



# Uniform Rules for Forfaiting

**ICC Portugal Summit  
Specialized Training**

**“New Tools for International Trade”**

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# What is Forfaiting?

- Forfaiting is a flexible discounting technique that can be tailored to the needs of a wide range of counterparties and domestic and international transactions. Its key characteristics are:
- 100% financing without recourse to the seller of the debt
- The payment obligation is often but not always supported by a bank guarantee
- The debt is usually evidenced a legally enforceable and transferable payment obligation such as a bill of exchange, promissory note, letter of credit or note purchase agreement.
- Transaction values can range from US\$100,000 to US\$200 million
- Debt instruments are typically denominated in one of the world's major currencies, with Euro and US Dollars being most common.
- Finance can be arranged on a fixed or floating interest rate basis.

# What is it?

Forfaiting has traditionally been defined as the without recourse discounting of trade-related receivables.

*Modern forfaiting* now encompasses many more instruments, structures and concepts than has ever previously been the case. As a versatile and flexible approach to raising finance for international trade it has great benefits for both providers and recipients of finance. Forfaiting is a form of international supply chain financing.

# Joint Drafting Group Members

- **Donald R. Smith - Chair**  
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  - **Patrice Tournus**  
former Global Head Forfaiting  
Crédit Agricole CIB  
France
- ICC International Secretariat:**
- **Thierry Sénéchal**  
Senior Policy Manager ICC Banking Commission

# Project History

- A joint project - Approved Spring 2009 by the ICC Banking Commission & International Forfaiting Association (IFA)
- Drafting Group – 15 meetings. Members are
  - Heads of Forfaiting
  - Primary & Secondary Market Forfaiters
  - Trade Operations Bankers
  - Internal and external Bank Lawyers with both Common Law & Civil Law experience
- Consulting Groups – ICC 18 members, Chaired by Hennie van Diemen, BNP Paribas Fortis with similar impressive membership credentials, IFA Market Practice Committee

# Drafting History

- Starting Point – 3 IFA Publications:
  - IFA Guidelines (for the Secondary Market) 2004
  - IFA User’s Guide to the IFA Guidelines 2004
  - IFA Introduction to the Primary Forfeiting Market 2008
- Drafting Committee has met **15 times** (2 days each) since September 2009
- 5 Drafts
- Hundreds of comments from National Committees
- Model Forms incorporating the rules are provided for guidance. They are Not a part of the rules.

# Why Use the Uniform Rules for Forfeiting?

- Rules facilitate the spread of a financing technique
- Reduce Expense and Time of Drafting Agreements
- Model Agreements which incorporate the URF
- Reduce disputes and litigation
- Add CERTAINTY to the transaction
- Lower Costs = Greater Profits for ALL parties

# Introducing

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Member of URF Drafting Group