Documentary Credit Checklist (UCP 600)

Hand this sheet to your bank when opening a letter of credit in favour of KWE Metals LLC, so the credit is workable at first issue and documents are not rejected.

A credit that cannot be complied with delays shipment for everyone. Before your bank transmits the operative instrument, confirm every line below. KWE Metals checks the credit clause by clause and confirms workability in writing before a vessel is nominated.

CREDIT TERMS

- [ ] Irrevocable and issued subject to UCP 600.
- [ ] Advised through a first-class bank acceptable to the beneficiary; confirmation added where requested.
- [ ] Beneficiary shown exactly as: KWE Metals LLC, 5501 Camp Road, Suite 444, Hamburg NY 14075, USA.
- [ ] Credit amount matches the contract value, with the same tolerance as the quantity tolerance (normally plus or minus 10 percent).
- [ ] Currency is US dollars unless the contract says otherwise.
- [ ] Latest shipment date allows the full contractual shipment window.
- [ ] Expiry date is at least 21 days after the latest shipment date, and the credit expires in the beneficiary's country.
- [ ] Presentation period is 21 days from shipment date, not less.
- [ ] Partial shipments and transhipment permitted where the contract allows them.
- [ ] All banking charges outside the issuing bank's country are for the applicant's account, or as the contract states.
- [ ] Port of loading and port of discharge match the contract exactly.
- [ ] Goods description is short and matches the contract; no specification detail that a document could contradict.

DOCUMENTS TO BE CALLED FOR

- [ ] Signed commercial invoice, stated number of originals and copies.
- [ ] Full set of clean on-board bills of lading made out to order and blank endorsed, marked freight prepaid or freight collect as the Incoterm requires, notify party as stated.
- [ ] Packing and weight list issued by the beneficiary.
- [ ] Certificate of origin issued by the competent authority or chamber of commerce.
- [ ] Certificate of weight and quality issued by an independent inspector at load port (SGS, Bureau Veritas, Intertek or equivalent).
- [ ] Insurance certificate for 110 percent of CIF value under Institute Cargo Clauses (A) where the rule is CIF or CIP.
- [ ] Beneficiary's certificate of despatch of documents, where required.

CLAUSES TO AVOID

- Documents issued or countersigned by the applicant, or by a party the beneficiary does not control.
- Inspection certificates from an inspector nominated after issue, or naming a specific individual.
- Non-documentary conditions - anything the bank cannot check against a document is disregarded under UCP 600 article 14(h) and only causes argument.
- Vessel age, flag, class or approval requirements not agreed in the contract.
- Original bills of lading sent direct to the applicant before payment.
- Amendments after shipment - agree everything in writing beforehand.

PROVISIONAL AND FINAL SETTLEMENT

Provisional payment is released against complying documents, normally 90 to 95 percent of the provisional invoice value based on load-port weight and assay. The final invoice is trued up on outturn weight and final assay against the contractual quotational period, and the balance settles within the agreed number of days after final figures are exchanged.

BANK CONTACT RECORD

APPLICANT / BUYER LEGAL NAME

ISSUING BANK AND SWIFT

ADVISING BANK AND SWIFT

CREDIT NUMBER

DATE OF ISSUE

LATEST SHIPMENT DATE

EXPIRY DATE AND PLACE

KWE CONTRACT REFERENCE