

International standard banking practice: ISBP 821

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The phrase "international standard banking practice" in Article 2 UCP 600 refers above all to the ICC's publication *International Standard Banking Practice for the Examination of Documents under UCP 600*. The current edition, ICC Publication 821, was published in 2023 and replaced ISBP 745 of 2013. It incorporates the practices identified in the opinions of the ICC Banking Commission since 2013 and clarifies, among other things, the treatment of signatures, multimodal transport documents and insurance documents.¹ ISBP is the book that document checkers in Geneva and Lugano keep on their desks. It answers questions that UCP 600 leaves open: whether a misspelling in the name of the applicant is a discrepancy, how the description of the goods in the invoice must correspond to the credit, what a "clean" bill of lading is, and when a document is an original.

For the trader, ISBP has one practical consequence. Discrepancies are the most frequent cause of disputes and of delay under documentary credits, and a large share of first presentations is rejected for discrepancies. Every refusal costs time and fees and gives the applicant an opportunity to renegotiate the price, because the bank will usually ask whether the applicant waives the discrepancies before it pays. A trader who sells under documentary credits should therefore review every credit on receipt against ISBP and ask for amendments at once if a term cannot be met. It should also prepare its documents with the same care that a bank applies to their examination. The LCTA's training programme includes courses on contract chains and back-to-back risk that address precisely this discipline.²

1 Swiss law: the credit as payment instruction

UCP 600 does not deal with every legal question, and a credit governed by Swiss law needs a domestic legal frame. Swiss doctrine and practice classify the documentary credit primarily as a payment instruction in the sense of

Articles 466 ff. CO (*Anweisung, assegno*), which the official English translation of the Code distinguishes from the assignment of claims (*Abtretung*) under Articles 164 ff. CO. By a payment instruction, the recipient of the instruction (the agent) is authorized to transfer money, securities or other fungibles for the account of the party issuing the instruction (the principal) to the payee, who is authorized to receive them in its own name (Art. 466 CO). In a documentary credit the issuing bank is the agent, the applicant is the principal and the beneficiary is the payee. The relationship between the applicant and its bank is a mandate under Articles 394 ff. CO, and the UCP are incorporated as general terms of business.³ Under Article 468 para. 1 CO, an agent who notifies the payee that it accepts the payment instruction without reservation is obliged to pay. It may raise against the payee only objections arising from their personal relationship or from the terms of the instruction, and none arising from its relationship with the principal. Swiss law thereby provides a statutory basis for the independence of the bank's undertaking from the sale contract.⁴

The Federal Supreme Court has applied this framework in several cases, two of them involving commodity trade. In BGE 132 III 620 of 3 July 2006, a Ukrainian bank had issued an irrevocable credit of USD 3,235,000 for a delivery of petroleum products, which a bank in Zurich had confirmed. When documents were presented in October 2000, the Zurich bank found discrepancies, asked the Ukrainian bank whether it would accept them and paid before receiving a reply. The Ukrainian bank later rejected the documents. The Federal Court applied UCP 500, as incorporated by the parties, and the Swiss rules on the payment instruction as supplementary law under Article 117 of the Federal Act on Private International Law (PILA). It held that an issuing bank that neither holds the documents at the disposal of the presenter nor returns them is precluded from invoking discrepancies. Following its earlier case law, it added that the use of the documents to dispose of the goods amounts to their approval.⁵

2 Notes

1. ICC, International Standard Banking Practice for the Examination of Documents under UCP 600 (ISBP), ICC Publication No. 821E (Paris 2023), ISBN 978-92-842-0646-9, publisher's description at <https://2go.iccwbo.org/explore-our-products/ebooks/international-standard-banking-practice-isbp-config-1.html>. ↩
2. LCTA, "Formazione", <https://www.lcta.ch/formazione/> (course "Contract Chains & Back-to-Back Risk in Commodity Trading", 20–21

November 2026; Certified Commodity Trading Specialist programme).



3. Law.ch, "Dokumentenakkreditiv" (above) (Anweisung under Arts. 466–471 CO, mandate, UCP as general terms; parties and forms of availability: sight, deferred payment, acceptance and negotiation credits; with references to BGE 114 II 48, BGE 100 II 150 f., BGE 115 II 70 f. and BGE 78 II 49 f.). ↩
4. Federal Act of 30 March 1911 on the Amendment of the Swiss Civil Code (Part Five: The Code of Obligations) (CO), SR 220, Art. 466 ("By means of a payment instruction, the recipient of the instruction (agent) is authorised to transfer money, securities or other fungibles for the account of the party issuing the instruction (principal) to the payee") and Art. 468 para. 1, official English translation at droit-bilingue.ch, <https://www.droit-bilingue.ch/en-de/2/22/220-466-680.html> and <https://www.droit-bilingue.ch/en-de/2/22/220-468-682.html>; on the assignment of claims see Art. 164 para. 1, <https://www.droit-bilingue.ch/en-de/2/22/220-164-177.html>. ↩
5. Federal Supreme Court, judgment of 3 July 2006, BGE 132 III 620, <https://servat.unibe.ch/dfr/bge/c3132620.html> ("Der Gebrauch der Dokumente zur Verfügung über die Ware ist auch nach der Rechtsprechung des Bundesgerichts als Genehmigung der Dokumente zu qualifizieren"; with references to BGE 90 II 302, BGE 104 II 275, BGE 111 II 76 and BGE 114 II 45). Federal Act of 18 December 1987 on Private International Law (PILA), SR 291, Art. 117. ↩

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