

LC Rules & Laws: The Blue Book

**Rules for Demand Guarantees, Standbys, and
Commercial Letters of Credit**

8th Edition

Edited by

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**Institute of International Banking
Law & Practice, Inc.**

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This volume replaces all prior versions of LC Rules & Laws: Critical Texts
for Independent Undertakings.

Preface

The 20th and early 21st Centuries have witnessed the evolution of trade finance and trade compliance law and practice from unwritten but agreed-upon principles and expectations to well-documented rules and statutes. In 1900, there were no formulated rules of practice or law for LC-type undertakings at all, but by 2022, we have sets of rules for every trade circumstance there is, plus many more laws or guidelines from enforcement bodies to follow.

As a result, international trade has become more an art of reading and interpretation of these rules and laws versus one of handing down experience and practice from recognized “elders” in your financial institution. In other industries, it is the documenting of these practices into easily understood and acted-upon rules and laws that has allowed the industry to grow. Trade finance is no exception.

While the current texts are not comprehensive, they have become essential to any banker, corporate user, or lawyer working with LCs. Moreover, the lines between law and practice have blurred. No banker can ignore the impact of law and regulation and no lawyer can understand LC law without paying careful attention to LC practice. And no banker or lawyer can be a part of a transaction that involves sending goods to sanctioned countries or individuals.

Consequently, the ability to be aware of and to access these texts is critical to all members of the trade finance community. For a variety of historical and practical reasons, LC texts have been issued in a piecemeal form, necessitating a collection of small pamphlets of different size and arrangement. LC Rules & Laws (known in many circles as “The Blue Book”) is meant to address this problem by making the critical LC texts available in a convenient and readily accessible volume.

In selecting which texts to include, attention was given to the size of the book, the frequency of use of the various texts, and the royalties that must be paid to reprint them here. We have left out prior editions of all the rules, opting to include only the most current versions. In other instances, where the sheer size of the rules made inclusion all but impossible, attempts have been made to point readers to appropriate websites while summarizing them here.

As always, the Institute is indebted to our many friends who make the work we do possible. We certainly must begin with a thank you to Professor James E. Byrne, the founding Executive Director of the IIBLP and teacher to so many of today’s top experts for his unwavering commitment to the field. Thank you dad!

James G. Barnes, of Baker McKenzie, for his unfailing wisdom and assistance must be recognized. Appreciation is also expressed to our Associate Directors, Vincent O’Brien of ICC-UAE, and SOH Chee Seng of ABS for their invaluable

direction and advice. Thanks are also expressed to Christopher S. Byrnes, Executive Editor of DCW; James E. Byrne, Jr., who designed this book, and Matthew J. Kozakowski (IIBLP Associate Counsel) for identifying additional rules to include.

The list of IIBLP staff who have helped with previous editions would take up half of the book, so I whole heartedly thank all of them for their time and energy to this and prior volumes. It is with considerable pride that I note that these persons have continued their careers to more prestigious positions in more significant organizations. And sometimes, they remained in the field and I have the honor of continuing to work with them.

Michael P. Byrne, CEO
30 March 2022

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