

# 20th year: Analysing non-performance risk in structured commodity trade finance

4, 5 & 6 February 2020

**HMS Belfast, London**

Three-day training course - with totally revised content led by John MacNamara, Carshalton Commodities



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Structured  
Commodity  
Trade Finance

[www.structuredcommoditytradefinance.com](http://www.structuredcommoditytradefinance.com)

# 2020 training totally revised

- Fully understand the impact of different lending rationales and the prospects of repayment
- Understand how structures came about, what they can achieve, and what they don't do
- Horses for courses: deep dives into different structures, how they work, where they might best be applied, where they might be less reliable, and the variations on the central themes
- How 'best practice' comes from experience, and experience is generally learnt from bad practice
- How to assess term sheets and negotiate on facility documentation
- How to use insurance and other risk mitigants in the SCTF context
- Identify opportunity, while observing the "dos and don'ts" in both emerging and developed markets
- Understand the lessons of the global financial crisis, and the 2015-17 commodity price collapse – how did trade-related structures hold up?
- Full risk assessment : how do SCTF perform against other classes of creditor in modern restructurings of borrowers with multiple debt categories.
- Opportunity & Threat: Basel 2, 3 and 4, & the impact of the latest regulatory developments
- Learn to argue : beware the 'wrong lessons' from different cases

## About John MacNamara

John MacNamara ("Mac") is CEO of Carshalton Commodities. For 20 years until 2019 he was Global Head of Structured Commodity Trade Finance at Deutsche Bank AG, first in Amsterdam and then in London, finishing as Vice-Chairman Trade Finance, Commodities. He chaired DB's 'Commodity Trade Finance Council' which was a technical review body of all DB's commodity trade finance facilities, and was responsible for all commodity-backed financing across both developed and emerging markets. Prior to setting up the multiple award-winning business at Deutsche, Mac set up the structured trade & commodity finance business at Santander in London, and has worked for international banks and commodity traders since 1982. His first structured deal was already in 1983, between the USSR and Colombia, financed by an Islamic commodity fund. Mac's publications include the STCF chapter in the Loan Market Association (LMA)'s 2016 textbook '20 Years in Loan Markets' which includes product definitions for the main structures, also the PXF chapter in the LMA's 2013 textbook 'Developing Loan Markets', also his own 2001 textbook 'Structured Trade & Commodity Finance in Emerging Markets: What can go wrong?', plus he contributed a large part of 'Financiación estructurada del comercio exterior' – a guide written for the Spanish exporters' institution ICEX. For the last 7 years he has been sitting on the LMA's commodity finance working party, which produced the PXF template in 2013 and which recently has been working on a new template for BBF, and also on the steering committee for UNCTAD's Global Commodities Forum, also on the editorial advisory boards on 'Global Trade Review' (GTR) and 'Trade & Forfeiting Review'.

In 2019 GTR conferred their first ever 'Legend in Trade' award on Mac, while TXF gave him an award 'For Outstanding Services to Commodities Finance'. Mac has an MA from Cambridge University and a Green Beret from the Royal Marines Commandos.

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## Day One: 4 February 2020

### 0900 Course Introduction

0900- 1030

- Understanding what defines SCTF
- Background & evolution of structured commodity trade finance
- Definitions: variations on a theme and what's in a name?
- Understanding where SCTF is now
- How does SCTF compare with traditional cash flow lending, and credit enhancement approaches
- What is SCTF in the modern context? What do we include in SCTF today?

### 1030 Refreshment break

1100 - 1230

- Case Study - Middle East non-ferrous metals - nice structure, shame about the fraud
- Using effective structures
- Review of typical structures for PXF, PPF, BBF, RBL, countertrade and tolling
- Using SPVs
- Warehouse & inventory finance
- Collateral management: how to avoid 'dislocation of expectation'

### 1230-1330 Lunch

1330 - 1515

- Legal & documentation risk Issues
- Assessing term sheets: Components, who does what to whom, & the key items to watch
- Drafting requirements: what do you need to know? Areas for negotiation
- Documenting security
- LMA templates – commercial aspects to watch
- Legal due diligence - iceberg warning from the latest restructurings

### Case study

Brazilian soft commodity prepagamento  
1: structuring for borrower competence

### 15.15 Refreshment break

1535 - 16.35

- Using effective structures – PXF deep dive
- Evolution/ definitions
- Variations on the theme :
- Russian PXF
- West African PXF
- Latam prepagamento
- Chinese pre-delivery Finance
- Australian 'hole in the ground' model
- Technical requirements
- Modelling
- Risk assessment: risk mitigants/ bolt-on enhancements
- Conclusions on use and applicability

1635 -1700

Homework preparation (interactive)

- 5X genuine case studies :
- What sort of company is it (producer, trader, or processor)?
- What questions should you ask?

## Day 2: 5 February 2020

0900- 1045

Interactive risk workshop

(Based on homework case studies)

- Would you do the deal?
- Any special conditions?
- What might have gone wrong?
- Using effective structures
- Borrowing base finance deep dive
- Evolution/ definitions
- Variations on the theme
- Basel 2 for borrowing base
- US 'senior secured'
- Warehouse finance
- Repos
- Technical requirements

Modelling

- Risk assessment
- Risk mitigants/bolt-on enhancements
- Conclusions on use and applicability

## 1045-1105 – Coffee break

1105- 1230

### Case study

Russian crude oil PXF – “event” risk

## 1230-1330 Lunch

1330 – 1430

**Case Study** – Russian non-ferrous metals PXF – price matters

1430- 1515

Insurance- from the user’s perspective

- What is it, and what does it do?
- What doesn’t it do?
- How does it actually work?
- Areas of negotiation
- Fail triggers
- Regulatory issues for users
- Top Tips for users

## 1515 -1535 Refreshment break

**Case Study** – Brazilian soft commodity prepagamento 2: What a difference a decade makes..?

1615

Homework preparation (interactive)

- 6X genuine case studies :
- What sort of company is it (producer, trader, or processor)?
- What questions should you ask?

## Day 3: 6 February 2020

0900-0945

### Interactive Risk Workshop

(Based on homework case studies)

- Would you do the deal?
- Any special conditions?
- What might have gone wrong?

0945

- Using effective structures – RBL deep dive
- Evolution/definitions
- Variations on the theme
- Central Asia
- US
- North Sea

- West Africa
- Technical requirements
- Modelling
- Risk Assessment
- +Risk Mitigants/bolt-on enhancements
- Conclusions on use and applicability

## 1045 - 1105 Refreshment break

1105

### Case Study - Caribbean sugar/oil Countertrade: a tale of two deals

1145- 1230

**Case Study – Asian gold PXF : Price matters also when it goes up**

## 1230 -1330 Lunch

1330- 1430

**Case Study – Ukrainian ferrous metals restructuring : multiple PXFs & bonds**

1430

**Case study – Belgian non-ferrous metals restructuring: BBF, multiple PPF’s & bonds**

## 1515-1535 Refreshment break

1535

- Using effective structures – transactional finance deep dive
- The trade finance asset conversion cycle
- The spectrum of risk – different for sellers and buyers
- BEs/ PNs/ PUs
- Incoterms
- Transactional collateral and typical leaps of faith therein
- Typical deals and risk mitigants

1615

**Round-up of case studies and crisis lessons: in the light of all events, what are the key criteria for a happy life in SCTF?**

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# Register

- Use this form to register for 'Analysing Non-Performance Risk in Structured Commodity Trade Finance' in London. This totally revised 3-day training costs 2950 GBP per delegate. If you register two delegates a third may attend free of charge. This training takes place in London on 4/5/6 February 2020 and runs from 09.00 to 17.00 on all three days (4/5/6 Feb)
- Register online at <https://sctf6.eventbrite.co.uk>, or complete this form and send it to [office@structuredcommoditytradefinance.com](mailto:office@structuredcommoditytradefinance.com). Places are strictly limited and this course always fills up fast, so do not delay if you wish to participate

## About you

Your name:  email:

Your company's full address:

Contact phone number(s):

Tick here if you are the organiser but not participating in the training yourself

### First delegate

Name:

Job title:

email:

### Second delegate

Name:

Job Title:

Email Address:

### Third delegate (free)

Name:

Job title:

email:

## Small print

Course fees do not include travel and accommodation. Refreshments and buffet lunch are included on both days. Full administration information and your invoice will be forwarded to you once we receive your registration. If you register two delegates a third can attend free of charge. You will be given joining information on or before 10 March 2019

You may cancel your registration at any time up to seven days prior to the event without charge & we will refund your registration fee in full. If you cancel within two weeks of the event you may transfer your place free-of-charge to a colleague, or you must pay in full. This training is organised by Temeriti Ltd in the UK. See <http://www.temeriti.com>. Full terms and conditions apply

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