Bank Guarantees and Letters of Credit

Your total score is 0/5

1 2 3 4 5

1. Which of the following parties is responsible for advising a Letter of Credit to the beneficiary? (**Marks:** 0)

- Applicant
- Issuing Bank
- ✓ Advising Bank
- Confirming Bank

2. Which type of Letter of Credit can be amended or revoked by the issuing bank at any time without prior notice to the beneficiary? (**Marks:** 0)

- Irrevocable Letter of Credit
- ✓ Revocable Letter of Credit
- Revolving Letter of Credit
- Back-to-Back Letter of Credit

3. What is a Back-to-Back Letter of Credit primarily used for? (**Marks:** 0)

- Direct transactions between buyer and seller
- ✓ Where the original beneficiary needs to issue a secondary LC to a supplier
- As a substitute for financial guarantees
- For multiple shipments under the same LC

4. Which clause in a Letter of Credit allows the beneficiary to avail an advance before shipment of goods? (**Marks:** 0)

- Green Clause
- ✓ Red Clause
- Deferred Payment Clause
- Confirmed Clause

5. Which type of Letter of Credit allows the original beneficiary to transfer part or all of the credit to another party? (**Marks:** 0)

- Standby Letter of Credit
- Confirmed Letter of Credit
- ✓ Transferable Letter of Credit
- Acceptance Letter of Credit