

Structured Commodity Finance – Techniques, Practices and Cases

2 Days

COURSE OVERVIEW

The structured commodity finance course aims at raising competencies of accounts managers and officers, relationship managers, credit officers, branch managers and trade finance specialists in packaging structured commodity finance to meet their clients' needs.

Participants will acquire the technical knowledge of current practices in structured commodity finance with appropriate solutions that meet the needs of commodity and trading companies while they will also acquire the structured commodity finance knowledge and global perspectives of financing mechanisms in breadth and depth – so that they can be winners of deal makers in executing complex structured commodity finance transactions for their clients.

LEVEL

Advanced

WHAT WILL I GET OUT OF IT?

At the end of the program, participants will be able to:

- Apply structured commodity finance based on export receivables-backed financing solutions to support clients' commodity and trading activities;
- Apply structured commodity finance based on warehouse receipt and inventory financing technique to assist framers, traders, and commodity trading activities; and
- Apply structured commodity finance based on pre-payment technique to support clients' trading and commodity activities.

WHO'S IT FOR?

- Heads and Deputy Heads of Corporate and Commercial Banking;
- Corporate Banking Relationship Managers and VPs;
- Commercial banking Relationship Managers and VP;
- Trade Finance Managers, and Head;
- Credit Auditors; and
- Regional Managers and Branch Managers.

COURSE CONTENT

Day 1 – Unlocking the Logic behind Structured Commodity Finance and Supply Chain

- Introduction
- Commodity markets
- What is structured commodity finance (SCF)
- Commodity flow and supply chain
- Commodity and performance risk
- Evaluating performance risks
- Methods of payment and commodity transactions
- Instruments used in structured commodity finance
- Principles of Export Finance - financing structures available through Export Credit Agencies (ECAs) - supplier's credit and buyer's credit
- Various types of documentary credits used in structured commodity finance
- SCF 1 – Asset-backed structured commodity financing – technique, practice, flow, securities and term sheet
- Recourse, limited recourse and non-recourse financing
- Managing commodity finance risks
- Asset conversion cycle in relation to structured commodity finance
- SCF 2: Export receivables-backed commodity financing – technique, practice, flow, securities and term sheet

Syndicate Case Study 1: Export receivables-backed commodity financing case

Day 2 - Building Blocks of Structured Commodity Finance

- Introduction
- The meaning of warehouse receipts and performance risk
- Warehouse receipt financing (WRF), security and inherent risks
- Evaluating WRF risks
- Parties involved in WRF
- Types of products and commodities making sense for arranging WRF
- Market opportunities in WRF
- Marketability of goods under WRF
- Warehouse receipts and bills of lading as security documents for lender
- Field warehousing and collateral management company
- Duties and responsibilities of collateral manager
- Collateral management agreement – review of the document and discussions
- Insurance and guarantees under WRF
- Legal documents under WRF
- SCF 3: Warehouse Receipt Financing – technique, practices, flow, securities and term sheet
- L/C Confirmation - open confirmation versus “silent confirmation” and risks to silent confirming bank
- Pre-export finance: packing loans – technique, practice, flow, structure and terms
- Red clause L/C: pre-export finance – technique, practice, flow, structure and terms
- Compensation trade and counter-purchase: flow and structure
- Escrow Account And Clearing Currency - mechanism

- Tolling - financing self-liquidating trade transactions involving primary processing of commodities with confirmed buyers for processed goods
- SCF 4: Pre-payment financing – technique, practice, flow, securities and term sheet

Syndicate Case Study 2: Structured Commodity Financing– Pre-payment financing case