

SWIFT - MT 700 for Issue of a Documentary Credit

Description with commentary

27: Sequence of Total (Mandatory)

Purpose: Indicates the sequence number of the message and the total number of messages.

Explanation: This field is used to indicate if the message is one of several in a series. For example, if the message is the first of two, it would be formatted as "1/2."

Notes: When the text of the letter of credit exceeds the character limit available in MT700, then the remaining text may be sent thru MT701. In such case this field indicates 1/2 and MT701 indicates 2/2. This field is mandatory as a control item, but it holds no specific significance under UCP 600.

40A: Form of Documentary Credit (Mandatory)

Purpose: Specifies the form of the documentary credit.

Explanation: Indicates whether the credit is irrevocable or irrevocable transferable.

Notes: By definition "credit" is irrevocable. The word "Irrevocable" signifies that LC can neither be amended nor cancelled without the agreement of the parties to it i.e the issuing bank, confirming bank if any and the beneficiary (Ref: Article 10a of UCP 600). Unless LC is specifically designated as transferable, it can not be transferred. When LC is issued in a transferable form, it can be transferred to one or more second beneficiaries.

20: Documentary Credit Number (Mandatory)

Purpose: The unique reference number assigned to the documentary credit.

Explanation: This number is used to identify the credit throughout its lifecycle.

Notes: This field is mandatory as a control item, but it holds no specific significance under UCP 600.

23: Reference to Pre-Advice (Optional)

Purpose: References a pre-advice sent previously.

Explanation: If a pre-advice was sent, this field will reference it to link the pre-advice with the actual issuance of the credit.

Notes: At times, the issuing bank may send a preliminary advice covering brief details of the credit to be issued. Once the issuing bank sends a pre-advice, it is irrevocably bound

to open a letter of credit in terms not inconsistent with the pre-advice, without delay (Article 11b of UCP 600).

In the past, opening a letter of credit was a complex and lengthy process. To facilitate the beneficiary in arranging goods for shipment, banks issued preliminary advice. However, due to technological advancements, opening a credit has become easier, and the relevance of pre-advice is diminishing.

31C: Date of Issue (Mandatory)

Purpose: Indicates the date on which the credit is issued.

Explanation: Specifies when the credit comes into effect.

Notes: This field is mandatory as a control item but holds no specific significance under UCP 600. However, if the LC includes a condition stating that documents dated prior to the issuance of the LC are not acceptable, the date of issue becomes necessary to validate compliance with that condition.

40E: Applicable Rules (Mandatory)

Purpose: Specifies the rules that govern the credit.

Explanation: Typically indicates that the credit is subject to UCP 600 or another set of rules i.e UCP/ UCP-URR / eUCP / eUCP-URR / ISP 98

Notes: For instance, to make the credit subject to UCP 600 rules, Article 1 of UCP 600 requires that the text of the credit expressly indicates that it is subject to these rules. Additionally, any provisions of these governing rules may be expressly modified or excluded in the credit.

31D: Date and Place of Expiry (Mandatory)

Purpose: Indicates the expiry date and place where documents must be presented.

Explanation: Defines the last date for presentation and the place

Notes: A credit must state an expiry date for presentation. An expiry date stated for honour or negotiation will be deemed to be an expiry date for presentation. The place of the bank with which the credit is available is the place of for presentation (**Ref: Article 6d of UCP 600**)

The beneficiary must present the documents on or before the expiry date of the credit at the specified place. The bank is not obligated to receive the presentation after banking hours (**Ref: Article 33 of UCP 600**).

If the expiry date or the last date for presentation falls on a normal bank holiday, the beneficiary may present the documents on the following banking day. In such cases, the nominated bank must include a statement in the cover letter indicating that the presentation was made within the extended time limit in accordance with Article 29A of UCP 600.

However, the time limit for presenting documents is not extended if the bank is closed due to force majeure circumstances, such as acts of God, strikes, wars, or other causes beyond its control (**Ref: Article 36 of UCP 600**).

50: Applicant (Mandatory)

Purpose: Specifies the name and address of the applicant (the buyer or importer).

Explanation: Identifies the party who requests the issuance of the documentary credit.

Notes: As per Article 18 of UCP 600, commercial invoice must be made out in the name of the applicant

59: Beneficiary (Mandatory)

Purpose: Specifies the name and address of the beneficiary (the seller or exporter).

Explanation: Identifies the party in whose favour the credit is issued.

Notes: As per Article 18 of UCP 600, commercial invoice must be issued by the beneficiary

32B: Currency Code and Amount (Mandatory)

Purpose: Indicates the currency and the amount of the credit.

Explanation: Specifies the value that can be drawn under the credit, in a specified currency.

Notes: As per Article 18 of UCP 600, commercial invoice must be made out in the same currency as the credit

39A: Percentage Credit Amount Tolerance (Optional)

Purpose: Indicates any tolerance on the credit amount.

Explanation: Allows for a percentage increase or decrease in the amount, providing flexibility in the credit's value.

Notes: Tolerance is usually expressed in terms of percentage. For example, '5/5' signifies a 5% positive (+) or 5% negative (-) tolerance. If it shows '0/5', there is no positive tolerance, but a 5% negative tolerance is allowed. '0/0' indicates no tolerance.

39B: Maximum Credit Amount (Optional)

Purpose: Indicates maximum credit amount.

Explanation: When positive tolerance is indicated for the amount, this field indicates the maximum amount that can be drawn.

Notes: If a commercial invoice is issued for an amount that exceeds the credit amount and is accepted by the banks, the banks' undertaking to honour or negotiate is only up to the maximum amount permitted by the credit (Ref: Article 18(b) of UCP 600).

41A: Available With... By... (Mandatory)

Purpose: Specifies the bank with which the credit is available and the method of availability.

Explanation: Options include:

BY SIGHT PAYMENT
BY DEFERRED PAYMENT
BY ACCEPTANCE
BY NEGOTIATION

Notes: A credit must state the bank with which it is available (Restricted credit) or whether it is available with any bank (Freely available credit). A credit available with a nominated bank is also available with the issuing bank. A credit must state whether it is available by sight payment, deferred payment, acceptance or negotiation (**Ref: Article 6 a&b of UCP 600**). LC may specify the name of a nominated bank (restricted credit) or may indicate in any bank (freely available credit) against this field.

42C: Drafts at... (Optional)

Purpose: Specifies the tenor of the drafts to be drawn under the credit.

Explanation: Indicates the time frame for payment, such as "At sight," "At 30 days after sight, At 30 days after BL date" etc.

Notes: When the letter of credit (LC) is available by acceptance, it must call for the presentation of a draft. If the LC is available by deferred payment, it should not call for a drafts. For LCs available by sight payment or negotiation, calling for a draft is optional.

42A: Drawee (Optional)

Purpose: Specifies the drawee bank on which the drafts are to be drawn.

Explanation: Identifies the bank that is required to pay the drafts when they are presented.

Notes: When the LC is available by sight payment or acceptance, it calls for a draft to be drawn on the nominated bank. However, if the LC is available by negotiation, it calls for the draft to be drawn on a bank other than the nominated bank.

42M: Mixed Payment Details (Optional)

Purpose: Provides details of any mixed payments under the credit.

Explanation: Specifies how the payment is structured if it involves a combination of payment methods.

Notes: An LC may be issued with mixed payment terms as per the payment conditions agreed upon in the sales contract. For example, payment can be structured in three stages: 25% as advance payment, 50% against shipping documents, and the remaining 25% after 30 days from the date of shipment.

42P: Deferred Payment Details (Optional)

Purpose: Provides details of any deferred payments under the credit.

Explanation: Specifies the terms of payment if it is deferred, such as "90 days after shipment date."

Notes: When the LC is available by Deferred Payment, this field may be used to indicate the basis for calculation of payment due date, such as "90 days after shipment date." LC must not call for a draft when LC is available by deferred payment.

43P: Partial Shipments (Optional)

Purpose: Indicates whether partial shipments are allowed.

Explanation: Options include:

ALLOWED

NOT ALLOWED

Notes: Partial shipments are permitted unless explicitly prohibited by the credit (Ref: Article 31(a) of UCP 600).

43T: Transshipment (Optional)

Purpose: Indicates whether transshipment is allowed.

Explanation: Options include:

ALLOWED

NOT ALLOWED

Notes: Transshipments are permitted unless explicitly prohibited by the credit. Transshipment involves unloading from one means of conveyance and reloading onto another during the transportation process, from the place of commencement of the journey to the place of delivery as indicated in the credit.

44A: Place of Taking in Charge/Dispatch from.../Place of Receipt (Optional)

Purpose: Specifies the location where the goods will be taken in charge or dispatched from.

Explanation: This is typically a location where the transportation of goods begins.

Notes: When goods are transported by means other than sea or air, this field should specify the starting point of the journey.

44E: Port of Loading/Airport of Departure (Optional)

Purpose: Indicates the seaport or airport where the goods will be loaded onto the means of transport.

Explanation: Specifies the location where the transportation begins.

Notes : This field must be used when the mode of transportation is by Sea or Air to indicate commencement of the journey

44F: Port of Discharge/Airport of Destination (Optional)

Purpose: Indicates the seaport or airport where the goods will be unloaded.

Explanation: Specifies the seaport or airport where the transportation ends.

Notes: This field must be used when the mode of transportation is by Sea or Air to indicate termination place of journey

44B: Place of Final Destination/For Transportation to.../Place of Delivery (Optional)

Purpose: Specifies the final destination of the goods.

Explanation: Indicates where the goods should be delivered.

Notes: When goods are transported by means other than sea or air, this field should specify the ending point of the journey.

44C: Latest Date of Shipment (Optional)

Purpose: Specifies the last date by which the goods must be shipped.

Explanation: Indicates the deadline for shipping the goods under the credit.

Notes: Shipment must be effected by this date, even if it falls on a non-working day (Ref: Article 29c of UCP 600)."

44D: Shipment Period (Optional)

Purpose: Specifies the period within which the goods must be shipped.

Explanation: Indicates the period for shipping the goods under the credit.

Notes: When the shipment must be effected within a determinable period with both start and end dates, this field should be used. For example: '10th May to 20th May' or 'Shipment to be effected in June.'

45A: Description of Goods and/or Services (Optional)

Purpose: Provides a detailed description of the goods or services covered by the credit.

Explanation: Must include specific details about the goods, such as quantity, quality, and any identifying marks.

Notes: The description of goods, services, or performance in a commercial invoice must correspond with the description stated in the credit (Ref: Article 18c of UCP 600). In other documents, the goods may be described in general terms, but this description must not be inconsistent with that stated in the credit.

46A: Documents Required (Optional)

Purpose: Lists the documents that must be presented for payment under the credit.

Explanation: Typically includes commercial invoices, transport documents, insurance certificates, etc.

Notes: The LC may require the presentation of drafts, documents, or both drafts and documents. As a result, the fields for both drafts and documents are optional.

47A: Additional Conditions (Optional)

Purpose: Specifies any additional terms and conditions.

Explanation: This could include special instructions or requirements not covered in other fields.

Notes: This field is used to include any specific requirements from the applicant or the issuing bank. These may include conditions such as requiring all documents to be issued in English, mandating that all documents must indicate the LC number,

71D: Charges (Optional)

Purpose: Specifies the party responsible for paying the charges associated with the credit.

Explanation: This could include details about which party (applicant/ beneficiary,) is responsible for various charges, such as advising fees, confirmation fees, negotiation fees, or other banking fees related to the issuance and handling of the credit.

Notes: If a credit states that charges are for the account of the beneficiary and charges cannot be collected or deducted from proceeds, the issuing bank remains liable for payment of charges (**Ref: Article 37 c of UCP 600**)

48: Period for presentation (Optional)

Purpose: Specifies the time frame within which documents must be presented after the shipment date.

Explanation: This field indicates the maximum number of days allowed for the presentation of documents to the bank after the date of shipment. It helps ensure that documents are submitted in a timely manner reducing the risk of delays. If this field is not specified, the default period is 21 days after the shipment date, as per UCP 600 when original transport documents are called by the credit.

Notes: The number of days specified in this field should be disregarded if the letter of credit does not require the presentation of original transport documents, as described in Articles 19 to 25 of UCP 600. If the intention is to apply this period while calling for other documents, such as a Forwarder Certificate of Receipt (FCR) or Mate's Receipt, the LC must explicitly indicate this, for example, '15 days from the date of FCR,' etc.

49: Confirmation Instructions (Mandatory)

Purpose: Indicates whether the documentary credit is to be confirmed by another bank.

Explanation: Options include: **CONFIRM, MAY ADD, WITHOUT**

Notes: This field is used to provide authorisation or a request to the advising bank to add confirmation to the credit. If the advising bank is not willing to add confirmation upon authorisation or request by the issuing bank, the advising bank must inform its decision to the issuing bank without delay (Ref: Article 8d of UCP 600).

58A: Requested Confirmation Party (Optional)

Purpose: Specifies the bank that is requested to add its confirmation to the credit.

Explanation: Identifies the confirming bank, if confirmation is required.

Notes: This field was introduced to provide clarity on confirmation instructions when more than one advising bank is involved in advising the credit to the beneficiary. It may also be used to specify instructions allowing confirmation by a bank other than the advising banks.

53A: Reimbursing Bank (Optional)

Purpose: Identifies the bank that will reimburse the bank that honours the credit.

Explanation: Specifies the bank that will handle the reimbursement to the nominating bank.

Notes: When the reimbursing bank details are provided, the LC must state whether reimbursements are subject to URR 725. This can be indicated in Field 40E (Applicable Rules), which may state "UCP-URR latest version." If there is no such indication, Article 13 of UCP 600 shall apply to bank-to-bank reimbursements.

78: Instructions to the Paying/Accepting/Negotiating Bank (Optional)

Purpose: Provides instructions to the bank responsible for paying, accepting, or negotiating the credit.

Explanation: May include instructions pertaining to payment, dispatch of documents, or other relevant conditions.

Notes: This field is used to provide instructions to a nominated bank regarding the dispatch of documents using a preferred courier service and instructions related to payment or bank-to-bank reimbursements.

57A: Advise Through Bank (Optional)

Purpose: Indicates the bank through which the credit is advised to the beneficiary.

Explanation: Identifies the intermediary bank that will advise the credit to the beneficiary.

Notes: When the issuing bank does not have a direct correspondent relationship with the beneficiary's bank that advises the credit to the beneficiary, the issuing bank may send the MT 700 to their correspondent bank, known as the first advising bank. The details of the second advising bank (the beneficiary's bank) should be indicated in this field.

72Z: Sender to Receiver Information (Optional)

Purpose: Allows for free-format text to convey additional information between banks.

Explanation: May include any relevant information not captured in the structured fields of the message.

Message Type 700 - Issuance of Documentary Credit

M - MANDATORY

O - OPTIONAL

Statu s	Tag	Field Name	Statu s	Tag	Field Name
M	27	Sequence of Total	O	44A	Place of Taking in Charge/ Dispatch From / Place of Receipt
M	40A	Form of Documentary Credit	O	44E	Port of Loading/ Airport of Departure
M	20	Documentary Credit Number	O	44F	Port of Discharge/ Airport of Destination
O	23	Reference to Pre Advice	O	44B	Place of Final Destination/ For Transportation to / Place of Delivery
M	31C	Date of Issue	O	44C	Latest Date of Shipment
M	40E	Applicable Rules	O	44D	Shipment Period
M	31D	Date and Place of Expiry	O	45A	Description of Goods and Services
O	51a	Applicant Bank	O	46A	Documents Required
M	50	Applicant	O	47A	Additional Conditions
M	59	Beneficiary	O	71D	Charges
M	32A	Currency Code, Amount	O	49G	Special Payment Conditions for Beneficiary
O	39A	Percentage Credit Amount Tolerance	O	49H	Special Payment Conditions for Bank
O	39B	Maximum Credit Amount	O	48	Period for Presentation
M	41a	Available With__By__	M	49	Confirmation Instructions
O	42C	Drafts At__	O	58a	Requested Confirmation Party
O	42A	Drawee	O	53a	Reimbursing Bank
O	42 M	Mixed Payment Details	O	78	Instructions to the Paying/ Accepting/ Negotiating Bank
O	42P	Deferred Payment Details	O	57a	Advise Through Bank
O	43P	Partial Shipments	O	72Z	Sender to Receiver Information
O	43T	Transshipment			