

Structured Trade Finance – Principles, Techniques and Cases

3 Days

COURSE OVERVIEW

This advanced trade finance program aims at raising competencies of trade finance professionals and corporate bankers in structured trade financing. Participants will acquire the technical knowledge and global perspectives of financing mechanisms in breadth and depth so that they can be deal makers in executing complex structured trade 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 the knowledge of trade, risk analysis and structured trade finance techniques in structuring trade finance transactions on back-to-back deals;
- Apply structured trade finance techniques in commodity trade financing and without recourse trade financing; and
- Apply structured trade finance combined with project financing techniques for sophisticated deals.

WHO'S IT FOR?

- Heads and Deputy Heads in corporate and commercial banking
- VPs, Senior Managers and Relationship Managers
- Managers with at least 3 years of relevant banking experience in areas such as risk analysis, account management, credit, trade finance, credit audit, compliance and marketing

COURSE CONTENT

Day1 - Unlocking the Secret of Structured Trade Finance in Back-to-Back Trade Financing

- Pre-course Assessment test (Multiple choice questions)
- Overview of trade flow and its relationship to Structured Trade Finance in various scenarios
- Review of Letter of Credit (L/C) – finding the ground rules for structured trade finance

- L/C Confirmation - open confirmation versus “silent confirmation” and risks to silent confirming bank
- Review of Documentary Collection – finding the ground rules for structured trade finance
- Classical Trade Finance Versus Structured Trade Finance
- Principles of Export Finance - financing structures available through Export Credit Agencies (ECAs) - supplier’s credit and buyer’s credit
- Revolving L/C Structure - import financing for manufacturing company
- Bankers’ Acceptance Financing: concept, structure and flow
- Back-To-Back L/C transactions and structure - financing middleman trading and commodity companies
- Structured Trade Finance Techniques in Back-To-Back Financing - the structure, flow and term sheet

Case Studies:

- **Short case study:** A trading company needs structured trade finance facilities based on Back-to-Back L/C concept and structure
- **Syndicate case study:** A large trading house needs structured trade finance facilities based on back-to-back trade arrangement with underlying contracts either on documentary collections or documentary credits

Day 2 - Applying Structured Trade Finance Techniques in Commodity Trade Finance

- Risk analysis of commodity flow
- Credit assessment techniques In Structured Trade Finance
- Warehouse Receipts Financing - structure, flow and term sheet
- Flow and practice of :
 - Pre-export finance - packing credits
 - Red clause L/C - pre-export finance
- Flow and structure of :
 - Compensation trade
 - Counter-purchase
- Escrow Account And Clearing Currency - mechanism
- Tolling Financing - financing self-liquidating trade transactions involving primary processing of commodities with confirmed buyers for processed goods
- Asset-Backed Financing: the structure, practice, solution and flow
- Off-Balance Sheet Financing Concept - without recourse financing through confirmed L/C and other forms of without recourse export financing

Case Studies

- **Short case study:** A commodity company requires packing credits as pre-export financing
- **Syndicate case study:** Asset-backed commodity finance required by a coal mining - commodity company

Day 3 - Applying Structured Trade Finance in Sophisticated Financing Structures

- Funded Participation through confirmed L/C and discounting supported by commodity transactions: flow, structure and allocation of country risk
- Syndicated Risk Participation Agreement On L/C Confirmation - sharing risk scheme in trade finance
- Forfaiting - structured export financing without recourse: concepts, instruments used, flow and techniques, practices and cost of financing
- Structured Trade Finance Techniques in Borrowing Based Trade Project Finance - concept of using Special Purpose Companies (SPCs) for structuring financing, credit risk containment, delivery risk, market risk, negotiation, cost structure, trade flows for both in and out, credit facility structure, among others.
- An Appreciation of Securitization of Commodities: combining asset securitization and commodity trade finance techniques to tap the capital markets for commodity trade finance - theory, flow and practice

Case Studies:

- **Syndicate case study:** A leading regional bunkering company needs term financing to finance the construction of two vessels amounting to US\$36 million of which drawdown of the term loan is by way of documentary letter of credit (Post-course assessment test)