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GTR Training

MASTERCLASS

The Finance of Commodities in International Trade

A practical analysis of the techniques,
key issues and risks

Dubai, UAE
Jumeirah Emirates Towers
February 19-20, 2020

The Finance of Commodities in International Trade

A practical analysis of the techniques, key issues and risks

This highly practical course will provide an intensive and interactive analysis of the techniques, challenges, bespoke case studies and assessments together with over 30 legal cases will be used to illustrate and highlight key points. It will address the roles of the parties involved, their responsibilities and obligations and consider the wide spectrum of risks; regulatory, fraud, operational and credit, that need to be considered when financing commodities. It will provide an analysis of the main trade products and assess when and where they are appropriate to use, as well as considering the issue of fraud and money laundering in Trade and Commodity Finance and how to avoid the consequences of being impacted by these.

The course will enable participants to develop an understanding of the most significant areas in the provision of commodity trade finance and in particular the techniques used in the financing of oil. It will explain how international commodity trade is financed and in particular assess how the use of Letters of Indemnity has enabled the enormous growth in oil trading to take place, as well as considering the key principles that need to be adhered to and understood.

Day 1: Wednesday, February 19, 2020

09.00 The financing of international trade and commodities: Use of documentary credits in international commodity trade – practical problems, key risks, potential solutions

- Analysis of how legal cases have changed the way international commodity finance and documentary credits operate
- Impact of key legal cases involving commodity transactions on the provision and operation of trade finance products including:
 - Santander v Paribas
 - Industrial Steels v KBC
 - Glencore v Bank of China
 - Bankers Trust v State Bank of India
 - Fortis Bank v Indian Overseas Bank
 - Lebanon Gulf Bank v BOSI
 - Standard Chartered Bank v PNSC

10.30 Coffee break

11.00 Standby credits and guarantees: Their use in the finance of commodities

- How do they work and why are they needed?
- Considerations when used in the finance of oil transactions
- Comparison between Standby Credits and Guarantees
- Risks to consider when dealing with standby credits for commodity transactions.
- When not to use them – challenges presented by local law issues
- UCP 600 or ISP98 and URDG 758
 - Lukoil Mid-East v Barclays
 - Edward Owen Engineering v Barclays

12.30 Lunch

13.30 An analysis of the use of specialised documentary credits in the finance of commodities: Structured pre-export finance

- Why is it so successful?
- **Red and green clause 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
- What can go wrong?

15.00 Coffee break

15.30 The use of transferable credits and back-to-back credits in the financing of commodities

- Why have back-to-back credits been so crucial to the finance of commodities?
- Advantages, disadvantages and risks in transactional finance
- Use in oil trading – link to LOIs
- What are the risks? When should and when should they not be used?
- Use of 'front-to-back' credits
- Review of key legal cases
 - Bank Negara Indonesia 1946 v Lariza
 - Jackson v Royal Bank of Scotland

16.30 Conclusion of Day 1

17.00 Close Day 1

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Day 2: Thursday, February 20, 2020
09.00 Letters of indemnity in oil transactions: Key considerations

- How do they work and why are they needed?
- Development of the spot market and oil trading
- How do the courts view their use? An assessment of key legal cases
 - Trafigura Beheer BV v Kookmin
 - Mena Energy v Hascol
 - Euro-Asian v Abilio and Credit Suisse
 - Fortune HK Trading v Cosco-Feoso
 - Yue You 902
- What are the risks involved – and how to mitigate?
- Use with Transferable Credits – Yes or No?
- Distinguishing between 'payment' indemnities and 'discharge' indemnities

10.30 Coffee
11.00 The use of price fluctuation/escalation clauses in oil financing

- What to consider!
- Court decisions
- Avoiding the pitfalls
 - Korea Exchange Bank v Standard Chartered Bank (SGHC)

11.30 How to balance the autonomy principle of documentary credits with the challenges of regulation, compliance and fraud: KYC and AML initiatives in international trade

- FATF
- Wolfsberg Group, ICC and BAFT Trade Principles
- UK FCA Thematic Review
- DFSA
- MAS – Best Practices for Countering TBML
- BIS
- Guidance and Directives
- Red Flags and other warning signs

12.30 Lunch
13.30 Fraud in international trade: Analysis of the autonomy principal – Is it still valid and workable?

- How to reconcile the impact of regulation and compliance with the traditional UCP focus of 'examination of documents on their face', and 'banks deal with documents not goods'?
- The fraud exception – What are the legal principles?
- What can be learned – When and when not to pay?
 - Sztejn v J Henry Schroder
 - United City Merchants v RBC
 - Gian Singh v Banque Indosuez
 - United Trading Corp v Allied Arab Bank

14.15 Coffee
14.45 Fraud case studies: Assessment of major fraud cases in commodity finance including

- What lessons can be learned from these cases?
- What to look for?
- What are the indicators of fraud?
- What are the checks can be made to help identify potentially fraudulent transactions?
- Ponzi schemes and Kiting
 - Kautilya Nandan Pruthi – The largest UK Ponzi scheme?
 - How do these schemes work?
- Solo Industries
 - GIB v Albaraka
 - FUNB v AAIB
 - First Gulf Bank v Wachovia
 - Standard Bank v Canara Bank
- Komercni Banka v Stone and Rolls
- Chemical Bank v Bank Misr
- Yuchai v Suisse Credit Capital
- Liquidators of Galleria HK v DBS HK
- Allied Deals (RBG)
- Deutsche Bank v CIMB

16.00 Conclusion and closing remarks
16.30 Close of GTR Training Masterclass

Trainer biography
John Turnbull, Director, Certis International

John Turnbull, CEO of Certis International is a senior banker and trade finance specialist with 35 years experience of origination, negotiation, structuring, risk management and regulation of the full range of international trade transactions. Formerly joint general manager and global head of structured trade and commodity finance at Sumitomo Mitsui Banking

Corporation, John has acted as expert witness in a number of high-profile trade finance legal cases. He was co-chair of the ICC Commission on banking technique and practice's consulting group on the most recent revision of the UCP/ISBP, former chair of the Association of Foreign Banks Trade Finance Committee, Chairman of the ICC UK Banking Committee and member of the ICC Banking

Commission Global Financial Crime Committee and of the joint ICC/Wolfsberg Committee. Representative on many national and international trade committees and boards including the US division of the International Energy Credit Association, the IECA Europe Committee and the editorial board of GTR magazine.

Pricing details

GTR Training seminar (February 19-20, 2020)

Attendance earns 12 CPD learning hours / PDU's for participation on the two-day course and 6 for attendance of just the first day.

Standard rate US\$ 1,699

Ways to register

Email: events@gtreview.com

Web: www.gtreview.com

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Post: GTR, Exporta Publishing & Events Ltd,
4 Hillgate Place, London SW12 9ER, UK

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International Trade Finance Course Recognition

Recognition statement:

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