New law (R.S. 10:5-102) provides definitions for "adviser", "applicant", "beneficiary", "confirmor", "dishonor", "document", "honor", "issuer", "letter of credit", "nominated person", "presentation", "presenter", "record", and "successor of a beneficiary".

New law provides for a revision of the Louisiana Commercial Laws- Letters of Credit. The significant changes are as follows:

(1) (R.S. 10:5-102(a)(14) and 5-104) authorizes the use of electronic commerce.

(2) (R.S. 10:5-102(a)(10)) expressly permits two-party letters of credit.

(3) (R.S. 10:5-106(c)) providing for a one-year term for letters of credit that do not state an expiration date. This is a new provision.

(4) (R.S. 10:5-106(d)) adds provision setting a maximum term of five years for perpetual letters of credit.

(5) (R.S. 10:5-106(a)), states that a letter of credit is irrevocable unless the letter of credit expressly provides that it is revocable. This provision adopts the position taken by several courts that when letters of credit are silent as to revocability, they are irrevocable. This position is consistent with the current UCC and present law, 5-103(a)(1). Present law R.S. 10:5-106, permits revocable or irrevocable letters of credit as specified in the agreement.

(6) (R.S. 10:5-108) requires that absent an agreement to the contrary, the issuer must dishonor a presentation that does not strictly comply under standard practice with the terms and conditions of the letter of credit.

(7) (R.S. 10:5-108(b)) requires examination and notice of any discrepancies within a reasonable time of at least three days but not to exceed the 7th business day after presentation of the documents. The

to make presentation and receive payment or acceptance. This provision is new. R.S. 10:5-113 adopts case law holdings.

(13) (R.S. 10:5-115) establishes a one-year prescriptive period from the expiration date or from accrual of the cause of action, whichever occurs later and applies to all claims for which there are remedies under R.S. 10:5-111 and to other claims made under this chapter, such as claims for breach of warranty under R.S. 10:5-110.

(14) (R.S. 10:5-116) permits the issuer (or nominated party or adviser) to choose the law of the jurisdiction that will govern. Absent such an agreement, R.S. 10:5-116 states choice of law rules. This Section is new.

(15) (R.S. 10:5-116(c)) addresses what happens when the UCP is referenced in a letter of credit; the agreement may vary the provisions of Chapter 5 with which it may conflict except for the nonvariable provisions of Chapter 5.

New law (R.S. 10:5-117) governs parties' subrogation rights.

New law provides that perfection of security interests under R.S. 10:9-103 applies to letters of credit as well as proceeds of written letters of credit, and adds "rights to proceeds of written letters of credit" to the definition of "account" as provided in prior law (R.S. 10:9-106).

New law provides that a security interest in the rights to proceeds of a written letter of credit can be perfected only by the secured party's taking possession of the letter of credit.

Effective January 1, 2000.

(Amends R.S. 10:1-105(2), 10:5-101-5-117, 10:9-103(1)(a), 10:9-104(i) and (m), 10:9-105(3), 10:9-106, 10:9-304(1), 10:9-305(1); Adds 10:9-104(n))