



Selected ISBP745 Paragraphs and Recent ICC Opinions

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Selected ISBP745 Paragraphs

Paragraph A7a(ii) (Corrections & Alternations)

Field 46A: [Signed invoice legalized by a notary public and visaed by a chamber of commerce](#)

- There is a correction on the invoice
- Which parties (beneficiary, notary public & chamber of commerce) can authenticate the correction?
 - (a) Any 1 party
 - (b) Any 2 parties
 - (c) All 3 parties
 - (d) Beneficiary alone
 - (e) Notary public alone
 - (f) Chamber of commerce alone

Paragraph A19a (Discouraged Expressions)

What are "[shipping documents](#)"?

- (a) All documents including drafts
- (b) All documents excluding drafts
- (c) All documents excluding (i) drafts and (ii) fax transmission reports
- (d) All documents excluding (i) drafts, (ii) fax transmission reports, and (iii) courier receipts, postal receipts or certificates of posting evidencing dispatch of documents
- (e) All documents excluding (i) drafts, (ii) fax transmission reports, (iii) courier receipts, postal receipts or certificates of posting evidencing dispatch of documents, and (iv) bene certificates

Paragraph A19g (Discouraged Expressions)

- Field 46A (Documents Required):
 - [Invoice](#)
 - [Packing list](#)
 - [Bills of lading](#)
 - [Insurance policy](#)
- Field 47A (Additional Conditions):
 - [Documents acceptable as presented](#)

Paragraph A19g (Discouraged Expressions)

What stipulated documents must be at least presented?

- (a) Any one document
- (b) Invoice only
- (c) Any 2 documents
- (d) Any 2 documents including invoice
- (e) Any 2 documents including bill of lading
- (f) None at all

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Paragraph A19g (Discouraged Expressions)

When may the documents be presented?

- (a) Any time
- (b) Any time within LC validity
- (c) No later than 5 banking days *after* LC expiry
- (d) No later than 21 banking days *after* LC expiry

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Paragraph A19g (Discouraged Expressions)

What is the maximum drawing amount?

- (a) No maximum
- (b) No more than that allowed by the LC
- (c) Up to 10% *above* the LC amount
- (d) Up to 100% *above* the LC amount
- (e) None of the above

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Paragraph A19g (Discouraged Expressions)

Who may make the presentation of documents?

- (a) Anyone
- (b) LC beneficiary only
- (c) LC beneficiary or its parent company or its subsidiaries
- (d) Liquidator of LC beneficiary

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Paragraph A21a (Languages)

Field 47A: *All documents to be issued in English*

What language must the documents be issued in?

- (a) All data (whether or not required by LC & UCP600) in the stipulated documents must be in English
- (b) All data in the stipulated documents issued by beneficiary must be in English
- (c) All data required only by LC in the stipulated documents must be in English
- (d) All data required only by UCP600 in the stipulated documents must be in English
- (e) All data required by LC and UCP600 in the stipulated documents must be in English

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Paragraph A21d (Languages)

Field 47A: *Documents issued in English and or French acceptable*

- The presented bills of lading were issued in a mixture of English and Chinese
- All data required by the LC and UCP600 were stated in English

How should banks deal with the data in Chinese?

- (a) Check it
- (b) Do not check it
- (c) Disregard it

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Paragraph A21d (Languages)

Bill of Lading			
	Goods Description: 10 Cars		
	其中4部车破损		

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Paragraph A21e (Languages)

LC beneficiary: **Reliable Co Ltd**

Field 47A: All documents to be issued in English

- All documents are issued in English except the invoice which appears to be issued by **可靠有限公司**
 - The invoice does not indicate the beneficiary English name "Reliable Co Ltd" at all

Is it a discrepancy?

- (a) Yes, because it is unknown whether **可靠有限公司** is really Reliable Co Ltd
- (b) No
- (c) Unsure without supporting documents

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Paragraph A35a&c (Signatures)

Field 46A (Required Documents): **Signed invoice**

How may the invoice be signed?

- (a) By hand signature
- (b) By facsimile signature
- (c) By the statement "*This document is produced by electronic means and requires no signature*"
- (d) By the statement "*This document has been electronically authenticated*"
- (e) By stamp
- (f) By typing the name of the issuer as signature

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Paragraph A35d (Originals & Copies)

A certificate of origin issued by HK Chamber of Commerce has the following statement.

"Authenticity of this document may be verified through the link www.hkcoc.com"

Is it a form of electronic method of authentication?

- (a) Yes, provided it is successfully verified through the website
- (b) Yes, whether or not it is successfully verified through the website
- (c) No, whether or not it is successfully verified through the website

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Paragraph B8b (Drawing & Signing)

- Beneficiary name in LC: **ABC Exporting Ltd**
- Beneficiary name changed to: **XYZ I/E Ltd** after merger or otherwise
- The LC requires beneficiary draft

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Paragraph B8b (Drawing & Signing)

How may the beneficiary draw the draft in its new name?

- (a) Simply draw in the new name "**XYZ I/E Ltd**"
- (b) Draw in the new name and indicate "**formerly known as ABC Exporting Ltd**"
- (c) Draw in the new name and indicate "**formerly known as ABC Exporting Ltd**" where the indication is authenticated by a lawyer
- (d) No way and an amendment to change the name to "**XYZ I/E Ltd**" is required

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Paragraph E23 (Port to Port)

Field 47A (Additional Conditions):

- "Bills of lading must show the name and address of the delivery agent at the port of discharge"
- The bills of lading show the port of discharge as Southampton, England, UK

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Paragraph E23 (Port to Port)

Which of the following delivery agents are acceptable?

- (a) AAA Agency Ltd, 123 Queen's Road, Southampton, England, UK
- (b) BBB Agency Ltd, 234 King's Road, London, England, UK
- (c) CCC Agency Ltd, 345 Prince's Road, Dublin, Ireland
- (d) DDD Agency Ltd, 456 Main Street, Shanghai, China
- (e) EEE Agency Ltd, 567 First Street, Johannesburg, South Africa

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Paragraph K10c (Insurance)

Field 46A: Insurance policy covering warehouse to warehouse clause

- Bill of lading on board date: 20xx/07/01

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Paragraph K10c (Insurance)

Cheetah Insurance Ltd		Policy #707
Insurance Policy		
		Date of Issue: 20xx/07/02
Goods Description: 500 Mobile Phones	Covered Risks: Warehouse to warehouse	
		For Cheetah Insurance Ltd  Jim Smith (as proxy)

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Paragraph K10c (Insurance)

Were the goods insured late in the above policy #707 with the discrepancy "LATE INSURED"?

- (a) Yes, the issue date of the policy is later than the shipment date
- (b) No, the warehouse to warehouse clause covered the risks from the beneficiary's warehouse although the policy was issued later than the shipment date

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Paragraph L5 (Certificates of Origin)

LC applicant: ABC Importing Ltd

LC beneficiary: XYZ Exporting Ltd

Field 46A:

- Bills of lading consigned to order of Wells Fargo Bank, N.A.
- Certificate of origin

- The presented certificate of origin has a box for consignee

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Paragraph L5 (Certificates of Origin)

What party may be shown in the box?

- (a) LC applicant
- (b) LC beneficiary
- (c) 1st beneficiary
- (d) 2nd beneficiary
- (e) Wells Fargo Bank, N.A.
- (f) LC issuing bank
- (g) Freight forwarder named in the LC
- (h) Notify party named in the LC
- (i) Advising bank
- (j) All of the above

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Paragraph Q5 (Health Certificates)

Field 46A: Health certificate issued by independent surveyor

Who may issue?

- (a) Any surveyor that is publicly known (e.g. SGS) whether or not identified as the surveyor in the certificate
- (b) Any entity identified as the surveyor in the certificate
- (c) Any entity
- (d) Any entity except the beneficiary

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Paragraph Q5 (Credit Certificates)

Field 46A: Credit certificate on the beneficiary issued by an international and independent bank

Who may issue?

- (a) Any bank that is publicly known (e.g. Wells Fargo Bank, N.A.) whether or not identified as the bank in the report
- (b) Any entity identified as the bank in the report
- (c) Any entity
- (d) Any entity except the beneficiary

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Paragraph Q6b (Analysis Certificates)

Field 45A: 10,000 MT soya bean

Field 46A: Certificate of analysis

- Invoice quantity: 10,000 MT soya bean
- Certificate of analysis: 12,000 MT soya bean

Is it discrepant since the quantity in the certificate of analysis is more than that in the invoice and the LC?

- (a) Yes, due to the apparent conflict
- (b) No, because the certificate shows more quantity than the other documents
- (c) It depends

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Selected Recent ICC Opinions

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CPBL Signed by Carrier

Field 46A: Marine bills of lading marked with "FREIGHT PAYABLE AS PER CHARTER PARTY"

Field 47A: Charter party bills of lading acceptable

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CPBL Signed by Carrier

Marine Bill of Lading			
Freight Payable as per Charter Party			
		For ABC Logistics Co Ltd As agent for carrier, XYZ Shipping Lines Ltd	
			

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CPBL Showing Carrier

The issuing bank raised the discrepancy "CHARTER PARTY BILL OF LADING SIGNED BY AGENT FOR CARRIER INSTEAD OF ARTICLE 22AI"

Who may sign as per Article 22ai?

- (a) Charterer or its agent
- (b) Master or its agent
- (c) Owner or its agent
- (d) Carrier or its agent
- (e) Shipping company or its agent

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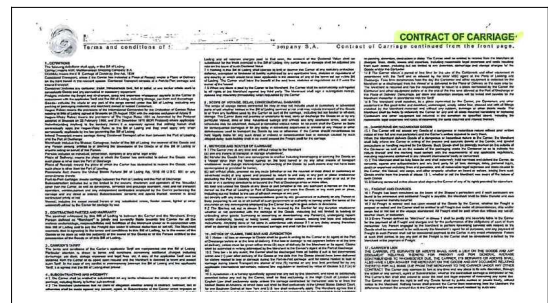
CPBL Showing Carrier

- The nominated bank disagreed based on the following:
 - (1) The indication of "FREIGHT PAYABLE AS PER CHARTER PARTY" was not enough evidence that it was a charter party bill of lading
 - (2) The reverse of the bill of lading showed the contract of carriage, suggesting that it was not a charter party bill of lading

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CPBL Signed by Carrier

Following is the reverse of the bill of lading:



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CPBL Showing Carrier

- (3) Even if it was a charter party bill of lading, signature given by an agent for the carrier was better than that given by master, owner or charterer

Was the discrepancy valid?

- Yes

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Congenbill

Field 46A: Marine bills of lading marked "FREIGHT PREPAID"

Field 47A: Charter party bills of lading marked "FREIGHT PREPAID" or "FREIGHT PAYABLE AS PER CHARTER PARTY" acceptable

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Congenbill

	Bill of Lading	CONGENBILL – TO BE USED WITH CHARTER-PARTIES
Carrier: ZZZ Shipping Line Ltd		
		Freight Payable as per Charter Party
	YYY Shipping Japan Co Ltd As agent for the Master	
		

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Congenbill

Is it a charter party bill of lading?


- Yes

How should banks deal with the indication "Carrier: ZZZ Shipping Line Ltd"?

- (a) Delete it
- (b) Reject it
- (c) Disregard it

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"Not Transferable unless Countersigned"

	Insurance Certificate		
	Not Transferable Unless Countersigned		
			

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"Not Transferable unless Countersigned"

- The nominated bank claimed the clause "Not Transferable Unless Countersigned" incorrect
- The bank said the correct clause should be "Not Valid Unless Countersigned by the Insured"

Did the clause "Not Transferable Unless Countersigned" affect the validity of the insurance certificate?

- No

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"Not Transferable unless Countersigned"

What did the clause "Not Transferable Unless Countersigned" affect?

- Transferability of the certificate

Was the clause correct or incorrect?

- Not incorrect

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Discrepancy Fee – Case 1

- An LC did not indicate deduction of any discrepancy fee
- The issuing bank sent the refusal notice within the 5-banking day period
- On receipt of the discrepancy waiver from the applicant, the issuing bank paid after deducting USD100 being discrepancy fee

Was the deduction justified?

- No

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Discrepancy Fee – Case 2

- An LC did not indicate deduction of any discrepancy fee
- The issuing bank sent the refusal notice within the 5-banking day period
- The bank also indicated deduction of discrepancy fee USD100 in the notice
- On receipt of the discrepancy waiver from the applicant, the issuing bank paid after deducting USD100 being discrepancy fee

Was the deduction justified?

- No

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Discrepancy Fee – Case 3

- An LC indicated deduction of discrepancy fee USD100
- The issuing bank referred the discrepancies to the applicant for waiver
- The issuing bank did **not** send any refusal notice
- On receipt of the discrepancy waiver from the applicant, the issuing bank paid after deducting USD100 being discrepancy fee
- The issuing bank listed the discrepancies in the payment advice

Was the deduction justified?

- Yes

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Discrepancy Fee – Case 4

- An LC indicated deduction of discrepancy fee USD100
- The issuing bank referred the discrepancies to the applicant for waiver
- The issuing bank did **not** send any refusal notice
- On receipt of the discrepancy waiver from the applicant, the issuing bank paid after deducting USD100 being discrepancy fee
- The issuing bank did not list the discrepancies in the payment advice

Was the deduction justified?

- No

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Discrepancy Fee – Case 4

- The nominated bank therefore asked for refund of the discrepancy fee

What options are available the issuing bank?

- (a) Refund the fee
- (b) List the discrepancies and keep the fee
- (c) Keep silent and keep the fee

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Any North Europe Port

- An LC required shipment to be made from "ANY NORTH EUROPEAN PORT"
- The LC did not list the ports in North Europe
- Nor did it define North Europe

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Any North Europe Port

	Bill of Lading			
Port of Loading Antwerp, Belgium				

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Any North Europe Port

- The issuing bank raised the discrepancy "SHIPMENT FROM A WEST EUROPEAN PORT INSTEAD OF A NORTH EUROPEAN PORT"

Where is Antwerp, Belgium?

- (a) North Europe
- (b) West Europe
- (c) North-west Europe

Was the discrepancy valid?

- No, as per ISBP745 Paragraph V

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Overpayment under D/P

- Sep 14: A remitting bank sent a D/P collection for USD50,000 subject to URC522 to the collecting bank
- Oct 5, Fri: The remitting bank authorized the collecting bank by MT799 to release documents for the reduced amount, USD40,000
- Oct 9, Tue: The collecting bank paid USD50,000 without any authorization from the drawee to the remitting bank. The documents were released to the drawee accordingly.
- Oct 10, Wed: The remitting bank credited the drawer account for USD50,000 less the usual fees

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Overpayment under D/P

Oct 11: The collecting bank discovered the error and asked the remitting bank to refund the overpaid amount, USD10,000

- No refund was ever made

Did the remitting bank do anything wrong?

- Yes, reliance on the original instruction for USD50,000

Did the collecting bank do anything wrong?

- Yes, also reliance on the original instruction

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Overpayment under D/P

Which article in URC522 governs overpayment?

- None

Must the remitting bank refund the overpaid amount?

- Dependent on the applicable law

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Payable in Country X

- An LC required:
 - Invoice
 - Packing list
 - Bill of lading
 - Bank guarantee from international first class bank payable in Country X for EUR100,000 valid till 20XX/12/31
- LC issuing bank location: Country X
- Confirming bank location: Country Y

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Payable in Country X

- The presented guarantee read:
 - "We, the guarantor hereby undertake to pay you (i.e. the beneficiary of this guarantee) on first demand for payment up to EUR100,000 provided your demand for payment is accompanied by"
 - The indication of "PAYABLE IN COUNTRY X" or the like was not in the guarantee
 - There was no reference to Country X being the place of payment
 - The guarantee did not state the place for presentation

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Payable in Country X

- The issuing bank raised the following discrepancy
 - Bank guarantee not payable in Country X

Was the discrepancy valid?

- No, both because the guarantee beneficiary was located in Country X and because payment would be made to the guarantee beneficiary
- No, because the requirement of "payable in Country X" is non-documentary as per Article 14h
- No, due to Article 14f
- Yes

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Payable in Country X

How to fix the discrepancy in the guarantee issued by the bank in Country Y?

- Clear indication of "THIS GUARANTEE IS PAYABLE IN COUNTRY X" in the guarantee
- Indication of "THIS GUARANTEE IS PAYABLE AT ABC BANK LTD, CITY W, COUNTRY X" in the guarantee
- Indication of "PLACE OF PRESENTATION: ABC BANK LTD, CITY W, COUNTRY X" in the guarantee
- Guarantee issued by a bank in Country X

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Signed by Master on Behalf of Owner

Charter Party Bill of Lading:



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Signed by Master on Behalf of Owner

Is the charter party bill of lading signed properly?

- Yes, the master signs on behalf of the owner
- No, the master signs on behalf of the owner
- No, the master does not indicate it signs as agent for the owner
- No, the name of the owner is not shown as required by Article 22aii

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2/3 vs 3/3 Bills of Lading

	Bank R, Melbourne, Australia	Date:	2013/11/05
	Collection Instructions		
To: Bank P Mumbai, India			
Documents Enclosed: 2/2 Invoices 2/2 Packing lists 3/3 Bills of lading		Tenor: DP Sight	
Subject to URC522	Documents are to be released against payment.		

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2/3 vs 3/3 Bills of Lading

- In early December, the remitting bank traced the collecting bank in India for payment
- The principal notified the remitting bank that the goods had been released to the drawee against surrender of an original bill of lading
- On December 13, the remitting bank sent another message to the collecting bank, asking them if they were holding the documents
- Having no response, the remitting bank phoned the collecting bank on December 24. The latter replied (over phone) all documents were still lying with them at their counter.

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2/3 vs 3/3 Bills of Lading

- On January 15 and 17, the remitting bank sent another message to the collecting bank, saying it appeared that the relevant goods had been delivered to the drawee and demanding immediate payment
- The collecting bank (also the presenting bank) finally provided a written response on January 25, claiming they had only received 2/3 original bills of lading instead of full set

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2/3 vs 3/3 Bills of Lading

- There were 2 versions of # of original bills of lading sent and received

Which version is prevailing, remitting bank or collecting bank?

- Collecting bank

What should the collecting bank do then?

- Notify the sender of the collection:
 - By telecommunication
 - Without delay

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2/3 vs 3/3 Bills of Lading

Did the collecting bank, Bank P in India notify the remitting bank without delay?

- (a) Delay
- (b) Without Delay
- (c) Dependent on the market practice in the country of the collecting bank

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2/3 vs 3/3 Bills of Lading

What could the remitting bank do?

- (a) Demand immediate payment
- (b) Instruct return of complete set of documents
- (c) Write to ICC

If the collecting bank would return the complete set of documents less 1/3 original bill of lading, what responsibility would it have?

- Pay the collection

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The End

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