Global Trade

Import Documentary Letter of Credit

Letter of Credit—Overview

An Import Documentary Letter of Credit (IDLC) is an undertaking issued by a bank in favour of a beneficiary, which substitutes the bank's creditworthiness for that of an applicant. In a broad sense, an Import Documentary Letter of Credit is simply a letter of instruction issued to a beneficiary (seller) by a Bank at the request of its customer (buyer). In a narrower sense, it is a specialised, technical instrument used to pay for a shipment of goods or services from one party to another.

Trade involves buyers and sellers seeking to exchange goods or services despite their differences in language, national customs, and credit procedures and accounting practices. Historically, merchants have sought ways of minimising these differences and facilitating trade. The special protection and opportunities offered by Import Documentary Letter of Credit apply to both domestic and international trade.

About this guide

User initiates all tasks through the Import Documentary Letter of Credit module, replacing paper applications for his/her Import Letter of Credit. After he/she has created the Import Documentary Letter of Credit application in the Trade Portal, the application is routed through the bank for processing, and is then issued by the bank as an Import Documentary Letter of Credit.

Commonwealth Bank

Accessing the Import Documentary Letter of Credit Initiation Module
From the homepage, click on **Trade** to access the full import product suite

Creating Import Documentary Letter of Credit—Issuance

Initiation of an Import Documentary Letter of Credit can be done three different ways

1. **Create a new** Import Documentary Letter of Credit by entering all the details

2. **Copy** an Import Documentary Letter of Credit from a similar IDLC that already exists in the system. This allows the user to quickly create an application, by entering or updating only the details that differ from the existing IDLC

3. Create an Import Documentary Letter of Credit based on a **Pre-format**. The information from the pre-format is entered automatically into the IDLC application, and user needs to enter the details that relate to the specific transaction. From the pre-format, the details of the application are saved for future use. The user only needs to enter related data specific to this application

Creating New Import Documentary Letter of Credit

When creating a new Import Documentary Letter of Credit without pre-formats or copy from an exisiting IDLC user can initiate an Import Documentary Letter of Credit (IDLC) application as follows

To create a new IDLC

1. Click **Trade**
2. Click on the **Create/Amend LC** button

3. The Transaction Initiator field should have your company name if not chose the entity you wish to transact under by clicking the Lookup icon on the Transaction Initiator field.

4. Click the desired customer name.

5.   Click the Creation Method Lookup button where you will have the below options.

6.   If you select Create a new you can create a new Import Documentary Letter of Credit by entering all the details
7.   If you select Copy Transaction, the Pre-Format Code and Description fields remain inactive, and the Exporter Reference Number field remains active.
8.   If you select Create from Pre-Format, the Pre-Format Code and Description fields become active, and the Copy from Applicant LC Reference Number field remains inactive.

9. The Customer ID, Transaction Status, Branch Code, Legal Vehicle, and Department are dependent on the selected criteria. These fields auto-populate when the Creation method and Trade Initiator are selected.
10. If all the fields are correct and all red asterisks are filed, click the Continue button.

11. In Applicant LC Reference Number field, a unique reference number should be entered by the user
12. The Issuing Bank LC Reference Number is a unique number pre-assigned by Commonwealth Bank, which will be displayed on the IDLC application once the application is processed and issued

13. The Applicant Name/Address and Applicant Country/ Jurisdiction will be auto populated from Trade Initiator
14. Beneficiary Name/Address, Beneficiary Country/ Jurisdiction, Contact Person, Telephone Number and Fax Number need to be either entered by the user or populated through Library Lookup
15. The Advising Bank Country field can be selected from the Advising Bank defined for the counter party selected from the Trade Counter Party Library. Note: The parties mentioned must be pre-defined in the respective libraries in order to populate these fields
16. Click on Transaction Details

17. Click the scrollbar.

18. The Form of Documentary Credit and Applicable Rules will be prepopulated
19. The **Currency Lookup** field can be inserted using the Currency Library Dialog Box. User can select a currency from the list and then enter the IDLC amount in the next field
20. In the field **Available By**, user can choose the settlement (payment) type for the LC
21. In the field **Available With**, user can choose the appropriate party that will process the final settlement
22. Click the **Notify by Lookup** button to Select the desired communication code
23. **Up To** and **Tolerance** +/- are mutually exclusive. You cannot enter information in both fields.
24. **Drafts Required** allows the user to select the check box if drafts are required
25. For **Drawn On**, user can populate this field using the Library **Lookup**
26. Click **Expiry Date Lookup** Button, user can click the Calendar button to choose a date when the IDLC will expire. The date entered here is the final/latest date on which drafts and/or documents can be presented to a bank for negotiation or payment
27. **Tenor** allows the user to select from "Sight" or "Usance" terms. If Usance was selected in **Tenor, Days** and **Tenor Terms** need to be completed
28. **Confirmation Instructions**—users can select from "Confirm", "May Add" or "Without" of the IDLC. A selection of Confirm will add the following clause "Confirmation on Credit is required" to the IDLC

29. Click the **Conditions** link.

30. In the **Conditions** text box, the user enters terms and conditions of the IDLC.

Conditions Lookup

Show Search

Additional Documents (1 - 6 of 6)

	Clause Type 1▲	Clause Text Short Description	Clause Text is locked	Branch Code
☐	CONDS	CLAUSE122307	N	
☐	CONDS	Clausetextcbalegacy2	Y	
☐	CONDS	Clausetextcbapor2	Y	
☐	CONDS	Conditions for Imports	Y	

Add To Selection ⚠ You must select at least one record, then click the 'Add to Selection' button to continue.

Selected Rows

Clause Type	Clause Text Short Description	Clause Text is locked	Branch Code	
No items were found				

Ok   **Cancel**

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31. The user may click the Library **Lookup** icon to open a Library Lookup Dialog box and select the appropriate pre-created clause from the list, if available, and click on OK.
32. Click the Scrollbar to access the Documents tab

Documents

Transport Document

Marked Freight

Consigned To

Notify

Text

	Document Name	Original(s)	Copy(ies)	
☐	1. Signed commercial invoice in			🗑
☐	2. Packing list in			🗑
☐	3. Certificate of Origin in			🗑
☐	4. GSP Form 'A' Certificate of Origin in			🗑

Insurance Policy

Percentage

☐ Insurance Policy/ Cert (in duplicate), endorsed in blank for the invoice
  ☐ Institute cargo clauses A
  ☐ Institute war clauses

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33. Click the **Transport Document Lookup** icon

Transport Document Lookup

Transport Document (1 - 7 of 7)

Transport Document
Full set of clean on board port to port Bills of Lading
Full set of multi-modal transport documents blank endorsed
Full set of multi-modal transport documents
CMR Road transport document showing date of dispatch and vehicle registration number
Other (please specify in text box below)
Clean Airwaybill signed and dated by the carrier or their agent showing flight date and number
Full set of clean on board port to port Bills of Lading blank endorsed

Name

Percentage

n blank for the invoice

34. The **Transport Document Lookup** will display a standard list of records. User can select from the standard list.

35. The Marked Freight will have two options: Prepaid or Collect.

36. Click the **Consigned to Lookup** to access the Counter party Library

Consigned To Lookup

Show Search

Consigned To (1 - 58 of 58)

Counter Party Name	Country/Jurisdiction Name 1▲	Counter Party Primary Bank Name
TCP128	AAABBB	
tcsabcde123()12347ABCDEFGH...	AAABBB	AKHILA library2
name 1	AMERICAN SAMOA	'AACHENER' GRUND
TESTCOUNTER1	ANDORRA	AACHENER BANK EG
myname	ANDORRA	
tcscba1234()?/.,":ADDRESS123...	ANDORRA	AK Bank 12
tcslega1234()?/.,":ADDRESS123...	ANDORRA	AK Bank 12
Tcs vistara	ANTIGUA & BARBUD	AKHILA library
ASTON	ARMENIA	

37.   User can select from the Counter party Library
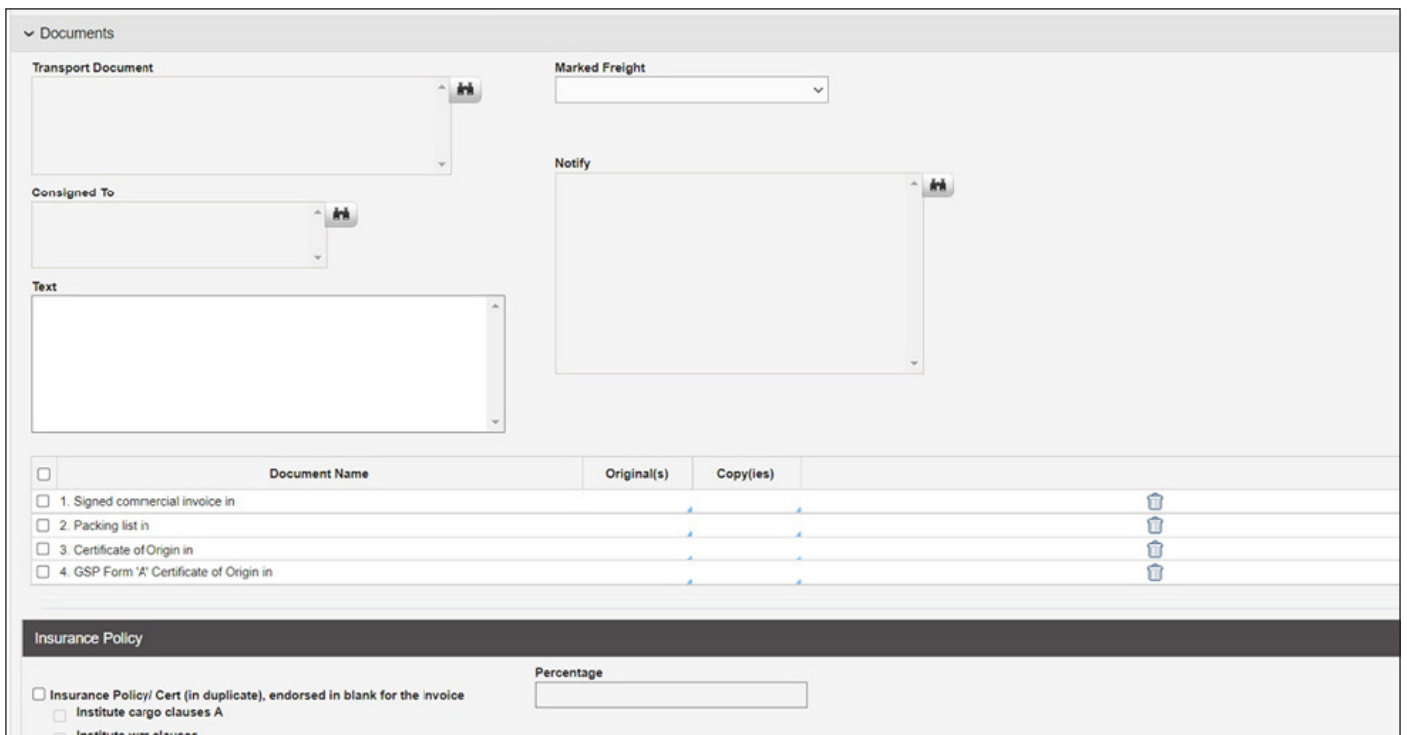
38.   Click the **Notify Lookup** to access the Counter party Library

39. The **Notify Lookup** will be a prepopulated list from the Counter Party Library
40. The **Text** field is a free-form text where user can input any relevant date or paste the data from an electronic copy of the text into this field
41. The **Insurance Policy** field will be enabled once the Insurance Policy check box is selected
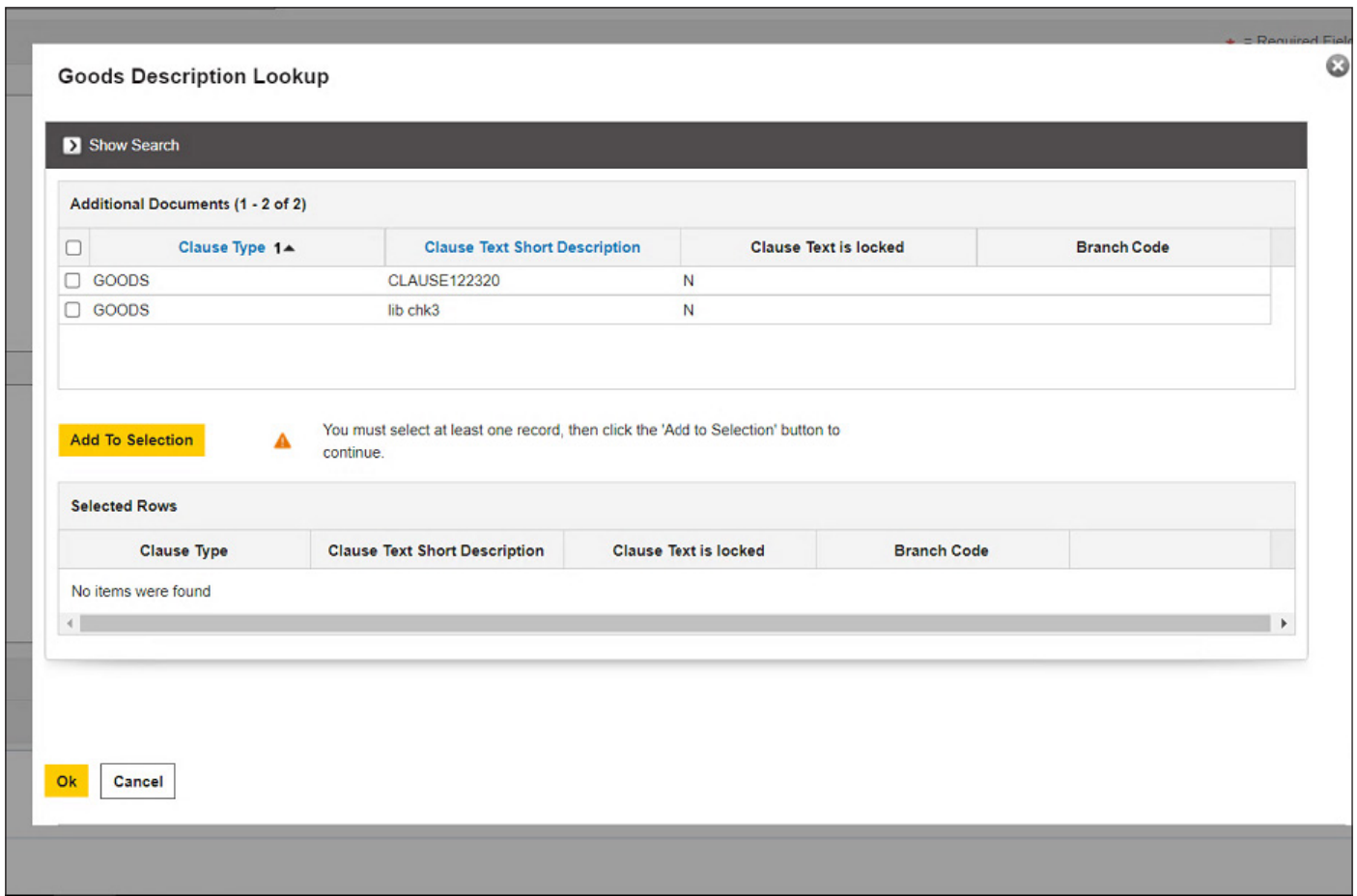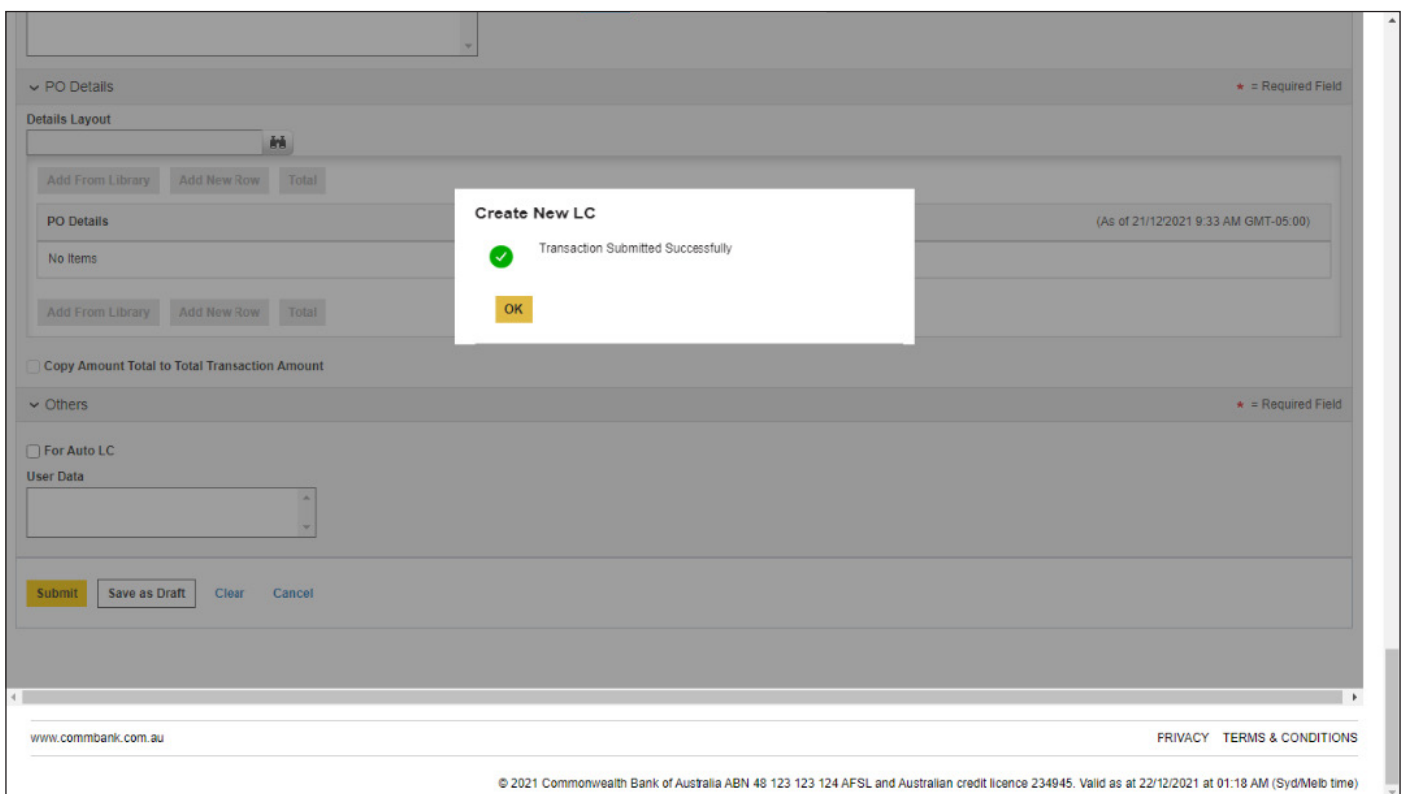42. Scroll down to Shipment

43. Partial Shipment user can select the desired fields: Not allowed, Conditional and Allowed. Not allowed will be populated by default
44. Transshipment will have Not Allowed by default. User can select Allowed, Conditional and Not allowed

45. Ship from/to, Country, Port of Loading/Discharged and Shipment Terms will have a Lookup function where user can select from a Library
46. Terms is a free-format field to type relevant data
47. Presentation Period will be prepopulated to 21 days and can amended
48. Latest Shipment Date will have Calendar Lookup
49. Insurance Covered by will have 3 options: Buyers, shipper or ultimate buyer

50. Goods Description and Additional Goods text will have Lookup function to Library where user can select the desired field
51. If all required fields are completed user can select **Submit**

Authorize and Review

1. Click Trade
2. Under Import Letter of Credit click on the Authorise option

3. After the transaction is submitted by the maker, this transaction will be routed to the "To Authorise" queue and will require an Authoriser to approve the transaction before it is released to the bank for processing. The snapshot above illustrates the Transaction Review screen where all the transactions pending authorization will be displayed
4. Once Authorizer reviews, they will have 3 options: To Authorise, Modify, Send to Repair and Delete
   a. **Authorise** — Authorises the transaction and sends transaction for processing
   b. **Modify** — Opens the transaction for editing
   c. **Send To Repair** — Sends the transaction back to the maker for repair
   d. **Delete** — Deletes the transaction