

**ISQ Examination - Summer-2013**  
**Finance of International Trade and Related Treasury Operations - Stage- III**

- Q. Study the situations below and answer as required:
- A. One of your clients has received an order for export of mangoes to Saudi Arabia. Suggest payment terms which assure timely receipt of export proceeds and safe delivery of consignment in view of the perishable nature of goods.
  - B. One of your clients has entered into a new business for imports of auto spare parts from China. He has approached you for establishment of a letter of credit for US\$ 100,000. List at least three precautionary measures which you as a banker may take while handling such a situation.
  - C. have received documents under an import letter of credit established on behalf of one of your clients. The importer is currently short of funds. What finances can be extended to him to manage this consignment?
- Q. A. Define Deferred Payment Letter of Credit.
- Q. B. Generally who finances DPLCs?
- Q. C. What are the general considerations for the lender in case of financing DPLCs. Mention at least THREE.
- Q. D. Mention at least 4 risks associated with such financing.
- Q. A. Describe any THREE types of discrepancies found in documents drawn under the letter of credit.
- Q. B. State at least FOUR common errors in preparation of documents under LCs.
- Q. C. Mention at least 10 points from LC scrutiny checklist that the negotiating bank must consider necessary.
- Q. List any FIVE trade-related services provided by correspondent banks.
- Q. Discuss FIVE key benefits of international trade.

- Q. A. A letter of credit for USD 100,000 was confirmed by Mr. Yahya, Trade officer of Yakjehti Bank. An amendment request enhancing its value to USD 175,000 was received. Mr. Yahya did not add his confirmation to the extended portion of the letter of credit. He also did not communicate this to the issuing bank. When the exporter submitted the documents for USD 175,000, Mr. Yahya informed him that he could negotiate only up to USD 100,000. In your opinion, is Mr. Yahya correct as he has not added his confirmation and the exporter is aware of the same?
- Q. B. In a letter of credit, discrepant documents were received. The beneficiary was informed about the discrepancies in the documents and a reference was made to the applicant. The applicant accepted the discrepancies, received the documents but did not make payment on the due date. What is the position of the issuing bank?
- Q. C. You have a letter of credit which states: "Partial shipments prohibited". Due to some logistic/packing problem, two invoices are raised under one transport document. Will it be considered partial shipment since the quantity of goods indicated on the invoice will not be in line with the documentary credit?
- Q. What are the regulatory reporting directives of the State Bank of Pakistan under the Exchange Policy regarding foreign exchange transactions?
- Q. Explain the nature and type of risks in a cross border trade transaction. Elaborate with the help of examples.
- Q. List at least FIVE major policy similarities under the Export Refinance Scheme Part I and Part II offered by State Bank of Pakistan to the exporters.

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