



"Reliable payment is the first fundamental of free trade."

John W. Dunlop, is President of AVG Trade Group, providing Letter of Credit management, documents and payment via the Internet to clients worldwide.

SWIFT Society for Worldwide Interbank Financial Telecommunications

The SWIFT system is the international banking community secure telex message network. The system carries wire transfers, Letters of Credit, and other financial transactions that require secure communications between banks around the world. Letters of Credit from overseas banks can be authenticated as having originated from a particular bank branch.

SWIFT Telex Fields

Letter of Credit messages can be received in plain text, or in the abbreviated format of a "SWIFT Message". Over the years standard field definitions have come to be associated with standard field numbers to simply understanding

SWIFT Telex Field Definitions

:700 ISSUE OF DOC CREDIT
Type of transmission, SWIFT message format.

:20 DOC CREDIT NUMBER
Credit number assigned by the issuing bank. This number is unique to the specific transaction.

:27 PAGE NUMBER 1 OF x.
Page number of total pages.

How to Decipher the Letter of Credit SWIFT Message

The Society for Worldwide Interbank Financial Telecommunications, or SWIFT, is the most common system for sending Letters of Credit.

:31C ISSUE DATE

The date the letter of credit is issued from the applicants issuing bank.

:31D EXPIRY DATE

The date the letter of credit expires. The Credit validity is defined as the dates between the issuing and expiry dates. After the expiry date the funds supporting the Credit are no longer pledged by the issuing bank.

:32B CURRENCY / AMOUNT

The currency and value of the Credit.

:39C ADDITIONAL AMOUNTS COVERED

Additional amounts covered.

:40A FORM OF DOC CREDIT

Irrevocable and/or transferable. All Credits issued as conforming to UCP 500 are assumed irrevocable unless stated as revocable. The Credit is assumed to be non-transferable unless transferability is stated.

:41D AVAILABLE WITH/BY

Bank the Credit is available to be paid by. Credits may be available by any negotiating bank, or restricted to the bank mentioned in the Credit. If the Credit is confirmed by a particular bank, then it is restricted to that bank to be paid.

:42C DRAFTS AT

Sight or days after sight for payment. Sight is when the negotiating bank "sees", or is presented with the negotiable documents. The number of days after sight are the terms the Credit allows before the applicant must pay the issuing bank.

:42D DRAWEE

Bank the draft is drawn on. The bank responsible for paying the Credit.

:43P PARTIAL SHIPMENTS

Partial shipments allowed or not allowed. Partial shipments allow less than the full value of the Credit drawn against. By extending the expiry and ship dates, and not drawing out the complete value of the Credit, partial shipments allowed Credits can be continuously left open and reused by amendment.

:43T TRANSSHIPMENT

Transshipments allowed or not allowed. Allows intermodal transport of cargo.

:44A LOADING ON BOARD /DISPATCH /TAKING IN CHARGE AT / FROM

Commercial port loading from. Credits that are EXW, or Exworks will stipulate the actual location the goods are available for pickup.

:44B FOR TRANSPORT TO

Destination commercial port. Credits that stipulate a delivery to the interior of a country will specify that location.

:44C LATEST SHIPMENT DATE

Last date shipment Letter of Credit is valid for. If the bill of lading is dated after this date, the Credit is not valid.

:45 GOODS

Goods to be delivered. Summary description of the goods being traded without unit prices or excessive detail.

:45A DESCRIPTION OF GOODS AND/OR SERVICES

Goods description. Summary description of the goods or services being traded.

:46 DOCUMENTS REQUIRED

Documents required for payment. The list of documents that comprise the negotiable document set to be presented for payment. As a minimum proof of movement, value, and content.

:47A ADDITIONAL CONDITIONS

Additional requirements of the Letter of credit such as legalization, and certificates.

:47B ADDITIONAL CONDITIONS

Additional conditions to be complied with.

:48 PERIOD FOR PRESENTATION OF DOCUMENTS.

Number of days after shipment allowed for document presentation. The UCP 500 allows up to 21 days unless a lesser number is so stated.

:49 CONFIRMATION INSTRUCTIONS

Confirmation by the paying bank is allowed or not allowed. If the beneficiary's advising bank confirms the Credit, it becomes the paying bank in lieu of the issuing bank.

:50 APPLICANT

The applicant (usually the buyer) of the Letter of Credit. Also the only entity that can change its terms and conditions..

:50 ORDERING CUSTOMER

Ordering customer. Another name for the applicant of the Letter of Credit.

:51D SENDING INSTITUTION

Sending Institution. The international bank or financial institution issuing the Credit.

:53D REIMBURSEMENT

Reimbursement instructions between the paying and issuing bank. Usually specifying the exact address to send the negotiable document set, and or instructions for drawing against its account.

:57D ACCOUNT WITH BANK

Issuing banks account relationship bank. The account information for the

paying bank to use to drawn funds from the issuing bank.

:59 BENEFICIARY

The Beneficiary (usually the seller) of the Letter of Credit. All negotiable documents must exactly reflect the beneficiary's name and address.

:71B CHARGES

applicant and beneficiary responsibility for bank charges. Usually the applicant pays for bank fees within his country, and the beneficiary pays for them outside of the issuing country. The beneficiary is responsible for making sure all of his cost for the goods shipped are contained in the value of the Credit.

:72 SNDRCV

Send and Receive information.

:78 INSTRUCTIONS TO PAY / ACCEPT / NEGOTIATING BANK

Instructions to paying, accepting, or negotiating bank.

Conclusion.

The SWIFT system reduces the complexity of understanding the Letter of Credit, and makes it easier to amend.

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