

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 1 COPY
+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