

**ICC  
BANKING  
COMMISSION**

GUIDING  
INTERNATIONAL  
BANKING PRACTICE

DRIVING  
CHANGE IN  
TRADE FINANCE

# 2013

## THE ICC BANKING COMMISSION ANNUAL REVIEW

# REVIEW OF 2013

## THE ICC BANKING COMMISSION THE WORLD'S ESSENTIAL RULE-MAKING BODY FOR THE BANKING INDUSTRY

With 83 years of experience and more than 600 members in 93 countries, the ICC Banking Commission — the largest Commission of ICC, the world business organisation — has rightly gained a reputation as the most authoritative voice in the field of trade finance.

This has been a transformative year for the Banking Commission as our projects have aligned themselves with our new responsibilities within the ever-shifting industry.

Our predominant emphasis on new rules, certifications and publications is echoed by the shifts in our internal leadership to provide the necessary expertise on a growing number of topics. The role of trade as a driver of global growth and prosperity has motivated a constructive dialogue among government representatives, regulators and business on the importance of assuring affordable access to trade finance in support of international commerce.

As a result, the vital link between access to trade finance and the ability of businesses of all sizes to pursue opportunities in international markets is more widely appreciated and understood. The policy work advanced by our market intelligence efforts and partnerships has allowed us to not just report on the business conditions as they happen, but also act as key players.



# 3

### major sets of ICC Rules and standards adopted

- Forfaiting
- Bank Payment Obligation (BPO)
- International Standard Banking Practice (ISBP)



### Excellence Award for Best Non-Bank Trade Services Provider awarded to the ICC Banking Commission (TFR Awards)



# 8

major Banking publications produced



# 2

new specialized groups created to cover the fields of compliance and legal issues in trade finance



# 3

new Technical Advisors appointed to prepare and review the official banking opinions, DOCDEX Decisions and serve on Task Forces



# +250

trade finance events and trainings organized by ICC and its National Committees around the world



# 1<sup>st</sup>

Regional Banking Forum launched to cover the MENA region



# 2

new partners on market intelligence added

- International Trade Center
- Factors Chain International (FCI)



# 4

new e-Learning programmes and certifications launched

- BPO and ISBP e-learning programmes
- The new Certification for Specialists in Demand Guarantees (CSDG)
- Renewed partnership with the IFS for the Certificate for Documentary Credit Specialists (CDCS)

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## MESSAGE FROM THE CHAIR

Over the past year, world trade finance has found itself tested by strong sea swells, with the global environment still buffeted by the lingering effects of the financial crisis and the prevailing grim economic conditions in many regions. In these critical times, the ICC Banking Commission needs to focus its attention on the most pressing issues to ensure that trade finance remains available and affordable, in particular in the emerging economies. The job ahead is substantial and requires great perseverance for all of us involved in the many activities of ICC.

This annual review provides an overview of the priority projects in which we have been engaged over the course of 2013.

We've organized ourselves into integrated arrangements of collaborations that bring together minds and experience, with a much more comprehensive programme combining rule-writing, policy engagement, research and analysis, and training and capacity building.

With over 83 years of experience and over 600 members in 93 countries, the ICC Banking Commission—the largest Commission of ICC—has a key role to play in bringing the industry together and 2013 has shown great progress in doing so.

The strength of the ICC Banking Commission is generated from the commitment of its members and various groups, as well as the time and energy that individuals and their respective organizations contribute in order to continue propelling the Banking Commission forward. I thank you for it!



“We’ve organized ourselves into integrated arrangements of collaborations... combining rule-writing, policy engagement, research and analysis, and training and capacity building.”

KAH CHYE TAN  
Chair, ICC Banking Commission

# MESSAGE FROM THE ICC BANKING COMMISSION SECRETARIAT

Dear member of the ICC Banking Commission community,

This year's 2013 year in review report provides insight into the Banking Commission's rapidly changing environment and highlights the value our work continues to deliver. It has been an important year of transformation as the ICC Banking Commission pursues new opportunities and strengthens its overall governance and membership.

This year is marked by the introduction of the first-ever rules governing the use of a new instrument in trade and supply chain finance, the Bank Payment Obligation. It is also the first year of operations for our newly created Advisory Board and Regional Banking Forum covering the MENA region.

2013 has also been the year of creation of new e-learning and certification programmes for trade finance specialists.

The recurrent turbulent market conditions create urgent, unique demands for ICC Banking Commission to standardize market practice and bring to the forefront the much-needed market intelligence and analytics. The engagement with policy makers and regulators is back to the center of the stage, in particular on issues related to the Basel III regulatory framework.

As my team and I continue to align the future of our commission with market's demands, we are focused on achieving three imperatives: deliver operational excellence through new products and services in trade finance, achieve greater coherence of actions between the industry and the policy sphere, and transform the ICC Banking Commission as a world class standard-setter for the banking industry.

I invite you to read this report and share your feedback and experiences with us.

To our members, national committees and partners, my renewed thanks for your much needed support and continued commitment.

“This year is marked by the introduction of the first-ever drafted supply chain finance rules, the Bank Payment Obligation. It is also the first year of operations for our newly created Advisory Board and Regional Banking Forum covering the MENA region.”

THIERRY SENECHAL

Senior Policy Manager  
Executive Secretary, ICC Banking Commission



**IMPERATIVES FOR THE FUTURE** > DELIVER OPERATIONAL EXCELLENCE THROUGH NEW PRODUCTS AND SERVICES IN TRADE FINANCE > ACHIEVE GREATER COHERENCE OF ACTIONS BETWEEN THE INDUSTRY AND THE POLICY SPHERE > AND TRANSFORM THE ICC BANKING COMMISSION THROUGH INSIGHT AND INNOVATION.





# ABOUT THE ICC BANKING COMMISSION

SNAPSHOT OF 2013

WHAT WE DO

A BRIEF HISTORY

LEADERSHIP AND GOVERNANCE

HOW IT ALL COMES TOGETHER

GLOBAL MEMBERSHIP



# SNAPSHOT OF 2013

## January

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- > **1** ICC Uniform Rules for Forfaiting (URF) came into effect
- > **24** First Advisory Board meeting in London
- > **30** ICC Uniform Rules for Forfaiting (URF) official launch in London

## February

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- > **5** ICC-EBRD Annual Graduation Ceremony in Moscow for the e-Learning Programme
- > **19** Launch of ICC Regional Banking Forum MENA



## May

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- > New ICC Banking Commission Partners added to the ICC Global Survey: The International Trade Centre (ITC) and Factors Chain International (FCI)

## March

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- > **13** DOCDEX revision starts
- > **25** Cooperation between ICC and FCI discussed in Amsterdam for the writing of international factoring rules

## April

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- > **12** ICC participates at the WTO Group of Experts
- > **15-18** ICC Banking Commission Meeting – Lisbon
- > **16** ICC Trade Register Report 2013 Launch
- > **17** ICC Uniform Rules for Bank Payment Obligation (URBPO) adopted at 100%
- > **17** ICC International Standard Banking Practice (ISBP) Adoption

## June

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- **20** ICC publishes 2013 edition of International Standard Banking Practice (ISBP)
- **21** ICC Banking Commission wins Best Non-Bank Trade Services Provider award
- **24** ICC Global Survey on Trade Finance 2013 Launch
- **24** Regional launch of ICC URBPO rules (MENA Region)
- **16** ICC Banking Commission names three new technical advisors

## September

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- **2** Creation of a new Compliance Group
- **16** Connect: Expanding the Global Reach of Trade Finance – SIBOS 2013
- **6-19** Participation to various SIBOS trade finance panels by members our Advisory Board and Executive Committee
- **24** ICC Panel at the Euromoney Export Finance Conference

## October

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- **3** Creation of a new Legal Group
- **21-25** ICC Banking Commission meeting – Vienna
- **24** New Head of Executive Committee appointed + 2 additional members

## November

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- **6-7** ICC Supply Chain Finance Summit – 2nd Edition
- **12** Validation panel approved the syllabus of the forthcoming ICC-IFS Certificate in International Trade Finance (CITF)
- **2** TXF-ICC Global Heads of Export Finance meeting

## July

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- **1** ICC Uniform Rules for Bank Payment Obligation (URBPO) come into effect
- **4** ICC renews CDCS partnership with Institute of Financial Services
- **8-11** ICC participates in 4th Annual Review of Aid for Trade at WTO

## December

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- **5** One additional Executive Committee member appointed

## WHAT WE DO

Founded in 1931, the International Chamber of Commerce's Banking Commission – the largest Commission at ICC – has evolved into the world's essential rule-making body for the banking industry.

The rapidly changing economic environment and banking industry have created a growing need for new rule-writing, policy and standardization mandates. The strategy going forward will be to maintain the curve of positive value-added benefits to the banking industry by keeping in tune with these developments through our 600 members in 100+ countries to enhance business practices around the world.

By empowering stakeholders in trade finance through standard setting, policy engagement, well-targeted research and education, and means of settling trade finance disputes, the ICC Banking Commission continues its role as the most authoritative voice and the world's essential rule-making body for the industry.

# 300+

International delegates every six months at the ICC Banking Commissions Bi-annual summit gathering.

# 10,000

More than ten thousand people in 100+ countries trained and certified using our suite of online training services.

# USD2 TRILLION

ICC rules on documentary credits, UCP 600, serve as the basis of trade transactions valued at more than USD2 trillion a year.



## Rules

ICC Banking Commission produces universally accepted rules and guidelines for international banking practice. ICC rules on documentary credits, UCP 600, are the most successful privately drafted rules for trade ever developed, serving as the basis of trade transactions valued at more than USD2 trillion a year.

## Policy-Making

ICC Banking Commission is helping policy makers and standard setters to translate their vision into concrete programmes and regulations to enhance business practices throughout the world.

## Publications and Market Intelligence

Used by banking professionals and trade finance experts worldwide, ICC Banking Commission publications and market intelligence are the industry's most reputable and reliable sources of guidance to bankers and practitioners in a broad range of fields.

## Dispute Resolution

The ICC Banking Commission and ICC International Centre for Expertise administer the ICC Rules for Documentary Instruments Dispute Resolution Expertise (DOCDEX) to facilitate the rapid settlement of disputes arising in banking.

## Education and Certification

More than ten thousand people in 100+ countries have trained and certified in international trade finance using our suite of ICC approved online training services and certification facilities.

## Specialized Training and Events

In addition to its bi-annual summit, gathering 300+ international delegates every six months, the ICC Banking Commission organizes regular seminars and conferences around the world, in partnerships with ICC National Committees and other sponsors.

## Strategic Partnerships

Well-established collaboration with leading policy makers and trade associations, including WTO (World Trade Organization), ADB (Asian Development Bank), Berne Union, EBRD (European Bank for Reconstruction and Development), IDB (Inter-American Development Bank), IFC (International Finance Corporation), IMF (International Monetary Fund), SWIFT, the World Bank, BAFT (Bankers' Association for Finance and Trade) and others.



# A BRIEF HISTORY

## 1919-1932 The Beginnings

The Founding of ICC in May 1919, three American business leaders arrive in Europe with the aim of finding a representative group of European businessmen to create an international business organization to help revive and rebuild the world economy after the devastation of World War I.



## 1920

A conference of New York bankers draws up a set of regulations for export credits: the Regulations Affecting Export Commercial Credits (RAECC).

## 1933 UCP 82

The Banking Commission approves the text of UCP 82 unanimously.

## 1936

The first nine Incoterms are published.

## 1951

The first Standard Forms for Issuing Documentary Credits (Brochure 159) are issued.

## 1974

The third revision of the UCP, UCP 290, goes into effect.

## 1977

In November the first meeting of the Banking Commission outside of Paris is held in Seoul, South Korea.

## 1978

In June, the ICC Council adopts a revised version of The Standard Forms for Documentary Credits.



## 1956 Uniform Rules for Collections

A Uniform Rules for the Collection of Commercial Paper (Brochure 192) is approved by the ICC Council; 53 countries have adhered to UCP 151.

## 1983

The fourth revision of the UCP, UCP 400, goes into effect.

## 1962

ICC Council adopts the second revision of the UCP and names it UCP 222. The new rules go into effect on 1 July 1963.

## 1993 UCP 500

UCP 500 is adopted in 1993 and comes into effect on 1 January 1994.

# 1931-2013

MORE THAN 80 YEARS OF RULE-WRITING ACHIEVEMENTS

## 1991

### URDG

After more than a decade of work (1981-1991) and hundreds of comments from national committees and international organizations, the Banking Commission, in a joint project with the Commission on Commercial Law and Practice, approves the first ICC Uniform Rules on Demand Guarantees.

## 1995

### URC 522

The revision of the Uniform Rules for Collections (URC 522) is unanimously approved by the Banking Commission.

## 1998

### ISP98

The International Standby Practices (ISP98) rules are endorsed by the ICC Banking Commission.

## 2002

### ISBP

ISBP 645 approved - this constitutes, at an international level, a list of best industry practices worldwide.

## 2009

The ICC Banking Commission established the ICC Trade Register through funding from the Asian Development Bank (ADB) in 2009 to advance understanding of various products and their risk characteristics in trade and export finance.

## 2010

After a comprehensive revision, URDG 758 is approved and come into effect in 2010. Only a year later, UNCITRAL endorses URDG 758.



## 1996

### URR

Uniform Rules for Bank-to-Bank Reimbursements come into effect.

## 1997

### DOCDEX

The Commission establishes the DOCDEX dispute resolution system, with expert panels resolving disputes on letters of credit.

## 2006

### UCP 600, eUCP

eUCP Version 1.1 approved at the same time as UCP 600 - a second supplement to the UCP for electronic presentations.

## 2012

ICC Regional Banking Forum MENA launched, ICC's new Uniform Rules for Forfaiting (URF) were approved.

## 2013

### URF, URBPO, ISBP 2013

3 major sets of ICC Rules and standards launched: Forfaiting, Bank Payment Obligation, and the revised International Standard Banking Practice.

# LEADERSHIP AND GOVERNANCE

The ICC Banking Commission is governed by its Executive Committee and Advisory Board. The Board is responsible for advising the ICC Banking Commission on global challenges and industry mandates. The Banking Commission's activities are managed by its Executive Committee and secretariat located in Paris. The Executive Committee's role includes: managing the projects and networks of experts; adopting the Commission's overall strategy, developing the yearly

## ADVISORY BOARD

- Dani Cotti (JP Morgan),  
Head of Advisory Board
- Kah Chye Tan (JP Morgan),  
Chair of the Banking Commission
- John Ahearn (Citi)
- Georgina Baker (IFC)
- Steven Beck (ADB)
- James Emmett (HSBC)
- Sara Joyce (Bank of Montreal)
- Cheng Jun (Bank of China)
- Ashutosh Kumar (Standard Chartered)
- Daniel Schmand (Deutsche Bank)
- Jorge Tapia (Santander)
- Pierre Veyres (BNP Paribas)

## EXECUTIVE COMMITTEE

- Neil Chantry (HSBC), Head  
of Executive Committee
- Kah Chye Tan (JP Morgan),  
Chair of Banking Commission
- Mathieu Le Brigand (BNP Paribas)
- Andre Casterman (SWIFT)
- Rüdiger Geis (Commerzbank)
- Andrea Hauptmann (RBI)
- Vincent O'Brien (Trade Expert)
- Alexander R. Malaket  
(OPUS Advisory Services Int.)
- Dan Taylor (JP Morgan),  
Senior Advisor
- Vijay Vashist (DBS Bank)

THIS GLOBAL DEPTH AND EXPERIENCE ENSURES OUR ABILITY TO FULLY SUPPORT OUR GLOBAL MEMBERSHIP OF 600+ EXPERTS AND PARTICIPANTS.

work programme, monitoring the Banking Commission's key business and financial objectives and recommending specific courses of action to maintain financial sustainability. This global depth and experience ensures our ability to fully support our global membership of 600+ experts and participants at ICC events around the world.

## SECRETARIAT

- Thierry Senechal, Executive Secretary
- David Bischof, Policy Manager
- Whitney Jolivet, Assistant
- Paulina Martinez, Project Coordinator
- Thomas Paris, Project Assistant

## TECHNICAL ADVISORS

- Nicole Anette Keller (KfW IPEX-Bank GmbH)
- David Meynell (Trade LC Advisory)
- Donald Smith (Global Trade Advisory Ltd.)

## REGIONAL BANKING FORUM

- Lakshmanan Sankaran (Commercial Bank of Dubai), Chair of Regional Banking Forum

## TASK FORCES/ WORKING GROUPS ON THE FOLLOWING TOPICS:

- Guarantees
- Trade Register
- Forfaiting
- Dispute Resolution
- Bank Payment Obligation
- Compliance
- Legal
- Supply Chain Finance and others

## DISPUTE RESOLUTION

## PUBLICATIONS

## ONLINE TRAINING & CERTIFICATION

# HOW IT ALL COMES TOGETHER



## Our partners

- The Asian Development Bank (ADB)
- Bankers' Association for Finance and Trade (BAFT)
- Berne Union
- Coastline Solutions
- The European Bank for Reconstruction and Development (EBRD)
- Institute of Financial Services (IFS)
- The Inter-American Development Bank (IDB)
- The International Finance Corporation (IFC)
- The International Monetary Fund (IMF)
- International Trade Centre
- The Society for Worldwide Interbank Financial Telecommunications (SWIFT)
- UNCITRAL
- United Nations
- The World Bank
- The World Trade Organization (WTO)



## National Committee Training Highlight - The Case of ICC Austria

Our partner National Committees are our privileged network to organize trainings on trade finance around the globe. They are essential to promote the various business standards and policy work drafted by the Banking Commission and assist local banks and enterprises in applying these rules. With nearly 150 events organized per year, ICC Austria's years of experience showcases that the organization of trainings by National Committees as a whole can offer trade finance and contract management events in various forms:

- Letters of Credit, Bank Guarantees events at varying levels (e.g. beginners or advanced experts) - integrating know-how on contract management
- In-house trainings at larger companies, banks and logistic companies.

In addition to this, National Committees can also establish a business consultancy service on trade finance and contract drafting. In this way a National Committee will not only provide valuable and much sought-after service to its members but also encourage others to become new members of ICC.

MAXIMILIAN BURGER-SCHIEDLIN  
Executive Director, ICC Austria

**600+**

member banks,  
+100 countries

**1,000+**

participants a year at  
Banking Commission events

**20+**

Banking Commission  
institutional partnerships

**6,500**

online adherents and  
followers on social media

**14+**

Task Forces and  
Working Groups

**25,000+**

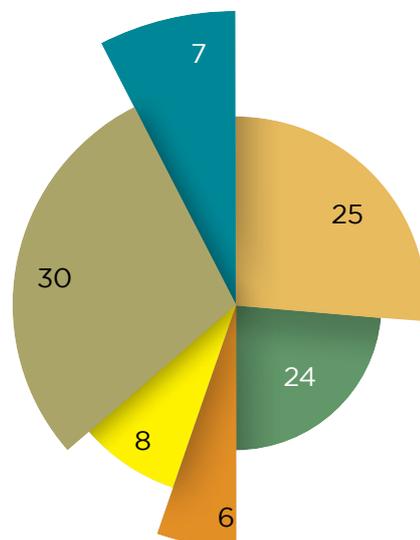
publications sold in 2013

**10,000+**

people trained and certified in international trade  
finance using our suite of ICC online training services

## BREAKDOWN OF REVENUE GENERATED BY BANKING COMMISSION ACTIVITIES IN 2013 (%)

- |  |  |
|--|--|
|  Special Projects |  E-Learning           |
|  Sponsorship      |  Banking Publications |
|  Certifications   |  Banking Events       |



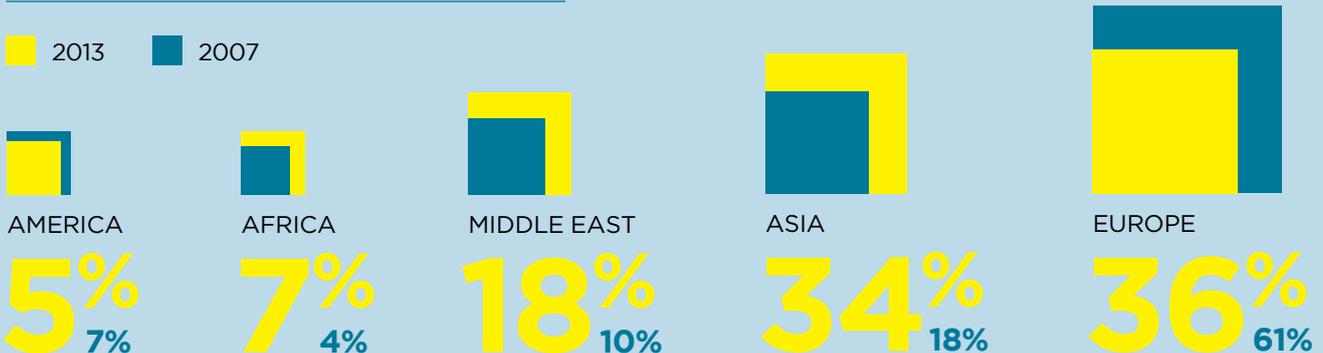
# GLOBAL MEMBERSHIP

The ICC Banking Commission is a leading global rule-making body for the banking industry. It produces universally accepted rules and guidelines for international banking practice and has more than 600 members in +100 countries.

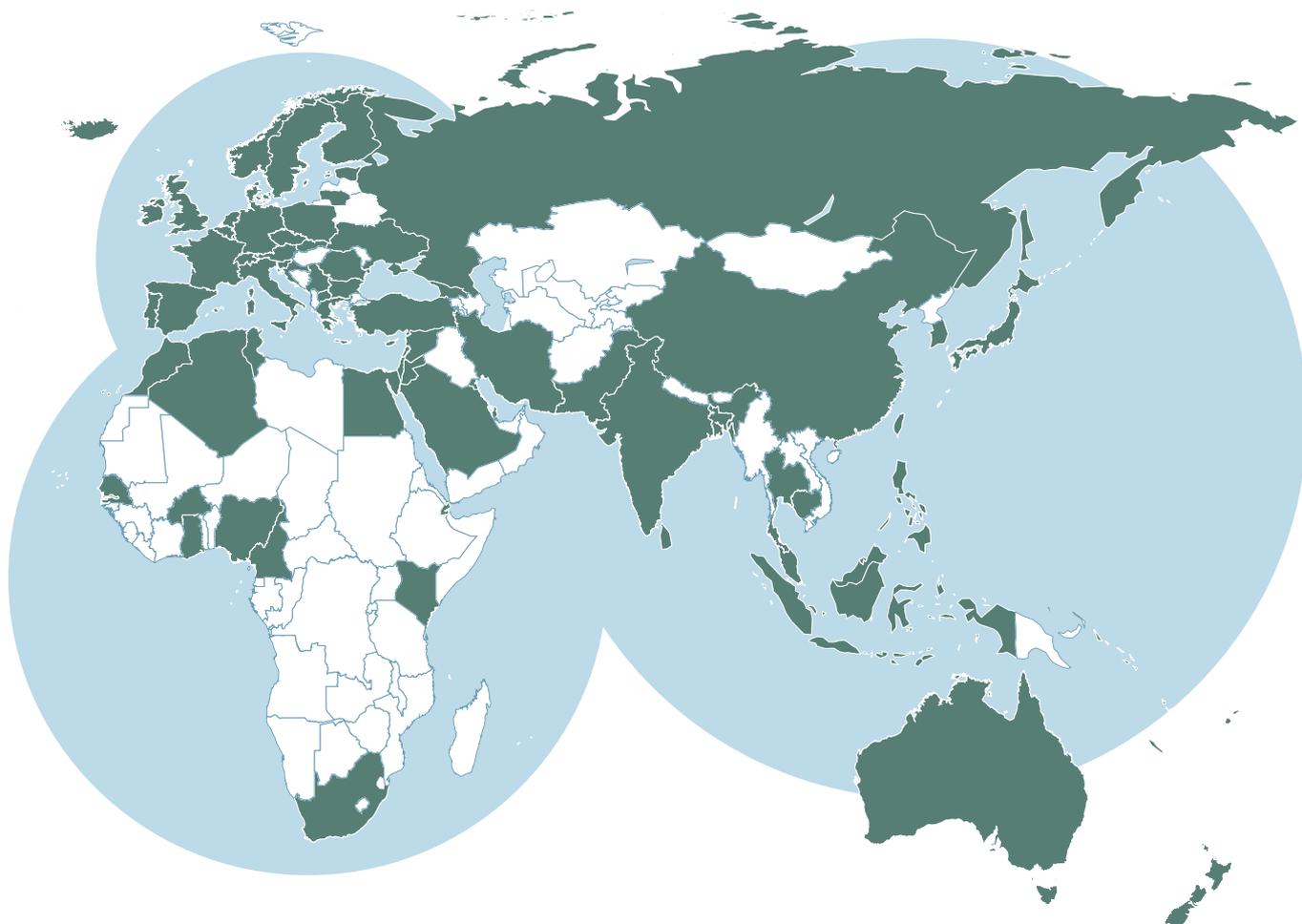
Membership to the ICC Banking Commission has grown over the last several years to a new record of 600+ members with new banks based in Africa, Middle East and Asia. Our efforts to produce trade finance rules that reduce the cost, close the gaps, and increase efficiency in banks as well as our regional efforts in the MENA region have had a clear effect. To sustain the variety of initiatives, the membership must continue to grow, and we would like to call on everyone willing to take part in the comprehensive work to contact your local National Committee to join us. Correspondingly, the recent projects announced by this Commission regarding the standardization of various areas of trade finance has pushed banks to want to be part of the dialogue - and in the spirit of maintaining the compliance of global harmonization: they will be.



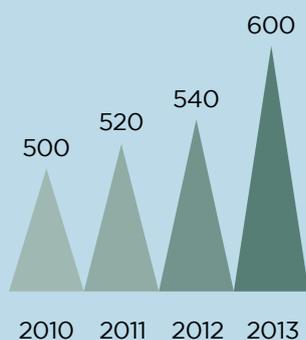
## Membership breakdown by region



- 83 YEARS OF EXPERIENCE
- REPRESENTING THE INDUSTRY ON ALL REGIONS



### Total membership



### Membership Benefits

- Gain influence at the international and national level through our network of national committees, task forces and working groups.
- Stay connected to a network of the world's most influential companies and banks - of all sizes and in all sectors - forging high-level business relationships at exclusive events.
- Receive news of developments in policy and regulation at an early stage, gaining time to make the right decisions for the business.
- Help write the rules that business uses every day to reduce costs and uncertainties.
- Members can develop a unique skill set to be applied in day-to-day practice.



# REVIEW OF 2013

GOVERNANCE UPDATES  
STRUCTURAL CHANGES  
RULE-WRITING AND STANDARD SETTING  
EDUCATION AND ONLINE TRAINING  
TRADE FINANCE CERTIFICATION  
POLICY, ANALYTICS &  
MARKET INTELLIGENCE  
REGIONAL BANKING FORUM  
PUBLICATIONS



# GOVERNANCE UPDATES

## The Advisory Board

The International Chamber of Commerce (ICC) announced the creation of an Advisory Board to provide strategic direction for its Banking Commission.

The launch of the Banking Commission Advisory Board was a major milestone. This body will advise the Banking Commission's Officers and the ICC Secretariat on key strategic vision, issues and opportunities. In addition,

the group of Officers has been reorganized and expanded into what is now the Commission's Executive Committee. The ICC Banking Commission Advisory Board held its inaugural meeting in London on 24 January of 2013.

The Executive Committee consists of an international network of experts who have agreed to give ICC salient help and direction on a regular basis on issues including organizational development, policy, partnerships and outreach.

Under the leadership of Kah Chye Tan, Chair of the ICC Banking Commission, the Advisory Board and the Executive Committee consist respectively of 12 and 9 members. Thierry Senechal, Senior Policy Manager of the Banking Commission acts as Executive Secretary for both the Advisory Board and Executive Committee and is delegated the responsibility for the day-to-day management of the commission by ICC.



“The Advisory Board will help ICC to diversify its work programme and create partnerships in order to address new and emerging aspects of the international trade industry, and to help ICC members pragmatically address the complexities they face”

JEAN-GUY CARRIER, ICC SECRETARY GENERAL

Dan Taylor, former Head of the Executive Committee for the Banking Commission has stepped down this year but will remain a special advisor to the Executive Committee. Dan has been member of the Banking Commission for 24 years, 17 of which he has served as a Vice Chair of the commission and has seen it steadily grow into the world-class forum for trade finance that is has become today. Dan has faithfully attended 50 Banking Commission meetings and has participated in nearly every working group that produced the many successful banking commission rules and standards, either as a member or the chair, including UCP, ISBP, BPO as well as the ICC Trade Register, to mention a few.



## Four Appointments to its Banking Commission Executive Committee

Driven by the ever-expanding needs of the market, the ICC Banking Commission has been growing in both size and scope to remain a relevant and recognized authority within the ever-evolving trade finance industry. We have taken several steps this year to maintain our position as the leading global rule-making body for the banking industry.

Announced during the ICC Banking Commission Meeting held in Vienna in October of 2013, the Commission expanded its leadership structure by appointing four new officers to its Executive Committee to provide technical direction to the leading global policy and rule-making body for the banking industry.

Changes in the Banking Commission scope of work triggered an opportunity to add new officers in order to align the commission's resources to new mandates and meet the aspirations of the renewed membership. This structural growth is in line with the commission's objective to remain a relevant and recognized authority within the ever-evolving trade finance industry.



### The new appointments to the Executive Committee:

- Neil Chantry – Global Head of Business Policy, Global Trade and Receivables Finance, HSBC is appointed as new Head of the Executive Committee.
- Andrea Hauptmann – Head of Guarantees at Raiffeisen Bank International also joined the Executive Committee. In addition, Andrea Hauptmann will retain her position as Head of the ICC Banking Commissions Guarantees Task Force.
- Alexander R. Malaket – President of OPUS Advisory Services International Inc. and Founder and Managing Director of Trade Finance Associates Pte in Singapore also joined the ICC Banking Commission Executive Committee as of December 2013.
- Mathieu Le Brigand – Global Head of Supply Chain Management at BNP Paribas joined the Executive Committee.

# STRUCTURAL CHANGES

## Three new Technical Advisors for the Banking Commission

In July 2013, the Banking Commission announced the handing over of the technical advisory role from longstanding Senior Technical Advisor, Gary Collyer to three newly appointed Technical Advisors.

The ICC Banking Commission has considerably developed its rule-making activities in recent years. As a result, it recognizes the need to expand its advisory function for these newly-established standards and be in a position to develop our standard-setting initiatives ever further. The three new technical advisors will not only administer official opinions but also answer occasional technical and educational queries received on an informal basis.

Today, the ICC Banking Commission provides official

opinions on the interpretation of the long-established Uniform Customs and Practice for Documentary Credits (UCP), Uniform Rules for Collections (URC), Uniform Rules for Demand Guarantees (URDG) and Uniform Rules for Bank-to-Bank Reimbursements (URR) and more recently, the newly approved Uniform Rules for Forfeiting (URF) and Uniform Rules for Bank Payment Obligation (URBPO).

ICC Banking Commission Opinions are an important resource for lawyers, bankers, judges and other professionals and scholars in the industry and are often cited by courts to assist in dispute resolution. They were devised by the Banking Commission in response to the numerous and often complex problems encountered by the industry in establishing documentary compliance and to provide expert interpretation and analysis of ICC Banking rules in given situations.

### THE NEW TECHNICAL ADVISORS FOR BANKING OPINIONS:

- Nicole Anette Keller – Vice President, KfW IPEX-Bank GmbH, Financial Institutions Trade & Commodity Finance
- David Meynell – Owner of Trade LC Advisory
- Donald Smith – President of Global Trade Advisory Ltd.

Gary Collyer (right), former Senior Technical Advisor for the Commission. Gary has been technical advisor to the Banking Commission since 1996 and has been the cornerstone of the commission's extremely responsible role of providing advice to practitioners worldwide on trade finance best practices through ICC Official Opinions and queries regarding documentary credits, collections and guarantees. Gary has also chaired the drafting groups for banking rules such as UCP600, ISBP and URBPO.



## A New ICC Banking Commission Compliance Group

The Banking Commission has decided to create a new ICC Compliance Group to respond to the increasing issues that the industry faces in meeting the regulatory requirements around compliance for financial institutions. In an effort to emphasize the importance of this matter, the Compliance Group will draft guidance, policy submissions and responses to regulators, industry groups and members on all topics related to compliance issues affecting the trade finance industry.

To ensure that the work we are undertaking will not only be applicable but become a valuable resource to the public, this Group will interact with key stakeholders of this industry including the Financial Action Task Force (FATF), The Wolfsberg Group, key players

### COMPLIANCE SUBJECTS INCLUDE:

- › sanctions regulations and consequences of not understanding the requirements
- › customer due diligence requirements
- › know your customer (KYC) and correspondent banking requirements
- › terrorist finance and weapons proliferation
- › financial crime including tax evasion
- › narcotics and human trafficking.

in the finance industry as well as several other industry groups representing other actors in international trade.

## ICC Banking Commission Legal Committee

The Commission was also proud to launch the first ICC Banking Commission Legal Committee during our bi-annual Meeting in Vienna in October 2013. Multiple legal challenges face our banks in the global economy. They essentially reflect the asymmetry between the emerging global rule of law and inconsistent laws and case law in the various jurisdictions.

Comprised of senior legal officers, the goal of this new legal group will be to offer to its members a discussion platform whose aim will be to help deal in a structured and consistent way with the various legal challenges of a legal nature facing members of the Banking Commission. It will have the objective of making proposals for action to the Banking Commission, formulating recommendations on Banking Commission activities to the extent that they involve legal aspects and drafting white papers on matters of general legal interest for the Banking Commission membership.

Georges Affaki, former Officer on the ICC Banking Commission Executive Committee will now head our Legal Committee. Georges has served the banking commission for 21 years, 12 of which as Vice Chair. Georges has been a formidable force in the commission, in addition to his leadership role and contribution to the work, he has also had a hand in the production of successful banking commission rules and services including URDG and DOCDEX as well as represented ICC for 4 years on UNCITRAL Working group VI. He has also authored several books, including the User's Handbook (Guide to ICC Uniform Rules for Demand Guarantees - URDG 758) on URDG with Sir Roy Goode.



# RULE-WRITING AND STANDARD SETTING



## ICC Uniform Rules for Forfaiting (URF) came into effect

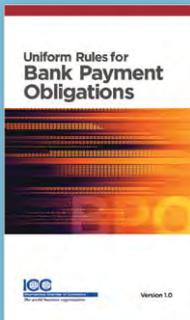
On 1 January 2013, ICC's new Uniform Rules for Forfaiting (URF) came into effect after more than three years of intensive drafting. The rules, which were approved

at the ICC Banking Commission meeting in Mexico City, will govern a market estimated at more than USD300 billion a year. The URF, developed in cooperation with the International Forfaiting Association (IFA), complement other ICC uniform rules in trade finance, notably the Uniform Customs and Practice for Documentary Credits (UCP), ICC's universally used rules on letters of credit.

The ICC Banking Commission's entrance into this new field is an indication of its expanding role, encompassing the entire field of trade finance and more broadly speaking, supply chain finance.

### URF WILL GOVERN A MARKET ESTIMATED AT USD300 BILLION A YEAR.

## New Rules for 2013



### URBPO

ICC Uniform Rules for Bank Payment Obligation



### ISBP

International Standard Banking Practice



### URF

ICC Uniform Rules for Forfaiting



## ICC launches 2013 edition of International Standard Banking Practice (ISBP)

On 20 June, the International Chamber of Commerce (ICC) released the 2013 edition of International Standard Banking Practice (ISBP), the most up-to-date guide for examination of documents under documentary credits. Official adoption of the ISBP took place during the ICC Banking Commission meeting in April 2013 in Lisbon.

ISBP details banking practices to be applied on documentary credits and is credited with dramatically reducing the number of discrepancy disputes between banks dealing with documentary credits. This revised guide explains banking practices to be applied when working with documentary credits that are subject to

Uniform Customs and Practice for Documentary Credits, UCP 600 – ICC's widely used rules on documentary credits and used for letter of credit transactions worldwide.

This new edition of ISBP does not amend UCP 600 but rather demonstrates how its principles and content should be integrated into day-to-day practice. It achieves this by providing readers with detailed practices to be considered and applied when working with different trade documents including invoices, transport documents, insurance documents, and certificates of origin. It also provides coverage of documents which are not specifically mentioned in UCP. New to this edition, the 2013 version of ISBP covers, among others, practices identified from Opinions approved by ICC national

committees since 2007, and also features the following documents which were not previously covered such as packing and weight lists, beneficiary certificates, non-negotiable sea waybills, and analysis, inspection, health, phytosanitary, quantity and quality certificates.



# RULE-WRITING AND STANDARD SETTING

## ICC Uniform Rules for Bank Payment Obligation (URBPO)

The BPO will provide many of the benefits of a letter of credit in an automated environment, without the drawbacks of manual processing associated with traditional trade finance. It will also enable banks to offer flexible risk mitigation and financing services across the supply chain to their corporate customers.

A BPO is an irrevocable undertaking given by one bank to another bank that payment will be made on a specified date after a specified event has taken place. This 'specified event' is a 'match' report that has been generated by SWIFT's Trade Services Utility (TSU) or any equivalent transaction matching application (TMA).

BPOs enable banks to mitigate the risks associated with international trade to the benefit of both buyers and sellers. They enable flexible

financing propositions across the supply chain, from pre-shipment to post-shipment. They provide an assurance of payment to the seller similar to that obtained under a letter of credit.

### WHAT IS THE BPO?

- A new solution in supply chain finance to shape trade in the 21st Century
- An alternative means of settlement in international trade
- Providing the benefits of a letter of credit in an automated and secured environment

THE BPO RULES WERE UNANIMOUSLY ADOPTED.



## THE ICC URBPO WILL MODERNIZE THE WAY BUSINESSES HANDLE OPEN ACCOUNT TRANSACTIONS.

### ICC URBPO Launch

With a desire to facilitate the growth of the field of Supply Chain Finance, SWIFT and the ICC Banking Commission have set themselves an ambitious goal to introduce an innovative way for trading counter-parties to secure and finance their open account trade transactions via their banking partners.

On 17 April, the ICC launched the Uniform Rules for Bank Payment Obligation (URBPO), a 21st century

standard in supply chain finance that will facilitate international trade. The rules were developed by the Banking Commission of the International Chamber of Commerce (ICC) and SWIFT in a partnership established to take into account the legitimate expectations of all relevant sectors.

Set to revolutionize trade finance transactions, BPO is an irrevocable commitment made by one bank to another that payment will occur on a specified date after a specified event has taken place. It is an alternative

instrument for trade settlement, designed to complement existing solutions and not to replace them.

Reflecting industry consensus, the rules were unanimously adopted during a meeting of the ICC Banking Commission meeting which took place in Lisbon in April 2013.

Based on standardized messaging and advanced transaction matching operated by SWIFT, this new instrument will accelerate the financial supply chain in support of ever accelerating physical supply chains.

### BPO BENEFITS INCLUDE:

- Mitigating risks in international trade for buyers and sellers alike
- Speed, reliability, convenience
- Reduced costs and improved accuracy
- Enhanced risk management
- Assurance of payment
- Securing the supply chain
- Eliminating discrepancy disputes between banks



# EDUCATION AND ONLINE TRAINING



ICC ONLINE TRAINING COURSES WRITTEN BY THE WORLD'S LEADING EXPERTS IN TRADE FINANCE.

ICC online training, provided in partnership with Coastline Solutions, has continued to grow in popularity. In 2013 alone, several thousand staff in banks and corporates worldwide used the ICC online training courses for staff development. In particular, ICC has continued expanding its educational activities on trade rules by developing an online training programme in partnership with the European Bank for Reconstruction and Development (EBRD).

This year, two new training programmes are now being offered, namely the ISBP online training and the URBPO online training.



## NEW OFFERINGS LAUNCHED IN 2013:

### ➤ UNIFORM RULES FOR BANK PAYMENT OBLIGATIONS

This training provides structured training in all aspects of the URBPO, from the basic concepts through to a detailed analysis of the rules.

### ➤ INTERNATIONAL STANDARD BANKING PRACTICE (ISBP)

Specialized training designed to enhance the knowledge and skills of documentary credit professionals.

OVER TEN THOUSAND PEOPLE IN +100 COUNTRIES HAVE TAKEN OUR COURSES.

## EXISTING ONLINE TRAINING COURSES:

### > DOCUMENTARY COLLECTIONS

Provide in-depth knowledge of collections processes and the ICC's Uniform Rules for Collections, URC 522

### > MENTOR 600

Mentor 600 is the only ICC approved course that trains your staff in all aspects of the documentary credits and UCP 600 rules.

### > DOCUMENTARY CREDITS (DC) MASTER

Advanced online instruction and training in letters of credit practice for experienced documentary credit professionals.

### > INTERNATIONAL STANDBY PRACTICES (ISP) MASTER

This online course will ensure proficiency in the use of ISP98. The training is divided into 4 Modules: essentials, rules, case, and full assessment.

### > UNIFORM RULES FOR DEMAND GUARANTEES (URDG) MASTER

Online training and instruction in URDG 758, the rules governing the operation of demand guarantees.



All of the courses can be found here: [www.coastlinesolutions.com/products](http://www.coastlinesolutions.com/products)



# TRADE FINANCE CERTIFICATION

## CDCS – Partnership Renewed with IFS

On 4 July 2013, the ICC and the Institute of Financial Services (IFS) announced the renewal of their 15-year-old partnership in relation to the Certificate for Documentary Credit Specialists (CDCS®) qualification.

CDCS® is delivered and examined by the Institute of Financial Services. It is the globally-recognized qualification for documentary credit specialists – those professionals who manage the secure payments that underpin international trade transactions – and is acknowledged as the benchmark of competence for international practitioners in letters of credit.

CDCS® has been developed in consultation with industry experts to ensure that the skills gained through the programme of study reflect best practice. The first examination was conducted in 1999 and since then, CDCS professionals from more than 75 countries have taken the qualification.

## CITF – Preparation of a new Certificate on International Trade and Finance

Early in the year, it was decided to move forward with the proposal of a Certificate on International Trade and Finance (CITF) in partnership with the Institute of Financial Services (IFS). The Certificate is a professional qualification for trade executives, specialists and for those who wish to gain a wide appreciation, knowledge and understanding of trade finance. The CITF will combine the acquisition of technical knowledge with the skills to apply them in real situations and has been developed in consultation with trade finance experts from across the world. Currently, the syllabus for the CITF has been validated as of November 2013 with David Meynell, Owner of

TradeLC Advisory, as the Chief Examiner, with the official adoption process being worked on with our partner the Institute of Financial Services (IFS).

In its origins, the Korean International Finance Institute (KIFI) proposed to the IFS that a complementary qualification in international trade Finance could satisfy an identified need. Consequently, to gauge the level of potential global demand the IFS approached several ICC National Committees around the world where take up of CDCS has been the greatest – the early preparations for a Certificate on International Trade and Finance have since been underway. Following the already established CDCS and the now newly created CSDG, official launch of the CITF is scheduled for the first half of 2014.

“This partnership, between the foremost business organization in the world and the UK’s leading financial education body, will ensure that the CDCS qualification continues to reinforce the global rules that govern international trade and enhance the professionalism of documentary credit specialists, wherever they are operating.”

ANNE KIEM, CHIEF EXECUTIVE OF THE INSTITUTE OF FINANCIAL SERVICES



## PROFESSIONALS FROM MORE THAN 75 COUNTRIES HAVE TAKEN THE CDCS QUALIFICATION.

### **CSDG – New Certification Launched for Demand Guarantee Specialists**

During the ICC Banking Commission Meeting in Vienna this October, ICC and the Institute of Financial Services (IFS) launched a new level-4 qualification for demand guarantee specialists. The Certificate for Specialists in Demand Guarantees (CSDG) will be delivered and examined by the Institute in partnership with ICC, who will provide content and source material for the qualification.

CSDG will provide a globally-recognized qualification for demand guarantee specialists – the professionals who manage and oversee the often complex processes relating to international trade guarantees – and will be open for registrations from January 2014.

The launch of CSDG marks another important step in the provision of a key set of professional standards for international trade professionals.

“The Certificate for Specialists in Demand Guarantees is a positive development for those wishing to achieve a recognized qualification in this often complex discipline.”

THIERRY SENECHAL, ICC SENIOR POLICY MANAGER  
AND BANKING COMMISSION EXECUTIVE SECRETARY



DAVID MORRISH  
Relationship Director,  
Institute of Financial  
Services (IFS) at  
the ICC Banking  
Commission Meeting in  
Vienna in October 2013.

### **Two new certifications for the industry**

#### **CDCS**

Certificate for  
Documentary  
Credit Specialists

#### **CSDG**

Certificate for  
Specialists in  
Demand Guarantees

# POLICY, ANALYTICS & MARKET INTELLIGENCE



## ICC Global Risks - Trade Finance 2013 Report Released

On 16 April, the ICC issued the “Global Risks - Trade Finance 2013” Report providing a timely, accurate and comprehensive outlook on the risks in trade finance from the global trade finance industry’s perspective.

Based on data from ICC’s Trade Register, a comprehensive online database of over 15 million transactions provided by 21 banks, the 2013 report shows that trade finance is a low-risk asset class that can be embraced by financial institutions as a secure, high-value business, linked directly to real-economy activities, and of critical importance to global recovery and growth, nor overregulated by governments. The ICC Trade Register contains data reflecting no less than 60-65% of traditional global trade finance activity, worth approximately USD2-2.5 trillion.

Recently, the Basel Committee on Banking Supervision (BCBS) recognized the importance of trade finance in growth and job creation and adopting a more favorable calibration of the Basel III leverage ratio. This reflects the fundamental characteristics of trade finance, including the self-liquidating nature of “real

economy” transactions that support the exchange of good and services as evidenced by the ICC Trade Register.

In a recently published report by the Bank of International Settlement (BIS), data from both the ICC’s Trade Register and Global Surveys on trade finance is extensively cited and which examines the structure and recent evolution of the global trade finance market, and the interplay between changes in trade finance and international trade. In terms of financial stability risks, the BIS report concludes that losses on trade finance portfolios historically have been low. Moreover, given their short-term nature, banks have been able to quickly adjust their exposures in times of stress.

The Trade Register project has been instrumental in the policy dialogues with financial institutions to understand the causes of the shortage of trade finance and in devising cooperative solutions through which public institutions could help private sector financial institutions shoulder the risk of operating in an ever-evolving financial environment.

The ICC Banking Commission remains committed to supporting and facilitating greater understanding of trade and supply chain finance; consequently the Banking Commission will continue to pursue our constructive dialogue with regulators and policy makers.

**8,133,031**

total transactions (2008-11)

**1,746**

number of defaults (2008-11)

**0.021%**

Percentage defaulted (2008-11)

**90** DAYS

Average short term maturity

“The ICC Trade Register has been instrumental in fostering dialogue with regulators on a global scale. The integrity of the data is proven and is a strong incentive for other banks to participate.”

PASCAL LAMY, FORMER DIRECTOR-GENERAL OF THE WORLD TRADE ORGANIZATION



## ICC Global Survey on Trade Finance 2013 Released

On 24 June 2013, the ICC unveiled our 2013 Global Survey on Trade and Finance entitled “Rethinking Trade and Finance – An ICC Private Sector Development Perspective”. This highly anticipated flagship report found that a continued shortage of trade finance for international trade remains a major challenge for economic recovery and development, with many traders depending on overdrafts and other corporate loans to finance exports and imports.

According to the survey, nodes of uncertainty over the US presidential election results, crises in the Middle East, and Sino-Japanese tensions all contributed to the lackluster pace of world trade which fell back to 3.8% growth in 2012, down from 6.1% the previous year. Sluggishness in the Eurozone economy prompted

weak global demand by midyear, as economies in China, India, Brazil and other emerging markets slowed down in turn.

Providing a detailed statistical analysis of the regional and global trends in trade finance, Rethinking Trade and Finance 2013 received responses from representatives of 260 banks in 112 countries. A key provider of data and analysis has been our 12 major Market Intelligence partners including the WTO, the World Bank, SWIFT and many more. Another instrumental part of this information came in the form of the ICC Banking Commission Advisory Board with key insights and testimonies into industry trends and opportunities.

Rethinking Trade and Finance 2013 fulfills ICC’s commitment to bridge the information gap on trade finance through market intelligence reporting and monitoring that leads to a better understand of markets worldwide.



PASCAL LAMY, former Director-General of the World Trade Organization (WTO) and THOMAS PARIS, ICC Banking Commission staff, presenting the ICC Global Survey 2013 at the Aid For Trade Global Review meeting in Geneva last July.



# REGIONAL BANKING FORUM



Dubai Chamber of Commerce & Industry and the International Chamber of Commerce (ICC) share the common goals of facilitating trade, promoting economic development and enhancing the business environment. These common goals have evolved to create a strategic partnership facilitating trade finance in the Middle East and North Africa (MENA) region.

Over the past years, the ICC Banking Commission's mandates and functions have significantly evolved and expanded. This is why in 2013, the ICC Banking Commission leadership decided to embark on a series of major efforts to improve the regional reach for ICC banking products and services. Dubai was chosen to be the premium regional location for MENA as Dubai is clearly established as the primary regional hub for the Middle East and a gateway to Africa for international trade, banking and finance.

The Regional Banking Forum on trade finance seeks to strengthen the Banking Commission's reach at the regional level with regional policy makers and associations including disseminating ICC Banking Commission policy content to regional industry leaders.



## 2013 REGIONAL BANKING FORUM EVENTS:

- ▶ Launch of ICC Regional Banking Forum MENA  
19 February, 2013 Dubai, UAE
- ▶ Regional Launch of the ICC URBPO and Global Release of ICC Global Trade Finance Survey 2013  
24 June, 2013 Dubai, UAE
- ▶ Connect: Expanding the Global Reach of Trade Finance – SIBOS 2013  
16 September, 2013 Dubai, UAE

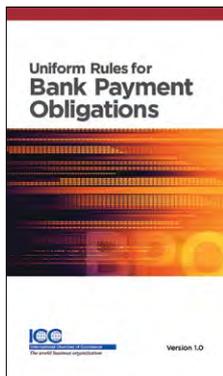
(From left to right)  
KAH CHYE TAN, Chair of the ICC Banking Commission;  
H.E. HAMAD BUAMIM, Director General of the Dubai Chamber of Commerce and Industry;  
THIERRY SENECHAL, Executive Secretary of the ICC Banking Commission.



# PUBLICATIONS

Accompanying guidelines and handbooks will help you make the most of international financial markets therefore most of our publications are also available in handy e-book format.

## A FEW OF OUR FLAGSHIP PUBLICATIONS IN 2013:



### Uniform Rules for Bank Payment Obligations

The ICC's URBPO are the first-ever Uniform Rules for Bank Payment Obligations (BPOs), a 21st century standard in supply chain finance that governs Bank Payment Obligations transactions worldwide. They have been created to standardize international BPO practice and take into account the legitimate expectations of all relevant sectors. Bankers, traders, lawyers and all trade practitioners who deal with BPO will refer to these rules on a daily basis.

Available on the ICC Bookstore / ICC Publication No. 750E



### Global Risks Trade Finance Report 2013

The ICC Trade Register provides the essential empirical basis for discussions regarding the treatment of trade financing under the Basel framework, thus allowing ICC to be the leading business organization to meet regulators over the past years. On the occasion of the Spring 2013 Banking Commission Meeting in Lisbon this year, the ICC Banking Commission officially launched the ICC Global Risks: Trade Finance 2013 Register Report reflecting no less than 70% of traditional global trade finance activity, worth approximately USD2-2.5 trillion.

Available for download on the ICC Website.



### ICC Global Survey - Rethinking Trade & Finance 2013

Entitled 'Rethinking Trade and Finance - An ICC Private Sector Development Perspective', the ICC survey reveals that developing economies remain the drivers of international trade growth despite the ever-rising level of regulation in the wake of the financial crisis and a clear trade finance gap for small- and medium-sized enterprises (SMEs) in the southern hemisphere. Showcasing a sharp increase in last year, the final report included representatives of 260 banks in 112 countries.

Available for download on the ICC Website.

## ICC 2013 PUBLICATIONS

- › The ICC Guide to the URBPO
- › Bank Guarantees In International Trade
- › The Law of Letters of Credit in China
- › International Standard Banking Practice
- › ICC Uniform Rules For Forfaiting – URF 800
- › Uniform Rules for Bank Payment Obligations
- › Global Risks Trade Finance Report 2013
- › ICC Global Survey – Rethinking Trade & Finance 2013

# UPCOMING BANKING COMMISSION EVENTS

## April

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➤ 27-30 Dubai, UAE

ICC Banking Commission Meeting

## October

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➤ 22-23 Paris, France

Supply Chain Finance Conference – 3rd Edition

## November

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➤ 3-7 Istanbul, Turkey

ICC Banking Commission Meeting



# CONNECT WITH US



## ICC WEB



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policy-commissions/banking/](http://www.iccwbo.org/about-icc/policy-commissions/banking/)

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33-43 AVENUE DU PRÉSIDENT WILSON, 75116 PARIS, FRANCE



[WWW.ICCWBO.ORG](http://WWW.ICCWBO.ORG)