

NEGOTIATION OF DRAFTS AND DOCUMENTS DROWN UNDER DOCUMENTARY CREDIT

In documentary credit, the draft and or documents can be negotiated by FEE bank when the presentation of them complies with the terms and conditions of the documentary credit. FEE bank can agree to advance fund to the beneficiary in anticipation of being reimbursed by the issuing bank. Negotiation by FEE bank would be usually ' with recourse ' to the beneficiary. It means that if the fund is not forthcoming from the issuing bank, FEE bank would claim the fund back from the beneficiary.

However, FEE bank would negotiate on a ' without recourse ' bases if the documents conform to the terms and conditions of the credit and duly has been undertaken by the confirming bank.