

SITUATIONS NOT DISCREPANCY AND BAD PRACTICES IN DOCUMENTARY CREDITS

In transactions involving letters of credit subject to the UCP (Uniform Customs and Practice for Documentary Credits) [UCP 600 AND ISBP 821], the following situations are not considered discrepancies: [NOT A COMPLETE LIST]

1. The absence of the letter of credit number on the documents.
2. Using the "%" symbol instead of "PCT", for example, writing "%10" or "10%" instead of "10PCT".
3. Writing "US.\$" instead of "USD".
4. The use or non-use of symbols like (), [], -., *# if in a way that does not alter the meaning.
5. Differences in address information as long as the country information remains unchanged, for example, if the letter of credit address is "Cumhuriyet Cad. No:18 Beşiktaş İstanbul, Türkiye" and the invoice or other document states "İstiklal Cad. No.13, Beyoğlu, Türkiye".
6. Additional information in the "Notify party" field on the bill of lading that is not required/requested by the letter of credit.
7. The presence of multiple company/person names in the "Notify party" field on the bill of lading.
8. Spelling or typographical errors that do not change the meaning, such as writing "Modle" instead of "Model" or "Istambul" instead of "Istanbul". Letter or spelling errors that significantly alter the meaning are not acceptable, for example, writing "İzmir" instead of "İzmit".
9. Avoidance of detailed mathematical calculations.
10. Additional information that does not negatively change the category or quality of the goods, such as "Color television" being acceptable instead of just "Television", but "television (second hand)" is not acceptable. In all documents (except invoices), the description of goods may be stated in general description. For example, if the description in the letter of credit is "color television," other documents may simply mention "TV" or "television."
11. Presentation of not required documents [is not recommended to present more documents than required; additional documents should be sent separately if necessary]
12. Using a dot "." instead of a comma "," or vice versa between numbers and letters
13. Using a comma "," instead of a slash "/" or vice versa between numbers and letters
14. Although the information that must be read in the documents according to the letter of credit is in the language requested in the letter of credit, information can be obtained in another language in the printed areas of the documents.

15. The information stated on the documents are in the language requested in the letter of credit, but the preprinted fields of the documents contain information in a different language.
16. If the letter of credit contains the condition "clean on board", but the transport document does not include the word "clean".
17. The captain's name is not specified on the transport document.
18. Documents are not stapled.
19. Using barcodes instead of signatures on some documents [except for policies, bills of lading, etc., for now].
20. Interpreting "ANY PORT" used for a city as a geographical region.
21. Requesting endorsement on a policy, bill of lading or insurance document that issued to the name [not "to the order of .." or "to order"]
22. Titles of transport documents.
23. The FCR document does not define the "carrier", does not indicate the original number, and is not signed by the carrier, captain, or agents.
24. Lack of signatures on copies of transport documents.
25. Presenting documents, not including the original transport document(s), after the presentation period but within the letter of credit validity.
26. The absence of a carrier on the charter party bill of lading.
27. The charter party bill of lading is not signed by the carrier or its agent.
28. The discharge port is stated as "any port" on the charter party bill of lading, and if it is also stated as "any port" in the letter of credit.
29. Lack of "carrier" definition on the courier/rail transport document,
30. Absence of a separate "on board" stamp or note on the "shipped type bill of lading",
31. Submitting photocopies instead of copies,
32. Unsigned copies or photocopies,
33. Unsigned amendments on copy documents,
34. Copy documents without dates,
35. Unsigned or undated invoices [unless a special condition in the L/C],
36. Invoice, packing list, weight list, origin and non-specific certificates dated after loading,
37. Documents dated before the issuance date of the L/C,
38. Method of document submission/presentation,
39. Remittance letters, cover letters,
40. Presenter different from the beneficiary,
41. Failure to present documents through the advising bank,
42. Undated certificates, including the certificate of origin [except those required to show a specific date, e.g., pre-shipment certificate],
43. Certificates listing a party mentioned in the credit other than the consignee or beneficiary,
44. Certificate headings,

45. Failure to present a bill of exchange or draft in a sight/by payment credit,
46. Lack of endorsement on the bill of exchange or draft, unless required by the credit,
47. Absence of credit reference and/or contract number on the bill of lading,
48. Certificate of origin dated before or after loading,
49. Submission of the second beneficiary's invoice to the issuing bank in a transferable credit,
50. Presenting an invoice showing only the loaded goods in a credit allowing partial shipments,
51. Invoice indicating any advance payment, discount, or deduction.

INCORRECT AND BAD PRACTICES

Despite adding confirmation to the letter of credit, the bank does not make payment upon presentation of compliant documents, instead waiting for funds from the issuing bank. However, if there are no discrepancies in the documents, the confirming bank should make an immediate payment once it upon determines their compliance. If the confirming bank delays payment, the beneficiary is entitled to interest for any period exceeding a reasonable time (3 business days).

Merely having "CONFIRM" written within the letter of credit does not make it confirmed. The confirming bank must explicitly communicate its confirmation in writing.

Do not trust offers that suggest sending documents immediately as they are without examination if you have received a confirmed letter of credit. Unless a valid discrepancy has been reported, do not instruct to send the documents as they are or approval basis. Charges for discrepancies are not justified if the letter of credit includes such a condition; the beneficiary can have it removed before using the letter of credit. If there is no condition for discrepancy charges in the letter of credit, or if the beneficiary has had it removed, then no discrepancy charges should be applied.

The beneficiary should not bear the reimbursement costs; this obligation lies with the issuing bank. If the letter of credit imposes these costs on the beneficiary, they should be aware and have them removed before using the letter of credit.

The beneficiary is not obligated to present or send documents exclusively through the notifying bank, the bank named in the letter of credit, or any other specified bank, unless explicitly stated in the letter of credit. They can send documents directly or through any bank. In such cases, if there is a confirmation, they should be aware that they might lose the benefit of that confirmation.

A beneficiary does not need the letter of credit to be "transferable" or require a written transfer from another bank to utilize it at their bank. If there is a nominated bank in the

letter of credit, it is sufficient for the issuing bank to specify the beneficiary's preferred bank in field 41A. Writing "transferable" on a letter of credit does not mean that the letter of credit can be transferred to another bank for availability, but means that it can be transferred to another beneficiary for utilization of the credit wholly or partially by second beneficiary or beneficiaries.

Keeping the documents waiting for preliminary examination at the advising bank or another bank that is not nominated bank and/or wasting time with correspondence may cause late presentation at the place where the main presentation should be made (the bank in area 41A). The beneficiary should be aware of this.

Important note:

This document aims to guide and assist individuals involved in this business, raise awareness about unjustified reserve issues and improper/incorrect practices that occasionally arise in practice and cause discussions. Each transaction may have its own specific conditions and circumstances. Exceptions are excluded; letter of credit terms are essential. The points mentioned here are general truths according to letter of credit techniques, UCP, ISBP, ICC opinions, and Docdex decisions. For a transaction's very specific condition and situation, it should be evaluated on a case-by-case basis, and expert or consultant support should be sought if necessary. No responsibility is accepted for misuse or misinterpretation. Reserve issues [Discrepancies] and bad practices are not limited to these. As this document is updated periodically, it is recommended to refer to the latest version.

Prepared by

ABDURRAHMAN ÖZALP

www.abdurrahmanozalp.com

Mail: ao@abdurrahmanozalp.com abdurrahman.ozalp@gmail.com