

# Documentary Credit

# WORLD

## In This Issue...

■ **3 UPDATES:** Incoterms 2010 Take Effect; Taylor Joins J.P. Morgan; Decision Rendered under UN LC Convention; What is a Confirmed Revocable Letter of Credit?; Effort to Develop SWIFT Forms for Standbys & Guarantees Underway; SWIFT TSU Offers Structure to Open Account Trading; Mashreqbank Pays Penalty for Alleged Violations; Basel III Likely to Increase LC Cost to Municipal Governments; Basel and Africa Trade Finance; New LC Business Spurs Trade in Rwanda; Recent Sanctions Affect the LC Financing of Iranian Oil Exports; Substitution of LC Leads Fitch to Downgrade NYC Debt; LC-Backed Bulk Shipping No Longer Sole Option for Ferrous Scrap Exports; In Memoriam: Tira McGee; International Updates



■ **11 THE READERS SPEAK**

■ **16 LITIGATION DIGEST:**

- *Arthur Schuman, Inc. v. Banco Santander Brasil*
- *Cement Masons Local 527 v. Capital Restoration*
- *MAP Marine Ltd. v. China Construction Bank*
- Newly Decided LC & Guarantee Cases



■ **32 ARTICLE:**  
■ The Identity of the Shipper in a Bill of Lading

■ **36 ICC OPINIONS:** More Summaries from the Fall 2010 ICC Banking Commission Meeting

■ **40 LC STATISTICS:** US Banks (2nd Quarter 2010)

■ **46 INFORMATION DIGEST**

■ **50 SCAM SURVEY**

■ **53 LC TRADE NEWS**

■ **56 DCW INDEX:** January - December 2010

■ **63 LC ACTIVITY**

## 21 FEATURE



### ■ THE EFFECT OF NON-DOCUMENTARY CONDITIONS

UCP600 provides that conditions in an LC that are not met by presentation of a required document shall be disregarded in determining whether or not a presentation complies. However, what about the situation where a non-documentary condition is contained in the underlying contract as a pre-condition for a beneficiary seeking payment under an LC? In examining this issue, Ningning ZHANG analyzes two recent English court decisions which take different views. Dr. ZHANG then discusses the autonomy principle, the necessity to minimize risk of banks, the doctrine of free will, other aspects of the *Sirius* case, and suggested solutions. Following Dr. ZHANG's article, is the case summary of *Sirius*.









# INDEX

MIT	Jan9, Apr8, JuAu37	Philippines	Jan8, May7
Mode of Notice	Mar19	Piracy (Indian Ocean)	Jan7
Money Laundering	May6, S9	Place of Availability	ND37
Money Laundering (Trade-Based)	Mar3,10	Place of Expiry	ND37
Multimodal Transport Documents	ND39	Place of Performance	Jan20
Municipal Bond Market	S3	Place of Receipt	Apr25
Municipal Debt Instruments	ND7	Port of Loading	Apr25
	<b>-N-</b>	Pre-Exam (of Documents)	Jun24
Named Consignee	O35	Pre-Payment	May29
<i>Nareerux Import Co. v. CIBC</i>	Jun20	Pre-Printed Text (of B/L)	Jan32
Nature of Guarantee and Indemnities	Jan15	Preclusion	Jan3,Mar24,33, S5
Negotiation	F18, Mar24, Jun16, S5	<i>Prema Birkdale Ltd. v. Venetian Orient Ltd.</i>	Jun8 (sum.)
	JuAu30	Presentation	Mar24, Apr3, May21, Jun24, S25,O10, ND13
Negotiation Credits	Jan11		May18
Nepal	S33	Price Escalation Clauses	Mar24, ND17
Netherlands (Court)		Proceeds	ND16
New York State Housing		Pro Forma Invoices	
Finance Agency	Jan9		<b>-Q-</b>
Noble Group	O5	QUINN, Michael	O29 (as author)
Nominated Banks	Jan13, F22, May8		<b>-R-</b>
Nominated Banks (Effect of		RBS	O4
UCP600 Art. 33 on)	Apr34	Reasonable Promptness	F3
Nomination	F18, O34	Recovery of Overpayment	ND37
Non-Bank LCs	Jun12	Refusal	May30, ND39
Non-Complying Demand	S28	Refusal (Notice of)	Jan13
Non-Documentary Condition	Mar33, S25, ND21,29	Regulatory Issues	May16
	May17	Reimbursement	F18, Jun16, JuAu6,14, S19,33, O13, ND39
Non-Extension Notice	Jan7		O17
Non-Operative Guarantees		Reimbursement Authorization	ND29
Notice of Refusal	Jan13, F3, Mar24,33	Reinsurance	ND13
	S13	Re-Presentation	ND13
Notice of Transfer	Mar19	Return of Documents	Jun25, ND13
Notification of Non-Extension	S13	Revocable LC	ND5
Number of Originals Presented		Risk Assessment	JuAu5
	<b>-O-</b>	Risk Management	JuAu37
Obligation of Applicant to Beneficiary	O10	Risk Ratings, Trade Finance	ND7
O'BRIEN, Vincent	ND63	ROBERTSON, Pat	JuAu6
Ocean B/Ls	ND39	Rotterdam Rules	May5,33, ND33
Office of Foreign Assets Control		Russia	F9, Jun6
(USOFAC)	Jun3,4	Rwanda	ND8
<i>Old Republic Surety Co.</i>			<b>-S-</b>
<i>v. Quad City Bank</i>	Mar19 (sum.)	Sample Signatures	F4, Apr14, May17
Oman	F9	Sanctions	F4, Jun3, ND8
On Board Notation	JuAu3, ND39	Sanctions Clauses	Apr6
Open Account	Jun35, ND5,47	Santander	O4
Oral	JuAu18	Saudi Arabia	Apr6, May3, Jun6
Original LC (lost)	Jun14	Saudi Arabian Monetary	
Overpayment	ND37	Agency (SAMA)	Apr7
	<b>-P-</b>	Scams	Jan43, F41, Mar41, Apr14,45, May43, Jun39, JuAu59, S42, O42, ND50
Packaging	Mar33	<i>Science Park Admin.</i>	Jan34 (text)
Pakistan	Jan11, F7, Apr8, May6, Jun6, JuAu9,11, S8, ND9	<i>v. Standard Chartered</i>	O15
	Mar7	Security Interest	Jun19, O10 (sum.)
Pakistan (LC Requirements)	JuAu4	<i>SewChez Int'l Ltd. v. CIT Group</i>	Jan9
Payments	Jan34, F26	Shariah Law	
Performance Guarantees	Apr11 (sum.)		
<i>Permasteelisa Japan KK v. Bouyguesstroj</i>			

# INDEX

Shipped On Board Dates	ND39	Trade Finance	O29,O40
Shipper	ND32	Trade Finance (Availability of)	JuAu8
Sight Credits	JuAu30	Trade Finance Reform	Jan3
Signatures	F4, May17	Trade Finance Risk Ratings	ND7
Single Notice	F24	Trade Finance Trends	Mar7, Jun4,35
<i>Sirius International Insurance</i>		Trade Risk	ND47
<i>v. FAI General Insurance</i>	ND21,29 (sum.)	Trade Risk Active Control (TRAC)	JuAu37
SmartStream Technologies	F8	Trade Services Utility (SWIFT TSU)	Apr21,Jun17, ND5
<i>Smith v. Slack Alost Development Services</i>	Jun23	<i>Trafigura Beheer B.V. v. Kookmin Bank Co.</i>	Jan29
Smuggling (LC Use to Deter)	F7	<i>Trans Pacific National Bank v. UBS AG</i>	JuAu6
South Africa	Jan15, Apr8	Transfer	May26, Jun24, S13
South Korea	S8	Transfer of Guarantee	S30
<i>Speedway Motorsports v. Bronwen Energy</i>	F17 (sum.)	Transferable Standbys	O7
Sri Lanka	S8	Transferring Bank	S13
Standard of Compliance	Mar24	Translation	JuAu4
Standby LC (UCP600)	O34	Translation, Error	Jun26
Standby LCs	Jan10, Mar24	Transport Documents	Apr25, ND39
Standby Payments	S9	Tunisia	JuAu41, ND4
Statistics, Case Trends	Apr18	Two Party LCs	Jun21, S22
Statistics, Non-US Banks	Jan38, Apr41, JuAu46, O36		
Statistics, US Banks	Mar34, Jun28, JuAu50, ND40	-U-	
Statistics, US Savings Institutions	F34, May36, S36	UAE (United Arab Emirates)	Jan4, F9, JuAu9,11
Statute of Limitations	May20, Jun22	UCP500 Article 1	S13
Straight B/Ls	Mar24	UCP500 Article 3	ND29
Straight-Through-Processing (STP)	JuAu33	UCP500 Article 4	May32
Strict Compliance	Jun12, S13	UCP500 Article 28(b)	S13
Strict Compliance Standard	Jun20	UCP500 Article 37(c)	S13
Structured LC	Jun21, S22,O17	UCP500 Article 48	S13
Substitution (of LCs)	May26	UCP500 Article 48(a)	S13
Sufficiency of Notice	Mar19	UCP500 Article 48(h)	S13
Sugar Trade	Jan7	UCP600	
Superior Funding Solutions	F8		F3, Apr14, May8,27, JuAu30,S5,S23
Supply Chain Process	JuAu33	UCP600 Article 2 (5)	S5
Sureties	Mar24	UCP600 Article 2 (11)	F18, JuAu30, S5
Suspicious Activity Reports (SARs)	Mar10	UCP600 Article 7	O35
Swap Agreements (LC Use)	Jun5	UCP600 Article 7(c)	Mar33, JuAu30
Sweden	Jun6	UCP600 Article 12(a)	F18
SWIFT	Apr21, Jun17, ND5	UCP600 Article 12(b)	Mar33, O34
SWIFT Fees	ND36	UCP600 Article 14(a)	ND36
SWIFT MT103 Series	ND47	UCP600 Article 14(b)	Apr25
SWIFT MT700 Series	ND47	UCP600 Article 14(c)	F22
SWIFT MT707	Jun17	UCP600 Article 14(d)	Mar33, ND11
Syndicated Credit Facilities	Jun18	UCP600 Article 14(h)	Mar33, ND21
		UCP600 Article 14(j)	ND37
		UCP600 Article 16	Jan3
		UCP600 Article 16(d)	F24, Mar33, Apr25
		UCP600 Article 16(e)	May28
		UCP600 Article 16(f)	Mar33, S5
		UCP600 Article 18(a)(ii)	ND37
		UCP600 Article 19	JuAu3
		UCP600 Article 20	JuAu3, ND39
		UCP600 Article 20(a) (ii)	May31
		UCP600 Article 20(a)(v)	Jan32
		UCP600 Article 21	JuAu3
		UCP600 Article 21(a)iv	JuAu13
Taiwan	Jan34		
TAYLOR, Dan	ND4		
Term Life Insurance	May4		
Thailand	Mar9, JuAu10		
Third Party Beneficiary	Jun22,24		
Time for Examination	S28		
Time Sheet	ND11		
Timeliness	F3,22		
Timely Notice of Refusal	Mar33		
To Order B/Ls	Jan32		
Trade Bank of Iraq (TBI)	Jun4, O40		
Trade Documentation	JuAu33		

# INDEX

UCP600 Article 22	Apr25, JuAu3	URR725	Jun16
UCP600 Article 33	Apr4, 27	URR725 Article 2	F19
UCP600 Article 35	Apr3, May29, ND36	USA PATRIOT Act	S9
UCP600 Article 37(d)	Jun24	USCIB	JuAu3,44
UCP600: AN ANALYTICAL COMMENTARY	Apr27	US Prior UCC Article 5	F12
Ukraine	O6	US Prior UCC § 5-102	May11
Unconscionability	JuAu23	US Prior UCC § 5-103	May11
Undertaking	May11	US Prior UCC § 5-109	May11
<i>Universal Stainless Steel v. J.P. Morgan</i>	S13 (sum.)	US Prior UCC § 5-114	F15, May11
United Kingdom	Jan20	US Rev. UCC Art. 5 (NY)	S23
Unjust Enrichment	O10	US Rev. UCC § 5-102(a)(10)	JuAu14
UN LC Convention	Jun25, JuAu3, ND4,46	US Rev. UCC § 5-102(a)(2)	O10
Unusual LC Instructions	O17	US Rev. UCC § 5-108	O10
URC522	O35	US Rev. UCC § 5-108(d)	Mar19
URC522 Article 14(a)	Apr3	US Rev. UCC § 5-108(i)(1)	JuAu14
URC522 Article 26(c)	ND36	US Rev. UCC § 5-109	F15, JuAu14
URDG458	Mar22	US Rev. UCC § 5-110	ND16
URDG458 Article 12	Apr3	US Rev. UCC § 5-110(a)	Jun22
URDG758	Apr3,5, May27, S23	US Rev. UCC § 5-111	O10
URDG758 (Compared to)	S23	US Rev. UCC § 5-115	Jun23
URDG758 Article 1	S22,23	US Rev. UCC § 5-116	JuAu14
URDG758 Article 2	S23	Use	JuAu23, ND17
URDG758 Article 3	S23	<i>Uzinterimpex JSC v. Standard Bank plc</i>	ND22
URDG758 Article 4	S23	Uzbekistan	Jun6
URDG758 Article 7	S23		
URDG758 Article 10	S23	Variation	-V-
URDG758 Article 14	S23	Vessel Numbers, IMO	S13
URDG758 Article 15	S23	Vessel Sailing Date & Time	Jun4
URDG758 Article 16	S23	Vietnam	ND11
URDG758 Article 19	S23		F9
URDG758 Article 20	S23	Waiver	
URDG758 Article 23	S23	WANG, Xuehui	Jun19, 20, S28, O10
URDG758 Article 24	S23		May31, JuAu30, ND32 (as author)
URDG758 Article 26	S23	Warehouse to Warehouse	O35
URDG758 Article 30	S23	Warranty	Jun22
URDG758 Article 33	S23	Wrongful Dishonor	F12, Mar19, May11, S13,O10
URDG758 Article 34	S23	Wrongful Transfer	S33
URDG758 Article 35	S23		
URR525 Article 2(c)	O17	ZHANG, Ningning	-Z-
		Zinc Imports	Jan20, ND21 (as author) O5

## Missing Back Issues?

Previous issues of *Documentary Credit World* are available for purchase at [www.iiblp.org](http://www.iiblp.org) or contact *DCW* at +1-301-330-1970.