INTERNATIONAL CHAMBER OF COMMERCE
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Department of Policy and Business Practices

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Finland

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Dear Mr. Vuori,

Thank you for your query regarding UCP 600. Please find below the opinion of the ICC Banking Commission Technical Advisers.

QUOTE

A documentary credit, issued subject to UCP 600, covers delivery of "Supply for telecom equipment and service: ETS2 card for BSC, hotlink cables, Ethernet switches, PCU2-E cards".

It is available by mixed payment and 40% of the contract value is payable against, amongst others:

- Signed Commercial Invoice in 2 originals
- Technical Acceptance Certificate signed by the applicant and beneficiary in 1 original

The beneficiary presented documents for the full 40% contract value i.e., no partial deliveries. The technical acceptance certificate, duly signed by the applicant and the beneficiary, states the following:

1. The beneficiary sent and the applicant has received the goods as specified in Annex 1 of contract no. xxxx.
2. All the cards is 100% brand new, compliant with the quantity, model, year of manufacturing, origin country and the technical requirements in the contract no. xxxx.
3. It is hereby certified that all BSC has successfully implemented STM-1, PCU-extension, switch replacement in "place of delivery"
   (except 1 pending BSC in STM-1 to be continued after upgraded).

The nominated bank refused the documents for the reason that the technical acceptance certificate clearly indicates that part of the goods has not been accepted.

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Reference is made to UCP 600 sub-article 14 (f), stating that when a credit requires presentation of a document without stipulating its data content, it is to be accepted as presented if its content appears to fulfil the function of the required document. The nominated bank opines that the purpose of an acceptance certificate is to show acceptance of the goods.

The beneficiary disagrees and claims that as the certificate is named according to the credit terms, and the applicant has signed it, it is compliant.

However, the nominated bank replied that a mere signature by the applicant does not in itself mean acceptance of the goods. In fact, the signature added by the beneficiary actually indicates an acceptance of the reserve made in the document.

Please advise whether the nominated bank was correct in refusing the presentation.

UNQUOTE

ANALYSIS

When a documentary credit, such as that described in the query, requires the presentation of a "Technical Acceptance Certificate", without any further detail as to its required content, the presented certificate is to be examined in accordance with UCP 600 sub-article 14 (f) to determine whether its content fulfils the function of the document.

The credit did not specify the actual "technical acceptance" that was to be certified.

Based on the information received and the lack of further details in the credit, the content of the document fulfils the function of a "Technical Acceptance Certificate", thereby meeting the requirements of sub-article 14 (f), and the refusal was not correct.

This stance is further re-enforced by the fact that the applicant had also signed the "Technical Acceptance Certificate".

CONCLUSION

The nominated bank was not correct in refusing the presentation.

The opinion(s) rendered on this query reflect the opinion of the ICC Banking Commission's Technical Advisers based on the facts under "QUOTE" above. They do not necessarily reflect the opinion of the ICC Banking Commission until the Banking Commission renders its approval or disapproval of these opinion(s) at the next scheduled meeting.

The reply given is not to be construed as being other than solely for the benefit of guidance and there should be no legal imputation associated with the reply offered.

If this query relates to a matter currently under consideration by the courts, the ICC Banking Commission will refrain from considering it for adoption as an opinion.

Neither the ICC nor any of its employees, nor any member of the Banking Commission, including the Chairman, Vice-Chairmen or Technical Advisers shall be liable to any person for any loss or damage arising out of any act or omission in connection with the rendered opinion(s).

Yours sincerely,

David Bischof,
Senior Policy Manager, Banking Commission

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