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- Commercial LCs
- Standby LCs
- Independent Guarantees

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• Scam Survey
2015 Year in Review

Questions
What constitutes a port of loading/discharge for the purpose of UCP600 Article 20?

The Problem:
- Whether a port of loading is an ocean port or a river port seems to bother bankers more than traders.
- Ambiguity in the application scope of “bill of lading” under UCP600.

Solutions:
- Transparency of LC operations
- ICC should continue to clarify this matter
- ISBP (again)
- A UCP700 Topic?
What to do when state-owned beneficiaries ignore expiry dates in guarantees?

The Problem:
Gov’t Bene asks Guarantor to agree that: “It is a formal demand notice and valid until and unless the bank guarantee is returned to the guarantor duly cancelled by the beneficiary of the guarantee.”

Options:
• Issue guarantee subject to rules (URDG)
• Amend guarantee to absolve Guarantor liability
• Respond that Guarantee will terminate on expiry date, not return of Guarantee
What to do about the reality that too many standby templates are poorly structured?

**The Problem:**
- Practice rules cannot fix shoddy drafting, outdated forms, ambiguity, and confusing terminology.

**Options:**
- ISP98 Model Forms
- Advantages: expert-drafted, neutral, proven, FREE
- [www.iiblp.org/ISP98Forms](http://www.iiblp.org/ISP98Forms)
What are the origins of reimbursement clauses and how do they apply today in LC operations?

**The Problem:**
- Draft mandatory
- What type of reimbursement instructions is best suited for which type of credit availability?

**Solutions:**
- Revision of UCP 222
- SWIFT messaging simplified clauses
What’s wrong with requiring presentation of the original standby?

The Problem:
• Banks use clause: “The original instrument of this standby, guarantee or commercial L/C must be presented by the beneficiary for endorsement in each drawing”
• Sent via SWIFT the original is ______ ???
• It’s Lost

Solutions:
• Consider Benefits v. Risks: What does it get you?
• Provide in standby that payment must be made to a specified beneficiary account
Spring 2015 ICC Banking Commission Meeting: What are the driving forces transforming trade finance?

The Problem:
- It's Not “Business-As-Usual” Anymore
- SCF: Getting on the Same Page (or Screen)
- KYC & KYCC
- Financial Crime
- Regulatory Impact on ICC Rules

Solutions:
- Narrowing Definitions & Clarity
- SWIFT Registry & Data Contribution
- Demonstrate Effectiveness
- Law & Rules
Why is forwarding LC documents “on collection basis” a bad practice?

The Problem:
• LC Documents Don’t Comply
• UCP Credit, but URC Response
• Scenarios & Perspectives

Solutions:
• ICC Opinion R537 (1997)
• Watch your words
• Forward under rules agreed
Why are so many claimed discrepancies unfounded (and what to do about it)?

The Problem:
• Not a new trend
• Disrupts LC payment process
• Harms the LC instrument

Solutions:
• Reputational Risk
• More DOCDEX, less Opinions
• Make Decisions available
Current case: Whether the B/L copy presented by exporter is shipping doc copy required under export insurance guarantee agreement?

**The Problem:**
- Did the bank ask for what the export insurance company wanted?
- Could fraud have been prevented if bank had examined more carefully?
- How does court allocate fraud loss?

**Possible Outcomes:**
- Bank wins
- Export Insurance Company wins
What should go into the next UCP?

**The Problem:**
- Is regulatory change a catalyst for a new revision?
- 1974 ... 1983 ... 1993 ... 2007 ... Is UCP600 Showing Its Age?
- Can perceived LC Problems be solved by revising the LC Rules?

**Solutions:**
- Many options
- Add to this Article
- Take from that Article
- Incorporate ISBP into UCP
- No Changes or Revisions Needed
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