Increased opportunities in bank-to-bank lending

Good news for increasing trade finance and closing the trade finance gap?

Trade & Export Finance Webinar

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What this talk will cover

- Background
- Importance of financing trade
- Obstacles to financing trade
- A way forward with “smaller” banks?
- Current initiatives
  - BAFT MTLA
  - ITFA Swift loan template
- Other options
- Involvement of non-bank financial investor
- Where do we go from here?

Background

- Initiatives to encourage trade finance
- Define trade transactions
- Define trade finance
- Trade finance gap – how to close it?
- Make trade finance more attractive
- Encourage more involvement
  - By whom?

Obstacles to financing trade

- Is trade finance “risky”?
- Compliance issues
- Lack of understanding
- How to involve financers with access to funds
- Improving the “KYC” obstacles
- A way via bank to bank finance?
- The initiatives

BAFT Master Trade Loan Agreement (**MTLA**) – overview

MTLA and Guidance Notes published on the BAFT website (available for free to BAFT members) in March 2025.

MTLA (2025) updates the existing draft from 2014.

MTLA – Past and Present

PAST

- History of the MTLA
- What were the key drivers behind the updates?
  - Limited uptake
  - Refresh drafting to reflect current market expectations, law and practice

PRESENT

- Launch of the MTLA (2025)
  - Modular structure in practice
  - Benefits of the offer and acceptance mechanism
  - Impact of new “booking office” concept
  - Advice on whether to adopt the MTLA (2025)

Main changes to the MTLA

- Introduction of an offer and acceptance mechanism for the request and making of Trade Loans
- More provisions and commercial terms now included in the Trade Loan Request
- Concept of “booking office” introduced
- Optional sustainability clauses
- Removal of LIBOR references

Key features of the MTLA

- To be used between financial institutions for financing and/or refinancing underlying trade transactions
- Bilateral
- Unsecured
- Uncommitted
- Commitment in offer and acceptance

MTLA – Future

<u>FUTURE</u>

- Sustainability provisions to become market standard?
- MTLA response to wider market trends
- Technology integration
- Further refinements?

ITFA Swift Initiative

- Why Swift not MTLA?
  - One off v relationship
- Same ideas
  - Between banks
  - Finance underlying trade transaction(s)
- Why offer a “standard”?
  - Many variations
  - Save time in negotiation
  - A starting point

Swift F1 Trade Loan Template

- The basics
- Documented using Swift 799 message
- Used to make loan from lending bank to borrowing bank
- Covers commercial transaction(s) for corporate client of borrowing bank
- Use in emerging markets in particular
- Standalone short-term loan
- Until now no guidance on documenting

How will the template work?

- Up to participants in the market
- There is a “base” document
  - Guidance notes offer options
- Guidance notes also suggest further wording
- Flexibility remains key
- What is the “base”?
  - Offers from borrowing bank
  - Loan with single interest period
  - Bullet repayment
  - Can be accepted by making the loan

What variation to the template?

- Interest rate calculations
- Description of underlying trade transaction(s)
- Additional representations, undertakings, events of default
- Borrowing bank guidance for negotiation
- Technical clauses
  - Set off
  - Assignment
- Law, jurisdiction and arbitration wording
  - English law
  - New York law
  - Courts or arbitration using arbitral tribunal

Other ways to obtain financing

- What could a bank do when it has a trade transaction to finance?
- Offer participations
- Simple method – sign a BAFT style Master Participation Agreement (MPA)
- Make Offers using BAFT mechanics
  - Direct rights in underlying transaction
  - Keep relationship with customer
  - Accept some controls
- BAFT MPA deals with all this
- Offer mechanism provides flexibility

ITFA MARA an alternative?

- Similar structure to BAFT
- Use for receivables and payables structures
- Another way to share funding, risks and rewards
- Do you need a master?
- Should it be two way?

Is any of this useful for non-bank financial investors (NBFIs)

- Pointers to understanding issues
- Define trade transactions
- Indicate mechanics used to finance them
- Investment in trade finance assets
    - How to make it?
- The more discussion, the greater the understanding
- Current ideas and issues

Where do we go from here?

- Market reception for
  - BAFT MTLA
  - ITFA Swift
- Was updating worthwhile?
- What about other documents?
- Are there better structures?
  - For whom?
- What about making trade finance more attractive
  - Needed to bridge the trade gap
  - Can you make those assets better?
- Issues for another day?

Any questions?

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Geoffrey Wynne is head of Sullivan's Trade & Export Finance Group and the firm's London office.

He has extensive experience in banking and finance, specifically in corporate and international finance, trade, structured trade and commodity finance, electronic banking and digitizing trade finance, structured finance, asset and project finance, syndicated lending, equipment leasing, workouts and financing restructuring and general commercial matters.

Recognised as one of the leading trade finance lawyers globally, Geoff advises many of the major trade finance banks and financial institutions around the world on trade and commodity transactions in virtually every emerging market including in the CIS, Asia, India, Africa and Latin America. He has worked on many structured trade transactions covering such diverse commodities as oil, nickel, steel, tobacco, cocoa and coffee.

Geoff also acts extensively for industry bodies including BAFT (the Bankers Association for Finance & Trade), ITFA (the International Trade and Forfaiting Association) and the ICC (the International Chamber of Commerce) on documentation and rules promulgated by them in trade finance.

He has recently been involved with issues including the ITFA White Paper on electronic Payment Undertakings (ePUs), the ICC Uniform Rules for Digital Trade Transactions (URDTT) and ITFA's Uniform Rules for Transferable Electronic Payment Obligations (URTEPO). He worked with the Law Commission on the Electronic Trade Documents Bill which will help with the move towards digitizing trade documents.

The team which Geoff leads has won numerous awards and recognition for its work in the Trade and Export Finance industry. In 2023, Sullivan was named Best Export Finance Law Firm at the GTR's Leaders in Trade Awards, 2023. This followed the award for 'Best trade or supply chain finance law firm' at the 2022 GTR Leaders in Trade Awards, and 'Best Trade Finance Law Firm' by Trade Finance Global (TFG) in its International Trade Awards, 2022.

Geoff is ranked in *Chambers UK, 2025* in Tier 1 as a Leading Individual for Commodities: Trade Finance, is included in the 'Hall of Fame' for Trade Finance by *The Legal 500 UK, 2025* and is recognised as a Leading Lawyer – Highly Regarded in the United Kingdom by the *IFLR1000*, for banking and finance.

Awards & Recognition

The Legal 500 UK, 2025
Sullivan ranked in Tier 1 for Trade Finance by *The Legal 500 UK, 2025* for the 11th year running
Partners Geoffrey Wynne and Simon Cook are recognised in the "Hall of Fame"
Partners Mark Norris and Sam Fowler-Holmes are recognised as Leading Individuals
Partner Marian Boyle, Counsel Daniela Barrdear, and Associate Luna Owen are recognised as key members of the practice

Chambers UK, 2025
Chambers UK, 2025 ranked Sullivan in Tier 1 for Commodities: Trade Finance (UK-wide)
Geoffrey Wynne and Simon Cook are both ranked in Tier 1
Mark Norris and Sam Fowler-Holmes are both ranked in Tier 3

Chambers Global, 2025
Chambers Global, 2025 ranked Sullivan as a Spotlight Firm in its 2025 Africa-wide Banking & Finance table
Simon Cook and Mark Norris are included as Leading Lawyers

The Best Lawyers in the United Kingdom®, 2025
Best Lawyers included five London partners — Marian Boyle, Simon Cook, Sam Fowler-Holmes, Mark Norris and Geoffrey Wynne — in the 2025 edition of *The Best Lawyers in the United Kingdom®*

IFLR1000, 2024
Sullivan recognised for Banking Lending - Lender Side in the United Kingdom by the *IFLR1000, 2024*
Partner Geoffrey Wynne is recognised as a Leading Lawyer – Highly Regarded in the United Kingdom

Receivables Finance International (RFIx) Annual Awards
Partner Geoffrey Wynne presented with the "Lifetime Achievement Award" at the Receivables Finance International (RFIx) Annual Awards, 2024
Geoffrey Wynne named "Industry Ambassador of the Year" at the RFIx Annual Awards, 2023

Global Trade Review (GTR) "Best Export Finance Law Firm", 2023
GTR named Sullivan "Best Export Finance Law Firm" at the GTR Leaders in Trade Awards, 2023

Trade Finance Global "Legal Innovation in Trade" 2023
Sullivan recognised for "Legal Innovation in Trade" 2023 by *Trade Finance Global* (in connection with BAFT) at its Trade, Treasury and Payment Awards 2023

Trade Finance Global "Best Trade Finance Law Firm" 2022
Sullivan named "Best Trade Finance Law Firm" 2022 by *Trade Finance Global* (in connection with BAFT) at its International Trade Awards, 2022

In 2022, 2021, 2020 and 2019, GTR recognised Sullivan
The firm was named "Best Trade or Supply Chain Finance Law Firm" at the 2022 *GTR* Leaders in Trade Awards, "Law Firm of the Year" in the category "Leaders in Trade for Innovation" at the 2021 *GTR* Leaders in Trade Awards and "Best Trade Finance Law Firm" at the GTR Leaders in Trade Awards in 2020 and 2019

Chambers RANKED IN UK 2025
Chambers RANKED IN Global 2025
GTR Leaders in Trade
TRADE FINANCE GLOBAL TRADE, TREASURY & PAYMENTS AWARDS 2023 IN COOPERATION WITH BAFT
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