

## Contents

Standardised Trust Bank Guarantees workshop, the 23 <sup>rd</sup> of April, 2019 .....	2
Venue.....	2
Agenda (Local Finnish time, GMT+2 added with daylight savings) .....	2
Participants invited.....	2
Actual Attendees .....	2
On place.....	2
Via webex .....	2
Scope & Approach .....	2
Expected result.....	3
Special item: Universal Trade Network .....	3
Working items / open discussion points .....	3
Action Points.....	5
Other.....	5

# Standardised Trust Bank Guarantees workshop, the 23<sup>rd</sup> of April, 2019

## Venue

- Nokia training centre, Båtvik, Båtvikintie 211, 02490 Pikkala, Finland
- Webex: <https://m.iconf.net/HRantanen>, Conference Id 7628917753#, local numbers at <https://www.intercallonline.com/listNumbersByCode.action?confCode=7628917753>

## Agenda (Local Finnish time, GMT+2 added with daylight savings)

- 8:30 – 9:00 morning coffee, get-together and setting the scene
- 9:00 – 10:50 first sprint of the bank guarantee work and collection of the results for the first webex session
- 11:00 – 11:30 discussion with the remote members via webex of the first sprint
- 11:30 – 12:30 lunch
- 12:30 – 13:50 second sprint of the bank guarantee work and collection of the results for the second webex session
- 14:00 – 14:30 discussion with the remote members via webex of the second sprint
- 14:30 – 15:00 coffee break
- 15:00 – 16:20 third sprint of the bank guarantee work and collection of the results for the third webex session
- 16:30 – 17:00 discussion with the remote members via webex, collecting the results and summarising the next steps

## Participants invited

- Standardised Trust WG1 and WG2 members plus some additional key persons

## Actual Attendees

### On place

- Laura Ahvenainen
- Minna Väisänen
- Petri Karhapää
- Harri Rantanen
- Olli Jääsaari
- Jarmo Saari
- Kirsi Larkiala
- Tuomas Luukela
- Tapio Pienimäki
- Saila Alapiha
- Seija Haavisto
- Anu Joukainen
- Anne Sorsa

### Via webex

- Hugo Verschoren

## Scope & Approach

- first use case is a simple, domestic Finnish bank guarantee under Finnish legislation and regulation
  - o later use cases will expand the first use case so we will not lock in to this first case but have a delimited scope to be able to focus on actual business end-to-end processes
- using ISO 20022 data structure as a template as in CGI-MP

## Expected result

- first use case described on high level as a semantic data model and with basic business process
- model to be solution / technology agnostic
- more detailed further tasks listed and delegated to working groups

## Special item: Universal Trade Network

- separated from R3 / Corda Marco Polo (Open Account) project to have a bit similar approach to standardise Trade Finance semantics as we
- still very bank (and vendor) heavy
- we will follow and possibly liaise with UTN in case that will get more traction
- UTN slide deck available at OneDrive

## Working items / open discussion points

1. How to avoid the use of various free and proprietary text fields in the data sets? Varying from 10 000 to 100 000 characters?
  - a. are we able to define use case specific code sets and text templates instead of vast free text space
  - b. examples of standard texts at Nordea pages, performance:  
<https://www.nordea.com/en/our-services/tradefinance/guarantees/#tab=On-Demand-Guarantees--ICC-Rules-->
    - i. there are differences between various banks' templates
  - c. aim to define common text templates like ISBP 98 (International Standby Practices)
    - i. use the structured codes as much as possible and still allow some free text but using the market best practices
    - ii. risk ranking reporting of the guarantees will be easier
2. Bank guarantee parties and roles definitions
  - a. using codes instead of fixed role names
  - b. freedom to define roles that may be needed like consortia (group of companies), trustees, invoicees etc.
    - i. Obligor
    - ii. Applicant
    - iii. Issuer
    - iv. Beneficiary
    - v. Advising party
    - vi. Confirmer
    - vii. Counter Undertaking Beneficiary
    - viii. Invoicee
    - ix. Trustee
    - x. Payee
    - xi. Consortium
      1. multiple beneficiaries' shares on the claim, how to define?
    - xii. Service Provider
  - c. Is there a need for detailed transfer terms (now only indicator and charges)?
    - i. other than free/open transfer
3. direct guarantees between corporations to be available too
  - a. mother vs. daughter
4. indirect guarantees (local and counter-guarantees) by issuing party's branches / sites
5. local language character sets in the names and descriptions

6. counter undertaking
  - a. a separate definition to be made by WG1 of the market practices
  - b. beneficiary → local issuer
7. undertaking hierarchy definitions
  - a. is there a need and simplicity achieved by classifying to main and sub-codes
8. several beneficiaries as group of claimers
9. undertaking amount
  - a. definition of actual amount, interests and charges
  - b. currency exchange terms
  - c. is there a need for one application for two or more currency amounts?
10. Expiry terms
  - a. acceptance certificate as a basement for conditions terms
  - b. milestone document (with or without back stop date) usually in paper
  - c. need for triggering event & release document?
  - d. there is an existing structure at Automatic Amount Variations structure for triggers to reuse here
11. rule set (URDG, UCPR etc) version definition
  - a. there is a need to define the version number
12. Arbitration in addition to jurisdiction in the Governance rules and law section
  - a. a clear need for corporations
13. Are there requirements that Finnish law actually sets to guarantees issued that should be recognized (especially for claim)?
  - a. possible future need as well as some governance rules when more available in electronic format
14. Underlying transaction definition
  - a. is a new type code needed (customs & other)?
15. corporate system sources and the document generation options
  - a. how to move from document copies to pure electronic data sets
  - b. presentation details, document type needs more codes than available at UndertakingDocumentType1
16. Undertaking Wording
  - a. Type code OTHR needed for corporate specific templates agreed with bank
  - b. Some countries have commonly agreed industry specific templates (as Norwegian construction industry)
  - c. PRAS and TRNF codes to be removed and using structured field presentation for payee and transfer details
17. various charges definitions
  - a. now available only for confirmation and transfer charges
  - b. like interests, commissions and even possible VAT in case of VAT applicable services
  - c. possibility to eInvoicing / Request to Pay instead of direct account debit
  - d. parties' (relevant) bank account / payment info in more granular way included
18. Amount variations
  - a. same comments as in the Expiry terms structure
19. document delivery recipient contact person info missing
  - a. at least contact person's telephone number
  - b. also status / acknowledgement when received
20. Bank accounts (liability, charges, settlement)
  - a. account holder name to be added

b. is there a need for more accounts to be defined

21. Enclosed files

a. current 2 MB space for binary documents may not be enough (current ISO 20022 versions allow 10 MB)

### Action Points

- WG1: market practice cases for the simple domestic bank guarantees
- WG2: definition of the cases into semantic model
- banks
  - o some basic analytics from domestic guarantee cases from Finland and Sweden
- practical guarantee examples of both simple and more complex cases
  - o also Stand-By cases
  - o if possible also sureties
  - o evaluation commonly by WG1 and WG2

### Other

- UTN-discussion later at the Standardised Trust next Plenary meeting end of May or beginning of June