

# **LIBF Level 4 Certificate for Documentary Credit Specialists (CDCS®)**

Qualification Specification



## Table of Contents

<b>PURPOSE OF THE QUALIFICATION</b>	<b>3</b>
<b>WHY STUDY THE LIBF LEVEL 4 CERTIFICATE FOR DOCUMENTARY CREDIT SPECIALISTS (CDCS)?</b>	<b>3</b>
OBJECTIVE	3
KEY CONTENT AREAS	3
LEARNING OUTCOMES	3
KEY SKILLS DEVELOPED	3
ENTRY REQUIREMENTS	4
RECOGNITION OF PRIOR LEARNING	4
PROGRESSION AND PREPARATION FOR FURTHER STUDY	4
APPRENTICESHIPS	5
PREPARATION FOR EMPLOYMENT	5
STRUCTURE	5
TOTAL QUALIFICATION TIME (TQT)	6
LEARNING RESOURCES	6
WHAT TO DO BEFORE THE ASSESSMENT	6
ASSESSMENT	7
QUALIFICATION GRADING	7
RE-SIT ATTEMPTS	7
<b>APPENDICES</b>	<b>8</b>
APPENDIX 1 – REGULATION DETAIL	8
APPENDIX 2 – UNIT 1 – PRINCIPLES AND PRACTICES OF DOCUMENTARY CREDIT TRANSACTIONS (PDT)	9

**Please note:** This document is uncontrolled when printed.

Please always review the latest document available through the website

## Purpose of the qualification

### Why study the LIBF Level 4 Certificate for Documentary Credit Specialists (CDCS)?

The Certificate for Documentary Credit Specialists (CDCS<sup>®</sup>) is a professional qualification recognised worldwide as the benchmark of competence for international practitioners; it was primarily designed for students with at least three years experience working with documentary credits. Its purpose is to enable documentary credit practitioners to demonstrate practical knowledge and understanding of the complex issues associated with documentary credit practice.

CDCS<sup>®</sup> develops the knowledge and skills required to accurately check documents and manage documentary credit transactions. Within this, it provides a core understanding of documentary credits and the products, parties, processes and rules that underpin transactions. As well as developing the ability to identify irregularities and risks.

### Objective

The CDCS<sup>®</sup> will enable you as a documentary credit practitioner to gain a practical knowledge and understanding of the complex issues associated with documentary credit practice.

### Key content areas

- Types, characteristics and uses of documentary credit and standby letters of credit.
- Rules and trade terms.
- Parties to documentary credit transactions and their roles and obligations.
- Types and methods of payment / credit used in documentary credit transactions.
- Types of transport, commercial and financial documents used in documentary credit transactions.
- Related products including letters of indemnity.
- Implications of breaching rules including money laundering and terrorist financing.

### Learning outcomes

- LO1 Be able to utilise the rules relating to documentary credits and understand the features, documents, life cycle, and the roles of the various parties to a credit.
- LO2 Be able to manage documentary credit transactions and associated risks.

### Key skills developed

The qualification will encourage you to:

- analyse documentary credit products and reflect upon their desirability and effectiveness in a variety of scenarios;
- apply appropriate rules and guidelines to a variety of documentary credit transaction scenarios;
- develop an understanding of current technical language, methods and practices of documentary credit transactions;
- select and analyse appropriate data and information from a range of sources; and,
- increase your ability to work and learn independently.

### Entry requirements

There are no specified entry requirements. However, you need to be satisfied of your ability to study in English at Level 4.

### Recognition of prior learning

In line with the London Institute of Banking & Finance regulations, as CDCS is a single unit qualification, recognition of prior learning does not apply.

### Progression and preparation for further study

#### Professional recertification

When you have successfully completed the CDCS<sup>®</sup> qualification, the CDCS<sup>®</sup> designation remains valid for three years. To retain the designation after this period, you are required to either continuing professional development (CPD) in order to recertify, or re-take and pass the examination.

1. **For those recertifying up to and including the 31 October 2019** - 24 CPD Learning hours / PDUs are required to recertify.
2. **Those recertifying at 30 April 2020 and beyond** will be required to submit **36** CPD Learning hours / PDUs to recertify successfully.

The recertification programme allows you to demonstrate how you have carried out learning activities which have enhanced your prior knowledge and skills in the area of International Trade Finance. Such activities are known as CPD - Continuing Professional Development - and include participation in events such as: workshops; courses; seminars; webinars as well as e-learning and self directed research. CPD is vital in ensuring your knowledge of International Trade Finance is always up to date. More information about the recertification programme can be found on the course website.

### Further / additional study

If you wish to develop a wider understanding of international trade and finance the Certificate in International Trade and Finance (CITF<sup>®</sup>) is designed to enable trade, export and commodity executives to gain a thorough (introductory) understanding of key procedures, practices and legislation in trade finance on an international level.

If you wish to develop your professional / specialist knowledge further the Certificate for Specialists in Demand Guarantees (CSDG<sup>®</sup>) has been designed for professionals that use demand guarantees in everyday work. The certificate provides the key knowledge and skills needed to operate effectively in a highly technical area of international trade.

### Apprenticeships

CDCS<sup>®</sup> is not currently available through an apprenticeship framework or standard.

### Preparation for employment

If you are already working with documentary credits then this qualification is designed for you; you would be expected to have already gained three years industry experience prior to commencing your studies. CDCS<sup>®</sup> is a professional qualification recognised worldwide as the benchmark of competence for international practitioners. As such it does not prepare you for employment. While it is intended for experienced practitioners, the qualification could also be used to gain wider experience / knowledge in this sector, to transfer into the sector and for continuing professional development (CPD) purposes which could therefore qualify you to work in another field.

### Structure

CDCS<sup>®</sup> is made up of **one mandatory unit** which must be successfully completed in order for you to achieve the certificate:



The detailed unit profile is available at Appendix 2 to this document and latest versions are always available through our course website.

## Total Qualification Time (TQT)

Total Qualification Time (TQT) is a prediction of the total time a student with no prior knowledge might need to complete the course.

TQT consists of two elements, Guided Learning (GL) and all other hours:

- GL is time spent studying under the immediate guidance of supervision of a teacher.
- All other hours include hours spent unsupervised in research, learning, e-learning, e-assessment, completing coursework, completing homework, exam preparation, and formal assessments.

CDCS<sup>®</sup> is primarily considered as a self directed study qualification with planned examination sessions.

Guided Learning Hours	0 hours
Other hours	292 hours
Total Qualification Time	292 hours

## Learning resources

You will be provided with the following learning resources:

- online access via MyLIBF- [www.myLIBF.com](http://www.myLIBF.com) to learning materials and to *KnowledgeBank* (virtual library);
- unit syllabus;
- study text;
- e-quiz;
- specimen paper; and,
- student-led forum.

## What to do before the assessment

Upon registration, you are automatically registered for a specific examination session.

To prepare for the assessment, you should make use of all learning resources as part of your revision for the course exam.

## Assessment

The unit is assessed through a single three hour and 15 minute examination consisting of a combination of Multiple Choice Questions (Part A) and document checking exercises (Part B). A total of 100 marks are available. The pass mark for the examination is 70% of the available marks; you must also achieve 60% of the marks available in section B to pass the qualification. The structure of the assessment ensures that all aspects of the course content are subject to external examination under strict examination conditions.

## Qualification grading

The overall qualification will be graded Pass / Distinction. You must achieve a mark of 70% overall (and 60% for Section B).

The qualification grade boundaries are as follows:

Grade	Raw mark
Pass	70–94
Distinction	95–100

## Re-sit attempts

You are allowed to resit the unit in accordance with the published London Institute of Banking & Finance policies. Full terms and conditions are available on our website.

## Appendices

### Appendix 1 – Regulation detail

This document describes the regulation detail that is applicable to the qualification.

<b>Qualification title</b>	Level 4 Certificate for Documentary Credit Specialists (CDCS <sup>®</sup> )
<b>Ofqual qualification number</b>	601/1159/8
<b>Qualification level</b>	4
<b>European Qualifications Framework (EQF) level</b>	5
<b>Qualification Type</b>	Occupational Qualification
<b>Regulation start date</b>	29 August 2014
<b>Operational start date</b>	01 October 2014
<b>Regulated in</b>	England and Northern Ireland
<b>Offered</b>	Internationally
<b>Assessment available in English</b>	Yes
<b>Assessment available in Welsh</b>	No
<b>Assessment available in Irish</b>	No
<b>Sector subject area</b>	15.1 Accounting and Finance
<b>Purpose</b>	D. Confirm occupational competence and / or 'licence to practice'
<b>Sub-purpose</b>	D1. Confirm competence in an occupational role to the standards required
<b>Total credits</b>	29
<b>Minimum credits at / above level</b>	29
<b>Guided learning hours</b>	0
<b>Total qualification time</b>	292
<b>Overall grading type</b>	Pass / Distinction
<b>Assessment methods</b>	Multiple-choice examination
<b>Qualification description</b>	The Certificate for Documentary Credit Specialists consists of one mandatory unit.
<b>Age ranges</b>	16–18; 19+



## **Appendix 2 – Unit 1 – Principles and Practices of Documentary Credit Transactions (PDT)**

A description of Unit 1 (PDT) that provides detail on syllabus content, learning outcomes and assessment criteria, and specific unit level descriptors.

### **Principles and Practices of Documentary Credit Transactions (unit 1)**

#### **Unit narrative**

This unit highlights the importance of rules, standards and guidelines for documentary credit transactions and the products available to assist these transactions. You will be introduced to documentary credit transactions by focusing on the types, products and processes used in documentary credit transactions. You will gain an appreciation of the commonly used documents and trade terms. You will understand the roles, obligations and relationships between parties to documentary credits and be able to manage documentary credit transactions and the relationship between parties to the transactions. The unit will also cover how the rules and guidelines can be breached, the implications of such breaches, the risks involved in documentary credit transactions and how to manage those risks.

Studying PDT you will need to apply the knowledge gained to practical exercises designed to test your ability to check the accuracy of documents to enable their correct usage in documentary credit transactions.

#### **Unit profile**

<b>Unit title</b>	Unit 1: Principles and Practices of Documentary Credit Transactions (PDT)
<b>Ofqual unit reference number</b>	K/506/0499
<b>Unit level</b>	4
<b>Unit credit value</b>	29
<b>Typical study hours</b>	292

## Unit 1 assessment methodology

- i. The assessment of Unit 1 will have two components:
  - a. Part A – 60 multiple-choice questions. This component of the examination is worth 60 marks.
  - b. Part B – This component of the examination is worth 40 marks.
    - i. 10 multiple-choice questions, with one mark available for each correct answer
    - ii. three simulation document-checking exercises, you must identify five discrepancies from a choice of 10. Each discrepancy correctly identified is worth two marks. A total of ten marks are available for each simulation exercise.
  - c. The examination will be worth a total of 100 marks.
- ii. To achieve an overall pass, you must achieve a mark of 70% overall (and 60% for Section B). Credit cannot be claimed for gaining 60% in Section B but failing to gain 70% overall, only overall achievement is graded.

## Unit 1 learning outcomes / assessment criteria

Learning outcome (LO) <b>The learner when awarded credit for this unit will:</b>	Assessment criteria (AC) <b>Assessment of the LOs will require a learner to demonstrate that they can:</b>
Be able to utilise the rules relating to documentary credits and understand the features, documents, life cycle, and the roles of the various parties to a credit.	1.1 Distinguish between the different types of payment method and credit, the roles and obligations of parties involved and the documents and related products used in documentary credit transactions. 1.2 Apply the rules, standards, guidelines and trade terms used in and identify the risks and problems that can affect documentary credit transactions.
Be able to manage documentary credit transactions and associated risks.	2.1 Apply appropriate rules and trade terms to the management of documentary credit transactions. 2.2 Check the accuracy of documents used in documentary credit transactions.

## Unit 1 syllabus

<b>UNIT 1 SYLLABUS</b> <b>LOs / ACs</b>	
<b>LO1:</b>	<b>Be able to utilise the rules relating to documentary credits and understand the features, documents, life cycle, and the roles of the various parties to a credit.</b>
AC1.1	<p>Main types, characteristics and uses of documentary credits:</p> <ul style="list-style-type: none"><li>• Understanding of the term documentary credit</li><li>• A basic documentary credit transaction (including generic flow chart of this process)</li><li>• Types of documentary credit</li><li>• Primary characteristics of documentary credits</li><li>• Secondary characteristics of documentary credits:<ul style="list-style-type: none"><li>- Revolving credits</li><li>- Instalment</li><li>- Advance payments</li><li>- Transferable</li><li>- Evergreen</li><li>- Clean</li><li>- Direct pay</li></ul></li><li>• Categorisation of documentary credit by type and characteristic</li><li>• Commercial documentary credits</li><li>• Standby letters of credit</li></ul> <p>Roles and obligations of the parties to documentary credit transactions and the relationships between them:</p> <ul style="list-style-type: none"><li>• Parties to documentary credits roles and responsibilities:<ul style="list-style-type: none"><li>- Issuing bank</li><li>- Beneficiary</li><li>- Applicant</li><li>- Non-bank issuers</li><li>- Confirming bank</li><li>- Advising bank</li><li>- Negotiating bank</li><li>- Paying bank</li><li>- Accepting bank</li><li>- Reimbursing bank</li><li>- Transferring bank</li></ul></li></ul>

- Nominated bank
- Presenting bank
- Banks roles and obligations:
  - Issuing bank
  - Confirming bank
  - Advising bank
  - Negotiating bank
  - Paying bank
  - Accepting bank
  - Reimbursing bank
  - Transferring bank
  - Nominated bank
  - Presenting bank
  - Beneficiary
- Relationship of parties in respect of payment of conforming documents and non-payment of non-conforming documents
- Roles and responsibilities in reimbursement

Types of transport, commercial and financial documents used in documentary credit transactions and their requirements under ICC rules:

- Characteristics, processing and rules that apply to transport documents:
  - Bill of Lading
  - Charter Party Bill of Lading
  - Non-negotiable Seaway Bill
  - Multimodal Transport Document
  - Air Transport Document
  - Road, Rail or Inland Waterway Transport Document
  - Forwarder's Cargo receipt, Mate's Receipt and Consolidator's Receipt
  - Post Receipt or Certificate of Posting
  - Courier or Expedited Delivery Service Document
- Financial and Commercial documents:
  - Draft / bill of exchange
  - Commercial Invoice
  - Insurance Document
  - Weight Certificate
  - Certificate of Origin

	<ul style="list-style-type: none"> <li>- Packing Lists</li> <li>- Inspection Certificate</li> <li>• Documents for official purposes and checking mechanisms</li> </ul> <p>The related products used in documentary credit transactions:</p> <ul style="list-style-type: none"> <li>• Letter of Indemnity</li> <li>• Air Way Release</li> <li>• Shipping Guarantee</li> <li>• Assignment of Proceeds</li> <li>• Participation and Syndication</li> <li>• Refinance Credits</li> <li>• Reimbursement undertaking</li> </ul>
AC1.2	<p>Industry rules, standards, guidelines and trade terms that govern the delivery of documentary credit transactions:</p> <ul style="list-style-type: none"> <li>• Incoterms 2010<sup>®</sup></li> <li>• UCP 600 – Uniform Customs and Practice for Documentary Credits</li> <li>• ISP98 – International Standby Practices</li> <li>• URR 725 – Uniform Rules for bank-to-bank reimbursement under documentary credits</li> <li>• ICC decision on original documents (Appendix to ICC publication 645 – ISBP)</li> <li>• ISBP 745</li> <li>• eUCP</li> </ul> <p>The ways in which documentary credit transaction rules and regulations can be breached and the implications of such breaches. Including:</p> <ul style="list-style-type: none"> <li>• Money Laundering</li> <li>• Sanctions</li> <li>• Terrorist Financing</li> </ul> <p>The processes and challenges involved in documentary credit transactions:</p> <ul style="list-style-type: none"> <li>• Processes and activities associated with: <ul style="list-style-type: none"> <li>- Sales agreement / contract of sale</li> <li>- Issue</li> <li>- Pre-advise</li> <li>- Advise</li> <li>- Confirm</li> <li>- Amend</li> </ul> </li> </ul>

- Transfer
- Present
- Examine
- Pay / Reject
- Claim
- Reimburse Funds
- Cancel
- Presentation, Examination and Settlement / Rejection
- Identifying and handling discrepant documents
- Electronic presentations
- Problems that can arise during the documentary credit transaction process

The risks involved in documentary credit transactions.

- Types of Risk
  - Operational / UCP 600
  - Credit
  - Foreign Exchange
  - Fraud
  - Legal
  - Political
- Other risks / considerations
  - Money Laundering
  - Sanctions
  - Terrorist Financing
  - Credit Risk Assessment / Management
- Risks to the parties to documentary credits:
  - applicant
  - issuing bank
  - beneficiary
  - advising bank
  - nominated bank
  - confirming bank
  - reimbursing bank
- How risks can be controlled

<b>LO2:</b>	<b>Be able to manage documentary credit transactions and associated risks.</b>
AC2.1	Apply appropriate rules and trade terms to documentary credit transactions: <ul style="list-style-type: none"><li>• For example - Incoterms, UCP 600, ISBP 745, ISP98, URR 725</li></ul>
AC2.2	Check the accuracy of documents used in documentary credit transactions: <ul style="list-style-type: none"><li>• Apply and analyse the transport, commercial and financial documents used in documentary credit transactions in order to recommend appropriate courses of action and manage documentary credit transactions.</li></ul>