

THE INSTITUTE OF BANKERS PAKISTAN
ISQ Examination (Summer-2011)
INTERNATIONAL TRADE FINANCE AND FOREX OPERATIONS

- Q.1** Please write the alphabet of the selected choice in the answer column:
- Q.2** What are the main purpose of a forward contract for the importer and exporter.
- Q.3** Your import customer is requesting you the issuing bank for an amendment to change the tenor of the LC from Usance to Sight. How will you react to this request, please state reasons.
- Q.4** In the context of Foreign exchange position management, explain the following terms:
- A)** Overbought position
 - B)** Oversold position
 - C)** Square position
- Q.5** Briefly explain the following trade products used for settlement of import bills:
- A)** Finance against Imported Merchandise (FIM)
 - B)** Finance against Trust Receipts (FTR)
 - C)** Foreign Currency Import Financing under FE 25 Trade Loans
- Q.6** Study the following cases and give brief answers. Each answer must clearly state Yes or No preceding each explanation.
- A)** A letter of credit established by your bank states 20 printing machines model Juki S-490 (Brand new). The documents received from the nominated bank bears the description as specified in the credit. Since the ship carrying the cargo also arrived in the meantime, the importer managed to inspect the goods prior to their clearance which revealed that the machines were not brand new. He, therefore, asked the letter of credit opening bank to reject the documents. Whether the LC opening bank can reject the documents on this ground?
 - B)** Documents were presented by an exporter 'X' to the nominated bank say 'Y'. The nominated bank after receipt and examination of documents returned the documents to the exporter refusing to negotiate. Whether the nominated bank can reject negotiation after receipt of documents?
 - C)** The letter of credit requires submission of certificate of origin. The documents submitted under the credit includes certificate issued by the manufacturer which the nominated bank declines to accept on the ground that it should be issued by the Chamber of Commerce. Whether the rejection was correct?

- D) L/c opening bank receives a SWIFT message stating that the documents presented under the credit contains a number of discrepancies and asks the authority to negotiate the documents. Simultaneously the importer approaches the L/c opening bank that saying documents are acceptable to him irrespective of discrepancies. The L/c opening bank does not agree. Does the LC opening bank have a right to reject the documents and what precaution may be taken by them if he accedes to the opener's request.

Q.7 Write short note on the following:

- A) Back-to-back Credits
- B) Sea way bill of lading
- C) Counter-trade
- D) Balance of Payment

Q.8 Define the following:

- A) Financial Documents
- B) Commercial Documents
- C) Clean Collection
- D) Documentary Collections
