

1: Usance - Wikipedia

Under the documents against acceptance (D/A) the buyer does not have to pay immediately. The buyer is given a credit period. He only pays on the maturity date of the accepted Bill of Exchange, which may be 30 days, 60 days, 90 days later or even longer.

The buyer accepts documents by signing bills of exchange sent by the exporter, agreeing to pay the value of goods shipped as per agreed period of time. He completes import customs clearance procedures with the said original shipping documents and approach carrier to deliver cargo to him after completion of such import customs clearance. The payment against sale of goods is effected up on the maturity day mentioned in the bill of exchange. Documents against Acceptance - Is it safe for seller? In payment terms, is DA safe for an Exporter? Does importer make payment on maturity of contracted period? How reliable DA terms in exports? As per my opinion, the legal strength on D. A terms is very weak in international legal terms. Most of the countries have credit agencies who provide insurance coverage against default of payment by buyers. You can approach such credit guarantee insurance agencies to cover insurance against such buyers. For example in India, Export Credit Guarantee Corporation ECGC is an example for such insurance agencies who protect sellers against default of payment on sale of exported goods. How does credit guarantee Insurance agencies protect exporters on default of payment by their buyer? Most of credit guaranteeing insurance companies is under the direct governance of government of such country. These credit guarantee agencies collect confidential financial information against each buyer. Once after procuring export order by seller, he submits a copy of such business order with an application with credit guaranteeing insurance company to cover insurance against such buyer as per the purchase order contracted. The insurance company collects confidential financial status of buyer and gets credit worthiness of such buyer. Based on such credit worthiness of a buyer, insurance company approves credit limit to exporters. Once after approval from such insurance company, the seller exports his product to the said buyer by obtaining an insurance policy against such buyer. If the buyer default payment on maturity time, the exporter can approach insurance company to reimburse the sale of goods. These insurance company approaches defaulted buyer and demands the compensation, failing which they black list these defaulters and circulate among the exporters where such defaulted buyers can not buy any goods from the country. In certain circumstances, the insurance company may reject application if the credit worthiness of buyer is not at all satisfactory. Is DP terms of payment safe in export business? In a nutshell, without an insurance cover against an importer buyer , I do not recommend exporters to supply goods under Documents against Acceptance DA terms , unless otherwise the exporter has a satisfactory creditworthiness based on previous experience or strong evidencing proof. I hope, I have explained about DA terms of payment in simple language. Do you have different thought and experience on DA term of payment?

2: IGNOU MCOM SOLVED ASSIGNMENTS IGNOU MCOM SOLVED ASSIGNMENTS

In a nutshell, without an insurance cover against an importer (buyer), I do not recommend exporters to supply goods under Documents against Acceptance (DA terms), unless otherwise the exporter has a satisfactory creditworthiness based on previous experience or strong evidencing proof.

The document is issued by a financial organization at the buyer request. Buyer also provide the necessary instructions in preparing the document. Is to make a payment to or to the order third party the beneficiary or is to accept bills of exchange drafts drawn by the beneficiary. Authorised another bank to effect such payments or to accept and pay such bills of exchange draft. Authorised another bank to negotiate against stipulated documents provided that the terms are complied with. The decision to pay under a letter of credit will be based entirely on whether the documents presented to the bank appear on their face to be in accordance with the terms and conditions of the letter of credit. Parties to Letters of Credit Applicant Opener: Applicant which is also referred to as account party is normally a buyer or customer of the goods, who has to make payment to beneficiary. LC is initiated and issued at his request and on the basis of his instructions. Issuing Bank Opening Bank: The issuing bank is the one which create a letter of credit and takes the responsibility to make the payments on receipt of the documents from the beneficiary or through their banker. The payments has to be made to the beneficiary within seven working days from the date of receipt of documents at their end, provided the documents are in accordance with the terms and conditions of the letter of credit. If the documents are discrepant one, the rejection thereof to be communicated within seven working days from the date of of receipt of documents at their end. Beneficiary is normally stands for a seller of the goods, who has to receive payment from the applicant. An Advising Bank provides advice to the beneficiary and takes the responsibility for sending the documents to the issuing bank and is normally located in the country of the beneficiary. Confirming bank play an important role where the exporter is not satisfied with the undertaking of only the issuing bank. The Negotiating Bank is the bank who negotiates the documents submitted to them by the beneficiary under the credit either advised through them or restricted to them for negotiation. On negotiation of the documents they will claim the reimbursement under the credit and makes the payment to the beneficiary provided the documents submitted are in accordance with the terms and conditions of the letters of credit. It is normally the bank with which issuing bank has an account from which payment has to be made. Second Beneficiary is the person who represent the first or original Beneficiary of credit in his absence. In this case, the credits belonging to the original beneficiary is transferable. The rights of the transferee are subject to terms of transfer. Types of Letter of Credit 1. It is rarely used in international trade and not considered satisfactory for the exporters but has an advantage over that of the importers and the issuing bank There is no provision for confirming revocable credits as per terms of UCPDC, Hence they cannot be confirmed. It should be indicated in LC that the credit is revocable. Form an exporters point of view it is believed to be more beneficial. An irrevocable letter of credit from the issuing bank insures the beneficiary that if the required documents are presented and the terms and conditions are complied with, payment will be made. In case of usance credit, draft are drawn on the issuing bank or the correspondent bank at specified usance period. The credit will indicate whether the usance draft are to be drawn on the issuing bank or in the case of confirmed credit on the confirming bank. A backto back credit which can also be referred as credit and countercredit is actually a method of financing both sides of a transaction in which a middleman buys goods from one customer and sells them to another. The parties to a BacktoBack Letter of Credit are: The buyer and his bank as the issuer of the original Letter of Credit. The ultimate buyer not ready for a transferable credit The Beneficiary do not want to disclose the source of supply to the openers. The manufacturer demands on payment against documents for goods but the beneficiary of credit is short of the funds 6. It can only be used when the company is selling the product of a third party and the proper care has to be taken about the exit policy for the money transactions that take place. Reduce the amount of the credit. Reduce unit price if it is stated Make shorter the expiry date of the letter of credit. Make shorter the last date for presentation of documents. Make shorter the period for shipment of goods. Increase the amount of the cover or percentage for

which insurance cover must be effected. Substitute the name of the applicant the middleman for that of the first beneficiary the buyer. The main objective of issuing such a credit is to secure bank loans. Unlike a traditional letter of credit where the beneficiary obtains payment against documents evidencing performance, the standby letter of credit allow a beneficiary to obtains payment from a bank even when the applicant for the credit has failed to perform as per bond. A bank issue an import letter of credit on the behalf of an importer or buyer under the following Circumstances When a importer is importing goods within its own country. When a trader is buying good from his own country and sell it to the another country for the purpose of merchandizing trade. When an Indian exporter who is executing a contract outside his own country requires importing goods from a third country to the country where he is executing the contract. The issuing bank charges the applicant fees for opening the letter of credit. The fee charged depends on the credit of the applicant, and primarily comprises of: The fee charged by bank for the usance period is referred to as usance charges b Retirement Charges 1. This would be payable at the time of retirement of LCs. The advising bank charges an advising fee to the beneficiary unless stated otherwise The fees could vary depending on the country of the beneficiary. The advising bank charges may be eventually borne by the issuing bank or reimbursed from the applicant 3. The applicant is bounded and liable to indemnify banks against all obligations and responsibilities imposed by foreign laws and usage 4. The reimbursing bank charges are to the account of the issuing bank. The financial standing of the importer As the bank is responsible to pay the money on the behalf of the importer, thereby the bank should make sure that it has the proper funds to pay. The goods Bankers need to do a detail analysis against the risks associated with perishability of the goods, possible obsolescence, import regulations packing and storage, etc. Price risk is the another crucial factor associated with all modes of international trade. Exporter Risk There is always the risk of exporting inferior quality goods. Banks need to be protective by finding out as much possible about the exporter using status report and other confidential information. Country Risk These types of risks are mainly associated with the political and economic scenario of a country. To solve this issue, most banks have specialized unit which control the level of exposure that that the bank will assumes for each country. Foreign exchange risk Foreign exchange risk is another most sensitive risk associated with the banks. As the transaction is done in foreign currency, the traders depend a lot on exchange rate fluctuations. Export Letter of Credit is issued in for a trader for his native country for the purchase of goods and services. Such letters of credit may be received for following purpose: For physical export of goods and services from India to a Foreign Country. For execution of projects outside India by Indian exporters by supply of goods and services from Indian or partly from India and partly from outside India. Towards deemed exports where there is no physical movements of goods from outside India But the supplies are being made to a project financed in foreign exchange by multilateral agencies, organization or project being executed in India with the aid of external agencies. For sale of goods by Indian exporters with total procurement and supply from outside India. In all the above cases there would be earning of Foreign Exchange or conservation of Foreign Exchange. Banks in India associated themselves with the export letters of credit in various capacities such as advising bank, confirming bank, transferring bank and reimbursing bank In every cases the bank will be rendering services not only to the Issuing Bank as its agent correspondent bank but also to the exporter in advising and financing his export activity. It is also necessary for the advising bank to go through the letter of credit, try to understand the underlying transaction, terms and conditions of the credit and advice the beneficiary in the matter. The main features of advising export LCs are: There are no credit risks as the bank receives a onetime commission for the advising service. There are no capital adequacy needs for the advising function. In the process of advising the amendments the Issuing bank serializes the amendment number and also ensures that no previous amendment is missing from the list. Confirmation of Export Letters of Credit It constitutes a definite undertaking of the confirming bank, in addition to that of the issuing bank, which undertakes the sight payment, deferred payment, acceptance or negotiation. Once the issuing bank nominates the negotiating bank, it can take the credit risk on the issuing bank or confirming bank. However, in such a situation, the negotiating bank bears the risk associated with the document that sometimes arises when the issuing bank discover discrepancies in the documents and refuses to honor its commitment on the due date. Reimbursement of Export LCs Sometimes reimbursing bank, on the recommendation of issuing bank allows

the negotiating bank to collect the money from the reimbursing bank once the goods have been shipped. It is quite similar to a cheque facility provided by a bank. In return, the reimbursement bank earns a commission per transaction and enjoys float income without getting involve in the checking the transaction documents.

3: Letter of Credit Advising/ Confirmation/ Negotiation/ Collections

Under the archives against acknowledgment (D/A) the purchaser does not need to pay instantly. The purchaser is given a credit period. He just pays on the development date of the acknowledged Bill of Exchange, which might be 30 days, 60 days, after 90 days or considerably more.

Standard Chartered Bank will check the LC for its authenticity. Benefits As the Beneficiary, the customer may be reasonably assured that the Letter of Credit is genuine and if the customer presents the documents stipulated under the Letter of Credit, it is unlikely that the Issuing Bank should challenge the authenticity of such Letter of Credit. If the customer decides to lodge the Original Letter of Credit and amendments with Standard Chartered Bank for safe-keeping, the customer will not need to worry about misplacing it Note: Original Letters of Credit are required for negotiation Letter of Credit Confirmations Confirmation of a Letter of Credit constitutes an undertaking on the part of the Confirming Bank, in addition to that of the Issuing Bank, to pay a customer, without recourse, if documents are presented in compliance with the terms and conditions of the credit. Standard Chartered Bank has a large branch and correspondent banking network across the globe and is a leading banking facilities provider in the Middle East, Asia Pacific, Africa, Latin America and other emerging markets. Standard Chartered Bank offers Letters of Credit confirmations to exporters to help mitigate sovereign and bank risks subject to its internal approvals. Benefits Confirmation of a Letter of Credit protects the customer and the exporter, against Issuing Bank and country risk. In effect, by negotiating export documents under a Letter of Credit, Standard Chartered Bank will pay the customer and the Exporter, with its own funds, and will rely on the reimbursement by the Issuing Bank at a later date. Letters of Credit that are both available at sight or Usance are capable of being negotiated. Negotiation of documents under a Letter of Credit can either be with or without recourse to the customer. If the export documents are compliant with the Letter of Credit terms and the Letter of Credit is confirmed by Standard Chartered Bank, then negotiation will be without recourse to the customer. On the other hand, if the Letter of Credit is not confirmed, then negotiation will be with recourse to the customer. Benefits The customer will be able to receive funds in advance, which can be used to repay the pre-shipment loans that the customer may have taken to produce the goods, pay the suppliers if the customer was a an intermediary or fund the working capital requirements. This is especially useful if the customer had granted credit terms to the buyer under the Letter of Credit. Bank Requirements The Letter of Credit should not usually have a credit period of more than days The Letter of Credit must state that it is a freely negotiable instrument i. It is available for negotiation at any Bank , or state that it is available for negotiation at Standard Chartered Bank counters. The parties in the Letter of Credit should not be related parties Export Documents presented under the Letter of Credit must be in strict compliance with the stipulated terms and conditions Note: If the export documents are not in strict compliance the customer may still request for an advance of funds subject to the customer having an appropriate facility with Standard Chartered Bank. However, it is important to note that any such advances against discrepant documents are with full recourse to the customer and if the discrepancies are considered by Standard Chartered Bank to be "material", Standard Chartered Bank reserves the right not to advance funds against such Letters of Credit Letter of Credit Collections A Letter of Credit Collection is similar to a Letter of Credit Negotiation in that Standard Chartered Bank, as the nominated bank will handle the export documents and present these to the Issuing Bank for payment or acceptance under the framework of UCP. The key point to note is that Standard Chartered Bank will continue to examine the documents, and will notify the customer if any of the documents that have been presented do not conform to the Letter of Credit. The material difference is that Standard Chartered Bank does not guarantee that funds will be made available to the customer even though the customer has performed in strict compliance with the terms and conditions under the Letter of Credit. Typically, a Letter of Credit collection is presented under the following conditions:

4: Documents against Acceptance do not have usance period

(b) Documents against Acceptance do not have usance period. Dear Students, As explained in the Programme Guide, you have to do one Tutor Marked Assignment for each course. We are providing the Solved assignments of all the six courses together in this booklet.

Account Party - The party instructing the bank to open a letter of credit and on whose behalf the bank agrees to make payment. Advice of Fate - Notification of the status of a collection that is still outstanding. When a draft bears this phrase, the time begins to run from its date. The date of maturity is therefore fixed and does not depend on the date of acceptance of the draft. Advising Bank - A bank that accepts a letter of credit from the issuing bank, verifies its authenticity, and forwards it to the beneficiary. The advising bank does not take on any payment obligations. After Sight - When a draft bears this phrase, the time begins to run from the date of its acceptance. Air Waybill of lading - A signed receipt and a contract to deliver goods by air. The title passes to the party to whom the goods are consigned the Consignee. Amendment - Change to terms of a letter of credit. Beneficiary has the right to refuse the amendment under an irrevocable letter of credit. Applicant - See "account party". Assignment of Proceeds - A request by the beneficiary to pay all or part of the funds due to him to a third party. This instrument does not transfer rights in the letter of credit nor the title to the goods. By accepting a draft, the bank is obligated to pay the face amount at a specified time in the future, usually six months or less after acceptance. Bank Draft - A check drawn by a bank on another bank payable to the seller at the request of the buyer. The check may be denominated in U. Dollars or most foreign currencies. Beneficiary - The party who receives payment as stipulated in a letter of credit. Bill of Exchange - Formal written order addressed by one person drawer to another drawee, signed by the drawer, and directing the drawee to pay on demand or at a fixed or determinable future time, a certain sum in money to the order of a specified person payee. Bill of Lading Air, Ocean, Railroad, Truck - A document of title issued by the carrier transport company or its agent. Bill of lading is a receipt for the merchandise in transit, as well as a contract for delivery to a specified party at a specified destination. A bill of lading is presented to a bank for payment or negotiation after the stipulated date in the letter of credit, or later than 21 days after the date of its issuance. Delivery of the merchandise is made only to the designated party, usually without surrendering the bill of lading. Cash Against Documents CAD - Payment for goods in which an intermediary usually a bank releases title documents to the buyer upon payment in cash. Cash in Advance CIA - A term of trade in which the exporter does not ship goods until payment is received; offers the least risk to sellers and the most risk to buyers. Clean Draft - A sight or time draft bill of exchange which is not accompanied by additional documents. Also referred to as "Clean Collection". Collecting Bank - Bank that acts as an agent for a remitting bank that wishes to have its collections handled. The collecting bank demands payment from the buyer and handles the funds received as instructed; generally the funds are sent back to the remitting bank. It contains the terms of the sale and is prepared by the seller to show the total amount owed by the buyer. Discrepancy - Any deviation from the terms and conditions of a letter of credit or from the documents presented under the letter of credit. Documentary Credit - A letter of credit issued to support the movement of merchandise supported by shipping documents presented by the beneficiary to the Issuing Bank for payment or acceptance. Draft - A draft is a formal demand for payment. It is an unconditional order in writing, addressed by one party drawer to another party drawee, requiring the drawee to pay, at a designated or determinable future date, a specified sum in lawful currency either in dollars or other currency to the order of a named party the Payee. These programs encourage U. Expiry or Expiration Date - The date on which the draft and documents drawn under a letter of credit must be presented to the negotiating, accepting, paying, or issuing bank in order to effect payment. Foreign Exchange - The process of trading the currency of one country for that of another. Foreign Exchange Exposure - A situation in which a U. Dollars, runs the risk of receiving a reduced dollar amount or paying an increased dollar amount due to a fluctuating exchange rate. Forward Transactions - Foreign exchange transactions settling between three business days and one year and sometimes longer. Freight Forwarder - An independent business that arranges for the shipment of export cargo and completes the

necessary export documentation on behalf of the exporter. Issuing Bank - Bank that draws up and issues the letter of credit and that makes payment according to the conditions Letter of Credit - An instrument issued by a bank, at the request of the applicant, promising to pay the beneficiary upon his presentation of stipulated documents in accordance with the terms and conditions of the credit. A letter of credit issued by one bank to which another bank added its irrevocable confirmation to pay, thereby obligating itself in the same manner as the opening bank. A letter of credit that generally guarantees payment due for an unfulfilled obligation on the part of the applicant or another party. It is payable upon presentation of a draft, as well as a signed statement or certification by the beneficiary that the applicant has failed in his obligation. Maturity Date - The date on which negotiable instruments become due for payment. Negotiating Bank - The bank that reviews the documents required in the letter of credit for compliance with its terms and remits payment to the beneficiary. The bank may be specifically named in the letter of credit, or may be a bank chosen by the seller. Opening Bank - See "Issuing Bank". See also "negotiating bank". Presentation - Presentation for acceptance or payment on a collection or letter of credit. Proforma Invoice - An invoice sent in advance of shipment, to enable the buyer to obtain an import permit or exchange permit or both. The proforma invoice gives a close approximation of the weights and values of the intended shipment. Protest - Legal process of demanding payment of a negotiable item from the maker who has refused to pay. Reimbursing Bank - The bank named in a letter of credit as the bank authorized by the issuing bank to honor claims presented by the paying, accepting, or negotiating bank. The issuing bank must honor the draft s negotiated before the notice of revocation has been made. Spot Transaction - Foreign exchange transaction in which foreign currency is bought at the current rate of exchange and delivered within two business days after the transaction date. Spread - The difference between the buying bid rate and the selling offer rate of any foreign currency for any particular period. Usually payable against drafts and statements, but not against commercial documents. Trade Acceptance - Draft drawn by the seller of goods on the buyer and accepted by the buyer for payment at a specified future date. Usance Time Credit - Letter of credit that calls for payment against drafts calling for payment at some specified date in the future. Gives buyers time to sell the goods to get the funds to reimburse the issuer. Value Settlement Date - Contracted date on which the foreign exchange is to be delivered or received. Letter of Credit Glossary of Terms creditmanagementworld.

5: Banker's Acceptance in financing international trade

Documents against Acceptance do not have usance period. @, *Documents against Acceptance do not have usance period.* @,

The range of documents that may be requested by the applicant is vast, and varies considerably by country and commodity. Several methods of verifying the documents exist, each provides different variations of risk to the fact that the documents are legitimate. A Documentary Credit provides security for both buyer and seller. Outlined in the UCP , the bank will give an undertaking or promise , on behalf of buyer who is often the applicant to pay the beneficiary the value of the goods shipped if acceptable documents are submitted and if the stipulated terms and conditions are strictly complied with. The buyer can be confident that the goods he is expecting only will be received since it will be evidenced in the form of certain documents, meeting the specified terms and conditions. The supplier finds his confidence in the fact that if such stipulations are met, he will receive payment from the issuing bank, who is independent of the parties to the contract. In some cases, a letter of credit will require the documents to be collected. Other forms of effected payment is the direct payment where the supplier ships the goods and waits for the buyer to remit the bill, on open account terms. Risk Exposure[edit] Letters of Credit are often used in international transactions to ensure that payment will be received where the buyer and seller may not know each other and are operating in different countries. In this case, the seller is exposed to a number of risks such as credit risk , and legal risk caused by the distance, differing laws and difficulty in knowing each party personally. Fraud Risks The payment will be obtained for nonexistent or worthless merchandise against presentation by the beneficiary of forged or falsified documents. Legal Risks There is the possibility that performance of a documentary credit may be disturbed by legal action relating directly to the parties and their rights and obligations under the documentary credit or performance may be prevented by government action outside the control of the parties. Alternatively, performance of a contract “ including an obligation under a documentary credit relationship “ could also be prevented by external factors such as natural disasters or armed conflicts. These risks, however, are often seen as secondary to the risk of non-payment. Applicant Several risks could relate to the parties of the applicant themselves. These may include situations where there is a non-delivery of Goods, Short shipment the goods are of inferior quality, are damaged, or are late. The applicant is also exposed to the failure of the bank to make payment. Issuing Bank The issuing bank is also exposed to risks which he may seek to mitigate through various techniques. He will be exposed to the insolvency risk of the applicant, that is, the risk the applicant runs insolvent before he is able to repay the letter of credit. Secondly, the bank will be exposed to a risk of fraud by the seller, who may provide incorrect or falsified documents to receive payment. If the bank ought to have known that the documents were a fraud, then the bank will be exposed to a fraud. Beneficiary The beneficiary will be exposed to the risk of its own failure to comply with credit conditions or failure of, or delays in payment from, the issuing bank. These risks are considered remote. Crucially, the beneficiary is not exposed to the risks of set-off by the applicant where the goods are damaged or are of inferior quality. While he may be sued by the applicant at a later point, the issuing bank cannot reduce the payment owed to correspond with the damage occurred. This is crucial in mitigating the risk to insolvency. That is to say, it is concerned primarily with the ability of the buyer to pay for the goods. Pricing[edit] Issuance charges, covering negotiation, reimbursements and other charges are paid by the applicant or as per the terms and conditions of the LC. If the LC does not specify charges, they are paid by the Applicant. Charge-related terms are indicated in field 71B. The payment obligation is independent from the underlying contract of sale or any other contract in the transaction. This is confirmed within the market-practice documents stated by Article 5 of UCP As is a core tenant of Financial law , market practice comprises a substantial portion of how parties behave. Accordingly, if the documents tendered by the beneficiary or their agent are in order, then, in general, the bank is obliged to pay without further qualifications. This is advantageous because the issuing bank often has a personal banking relationship with the buyer. The whole commercial purpose for which the system of confirmed irrevocable documentary credits has been developed in international trade is to give to the seller an

assured right to be paid before he parts with control of the goods that. It further does not permit of any dispute with the buyer as to the performance of the contract of sale being used as a ground for non-payment or reduction or deferment of payment. However, the only exception to this may be fraud. For example, a dishonest seller may present documents which comply with the letter of credit and receive payment, only to later discover that documents are fraudulent and the goods are not in accordance with the contract, this would place the risk on the buyer, but it also means that the issuing bank must be stringent in assessing whether the presenting documents are legitimate. The policies behind adopting this principle of abstraction are purely commercial. Whilst the bank is under an obligation to identify that the correct documents exist, they are not expected to examine whether the documents themselves are valid. That is to say, the bank is not responsible for investigating the underlying facts of each transaction, whether the goods are of the sufficient "and specified" quality or quantity. Because the transaction operates on a negotiable instrument, it is the document itself which holds the value - not the goods to which the reference. This means that the bank need only be concerned with whether the document fulfils the requirements stipulated in the letter of credit. Documents required under the LC, could in certain circumstances, be different from those required under the sale transaction. This would place banks in a dilemma in deciding which terms to follow if required to look behind the credit agreement. Since the basic function of the credit is to provide a seller with the certainty of payment for documentary duties, it would seem necessary that banks should honor their obligation in spite of any buyer allegations of misfeasance. Courts have emphasized that buyers always have a remedy for an action upon the contract of sale and that it would be a calamity for the business world if a bank had to investigate every breach of contract. With the UCP rules the ICC sought to make the rules more flexible, suggesting that data in a document "need not be identical to, but must not conflict with data in that document, any other stipulated document, or the credit", as a way to account for any minor documentary errors. However, in practice, many banks still hold to the principle of strict compliance, since it offers concrete guarantees to all parties. If this were not the case, the bank would be entitled to withhold payment even if the deviation is purely technical or even typographical. That is to say, they have not examined legal effect of the banks obligation through a conclusive theoretical lens. This has produced several conflicting theories as to the contractual effect of a letter of credit. Some theorists suggest that the obligation to pay arises through the implied promise, assignment, novation, reliance, agency, estoppel and even trust and the guarantees. However, the performance of an existing duty under a contract may be a valid consideration for a new promise made by the bank, provided that there is some practical benefit to the bank [34] A promise to perform owed to a third party may also constitute a valid consideration. Therefore, a LC theoretically fits as a collateral contract accepted by conduct or in other words, an implied-in-fact contract where the buyer participates as the third party beneficiary with the bank acting as the stipulator and the seller as the promisor. The term "beneficiary" is not used properly in the scheme of an LC because a beneficiary also, in trust law, cestui que use in the broadest sense is a natural person or other legal entity who receives money or other benefits from a benefactor. Note that under the scheme of letters of credit, banks are neither benefactors of sellers nor benefactors of buyers and the seller receives no money in gratuity mode. As a result, this kind of arrangement would make letter of credit to be enforceable under the action *assumpsit* because of its promissory connotation. For example, most jurisdictions in the United States U. These rules of practice are incorporated into the transaction by agreement of the parties. Since the UCP are not laws, parties have to include them into their arrangements as normal contractual provisions. However, they still form a substantial part of market practice and underpin Financial law crucially. German case law indicates that the relationship between the issuing bank and customer is a contract for execution of a transaction, while the relationship between the issuing bank and the beneficiary is a promise of a debt. Courts eventually dealt with the device by treating it as a hybrid of a mandate *Auftrag* and authorization-to-pay contract *Anweisung*. Letters of credit are also sometimes used as part of fraudulent investment schemes.

6: At Sight LC with Usance Draft - Best Trade Solution

Commitment period is the period from the opening of the letter of credit until the last date of negotiation of documents under the L/c or the expiry of the L/c, whichever is later Usance is the credit period agreed between the buyer and the seller under the letter of credit.

This Service provides workforce management and human resource tools for employers. You may only register and use the Services if You are: All other uses of the Service are expressly excluded. As a corollary to the limited use rights above, and for the avoidance of doubt, We do not consent to any use of the Services if You are an employee or contractor or otherwise affiliated with, directly or indirectly, any other workforce management software or service provider "Competitor" , nor do We consent to Your use of the Service if You are doing so in any part to learn the method of operation of the Service to become, directly or indirectly, a Competitor or to provide the method of operation, the feature list, the look and feel, or any other information about our products to competitors. We also do not consent to Your use, and You covenant not to access the Services for purposes of, monitoring the availability, performance or functionality of the Service, or for any other benchmarking or similar purposes. You further understand and agree that if You are an employee, contractor or otherwise directly or indirectly affiliated with, a Competitor, and You access our Service, or attempt to get any information about us or our Service from any third parties or individuals not authorized to disclose such information to You, You will cause irreparable damage to Us and that We shall be entitled, in addition to any other relief available at law or in equity, to an injunction restraining such access and a mandatory injunction recovering from You all of our confidential information and other knowledge You wrongfully obtained about us. When using our Service, You may only access Your Data using Your personal login credentials, You may not attempt to access data that belongs to other customers, or acquire login credentials of other Users. You accept this Agreement by creating a User account, logging in, using the Service, or by accepting this Agreement when You check a box indicating such acceptance. Order Forms shall be deemed incorporated herein by reference. You agree that Order Forms may be entered into using solely or partially electronic signature and electronic contracting process and such electronic signatures or acceptances shall be valid as signed writings. You acknowledge that You have had the opportunity to review the User Guide during the day free trial. Users may include but are not limited to Your employees, consultants, contractors, partners, and agents; or third parties with which You transact business. **FREE TRIAL** We will make one or more Services available to You on a trial basis free of charge until the earlier of a the thirtieth 30th day after Your acceptance of this Agreement, b the day after the free trial advertised on our Service is over or b the start date of any Purchased Services ordered by You. Additional trial terms and conditions may appear on the trial registration web page. Any such additional terms and conditions are incorporated into this Agreement by reference and are legally binding. **Provision of Purchased Services.** Alternatively, You may have engaged us through a company that has integrated Our Services into their platform or service; in this event, We shall make the Purchased Services available to You pursuant to this Agreement and your agreement with the company that has integrated Our Service into their platform. You agree that Your purchases hereunder are neither contingent on the delivery of any future functionality or features nor dependent on any oral or written comments made by Us regarding future functionality or features. Unless otherwise stated in an Order Form, all other features e. Contractors, interns, volunteers and anyone else You wish to track will be counted as an Active User. When You sign up for Our Services, You are required to select a Service plan from the list of Service plans presented and authorized by Us. This plan will detail Our fees and may or may not contain various provisions, surcharges, and overage use charges as well as any usage limitations. Examples of such charges may include charges for specific features, premium support, private branding support, and third party applications. Examples of limitations may include the number of Active Users You can track in the Service, the number of Active Users that may access the Services or the types of activities they can perform. We may modify Our Service pricing or ask You to select a different plan at any time, unless the plan You select has a time commitment associated with it. When You buy our Service, You receive a license to store a

limited number of Active Users on the Service, but every Active User receives a license to use the Service and access it in any way You allow them to. For example, if You purchase a 50 employee subscription, You may store records for up to 50 Active Users in the Service and allow these 50 employees to access the Service at any time. So long as You are in an active Subscription Term You can store an unlimited number of inactive terminated employees. Some of Our plans may not have limitations on certain usage features. We reserve the right to change the pricing plan for customers that exceed a reasonable resource utilization of our Service. If Your account is affected by such plan change, We will notify You via electronic mail and give You a reasonable opportunity which shall be stated in the notice and which may be between 5 and 30 calendar days, depending on the nature of Your use to avoid the change. We shall during a Subscription Term: Please see section 11 for limitations on Your remedies if We breach this section. You shall not a make the Services available to anyone other than Users and Guests, b sell, resell, sublicense, offer as a service bureau, rent or lease the Services, c use the Services to store or transmit infringing, libelous, or otherwise unlawful or tortious material, or to store or transmit material in violation of third-party privacy, publicity or personal rights or other obligations owed to third parties, d use the Services to store or transmit Malicious Code, e interfere with or disrupt the integrity or performance of the Services or third-party data contained therein, or f attempt to or actually gain unauthorized access to the Services or their related systems or networks. You may not use the system to store protected health information and payment information. You may also not use the system in a way that overloads the system and makes it unavailable, slow, or unusable to other users of the system. Services may be subject to other limitations. Any such limitations are specified in Your Plan, the User Guide, or any other documentation. The Services provide real-time information to enable You to monitor Your compliance with such limitations. We will make commercially reasonable efforts to ensure the confidentiality, integrity, and availability of Your Data. While We are committed to using such efforts to ensure that Your Data is safe and secure, We reserve the right to decide what efforts are commercially reasonable. Our Service may provide You with information You may use in making hiring or other personnel decisions. You agree and understand that this information does not constitute legal advice and may not be relied upon for any legal compliance purposes when making such hiring or other personnel decisions. You will treat this information similarly to that of a viewpoint of Your own employee and make Your own hiring or personnel decisions. You further understand that none of the information available on the Service or provided by us is a predictor of future performance and nothing We say should be used to make any personnel decisions. You agree not to violate applicable laws, including but not limited to Equal Employment Opportunity laws and regulations and to not use any information You gather from our Service to discriminate against any person whether employee, contractor or prospective candidates on the basis of race, color, religion, gender, national origin, age, disability, genetic or other protected class basis. You agree that We will not be liable for any damages to You based on the decisions You make resulting or arising from use of our Service. You agree to perform Your own due diligence as to whether the use of Our Service complies with laws and regulations of Your state or country. You agree to assume all responsibility and liability everything You store and do using the Services.

Third-Party Products and Services. Our Service may include, and from time to time We may offer, third party applications, data, and services integrated with Our Service. In addition, Our Service may be integrated into a third party service or platform. We are only responsible for Our Services, and You agree that We shall not be liable, or otherwise responsible, for the accuracy, performance, reliability, availability or any other feature, failure or damage caused by any third party service, plugin, software, platform or other functionality that is not directly supplied by Us. Each such third party service, platform, software or plugin may contain additional terms. Except as otherwise specified herein or in an Order Form or Plan, i fees are quoted and payable in United States dollars ii depending on the Plan You select, fees may be based on either Services purchased or on quantity of actual usage of the Service, iii payment obligations are non-cancelable and fees paid are non-refundable, and iv for monthly plans, the number of Active User Subscriptions can be changed at any time; for annual subscriptions, the number of Active Users can be increased at any time but only decreased down to the number of Active Users that were in the annual subscription on the day the annual contract commenced; multi-year contracts will be handled the same way as single year contracts. Unless set forth

specifically in an Order Form, You agree to timely pay fees in U. All other forms of payment shall be deemed paid when We actually receive the check and it clears our bank. Regular charges shall be made in advance, either monthly, annually or in accordance with any different billing frequency stated in the applicable Order Form or Plan. Any usage charges shall be made monthly, after the end of the billing period. If You have designated credit card as the payment method and We are unable to charge Your credit card, We will notify You by e-mail and give You a reasonable time preferably in 5 business days to update Your billing information and satisfy the payment. You are responsible for maintaining complete and accurate billing and contact information in the Services. Suspension of Service and Acceleration. If any amount owed by You under this or any other agreement for Services is 30 or more calendar days overdue, We may, without limiting Our other rights and remedies, accelerate Your unpaid fee obligations under such agreements so that all such obligations become immediately due and payable, and suspend Services until such amounts are paid in full. We shall not exercise Our rights under Section 6. Unless otherwise stated, Our fees do not include any taxes, levies, duties or similar governmental assessments of any nature, including but not limited to value-added, sales, use or withholding taxes, assessable by any local, state, provincial, federal or foreign jurisdiction collectively, "Taxes". You are responsible for paying all Taxes associated with Your purchases hereunder. If We have the legal obligation to pay or collect Taxes for which You are responsible under this paragraph, the appropriate amount shall may be invoiced to and paid by You, unless You provide Us with a valid tax exemption certificate authorized by the appropriate taxing authority. Subject to the limited rights expressly granted hereunder, We reserve all rights, title and interest in and to the Services, including all related patent, copyright, trademark, trade secret and other proprietary rights therein intellectual property rights , and all enhancements, modifications and other alterations or derivatives thereof, regardless of whether such enhancements, modifications and other alterations or derivatives thereof arise from any suggestion, input, idea, or other submission by You. For the avoidance of doubt, You hereby assign over to Us and automatically assign over to us in the future all right, title and interest to all intellectual property rights described or disclosed in any suggestion, input, idea, or other submission by You relating to the Service; provided however that at no time shall We own any rights in Your Data. No rights are granted to You hereunder other than as expressly set forth herein. You shall not and covenant not to i permit any third party to access the Services except as permitted herein or in an Order Form, ii create derivative works based on the Services, iii copy, frame or mirror any part or content of the Services, other than copying or framing on Your own intranets or otherwise for Your own internal business purposes, iv reverse engineer the Services, or v access the Services in order to a build a competitive product or service, or b copy any features, functions or graphics of the Services. Ownership of Your Data. As between Us and You, You exclusively own all rights, title and interest in and to all of Your Data; provided however that We have an implied license during the Subscription Term to use Your Data solely to provide the Services to You and as otherwise permitted herein, or as required to comply with applicable law. We own all De-Identified Data, and We have the right to sell, license, sublicense, transfer and otherwise use such De-Identified Data in any manner, without payment to You, or reduction or other offset to any fees We charge. Definition of Confidential Information. Your Confidential Information shall include Your Data; Our Confidential Information shall include the Services; and Confidential Information of each party shall include the terms and conditions of this Agreement and all Order Forms, as well as business and marketing plans, technology and technical information, product plans and designs, and business processes disclosed by such party. However, Confidential Information shall not include any information that i is or becomes generally known to the public without breach of any obligation owed to the Disclosing Party, ii was known to the Receiving Party prior to its disclosure by the Disclosing Party without breach of any obligation owed to the Disclosing Party, iii is received from a third party without breach of any obligation owed to the Disclosing Party, or iv was independently developed by the Receiving Party. Protection of Confidential Information. Except as otherwise permitted in writing by the Disclosing Party, i the Receiving Party shall use the same degree of care that it uses to protect the confidentiality of its own confidential information of like kind but in no event less than reasonable care not to disclose or use any Confidential Information of the Disclosing Party for any purpose outside the scope of this Agreement, and ii the Receiving

Party shall limit access to Confidential Information of the Disclosing Party to those of its employees, contractors and agents who need such access for purposes consistent with this Agreement and who have signed confidentiality agreements with the Receiving Party containing protections no less stringent than those herein. Protection of Your Data. Without limiting the above, We shall maintain appropriate administrative, physical, and technical safeguards for protection of the security, confidentiality and integrity of Your Data. We shall not, except to provide the Services or prevent or address Service or technical problems, or at Your request in connection with customer support matters: From time to time We may perform general analysis of audit trails and any associated information in order to i determine Service use statistics and ii validate and enforce data security. Such analysis will not disclose Your confidential information. We will not disclose results of such analysis to anyone outside of Our organization unless permitted by You, required by law, or required by an external business partner such as a bank in order for Us to comply with our legal obligations to such partner, provided that in such cases such business partner shall be obligated to execute a non disclosure agreement that contains terms not materially less protective of the Disclosing Party than are provided herein. Each party represents and warrants that i it has the legal power to enter into this Agreement. You represent that You will not transmit to Us Malicious Code. We warrant that We will scan our Services and software with a commercially available up to date antivirus scanner, and will not knowingly provide or otherwise make available such information or Services unless such scan discloses no known Malicious Code that is detectable by such antivirus service. In addition to any other indemnity provided herein, You hereby covenant to indemnify, defend and hold Us and our members, owners, officers, employees, agents, affiliates and other persons acting on Our behalf harmless from and against any Claim made or brought against Us by a third party: In the event a third party makes a claim that the Service infringes its intellectual property or other rights, You shall give Us prompt written notice of such claim. We shall have the right to among other actions, seek a license, resolve, provide a design-around, or otherwise make modifications to avoid such infringement or other rights claim. In Our discretion if We determine that the above actions are commercially infeasible, in addition to any other rights herein, may terminate this Agreement or the applicable portion of the Services that is alleged to cause the infringement or otherwise violate third party rights, and refund to You any pre-paid amounts or portions thereof relating to such terminated portion of the Service. This refund is Your exclusive remedy in the event of a third party claim that the Service infringes their intellectual property or other rights. Exclusion of Consequential and Related Damages. You agree that your sole remedy in the event you have any claim against Us in respect of the provision of the Service is for us to repair, replace or otherwise correct such Service to meet the warranty provided for herein; under no circumstances will We be liable to You in such cases for any damages, costs or fees of any kind, including but not limited to actual, compensatory, direct, incidental, punitive or consequential damages, whether or not occasioned by Our negligence. If this provision is determined to have failed of its essential purpose or is otherwise deemed or determined to be unenforceable, You agree that this provision is an independent limitation from all other limitations of remedies herein, and all such other limitations on remedy, including but not limited to those in Sections You are responsible for verifying all employee withholding, allowances and similar information; We are not liable for errors in the transmission or receipt of employee withholding, allowances and similar information. This Agreement commences on the date You accept it and continues until the all Subscription Terms granted in accordance with this Agreement have expired or been terminated. If You elect to use the Services for a free trial period and do not purchase a subscription before the end of that period, this Agreement will terminate at the end of the free trial period.

7: Documents against Acceptance How reliable the terms of payment in exports

Under Documents Against Acceptance, the Exporter allows credit to Importer, the period of credit is referred to as Usance, The importer/ drawee is required to accept the bill to make a signed promise to pay the bill at a set date in the future. When he has signed the bill in acceptance, he can take the documents and clear his goods.

The role of the remitting bank is to: Check that the documents for consistency. Pay the exporter when it receives payments from the collecting bank. The role of the importer is to: Pay the bill as mention in the agreement or promise to pay later. However the collecting bank does not guarantee payment of the bills except in very unusual circumstance for undoubted customer , which is called availing. The role of the collecting banks is to: May arrange storage and insurance for the goods as per remitting bank instructions on the schedule. Once payment is received from the importer, the collecting bank remits the proceeds promptly to the remitting bank less its charges. The collecting bank hands over the shipping documents including the document of title bill of lading only when the importer has paid the bill. The drawee is usually expected to pay within 3 working days of presentation. The attached instructions to the shipping documents would show "Release Documents Against Payment" Risks: If the importer refuses to pay, the exporter can: Protest the bill and take him to court may be expensive and difficult to control from another country. Find another buyer or arrange a sale by an auction. In such a situation, an agent is often referred to as a CaseofNeed, means someone who can be contacted in case of need by the collecting bank. These instructions may include: Removal of the goods from the port to a warehouse and insure them. Contact the case of need who may negotiate with the importer. When he has signed the bill in acceptance, he can take the documents and clear his goods. The payment date is calculated from the term of the bill, which is usually a multiple of 30 days and start either from sight or form the date of shipment, whichever is stated on the bill of exchange. The attached instruction would show "Release Documents Against Acceptance". The exporter runs various risk. The importer might refuse to pay on the due date because: He finds that the goods are not what he ordered. He has not been able to sell the goods. He is prepared to cheat the exporter In cases the exporter can protest the bill and take the importer to court but this can be expensive. The importer might have gone bankrupt, in which case the exporter will probably never get his money. The reason is that airmailed documents may arrive much earlier than the goods shipped by sea. The buyer is not responsible to pay the bill before its due date, but he may want to do so, if the ship arrives before that date. This mode of payments is less usual, but offers more settlement possibility. As an alternative the covering scheduled may simply allow acceptance or payments to be deferred awaiting arrival of carrying vessel. Bills requiring acceptance are those drawn at a fix period after sight, which is necessary to establish the maturity date.

8: What's the difference between sight and usance lc? - www.enganchecubano.com Specialties

(b) Documents against Acceptance do not have usance period. (c) Under Bareboat charter ship-owner do not let out bare ship for a period of time. (d) Under the financial assistance for Agricultural, Horticultural and meat exports, Agricultural and Processed Food Products Export Development Authority do not provide financial assistance.

9: Letter of Credit L/c Documentry Collection Export Import International Trade.

Usance does not refer to a fixed period but varies according to customarry practice in that trade or between the countries involved.(usance credit). A letter of credit that is payable as soon as the required documents have been presented.(sight L/C credit).

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