

# Documentary Credits and Bank Guarantees in International Trade

## DOCUMENTARY CREDITS

in International Trade

London

2nd & 3rd November 2010

Accredited with  
**13 PDUs or SRA  
CPD hours**

- Comprehensive analysis of documentary credits, supported by case study sessions on issuance, workability and document checking under UCP600
- Review and application of relative ICC rules including UCP600 and ISBP681
- Overview of specialised credits and their operation - what are the risks and how can they be minimised?

## BANK GUARANTEES

in International Trade

London

11th November 2010

UPDATED  
FOR URDG  
758

Accredited with  
**6.5 SRA CPD  
hours**

- A step-by-step guide to the methodology and operation of guarantees
- Detailed assessment of the new ICC rules relating to guarantees (URDG 758) and operational considerations of their use
- Drafting of guarantees and the handling of claims - practical exercises on how to avoid the pitfalls

# Documentary Credits

## Introduction

In an increasingly litigious business environment, not least in the field of international trade finance, providers as well as users of related facilities risk becoming involved in costly and damaging disputes arising from lack of experience and expertise in the field of complex documentation and rules.

The course has therefore been tailored to address the perceived need for in-depth and practical training. It has been run with great success for many years and is constantly reviewed, updated and enhanced to address changes in banking practice, case law and the introduction of new rules.

The complexity and size of commercial contracts and the increasingly onerous terms of documentary credits and guarantees continue to exercise the minds and knowledge of practitioners and the high proportion of discrepant presentations is a cause for concern for both traders and bankers and, often, for friction between them.

The course affords the attendees an ideal and safe environment to debate and deal with practical issues. The workshops provide an in-depth assessment and detailed explanation of relevant rules, international banking practice and case law as well as examples of the real life practical and operational challenges which face all those involved in international trade finance activities.

In addition and probably of equal value and importance, the course offers a forum to attendees from different fields of business activity including the banking, trading, legal, insurance and transport industries with their different perspectives of the issues being debated. The resulting interactive environment and positive debates are thus conducive to a more balanced and effective approach to the problems encountered, even those which might otherwise be perceived as insoluble.

**DAY 1**

**Tuesday 2nd November, 2010**

## COURSE INTRODUCTION

Terms of payment and their implications

## THE FINANCING OF INTERNATIONAL TRADE

Checking, honouring and negotiating of documents - obligations and responsibilities of the parties

The role of banks in international trade

Analysis of the key methods of financing international trade

Assessment of the risks - what are the safeguards?

The risk ladder:  
- Identifying the risks  
- Mitigating the risks  
- Assessment of the most effective payment mechanisms

## DOCUMENTARY CREDITS

The parties to the documentary credit

Their contractual relationships and interaction

The roles, legal and UCP responsibilities of:  
- The beneficiary (seller)  
- The applicant (buyer)  
- The issuing bank  
- The advising bank  
- The nominated bank  
\* The paying bank  
\* The accepting bank  
\* The negotiating bank  
- The confirming bank  
- The reimbursing bank

## CASE STUDY 1 Issuing a Documentary Credit

- Structure, format, terms & conditions

## ICC Uniform Customs & Practice for Documentary Credits-UCP600

The practical application of UCP600 – minimising the risks and avoiding the pitfalls

What have been the issues since the rules were introduced?

## CASE STUDY 2 Analysis of a Documentary Credit

- Are its terms and conditions consistent?
- Is it workable?
- Pitfalls - how to avoid them

## Workshop Timings Days 1 & 2

Registration & Coffee	08.45 - 09.10
Start of Workshop	09.15
Lunch	12.45 - 13.45
Close of Workshop	17.15

There will be breaks during the morning and afternoon sessions for refreshments.



## About the event organisers

Keysource Consulting Ltd is unique in providing both Training and Recruitment solutions specifically for the Trade & Commodity Finance sector. Because we specialise in Trade & Commodity Finance, you can be assured that you will only receive information that is absolutely key to your business or career development, delivered by market practitioners with extensive training experience and a real appreciation of the business.

As well as arranging events, we are able to provide flexible training solutions which can be tailored to meet the individual requirements of each delegate or organisation. Training can be held in-house or at the Keysource training centre and can range from 2-hour workshops to 2-day courses. For a full list of our training subjects, and information on our specialist trade finance recruitment solutions, please visit

[www.keysourceconsulting.co.uk](http://www.keysourceconsulting.co.uk)

# Credits in International Trade



**JOHN TURNBULL** workshop leader

John Turnbull is the **Joint General Manager and Global Head of Structured Trade & Commodity Finance** at **Sumitomo Mitsui Banking Corporation**.

He has previously held senior positions at a number of international banks including Managing Director of UBK Trade & Export Finance, Executive Director and Head of Trade Finance at Swiss Bank Corporation, London (now UBS AG) and Senior Manager at Banque Paribas London.

He has chaired and lectured at the UK ICC Annual Conference on the subject of letters of credit in trade finance for many years, and was the Co-Chairman of the ICC Consulting Group for the revision of UCP500.

He has advised Mr Justice Jack QC on his legal textbook on documentary credits, and has acted as an expert witness on a number of high profile legal cases involving international trade finance.

John is also a member of the ICC Banking Commission in Paris, The ICC UK Banking Technique and Practice Committee, the Editorial Board of Bankers' Law, and is Chairman of the Association of Foreign Banks Trade Finance Committee.

## Who should attend?

Bankers involved in trade finance and documentary credits, exporters, importers, commodity traders, freight forwarders, shipping company staff, insurers, legal advisers and anyone who would gain from an in-depth interactive course on the operation and practical impact of documentary credits and guarantees in international trade.

**DAY 2**

**Wednesday 3rd November, 2010**

## ISBP - International Standard Banking Practice (ICC Publication No. 681)

- Introduction to ISBP
- Preliminary considerations
- General principles
- Assessment of its impact and benefit
  - Effectiveness in reducing disputes and losses
- Update on the new revision

## CASE STUDY 3 Practical exercise on Document Checking

- Checking the documents
- What constitutes a discrepancy?
- Guidance from ISBP

## SPECIALISED DOCUMENTARY CREDITS

### Transferable Credits

- Assessment of the advantages and disadvantages
- What are the risks?
- Review of key legal cases

### Back-to-back Credits

- When are they used?
- Practical operation - methodology
- What are the risks and how can they be mitigated?

- Comparison with transferable credits

### Red and Green Clause (Advance Payment) Credits

- Their use as a pre-export finance tool
- Their role in the market and use as a financing mechanism
- Structural analysis
- How to minimise the risks

### Revolving Credits

- Structure and mechanism (automatic-restricted)
- Revolving by amount or time
- Cumulative or non-cumulative

### Evergreen Credits

- Methodology and risks

## FRAUD IN INTERNATIONAL TRADE

- The fraud exception to the autonomy of Documentary Credits
- What is the English law position regarding fraud in Documentary Credit operations?
- Proof of fraud - what is required?

## OPEN FORUM DISCUSSION

## COURSE REVIEW AND CONCLUSION

## Free ICC Publications

Each delegate will receive free copies of the following ICC publications:

### Documentary Credits

- Uniform Customs & Practice for Documentary Credits - UCP600
- International Standard Banking Practice for the examination of documents under documentary credits - ISBP 681

### Guarantees

- Uniform Rules for Demand Guarantees (ICC Publication No.758)

# Bank Guarantees

Thursday 11th November, 2010



**CLAUDE MIFSUD** workshop leader

Claude Mifsud began his career at a trading company where he was responsible for shipping administration, including the preparation and presentation of documents under letters of credit.

He subsequently joined the International Division of Lloyds Bank, where he acquired in-depth knowledge and experience of Trade Finance products at increasing levels of seniority. He attained the position of Senior Manager, Documentary Services which had responsibility for policy and risk in respect of the Bank's Trade Finance activities, and was its appointed representative on various external committees, including the ICC, BBA and SWIFT.

After leaving Lloyds Bank, Claude established a consultancy business providing advice to a range of clients, including international law firms, corporates and commodity traders. He has acted as an Expert Witness for both the Serious Fraud Office and Crown Prosecution Service in cases involving Banking Fraud.

Claude has lectured extensively on Trade Finance products and has assisted in the preparation of the book "Banking Litigation". He is also a member of the Export Forum and various committees of the ICC, including the ICC UK Committee on Banking Technique and Practice.

## COURSE INTRODUCTION

- Indemnities and guarantees - similarities and differences

## GUARANTEES

- Definition of guarantees
- Their role and importance in international trade
- Review of the main types of guarantees
- Parties to the "commercial" and "guarantee" contracts
- Their relationships and respective responsibilities
- Step-by-step review of banking procedures for issuing, processing and maintaining guarantees

## Independence of the Guarantee Contract

- As endorsed by the Edward Owen Engineering -v- Barclays Bank International and Umma Bank legal case.

## ICC Uniform Rules for Demand Guarantees (ICC Publication No. 758)

- Objectives of the Revision
- Detailed analysis of the most significant and controversial changes
- Application of the Rules and their potential wider use
- The new concept of Standard Guarantee practice
- Definitions & Interpretations
- Non-documentary conditions
- Examination & time for examination of demand
- Force majeure
- Transfer of guarantee
- Governing law & jurisdiction

## CASE STUDY 1 Drafting of Guarantees

- Avoiding pitfalls – building adequate safeguards into the documents to maximise security and right of recourse

## Handling of demands under guarantees

- "Conditional" -v- "Unconditional" guarantees
- Unfair calls -v- valid claims
- The Principal's and Banker's perspectives: can they ever be reconciled?

## CASE STUDY 2 Handling of Claims under Guarantees

- Assessment of the validity of claims
- Pitfalls to avoid
- Notification of parties
- Honouring/refusing claims

## Cancellation procedures

- Termination of guarantor's/principal's liabilities
- Expiry date -v- expiry event
- Impact of laws, jurisdictions and banking practice
- Demands for payment or extension

## OPEN FORUM DISCUSSION

## COURSE REVIEW AND CONCLUSION

### Workshop Timings

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## About the Certified Documentary Credit Specialist (CDCS) Qualification

The Certified Documentary Credit Specialist (CDCS) is the professional certification that enables documentary credit practitioners to demonstrate specialist knowledge and application of the skills required for competent practice. CDCS is the international standard for documentary credit specialists and has been developed in partnership by the **ifs** School of Finance and the International Financial Services Association (IFSA). It is endorsed by the International Chamber of Commerce (ICC) and developed in consultation with industry experts to ensure that the certification reflects best practice.

For further details, please contact the **ifs**:  
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