



Padmora — LC Checklist (UCP 600) — 1-Page

Created by	 Michel Padrón
Created time	@September 15, 2025 6:25 PM
Category	Proposal
Last edited by	 Michel Padrón
Last updated time	@September 15, 2025 6:27 PM

Purpose

- Ensure LC drafts issued to **Padmora Pte. Ltd. (SG)** are **bankable, ICC-compliant (UCP 600)**, and **operable** without soft clauses.

Pre-Deal (Commercial Alignment)

- Incoterm fixed and correct for the side you face (e.g., **CFR [USA Port]** for buyer; **FOB [Load Port]** for seller).
- Commodity/specs and **quantity** known (\pm tolerance if needed).
- **Laycan / latest shipment** realistic against sailing schedules.
- **Document set** agreed (BL, Invoice, SGS, Insurance (if CIF), COO, Packing List).
- **Payment instrument** chosen: **Transferable LC (preferred)** or **Back-to-Back (B2B)**; confirmation expected.

Core LC Wording (must-haves)

- **Rules:** "UCP 600 (ICC Publication 600)".
- **Form:** Irrevocable.
- **Availability:** "Available with **[Padmora's Singapore bank] by **NEGOTIATION.**"
- **Applicant:** Buyer's full legal name/address.
- **Beneficiary:** **Padmora Pte. Ltd., Singapore (UEN: _____).**
- **Advising/Nominated/Confirming Bank:** your SG bank (SWIFT).

- **Amount:** `USD X,XXX,XXX.00` with **:39A** tolerance (e.g., **+10/-10%**).
 - **Partial shipments:** **Permitted** (unless operationally impossible).
 - **Transshipment:** **Permitted** (bulk routes often require it).
 - **Latest shipment** and **expiry** dates workable; **place of expiry = Singapore**.
 - **Presentation period:** **21 days** after shipment **within LC validity**.
 - **Transferability:** State **"This credit is TRANSFERABLE"** (if using transferable).
 - **Confirmation:** **"Confirmation requested/required** by [SG bank]."
 - **Charges:** **"Outside issuing bank charges for beneficiary"** (or as negotiated).
-

MT700 Quick Map (for bankers)

- `:40E` Applicable Rules → **UCP 600**
 - `:40A` Form → **IRREVOCABLE**
 - `:41A` Available With/By → **[SG bank] / NEGOTIATION**
 - `:50` Applicant → **Buyer**
 - `:59` Beneficiary → **Padmora Pte. Ltd.**
 - `:32B` Currency/Amount → **USD ...**
 - `:39A` Tolerance → **+10/-10** (if used)
 - `:43P` Partial Shipments → **PERMITTED**
 - `:43T` Transshipment → **PERMITTED**
 - `:44C` Latest Date of Shipment → **//20__**
 - `:48` Period for Presentation → **21 days**
 - `:31D` Expiry Date/Place → **//20__, Singapore**
 - `:45A` Goods/Incoterms → **"Ammonium Sulphate... CFR [PORT], Incoterms® 2020"**
 - `:46A` Documents Required → **list below**
 - `:47A` Additional Conditions → **Transferable, Confirmation requested, charges, etc.**
-

Documents Required (short, clear, LC-compliant)

- **B/L:** *Full set, clean on board, to order, blank endorsed, freight prepaid*, vessel & voyage stated, **notify applicant**.
 - Charter-party B/L **permitted** if bulk/fixture requires it.
 - **Commercial Invoice:** issued by **Padmora**; include **invoice substitution right** (transferable LC).
 - **SGS:** **Certificate of Quantity & Quality** at **load port**; parameters match SPA/spec sheet.
 - **Insurance** (*only if CIF/CIP or you promise it under CFR*): **110% of CIF, ICC(A) + War & SRCC, loss payee = Padmora's SG bank**.
 - **Certificate of Origin:** Chamber/Authority.
 - **Packing List:** standard.
-

Goods / Incoterms Integrity

- Text in `:45A` matches SPA: **Commodity, grade, Incoterm, ports**.
 - Under **CFR, freight prepaid** on B/L; **insurance is buyer's risk** unless you explicitly include it (then treat as CIF-like in docs).
 - Ports named precisely (no ambiguous "safe port" wording in LC text).
-

Transferable vs Back-to-Back (pick one, set terms)

- **Transferable LC (preferred)**
 - LC must say **TRANSFERABLE**; **invoice substitution** allowed.
 - Same documents and dates should be workable for seller.
 - **Back-to-Back LC**
 - Master LC issued to Padmora; **sub-LC** issued by SG bank to seller.
 - **Mirror** shipment windows, amounts, document set; avoid tighter seller terms than master permits.
 - Ensure **no prohibition** on issuing sub-LC in master (keep silent on it).
-

Dates, Amounts, Tolerances

- Shipment window consistent with sailing/transit and load port capacity.
 - Amount tolerance (e.g., **+10/-10%**) supports stowage and draft survey reality.
 - **Presentation** and **expiry** dates **after** latest shipment and realistic for bank routing.
-

Reimbursement / Settlement

- **Available by negotiation** at SG bank; reimbursement path clear (reimbursing bank or settlement instructions).
 - **Confirming bank** holds risk; fee economics included in your CFR model.
-

Red Flags (reject or amend)

- **"Subject to applicant's approval" / "all documents acceptable to applicant"**.
 - **Inspection at discharge** as a condition to pay.
 - Requirements impossible to evidence (e.g., "vessel ETA X days after..." without a document).
 - **Originals** demanded where only **copies** exist (except where originals are standard: B/L, Insurance, COO often original).
 - **Non-documentary conditions** (UCP 600 Art. 14-h prohibits them).
 - Expiry outside **Singapore** when you rely on SG bank processing.
-

Compliance & Sanctions

- All parties screened (**OFAC/EU/UK/SG**); **no sanctioned vessels/ports**.
 - Country clauses not making LC unworkable (avoid vague "sanctions clause" that allows non-payment without a documentary test).
-

Final Pre-Issuance Actions

- **Send draft LC** (with MT700 tags) to **Padmora's SG bank** for **pre-check**.
 - Verify **document templates** (BL wording, SGS scope, Insurance, COO).
 - Confirm **transferability/confirmation** and **charges** in writing.
 - Lock **laycan**, **latest shipment**, **expiry** with broker and bank.
-

SPECIMEN / ILLUSTRATIVE ONLY — This checklist supports LC drafting under **UCP 600**. Final issuing text must be **pre-cleared by Padmora's Singapore bank** prior to issuance.