

## URC 522

### Collections



The URC 522 are the Uniform Rules for Collections. URC 522 came into effect on 01 January 1996.

You can view the text of URC 522 by selecting the articles to the left of the screen. Alternatively, you can search this section for specific information

### Uniform Rules For Collection (URC 522)

#### Subhead

The ICC Uniform Rules for Collections were first published by the ICC in 1956. Revised versions were issued in 1967 and 1978

This present revision was adopted by the Council of the ICC in June 1995, for issue as ICC Publication N°522.

This English language edition gives the official text of the 1994 Revision. Translations in other languages may be available from ICC National Committees

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Please note that the title or classification on the heading of each Article is for reference as to intent and purpose. It is not to be construed as being other than solely for benefit or guidance and there should be no legal imputation.

#### Footnote

The Working Party would like to take this opportunity to thank all National Committees and others for their participation in this work. Over 2000 comments were painstakingly examined and analysed and, in so doing, the WP was able to obtain an insight into problems and practices worldwide - this proved to be of great value and assistance in completing this work.

In particular, the WP would like to thank the following National Committees, Associations, and Organisations and individuals, by name.

1 ICC National Committees:

Australia, Austria, Colombia, Cyprus, Denmark, Finland, France, Germany, Iran, Israel, Italy, Japan, Norway, Singapore, Spain, Sweden, Switzerland, Turkey, the United

Kingdom and the United States.

## 2 Associations and Organisations:

Akbank (Turkey), Antiochian Commercial Bank, Asociación de Bancos del Uruguay, Association of Banks in Singapore, Association of Cyprus Commercial Banks, Associazione Bancaria Italiana, Banco Bancoquia (Colombia), Banco Anglo Colombiano (Colombia), Banco de Bogota (Colombia), Banco do Brasil S.A., Banco del Estado (Colombia), Banco Nacional de Cuba, Banco Popular Español, Banco Sabadell (Spain), Banco Union Colombiano (Colombia), Bank Association of Slovenia, Bankhaus Trinkaus & Burkhardt (Germany), British Bankers' Association (Trade Facilitation Consultative Group), Canadian Bankers' Association, Central Hispaño (Spain), Chemical Bank (USA), Citibank (USA), Clearing Bankers Association (South Africa), Courtaulds Export (UK), Den Danske Bank (Denmark), Deutscher Sparkassenund Giroverband (Germany), DG Bank (Germany), Emlak Bankasi (Turkey), FELABAN (Federation of Latin American Banks), Finansradet (Denmark), Foreign Exchange Dealers' Association of India, Forex Club Argentino, German Banking Federation, German Savings Banks Organisation, Hellenic Bank Association, The Hong Kong Association of Banks, Internationale Nederlanden Bank, Israel Discount Bank, Japan Foreign Trade Council, Nederlandse Vereniging van Banken, Nordbanken (Sweden), Overseas Union Bank Ltd (Singapore), Serfin Financial Group (Mexico), State Bank (Colombia), Swiss Bank Corporation, T.O. Lee Consultants Ltd (Hong Kong), Texas Commerce Bank N.A. (USA), Turk Ekonomi Bankasi (Turkey), Udruzenje Banaka Jugoslavije, Unibank (Denmark), United States Council on International Banking, Inc., Westpac Banking Corporation (Australia)

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- Secretaries, ICC Paris

Bob Mansell and Sue Davis, The Hongkong and Shanghai

Banking Corporation, Ltd. ( London)

and

- Members of the ICC Banking Commission

## **Foreword**

The raison d'être for the existence of the ICC is to facilitate trade among the world's trading countries, within which one of our core tasks is an ongoing review of international trade practices in various fields.

Accordingly, the ICC undertook a review of the Uniform Rules for Collections in March 1993, and these revised rules, which represent the culmination of the revision work, have been drafted by international experts drawn from the private sector who have worked in ICC Commissions over the last two years.

The review covered changes in collection procedures, technology, and laws and regulations, both national and international.

From the perspective of the ICC, a significant achievement of the revision is that National Committees and experts from all parts of the world took an active part in the discussions and made a positive contribution to the work.

These revised rules and their unanimous adoption by members of the ICC Banking Commission, which has a wide international representation, are a source of pride to us all, and the extensive and fruitful international consultation which preceded this work is the hallmark of the ICC.

Jean-Charles Rouher

Secretary General of the ICC

## **Preface**

In keeping with the ICC policy of staying abreast of changes in international commerce, the ICC Banking Commission initiated a revision of Uniform Rules for Collections in March 1993, and these revised rules represent the work of the ICC Working Party entrusted with the revision project since that time.

The revised rules, which come into effect on 1 January, 1996, replace the Uniform Rules for Collections, ICC publication N°322, in force since January 1979. There is a separate new ICC publication, N°550, containing a comprehensive commentary covering relevant discussions that took place during the revision process. The commentary, which is intended to give guidance on practical issues and to provide an insight into the thinking of the Working Party, is not meant to replace the rules in any way.

The objectives of the Working Party were to review changes in international collection procedures, technology, and laws and regulations both national and international since 1979. Similarly, issues that continue to cause problems to practitioners were to be

examined to see the extent to which the revision could assist in their resolution.

Additionally, the text and language of UCP 500 were to be examined in order to achieve a degree of harmonisation within the revision.

In the course of its work over the last two years, the Working Party examined approximately 2,500 comments from over 30 countries. In certain cases, such as in considering of Electronic Data Interchange, the Working Party felt that uncertainty on legal issues precluded any attempt to draft rules to cover this aspect at the present time.

Similarly, while the importance of local practices and requirements in certain countries were fully appreciated by the Working Party, it was considered unwise to draft rules to cover such practices and requirements, as they might not be acceptable to the rest of the international community.

In considering an extensive range of views and comments, the Working Party had considerable difficulty in evaluating some of them, and, where conflicting views were expressed, the Working Party adopted the point of view closest to, and most consistent with, accepted international practice.

The Working Party, in achieving its objectives, did not seek to make change for the sake of change and often left the wording of the old rules substantially unchanged. Changes were made only in response to altered practices and requirements and to resolve practical difficulties encountered by practitioners.

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I list below in alphabetical order the members of the Working Party:

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The undersigned had the pleasure of chairing the Working Party.

As Chairman, I extend my deep appreciation to the ICC National Committees, the Banking Commission and the individual members of the Working Party. It was through the generous contribution of their time and the sharing of their knowledge that this revision was accomplished so successfully. I also wish to convey the gratitude of the ICC for their selfless commitment to this work.

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## URC 522 - Article 1



### ARTICLE 1 APPLICATION OF URC 522

a The Uniform Rules for Collections, 1995 Revision, ICC Publication No. 522, shall apply to all collections as defined in Article 2 where such rules are incorporated into the text of the "collection instruction" referred to in Article 4 and are binding on all parties thereto unless otherwise expressly agreed or contrary to the provisions of a national, state or local law and/or regulation which cannot be departed from.

b Banks shall have no obligation to handle either a collection or any collection instruction or subsequent related instructions.

c If a bank elects, for any reason, not to handle a collection or any related instructions received by it, it must advise the party from whom it received the collection or the instructions by telecommunication or, if that is not possible, by other expeditious means, without delay.

## URC 522 - Article 2



### ARTICLE 2 DEFINITION OF COLLECTION

For the purposes of these Articles:

a "Collection" means the handling by banks of documents as defined in sub-Article 2(b), in accordance with instructions received, in order to:

1 obtain payment and/or acceptance,

or

2 deliver documents against payment and/or against acceptance,

or

3 deliver documents on other terms and conditions.

b "Documents" means financial documents and/or commercial documents:

1 "Financial documents" means bills of exchange, promissory notes, cheques, or other similar instruments used for obtaining the payment of money;

2 "Commercial documents" means invoices, transport documents, documents of title or other similar documents, or any other documents whatsoever, not being financial documents.

c "Clean collection" means collection of financial documents not accompanied by commercial documents.

d "Documentary collection" means collection of:

1 Financial documents accompanied by commercial documents;

2 Commercial documents not accompanied by financial documents.

## **URC 522 - Article 3**



### ARTICLE 3 PARTIES TO A COLLECTION

a For the purposes of these Articles the "parties thereto" are:

1 the "principal" who is the party entrusting the handling of a collection to a bank;

2 the "remitting bank" which is the bank to which the principal has entrusted the handling of a collection;

3 the "collecting bank" which is any bank, other than the remitting bank, involved in processing the collection;

4 the "presenting bank" which is the collecting bank making presentation to the drawee.

b The "drawee" is the one to whom presentation is to be made in accordance with the collection instruction.



### ARTICLE 4 COLLECTION INSTRUCTION

a 1 All documents sent for collection must be accompanied by a collection instruction indicating that the collection is subject to URC 522 and giving complete and precise instructions. Banks are only permitted to act upon the instructions given in such collection instruction, and in accordance with these Rules.

2 Banks will not examine documents in order to obtain instructions.

3 Unless otherwise authorised in the collection instruction, banks will disregard any instructions from any party/bank other than the party/bank from whom they received the collection.

b A collection instruction should contain the following items of information, as appropriate.

1 Details of the bank from which the collection was received including full name, postal and SWIFT addresses, telex, telephone, facsimile numbers and reference.

2 Details of the principal including full name, postal address, and if applicable telex, telephone and facsimile numbers.

3 Details of the drawee including full name, postal address, or the domicile at which presentation is to be made and if applicable telex, telephone and facsimile numbers.

4 Details of the presenting bank, if any, including full name, postal address, and if applicable telex, telephone and facsimile numbers.

5 Amount(s) and currency(ies) to be collected.

6 List of documents enclosed and the numerical count of each document.

7 a. Terms and conditions upon which payment and/or acceptance is to be obtained.

b. Terms of delivery of documents against:

1) payment and/or acceptance

2) other terms and conditions

It is the responsibility of the party preparing the collection instruction to ensure that the terms for the delivery of documents are clearly and unambiguously stated, otherwise banks will not be responsible for any consequences arising therefrom.

8 Charges to be collected, indicating whether they may be waived or not.

9 Interest to be collected, if applicable, indicating whether it may be waived or not, including:

a. rate of interest

b. interest period

c. basis of calculation (for example 360 or 365 days in a year) as applicable.

10 Method of payment and form of payment advice.

11 Instructions in case of non-payment, non-acceptance and/or non-compliance with other instructions.

c 1 Collection instructions should bear the complete address of the drawee or of the domicile at which the presentation is to be made. If the address is incomplete or incorrect, the collecting bank may, without any liability and responsibility on its part, endeavour to ascertain the proper address.

2 The collecting bank will not be liable or responsible for any ensuing delay as a result of an incomplete/incorrect address being provided.

## **URC 522 - Article 5**



### ARTICLE 5 PRESENTATION

a For the purposes of these Articles, presentation is the procedure whereby the presenting bank makes the documents available to the

drawee as instructed.

b The collection instruction should state the exact period of time within which any action is to be taken by the drawee.

Expressions such as "first", "prompt", "immediate", and the like should not be used in connection with presentation or with reference to any period of time within which documents have to be taken up or for any other action that is to be taken by the drawee. If such terms are used banks will disregard them.

c Documents are to be presented to the drawee in the form in which they are received, except that banks are authorised to affix any necessary stamps, at the expense of the party from whom they received the collection unless otherwise instructed, and to make any necessary endorsements or place any rubber stamps or other identifying marks or symbols customary to or required for the collection operation.

d For the purpose of giving effect to the instructions of the principal, the remitting bank will utilise the bank nominated by the principal as the collecting bank. In the absence of such nomination, the remitting bank will utilise any bank of its own, or another bank's choice in the country of payment or acceptance or in the country where other terms and conditions have to be complied with.

e The documents and collection instruction may be sent directly by the remitting bank to the collecting bank or through another bank as intermediary.

f If the remitting bank does not nominate a specific presenting bank, the collecting bank may utilise a presenting bank of its choice.

## **URC 522 - Article 6**



### **ARTICLE 6 SIGHT/ACCEPTANCE**

In the case of documents payable at sight the presenting bank must make presentation for payment without delay. In the case of documents payable at a tenor other than sight the presenting bank must, where acceptance is called for, make presentation for acceptance without delay, and where payment is called for, make presentation for payment not later

than the appropriate maturity date.

## **URC 522 - Article 7**



### ARTICLE 7 RELEASE OF COMMERCIAL DOCUMENTS

Documents Against Acceptance (D/A) vs. Documents Against Payment (D/P)

a Collections should not contain bills of exchange payable at a future date with instructions that commercial documents are to be delivered against payment.

b If a collection contains a bill of exchange payable at a future date, the collection instruction should state whether the commercial documents are to be released to the drawee against acceptance (D/A) or against payment (D/P).

In the absence of such statement commercial documents will be released only against payment and the collecting bank will not be responsible for any consequences arising out of any delay in the delivery of documents.

c If a collection contains a bill of exchange payable at a future date and the collection instruction indicates that commercial documents are to be released against payment, documents will be released only against such payment and the collecting bank will not be responsible for any consequences arising out of any delay in the delivery of documents.

## **URC 522 - Article 8**



### ARTICLE 8 CREATION OF DOCUMENTS

Where the remitting bank instructs that either the collecting bank or the drawee is to create documents (bills of exchange, promissory notes, trust

receipts, letters of undertaking or other documents) that were not included in the collection, the form and wording of such documents shall be provided by the remitting bank, otherwise the collecting bank shall not be liable or responsible for the form and wording of any such document provided by the collecting bank and/or the drawee.

## **URC 522 - Article 9**



### ARTICLE 9 GOOD FAITH AND REASONABLE CARE

Banks will act in good faith and exercise reasonable care.

## **URC 522 - Article 10**



### ARTICLE 10 DOCUMENTS vs. GOODS, SERVICES, PERFORMANCES

a Goods should not be despatched directly to the address of a bank or consigned to or to the order of a bank without prior agreement on the part of that bank.

Nevertheless, in the event that goods are despatched directly to the address of a bank or consigned to or to the order of a bank for release to a drawee against payment or acceptance or upon other terms and conditions without prior agreement on the part of that bank, such bank shall have no obligation to take delivery of the goods, which remain at the risk and responsibility of the party despatching the goods.

b Banks have no obligation to take any action in respect of the goods to which a documentary collection relates, including storage and insurance of the goods even when specific instructions are given to do so. Banks will only take such action if, when, and to the extent that they agree to do so in each case. Notwithstanding the provisions of sub-Article 1(c) this rule applies even in the absence of any specific advice to this effect by the

collecting bank.

c Nevertheless, in the case that banks take action for the protection of the goods, whether instructed or not, they assume no liability or responsibility with regard to the fate and/or condition of the goods and/or for any acts and/or omissions on the part of any third parties entrusted with the custody and/or protection of the goods. However, the collecting bank must advise without delay the bank from which the collection instruction was received of any such action taken.

d Any charges and/or expenses incurred by banks in connection with any action taken to protect the goods will be for the account of the party from whom they received the collection.

e 1 Notwithstanding the provisions of sub-Article 10(a), where the goods are consigned to or to the order of the collecting bank and the drawee has honoured the collection by payment, acceptance or other terms and conditions, and the collecting bank arranges for the release of the goods, the remitting bank shall be deemed to have authorised the collecting bank to do so.

2 Where a collecting bank on the instructions of the remitting bank or in terms of sub-Article 10(e)i, arranges for the release of the goods, the remitting bank shall indemnify such collecting bank for all damages and expenses incurred.

## **URC 522 - Article 11**



### **ARTICLE 11 DISCLAIMER FOR ACTS OF AN INSTRUCTED PARTY**

a Banks utilising the services of another bank or other banks for the purpose of giving effect to the instructions of the principal, do so for the account and at the risk of such principal.

b Banks assume no liability or responsibility should the instructions they transmit not be carried out, even if they have themselves taken the initiative in the choice of such other bank(s).

c A party instructing another party to perform services shall be bound by and liable to indemnify the instructed party against all obligations and responsibilities imposed by foreign laws and usages.

## URC 522 - Article 12



### ARTICLE 12 DISCLAIMER ON DOCUMENTS RECEIVED

a Banks must determine that the documents received appear to be as listed in the collection instruction and must advise by telecommunication or, if that is not possible, by other expeditious means, without delay, the party from whom the collection instruction was received of any documents missing, or found to be other than listed.

Banks have no further obligation in this respect.

b If the documents do not appear to be listed, the remitting bank shall be precluded from disputing the type and number of documents received by the collecting bank.

c Subject to sub-Article 5(c) and sub-Articles 12(a) and 12(b) above, banks will present documents as received without further examination.

## URC 522 - Article 13



### ARTICLE 13 DISCLAIMER ON EFFECTIVENESS OF DOCUMENTS

Banks assume no liability or responsibility for the form, sufficiency, accuracy, genuineness, falsification or legal effect of any document(s), or for the general and/or particular conditions stipulated in the document(s) or superimposed thereon; nor do they assume any liability or responsibility for the description, quantity, weight, quality, condition, packing, delivery, value or existence of the goods represented by any document(s), or for the good faith or acts and/or omissions, solvency, performance or standing of the consignors, the carriers, the forwarders, the consignees or the insurers of the goods, or any other person whomsoever

## **URC 522 - Article 14**



### ARTICLE 14 DISCLAIMER ON DELAYS, LOSS IN TRANSIT AND TRANSLATION

a Banks assume no liability or responsibility for the consequences arising out of delay and/or loss in transit of any message(s), letter(s) or document(s), or for delay, mutilation or other error(s) arising in transmission of any telecommunication or for error(s) in translation and/or interpretation of technical terms.

b Banks will not be liable or responsible for any delays resulting from the need to obtain clarification of any instructions received.

## **URC 522 - Article 15**



### ARTICLE 15 FORCE MAJEURE

Banks assume no liability or responsibility for consequences arising out of the interruption of their business by Acts of God, riots, civil commotions, insurrections, wars, or any other causes beyond their control or by strikes or lockouts.

## **URC 522 - Article 16**



### ARTICLE 16 PAYMENT WITHOUT DELAY

a Amounts collected (less charges and/or disbursements and/or expenses

where applicable) must be made available without delay to the party from whom the collection instruction was received in accordance with the terms and conditions of the collection instruction.

b Notwithstanding the provisions of sub-Article 1(c), and unless otherwise agreed, the collecting bank will effect payment of the amount collected in favour of the remitting bank only.

## **URC 522 - Article 17**



### ARTICLE 17 PAYMENT IN LOCAL CURRENCY

In the case of documents payable in the currency of the country of payment (local currency), the presenting bank must, unless otherwise instructed in the collection instruction, release the documents to the drawee against payment in local currency only if such currency is immediately available for disposal in the manner specified in the collection instruction.

## **URC 522 - Article 18**



### ARTICLE 18 PAYMENT IN FOREIGN CURRENCY

In the case of documents payable in a currency other than that of the country of payment (foreign currency), the presenting bank must, unless otherwise instructed in the collection instruction, release the documents to the drawee against payment in the designated foreign currency only if such foreign currency can immediately be remitted in accordance with the instructions given in the collection instruction.

## **URC 522 - Article 19**



## ARTICLE 19 PARTIAL PAYMENTS

a In respect of clean collections, partial payments may be accepted if and to the extent to which and on the conditions on which partial payments are authorised by the law in force in the place of payment. The financial document(s) will be released to the drawee only when full payment thereof has been received.

b In respect of documentary collections, partial payments will only be accepted if specifically authorised in the collection instruction. However, unless otherwise instructed, the presenting bank will release the documents to the drawee only after full payment has been received, and the presenting bank will not be responsible for any consequences arising out of any delay in the delivery of documents.

c In all cases partial payments will be accepted only subject to compliance with the provisions of either Article 17 or Article 18 as appropriate.

Partial payment, if accepted, will be dealt with in accordance with the provisions of Article 16.

## **URC 522 - Article 20**



## ARTICLE 20 INTEREST

a If the collection instruction specifies that interest is to be collected and the drawee refuses to pay such interest, the presenting bank may deliver the document(s) against payment or acceptance or on other terms and conditions as the case may be, without collecting such interest, unless sub-Article 20(c) applies.

b Where such interest is to be collected, the collection instruction must specify the rate of interest, interest period and basis of calculation.

c Where the collection instruction expressly states that interest may not be waived and the drawee refuses to pay such interest the presenting bank will not deliver documents and will not be responsible for any consequences arising out of any delay in the delivery of document(s).

When payment of interest has been refused, the presenting bank must inform by telecommunication or, if that is not possible, by other expeditious means without delay the bank from which the collection instruction was received.

## **URC 522 - Article 21**



### ARTICLE 21 CHARGES AND EXPENSES

a If the collection instruction specifies that collection charges and/or expenses are to be for account of the drawee and the drawee refuses to pay them, the presenting bank may deliver the document(s) against payment or acceptance or on other terms and conditions as the case may be, without collecting charges and/or expenses, unless sub-Article 21(b) applies.

Whenever collection charges and/or expenses are so waived they will be for the account of the party from whom the collection was received and may be deducted from the proceeds.

b Where the collection instruction expressly states that charges and/or expenses may not be waived and the drawee refuses to pay such charges and/or expenses, the presenting bank will not deliver documents and will not be responsible for any consequences arising out of any delay in the delivery of the document(s). When payment of collection charges and/or expenses has been refused the presenting bank must inform by telecommunication or, if that is not possible, by other expeditious means without delay the bank from which the collection instruction was received.

c In all cases where in the express terms of a collection instruction or under these Rules, disbursements and/or expenses and/or collection charges are to be borne by the principal, the collecting bank(s) shall be entitled to recover promptly outlays in respect of disbursements, expenses and charges from the bank from which the collection instruction was received, and the remitting bank shall be entitled to recover promptly from the principal any amount so paid out by it, together with its own disbursements, expenses and charges, regardless of the fate of the collection.

d Banks reserve the right to demand payment of charges and/or expenses in advance from the party from whom the collection instruction was received, to cover costs in attempting to carry out any instructions, and pending receipt of such payment also reserve the right not to carry out such instructions.

## **URC 522 - Article 22**



### ARTICLE 22 ACCEPTANCE

The presenting bank is responsible for seeing that the form of the acceptance of a bill of exchange appears to be complete and correct, but is not responsible for the genuineness of any signature or for the authority of any signatory to sign the acceptance.

## **URC 522 - Article 23**



### ARTICLE 23 PROMISSORY NOTES AND OTHER INSTRUMENTS

The presenting bank is not responsible for the genuineness of any signature or for the authority of any signatory to sign a promissory note, receipt, or other instruments.

## **URC 522 - Article 24**



### ARTICLE 24 PROTEST

The collection instruction should give specific instructions regarding protest (or other legal process in lieu thereof), in the event of non-

payment or non-acceptance.

In the absence of such specific instructions, the banks concerned with the collection have no obligation to have the document(s) protested (or subjected to other legal process in lieu thereof) for non-payment or non-acceptance.

Any charges and/or expenses incurred by banks in connection with such protest, or other legal process, will be for the account of the party from whom the collection instruction was received.

## **URC 522 - Article 25**



### ARTICLE 25 CASE-OF-NEED

If the principal nominates a representative to act as case-of-need in the event of non-payment and/or non-acceptance the collection instruction should clearly and fully indicate the powers of such case-of-need. In the absence of such indication banks will not accept any instructions from the case-of-need.

## **URC 522 - Article 26**



### ARTICLE 26 ADVICES

Collecting banks are to advise fate in accordance with the following rules:

#### a FORM OF ADVICE

All advices or information from the collecting bank to the bank from which the collection instruction was received, must bear appropriate details including, in all cases, the latter bank's reference as stated in the collection instruction.

## b METHOD OF ADVICE

It shall be the responsibility of the remitting bank to instruct the collecting bank regarding the method by which the advices detailed in sub-Articles (c)i, (c)ii and (c)iii are to be given. In the absence of such instructions, the collecting bank will send the relative advices by the method of its choice at the expense of the bank from which the collection instruction was received.

## c 1 ADVICE OF PAYMENT

The collecting bank must send without delay advice of payment to the bank from which the collection instruction was received, detailing the amount or amounts collected, charges and/or disbursements and/or expenses deducted, where appropriate, and method of disposal of the funds.

## 2 ADVICE OF ACCEPTANCE

The collecting bank must send without delay advice of acceptance to the bank from which the collection instruction was received.

## 3 ADVICE OF NON-PAYMENT AND/OR NON-ACCEPTANCE

The presenting bank should endeavour to ascertain the reasons for non-payment and/or non-acceptance and advise accordingly, without delay, the bank from which it received the collection instruction.

The presenting bank must send without delay advice of non-payment and/or advice of non-acceptance to the bank from which it received the collection instruction.

On receipt of such advice the remitting bank must give appropriate instructions as to the further handling of the documents. If such instructions are not received by the presenting bank within 60 days after its advice of non-payment and/or non-acceptance, the documents may be returned to the bank from which the collection instruction was received without any further responsibility on the part of the presenting bank.