

# Trade Finance.

## General Information on How to Complete the Application form for Documentary Credits.

The parties: Issuing bank (UBS)/advising/nominated bank (bank of beneficiary)/applicant/beneficiary  
 → Exact addresses

SWIFT Field	Field Name	UCP <sup>1)</sup>	Explanation of the salient points
40A	Form of Documentary Credit	2  38	<p><b>Irrevocable</b> means that a documentary credit, once issued, <b>can no longer be amended or cancelled</b> without the consent of <b>the beneficiary, the issuing bank and the confirming bank</b>, if any.</p> <p>See point 49 with respect to confirmation or lack of confirmation.</p> <p><b>A transferable credit is appropriate</b> if the beneficiary is an <b>intermediary</b>. Using this kind of documentary credit, the applicant makes it possible for the beneficiary to transfer it to the manufacturer of the goods. Advantages: The beneficiary does not need a credit limit; the manufacturer is well secured.</p>
31D	Date and Place of Expiry <sup>2)</sup>	6	<p>It is customary that a documentary credit be made <b>available</b> in the <b>country of the beneficiary</b>. As a result, the beneficiary may present the documents to his local bank up to the date of expiry. It is also possible to have an import documentary credit made available in the <b>country of the applicant</b>. This would mean that the documents would have to be received by UBS by the date of expiry. Please note the <b>difference</b> between date of expiry, availability with and availability by (see point 41A).</p>
32B	Currency Code, Amount	–	<p><b>Specification of currency value of documentary credit</b>          (usually corresponds to contract or delivery value).</p>
39A	Percentage Credit Amount Tolerance	30	<p><b>Not exceeding:</b> Qualifies the documentary credit amount as being the maximum amount available.</p> <p><b>Tolerance:</b> Means the tolerance relative to the documentary credit amount. To be specified depending on agreement, for example <b>3% more or less</b>.</p> <p><b>(About, approximately:</b> Means, according to the UCP guidelines, a tolerance of up to <b>10% more or less</b> on amount, quantity or unit price.)</p> <p><b>NB:</b> Unless a documentary credit stipulates that the indicated quantity of goods may not exceed or fall below the quantity indicated, <b>a tolerance of +/- 5%</b> is permitted, if the total amount of the drawings does not exceed the amount of the documentary credit. It is not permitted if the quantity is indicated in a specific number of packing units or individual items.</p>

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41A	Available with...	6	This indicates with which bank the documentary credit may be <b>made available</b> . Should the documentary credit require confirmation, the confirming bank usually insists that the documentary credit be available at the place of the confirming bank.
	by ...	2	A credit available with a nominated bank is also available with the issuing bank.  All documentary credits must clearly indicate whether they are available by:  <b>a) Sight payment</b> = Immediate payment subject to presentation of conform documents.  <b>b) Deferred payment</b> = Payment is effected on a specified later date.  <b>c) Acceptance</b> = Acceptance of a time draft by the issuing or nominated bank, i.e. a bill of exchange undertaking that payment will be effected on the specified due date.  <b>d) Negotiation</b> = Advancing or agreeing to advance funds to the beneficiary.  <b>e) Mixed Payment</b> = A partial amount payable at sight, the rest payable by way of deferred payment.
43P	Partial Shipments	31	Information as to whether <b>partial shipments</b> are permitted or not; a clearly defined number of partial shipments (e.g. in four lots) is also an option.
43T	Transshipment	19–24	Notification of whether transshipment is permitted or not. In case of airfreight, if transshipment must be prohibited, relevant articles will have to be excluded.
44A	Place of Taking in charge/ Dispatch from.../ Place of Receipt	19, 24, 25	The <b>place of taking in charge</b> , the <b>place of receipt</b> , the <b>place of dispatch</b> or the <b>place of shipment</b> .
44E	Port of Loading/ Airport of Departure	20–23	<b>Port of loading or airport of departure</b>
44F	Port of Discharge/ Airport of Destination	20–23	<b>Port of discharge or airport of destination</b>
44B	Place of Final Destination/For Transportation to.../ Place of Delivery	19, 24, 25	<b>Final destination or place of delivery</b>
44C	Latest Date of Shipment <sup>2)</sup>	14, 29	<b>Last date of shipment</b> of the goods. If this deadline falls on a weekend or a holiday, it will not be extended to the next following working day.

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45A	Description of Goods and/or services	18c	The <b>description of goods</b> should be precise and brief, and make reference to the corresponding contract, the order or pro-forma invoice. Important descriptions may be indicated in the original language.
	Trade Terms (Delivery Terms)	Inco-terms	Usually with the indication "as per <b>ICC Incoterms 2000</b> " published by the International Chamber of Commerce, Paris.
46A	Documents Required	14, 17–28, 38	The <b>documents</b> to be listed are those <b>required for importation</b> or the documents specified in the contract. We recommend requesting only the most important documents as this will facilitate the process for all parties. The buyer requesting documents directly from the seller outside the documentary credit may, under certain circumstances, accelerate importation of the goods and help avoid warehouse costs.
		14	The following points should be observed:  a) If <b>documents other than</b> transport documents, insurance documents and invoices are requested, the client has to specify <b>the issuer and the data content</b> . Otherwise, banks will accept the documents as presented to them. This means that the beneficiary itself may issue a certificate of origin even though the buyer, for purposes of customs clearance, would require an official Chamber of Commerce certificate of origin.
		Inco-terms	b) It is recommended that the buyer indicates who is responsible for transport of the goods and issuing the transport documents, in the event that he has to take over the freight costs. This will allow him to have the delivery under control and may, under certain circumstances, save freight costs.  In our order form, we suggest the standard documents depending on the type of transport and Incoterms. Should additional documents be required (e.g. in the case of any deviation from standard Incoterms such as FCA incl. insurance), the additional documents (insurance certificate/policy) may be listed under the heading "Other documents".
47A	Additional Conditions	–	Further D/C conditions, for which there is no specific field, may be indicated here. Consideration is to be taken that banks will disregard such conditions, unless a document is required as proof of the fulfilment of the condition.
71B	Charges	37	This sets out who pays which <b>commissions and fees</b> . Normally, each party pays its own bank's fees.
48	Period for Presentation <sup>2)</sup>	14, 29, 33	It is important for the buyer that the documents be available <b>on time for customs clearance</b> . Documents including original transport documents must be presented within <b>21 days</b> following the date of shipment <b>at the latest</b> .

<sup>1)</sup> UCP = International Chamber of Commerce Uniform Customs and Practice for Documentary Credits.

<sup>2)</sup> NB: The validity of a documentary credit is the last shipment date plus deadline for presentation.

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49	Confirmation Instructions	8	<p>In the case of an <b>unconfirmed documentary credit</b> that is available (payable) at the issuing bank (UBS), payment will only be made once it has received conforming documents. In this instance, the supplier bears the risks associated with mailing.</p> <p>If the supplier insists on having a <b>documentary credit confirmed</b> by his local bank, the documentary credit must normally be available with and expire at the counters of the confirming bank. This means that the <b>issuing bank must reimburse immediately upon honouring of the documents</b> by the confirming bank. Therefore, the principal bears the risks associated with mailing in the event that the documents get lost in transit. The instructions regarding payment are drawn up by the issuing bank accordingly.</p>



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