <p>port of loading stated in the credit as the</p> <p>notation indicating the port of</p> <p>date of shipment and the name of</p> <p>on board or shipment on a named vessel</p> <p>the bill of lading</p>	
<p>Received by the Carrier from the shipper in apparent good order (unless otherwise noted herein). One original Bill of Lading must be surrendered to the Carrier at the Port of Discharge or at a location acceptable to the Carrier.</p> <p>Subject to the terms and conditions of carriage as set out on the face and reverse of this document. Goods as declared by shipper. Carrier does not warrant as to the quantity, quality or validity of goods carried subject to the bill of lading.</p>	
<p><i>Oliver Ryan</i> WORLD TRANS, AS CARRIER DATE: 28 September 2007</p>	



Letters of Credit Workshop

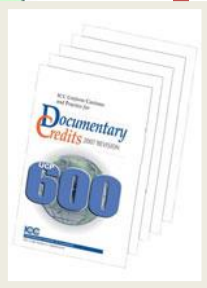
Article 20 Bill of Lading

S.W.I.F.T Letter of Credit in favour of Jordan Heavy Industry
Issued by First Bank of Japan, Tokyo Japan.

FIN MESSAGE (1 : F01SWAABETOAXXX0170000754)
700 Issue of a documentary credit (2 : 1700SWAABETOXXXXN) >

: 27 sequence of total :

Marine/Ocean BILL OF LADING	
CONSIGNOR/SHIPPER: EXETER EXPORTS LINCOLN BUILDING FIFTH AVENUE	BILL OF LADING NO :
TRANS	
ONE BILL OF LADING (for Port-to-Port Shipment)	
OF ORIGINALS : 3	
<input type="checkbox"/> FREIGHT PAID <input checked="" type="checkbox"/>	
GROSS WEIGHT	
in good order (unless surrendered to the Carrier at	
ANS, AS CARRIER September 2007	



Article 20 Bill of Lading

b. For the purpose of this article, **transhipment means unloading from one vessel and reloading to another vessel during the carriage from the port of loading to the port of discharge stated in the credit.**

NOT PERMITTED
: 43T transhipment
NOT PERMITTED
: 44A on board/discharging charges
DUBLIN
: 44B for trans
TOKYO
: 44C latest di
97/09/05
: 45A date of
125000
: 46A CIF TOR
document
+COMM
DETAIL
+INSUR
ALL RIS
CLAIMS
+CERTI
+FULL S
CONSIG
TOKYO
: 47A addition
THE NU
OUR BA
charges
: 71B ALL CH
ACCOU
period H
WITHIN
BUT WI
: 48 confirm
CONFIR
instruct
WE AUT
WITHIN
UNIFOR
CREDIT
COMME
DOCUM
: 5 (MAG :
(CHK :
END

Article 20 Bill of Lading

- c. i. A bill of lading may indicate that the goods will or may be transhipped provided that the entire carriage is covered by one and the same bill of lading.
- ii. A bill of lading indicating that transhipment will or may take place is acceptable, even if the credit prohibits transhipment, if the goods have been shipped in a container, trailer or LASH barge as evidenced by the bill of lading.

MINI CASE 7 – is HONG KONG A CHINESE PORT?

USD 7,353,000.

:41Aavailable with/by - swift addr :

IGXX XX XX

GOOD BANK DUBLIN

BY DEFERRED PAYMENT AT 180 DAYS FROM SHIPMENT DATE

:43Ppartial shipment :

NOT PERMITTED

:43Ttransshipment :

NOT PERMITTED

:44 E Port of Loading/Airport of Departure :

ANY CHINESE PORT

:44F Port of Discharge/Airport of Destination :

SINGAPORE PORT

KEY QUESTION

In the eyes of a document checker

..... IS HONG KONG ACCEPTABLE AS A CHINESE PORT?

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Section II – Document Preparation and Examination

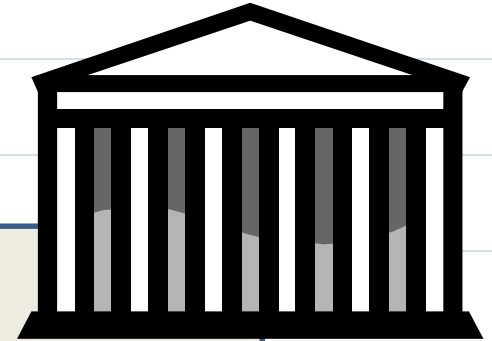
Article 33 Hours of Presentation

A bank has no obligation to accept a presentation outside of its banking hours



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Article 36 Force Majeure

A bank assumes no liability or responsibility for the consequences arising out of the interruption of its business by Acts of God, riots, civil commotions, insurrections, wars, **acts of terrorism**, or by any strikes or lockouts or any other causes beyond its control.

A bank will not, upon resumption of its business, honour or negotiate under a credit that expired during such interruption of its business.

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Section II – Document Preparation and Examination

DISCREPANT DOCUMENTS

Article 16 Discrepant Documents, Waiver and Notice

a. When a nominated bank acting on its nomination, a confirming bank, if any, or the issuing bank determines that a presentation does not comply, it may refuse to honour or negotiate.

Article 16 Discrepant Documents, Waiver and Notice

b. When an issuing bank determines that a presentation does not comply, it may in its sole judgement approach the applicant for a waiver of the discrepancies. This does not, however, extend the period mentioned in sub-article 14 (b).

Article 16 Discrepant Documents, Waiver and Notice

c. When a nominated bank acting on its nomination, a confirming bank, if any, or the issuing bank decides to refuse to honour or negotiate, **it must give a single notice to that effect to the presenter**.

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NOTICE OF REFUSAL

Article 16 Discrepant Documents, Waiver and Notice

d. The notice required in sub-article 16 (c) must be given by telecommunication or, if that is not possible, by other expeditious means **no later than the close of the fifth banking day following** the day of presentation.

Article 16 Discrepant Documents, Waiver and Notice

f. If an **issuing bank** or a **confirming bank** fails to act in accordance with the **provisions of this article, it shall be precluded** from claiming that the documents do not constitute a complying presentation.

Article 16 Discrepant Documents, Waiver and Notice

g. When an issuing bank refuses to honour or a confirming bank refuses to honour or negotiate **and has given notice to that effect** in accordance with this article, **it shall then be entitled to claim a refund, with interest,** of any reimbursement made.