REIMBURSEMENT INSTRUCTIONS

The origin of reimbursement clauses under commercial credits pre-dates UCP. Thereafter with varying degrees of effectiveness, reimbursement instructions have been addressed in every iteration of UCP. In this issue, DCW Advisory Board member A.T.M. Nesarul Hoque examines the evolution of reimbursement clauses which offers useful perspective for understanding their applicability for contemporary commercial credit practice. What some bankers and most beneficiaries/applicants fail to realize is that there are two reimbursement regimes, that of UCP600 and the URR. While similar, there are significant differences between the two systems as well.