

OVERVIEW OF UCP 600

The **Uniform Customs and Practice for Documentary Credits (UCPDC)** was first introduced by the **International Chamber of Commerce (ICC)** in **1933** to standardize and harmonize international trade practices related to **letters of credit (LCs)**. Since then, the rules have undergone several revisions to adapt to evolving trade and banking practices.

Revisions Prior to UCP 600:

1. **UCP 82 – 1933** (First version)
2. **UCP 151 – 1951**
3. **UCP 222 – 1962**
4. **UCP 290 – 1974**
5. **UCP 400 – 1983**
6. **UCP 500 – 1993**

It has been revised six times so far, and UCP 600 is the seventh version, which became effective on 1st July 2007.

Article 1 - Application of UCP

The text of the credit **must** explicitly state that it is subject to UCP 600; otherwise, these **rules** do not automatically apply (Field 40A - Applicable Rules in MT 700 is a **mandatory field**).

UCP 600 may also **apply to standby LCs**, even though ISP 98 is specifically designed for them.

A credit may expressly **modify or exclude** any provision of UCP 600, meaning that not all rules must be applied as they stand.

Article 2 - Definitions

Advising Bank: A bank that advises the credit to the beneficiary at the request of the issuing bank,

Applicant: The party (typically the buyer or importer) who requests the issuing bank to open a Letter of Credit (LC) in favour of the beneficiary.

Banking Day: A day when a bank is open for business to process transactions under a credit governed by UCP 600. If the bank is open but does not process transactions under UCP 600, it is not considered a banking day for the purposes of these rules.

Beneficiary: The party (typically the seller or exporter) in whose favour LC is issued.

Complying Presentation: A presentation of documents that fully complies with the terms and conditions of the Letter of Credit, the applicable provisions of UCP 600, and International Standard Banking Practice (ISBP).

Confirmation: An additional undertaking by the confirming bank to honour or negotiate a complying presentation.

Confirming Bank: A bank that adds its confirmation to the credit, based on the issuing bank's authorisation or request, thereby undertaking the obligation to honour or negotiate a complying presentation.

Credit: An irrevocable undertaking of the issuing bank to honour a complying presentation

Honour: To pay according to the terms of the Letter of Credit. This includes:

- **Sight Payment:** Pay at sight.
- **Deferred Payment:** Issue a deferred payment undertaking and pay at maturity.
- **Acceptance:** Accept time drafts drawn by the beneficiary and pay at maturity.

Issuing Bank: The bank that issues the letter of credit (LC) at the request of the applicant or on its own behalf.

Negotiation: The process by which a **nominated bank** (which may also be a confirming bank) **purchases the drafts and/or documents** from the beneficiary under a complying presentation, making an advance **payment** either immediately or **before the due date**. The negotiating bank uses its own funds to pay the beneficiary before receiving funds from the issuing bank, at a discount.

Nominated Bank:

A bank named in the LC, authorised to honour or negotiate a complying presentation (a restricted credit) or any bank in the case of a credit available with any bank (freely available credit).

Presentation:

The act of delivering documents under a credit to the issuing bank or a nominated bank, or the documents so delivered. **Explanation:** In UCP 600, the word "**presentation**" does not only refer to the act of delivering documents. It is also used in different contexts, such as in the term "**complying presentation,**" where "**presentation**" refers to the **set of documents** that have already been delivered/presented.

Presenter: The party who submits the documents. Typically, this is the beneficiary, but it can also be an agent, nominated bank, or confirming bank.

Article 3 - Interpretations

Singular Includes the Plural:

Words in the singular form are deemed to include the plural, and vice versa. For example, the term "**bank**" may refer to multiple banks, depending on the context.

Irrevocability of the Credit:

Under UCP 600, a credit is deemed irrevocable by definition, even if this is not expressly

stated in the credit itself. This means that the credit cannot be amended or cancelled without the consent of all parties concerned—namely, the issuing bank, any confirming bank, and the beneficiary. However, Article 1 of UCP 600 allows for the exclusion or modification of its provisions, provided such changes are clearly stated in the credit. Accordingly, a revocable credit may still be issued if it is expressly indicated as revocable in the terms of the credit.

Signature of Documents:

The signature of documents required by the LC may be handwritten (e.g., John Doe), a facsimile signature (printed or scanned), a perforated signature (created by punching holes), a stamp (e.g., company seal), a symbol (e.g., company logo or chop), or authenticated using any other mechanical or electronic method (e.g., a digital signature with a source of authentication).

Legalised, Visaed, Certified:

A requirement for a document to be legalised, visaed, certified or similar will be satisfied by any signature, mark, stamp or label on the document which **appears** to satisfy that requirement. **Example:**

If a letter of credit requires the Certificate of Origin to be legalised by the UAE embassy in the exporting country, and the presented Certificate of Origin bears a stamp in Arabic—which the banker may not understand—the document may still be accepted, as the stamp **appears** to fulfil the requirement.

Branches of a Bank in Different Countries:

Branches of a bank in different countries are considered to be separate banks. Therefore, if a bank's branch in one country issues an LC, a branch of the same bank in a different country may confirm the LC.

Terms Such as "First Class," "Well-Known," etc.:

Terms such as "first class," "well-known," "qualified," "independent," "official," "competent," or "local," when used to describe the issuer of a document, indicate that the document may be issued by any entity other than the beneficiary of the credit.

Words Such as "Prompt," "Immediately," etc.:

Words like "promptly," "immediately," or "as soon as possible" should not be used to determine the timing of any action to be performed in an LC. If such phrases are used, they will be disregarded. However, if such words are required in a document as part of certification or data content, they must be reflected in the document in accordance with the wording of the credit. **Example:** If a letter of credit requires the beneficiary's certificate to state that shipment advice was sent to the applicant *IMMEDIATELY* after shipment, then the word *IMMEDIATELY* must appear in the certificate, as stated in the credit.

"On or About":

The expression "on or about" or similar will be interpreted as a stipulation that an event is to occur during a period of five calendar days before until five calendar days after the specified date, both start and end dates included. **Example:** The expression "on or about 15th March" means the event may occur within the period from 10th March to 20th March—covering a total of 11 calendar days.

"To," "Until," "Till," "From," and "Between":

The words "to," "until," "till," "from," and "between" are used to determine the shipment period **include** the date(s) mentioned.

"Before" and "After" to Determine the Shipment Period:

The words "before" and "after" exclude the dates mentioned when determining the shipment period.

"From and After" to Determine Maturity Date:

The words "from" and "after" have the same meaning when determining a maturity date. For example, "Tenor 60 days from BL date" and "Tenor 60 days after BL date" both exclude the BL date in calculating the maturity date.

First Half, Second Half of a Month:

When the LC refers to the first half or second half of a month, it means:

First half: 1st to 15th of the month.

Second half: 16th to the last date of the month.

The Terms Beginning, Middle, End of the Month:

These terms are used to specify particular timeframes within a month:

Beginning: Refers to the 1st to 10th of the month.

Middle: Refers to the 11th to 20th of the month.

End: Refers to the 21st to the last date of the month.

Article 4 - Credits v. Contracts

a. An LC is independent of the underlying sales contract, even if the contract is referenced in the credit. A bank's undertaking to honour or negotiate is strictly based on the presentation of complying documents, not on any other terms and relationships between parties or banks.

Example for Part (a):

A buyer (applicant) and a seller (beneficiary) enter into a sales contract for the delivery of goods, with the agreement that the seller will provide a warranty for the goods. The buyer applies for an LC to pay the seller upon presentation of certain shipping documents. The LC makes no reference to the warranty clause in the sales contract.

Despite the warranty being part of the sales contract, the issuing bank will honour the LC as long as the required documents are presented in accordance with the LC terms. The bank is not concerned with the warranty or any other terms in the sales contract and will not entertain claims or defences related to the contract's performance.

b. The issuing bank should discourage the applicant from making the contract an integral part of the credit. A contract may contain various conditions that should not be included in the LC, as an LC should only cover performance-related conditions and require relevant documents as proof of compliance.

However, for any good reason, if the applicant requires the contract to be included as part of the LC, the issuing bank may still accept such a request at its own discretion, as there is no prohibition against doing so.

Example for Part (b):

If an applicant insists on including a full copy of the sales contract or a pro-forma invoice

as part of the LC, it may create unnecessary complications. The contract might include terms beyond what the LC should cover, such as warranties, penalties, or post-shipment obligations. Instead, the LC should only require specific documents (e.g., a bill of lading, quality & quantity certificate) that prove compliance with the agreed shipment and delivery terms.

Article 5 - Documents v. Goods, Services, or Performance

Banks deal only with documents presented under the LC and not with the actual goods, services, or performance to which the documents may relate. They do not verify the physical delivery, quality, or quantity of goods. This article reinforces the independence of an LC from the actual underlying transaction.

Example:

A buyer orders 1,000 metric tons of wheat and requires a quality certificate under the LC. The seller presents a complying quality certificate, but when the goods arrive, the buyer claims they are of substandard quality and requests the issuing bank to withhold payment. Since the bank deals only with documents and not with the goods themselves, it must honour the LC as long as the required certificate is presented, regardless of any dispute over the actual quality of the goods.

Article 6 - Availability, Expiry Date, and Place for Presentation

(a) Availability of the Credit:

A credit **must** specify the nominated bank, which is indicated in **Field 41A** of the MT 700 SWIFT message, making it a **mandatory** field. A letter of credit may be:

- restricted to the issuing bank,
- made available with a specific nominated bank (restricted credit), or
- available with any bank (freely available credit).

If the credit is available with a bank other than the issuing bank, the beneficiary may still choose to present documents directly to the issuing bank. In other words, a credit available with a nominated bank is also considered available with the issuing bank.

(b) Payment Method:

The LC **must** clearly specify whether it is available by sight payment, deferred payment, acceptance, or negotiation. This requirement is reflected in **Field 41A** of MT 700, which is **mandatory**. In the case of a mail LC, if the payment type is not indicated, it cannot be assumed to be a sight payment. Instead, clarification from the issuing bank must be sought.

(c) Restriction on Drawing Drafts:

An LC cannot be issued requiring a draft to be drawn on the applicant, as the obligation to honour or negotiate lies with banks. Field 42A (Drawee) in MT 700 must specify a bank, not the applicant. However, if a draft on the applicant is listed as a required document, banks will examine it only as a document and not as an instrument of payment under the LC.

(d) Expiry Date and Place for the presentation of Document:

(i) The LC **must** specify an expiry date for the presentation of documents (**Field 31D Date & Place of Expiry** is mandatory in MT 700). If an expiry date is stated for honour or

negotiation in the credit, it must still be understood as the expiry date for the presentation of documents but not a dead line to honour or negotiate..

(ii) The place for presentation indicated in Field 31D must align with the nominated bank's location under **Field 41A of MT 700 (Available with..bank)**

(e) Deadline for Submission:

The beneficiary or their representative must ensure that all required documents are submitted on or before the expiry date. However, if the expiry date falls on a non-banking day at the place of presentation, the presentation may be made on the next banking day, as per Article 29(a).

"For a detailed explanation, refer to the module: Understanding SWIFT MT 700."

Article 7 - Issuing Bank Undertaking

The issuing bank is irrevocably bound to honour once it issues the credit. **Explanation:** The issuing bank remains bound to honour the credit even if the credit has not yet reached the beneficiary. To cancel or amend a letter of credit—regardless of whether it has reached the beneficiary—still requires the beneficiary's consent.

1. Honouring a Complying Presentation:

The issuing bank is obligated to honour a complying presentation if the LC is available with it.

2. Obligation When Nominated Bank Fails to Honour/Negotiate:

If the LC is available with a nominated bank and that bank fails to honour or negotiate a complying presentation, the issuing bank must honour.

3. Reimbursement to Nominated Bank:

The issuing bank must reimburse a nominated bank that has honoured or negotiated a complying presentation and forwarded the documents to the issuing bank.

4. Reimbursement for Deferred Payment or Acceptance Credits:

When a credit is available by deferred payment or acceptance with another nominated bank, the issuing bank's reimbursement obligation to the nominated bank is due only at maturity—regardless of whether the nominated bank had prepaid or purchased the documents before maturity.

Issuing Bank's Dual Obligation:

As such, the issuing bank is obligated to the beneficiary as well as to a nominated bank that has honoured or negotiated a complying presentation. This reflects the independent nature of the issuing bank's undertakings to both parties.

"For a detailed explanation, refer to the module: Undertaking of the Banks."

Article 8 - Confirming Bank Undertaking

1. Honour/Negotiation of a Complying Presentation:

The confirming bank is obligated to honour a complying presentation if the LC is

available with it for honour. If the LC is available with it by negotiation, the confirming bank must negotiate without recourse.

2. Obligation When Another Nominated Bank Fails to Honour or Negotiate:

If the LC is available with another nominated bank and that bank fails to honour or negotiate a complying presentation, the confirming bank must honour.

3. Reimbursement to Another Nominated Bank:

The confirming bank must reimburse another nominated bank that has honoured or negotiated a complying presentation and forwarded the documents to the confirming bank.

4. Reimbursement for Deferred Payment or Acceptance Credits:

When a credit is available by deferred payment or acceptance with another nominated bank, the confirming bank's reimbursement obligation to the nominated bank is due only at maturity—regardless of whether the nominated bank had prepaid or purchased the documents before maturity.

Confirming Bank's Dual Obligation:

As such, the confirming bank is obligated to the beneficiary as well as to another nominated bank that has honoured or negotiated a complying presentation. This reflects the independent nature of the confirming bank's undertakings to both parties.

Role of the Confirming Bank

The confirming bank is irrevocably bound to honour or negotiate a complying presentation once it has added its confirmation to the LC. If a bank is authorised or requested by the issuing bank to confirm an LC but is unwilling to do so, it must inform the issuing bank without delay and may proceed with advising the credit without adding its confirmation.

Clarification: Under UCP 600, including confirmation instructions in a letter of credit (LC) is not mandatory, as the LC can be advised directly to the beneficiary by the issuing bank without involving another bank. However, in the SWIFT MT 700 message format, Field 49 (Confirmation Instructions) is mandatory and must clearly specify the confirmation instructions.

"For a detailed explanation, refer to the module: Undertaking of the Banks."

Article 9 - Advising of Credits and Amendments

- A credit and any amendments may be advised to the beneficiary through an advising bank.
- If a bank elects not to advise a credit or amendment, it must inform the bank from which it was received without delay and is not required to notify the beneficiary.
- An advising bank that is not a confirming bank advises the credit without any undertaking to honour or negotiate. This is typically indicated to the beneficiary in the cover letter accompanying the credit.
- By advising a credit or amendment, the advising bank signifies that it has satisfied itself as to the apparent authenticity of the message and that its advice accurately reflects the actual text of the message received.

- If a second advising bank is involved, it must also verify the apparent authenticity of the message and ensure that its advice accurately reflects the actual text before forwarding it to the beneficiary.
- If a bank is unable to verify the authenticity of a received documentary credit or amendment, it must inform the bank from which it appears to have been received without delay. Should the bank nevertheless choose to advise the credit or amendment, it must clearly inform the beneficiary or any second advising bank that the authenticity of the credit or amendment could not be ascertained.
- If a bank uses an advising or second advising bank to advise an LC, the same bank must be used for advising any subsequent amendments.

"For a detailed explanation, refer to the module: Advising & Confirmation."

Article 10: Amendments

- Except as otherwise provided by Article 38, a credit cannot be amended or canceled without the agreement of the issuing bank, the confirming bank (if any), and the beneficiary.
- An issuing bank is irrevocably bound by an amendment once it issues the amendment.
- A confirming bank may extend its confirmation to an amendment and will be irrevocably bound once it advises the amendment.
- If the confirming bank remains silent about extending its confirmation while advising the amendment, it is deemed that the amendment is confirmed.
- A confirming bank may choose to advise an amendment without extending its confirmation. In such a case, it must inform the issuing bank without delay and clearly indicate this in its advice to the beneficiary.
- The terms and conditions of the original credit (or the credit incorporating previously accepted amendments) remain in force for the beneficiary until the beneficiary communicates acceptance of the amendment to the advising bank.
- The beneficiary must provide notification of acceptance or rejection of an amendment to the same advising bank, which will then communicate this decision to the issuing bank.
- Partial acceptance of an amendment by the beneficiary is not allowed and will be deemed a rejection of the amendment. This means that all conditions covered in an amendment must be accepted in full—accepting only some conditions will be considered a rejection of the entire amendment.
- If the beneficiary does not explicitly notify acceptance or rejection, a presentation that complies with both the credit and any not yet accepted amendment will be deemed as acceptance of the amendment. At that moment, the credit will be considered amended. **Explanation:**
The beneficiary received an amendment to the letter of credit but did not inform the advising bank whether the amendment was acceptable. However, the beneficiary submitted documents that were prepared in accordance with the changes introduced by the amendment. In such a case, it is deemed that the beneficiary

has accepted the amendment. For any subsequent presentation under the credit, the beneficiary must take the amendment into account when preparing and presenting documents.

- Any provision stating that an amendment will become effective unless rejected by the beneficiary within a certain timeframe will be disregarded. **Explanation:** The issuing bank cannot set a condition that the beneficiary must accept or reject an amendment within a specific period, such as “within 7 working days.” Any such clause will be disregarded. An amendment becomes effective only if the beneficiary accepts it — either **expressly or impliedly**.

"For a detailed explanation, refer to the module: Advising & Confirmation."

Article 11 - Teletransmitted and Pre-Advised Credits and Amendments

a. Teletransmitted and Authenticated Amendments/Credits:

- If a credit or amendment is teletransmitted and authenticated, it is considered the operative version. Any subsequent mail confirmation will be disregarded.
- If the teletransmission includes a statement like "full details to follow" or specifies that the mail confirmation will be the operative document, the teletransmission itself is not operative. In this case, the issuing bank must issue the operative document by mail without delay, in terms consistent with the teletransmission. (There is no exact time frame is provided in these rules)

b. Pre-Advice:

- A pre-advice is a preliminary notification sent by the issuing bank, but it should only be issued if the bank is ready to issue the operative credit or amendment.
- Once a pre-advice is sent, the issuing bank is irrevocably committed to issuing the operative credit or amendment without delay, in terms consistent with the pre-advice. (There is no exact time frame is provided in these rules) Article 12 - Nomination

"This provision is already explained in the module: Pre considerations under Issuance of Documentary Credits."

Article 12 - Nomination

a. Nominated Bank's Obligation to Honour or Negotiate:

Unless the nominated bank has added its confirmation, merely being authorised to honour or negotiate under the credit does not create a binding obligation on that bank. An obligation arises only if the nominated bank expressly agrees to do so and communicates this to the beneficiary — which is known as the nominated bank acting on its nomination.

Clarification: Even when the issuing bank has not authorised or requested confirmation (as indicated in Field 49 of the MT 700 "Confirmation Instructions" as *WITHOUT*), the nominated bank may still choose to provide its own separate payment undertaking to the beneficiary. This is commonly referred to as *silent confirmation*. However, silent

confirmation is a private arrangement between the nominated bank and the beneficiary, and it does **not** qualify as “confirmation” under Article 2 of UCP 600, which requires explicit authorisation or request from the issuing bank.

b. Nominated Bank's Authority for Prepayment or Purchase:

When an issuing bank nominates a bank to accept a draft or provide a deferred payment undertaking, it also gives the nominated bank the authority to **prepay or purchase** that accepted draft or deferred payment obligation.

c. Handling of Documents by a Nominated Bank:

If a nominated bank is **not a confirming bank**, simply receiving, checking, or forwarding documents does **not** make it responsible for payment under the credit. These actions do not mean that the bank has honoured or negotiated the documents.

"For a detailed explanation, refer to the module: Advising & Confirmation."

Article 13 - Bank-to-Bank Reimbursement Arrangements

a. If the credit includes reimbursing bank details (Field 53a of MT 700), allowing a nominated bank (claiming bank) to claim reimbursement from a reimbursing bank, the LC must clearly specify the applicable rules for bank-to-bank reimbursements, i.e., **URR** (latest version). This should be indicated in **Field 40E** under applicable rules as **UCP - URR**.

b. If the credit does not specify that reimbursements are subject to URR rules in force, the following conditions shall apply:

i. The issuing bank must provide a **Reimbursement Authorisation** to the reimbursing bank without any expiry date to process a claim received from the claiming bank.

ii. The claiming bank shall not be required to certify that the documents are in compliance with the credit terms when presenting their claim.

iii. If the reimbursing bank does not make the reimbursement on first demand as per the credit terms, the issuing bank will be responsible for any loss of interest and additional costs incurred due to the delay.

iv. Reimbursement charges shall be borne by the issuing bank. However, if the reimbursement charges are to be paid by the beneficiary, this must be clearly indicated in both the LC and the **Reimbursement Authorisation (RA)**. In such cases, the reimbursing bank must deduct the charges from the claim amount. If no claims are received and no reimbursements are made, the issuing bank remains responsible for any charges incurred by the reimbursing bank.

c. The issuing bank remains obligated to provide reimbursement, even if the reimbursing bank fails to honour a reimbursement claim upon first demand.

"For a detailed explanation, refer to the module: Uniform Rules for Bank to Bank Reimbursements."

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.

Commentary: "Nominated bank acting on its nomination, confirming bank if any, and the issuing bank must check the documents to determine whether the documents are complying. Compliance must be determined on the basis of documents alone and the data within the documents, without considering external events—relying only on what the documents appear to show on their face."

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.

Explanation: The expiry date or last date for presentation of documents is a deadline for the beneficiary to present the documents, but it does not affect subsequent actions to be performed by the banks. The LC remains valid for banking processes such as examination, payment, etc.

c. In the absence of a specified period for presentation in the LC (Field 48 of MT 700), if a presentation includes at least one original transport document governed by Articles 19–25, the beneficiary must present the documents within 21 calendar days after the shipment date, but no later than the expiry date of the credit.

Explanation: This default period for presentation is not applicable when the credit requires presentation of copies of transport documents. In such cases, documents may be presented on or before the expiry date of the credit, regardless of the period for presentation included in Field 48 of MT 700.

d. The information in a document need not be identical to the information in the credit, the same document, or any other stipulated document. However, it must not conflict with the content of the credit, the document itself, or any other stipulated document. The interpretation of what constitutes a conflict is provided in the general provisions of ISBP.

Example:

A letter of credit requires a commercial invoice stating the description of goods as "*100 pieces of red cotton shirts.*" The invoice presented shows "*100 pieces of cotton shirts, red colour.*"

Although the wording is not identical, it is not in conflict with the credit or with data in other documents. The two descriptions convey the same meaning, and there is no contradiction. Under UCP 600 sub-article 14(d), a mirror image is not required, as long as the data is not conflicting.

However, if the invoice stated "*100 pieces of blue cotton shirts,*" this would clearly conflict with the credit's requirement of "*red cotton shirts,*" and the presentation would be deemed non-compliant.

e. For documents other than the commercial invoice, the description of goods, services, or performance, if stated, may be in general terms, provided it does not conflict with the description stated in the credit.

Example: When the LC calls for the shipment of Non-Basmati Rice, a document other than the invoice may describe the goods as "Food Grains," which is a general description.

f. UCP provides specific requirements for invoices, transport documents, and insurance documents. When a credit requires the presentation of a document other than these, it should specify who must issue it and what details it must contain. If the credit does not provide such details, banks will accept the document as presented, provided it **appears** to serve its intended purpose and does not contain conflicting data.

Examples:

1. A credit requires the presentation of a **weight certificate** but does not specify who should issue it or what details it must contain. In this case, a weight certificate issued by the beneficiary (instead of an independent inspection agency) stating the weight of goods would be acceptable, provided it does not conflict with other documents.
2. A credit requires the presentation of a **Radioactivity Certificate issued by SGS** but does not specify the content of certification required. A Radioactivity Certificate issued by SGS would be acceptable, provided it **appears** to fulfil the function of the document. However, understanding the **intended function** of such specialised documents can be challenging for bankers, as they may not be familiar with technical certifications used across different industries. This is why the term "**appears**" is critical—it protects banks from unnecessary document rejections while ensuring compliance. To avoid ambiguities, the **issuing bank should clearly define the documentary requirements** in the LC.

g. If a document is presented that is not required by the credit, it will be ignored, and the bank may return it to the party that presented it.

Explanation: A presentation includes one additional document not required by the credit; the weight of goods shown in that document differs from the weight shown in the B/L. The bank cannot raise a discrepancy based on that document.

h. If a credit contains a condition but does not specify a document to confirm compliance with that condition, the bank will treat the condition as not stated and will disregard it. Such conditions may be stated as part of additional conditions under Field 47A of MT 700.

Example:

- **Scenario 1:** Under Field 47A: *Goods must be of Indian origin* and Field 46A require *Certificate of origin*
 - *Certificate of Origin* must certify that the goods are of Indian origin.
- **Scenario 2:** Under Field 47A: *Goods must be of Indian origin*, but Field 46A does not require a Certificate of Origin.

- o In this case, the condition will be disregarded, and there is no need to include the statement “*Goods of Indian Origin*” in any other document presented. However, Any other stipulated document indicating a different origin of goods is not acceptable (e.g., *Chinese origin* instead of *Indian origin*).

i. A document may be dated earlier than the issuance of the credit but not later than the presentation date.

This situation often arises in merchanting or intermediary trade.

Example:

X Pvt. Ltd. (Supplier in **India**) signs a sales contract with **Y Traders Pte. Ltd.** (Intermediary in **Singapore**) on **15th February 2025** for the supply of **10,000 Mts. of White Rice**.

Y arranges for a letter of credit issued by **Bank A** in Singapore on **25th February 2025** in favour of X.

X ships the goods on 10th March 2025.

Later, Y receives a second letter of credit from **Z Ltd.** (Final buyer in **South Africa**), issued by **Bank B** on **15th March 2025**, with Y as the beneficiary.

When Y presents documents to Bank B under the second LC (the South African LC), the shipping documents issued in India (such as the bill of lading and other documents) bear dates like **10th March 2025**, which are **earlier than the issuance date** of the second LC (**15th March 2025**).

This is **not considered a discrepancy** under UCP 600, as documents may be dated prior to the LC issuance date, provided:

- they are not dated later than the date of presentation, and
- the LC does not include any clause that prohibits earlier-dated documents.

j. If the addresses of the beneficiary or the applicant appear in any presented document, they do not need to match exactly with the addresses stated in the credit or other documents, but they must be located in the same country as the addresses listed in the credit. Contact details (Telephone, Fax, email stated as part of the addresses will be disregarded. However, if these details are part of the consignee or notify party information on transport documents, they must be as stated in the credit.

k. The party identified as the shipper or consignor on any document does not have to be the beneficiary of the credit.

l. A transport document may be issued and signed by a party other than the carrier, owner, master, or charterer, provided that it meets the conditions specified in the applicable transport articles (Articles 19–24) of UCP 600.

Commentary:

Under Article 30 of UCP 500, a transport document such as a bill of lading signed by a freight forwarder "as carrier" was considered acceptable. However, there is no

justification for limiting this acceptance only to freight forwarders. Accordingly, UCP 600 removed this restriction and allows any party to sign the transport document, provided the requirements of Articles 19 to 24 are fulfilled. Thus, a transport document signed by a freight forwarder or any other party is acceptable, as long as it complies with the specified conditions.

For example, under a **CFR trade term**, the seller may be the **charterer** of the vessel. In such cases, the seller may issue a **charter party bill of lading** on their own letterhead, identifying themselves as **charterer**. This is acceptable under **Article 22 of UCP 600**, provided the conditions of that article are met.

Article 15 - Complying Presentation

- a. If the issuing bank finds that the documents comply with the credit terms, it is obligated to honour the presentation.
- b. If the confirming bank determines that the presentation meets all requirements, it must honour or negotiate and forward the documents to the issuing bank.
- c. If a nominated bank assesses the presentation as compliant and chooses to honour or negotiate, it must send the documents to the confirming bank (if available) or directly to the issuing bank.

"For a detailed explanation, refer to the module: Undertaking of the Banks."

Article 16 - Discrepant Documents, Waiver, and Notice

"For a detailed explanation, refer to the module: Presentation, Examination & Notice of refusal."

Article 17 - Original Documents and Copies

- a. At least one original version of each required document must be submitted in accordance with the credit terms.
- b. A document will be considered original if it bears an apparent original signature, stamp, mark, or label from the issuer, unless the document explicitly states that it is not original.
- c. Unless a document specifies that it is not original, a bank will accept it as original if:
 - i. It appears to be handwritten, typed, perforated, or stamped by the document issuer;
 - ii. It is printed on the issuer's official stationery; or
 - iii. It states that it is an original, unless such a statement clearly does not apply to the document presented (e.g., "Original" appearing on a photocopy).
- d. When a credit requires the presentation of copies of documents, either originals or copies may be submitted.
- e. If a credit specifies submission of multiple copies using terms such as "in duplicate," "in twofold," or "in two copies," the requirement will be satisfied by presenting at least one original and the remaining number of copies, unless the document itself specifies otherwise (for example, if the document itself indicates that two originals were issued, then both must be presented).

Article 18 - Commercial Invoice

"For a detailed explanation, refer to the module: Commercial Invoice."

Article 19-25 - Transport Documents

"For a detailed explanation, refer to the module: Transport Documents."

Article 26 - "On Deck", "Shipper's Load and Count", "Said by Shipper to Contain" and Charges Additional to Freight

- a. A transport document must not indicate that the goods are or will be loaded on deck (the open, uncovered part of a ship). A clause on a transport document stating that the goods may be loaded on deck is acceptable.
- b. A transport document bearing a clause such as "shipper's load and count" and "said by shipper to contain" is acceptable.
- c. A transport document may bear a reference, by stamp or otherwise, to charges additional to the freight.

Article 27 - Clean Transport Documents

"For a detailed explanation, refer to the module: Transport Documents."

Article 28 - Insurance Document and Coverage

"For a detailed explanation, refer to the module: Insurance Document."

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

- a. If the expiry date of a credit or the last day for document presentation falls on a day when the bank responsible for receiving the presentation is closed (except for reasons mentioned in Article 36), the expiry date or last presentation day will automatically extend to the next banking day.
- b. If documents are presented on this extended banking day, a nominated bank must inform the issuing or confirming bank in its covering schedule that the presentation was made within the extended deadline, as per sub-article 29(a).
- c. The latest shipment date remains unchanged and is not extended under sub-article 29(a).

"For a detailed explanation, refer to the module: Understanding SWIFT MT 700."

Article 30 - Tolerance in Credit Amount, Quantity, and Unit Price

"For a detailed explanation, refer to the module: Commercial Invoice."

Article 31 - Partial Drawings or Shipments

- a. Partial shipments and partial drawings are permitted unless explicitly prohibited in the Letter of Credit (LC). Field 43P of MT 700 is an optional field. If the LC does not prohibit partial shipments, they are automatically allowed.

b. If multiple sets of transport documents are presented, showing shipments on the same means of conveyance for the same journey to the same destination, it will **not** be considered a partial shipment—even if they indicate different shipment dates, different ports of loading, or different places of taking in charge/dispatch. In such cases, the **latest shipment date** mentioned in any of the documents will be considered the **date of shipment**.

However, if the transport documents indicate shipments on more than one means of conveyance within the same mode of transport, it will be considered a partial shipment, even if all conveyances depart on the same day for the same destination.

Example 1: No Partial Shipment

BL NO.	DATE	VESSEL	VOY. NO.	PORT OF LOADING	PORT OF DISCHARGE
1	15TH APRIL	M/V OCEAN KING	5	MUMBAI	DUBAI
2	20TH APRIL	M/V OCEAN KING	5	KANDLA	DUBAI

- **Analysis:** Since both shipments are on the **same vessel and voyage**, even though they load from different ports (Mumbai and Kandla), **this is not considered a partial shipment**. The **latest shipment date (20th April)** is taken as the shipment date for maturity calculations.

Example 2: Partial Shipment Due to Different Voyages

BL NO.	DATE	VESSEL	VOY. NO.	PORT OF LOADING	PORT OF DISCHARGE
1	15TH APRIL	M/V OCEAN KING	5	MUMBAI	DUBAI
2	20TH APRIL	M/V OCEAN KING	6	KANDLA	DUBAI

- **Analysis:** Since the two shipments are on **different voyages (Voy. 5 and Voy. 6)**, they are considered **partial shipments**.
- **Date of shipment:** 20th April is taken for maturity date calculations.
- **Period for presentation:** The **presentation period must be calculated from the first shipment date (15th April)**

Explanation: When partial shipments are allowed, the beneficiary is expected to present documents separately for each individual shipment. However, if the presentation combines two individual shipments, the period for presentation must be calculated from the date of the first Bill of Lading to ensure compliance for both shipments.

Example 3: Partial Shipment Due to Different Means of Conveyance

BL NO.	DATE	VESSEL	VOY. NO.	PORT OF LOADING	PORT OF DISCHARGE
1	20TH APRIL	M/V OCEAN KING	6	KANDLA	DUBAI

2	20TH APRIL	M/V SEA MASTER	6	KANDLA	DUBAI
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- **Analysis:** Although both shipments have the **same date (20th April)**, they are transported on **different vessels (M/V OCEAN KING and M/V SEA MASTER)**. Since **shipments are made on more than one means of conveyance within the same mode of transport, this is considered a partial shipment.**

Example 4: Partial Shipment Due to Different Ports of Discharge

BL NO.	DATE	VESSEL	VOY. NO.	PORT OF LOADING	PORT OF DISCHARGE
1	15TH APRIL	M/V OCEAN KING	5	MUMBAI	DUBAI
2	20TH APRIL	M/V OCEAN KING	5	MUMBAI	JEBEL ALI

- **Analysis:** Although both shipments are on the **same vessel and voyage**, the shipments are destined for **different ports of discharge (Dubai and Jebel Ali)**.
- **Conclusion:** This is considered a **partial shipment** because delivery is made to different final destinations.
- **Date of shipment:** The latest date (20th April) is used for maturity calculations.
- **Presentation period:** The period must be calculated from the **first shipment date (15th April)**

Explanation: *When partial shipments are allowed, the beneficiary is expected to present documents separately for each individual shipment. However, if the presentation combines two individual shipments, the period for presentation must be calculated from the date of the first Bill of Lading to ensure compliance for both shipments.*

c. If multiple courier receipts, postal receipts, or certificates of posting are presented, they will not be treated as a partial shipment, provided they are stamped or signed by the same courier or postal service at the same place and on the same date, and are destined for the same location.

Article 32 - Instalment Drawings or Shipments

If a letter of credit specifies that goods are to be shipped or drawn in instalments within certain time periods, and any instalment is not shipped or drawn within the allowed time, the credit will no longer be available for that instalment or any future ones.

Example 1: LC provides shipment schedule as follows:

- April: 100 Mts
- May : 100 Mts
- June: 100 Mts
- July : 100 Mts

Each month requires a shipment of 100 Mts. If the supplier misses a shipment in any month (e.g., no shipment in May), the credit is no longer available for that instalment or any future instalments.

Example 2: LC provides shipment schedule as follows:

- By April: 100 Mts
- By May: 100 Mts
- By June: 100 Mts
- By July: 100 Mts

The supplier can ship all 400 Mts at once (e.g., in April). These are **not** considered instalments, as there is no requirement for specific quantities to be shipped each month. If the supplier does not ship 100 Mts by April, the credit is still available, and the beneficiary can still avail of the LC for subsequent shipments.

Article 33 - Hours of Presentation

A bank is not obligated to accept a presentation of documents outside of its regular banking hours.

Article 34 - Disclaimer on Effectiveness of Documents

A bank is not responsible for the form, accuracy, authenticity, or legal validity of any document. It also has no liability for the goods or services described in the documents, including their quantity, quality, or condition, or for the actions, solvency, or performance of any parties involved, such as the consignor, carrier, or insurer.

Article 35 - Disclaimer on Transmission and Translation

A bank is not responsible for delays, loss, damage, or errors during the transmission or delivery of messages, letters, or documents, as long as they are sent according to the credit's instructions, or by a delivery service chosen by the bank in the absence of specific instructions.

If a nominated bank determines that a presentation complies and forwards the documents to the issuing or confirming bank, the issuing or confirming bank must honor or reimburse the nominated bank, even if the documents are lost in transit between the banks.

Additionally, a bank is not liable for errors in translation or interpretation of technical terms and may transmit credit terms without translating them.

Article 36 - Force Majeure

A bank is not liable for any consequences arising from interruptions to its business due to uncontrollable events such as Acts of God, riots, wars, terrorism, strikes, or other causes beyond its control.

If the bank's business is interrupted, it will not honour or negotiate under a credit that expired during the interruption once it resumes operations.

Article 37 - Disclaimer for Acts of an Instructed Party

a. A bank using another bank's services to follow the applicant's instructions does so at the applicant's risk and expense.

b. An issuing bank or advising bank is not liable if the other bank fails to carry out the instructions, even if the bank chose that other bank.

c. A bank instructing another to perform services is responsible for any charges incurred by that bank. If the credit specifies that charges are for the beneficiary's account and they can't be collected from proceeds, the issuing bank remains responsible for payment.

d. The applicant is bound by and must indemnify the bank for any obligations arising from foreign laws or practices.

Article 38 - Transferable Credits

"For a detailed explanation, refer to the module: Special Types of Letters of Credit."

Article 39 - Assignment of Proceeds

"For a detailed explanation, refer to the module: Special Types of Letters of Credit."