

»» Uniform Rules for Forfaiting

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Bank aus Verantwortung

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»» URF

language / terminology

structure

market practice

guidance

significance for forfeiting process

»» URF – structure / language

- › ICC style
 - › Articles on Application, Definitions and Interpretations
 - › Article 1 encompasses modification and exclusion
- › order of articles follows roughly the process of transactions
- › no force majeure clause
- › first set of ICC rules to cover fraud
- › plain English / considering needs of translation

»» URF – terminology

Article 2 Definitions:

- › availability date
- › business day
- › buyer
- › condition
- › credit support document
- › forfeiting agreement
- › forfeiting confirmation
- › forfeiting transaction
- › initial seller
- › obligor
- › parties
- › payment claim
- › points of reserve
- › primary forfaiter
- › primary market
- › primary obligor
- › purchase price
- › repurchase terms
- › required documents
- › reserve date
- › satisfactory documents
- › secondary market
- › secondary sale terms
- › seller
- › settlement date
- › trade date
- › under reserve
- › underlying transaction

»» URF – terminology

- › beneficiary: initial seller
- › issuing bank: primary obligor
- › documentary credit: underlying transaction
- › deferred payment undertaking or bill of exchange: payment claim
- › confirmation: credit support document
- › confirming bank: obligor

»» URF – guidance

as to:

- › required documents
- › content of a forfeiting agreement
- › good practice i.e. agreement to postpone the availability date
- › considerations as to examination of documents
- › reference to modification and exclusion

»» URF – market practice

URF include rules for different markets:

- › secondary sale terms (orally agreed) in conjunction with article 8 URF
 - › use of orally agreed terms
 - › first agreement between the parties is the forfaiting confirmation
 - › article 8 URF covers both markets

- › definition of initial seller includes the primary obligor

- › liability as per article 13 vs. seller's guarantee

»» URF – process

URF may have an impact on operations:

- › rules on dates and time lines (disregard may lead to termination)
- › examination of documents
- › notification to the seller when documents are
 - › not satisfactory
 - › satisfactory
- › notification by the seller on time period for examination in the secondary market

»» URF – a short history

- › adoption
 - › ICC Banking Commission meeting in Mexico November 2012
- › implementation date
 - › 1 January 2013
- › model agreements:
 - › Master Forfaiting Agreement
 - › Forfaiting Agreement
 - › Specific Transaction via SWIFT
 - › Forfaiting Confirmation

»» URF – a short history

Task Force on Forfeiting

- › initial meeting on Monday 15 April 2013
- › scope / mandate (work in progress)
 - › awareness / promotion
 - › training
 - › liaison with other ICC initiatives (DOCDEX, regional BC, Trade Assets, response to queries)
 - › liaison with IFA
 - › possible liaison with SWIFT
 - › additional Model Agreements
 - › Islamic Finance
- › extension of membership

»» URF – implementation

- › legal / risk / accounting / operations:
 - › contracts
 - › process / manuals
 - › IT
- › Business case

URF may have an impact on operations:

- › Differentiation as to market (Primary Market / Secondary Market)
- › rules on dates and time lines (disregard may lead to termination)
- › examination of documents
- › notification to the seller when documents are not satisfactory / satisfactory
- › notification by the seller on time period for examination in the secondary market

»» Thank You

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