

## CASE,

A unconfirmed transferable letter of credit is issued available by payment at the advising bank. The advising bank transfers one part of the credit to second beneficiary 'X', curtailing the expiry date by a month. The other part is transferred to another second beneficiary "Y". First beneficiary and second beneficiary 'X' disagree on some condition, and that part of the credit (transferred to 'X') expires unutilised. Then, advising bank retransfer the unutilized part of the credit to one another second beneficiary "Z". On the other hand, second beneficiary "Y" presents the documents to the advising bank. Advising bank examines the documents and paid to the beneficiary after found conform at his counters. Then, forward the conform documents to the issuing bank by a courier. Unfortunately, documents lost in transit, thus not reached to the issuing bank accordingly. Meanwhile, advising bank request reimbursement from the issuing bank for the documents which had been found conform with documentary credit terms and conditions at his counter and paid to the beneficiary. Please answer the following questions as per this case.

1

Is advising bank authorised to transfer the documentary credit upon request and instruction of the first beneficiary?

- A. Since the credit is unconfirmed then advising Bank is not authorized to accept and transfer the credit to the second beneficiary.
- B. Since the credit not mentioned the advising Bank as transferring bank then advising bank is not authorized to accept and transfer the credit to the second beneficiary.
- C. Since the credit is available with the advising bank then advising bank can accept an instruction from the first beneficiary and execute the transfer transaction.
- D. Where the advising bank does not expressly communicated to the beneficiary his nomination capacity, the advising bank is not authorized to transfer the credit.

2

Is it possible to retransfer the unutilized party of the documentary credit?

- A. as long as the original credit does not expire, unutilized residual can be transferred to another or same second beneficiary by the first beneficiary.
- B. Unutilized party of the credit can not be retransferred in any case.
- C. Unutilized party of the credit only can be retransferred with consent of transferee.
- D. Unutilized party of the credit only can be retransferred after amendment by the issuing for the mentioned amount.

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Which party finally liable to the documents lost in transit?

- A. Applicant
- B. Issuing bank
- C. Advising Bank
- D. Beneficiary

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A DC issued by Bank I was confirmed by Bank C expiring on 1 September 20xx. There was no restriction on the presentation. The beneficiary presented the documents to Bank I on 29 August 20xx but was wrongly dishonoured on 2 September 20xx relying on invalid discrepancies, such as the commercial invoice was not dated, whereas the DC did not ask for such a requirement. i.e. dated invoice. The documents were returned to the beneficiary that received them on 5 September 20xx. The beneficiary presented the same documents without any alteration to the confirming bank on 6 September 20xx. The refusal notice from the confirming bank stated:

"We refuse to pay due to presentation made after expiry of the DC. Meantime we are holding the documents at your disposal and risk."

Which of the following considerations may be right under UCP provisions and above case ?

- 1. confirming bank right in its refusal so no presentation occurred at counters of the confirming bank before expiry date of the Documentary Credit.
- 2. Beneficiary may seek its right with the confirming bank as to the payment of documents.

3. Beneficiary may seek its right with the issuing bank as to the payment of documents.  
4. Beneficiary lost his right to claim the documents amount from any parties due to the confirming bank has been by-passed in respect of presentation.

- A. 1 and 2
- B. 2 and 3
- C. 1 and 3
- D. 1 and 4

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JULY

|             |           |          |        |          |
|-------------|-----------|----------|--------|----------|
| 3           | 4         | 5        | 6      | 7        |
| Tuesday     | Wednesday | Thursday | Friday | Saturday |
| Expiry Date |           |          |        |          |

Wednesday 04 July is a bank holiday

Thursday 05 July - bank system receives notice of completeness

On what date does the period of time for examination of documents commence?

- A. Wednesday 04 July
- B. Thursday 05 July
- C. Friday 06 July
- D. Tuesday 03 July

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A beneficiary made a compliant presentation under a documentary credit. The applicant showed to the issuing bank that the same beneficiary had made fraudulent presentation under another documentary credit issued by another bank and instructed the issuing bank not to pay the beneficiary. The issuing bank did not follow the instruction and paid the beneficiary. The applicant refused to reimburse the issuing bank. Is the applicant right in doing so? Please give your reasons. Which of the following reasons are sensible under UCP 600.

- 1. The applicant is not a party in a Documentary Credit
- 2. Applicant should sent his advise of refusal not later than seven business days.
- 3. Relation between applicant and issuing bank is out of UCP 600, remained to the local law.
- 4. Issuing bank should recover from the beneficiary after received a refusal from the applicant.

- A. 1 and 2
- B. 2 and 3
- C. 1 and 3
- D. 3 and 4

7, 8 and 9 questions to be answered as per following case;

A Nominated Bank advises a L/C to the beneficiary. The credit text includes the following:

- 3/3 Full set of Ocean clean 'on board' Marine Bills of Lading marked 'Freight Paid' made out to the Order of X Bank (Issuing Bank)
- All required documents should be issued in English

The beneficiary presents the documents at the counters of the nominated bank. When examining the Bill of Lading, nominated bank find that it is issued in English by a Russian shipping line. For authentication, the shipping line have signed the document, and stamped it with (what presumably is) their company stamp. This stamp is in Russian letters (Cyrillic).

Does this Russian stamp constitute a discrepancy, considering the credit requirement that all documents should be issued in English.

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Would there be a discrepancy?

- A. There would be no discrepancy
- B. There would be discrepancy

- C. Can not be considered within the UCP
- D. Should be remained to the Local Law

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What would be the effect of the stipulation in the credit that "all required documents should be issued in English"

- A. relates to the data thereon that would evidence compliance with the terms of the credit and the relevant provision(s) of the UCP.
- B. Not relates to the data thereon that would evidence compliance with the terms of the credit and the relevant provision(s) of the UCP.
- C. No effect such of a stipulation in the credit.
- D. Relates to the all data thereon irrespective of that would evidence compliance with the terms of the credit or not.

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Given that a Russian Shipping Line issued the bill of lading, it would not be;

- A. reasonable to expect that the evidence of the name of the company, by stamp, would be in Russian.
- B. unreasonable to expect that the evidence of the name of the company, by stamp, would be in Russian.
- C. reasonable to expect that the evidence of the name of the company, by stamp, would be in English.
- D. unreasonable to expect that the evidence of the name of the company, by stamp, would be in English.

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"Payments under this credit are to be made only once the goods have been cleared through customs."

A Credit which stipulated such a condition above or similar is usually described as ;

- A) Evergreen
- B) Deferred payment
- C) Revocable
- D) Inoperative

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what are the three basic essentials for a notice of refusal?

1. holding documents at disposal
2. contact to applicant
3. list the discrepancies
4. reject/refuse the documents

- A. 1,2 and 3
- B. 2,3 and 4
- C. 1,3 and 4
- D. 1,2 and 4

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Under ISP 98 Rules which choice is not correct?

Because a standby is independent, the enforceability of an issuer's obligations under a standby does not depend on:

- A- the issuer's right or ability to obtain reimbursement from the applicant
- B- the beneficiary's valid demand under the relevant standby.

C- a reference in the standby to any reimbursement agreement or underlying transaction.

D- the issuer's knowledge of performance or breach of any reimbursement agreement or underlying transaction.

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Under ISP 98 If on the last business day for presentation the place for presentation stated in a standby is for any reason closed and presentation is not timely made because of the closure, then the last day for presentation is automatically extend to which date?

A- to the day occurring 30 calendar days after the place for presentation re-opens for business, irrespective of the standby otherwise provides.

B- to the day occurring 30 calendar days after the place for presentation re-opens for business, unless the standby otherwise provides.

C- to the day occurring 7 business days after the place for presentation re-opens for business, unless the standby otherwise provides.

D- to the day occurring 7 business days after the place for presentation re-opens for business, irrespective of the standby otherwise provides.

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What is the unreasonable time for Notice of Dishonour under ISP 98?

A- a time beyond seven business days is deemed to be unreasonable.

B- a time beyond three business days is deemed to be unreasonable.

C- a time beyond thirty calendar days is deemed to be unreasonable.

D- a time beyond thirty business days is deemed to be unreasonable.

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As to which document "However named" is applicable under a DC subject to UCP 600?

A. Commercial Invoice

B. Insurance Certificate

C. Marine bill of lading

D. FCR (Forwarding Certificate of Receipt)