

# Documentary Credit

# WORLD

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### ■ SUPERSEDEAS LETTERS OF CREDIT

Some of the largest letters of credit ever issued have been supersedeas LCs. Unlike supersedeas or appeal bonds which are issued by surety bond issuers such as insurance companies, supersedeas letters of credit are issued by banks. Drawing on his years of experience working with this particular type of standby LC, Carter Klein explains what a supersedeas letter of credit is, how it is used, and when it is appropriate (and when it is not). He also discusses important drafting considerations and other issues between the judgment debtor applicant and the judgment creditor beneficiary as well as what terms issuing banks and courts are likely to accept or require for such letters of credit to be used. Klein concludes by identifying additional issues that can arise or should be considered when a supersedeas letter of credit is negotiated, drafted, or brought before a trial court for approval.