

# **The Four Stages of Electrification of Letters of Credit**



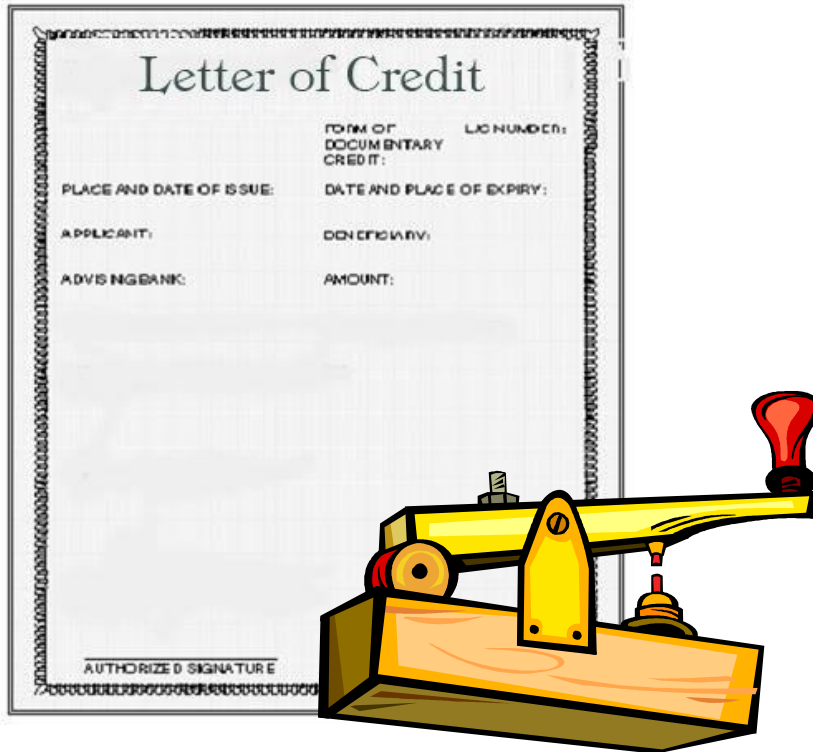
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# The Dot.Com Era Approach



**You must allow  
electrification.**

# Since 1860s



- Issuance
- Processing
- Payment

## Amenable

# 4 Stages in LC Electrification

1. Legalization
2. Systemization
3. Acceptance
4. Transformation



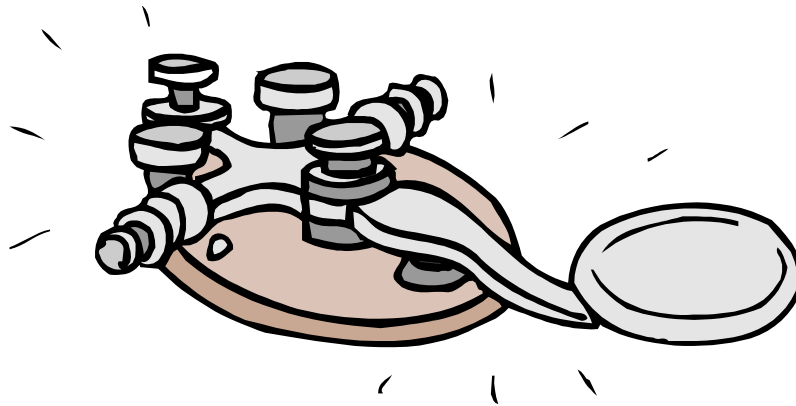
# US UCC §1-201

- **“Writing”**: Intentional reduction to tangible form
- **“Signed”**: Any symbol executed or adopted with present intent to authenticate



# US UCC §5-106(2)(a) (1952)

**A telegram may be a sufficient signed writing if it identifies its sender by an authorized authentication which may be in code.**



# Superficial Electification

Letter of Credit

FORM OF DOCUMENTARY CREDIT: \_\_\_\_\_ LIC NUMBER: \_\_\_\_\_

PLACE AND DATE OF ISSUE: \_\_\_\_\_ DATE AND PLACE OF EXPIRY: \_\_\_\_\_

APPLICANT: \_\_\_\_\_ BENEFICIARY: \_\_\_\_\_

ADVISING BANK: \_\_\_\_\_ AMOUNT: \_\_\_\_\_

\_\_\_\_\_  
AUTHORIZED SIGNATURE

- **Issuance:**  
**UCP400 Articles 11 & 20**
- **Processing: Via Telefax**
- **Payment: Funds Transfer**

# **A Right to Electrification of LCs?**

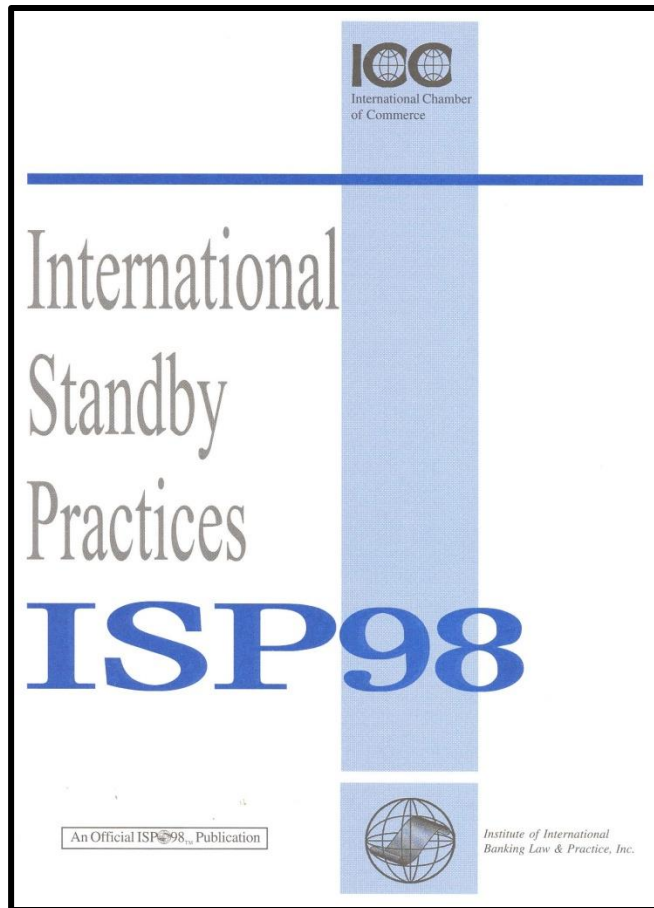
- 1. Legalization**
- 2. Systemization**
- 3. Acceptance**
- 4. Transformation**



**Presentation  
of  
Documents**



# ISP98 Rule 3.06



**Unless prohibited,  
electronic  
presentation  
permitted if i) only a  
demand ii) by a  
beneficiary with  
access to  
authenticable systems**

# 4 Stages in LC Electrification

1. Legalization
2. Systemization
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# Transformation

- **Standardization of Standbys & Demand Guarantees**
- **Oil Fluctuation Clauses**
- **Verification of Vessel Dockings**

