

Export Letter of Credit Guide

To: Our Export Customers

From: JPMorgan Chase Bank, N.A., Global Trade Services

We have specifically designed these materials to assist your export department in the processing of International Trade Transactions. An explanation of each form is indicated below:

1. Guide For Requesting an Export Letter of Credit

These instructions will provide the buyer with a list of important terms and conditions to be included in the letter of credit that you are requesting.

2. Export Quotation Worksheet

This worksheet is designed to be an example for gathering the basic information required in the preparation of an export quotation. This is a key step in an international trade transaction.

3. Export Letter of Credit Checklist

This checklist facilitates an efficient review of each letter of credit. The list indicates items requiring prompt action prior to acceptance of the letter of credit.

4. Most Common Discrepancies in Letter of Credit Documents

It is helpful to highlight the most common discrepancies found in shipping documents. This helps assure the accuracy of documents presented under letters of credit and avoid delays in payment and processing additional expenses.

We hope that these resources will help facilitate expedient processing of your transactions involving trade documentation. Please note that in the event of any conflict between this guide and your transaction documentation, your transaction documentation will control.

Attachments:

Guide for Requesting a Letter Of Credit

Export Quotation Worksheet

Export Letter Of Credit Checklist

Most Common Discrepancies in Letter of Credit Documents

Guide for Requesting a Letter of Credit

Please instruct your bank to open an irrevocable letter of credit subject to the uniform customs and practice for documentary credits, international chamber of commerce publication 600 and in accordance with the following terms and conditions:

Beneficiary: (Name and address as your invoice will be titled)

Proforma invoice no: _____

Proforma inv. Date: _____

Your order no: _____

Your order date: _____

Amount: _____

Currency: _____

Merchandise description (Provide a brief description, omit unnecessary details):

Letter of credit should be advised through:

JPMorgan Chase Bank, N.A.
Global Trade Services - Mail Code: IL1-0236
131 South Dearborn, 5th floor
Chicago, Illinois 60603-5506
Swift: chasus33

Availability: L/C must be available (by payment, acceptance or negotiation as applicable) at the counters of JPMorgan Chase, or be freely negotiable by any bank and provide reimbursement instructions.

Partial shipments: Allowed Not allowed

Confirmation: Add confirmation Do not add confirmation

If a confirmation is requested, such confirmation should be issued by JPMorgan Chase.

Expiration date: _____ or _____ Days after date of issuance

Shipment date: _____ or _____ Days after date of issuance

Tenor of draft: Sight _____ Days after sight

_____ Days after bill of lading date

Presentation: presentation of documents within _____ days after shipping date.

(Note: please do not use the word "stale" if you need more than 21 days for presentation of documents. Request L/C to read: *documents presented in excess of 21 days are acceptable*)

Credit must be issued by: SWIFT TELEX COURIER MAIL

Shipping terms: as per incoterms 2010 EXW FCA FAS FOB (ocean only)
 CFR CIF CPT CIP
 Named place / port / airport _____
 Other: _____

Documents required:

Commercial invoice _____ Original(s) _____ Copy(ies)

Packing list _____ Original(s) _____ Copy(ies)

Insurance policy/certificate covering all risks (specify additional risks to be covered, if any):

Transport documents:

Marine bill of lading _____ “Consigned to” or _____ “Consigned to the order of”: _____

Multimodal transport document _____ “Consigned to” or _____ “Consigned to the order of”: _____

Air waybill consigned to: _____

Truck bill of lading consigned to: _____

Other transport documents: _____

Transport documents must show shipment

From _____ to _____

And be marked: _____ Freight collect or _____ Freight prepaid

And specify notify party (name and address): _____

Other documents (if any): _____

For transferable L/Cs: L/C must state that it is transferrable and transfers, if any, are restricted to the advising bank

Bank charges: Issuing bank charges are for the account of applicant
 Bank charges other than those of the issuing bank (advising, confirmation, payment, etc) are for the account of _____ applicant or _____ beneficiary

Discount charges: If applicable, are for the account of _____ applicant or _____ beneficiary

Other special instructions: _____

Export Quotation Worksheet

Date _____

Customer _____

Purchase Order _____

Date Received _____

Our Pro Forma Invoice Number _____

Commodity _____

Gross Weight _____ Cubic Measurements _____

Shipment By _____ Air _____ Ocean _____

Shipment From _____ To _____

Export selling price of goods \$ _____

Packing for export _____

Inland Freight to port/airport _____

Consular legalization fees _____

Inspection fees _____

Freight forwarding fees _____

Bank Charges _____

FOB/FCA loading port/airport \$ _____

Ocean freight _____

Air freight _____

CFR/CPT unloading port/airport \$ _____

Insurance premium _____

CIF/CIP unloading port/airport \$ _____

The above offering is based on current prices and is valid until _____

Terms: _____ L/C _____ Collection _____ Open Account

Prepared by: _____ Authorized by: _____

Export Letter of Credit Checklist

Upon receipt of the letter of credit, read it in its entirety and check the following:

Buyer _____
Purchase Order No. _____ Or _____
Pro Forma Invoice No. _____ Dated _____
L/C No. _____
Date Received _____ Pre-advised by phone

1) Terms to Check

Letter of Credit is Irrevocable Revocable
Letter of Credit has been Advised Confirmed
Beneficiary's name and address OK NO
Amount sufficient to cover costs OK NO
Price, Quantity, Good Description OK NO
Expiry Date OK NO
Latest Shipment Date OK NO
Terms of the Draft Sight Time (Usance/terms)
U.S. Bank Charges Buyer Seller

2) Shipping Instructions

Export license needed YES NO
Need documents legalized YES NO
Partial shipments Allowed Prohibited
Transshipments Allowed Prohibited
Shipment via Ocean Air
Shipment terms FOB FCA FAS CFR
 CPT CIF CIP EXW
Shipment from _____ to _____ OK NO
Consigned to _____
Shipping Marks _____
Bank to present documents to _____

Copy of Letter of Credit to be sent to:

Freight Forwarder Traffic Department
 Credit Department Sales Department

3) Final Approval

Letter of Credit is Acceptable YES NO Amendment Needed

If amendment is necessary, request change of the following: _____

Checked by _____ Initials _____ Date _____

Most Common Discrepancies in Letter of Credit Documents

Drafts

- Drawn on the wrong party
- Tenor (sight/time) is incorrect
- Not properly signed and/or endorsed
- Amount differs from what is indicated on the invoice
- Amount differs in words and numbers
- Letter of Credit number and issuing bank's name are missing
- Drawn on statement not per letter of credit

Commercial Invoice

- Description of goods not exactly as per the letter of credit
- L/C amount exceeded. Excess quantity shipped
- Partial shipment effected (when prohibited)
- Shipping terms not stated, or inconsistent with the letter of credit
- Packages listed as cartons, are described as cases on the bill of lading (inconsistency)
- Goods shipped not required under the letter of credit (i.e. samples at no charge)
- The amount of freight charges, if shown separately, differs from that shown on the transport document
- Includes unauthorized charges, (i.e. handling and documentation charges in addition to FOB vessel/FCA airport terms)
- Not signed/not visaed by Chamber of Commerce or not legalized (when required).

Marine Bill of Lading

- Unclean bill of lading presented (i.e. expressly declares a defective condition of the goods/ and or of the packaging)
- No evidence of goods actually shipped or loaded on board a named vessel (i.e. notation is not dated or signed)
- Shipment made between ports other than those specified in the letter of credit
- Issued or endorsed to the wrong party
- Notify party and consignee not per letter of credit requirement
- Bill of lading issued by forwarding agent
- Transshipment effected (when prohibited)
- Late shipment

Air Waybill

- Evidences unauthorized charges to be collected from consignee contrary to shipping terms (i.e. handling, documentation, cartage, insurance)
- Shipment made between airports other than those on the letter of credit
- Not signed by carrier, or his agent, does not bear the reception stamp of the carrier or his agent
- Does not include flight date and/or flight number

Insurance Document

- Goods are underinsured
- An insurance certificate was presented when credit calls for an insurance policy
- Does not identify with goods shipped (i.e. missing shipping marks, number of shipping units, weights, etc.)
- Dated after the date of shipment, and no evidence that coverage is effective at the latest date from shipment
- Not endorsed or countersigned
- Not all originals presented or accounted for
- Insurance risks covered not as specified on the letter of credit

General

- Late presentation
- Letter of Credit expired
- Partial shipment effected when the letter of credit prohibits it
- Documents inconsistent with one another (i.e. shipping marks, weights, quantities differ)
- Beneficiary's name/address not per the letter of credit
- Applicant's name/address not per the letter of credit
- Absence of documents called for in the letter of credit
- Absence of signatures on documents, when required

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