

LC Rules & Practices under UCP 600 & ISBP 2013

By Mr Victor Tan



– New ICC 2013 Revision for International Standard Banking Practices
Are you ready to comply with the **New LC Rules of Operation**
Presented with Visual Illustrations (to read less but learn more) – Module 2

Objectives

Effective June 2013, the revised rules in letters of credit contained in the Uniform Customs & Practice for Documentary Credits (UCP 600) will follow the New International Standard Banking Practice (ISBP 2013). It will provide Bankers, Lawyers, Buyers and Sellers, Freight Forwarders and Carriers, in import and export transactions a comprehensive clarification on key principles of document preparation and detailed rules for the examination of documents. All it takes is just one discrepancy in Export Documentation under LC to result in Non-Payment. To avoid discrepancies, those handling Letters of Credits must know the UCP 600 & ISBP 2013 thoroughly. While UCP 600 was effective in July 2007 the ICC Banking Commission approved the latest "International Standard Banking Practices" which supplements and clarifies the UCP600 further with the latest ISBP 2013 clarifying key principles of documents preparation, detailed rules for the examination of documents. What was previously considered as a discrepancy is now no longer valid discrepancies for an Issuing Bank to reject payment. So importers and exporters and Bankers need to get updated with the UCP 600 & ISBP 2013

Course Contents

Course Contents – Day 1

Effective since July 2007. The revision contains major changes to rules which govern billions of dollars each year in letter of credit transactions. UCP 600 has new provisions you and your colleagues will need to know:

- ◆ a leaner set of rules, with 39 articles rather than UCP 500's 49;
- ◆ a new section of "definitions", containing terms such as "honour" and "negotiation";
- ◆ a replacement of the term "reasonable time" with a definite number of days, changed practice for notice of refusal standards for determining compliance of documents;
- ◆ an expanded description of "original documents"
- ◆ re drafted transport articles.
- ◆ How the onus is now on the issuer to be precise in their LC terms in order to reduce the element of interpretation
- ◆ New, final definitions of key terms
- ◆ Clarifications on when an amendment to a credit has been accepted and is binding on the beneficiary
- ◆ Removal of Inconsistency concept to introduction of concept of "not in conflict, need not be identical"
- ◆ What's new in ISBP 2013?
- ◆ Copies of documents, do they need to be signed?
- ◆ Goods description on all documents versus the invoice description, must they be similar?
- ◆ Definition of when an Incoterm must be reflected in the documents
- ◆ What documents need to be dated and signed?, Who may be the issuer?
- ◆ What is the latest rule on the starting date of a 180-days sight draft if the presented documents are discrepant?
- ◆ Must title of a document be identical with that stipulated in an LC?
- ◆ What is the difference between "invoice in one copy" and "a copy of invoice"?
- ◆ Must all bills of lading be marked "originals"?
- ◆ How to handle misspelling, typing errors and address different from an LC?
- ◆ Is shipment of additional goods free of charge or over-insurance a discrepancy?
- ◆ What do "stale documents and third party document acceptable" exactly mean?
- ◆ How to interpret partial and late shipment under sea, air and land transport documents?
- ◆ Many more practical and invaluable advice on air waybill, charter party bill of lading, forwarders cargo receipts and insurance documents that you must know and be familiar with.

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International Standard Banking Practice 2013 Revised Edition.

ISBP 2013 is the most up to date, comprehensive guide to handling and examining trade documents under documentary credits. An invaluable source of practical information for trade finance professionals and academics, this revised edition of ISBP provides readers with the latest ICC approved guidelines for all parties to documentary credits.

The ISBP is a checklist of best practices worldwide for checking documents under the UCP, ICC's universally used rules on letters of credit.

Because the UCP rules are general in nature, it was necessary to define in greater detail the term "international standard banking practice", first found in UCP 500 sub-article 13 (a), the previous version of the UCP.

The ISBP, which was revised in 2007 as ISBP 681, and now further revised to ISBP 2013 Pub No. 745 is credited with dramatically reducing the number of discrepancies between banks dealing with documentary credits. The ISBP addresses a range of subjects, for example, typing errors, mathematical calculations, drafts and how they are drawn, description of the goods in invoices and signing of bills of lading, among others.

In light of comments from users, the banking commission has decided to both update and expand the current ISBP to take in a range of new topics such as transfer, amendments, etc., that are not covered in ISBP 681. The new revision will relate to ICC's latest revision of the UCP 600. (Uniform Customs & Practice for Documentary Credits)

ISBP 2013 details how to apply banking practices under UCP600 to various trade documents (invoices, transport documents, bills of lading, certificates of origin...) and features the following documents, which were not covered in previous editions:

- Packing list
- Weight list
- Beneficiary certificate
- Non-negotiable sea waybills
- Analysis, Inspection, Health, Phytosanitary, Quantity and Quality certificates

Course Contents – Day 2

1. General Principles
2. Transport Documents
3. Multimodal or combined transport document
4. Bill of lading transport document
5. Non-negotiable sea waybill transport document
6. Charter party bill of lading transport document
7. Air Transport document
8. Road, Rail or Inland Waterway transport documents
9. Other Documents
10. Drafts and calculation of maturity date
11. Invoices
12. Insurance documents and coverage
13. Certificate of Origin, Packing List, Weight List, Beneficiary's Certificate, Inspection (Analysis)
14. Case Studies

Who Should Attend

For Trade Finance operations staff who need to have an operational knowledge of letters of credit regulatory framework for minimizing discrepancies and handling documents under Letters of Credit. Relevant for Customer service staff, order processing staff, shipping and logistics staff handling import and export documentation.

Duration : 2 days

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About the Trainer – Mr. Victor Tan

Victor Tan, MBA(Strathclyde), ACIB, MInstAM, is a qualified Life Associate Member of The Chartered Institute of Bankers, London and has 15 years of banking experience covering the areas of International Trade Finance, Remittances, Guarantees, Import and Export departments. He has worked with various International Banks since 1977 starting with Standard Chartered Bank, Amsterdam-Rotterdam Bank, Bangkok Bank, Royal Trust Merchant Bank and lastly Barclays Bank, where he was Deputy Head, Trade Finance, on leaving the Banking industry in 1992.

Since 1992 until now he has been a Training Consultant and conducts regular Company In-house training for Corporate clients and Public Seminars, as well as he undertakes regular training assignments regionally, in Jakarta, Manila and Bangkok. He also holds a Master of Business Administration degree from University of Strathclyde, UK.