# Import Letter of Credit

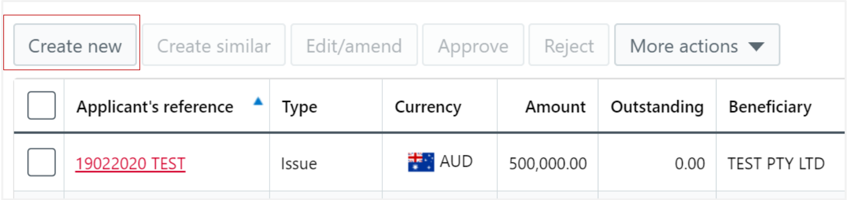
Quick Reference Guide

## Establish an Import Letter of Credit

1. In the left menu panel, select **Letters of Credit > Import LC > All** to display the Transactions grid.

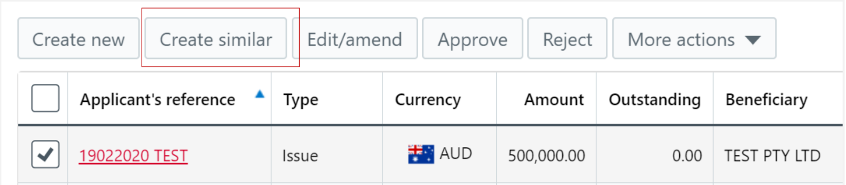
<table>
<tr><th>LC Type</th><th>First Step</th></tr>
<tr><td>Create a completely NEW LC</td><td>

- Click **Create new**.



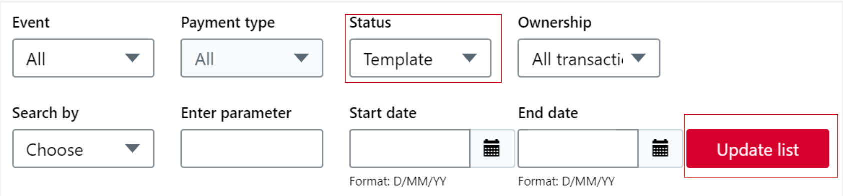

</td></tr>
<tr><td>Create a SIMILAR LC</td><td>

- Select the required (released) LC to base your new LC on then click **Create similar**.

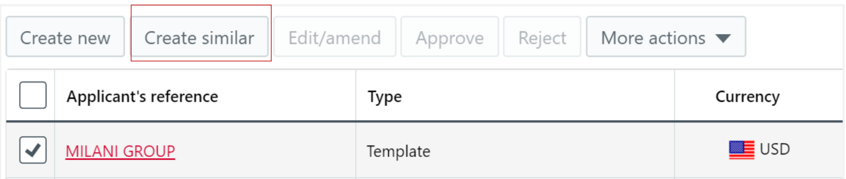



</td></tr>
<tr><td>Create using a TEMPLATE</td><td>

- Select **Template** in the Status field, click **Update list**.



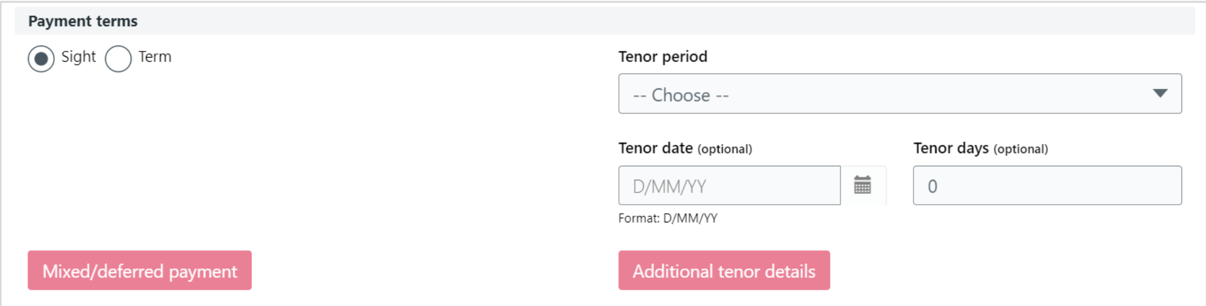

- **Note:** Clear start date to find templates created more than 4 weeks ago.
- Select required LC template then click **Create similar**.



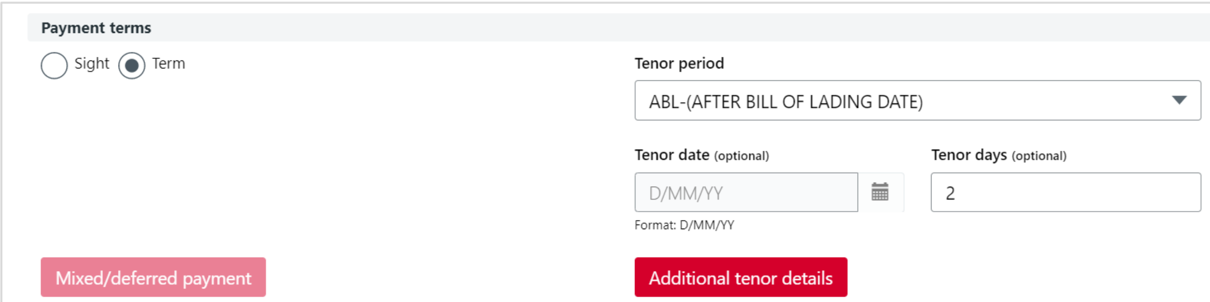

</td></tr>
</table>

2. Complete **1. Parties information**.
   - Enter your applicant reference number for the LC.
   - **Applicant** and **Account party** fields will default to your company.
   - If you want the LC to be transferable, select **This letter of credit (LC) is transferable.**
   - Select the **Beneficiary** and the **Beneficiary bank**.
   - Please ensure that full address of Beneficiary, Beneficiary Bank along with the SWIFT code of the Beneficiary Bank is provided.
   - Select **Confirmation instructions to advising bank**.
3. Complete **2. Payment information**.
   - Select **Currency**.
   - Enter **Amount**.
   - If **tolerance** is required, select type, then enter the percentage of tolerance or the amount.

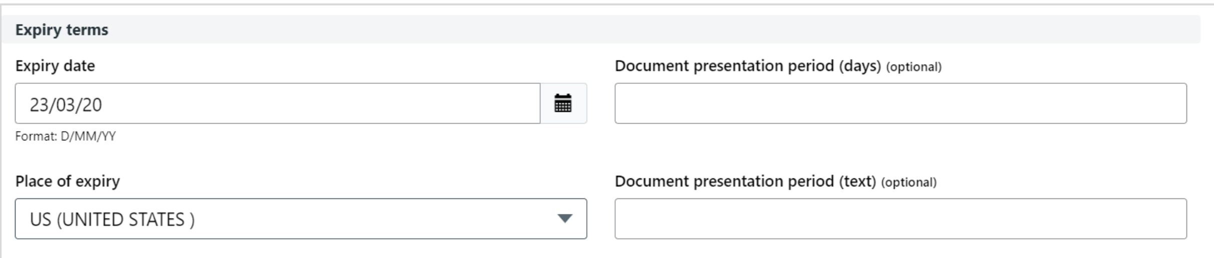
- Complete **Payment** terms.
  - Select if the LC is Sight or Term.
  - For a **Sight LC**, select **Sight** and go the Expiry terms section.




- For a **Term LC,** select **Term** and the **Tenor period**, then enter the optional **Tenor date** and **Tenor days**.
- If required, click **Additional tenor details** and add information on the multiple tenors. The **Tenor date** or **Tenor days** fields should reflect the latest date.

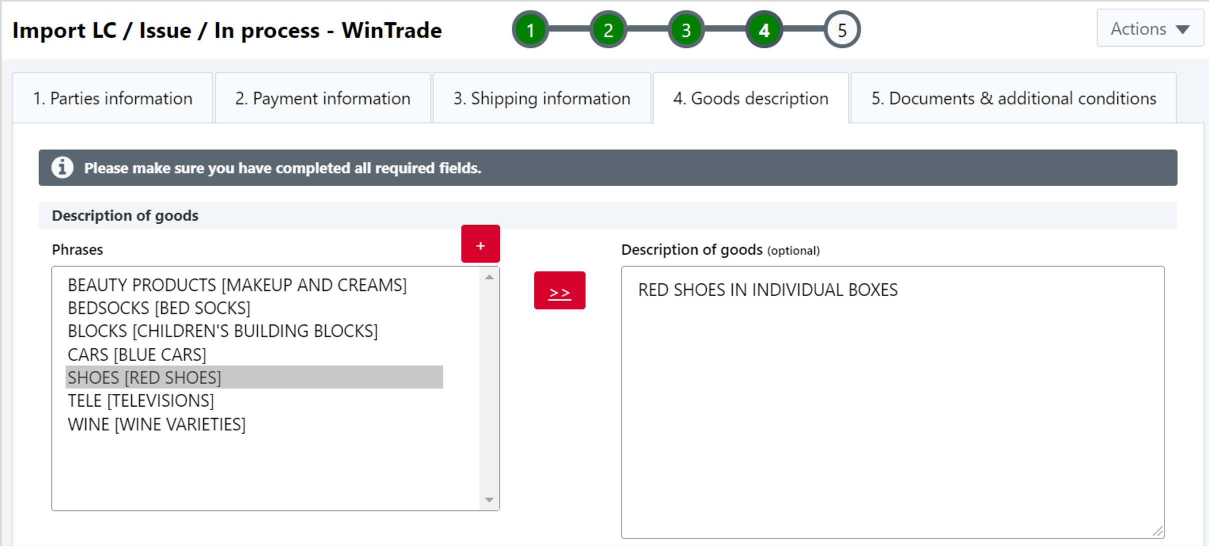



- Complete **Expiry terms**.
  - Select **Expiry date**. The date should equal the **Latest shipment date** (if this is entered on the next screen) plus the **Document presentation period**.
  - Select **Place of expiry**.
  - If required, enter **Document presentation period (days)** and **Document presentation period (text)**. For example, “AFTER SHIPMENT DATE”, “AFTER B/L DATE”, “AFTER INVOICE DATE”.



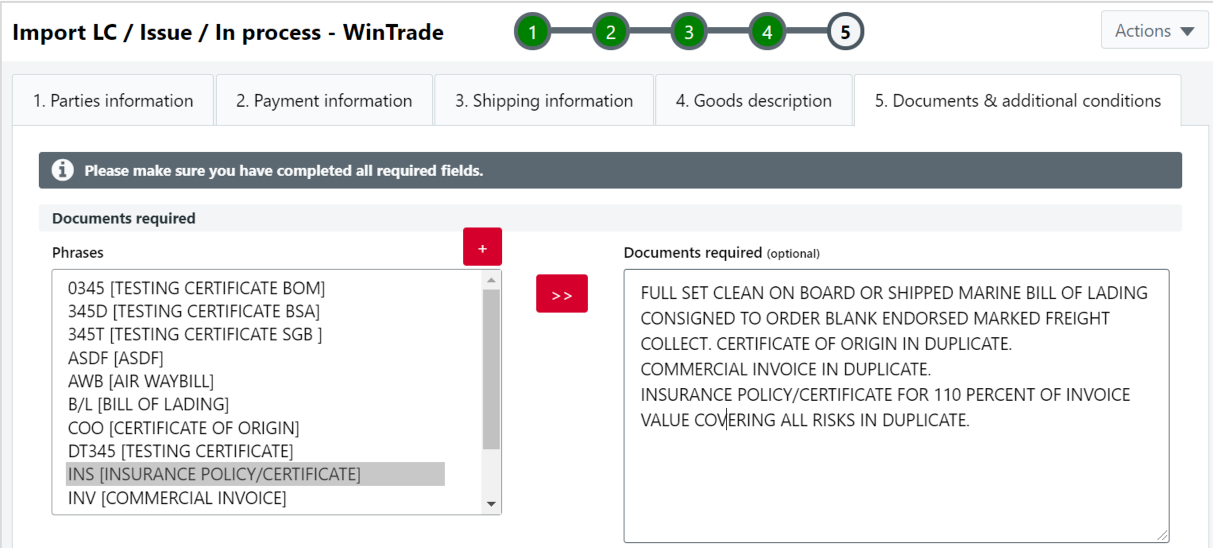

4. Complete **3. Shipping information**.
   - Select **Latest shipment date**.
   - Select **Shipping incoterm**.
   - Select **Partial Shipments** option and **Transhipment** option.
   - Complete **Shipping details.**
   - Complete the **Details of charges**.

5. Complete **4. Goods Description**.
   - Enter the **Description of goods**, by using a phrase or typing the description.
   - Select a phrase and click the red arrow to move it across. Click (“+”) to add a new phrase/text.

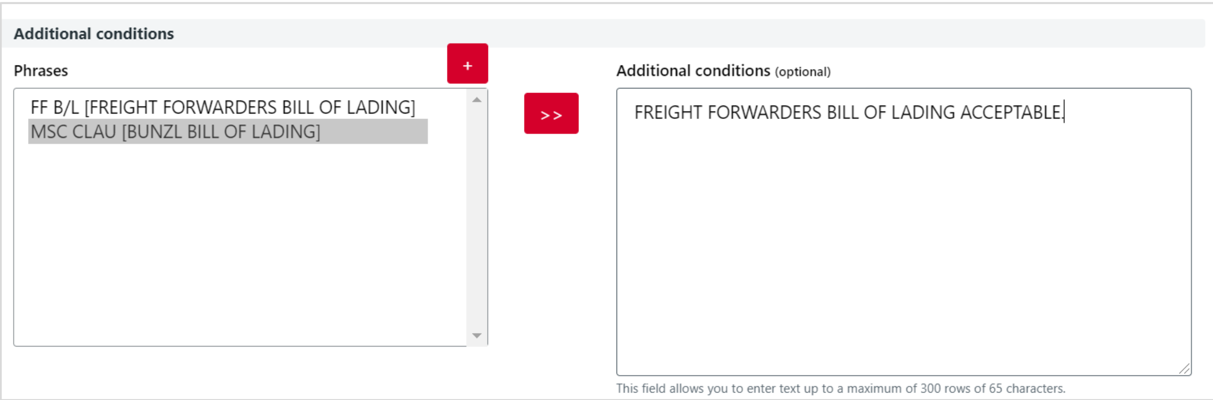



6. Complete **5. Documents & additional conditions**.

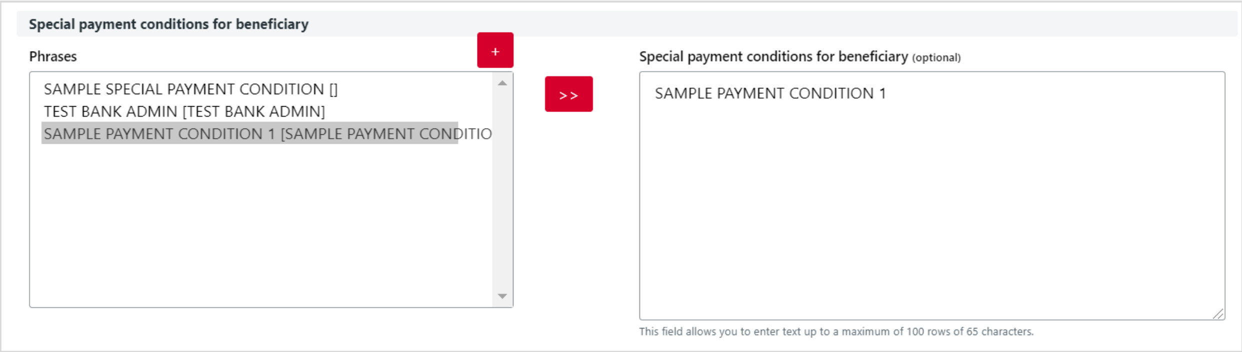
- Select **Documents required** for the LC. Click (“+”) to add a new phrase/text.



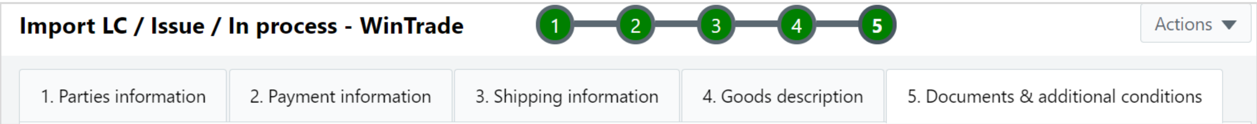

- Select **Additional conditions** for the LC. Click (“+”) to add a new phrase/text.




- Select any **Special payment conditions for beneficiary**. Click (“+”) to add a new phrase/text.



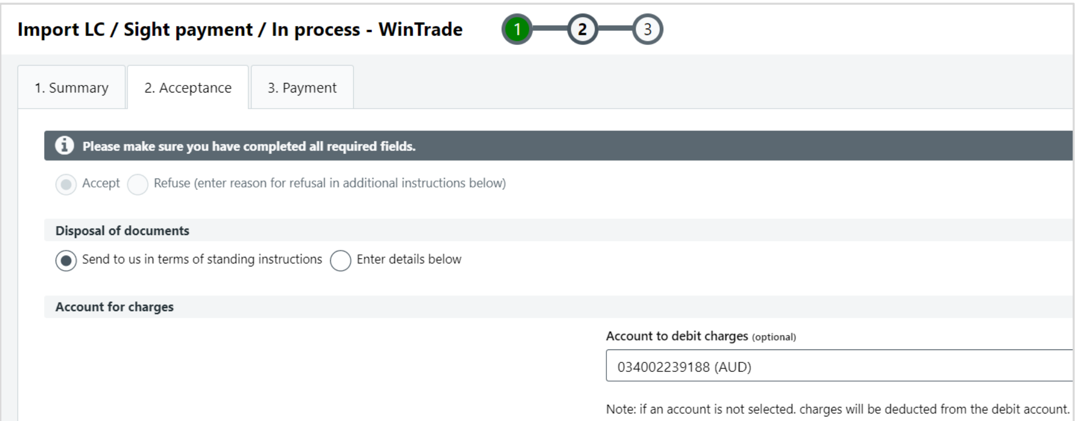

7. Check that you have green traffic lights for all tabs.



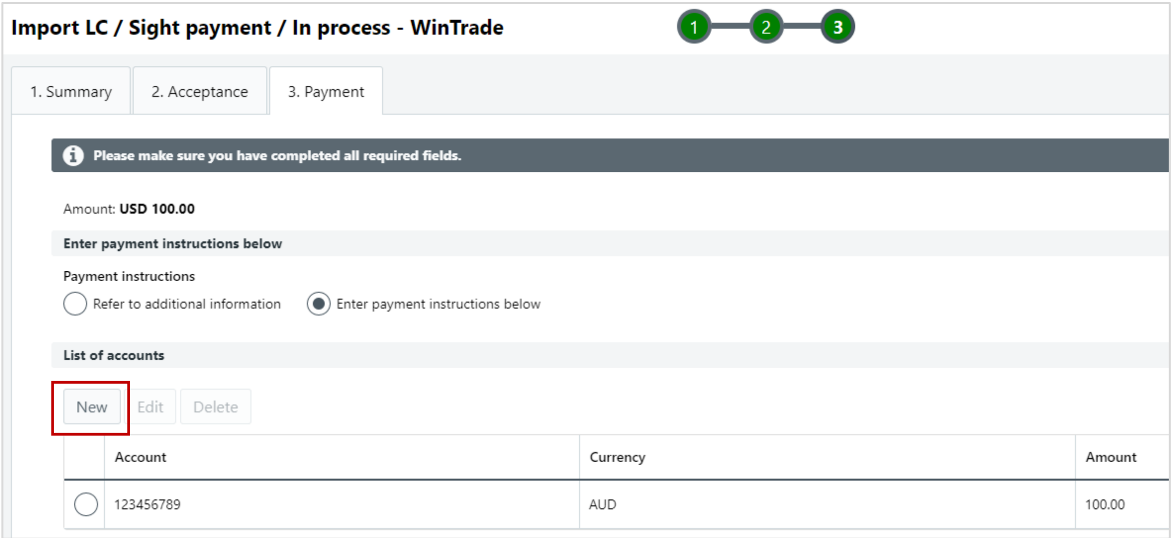

8. Open **Actions**, click **Save**. The transaction now needs to be checked and approved before it is sent to the bank.

## Pay a Sight LC without discrepancies

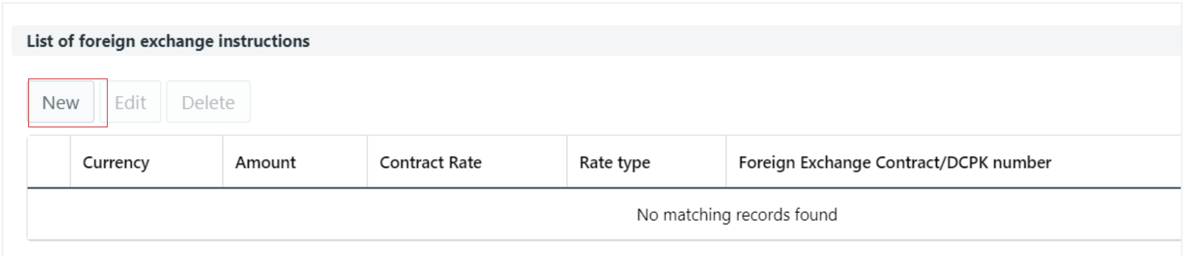
1. Select the **Import LC** grid with the **Transactions** tab displayed.
2. Select the LC to be paid.
3. Click **Edit/amend** to open the transaction.
4. On **1. Summary** tab, review details of transactions. Discrepancies will be blank as this LC is clean i.e. no discrepancies.
5. Select **2. Acceptance** tab.
   - **'Accept'** will be selected by default as there are no discrepancies.
   - Select the **Disposal of documents** method.
   - Select the **Account to debit charges** from. If none selected, the charges will be deducted from the same account as the proceeds.



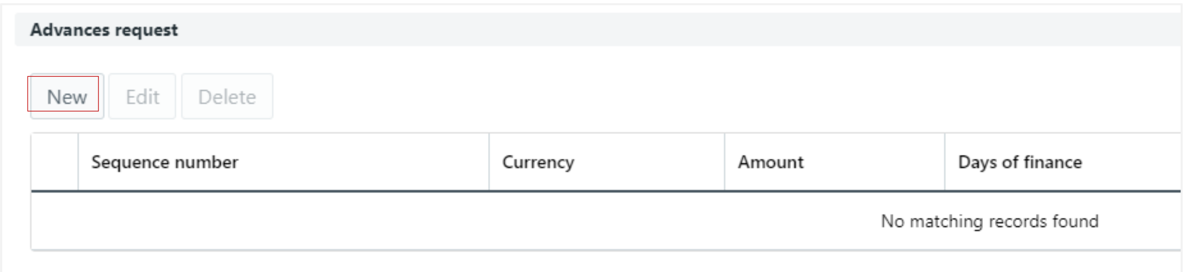

6. Select **3. Payment** tab.
   - Enter the payment instructions.
   - Select **New** and nominate the account.




- If currency conversion is needed, select **New.**
- Enter foreign exchange instructions in the **Edit foreign exchange instruction** window. Click **Save**.




- If finance is required, click **New** in the **Advances request** section.
- Complete the **Edit advances request**, then click **Save**.



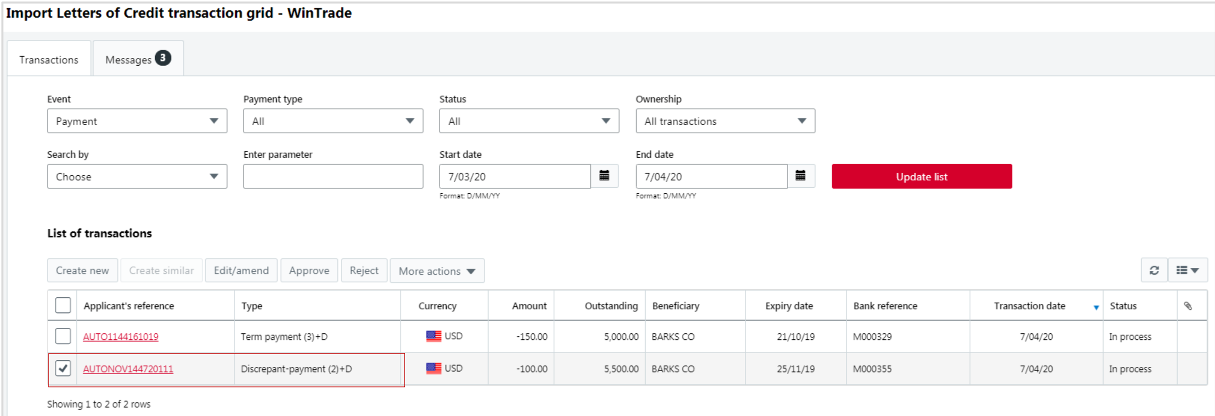

- Review all details on the **3. Payments tab**. If no revisions are required, save the payment.

7. Open **Actions**, click **Save**. The transaction is ready for final review and approval.

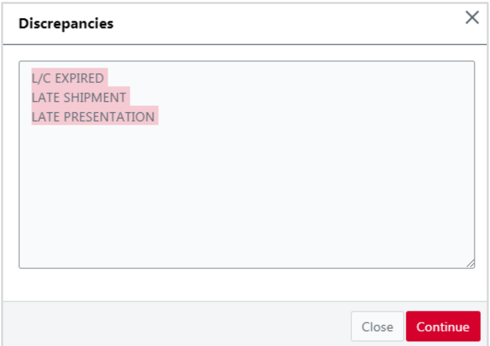
## Sight LC with discrepancies

You need to advise the bank whether a Sight LC with discrepancies will be Accepted or Dishonoured.

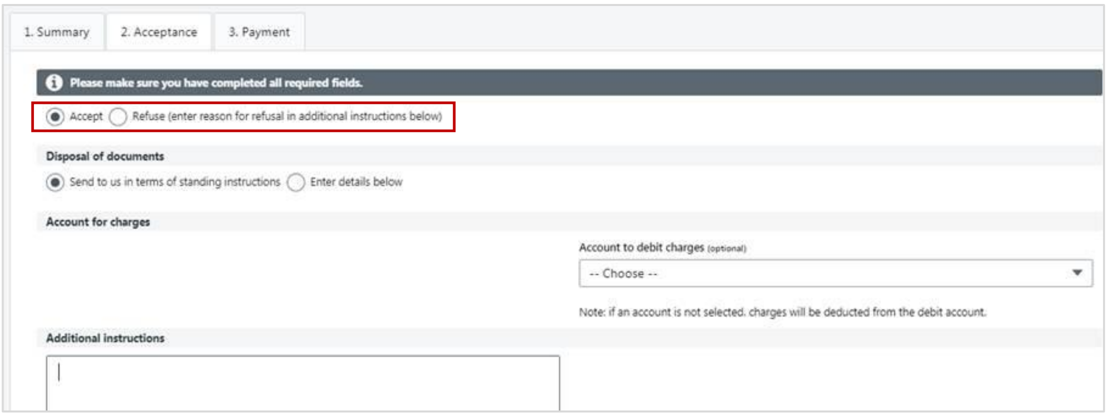
1. Select the **Import LC** grid with the **Transactions** tab displayed.
2. Select Sight LC you are providing advice on:
   - The transaction will have a **Discrepant-payment (*) +D** type and an **In process** status.
   - **D** indicates there are discrepancies with the Import LC.




3. Click **Edit/amend** to open the LC.
4. View the **1. Summary** tab, click **Discrepancies** to view the pop-up box, then click **Close.**




5. Select **2. Acceptance** tab.To advise whether a Sight LC with discrepancies will be **Accepted:**
   - Choose **Accept**.
   - Choose **Disposal of documents** and provide **Account to debit charges**.
   - Then proceed to **3. Payment** tab and refer to the above section **Pay Sight LC without Discrepancies**.
   - Proceed to Approval of transaction.



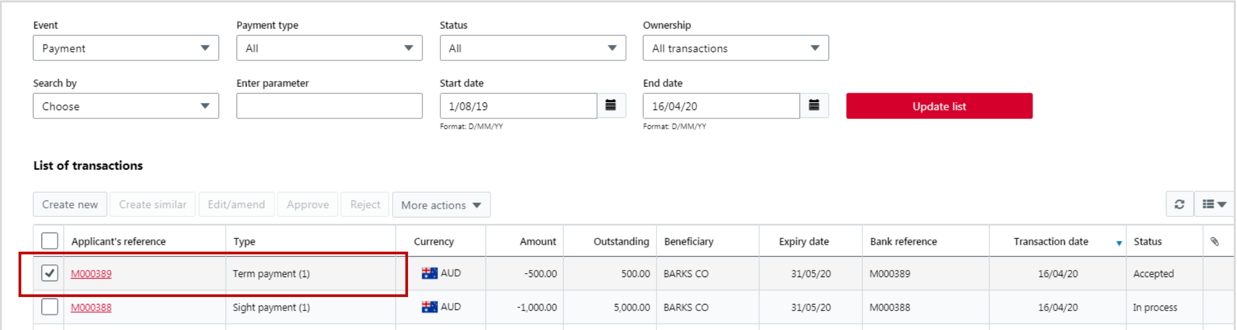

**OR** to advise whether a Sight LC with discrepancies will be **Dishonoured:**

- Choose **Refuse**, then enter the reasons in the **Additional Instructions** field. Please note that all details in Payment tab will be disabled.

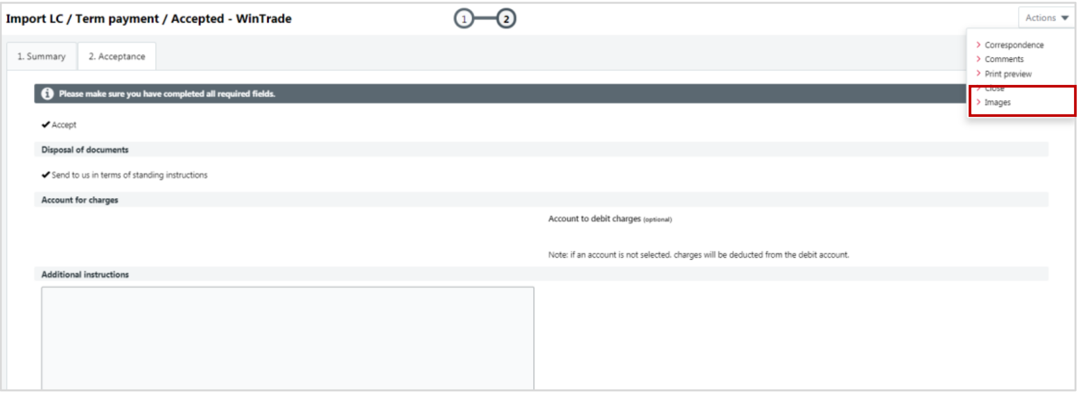
6. Open **Actions**, click **Save.**
   - The transaction is now ready for approval.
   - If the LC was refused, the instructions still need to be approved so they are sent to the bank.

## View Term LC without discrepancies

1. Select the **Import LC** grid with the **Transactions** tab displayed.
2. Select the **Term LC**. The Term LC without discrepancies will be released and displayed on the grid as **Accepted**. You do not need to 'Accept' as the documents comply with the Terms & Conditions of the LC.




3. Review the **1. Summary** tab
4. Review the **2. Acceptance** tab. You can view the transaction and check the images of the documents attached. Documents will be posted as per your disposal instructions.

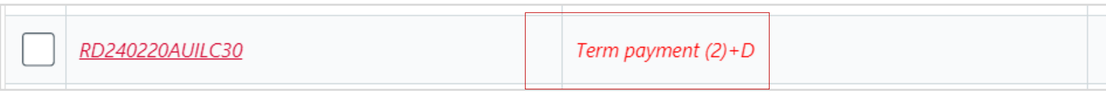



5. After review, open **Actions** and click **Close**.

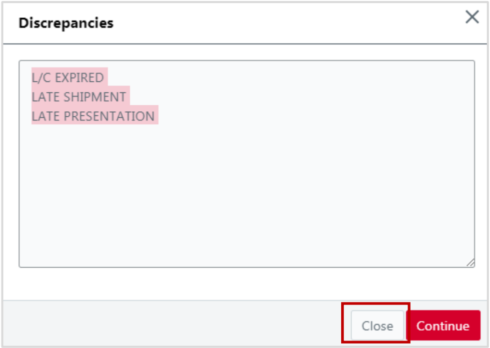
## Term LC with discrepancies

You need to advise the bank whether a Term LC with discrepancies will be Accepted or Dishonoured.

1. Select the **Import LC** grid with the **Transactions** tab displayed.
2. Select term LC you are providing advice on.
   - The transaction will have a **Term payment +D** type and an **In process** status.
   - **D** indicates there are discrepancies with the Import LC.



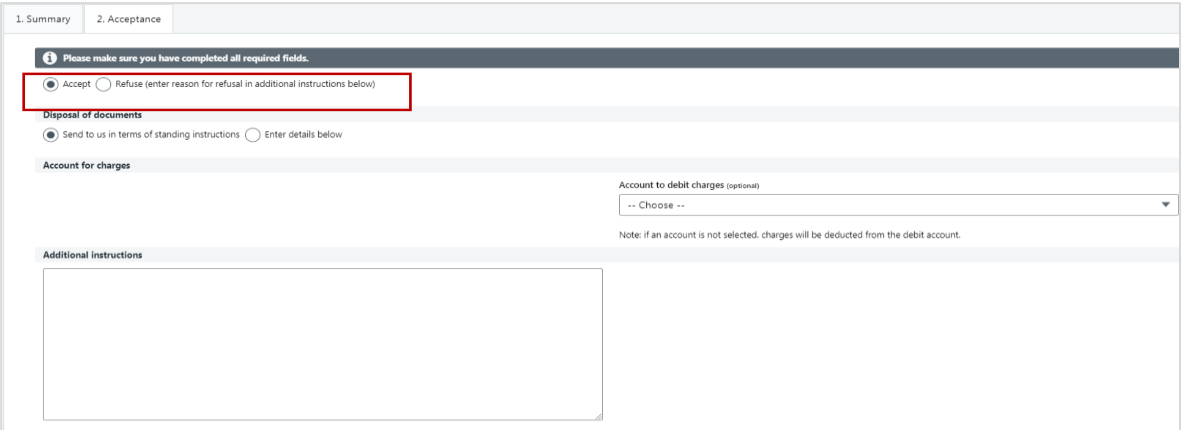

3. Click **Edit/amend** to open the LC.
4. View the **1. Summary** tab, click **Discrepancies** to view pop-up box, then click **Close.**




5. Click **2. Acceptance** tab, select click **Accept or Refuse** the Discrepancies noted for this drawing.

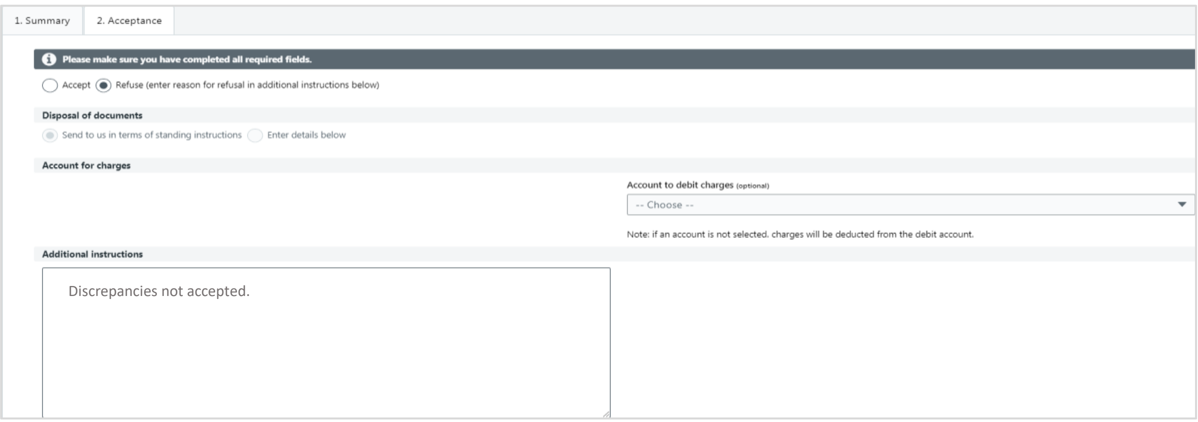
   To advise whether a Term LC with discrepancies will be Accepted:

   - Choose **Accept**.
   - Choose Disposal of Documents and provide **Account to debit charges**. Then proceed to Approval of the transaction.




OR to advise whether a Term LC with discrepancies will be Dishonoured:

- Choose **Refuse**.
- For refuse, enter reasons in the **Additional Instructions** field. Please note that all details in Payment Tab will be disabled. Then proceed to Approval of transaction.

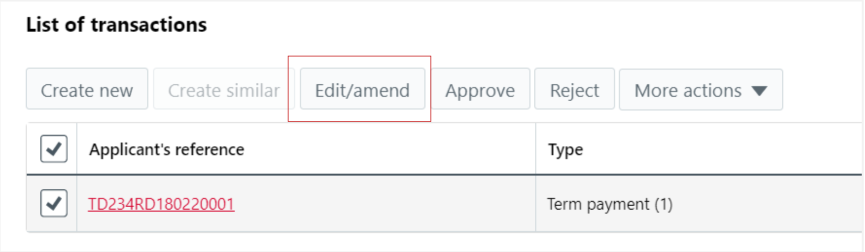



7. Open **Actions**, click **Save.**

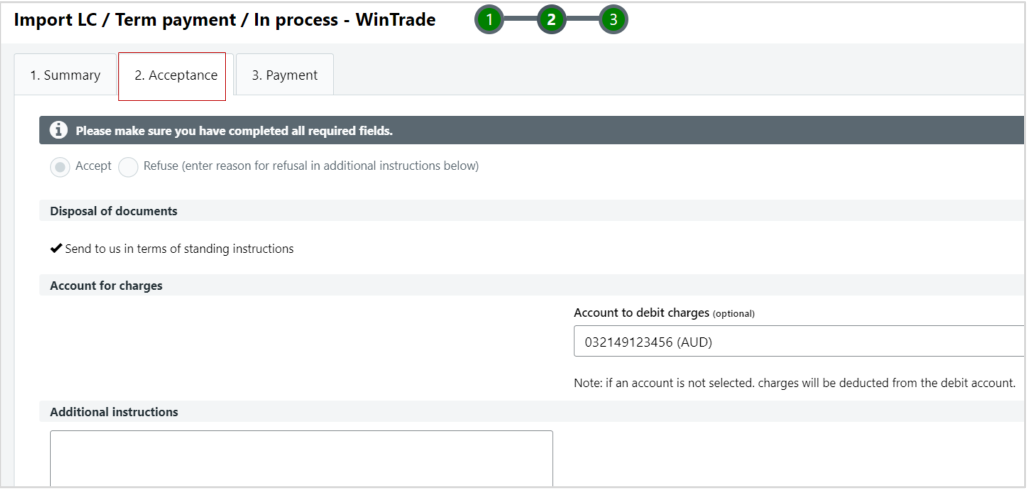
   - The transaction is now ready for approval.

## Pay a Term LC

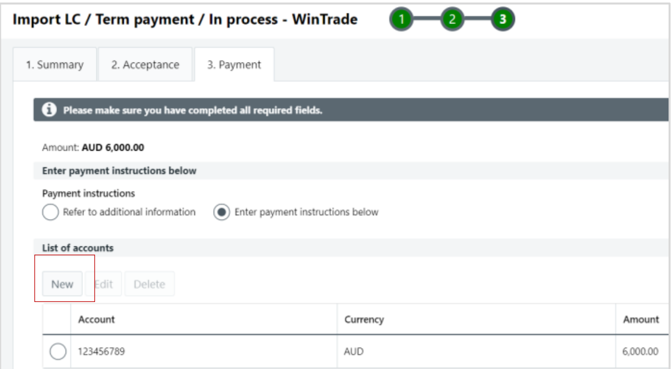
1. Select the **Import LC** grid with the **Transactions** tab displayed.
2. Select the **Term LC**.
   - The transaction will have a **Term Payment** type and an **In process** status, three days before the maturity date.
3. Click **Edit/Amend** to open the transaction.




4. Review the **1. Summary** tab information and check accuracy.
5. Select **2. Acceptance** tab.
   - Select the **Account to debit charges**. If none selected, the charges will be deducted from the same account as the proceeds.
   - Enter other additional instructions in the **Additional Instructions** field, e.g. if payment is made by a method other than from an account.

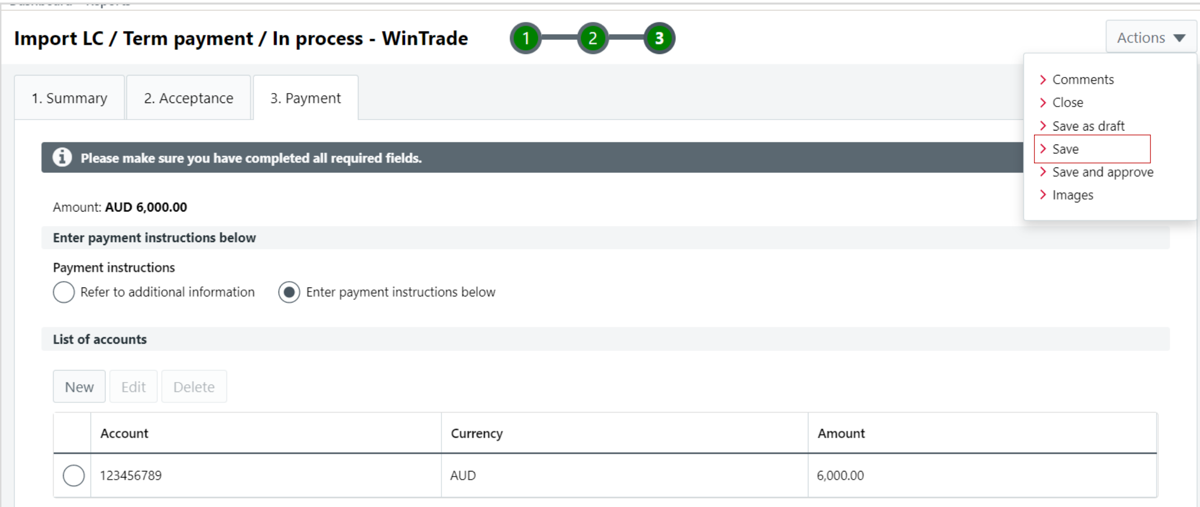



6. Select **3. Payment** tab.
   - Enter the payment instructions, then select **New** to nominate the payment account. **Note** – payment can be made from up to six accounts.



- If currency conversion is needed, select **New** and enter foreign exchange instructions in the **Edit foreign exchange instruction** window.
- If finance is required, click **New** in the **Advances request** section.
- Review all details on the **3. Payments tab**. If no revisions are required, move on to save the term payment.

7. Open **Actions**, click **Save.** The transaction is ready for final review and approval.

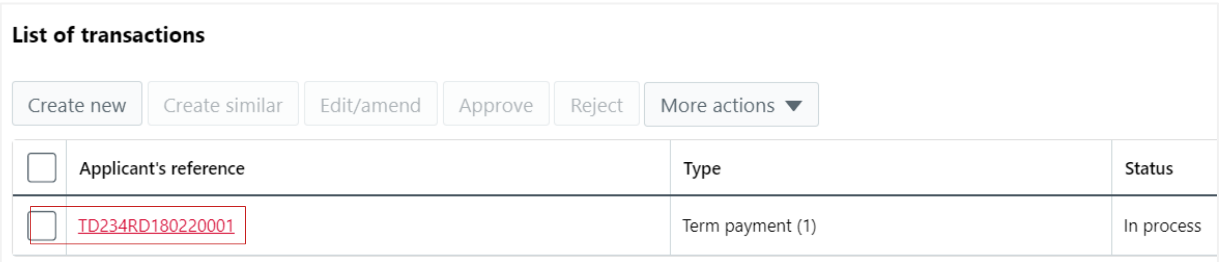



## Approve an LC payment

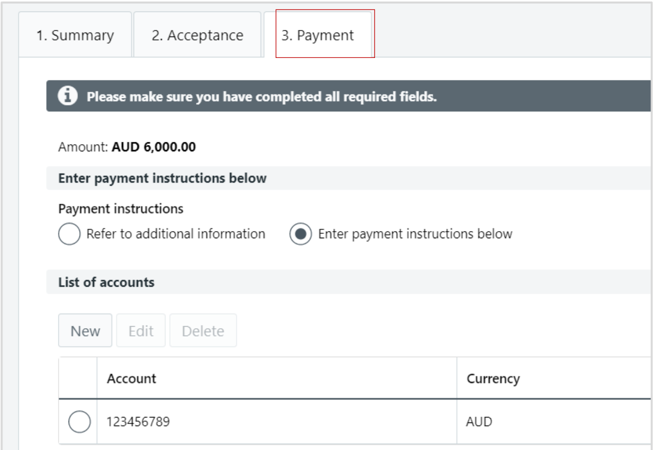
There are two ways to approve a Sight or Term LC payment.

- **With review (highly recommended)** – review and ensure the details of the payment/transaction are correct before approving and sending to the bank.
- **Without review** – select the check-box in front of application. Open **Actions**, click **Save and approve** and enter your password in the **Approve transaction** window. When selecting the check box, the 'Approve' button becomes active and there is no 'Approve' option under **More actions**.

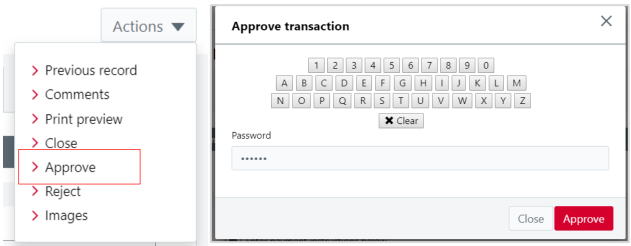
1. Select the **Import LC** grid with the **Transactions** tab displayed.
2. Click the **Applicant's reference** link of the term payment to be approved. The transaction will have an **In process** status.




3. Review the **3. Payment** tab and check all details.




4. Open **Actions**, click **Save and approve** and enter your password in the pop-up **Approve transaction** screen. The transactions status will change to Sent to bank.

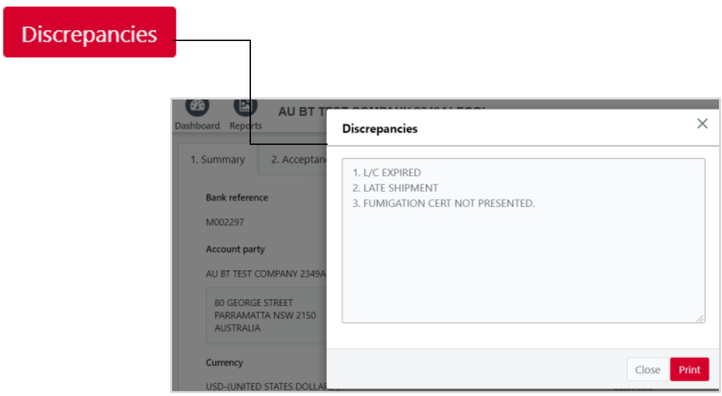



## Approve a Term LC - Discrepancies to be Accepted or Dishonoured

There are two ways to approve the Term LC instructions.

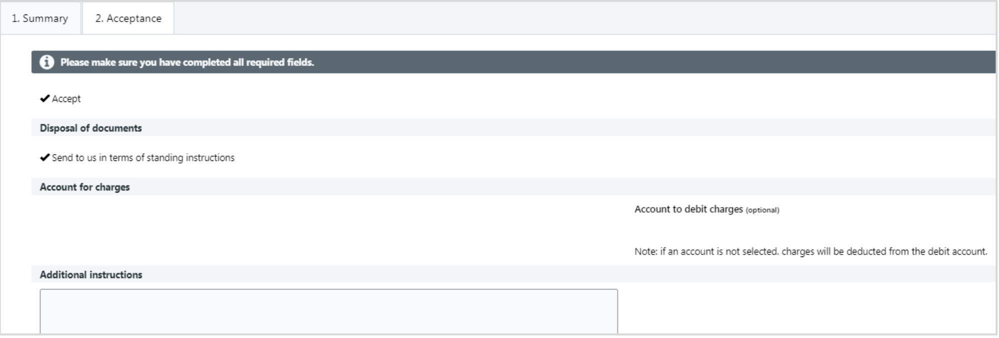
- **With review (highly recommended)** – review and ensure edits and amendments are correct before approving and sending to the bank.
- **Without review** – select the check-box in front of application. Open **Actions**, click **Save and approve** and enter your password in the Approve transaction window. When selecting the check box, the 'Approve' button becomes active and there is no 'Approve' option under **More actions**.
- Note - If the LC was refused, the instructions still need to be approved so they are sent to the bank.

1. Select the **Import LC** grid with the **Transactions** tab displayed.
2. Select Term LC with discrepancies to be approved.
3. On the **1. Summary tab**, click **Discrepancies** to view and check them.

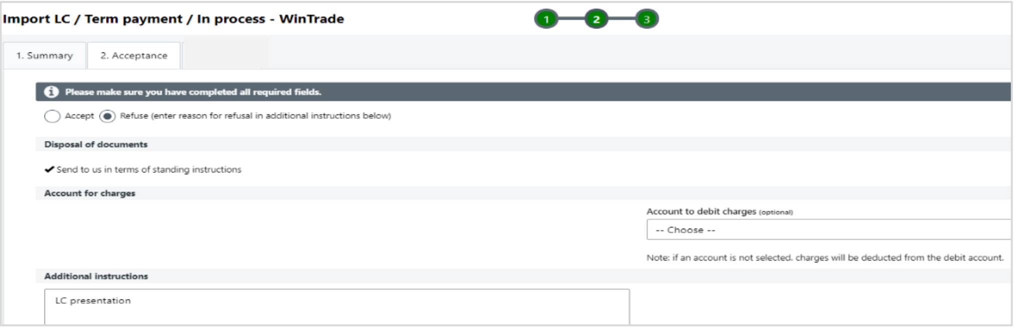


4. Select **2. Acceptance** tab and check the details.

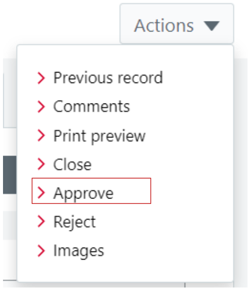
**Acceptance of discrepancies**

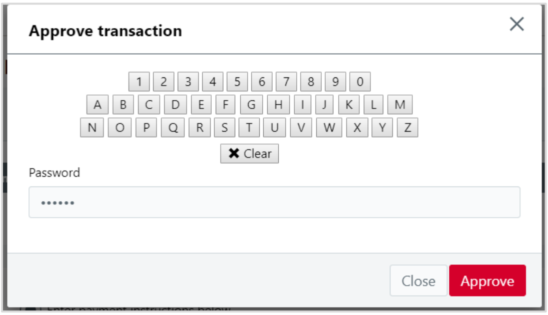



**Refusal of discrepancies**




6. To approve and submit to the bank, open **Actions**, click **Save** and enter your password in the pop-up **Approve transaction** window.



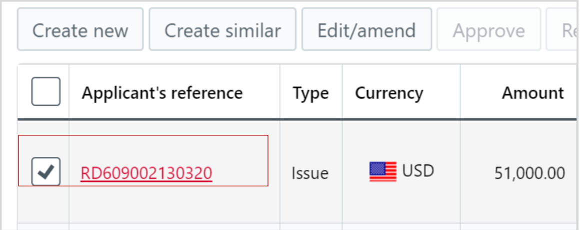




## Create an Import LC template

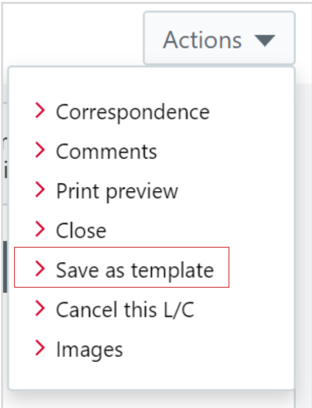
| Import LC templates | Details |
|---|---|
| **Purpose** | ▪ A template makes it easier to establish an Import LC for a regular supplier. |
| **Key points** | ▪ A template needs to be based on a previous transaction that has been **released** in the system.<br>▪ The template will contain all party information, payment and expiry terms (not including a date), dispatch details, additional details and details of charges that were on the original LC. These details can be overwritten.<br>▪ The following fields will be blank and must be completed each time the template is used:<br>○ Applicant’s reference<br>○ Amount<br>○ Transaction date. |

| | |
|---|---|
| **Editing or deleting a template** | ▪ A template can only be edited or deleted by the user that created the template, or Corporate Administrator. |

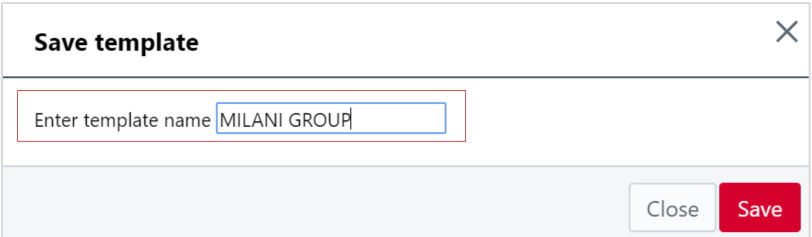
1. Select the **Import LC** grid with the **Transactions** tab displayed.
2. Click the **Applicant's reference** link for the transaction you want to use for the template.




3. Open **Actions**, click **Save as template**.




4. Enter a template name.




5. Click **Save**.
   - The Applicant's reference will change to the selected template name and the Status will change to Template.


**Further information**

- Refer to the **Import Letter of Credit User Guide** for detailed process steps and examples.
- For Import Letter of Credit reports, refer to the **Welcome to WinTrade®** User Guide.