

Amendments to documentary credits

Beneficiary must check whether the letter of credit is issued strictly in accordance with the terms and conditions of underlying sales contract and also verify whether they can procure all required documents with same data content as specified by the credit. Any apparent typographical errors that could alter the meaning should be rectified. If changes are required, the beneficiary must approach applicant to arrange for an amendment to the credit from the issuing bank.

After carefully considering the beneficiary's request, the applicant may then request the issuing bank to issue the necessary amendments.

While the issuing bank is under no obligation to issue amendments to an irrevocable documentary credit, it usually considers doing so if the amendments do not alter the bank's risk profile.

The following are examples of amendments that may require special consideration from the issuing bank's risk management perspective:

- Increase of LC amount
- Extension of expiry date of the LC
- Extension of usance/credit period
- Change of type of goods description
- Deletion of requirement of transport documents

The advice of amendment is typically communicated through SWIFT MT707 through the same advising bank, and once issued, the issuing bank is bound by the terms of the amendment.

The advising bank must follow the same procedure for advising an amendment to the beneficiary as it does for advising the original letter of credit, in accordance with UCP rules. This includes:

- **Ascertaining the Apparent Authenticity:** The advising bank must ascertain the apparent authenticity of the credit (though this is not relevant for amendments communicated via MT 707).
- **Reflecting Terms and Conditions:** The advising bank must ensure that the terms and conditions of the amendment are accurately reflected in its advice to the beneficiary.
- **Handling Unauthenticated Amendments:** If the advising bank cannot establish the apparent authenticity of the amendment, it must inform the issuing bank. It may

still advise the amendment to the beneficiary, but must clearly indicate that the amendment is unauthenticated.

- **Declining to Advise an Amendment:** If the advising bank is unwilling to advise the amendment for any reason, it must communicate this decision to the issuing bank without delay.
- **Role as Confirming Bank:** If the advising bank is also acting as a confirming bank, it must assess whether the amendments are acceptable from a risk and compliance perspective, similar to the issuing bank.
- **Adding or Declining Confirmation:** If the confirming bank decides not to add its confirmation to the amendment, it must inform the issuing bank without delay. The confirming bank may still advise the amendment to the beneficiary, but must clearly indicate in the covering letter that the amendment has not been confirmed. If no indication is given, it is deemed that the amendment is confirmed. When the confirming bank chooses not to add confirmation for the amendment, it is still bound to honour/negotiate a complying presentation made under original LC terms without considering the amendment.

An irrevocable documentary credit cannot be amended without the consent of the beneficiary. Therefore, the beneficiary must communicate their acceptance or rejection of the amendment to the advising bank, which in turn must relay this decision to the issuing bank. Once the beneficiary's acceptance is received, the letter of credit (LC) is considered amended.

The beneficiary must either accept or reject all amendments under the amendment advice. If the beneficiary communicates acceptance of only part of the amendments, this will be treated as a rejection of the entire amendment.

In many cases, the beneficiary does not formally communicate acceptance or rejection but instead presents documents in line with the amended terms. In such instances, this is deemed as acceptance of the amendment, and the LC is treated as amended. However, if the beneficiary presents documents without considering the amendments, it is not regarded as a rejection but as an indication that the amendment has not yet been accepted. The beneficiary retains the option to consider the amendment for future presentations of documents.

The issuing bank must not impose a timeframe for the beneficiary to accept or reject the amendment. Even if the issuing bank indicates in its advice that the amendment will automatically come into force if not accepted or rejected by the beneficiary within a certain number of days, such a condition should be disregarded as it does not align with the principles of UCP 600.