

Condition of "NO TRANS-SHIPMENT" in Letter of Credit

The "**No Trans-shipment**" clause is to appear in all Letters of credit opened in favour of foreign suppliers as per UCP 500 and international standard banking practice issued by ICC. As per swift message format, this clause is mandatory. The following points need attention in this regard: -

- a) As per article 23 (b) (c) (d) of UCP 500, even if Trans-shipment is prohibited by the terms of credit, banks will accept a Bill of Lading which indicates that the goods will be Trans-shipped if the entire ocean carriage is covered by one and the same Bill of Lading and/or incorporates clauses stating that the carrier reserves the right to Trans-ship. This means that the documents will not be discrepant, though Trans-shipment has been prohibited in the LC.
- b) Letters of credit opened by BHEL, Hardwar do not exclude article 23(d), which specifically prohibits Trans-shipment.