

# »» URBPO

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## »» URBPO

- 1 parties to the transaction and to URBPO
- 2 structure
- 3 industry standards for BPO in relation to URBPO
- 4 challenges

## »» BPO – Definition

- › an irrevocable undertaking of a bank to pay to another bank a specified amount of money upon fulfilment of requirements, success to be determined by an automated matching application on basis of data provided
  
- › .....an irrevocable and independent undertaking of an Obligor Bank to pay or incur a deferred payment obligation and pay at maturity a specified amount to a Recipient Bank following Submission of all Data Sets required by an Established Baseline resulting in a Data Match or an acceptance of a Data Mismatch pursuant to sub-article 10 (c)

## »» Parties to the transaction – BPO

Buyer

Seller

Buyer's Bank

Seller's Bank

Obligor Bank

Recipient Bank

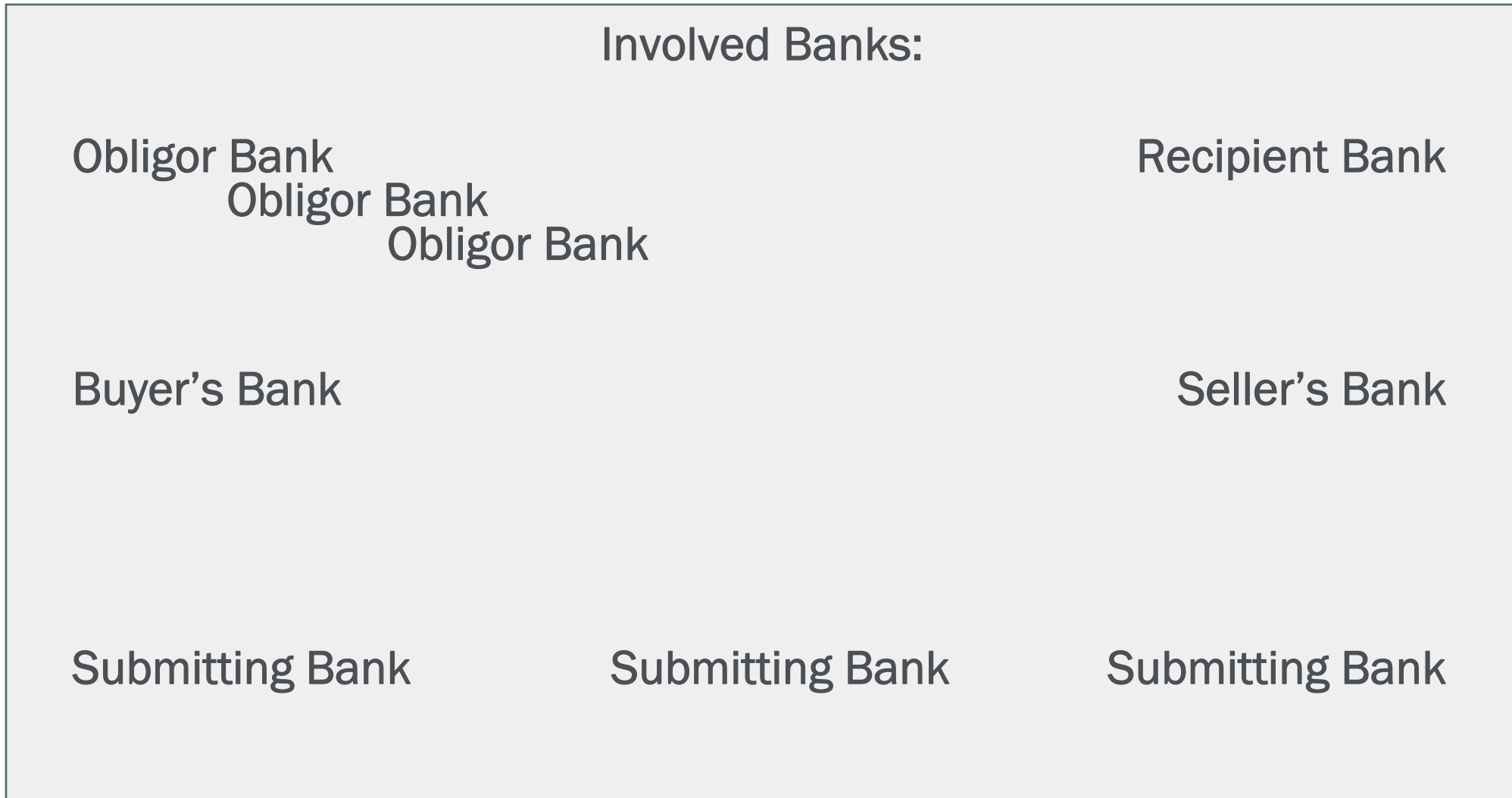
Transaction Matching Application

Submitting Bank

Submitting Bank

Involved Bank

## »» Parties to URBPO



## »» URBPO – structure

- › ICC style
  - › Articles on Application, Definitions and Interpretations
  - › Article 2 encompasses modification and exclusion
- › restriction to obligations
- › no rules on data matching
- › no rules on preclusion
- › force majeure clause
- › determination of applicable law
- › guidance / repetitions

## »» Layer of Instruments

- › Baseline
- › Established Baseline
- › Bank Payment Obligation

Obligor Bank will be bound when a Baseline becomes “established” which depends on agreement of a number of parties.

A BPO may also be introduced by an amendment to an already Established Baseline.

⇒ only when BPO is subject to URBPO

## »» URBPO – Articles – legal aspects

- Scope
- Application
- General Definitions
- Message Definitions
- Interpretations
- Bank Payment Obligation v. Contracts
- Data v. Documents, Goods, Services or Performances
- Expiry Date of a BPO
- Role of an Involved Bank
- Undertaking of an Obligor Bank
- Amendments
- Disclaimer on Effectiveness of Data
- Force Majeure
- Unavailability of a Transaction Matching Application
- Applicable Law
- Assignment of Proceeds



## »» URBPO – Challenges

### Functionality of ISO messages:

- application of URBPO and modifications / exclusions of URBPO articles outside of the instrument itself
- any change in ISO messages needs to be adopted by any Obligor Bank
- some possible uses of ISO messages are missing from URBPO (PreMatch of a DataSetSubmission)
- Change Requests: applicability of URBPO, modification of URBPO, Recipient Bank include Seller

### Independent Nature of the BPO:

- decision of a Submitting Bank may impact an Obligor Bank's decision (e.g. amendments, mismatch acceptance)
- in case of Force Majeure an Obligor Bank can unilaterally withdraw its obligation

## »» URBPO – Challenges

### Miscellaneous:

- reference to ISO messages
  - need to adopt any change in ISO 20022
  - difference in terminology of ISO and URBPO
- “educational” vs “analytical”
- interaction: URBPO and TMA’s rules on data matching, ISO message definition

»» Thank You

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