



## PROGRAMME OUTLINE for “UNDERSTANDING LETTER OF CREDIT – DOCUMENTATION AND PROCEDURE”

### DAY 1

9.00am to 10.30am

1. **International Trade Risk and the Value of Letter of Credit (LC)**
  - Perimeters of International Trade
  - Risks in International Trade Transaction Flow
  - International Trade Rules & Regulations governing Terms of Sale
  - Factors to consider before using an LC
  
2. **Understanding Letter of Credit**
  - Definition of LC
  - Structure and main features of a Letter of Credit
    - Role and scope of UCP600
    - LC by SWIFT

10.30am to 10.45am

Break

10.45am to 1.00pm

2. **Understanding Letter of Credit (Cont'd)**
  - Different types of Letter of Credit (LC) and its uses
    - Sight LC
    - Usance LC
    - Deferred Payment LC
    - UPAS LC
  - Credit vs contract
  
3. **Legal relationship between parties to a Letter of Credit**
  - Parties to a Letter of Credit
    - Issuing Bank
    - Advising Bank
    - Confirming Bank
    - Negotiating Bank
    - Reimbursement Bank
  - Recourse for seller if LC is unpaid
  - Risks associated with Letter of Credit
    - Risks to the applicant
    - Risks to the beneficiary
  - Mitigating risks by the seller to minimize payment default



1.00pm to 2.00pm

Lunch Break

2.00pm to 3.30pm

#### 4. Steps in Establishing an Irrevocable LC

- Establishment of LC by applicant
  - The information required in the LC Application form
  - Negotiation between buyer and seller on agreed terms
  - Fees and cost – who pays what

3.30pm to 3.45pm

Break

3.45pm to 5.00pm

#### 4. Steps in Establishing an Irrevocable LC (Cont'd)

- What are basic requirements in accordance with UCP 600
- Diagrammatic process flow of LC
  - From banks to the seller
  - From presenting documents by seller to settlement
- Amendment to an LC

DAY 2

9.00am to 10.30am

Re-cap of Day 1

#### 5. Presenting Documents to the Bank

- Export documents pertaining to LC
  - Basic documents required - Invoice, Draft, Bill of Lading, Certificate of Origin, etc.
  - Additional documents required by buyer and buyer's country

10.30am to 10.45am

Break

10.45am to 1.00pm

#### 5. Presenting Documents to the Bank (Cont'd)

- Presenting bank's role



<https://wanfahprosper.com/understanding-letter-of-credit-documentation-and-procedure/>

- Timeframe to check documents
- International Standard Banking Practice (ISBP) for acceptable discrepancies and abbreviations
- Decision to honour or dishonour presentation of documents / negotiable credit
- Discussion on examples of LC (real LC if possible) brought by participants

## 6. Transport Documents and Control over Goods

- Review INCOTERMS® 2020 and the key changes
- How to use FCA, FOB and Bill of Lading correctly with LC
- How to purchase insurance with CIF and CIP INCOTERMS rules
- How to select an appropriate INCOTERMS suitable for your business

1.00pm to 2.00pm

Lunch Break

2.00pm to 3.30pm

## 7. How to Reduce Discrepancies in Documentation

- Highlight of relevant Articles of UCP 600
- Right Data in the Right Document
- What to Demand in Your Letter of Credit
- What to Avoid in Your Letter of Credit
- Proper Ways to Handle Your Documents
- Case study

3.30pm to 3.45pm

Break

3.45pm to 5.00pm

## 8. How to Minimize Documentation Risk

- Create awareness of documentation risks in the organization
- Build a checklist of rules to observe
- Implement control & procedures
- Involve the right people