



# Analysing Non-Performance Risk in Structured Commodity Trade Finance

HIW15

February 15/16, 2017  
Amsterdam, The Netherlands

- Understanding what defines SCTF
- Traditional lending, asset-backed and credit enhancement approaches
- Assessing term sheets
- Using effective structures
- What can go wrong?
- Case studies

Course directors:

- John MacNamara, Global Head, Structured Commodity Trade Finance, Deutsche Bank
- Dan Day-Robinson, CEO, International Commodities & Derivatives Association (ICDA)

**THINGS YOU REALLY NEED TO KNOW ABOUT WHAT CAN GO WRONG:**

- Fully understand developments in structures and how these structures impact on risk
- Understand the impact of different lending rationales and the prospects of repayment
- Examine closely typical structures and how they work
- Identify components of SCTF from a practitioner perspective & look at a “best practice” checklist
- Assess the benefits and opportunities presented by insurance and other risk mitigants in the SCTF environment
- Identify emerging market opportunities and the “do’s” and don’ts” of emerging market domiciles
- Understand the lessons of the 2008 financial crisis: how did trade finance structures hold up?
- PXF and other relevant structures in a crisis context
- Full risk assessment: is SCTF the only way forward?
- Basel III and the impacts of the latest regulatory developments on trade finance & SCTF
- Making sure bankers, financiers and traders haven’t learnt the wrong lessons from the crisis

**SPEAKER BIOGRAPHIES**

**John MacNamara** is Managing Director and Global Head of Structured Commodity Trade Finance at Deutsche Bank AG, which is part of Deutsche’s Trade Finance/Cash Management group within the Global Transaction Banking division. Now based in Deutsche Bank’s London branch after 12 years in Amsterdam, he is responsible for commodity-backed lending in both Developed and Emerging Markets. Prior to joining Deutsche 15 years ago, Mac was Head of Structured Trade and Commodity Finance at Santander in London, and has worked for other international banks and trading companies in London since 1982. His first structured transaction was in Russia in 1983 and was financed by an Islamic commodity fund. Publications include his 2001 book “Structured Trade & Commodity Finance in Emerging Markets: What can go Wrong?” He wrote the chapter on PXF for the Loan Market Association (LMA)’s 2013 textbook “Developing Loan Markets”, and also contributed a large part of “Financiacion estructurada del comercio exterior”, a guide written for the Spanish exporters’ institution ICEX. He sits on the LMA’s Commodity Finance Working Party, the Steering Committee for UNCTAD’s Global Commodities Forum, and the editorial advisory board of “Global Trade Review” and “Trade & Forfaiting Review”. Mac has an MA from Cambridge University and a Green Beret from the Royal Marines Commandos.

**Dan Day-Robinson** is Chairman of the International Commodities and Derivatives Association (ICDA). ICDA is an association serving the international exchange-traded and OTC cleared derivatives community founded in the late 1970s. Prior to ICDA, Dan was at the United Nations in Geneva, working for UNCTAD between 2009-2010 as Economic Affairs Officer for a unit reporting to the Secretary-General. From 1998 -2010, Dan was Managing Director of a UK commodity risk management, project and training consultancy advising major clients including the UK Government, the Dubai Government, the Qatar Investment Authority and the World Bank. After leaving London University, Dan started his career at Cargill as a grain trader then went on to work at Kleinwort Benson as an equities market-maker. Since 2004, Dan has given independent evidence as an expert witness in a number of commodity and warehouse finance cases, notably in the English High Court and in the Dutch Court of Arbitration.

**COURSE AGENDA**

**Understanding what defines SCTF**

- Background to the evolution of structured commodity trade finance
- Understanding where SCTF is now
- What is SCTF in a modern context: what do we include in SCTF today?

**Traditional lending, asset backed and credit enhancement approaches**

- Traditional balance sheet lending
- Financing cash flows
- Other alternatives including asset-backed financing and credit enhancement

**Assessing term sheets**

- Term sheet components
- Drafting requirements: information needed
- Documentation

**Legal risk issues**

- Loan agreement documentation
- Documenting the security
- Areas for negotiation

**Using effective structures**

- Structures used in countertrade, tolling, emerging markets and prefinance.
- warehouse finance and inventory financing
- Using SPV’s

**Risk workshop: origin countries**

- Analysing the potential for non-performance
- Commodity origin countries & pre-export finance
- Pre-export finance structures
- Collateral Management

**Risk mitigation: insurance**

- Overview of country risks

- Expropriation, political risk and terrorism
  - Basel III & regulatory issues
- Case studies and crisis lessons: learning from recent events, what are key criteria for a happy life in SCTF?

**Additional What-Can-Go-Wrong Case Studies**

Looks good on paper, nightmare in practise:

- Brazilian softs sector prepagamentos: why do they still fail to live up to expectations? An analysis of prepagamento failures in Brazilian soya and softs in 2008/9
- Ferrous sector feedback: the “wave of waivers” and the restructurings recently in the Russian and CIS ferrous metals sector.
- The dangers and risks of Russian/ former CIS business
- A fertiliser deal in Russia - how CIS softs continue to scare us and how to avoid what can go wrong



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## NOTES

Course fees do not include travel and accommodation. Refreshments and lunch are included on full days, refreshments on half days. Full administration information, joining instructions and you invoice will be forwarded to you once we receive your registration. For events in Switzerland, you will be charged Swiss VAT (8%). Courses run from 8.30 am – 5.00pm (Day 1) and 9.00 am – 4.00 pm (Day 2).

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