

Abstract

The subject of this research focuses on the bank's role in the documentary credit which, through this study, is considered as consisting of the basic parts : Letters of Credit and Standby Letters of Credit.

This subject required us to give a general glimpse about those two handled parts including a chronology of the credit, then to discuss the definitions mentioned in this field and to show the common and special kinds of those two parts . Hence it was necessary to talk about the compulsory characteristic of the rules which regulate the documentary credit.

As the idea of the research comes out of concentration on clarifying the bank's role in the process of the documentary credit with its two parts, the study started with the obligations and ended with the responsibilities of the bank.

This required us to handle, on one hand, the bank obligations vis-à-vis the applicant and the beneficiary, in addition to handle the obligations of the bank towards the mediator banks because all these parties have relations with the bank that emerge from using the documentary credit. On the other it was necessary to discuss the extent to which the bank is responsible vis-à-vis the above – mentioned parties if it fails to fulfill its obligations.

The subject of the research has been handled according to three basic instruments :

- 1) The Uniform Customs and Practice for Documentary Credits "UCP500". Issued by The International Chamber of Commerce Banking Commission in Paris in 1993, in force since the first of January, 1994.
- 2) International Standby Practices "ISP 590". Issued by The International Chamber of Commerce Banking Commission in Paris in 1998, in force since the first of January, 1999.
- 3) United Nations Convention of 1995 on Independent Guarantees and Stand-By Letters of Credit.

With regard to each theme discussed, the research makes comparison amongst the three instruments used. This comparison, that formed the basis on which the study is based, shows the agreements and disagreements amongst the instruments used to discuss the bank obligations and responsibilities vis-à-vis all other parties involved in the documentary credit.