

ICC Banking Commission

Technical Advisory Briefing No. 17

Subject: Handling of 'surrendered' bills of lading under documentary credits subject to UCP 600

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ISSUE

This Briefing outlines the treatment of a condition in a documentary credit, subject to UCP 600, requiring presentation of a surrendered bill of lading, whether described as “surrendered bill of lading”, “surrender bill of lading” or for copies thereof.

It is prompted by a withdrawn request for an ICC opinion, submitted to the ICC Banking Commission, which dealt with a documentary credit requiring the presentation of a “copy of surrendered bill of lading”. It was evident from the request, and from the comments submitted by ICC National Committees, that understanding of surrendered bills of lading varies considerably, from no knowledge at all to only a limited and/or inconsistent awareness of how to interpret and administer such a requirement in a documentary credit subject to UCP 600.

In practice, it has been seen that banks issue credits requiring surrendered bills of lading without specifying how surrender is to be evidenced or how any original bill(s) of lading should be treated. This Briefing affirms that when such vague language is used, the issuing bank bears the risk of any resulting ambiguity. At the same time, it provides guidance on how credits should be drafted more clearly.

This dual approach ensures that the Briefing is not merely corrective but constructive: it both clarifies the consequences (the issuing bank assumes the risk of vague wording) and sets out a path forward (drafting guidance), thereby serving both compliance and educational functions.

The guidance element is especially significant in view of possible inclusion in a future revision of ISBP. By identifying and addressing this gap in current practice, the Briefing not only provides guidance on the issue, but also contributes to the ongoing development of international standard banking practice.

INTRODUCTION

In effect, there is no document termed “surrendered bill of lading”. It is an identification of the status of the original bill(s) of lading. A main function of a bill of lading is the surrender of one

original, from the set that has been issued by the carrier or its agent, for the release of the goods to the consignee (usually the applicant of the documentary credit).

When a “surrendered bill of lading” or “copy of surrendered bill of lading” is required under a documentary credit, the expected implication is that at least one original bill of lading has been surrendered by the shipper to the carrier or a named agent before a presentation is made to the bank.

During the course of the drafting of the initial response to the query referred to above, shipping industry feedback was obtained from a range of maritime stakeholders, including legal experts, a technology platform, and a leading international shipping association.

This feedback confirmed that, in practice, a “surrendered” bill of lading signifies that the shipper has returned one or more original bills of lading to the carrier or its agent, and this act serves to instruct the carrier to manage the release of goods (typically through its agent) at the port of discharge, and the named shipper on the bill of lading (typically the beneficiary of the documentary credit) is authorising the release of the goods without the need for presentation of an original bill of lading. This procedure is common in short-sea trades and in circumstances where documents are anticipated to arrive only after the goods have already been discharged from the vessel.

ANALYSIS

The term “surrender” or “surrendered” does not appear in either UCP 600 or ISBP 821. As is evident from this Introduction, a “surrendered bill of lading”, in the context of documentary credit presentations, is different from the typical need to provide a full set of original bills of lading. Whilst a presentation consisting of a full set of original bills of lading will allow the consignee (usually the applicant of the documentary credit) to obtain release of the goods once the presentation has been honoured, a “surrendered bill of lading” serves to signify that the goods have already been released or that arrangements have been made for their release. Banks issuing or confirming such documentary credits should bear this in mind and carefully consider if, and whether, this is the appropriate approach for the transaction at hand.

Since no UCP rule or ISBP practice currently addresses surrender or surrendered bills of lading, banks that issue credits requiring or allowing for such documents, without specifying the form of document that is to be presented or how ‘surrender’ is to be evidenced on that document, face the risk of creating ambiguity in their credit and the actions thereunder. It is important to understand that the issuing bank and applicant will bear the consequences of failing to establish clear and appropriate terms and conditions in the issued credits. ISBP 821 Preliminary Considerations, paragraph (v), makes this explicit: *“The applicant bears the risk of any ambiguity in its instructions to issue or amend a credit.”* It also reminds issuing banks that they must ensure that the terms and conditions of any credit or amendment are not ambiguous or conflicting.

As is known, when a documentary credit calls for an original bill of lading, it is to be examined according to UCP 600 article 20. However, when a copy of a bill of lading is to be presented, article 20 does not apply. Rather, ISBP 821 paragraph A6 will apply, which states: *“A copy of a transport document is to be examined only to the extent expressly stated in the credit, otherwise according to UCP 600 sub-article 14 (f).”*

In this respect, there are two important issues to consider:

1. That only copies should be required for presentation as the original(s) have already been, or should be, surrendered. If only one original has been surrendered, there would normally be two other originals, but since one original has already been surrendered to the carrier or its agent the remainder are considered null and void by the carrier. Null and void originals should not be presented under a documentary credit, as that may give the false impression that they actually have some value and provide access to the goods.
2. How the act of “Surrendered” should be evidenced on the presented document.

Therefore, it is key that the documentary credit requirement is expressed to the extent that ONLY a copy of the original bill of lading is to be presented. For preciseness, the requirement should be expressed as clearly as possible, e.g., “Copy of the original bill of lading indicating that all the originals have been surrendered to the carrier or its agent. Presentation of original bills of lading not allowed.” A requirement for a copy of the surrendered bill of lading is seen as modifying the content of UCP 600 sub-article 17 (d) which allows presentation of originals or copies. If the shipper has surrendered any original bill(s) of lading there are no originals to present.

If, nonetheless, the originals are presented to the nominated bank or the issuing bank, they are to be considered as documents not required by the credit and may be returned to the presenter in accordance with UCP 600 sub-article 14 (g).

However, if only “Copy of the surrendered bill of lading” is required by the credit, by implication the original(s) will have been surrendered to the carrier or its agent and, therefore, will be considered as having indicated the disposal of the original bill(s) of lading as outlined in ISBP 821 paragraph A30 (b).

If the documentary credit only requires “surrendered bill of lading” with no indication as to whether an original or copy is to be presented, then such requirement is considered ambiguous and the issuing bank should be contacted for further clarification. If no such clarification is received, the applicant and issuing bank bear the risk.

Also, the credit must indicate how “Surrendered” is to be evidenced on the presented document. At the very least, the credit should require an express indication on the bill(s) of

lading to the effect that the original(s) has/have been surrendered. Any lack of explanation or detail regarding the specific requirements leaves the form of the document to be presented open to wide interpretation. In such circumstances, any statement on the bill of lading copy indicating that the bill of lading has been “surrendered” would be deemed to satisfy compliance.

Electronic Bills of Lading and functional equivalence

The progressive adoption of electronic bills of lading (eB/Ls) has introduced a digital counterpart to the concept of surrender. Under systems governed by frameworks such as the UNCITRAL Model Law on Electronic Transferable Records (MLETR) and the UK Electronic Trade Documents Act 2023, the act of transferring or cancelling control of an electronic bill of lading produces the same legal effect as the physical surrender of a paper original. Once control has been transferred to, or terminated by, the carrier or its authorised agent, the electronic record ceases to represent title to the goods and can no longer be used to demand their release.

In such cases, the evidence of surrender is not a paper document but a digital event recorded within the secure registry of the relevant electronic platform. An electronic delivery or release confirmation, or a registry entry showing that control has been transferred or cancelled, performs the same evidentiary function as a notation such as “*Original Bill Surrendered at Origin*” on a paper bill.

Accordingly, where a credit allows or requires presentation of an electronic bill of lading, the issuing bank should indicate how such release or termination of control is to be demonstrated, for example, by requiring a delivery confirmation message or screenshot from the platform evidencing that the eB/L has been surrendered or cancelled.

It follows that in an electronic environment the expression “copy of surrendered bill of lading” becomes conceptually redundant. Electronic bills do not exist in multiple originals or copies but as a single authoritative record capable of controlled transfer. Compliance assessment by a bank therefore rests upon verifying that the data presented indicate that the eB/L has been validly surrendered, cancelled or otherwise rendered non-transferable. In this respect, the principles of UCP 600 article 17 remain applicable: banks must be able to determine from the presented electronic record that the document has ceased to confer rights of possession or control over the goods.

SUMMARY

To prevent unnecessary dispute, where a copy of a surrendered bill of lading is required and given that any remaining originals held by the shipper are thereby rendered null and void, the shipper is to retain those originals and not present them under the credit.

Ultimately, it is the responsibility of the issuing bank to ensure that the credit specifies the precise requirements for the copy of the surrendered bill of lading, including how evidence of surrender is to appear on the original and presented copy of the bill(s) of lading.

In conclusion, the issuing bank assumes the risk of ambiguity where vague conditions such as “surrendered bills of lading” are used without any further stipulation(s). At the same time, issuing banks are urged to draft credits with precision by expressly stating what form of document is required and how evidence of surrender is to be evidenced. This ensures clarity for all parties and reduces the likelihood of disputes, thereby fulfilling both compliance and educational objectives.

With the continuing shift towards electronic trade documentation, the concept of “surrender” increasingly takes place within secure digital registries rather than through the return of paper originals. In such cases, the surrender or cancellation of an electronic bill of lading is evidenced by a transfer-of-control or delivery message recorded within the authorised electronic platform. This digital act serves the same purpose as the physical surrender of paper originals and ensures that the electronic record no longer conveys any right of possession over the goods.

Accordingly, banks issuing or examining credits that permit or require electronic bills of lading should specify how such surrender or termination of control is to be evidenced, whether through a registry extract, delivery confirmation, or equivalent data record. The same documentary principle applies: once control has been surrendered, the electronic bill of lading, like its paper counterpart, becomes null and void for purposes of title, and any printed or secondary representation should be treated as informational only.

This briefing is educational only