

**You are a Documentary Credit specialist at an advising bank and receive the attached documentation today. The following questions relate to a documentary credit issued on the MT700:**

INCOMING SWIFT MSG 700

FROM ISSUING BANK  
TO ADVISING BANK

MESSAGE USER REFERENCE 57665602

27 : SEQUENCE OF TOTAL 1/1

40A : FORM OF DOCUMENTARY CREDIT IRREVOCABLE

20 : DOCUMENTARY CREDIT NUMBER 9876543210

31C : DATE OF ISSUE 06 MARCH XXXX

40E: APPLICABLE RULES UCP LATEST VERSION

31D : DATE AND PLACE OF EXPIRY 06 NOVEMBER XXXX USA

50 : APPLICANT XYZ CO

59 : BENEFICIARY ABC CO

32B : CURRENCY AND AMOUNT USD 1,000,000.00

41D : AVAIL. WITH/BY ISSUING BANK BY ACCEPTANCE

42C : DRAFTS AT 120 DAYS SIGHT

42D : DRAWEE XYZ CO

43P : PARTIAL SHIPMENTS PROHIBITED

43T : TRANSHIPMENTS PROHIBITED

44C : LATEST DATE FOR SHIPMENT 06 OCTOBER XXXX

44E: PORT OF LOADING /  
AIRPORT OF DEPARTURE MUMBAI, INDIA

44F: PORT OF DISCHARGE /  
AIRPORT OF DESTINATION SAO PAULO

45A : DESCRIPTION OF GOODS ABOUT 1,000,000 PIECES OF  
FROZEN CHICKEN LEGS AT ONE  
DOLLAR PER PIECE CIF

46A : DOCUMENTS REQUIRED +SIGNED COMMERCIAL INVOICE  
IN THREEFOLD  
+PACKING LIST IN THREE FOLD

+CERTIFICATE OF ORIGIN IN 1COPY  
+BENEFICIARIES CERTIFICATE  
STATING THAT FROM THE  
DOCUMENTS REQUIRED UNDER  
THIS CREDIT THE FOLLOWING  
HAVE BEEN FORWARDED TO  
THE XYZ COMPANY WITHIN FIVE  
DAYS AFTER THE SHIPMENT  
DATE: COMMERCIAL INVOICE  
ONE COPY CERTIFICATE OF  
ORIGIN ONE COPY INSURANCE  
CERTIFICATE ONE ORIGINAL  
BILL OF LADING

+INSURANCE POLICY COVERING  
ALL RISKS ISSUED IN TWO  
ORIGINALS

+FULL SET OF BILLS OF LADING  
CONSIGNED TO ORDER OF  
APPLICANT MARKED FREIGHT  
PAID.

47A : ADDITIONAL CONDITIONS

1 BENEFICIARY MUST PROVIDE  
APPLICANT WITH DETAILS OF  
SHIPMENT

2. SHIPMENT MUST BE MADE ON  
VESSEL BUTTERFLY

3. GOODS MUST BE INSPECTED  
BY APPLICANT PRIOR TO  
SHIPMENT

4. GOODS MUST BE OF INDIAN  
OR CHINESE ORIGIN

48 : PERIOD FOR PRESENTATION

WITHIN 20 DAYS AFTER THE  
DATE OF SHIPMENT BUT WITHIN  
CREDIT VALIDITY

49 : CONF INSTRUCTIONS

CONFIRM

78 : INSTRUCTIONS

ON RECEIPT OF DOCUMENTS BY US IN COMPLIANCE WITH THE  
CREDIT WE WILL REIMBURSE  
YOU IN ACCORDANCE WITH  
YOUR INSTRUCTIONS AT  
MATURITY

\*\*\*\*\*MESSAGE PASSED AUTHENTICATION\*\*\*\*\*

**1. Which of the following statements is correct?**

- A. Availability is consistent with the role of a confirming bank.
- B. The confirmation commission is for the beneficiary's account.
- C. The documentary credit amount is subject to a 10% tolerance.
- D. An original certificate of origin must be presented.

**2. Which of the following statements are correct?**

- 1. The confirming bank is able to determine the maturity date.
  - 2. Required documents do not conflict with the delivery terms.
  - 3. Conditions of beneficiary's certificate require clarification.
  - 4. Bill of lading is not the appropriate transport document.
- A. 1 and 3 only.
  - B. 1 and 4 only.
  - C. 2 and 3 only.
  - D. 2 and 4 only

**3. Which of the following statements are correct?**

- 1. Description of goods quantity is consistent with the documentary credit amount.
  - 2. The issuing bank needs to send a mail confirmation of the documentary credit.
  - 3. Drawee requirement is inconsistent with the role of a confirming bank.
  - 4. The period for presentation of documents requires clarification
- A. 1 and 2 only.
  - B. 1 and 4 only.
  - C. 2 and 3 only.
  - D. 3 and 4 only.

**4. Which of the following statements relating to the insurance requirements, as specified, are correct?**

- 1. An insurance certificate would be acceptable in lieu of an insurance policy.
  - 2. An insurance document stating that certain risks had been excluded may be acceptable.
  - 3. The insurance document will need to show claims, if any, payable in Brazilian currency.
  - 4. Insurance cover to a minimum of 110% of the invoice value would be acceptable.
- A. 1 and 3 only.
  - B. 1 and 4 only.
  - C. 2 and 3 only.
  - D. 2 and 4 only

**5. Which of the 'additional conditions' are deemed to be non-documentary?**

- 1. Beneficiary must provide the applicant with details of the shipment.
  - 2. Shipment must be made on a vessel named Butterfly.
  - 3. Goods must be inspected by the applicant prior to shipment.
  - 4. Goods must be of Indian or Chinese origin
- A. 1 and 2 only.
  - B. 1 and 3 only.
  - C. 2 and 4 only.
  - D. 3 and 4 only