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Suggested Checklist For LC Document Preparation

“Better Be Safe Than Sorry”



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The Documentary Credit (LC)

Ensure

- the genuineness of the LC and the correct reference LC
- validity (Expired/Cancelled)
- LC balance is sufficient to cover the value of the drawing
- all the documents called by LC are obtainable
- no amendments or previous drawdown are questionable
- the LC is workable?



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Draft (Bills of Exchange)

Ensure

- draft bears the correct LC reference number and date
- that it is signed and dated
- that it is drawn to the correct drawee
- amount in figures and words correspond and stipulate the tenor as per LC
- the amount does not exceed the balance available in the LC
- value of draft and invoice corresponds



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Invoice

Ensure that :

- It is issued by beneficiary of the LC
- applicant as the invoice party
- not titled proforma or provisional invoice
- description of goods correspond with LC
- no additional detrimental description of goods that may question the value of goods or conditions
- currency of the invoice is the same as the LC
- value of goods correspond with that of the draft and does not exceed the available balance of the LC



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Invoice

Ensure that:

- the invoice covers the complete shipment required
- all other LC requirement met eg. signed, legalized/certified
- all other information shown must be consistent with other documents presented.
- the correct number of invoices presented



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Transport document

Ensure that

- full set of originals issued is presented
- that it is not a “Charter Party” Transport document unless LC authorizes
- bears the name of the carrier and it’s signing capacity and appropriate endorsement
- the name of consignee and notifying party as required by LC and indication of freight prepaid or freight collect
- the correct shipment route as per LC
- the general description of goods correspond with L/C



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Transport Document

Ensure

- no indication of the irregularities/defective conditions of goods and packaging
- all other conditions stipulated in the LC
- all other conditions stipulated in the appropriate Transport article of UCP600 are complied with
- Any alteration/correction has to be authenticated by issuer (stamp + initial/signature)



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Insurance Document

Ensure

- that the policy/certificate/declaration note is as required by LC
- full set of the insurance document is presented
- is issued and signed by the insurance company or underwriter or their agents or proxies and the assured
- in the currency of the LC and value of goods insured as required by LC or as defined by UCP600
- the assured party is as per LC requirement and bears the necessary endorsement if required.



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Insurance Document

Ensure

- that the general description of goods correspond with LC
- covers the goods from the designated port of shipment or point of taking charge to the port of discharge or point of delivery
- cover the specified risk as stated by LC
- all other information appearing must be consistent with all other document
- Any alteration/correction has to be authenticated by issuer (stamp + initial/signature)



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Other documents

Ensure

- that it fulfills its function as the document required by LC
- all LC requirement is fulfilled
- dated and signed if it is a Certificate/Declaration
- that data in the documents are consistent with all other documents



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Conclusion

- Must be guided by the LC international rules ie. UCP 600/ISBP & ICC Opinion Query
- Must apply common sense approach ie. especially on workability of the LC
- We are willing impart our experience and knowledge to ensure you receive your payment promptly.