

| checklist |

FOR THE ISSUANCE OF DOCUMENTS UNDER DOCUMENTARY CREDITS

The documentary letter of credit (credit) is an important and well-established instrument for securing payments in international trade. However, to ensure smooth processing it is vital to fulfil the terms and conditions of the credit exactly and to present complying documents to the bank. Even minor discrepancies or errors can result in the honouring of the documents being delayed or prevented altogether.

It is always important to check the credit very carefully as soon as you receive it to ensure that it conforms to the underlying contract and that the terms and conditions can be met. If necessary it is possible to have the credit amended accordingly.

This checklist should help you to adhere to the terms and conditions of the credit and to prepare complying documents. We have deliberately avoided going too deeply into this complex subject. Should you experience any problems the specialists at Commerzbank will be pleased to help you at any time.

Documents are prepared and verified on the basis of the "Uniform Customs and Practice for Documentary Credits", UCP 600, 2007 Revision, of the International Chamber of Commerce (ICC) in Paris, Publication 600, which are an internationally recognised body of rules.

The "International Standard Banking Practice (ISBP) for the examination of documents under documentary credits", ICC Publication 681, contains recommendations rather than rules.

If you feel this is all too complicated and time-consuming, you can simply hand over the entire process – issuing, gathering and correcting documents, coordination with forwarders and insurance companies, obtaining certifications and legalisations, deadline monitoring etc. – to the specialists at Commerzbank, who will provide expert assistance with their full service. Commerzbank will offer you a service package tailored to your own individual needs. Please speak to your corporate customer adviser or trade finance specialist.

More information about our full service on www.commerzbank.com/corporates.

GENERAL DOCUMENTARY CREDIT CONDITIONS

- Is the credit still valid?
- If the documents under the credit are to be presented to a bank in a foreign country: has a reasonable period of time been allowed for posting?
- If the credit stipulates a latest date of dispatch: were the goods shipped in good time?
- Can the deadline for presenting the documents to the bank be met?
(Under UCP 600 Art. 14 c this is 21 days after the date of shipment, unless the credit states otherwise and an original transport document is required)
- Are all documents presented in the prescribed number (originals and copies)?
- Does the invoice amount match the credit amount, i. e. is it not higher or lower or within the permitted tolerances? (UCP 600 Art. 30)
- Is the supplied quantity consistent with the credit? (UCP 600 Art. 30)
- Are the terms of delivery (e. g. INCOTERMS 2000) consistent with the credit?
- Does the credit prohibit partial shipments?
- Does the credit prohibit transshipment?
- Are the markings, weights, quantity, type and dimensions of the packages consistent throughout the documents?
- Are the descriptions of goods, services and performance consistent throughout the documents?
(In all documents apart from the commercial invoice, abbreviations or general terms may be used, but these must not on any account contradict the description of goods, services and performance in the credit.)
- Documents should be made out in the language of the credit.
- If documents are required to be presented in a particular language: Is this document obtainable in the required language? (e. g., an EUR 1 certificate in Germany is only obtainable in German language)
- Do the titles of the documents match the requirements of the credit? To avoid misunderstandings and possible problems, we recommend that documents be made out and identified exactly as required in the credit.

DRAFT/RECEIPT

- Is a draft required, or will the advising bank waive this?
- Is the draft made out in the language of the credit?
- If the draft is made out to own order, is it endorsed on the back?
- Are the amount, currency and due date correct?
- Have any stipulated declarations or clauses been listed?

Caution:

Drafts should not contain any amendments, as these are not allowed in certain countries.

COMMERCIAL INVOICES (UCP 600 ART. 18)

- Are the applicant's name and address accurately entered in the invoice, the address must not be identical, but must be within the same country as the address in the credit (Art.14 j)?
- Does your own name and address as entered in the invoice match the credit or is the address within the same country as the address in the credit (Art. 14 j)?
- Is the invoice supplied in the requisite number of originals and copies?
- Is the invoice made out in the required currency?
- Are the quantity of goods, unit prices and total amount consistent with the credit, or are tolerances allowed pursuant to UCP 600 Art. 30?
- Do the terms of delivery, weights and type, number and dimensions of packages and the markings conform to the requirements of the credit and the other documents?
- Are all the necessary declarations and confirmations included?
- Are any necessary certifications (by chamber of commerce) and legalisations (by embassy or consulate) included?
- Have the invoices been signed? (This is only necessary if required in the credit, or if declarations/ confirmations are given in the invoice or if the invoice is certified or certified and legalised.)
- In the case of certified/legalised invoices, have amendments and/or additions been countersigned by chamber of commerce or consulate?
- Does the description of goods, services or performance match the description in the credit exactly (to the letter)?
- Do any items to be shown separately, such as freight amount, insurance premium or legalisation costs, match the corresponding document?
- Do the discounts or other deductions (e.g. down-payment) entered in the invoice correspond to the requirements in the credit?

Caution:

The invoice must not show any additionally delivered goods if this is not allowed in the credit, even if these goods are not charged for!

TRANSPORT DOCUMENTS (GENERAL)

- Were the goods loaded in good time?
- Has any prohibition of transshipment been observed?
- Have any required partial deliveries been carried out correctly?
- Where partial deliveries are prohibited, does the transport document show only one means of transport (lorry, train, ship)? (i. e. several lorry numbers on the transport document are regarded as partial deliveries, except where these refer to the towing vehicle and trailer)
- Have amendments and additions been properly countersigned?
- Are the date and place of issue indicated?
- Are the goods description, markings, weights and number, type and dimensions of packages consistent with the other documents?
- Is the document "clean", i. e. without a clause or notation regarding defects in the goods and/or packaging (UCP 600 Art. 27)?

OCEAN BILL OF LADING (UCP 600 ART. 20)

- Are the name of the consignor and consignee consistent with the credit?
Is – where required – the name and address of the notify party consistent with the terms of the credit (Art. 14j)?
- Is the bill of lading endorsed on the back by the company indicated in the "Shipper" box, if "to order of Shipper" or simply "to order" appears in the "Consignee" field?
- Does the document indicate in how many originals it is issued?
- Are the full set of originals (= all issued originals) plus any required, non-negotiable copies presented?
- Are the originals identified as such and – if issued in Germany – signed by hand? Does the freight payment notation correspond to the credit and is not in contradiction to the terms of delivery?
- Is the bill of lading signed by the carrier or by a named agent for or on behalf of the carrier or by the master or by a named agent for or on behalf of the master?
- Are amendments and additions properly initialled? Only counter-initials or -signatures of the carrier, master or an agent of the carrier or master are allowed. Agents must indicate that they act as agents of the carrier or master, unless they have already signed the transport document as agent of the carrier or master.
- Does the bill of lading state the name of the carrier and is he also expressly identified as such?
- Is the name of the ship stated (without the word "intended")?
- Are the ports of loading and discharge clearly stated (without the word "intended") and are they consistent with the credit?
- Where an on-board bill of lading is required:
 - Is the notation "shipped in apparent good order" pre-printed on the form
 - or
 - has a separate on-board notation been added? (This must show the date of loading on board.)

TRANSPORT DOCUMENT COVERING AT LEAST TWO DIFFERENT MODES OF TRANSPORT (UCP 600 ART. 19), NON-NEGOTIABLE SEA WAYBILL (UCP 600 ART. 21) AND CHARTER PARTY BILL OF LADING (UCP 600 ART. 22)

- Since these documents are required relatively seldom under documentary credits and the requirements for these documents are largely the same as those for ocean bills of lading, please refer to the UCP.

Caution:

Documents indicating that they are subject to a charter party or that the goods have been loaded on deck will not be accepted, unless they are expressly allowed for in the credit.

AIR TRANSPORT DOCUMENT (UCP 600 ART. 23)

- Is the document called an "Air Waybill", "Air Consignment Note" or similar, or does it cover airport-to-airport shipment?
- Are the original for the consignor, normally No. 3 "Original No. 3 for Shipper", and any required copies presented?
- Does the air waybill indicate the name of the carrier and is he expressly named as the carrier?
- Is the air waybill signed by the carrier or by a named agent for or on behalf of the carrier?
- Are amendments and additions properly initialled? Only counter-initials or -signatures of the carrier or an agent of the carrier are allowed.
- If indication of the actual flight date is required: is a corresponding notation of the carrier included? (An entry in the boxes marked "for carrier's use only" is merely for information.)
- If the airway bill indicates an actual flight date, then this date is deemed to be the date of shipment.
- If the "Air Waybill of the Contracting Carrier" is used by the forwarder:
 - Are the three boxes "Issuing Carrier's Agent Name and City", "Agent's IATA Code" and "Account No." empty?
 - Has the forwarder signed as carrier?
- Do the details concerning the consignor and consignee and any notify address satisfy the credit requirements?
- Is the freight payment notation consistent with the conditions of the credit and not inconsistent with the terms of delivery?
- Are the airports of departure and destination correct?
- Are the goods description, markings, weights and number, type and dimensions of packages consistent with the other documents?

RAILWAY DUPLICATE BILL OF LADING (UCP 600 ART. 24)

- Does the railway's computerised booking imprint or the railway's official stamp appear in the appropriate box?
- Are the places of dispatch and destination consistent with the credit conditions?
- Are the consignor's and consignee's names consistent with the credit conditions, are the addresses within the same country as the addresses in the credit (Art. 14j)?
- Are the goods description, markings, weights and number, type and dimensions of packages consistent with the other documents?

CMR WAYBILL (UCP 600 ART. 24)

- Is the copy for the 'Consignor' presented (In Germany this copy is usually pink)?
A document which does not indicate to whom this copy is intended for is regarded in documentary credit business as also intended for the consignor.
- Are the carrier's name and signature entered in box 23 (it is recommended to enter the consignor's name and signature in box 22)?
- Is the stated forwarding route (places of receipt and delivery) consistent with the credit conditions?
- Are the consignor's and consignee's names consistent with the credit conditions, are the addresses within the same country as the address in the credit (Art. 14j)?
- Is reference made to the CMR agreement?
- If required in the credit: Is the licence number plate of the lorry indicated?
- Are all details consistent with the other documents?

COURIER RECEIPT, POST RECEIPT OR CERTIFICATE OF POSTING (UCP 600 ART. 25)

- Was the document stamped or otherwise authenticated at the place of loading or dispatch?
- Is all the information required in the credit such as credit number, markings, weight etc. and other declarations included?
- Is all the information contained in the document consistent with the other documents?

Additionally in the case of Courier Receipts:

- Is the name of the courier service indicated and consistent with the credit?
- Is the acknowledgment stamped and signed or otherwise authenticated by this courier service?
- Is the date of picking up indicated?

FORWARDER'S CERTIFICATE OF RECEIPT (NOT REGULATED IN UCP)

- Are all the required originals and copies presented?
- Are the consignee, consignor and any notify address correctly stated?
- Has the paper been issued by the correct forwarder (if a particular company is specified)?
- Is the forwarding route stated in full and is it consistent with the credit conditions?
- Is the means of transport stated and is it consistent with the credit conditions?
- Are the terms of delivery correct?
- Is the freight payment notation consistent with the credit conditions and not inconsistent with the terms of delivery?
- Are the originals signed by hand?
- If required: Is it confirmed that the goods have actually (irrevocably) been taken in charge?
- Is all the information contained in the document consistent with the other documents?

INSURANCE DOCUMENTS (UCP 600 ART. 28)

- Is the document issued by an insurance company or an underwriter or their agents or their proxies?
- In the absence of any further stipulations in the credit, is the sum insured minimum 110 % of the CIF/CIP value or of the amount due under the credit or of the gross amount of the invoice?
- Is the number of copies required in the credit presented?
- Is the complete set of insurance documents (i. e. all originals) presented?
- If the document is presented in negotiable form:
 - Is it made out “to order” and endorsed in blank on the reverse by the policyholder, i. e. by you?
 - Is it made out “to holder” and therefore a paper payable to bearer? (The notation “claims payable to holder” is usually pre-printed on the form)
 - Is it made out to the order of the importer or the foreign bank?
- Is the date of issue before or on the date the goods are loaded on board, dispatched or taken in charge?
- If the date of issue is after the loading date: Is a statement included confirming that retrospective cover is guaranteed?
- Is the document made out in the currency of the credit?
- If the credit requires corresponding proof: Is a notation such as “premium paid” included or is a receipted premium invoice present?
- Is the covered journey (including any transshipments) stated?
- Have the risks specified in the credit been copied exactly (the insurance document may contain reference to any exclusion clause like the radioactive exclusion contamination clause)?
- Have any amendments/additions been initialed/countersigned by the issuer of the document?
- Has the notation “irrespective of percentage” (without deductible), if required, been entered in the document?
- Are the details in the document consistent with the other documents?

CERTIFICATE OF ORIGIN

- Has the certificate of origin been issued by the chamber of commerce?
(If this is not expressly required in the credit, a certificate issued by yourself will suffice)
- Is the correct country of origin shown?
- Have any required legalisations been carried out by embassies or consulates?
- Are any additionally required declarations included?
- Have amendments or additions been initialled by the chamber of commerce (only in the case of documents issued by the chamber of commerce)? If legalised, have amendments been initialled by the legalising body?
- Is the required number of copies presented?
- Are the details in the document consistent with the other documents?

PACKING LIST/WEIGHT LIST

- Is the required number of originals and copies presented?
- Have any necessary signatures been made?
- Are the details in the document consistent with the other documents?

For further information and answers to questions and problems relating to international documentary business, take a look at "top@doc", our monthly on-line publication which you can find at <http://www.topdoc.commerzbank.com>. Click here to register for our free email service dealing with the documentary business!