

## Case Study 2

Your team is the International Trade Finance Dept. of A N Other Bank. Please use the attached SWIFT format to issue the credit in accordance with the instructions below.

Please assume this message is issued in accordance with mandate held by the bank.

From: BUYERS COMPANY GHANA LTD  
To: A N Other Bank Ghana Ltd  
Dated: 1<sup>st</sup> December 2025

Dear Sirs

We are writing to you following our successful negotiation of a line of credit established in our favour at your bank. We have noted that the line of credit is for £2,000,000 (Two million pounds) instead of the £2,500,000 we asked for. We accept it anyway. We have also noted that the line is for credits of a tenor not exceeding 12months. We have noted your competitive charges too.

### **Terms of Trade and Delivery**

Since our meeting and your confirmation of our line of credit we have signed a new contract (No 123456 dated 1<sup>st</sup> November 2025) for £2.5million in respect of 20,000 widgets with Seller Company Ltd in the UK. Widgets are made of a handle and a main frame. In our trade widgets are also known as wooden bats.

We have negotiated terms with Seller Company Ltd as follows:-

- i. The widget handles will be payable on or about 120 days from the date of shipment
- ii. The widget main frame will be payable 180 days from the shipment date.
- iii. All prices agreed are based on cost insurance and freight basis. We are a new business and we can not afford any risks.

As the handles are rather light, we have accepted that they are shipped by air from Heathrow Airport in accordance with their Pro forma Invoice Number ABCDE dated 1st November 2025. The total cost of the widget handle is £500,000 (Five Hundred thousand Pounds). They must be shipped by 30 December 2025.

The widget main frames are heavier, so we have agreed that they be shipped by sea within three months of issuance of this credit.

We have agreed with Gullible Company Ltd who will take the lot from us at £5m once assembled so we want everything together so that we can deliver on time to make our very first killing. All the widget handles must be shipped in one lot and all the widget frames must be shipped in one lot as a result.

## **Documents Required**

Where the goods are shipped by sea, we require a full set of negotiable bills of lading (Blank endorsed) with one sent to us by courier (This must be evidenced by Seller Company)

Where the goods are shipped by air, we need the full set of air way bills.

Insurance must cover all risk for 110% of the CIP invoice. We need an original insurance document.

We need 3 Packing lists

We need evidence that the goods originate from Europe. These days you can't trust the cheap goods that come from other parts of the world.

We need three invoices from them. The quality of the goods is critical to us. It must conform to the quality as shown in their pro forma invoice.

The import duty that we will pay on the goods depends on the cost of the goods and not the insurance and freight costs. They must show this so that we can save money at the ports when the goods arrive.

## **Special Instructions**

We have agreed that we will bear all your charges but as they have asked for the credit to be confirmed by their bankers, UK Bank Plc., they will pay their banker's charges.

The widgets can easily be damaged if they are moved from one carrier to the other, so we do not want the goods to be transhipped. Finally, this credit must expire in London on 31st March 2026.

Please issue this letter of credit under our credit line and hold cash on account number 88888888 as collateral for amounts in excess of the credit line. We are sorry we have not used your application form. Next time we promise to use it. Thank you. We expect your usual quick response.

## MT 700 Issue of a Documentary Credit

Status	Tag	Field Name
M	27	Sequence of Total
M	40A	<a href="#">Form of Documentary Credit</a>
M	20	<a href="#">Documentary Credit Number</a>
O	23	<a href="#">Reference to Pre-Advice</a>
O	31C	<a href="#">Date of Issue</a>
M	40E	<a href="#">Applicable Rules</a>
M	31D	<a href="#">Date and Place of Expiry</a>
O	51a	<a href="#">Applicant Bank</a>
M	50	<a href="#">Applicant</a>
M	59	<a href="#">Beneficiary</a>
M	32B	<a href="#">Currency Code, Amount</a>
O	39A	<a href="#">Percentage Credit Amount Tolerance</a>

Status	Tag	Field Name
O	39B	<a href="#">Maximum Credit Amount</a>
O	39C	<a href="#">Additional Amounts Covered</a>
M	41a	<a href="#">Available With ... By ...</a>
O	42C	<a href="#">Drafts at ...</a>
O	42a	<a href="#">Drawee</a>
O	42M	<a href="#">Mixed Payment Details</a>
O	42P	<a href="#">Deferred Payment Details</a>
O	43P	<a href="#">Partial Shipments</a>
O	43T	<a href="#">Transshipment</a>
O	44A	<a href="#">Place of Taking in Charge/Dispatch from .../ Place of Receipt</a>
O	44E	<a href="#">Port of Loading/Airport of Departure</a>
O	44F	<a href="#">Port of Discharge/Airport of Destination</a>

Status	Tag	Field Name
O	44B	<a href="#">Place of Final Destination/For Transportation to.../ Place of Delivery</a>
O	44C	<a href="#">Latest Date of Shipment</a>
O	44D	<a href="#">Shipment Period</a>
O	45A	<a href="#">Description of Goods and/or Services</a>
O	46A	<a href="#">Documents Required</a>
O	47A	<a href="#">Additional Conditions</a>
O	71B	<a href="#">Charges</a>
O	48	<a href="#">Period for Presentation</a>
M	49	<a href="#">Confirmation Instructions</a>
O	53a	<a href="#">Reimbursing Bank</a>
O	78	<a href="#">Instructions to the Paying/Accepting/Negotiating Bank</a>
O	57a	<a href="#">'Advise Through' Bank</a>

Status	Tag	Field Name
O	72	<a href="#">Sender to Receiver Information</a>
		O : Optional      M : Mandatory

## SWIFT MT 700 – Issue of a Documentary Credit

This message is sent by the issuing bank to the advising bank. It is used to indicate the terms and conditions of a documentary credit which has been originated by the Sender (issuing bank).

### GUIDE TO MT 700 MESSAGE FIELDS:

#### **Field 27: Sequence of Total**

Specifies the number of the message in the series of messages sent for a documentary credit, and the total number of messages in the series.

#### **Field 40A: Form of Documentary Credit**

Specifies the type of the credit – e.g.

IRREVOCABLE

IRREVOCABLE TRANSFERABLE

#### **(\*)Field 40E: Applicable Rules**

Specifies UCP rules applicable i.e. UCP Latest Version

#### **Field 20: Documentary Credit Number**

Specifies the documentary credit number which has been assigned by the Sender.

#### **Field 23: Reference to Pre-Advice**

This field specifies if the documentary credit has been pre-advised. If used, must contain the code PREADV followed by a slash '/' and a reference to the pre-advice e.g. by date.

#### **Field 31C: Date of Issue**

Must contain a valid date expressed as YYMMDD

#### **Field 31D: Date and Place of Expiry**

This field specifies the latest date for presentation under the documentary credit and the place where documents may be presented (expressed in YYMMDD format)

#### **Field 51a: Applicant Bank**

This field specifies the bank of the applicant customer, if different from the issuing bank.

#### **Field 50: Applicant**

Specifies the party on behalf of which the documentary credit is being issued.

#### **Field 59: Beneficiary**

Specifies the party in favour of which the documentary credit is being issued.

#### **Field 32B: Currency Code, Amount**

This field contains the currency code and amount of the documentary credit.

#### **Field 39A: Percentage Credit Amount Tolerance**

Specifies the tolerance relative to the documentary credit amount as a percentage plus and/or minus that amount.

#### **Field 39B: Maximum Credit Amount**

Further qualifies the documentary credit amount – the code NOT EXCEEDING must be used before the documentary credit amount.

**Field 39C: Additional Amounts Covered**

Specifies any additional amounts available to the beneficiary under the terms of the credit, such as insurance, freight, interest, etc.

**Field 41a: Available With... By...**

This field identifies the bank with which the documentary credit is available (the place for presentation) and an indication of how the credit is available e.g. BY ACCEPTANCE or PAYMENT

When code contains 'BY PAYMENT', this should be understood to mean 'payment at sight'.

**Field 42C: Drafts at...**

Specifies the tenor of drafts, if any, to be drawn under the documentary credit.

**Field 42a: Drawee**

Identifies the drawee of the drafts, if any, to be drawn under the documentary credit. The drawee must be a bank – if drafts on the applicant are required, they are to be listed as documents in field 46a.

**Field 42M: Mixed Payment Details**

Specifies the payment dates, amounts and/or method for their determination in a documentary credit which is available by mixed payment.

**Field 42P: Deferred Payment Details**

Specifies the payment date or method for its determination in a documentary credit which is available by deferred payment only.

**Field 43P: Partial Shipments**

Specifies whether or not partial shipments are allowed under the documentary credit.

**Field 43T: Transshipment**

Specifies whether or not transshipment is allowed under the documentary credit.

**(\*)Field 44A: Place of taking in charge / dispatch from / place of receipt**

Specifies the place of taking in charge/dispatch from place of receipt.

**(\*)Field 44E: Port of loading/airport of departure****(\*)Field 44F: Port of discharge/Airport of destination****(\*)Field 44B: Place of final destination / for transportation to / place of delivery**

Specifies the final destination of the goods.

**Field 44C: Latest Date of Shipment**

Specifies the latest date for loading on board/dispatch/taking in charge – must be expressed in YYYYMMDD format.

**Field 44D: Shipment Period**

Specifies the period of time during which the goods are to be loaded on board/despached/taken in charge.

**Field 45A: Description of Goods and/or Services**

This field contains a description of the goods and/or services covered by the documentary credit. Terms such as FOB, CIF, etc, should be specified in this field.

**Field 46A: Documents Required**

This field contains a description of any documents required.

**Field 47A: Additional Conditions**

This field contains a description of further conditions of the documentary credit.

Note: non-adherence to UCP must be specified in this field.

**Field 71B: Charges**

This field may be used only to specify charges to be borne by the beneficiary. In the absence of this field, all charges, except negotiation and transfer charges, are to be borne by the applicant.

**Field 48: Period for Presentation**

Specifies the period of time after the date of shipment within which the documents must be presented for payment, acceptance or negotiation. The period of time is expressed in number of days. The absence of this field means that the presentation period is 21 days, where applicable.

**Field 49: Confirmation Instructions**

This field contains confirmation instructions for the Receiver – one of the following codes must be used:

CONFIRM (The Receiver is requested to confirm the credit)

MAY ADD (The Receiver may add its confirmation to the credit)

WITHOUT (The Receiver is not requested to confirm the credit)

**Field 53a: Reimbursing Bank**

Specifies the name of the bank which has been authorised by the Sender to reimburse drawings under the documentary credit. This may be a branch of the Sender or the Receiver, or an entirely different bank.

**Field 78: Instructions to the Paying/Accepting/Negotiating Bank**

Specifies instructions to the paying, accepting or negotiating bank. It may also indicate if pre-notification of a reimbursement claim or pre-debit notification to the issuing bank is required.

**Field 57a: 'Advise Through' Bank**

This field identifies the bank, if different from the Receiver, through which the documentary credit is to be advised/confirmed to the beneficiary.

**Field 72: Sender to Receiver Information**

Specifies any additional information/instructions for the Receiver.

(\*) = revised / new fields to reflect updates in UCP 600

## CASE STUDY - Issue of a Documentary Credit- SWIFT MT700

M= Mandatory      O= Optional

M 27:      Sequence of Total  
            1/1

M 40A:     Form of Documentary Credit

M 20:      Documentary Credit Number

O 23:      Reference of Pre-Advice

O 31C:     Date of Issue

M 40E:     Applicable Rules

M 31D:     Date and Place of Expiry

O 51A:     Applicant Bank

M 50:      Applicant

M 59:      Beneficiary

M 32B:     Currency Code, Amount  
            Currency  
            Amount:

O 39A:     Percentage Credit Amount Tolerance

- O 39B: Maximum Credit Amount
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- M 41A: Available With..... By.....
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