

DOCUMENTS NOT COVERED BY UCP 600

In international trade, documents can be classified into three types: **Financial Documents**, **Commercial Documents**, and **Official Documents**.

1. Financial Documents

These include:

- **Bills of Exchange (Drafts)**
- **Promissory Notes**
- **Cheques**

In documentary credit transactions, drafts are commonly required when it is available by sight payment, acceptance, or negotiation.

While **UCP 600** does not provide specific requirements for drafts, the handling of drafts and the calculation of maturity dates are covered in the **International Standard Banking Practice (ISBP)**.

2. Commercial Documents

These include documents such as:

- **Invoice**
- **Packing List / Weight List**
- **Transport Documents**
- **Insurance Documents**
- **Quality and Quantity Certificates**, etc.

3. Official Documents

These are typically required by official authorities in the importing country for customs clearance and include:

- **Certificate of Origin**
- **Phytosanitary Certificate**
- **Health Certificate**, etc.

Neither **UCP 600** nor **ISBP** explicitly refer to a classification of documents. However, the **Uniform Rules for Collections (URC 522)** provide a reference:

- **Clean Collection**: Involves only financial documents.

- **Documentary Collection:** Involves financial documents along with commercial documents, or only commercial documents.

While official documents are often included under commercial documents in practice, this classification remains theoretical and serves more for academic purposes.

UCP 600 provides detailed instructions only for:

- **Invoice** (Article 18)
- **Transport Documents** (Articles 19 to 25)
- **Insurance Documents** (Article 28)

For all other documents, **Article 14(f)** of UCP 600 provides a general instruction:

- If a credit requires a document other than the above three, it must clearly stipulate:
 1. **Who must issue the document**
 2. **The data content required**

In the absence of such specifics, banks will accept a document as presented if it **appears to fulfil the function of the required document**.

The phrase “*it appears to fulfil the function*” serves as a safety net for interpretational issues, generally favouring the bank's position.

The requirement for presenting documents often varies based on:

1. **The type of commodity involved**
2. **Country-specific regulations in the importing country**

To address potential ambiguities, **ISBP** provides general guidance on documents frequently required for certain commodities.

COMMON GUIDELINES FOR OTHER DOCUMENTS

Title

- A document may be titled as called for by the credit, indicate a similar title, or bear no title, provided it fulfils the function of the document.

Issuer

- Documents must be issued by a party stated in the credit.
- If the issuer is not specified, any party, including the beneficiary, may issue the document.
- If phrases such as “first class, well known, qualified, independent, official, competent, or local” are used in the LC concerning the issuer of the document, such documents may be issued by any party other than the beneficiary.

Examples:

1. **LC requires a Health Certificate** without indicating the issuer: It may be issued by any party, including the beneficiary.
2. **LC requires a Health Certificate issued by a competent authority:** It may be issued by any party other than the beneficiary.

Exception for Certificate of Origin:

- If the LC requires a Certificate of Origin to be issued by the **Beneficiary**, the **Exporter**, or the **Manufacturer**, it will also be satisfied by the presentation of a Certificate of Origin issued by a **Chamber of Commerce or similar bodies** (e.g., Chamber of Industry, Association of Industry, Economic Chamber, Customs Authorities, Department of Trade), provided the beneficiary, exporter, or manufacturer is identified as required.
- Similarly, if the LC requires the Certificate of Origin to be issued by a **Chamber of Commerce**, it will be satisfied by the presentation of the certificate issued by any similar authority.

Data content

The document must include the required data, such as certifications or declarations, as specified in the credit.

- **In the absence of specific data requirements in the LC:**
The document must appear to fulfil the function of the required document.
Example:
If the LC requires a Health Certificate without specifying the data content, a document stating that “goods are not fit for human consumption” would still fulfill the function of the required document, as it addresses whether the goods are fit for consumption.
- **Issuing Bank’s Responsibility:**
To avoid ambiguities, issuing banks should include clear data requirements for each document in the LC.
- **Exception for Beneficiary’s Certificates:**
The data or certifications in a beneficiary’s certificate do not need to exactly replicate the wording in the LC, but they must clearly indicate that the requirement has been fulfilled.
Example:
If the LC requires a beneficiary’s certificate to confirm that one set of copy documents has been forwarded to the applicant by courier within three days after shipment, a certificate indicating the courier receipt number and date (that date falls within three days of shipment) would satisfy the requirement, even if the wording is not identical to the LC.

Signature

- All certificates must be signed by the issuer.
- Documents such as invoices, packing lists, or weight lists do not require signatures unless explicitly requested in the LC.

Date

- Not all documents need to be dated unless required by the LC.
- The necessity of a date depends on the relevance to the certification requested.

Examples:

1. **Certificate of Origin:** Since the date of issue has no relevance to the origin, it need not be dated.
2. **Shipping Company Certificate** certifying the vessel's age (e.g., “not more than 25 years old”):
 - The document must be dated to determine the age on a specific date.
 - If the certificate includes the year of build and the vessel is less than 25 years old at the time of shipment, it will be acceptable even without a date.
3. **Pre-Shipment Inspection Certificate:**
 - The document must indicate the inspection occurred before shipment.
 - This requirement can be fulfilled by:
 - A document dated on or before the shipment date.
 - A document titled as specified by the LC.
 - The body of the certificate specifying the inspection date, which must be on or before the shipment date.

Shipper

- The shipper may be different from the beneficiary of the credit or the shipper shown on other stipulated documents.
- Consistency of shipper details across documents is not mandatory.
- If the shipper/consignor is different from the beneficiary, the documents may show different invoice numbers or shipment routing.

Consignee

- The consignee must be shown as per the information in the transport document.
- If the transport document is made out “**TO ORDER,**” “**TO ORDER OF THE ISSUING BANK OR ANY OTHER BANK,**” or in the name of the issuing bank, the consignee may also be shown as any party named in the credit (other than the beneficiary), such as the applicant or notify party.
- If the applicant's address is mentioned, it must match the LC.

Linkage to Invoiced Goods

- Documents must appear to relate to the invoiced goods.
- If the LC requires all stipulated documents to indicate the LC number and date, linkage may be established through:
 - General descriptions of the goods.
 - References to other stipulated documents (e.g., Invoice number, BL number).
- Beneficiary-issued certificates need not evidence linkage to invoiced goods.

Identical Data

Data shown in a document need not be identical but must not conflict with the data shown in any other stipulated document. **(Ref: Article 14(d) of UCP 600)**

Paragraph C11 of ISBP states:

"Any total quantity of goods and their weight or measurement shown on the invoice is not to conflict with the same data appearing in other documents."

This emphasises the need for consistency across documents to avoid discrepancies that might lead to non-compliance.

Exception for Certificates:

Paragraph Q6(b) of ISBP provides an exception, allowing certificates (e.g., Analysis, Inspection, Health, Phytosanitary, Quantity, Quality, and others covered under paragraphs Q1 to Q11) to indicate a quantity greater than that stated in the credit or any other stipulated document.

Example:

A fumigation certificate indicating a higher quantity than that shown on the invoice or transport document does not necessarily constitute a discrepancy unless explicitly prohibited by the credit.

Guidance for Document Examiners:

Document examiners must exercise caution when refusing presentations due to perceived data conflicts.

DOCUMENTS NOT COVERED BY UCP 600

There are three types of documents involved in international trade i.e. Financial documents, Commercial documents and Official documents.

Financial documents include, Bills of exchange (Drafts), Promissory notes and Cheques. In case of documentary credit transactions, when required, drafts are usually called. While UCP 600 does not provide in requirements for drafts, drafts and calculation of maturity date is covered in International Standard Banking Practice (ISBP)

Commercial documents include, Invoice, Packing / Weight list, Transport documents, Insurance documents, Quality and Quantity certificates etc,

Official documents include Certificate of origin, Phytosanitary certificate, Health Certificate etc usually required by official authorities in importing country for clearance of goods.

UCP or ISBP do not refer classification of documents. However Uniform Rules for Collection (URC - ICC publication 522) include reference of clean collection and documentary collection. When collection include only financial documents is referred as clean collection and the collection that include financial documents plus commercial documents or only commercial documents is referred as documentary collection. Documents required for official purposes are also included in commercial documents. As such it is only a theoretical diction for the documents used in international trade

UCP provides instructions for Invoice, Transport documents and Insurance documents and for all other documents a single instruction is provided under article 14 (f) Standard for Examination of Documents as per which when LC requires a document other than these three documents, it must stipulate who must issue the document and its data content, in absence of any indication to this effect, banks will accept a document as presented if it appears to fulfil the function of that required document. The challenge for document examiner is to understand function of the required document through the phrase “it **appears** to fulfil the function” is a safety net for any interpretational issues in favour of the bank. Requirement for presentation of documents vary depending on type of a commodity and depending on the importing country. To avoid any interpretational issues, ISBP explains requirements for few documents generally called for shipments involved commodities. These may be taken as general guidance when a credit calls for any other documents may be required for product specific or country specific needs. Nevertheless, it is important for the issuing bank, to review LC application carefully and incorporate the issuer of document and data content required for each document other than invoice, transport document and insurance documents.

Common guidelines for other documents:

Title: Document may be titled as called by the credit or indicate a similar title or bear no title provided it fulfil the function of the document.

Issuer: Documents must be issued by a party stated in the credit. In issuer name is not specified, any party including beneficiary may issue such document. If the phrases such as “first class, well known, qualified, independent, official, competent or local” used in the LC, in connection with the issuer of the document, such document may be issued any party other than the beneficiary. For example 1. LC requires presentation of Health Certificate without indicating the issuer, it may be issued by any party including the beneficiary. Example 2. LC requires presentation of Health Certificate issued by a competent authority, it may be issued by any party other than the beneficiary. Exception for Certificate of origin: If LC requires Certificate of Origin to be issued by the Beneficiary, the Exporter or the Manufacturer, it will be satisfied by the presentation of Certificate of Origin issued by a Chamber of Commerce or the like (Chamber of Industry, Association of Industry, Economic Chamber, Customs Authorities and Department of Trade etc) provided it indicated the beneficiary, the exporter or the manufacturer as the case may be. Similarly if Certificate of Origin to be issued by Chamber of Commerce, it can be satisfied by the presentation of certificate of origin issued by any of these bodies.

Content: The document must include data content i.e. any certifications, declarations as called by the credit. In absence of specific requirement of data content in the LC, must appear to fulfil the function of the required document. For example, when LC requires presentation of Health certificate without providing data content required, the document may indicate that “goods are not fit for human consumption”. Though it a negative certification, banks can not reject the document as it fulfil the function of the document. Function of the document here is “whether goods are fit for human consumption or not”. So, it is import for the issuing bank to include data content required against each document in the LC. However, the data or certification mentions on a beneficiary’s certificate need not be identical to that required by the credit, but are to clearly indicate that the requirement prescribed by the credit has been fulfilled.

Signature: All certificates must be signed by the issuer. Documents like invoice, packing list or weight list need not be signed unless LC require for it

Date: It is not necessary that all documents must be dated unless LC calls for it. Requirement of the date on a document depends on the certification requested. There must be a relevance for the date with the certification sought on a document under the LC. Example: 1. Certificate of origin, since there is no relevance for the date of issue with origin, it need not be dated. Example 2. Shipping company certificate certifying that vessel is not more than 25 years old. In this case to determine as on which date vessel is not more than 25 years old, document needs to be dated. However, if year of built of the year is provided in the certificate and it is not exceeding 25 years at the time of shipment, then document is acceptable without indicating the date. Example 3. When LC require presentation of a PRE-SHIPMENT INSPECTION CERTIFICATE, it means that there must be an indication that inspection is carried out prior to the shipment. Such a requirement, may be satisfied by presentation a document a document dated on or before the date of shipment or titled it as called by the credit or in the body of the certificate the date of inspection is mentioned which should be on or before the date of shipment.

Shipper: Shipper may be other than beneficiary of the credit or shipper as shown in other stipulated documents. There is no need to check the shipper details for consistency with other documents. When shipper/consignor is other than the beneficiary, documents may indicate different invoice number, shipment routing.

Consignee: This must be shown as per information shown in a transport document. When transport document is made out "TO ORDER" or "TO ORDER OF THE ISSUING BANK OR ANY OTHER BANK" or in the name of the issuing bank, consignee may also be shown as any party named in the credit (other than beneficiary) i.e applicant or notify party. If applicant address is mentioned, it must be as per LC

Linkage to invoice goods: Documents presented must appear to relate to the invoiced goods. Usually, LC may require all stipulated documents indicate LC Number & Date. Otherwise, linkage may be established by providing description of goods in general terms, or providing reference of any other stipulated document which indicate description of goods stated in the credit (Invoice number, BL number etc). However, beneficiary issued certificates need not evidence any linkage.

Identical data: Data shown in a document need not be identical to but must not be conflicting with data shown in any other stipulated documents (Ref: Article 14 of UCP600). Accordingly, as per Para C11 of ISBP, "Any total quantity of goods and their weight or measurement shown on the invoice is not to conflict with the same data appearing other documents". However, as per Para Q6-b of ISBP A Certificate may indicate " a quantity that is greater than that stated in the credit or any other stipulated document". Document examiners need to be careful while refusing presentation due to this reason.