

Instructions

Application for documentary credit

Check mark indicates information is required.	√
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Line	Details									
1	<p>Indicate the type of credit requested by the beneficiary.</p> <p>The application for documentary credit is irrevocable. It cannot be changed or cancelled without the agreement of all interested parties, including the Desjardins business centre for the financing portion.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%; text-align: center; vertical-align: middle;">Credit</td> <td style="width: 15%;">Transferable</td> <td>Gives the initial beneficiary the right to allow one or more third parties to use the credit under certain important conditions.</td> </tr> <tr> <td></td> <td>Confirmed</td> <td>Must be guaranteed by the beneficiary's financial institution.</td> </tr> </table> <p>Indicate the way credit should be issued by Caisse centrale Desjardins.</p> <p>Letter of credit can only be issued by teletransmission (SWIFT) or by mail with an authorized signature by Caisse centrale Desjardins.</p>	Credit	Transferable	Gives the initial beneficiary the right to allow one or more third parties to use the credit under certain important conditions.		Confirmed	Must be guaranteed by the beneficiary's financial institution.	√		
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2	<p>Indicate the date until which the beneficiary may present the documents in his country or abroad, if specified.</p> <p>Calculate by adding the number of days in line 20 to the dispatch date in line 9 (max. 21 days).</p>	√								
3	<p>Enter the full name and address of the company purchasing goods from the beneficiary.</p> <p>Enter folio number and currency.</p> <p>In most cases, the buyer is the applicant.</p>									
4	<p>Enter the full name and address of the person to whom credit is payable (beneficiary).</p> <p>In most cases, the beneficiary is the seller.</p>									
5	<p>Enter the full name and address of the advising bank.</p> <p>The advising bank is the beneficiary's bank. This information is usually provided by the seller.</p>									
6	<p>Currency and amount</p> <p>Maximum</p> <p>Approximately</p> <p>Spell out amount and currency in letters.</p> <p>Not to exceed</p> <p>Letter of credit and quantity of merchandise shipped is sometimes stated in approximate terms by a percentage (usually between 3% et 10%). For example, documents are valid even if the invoice exceeds the amount stated in the letter of credit as long as the amount/quantity does not exceed it by more than 10%.</p>									
7	<p>Select payment terms in favour of beneficiary.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">At sight:</td> <td>• upon presentation of documents</td> </tr> <tr> <td>Time:</td> <td>• X days sight • X days shipment date</td> </tr> </table> <p>Usually for 100% of commercial invoice value.</p>	At sight:	• upon presentation of documents	Time:	• X days sight • X days shipment date	√				
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8	<p>Indicate if partial shipments are allowed.</p> <p>Indicate if transshipment is allowed.</p> <p>Partial means merchandise is forwarded in several shipments.</p> <p>Transshipment is allowed when merchandise is to be unloaded and reloaded from one ship to another, one plane to another or one truck to another.</p>									
9	<p>Enter the port of loading.</p> <p>Enter the port of discharge or destination of merchandise.</p> <p>Port from which shipping of merchandise is to begin.</p> <p>Location in which buyer will take possession of merchandise.</p>									
10	<p>Enter the last date on which merchandise can be loaded.</p>									
11	<p>Indicate how many copies of the commercial invoice are requested by the applicant (buyer).</p> <p>Request in duplicate unless otherwise indicated.</p>									
12	<p>Indicate the how many copies of the customs invoice are requested by the applicant (buyer).</p> <p>Request in duplicate unless otherwise indicated.</p>									
13	<p>Indicate the type of transport documents required.</p> <p>State whether freight is prepaid or collect.</p>	√								
14	<p>Enter the percentage of invoice value with claims.</p> <p>Insurance must cover 110% of invoice value.</p>	√								
15	<p>Indicate the number of copies required.</p> <p>Usually 3.</p>									
16-17	<p>Indicate all other documents required to import merchandise (i.e., certificate of origin, health certificate.)</p>									
18	<p>Give a brief description of merchandise.</p> <p>Enter invoice or pro forma number.</p> <p>Avoid excessive detail.</p>	√								
19	<p>Indicate the terms of delivery established between buyer and seller of merchandise.</p> <p>The most frequently used terms are:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;">CIF</td> <td>• Seller's price includes cost of merchandise, insurance and freight. • Transport documents are marked "Freight prepaid". • The beneficiary (seller) takes out insurance.</td> </tr> <tr> <td>CFR</td> <td>• Seller's price includes freight. • Transport documents are marked "Freight prepaid". • The applicant (buyer) takes out insurance separately.</td> </tr> <tr> <td>FOB</td> <td>• Seller's price excludes freight and insurance. • Transport documents are marked "Freight collect". • The applicant (buyer) takes out insurance separately.</td> </tr> <tr> <td>EXW</td> <td>• Seller's price of goods available at the factory or seller's premises. • The applicant (buyer) assumes all costs and risks from seller's premises.</td> </tr> </table>	CIF	• Seller's price includes cost of merchandise, insurance and freight. • Transport documents are marked "Freight prepaid". • The beneficiary (seller) takes out insurance.	CFR	• Seller's price includes freight. • Transport documents are marked "Freight prepaid". • The applicant (buyer) takes out insurance separately.	FOB	• Seller's price excludes freight and insurance. • Transport documents are marked "Freight collect". • The applicant (buyer) takes out insurance separately.	EXW	• Seller's price of goods available at the factory or seller's premises. • The applicant (buyer) assumes all costs and risks from seller's premises.	√
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20	<p>Enter all other special conditions.</p> <p>Indicate if banking charges outside Canada are the responsibility of the applicant or beneficiary.</p>									
21	<p>Indicate the number of days within which documents must be presented.</p> <p>Seller must present all documents, including transport documents, to his bank within a maximum of 21 days following shipment but before the credit expiry date.</p> <p>Shipping documents must usually be submitted shortly after merchandise is loaded to ensure they are received by co-signers upon delivery of merchandise to avoid storage fees.</p>									
	Applicant signature (front and back of document).	Required								

You must be familiar with:

- International rules that apply to documentary credit.
- Transport terms accepted internationally.

We can provide you with:

International Chamber of Commerce "Incoterms" brochures.

For more information:
Please contact your account manager