

INSTITUTE OF INTERNATIONAL BANKING LAW & PRACTICE, INC.

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EXECUTIVE SUMMARY

The Institute of International Banking Law & Practice is a not-for-profit educational and research organization dedicated to achieving a better understanding of banking law and practice and their relationship to each other. For more than ten years, it has brought together leaders of the letter of credit community from the fields of banking, law, business, regulation, and academia in forums and educational events to foster and promote the exchange of ideas.

Its pioneering efforts to harmonize international law and practice have resulted in such initiatives as ISP98 (International Standby Practices) and ICLOCA (International Center for Letter of Credit Arbitration). It has also played an important role in reforms such as U.S. Revised UCC Article 5 and the United Nations Convention on Independent Guarantees and Stand-by Letters of Credit, and been at the forefront of combating commercial and financial instrument fraud.

The Institute hosts The Annual Survey of Letter of Credit Law & Practice each year in important banking centers throughout the world, an annual LC Law Summit for lawyers, and various local and on-site training programs and educational seminars. These activities bring together leaders of the letter of credit community from banks, law firms, regulatory agencies, importers, exporters, and third party intermediaries in interactive forums and educational events designed to foster and promote the exchange of ideas. Through its private training and seminars, the Institute has trained representatives of organizations from around the world.

The Institute publishes the industry's leading monthly journal, *Documentary Credit World (DCW)*, successor to *Letter of Credit Update*, and a series of books including the acclaimed *Annual Surveys of Letter of Credit Law & Practice* (gathering together all LC related articles and abstracting legal opinions in the English language), the *20th Century Survey of LC Law & Practice*, *The Official Commentary on the ISP*, the *Commentary on UCP500*, and *ISP98 & UCP500 Compared*.

It has collaborated with the following organizations: International Financial Services Association, the UN Commission on International Trade Law, the International Chamber of Commerce, ICC Asia, ICC Austria, ICC Brazil, ICC Hong Kong, ICC Turkey, the US Department of the Treasury, Bureau of Customs, the International Banking Security Association, the U.S. Council on International Business, the Institute of Banks (SAMA), the Association of Banks in Singapore, International Trade Institute of Singapore, Institute of International Trade of Ireland, Baker & McKenzie, the National Law Center on Inter American Free Trade, the Thai Bankers Association, and ICC Thailand.

IIBLP ADVISORY BOARD

Policy at the Institute is set by its Board of Advisors whose members include leading figures in the field, officials from organizations that work closely with the Institute, and Fellows.

Current members of the Board of Advisors include James G. Barnes, partner, Baker & McKenzie, Chicago; Professor James E. Byrne, George Mason University School of Law and Institute Director; Dr. Gerold Herrmann, Former Secretary of the United Nations Commission on International Trade Law; Professor Boris Kozolchyk, Director of the National Law Center for Inter-American Free Trade, University of Arizona School of Law; Arthur G. Lloyd, Vice President, Citibank (ret.), Director, Investigations and Financial Risk Management, Control Risks Limited (ret.) and Fellow, Vincent M. Maulella, JP Morgan Chase (ret.), and Fellow and Associate Director of the Institute; and Dan Taylor, President, International Financial Services Association and a Vice Chair of the Commission on Banking Technique and Practice of the International Chamber of Commerce.

ACTIVITIES OF THE INSTITUTE

1. Task Force on the Revision of UCC Article 5 (Letters of Credit): The Institute was formed as a result of this joint project between the American Bar Association and the International Financial Services Association. The project, whose report was published in *THE BUSINESS LAWYER* (June 1990), led to the revision of domestic U.S. LC law and significantly influenced the revision of the Uniform Customs and Practice for Documentary Credits, the United Nations Convention on Independent Guarantees and Stand-by Letters of Credit, the revised LC regulations of the Office of the Comptroller of the Currency, and the International Standby Practices.
2. Revision of UCP400 and creation of UCP500: The Institute assisted the Working Party in the revision and provided important information and ideas. This project was vital to the LC activities of all users of Letters of Credit.
3. The Convention on Independent Guarantees and Stand-by Letters of Credit: The Institute took the lead in the U.S. delegation to the working parties for this project which extended from 1988 to 1995. It played a vital role in the formulation of this first international law in the field. The project also led to the forging of a deep and lasting relationship with the United Nations Commission on International Trade Law which is a commission of the UN charged with the formulation of international law and which has been most successful in having its products accepted and adopted internationally. Seminars that featured the Convention were conducted in Bahrain, China, Japan, Hong Kong, the Philippines, and Singapore and featured Dr. Gerold Herrmann, Secretary of UNCITRAL. This collaboration continues. For example, the Institute has been asked to chair and organize a meeting of international LC experts to discuss issues that have arisen with regard to the Convention on behalf of UNCITRAL in connection with its Amsterdam Annual Survey.
4. Participated in the revision of UCC Article 5 (Letters of Credit). This project revised the model law for LCs, subsequently enacted throughout the US.
5. Organized and took the lead in the formulation of the International Center for Letter of Credit Arbitration (ICLOCA) and its rules which provide an alternative to judicial process.
6. Organized and took the lead in the formulation of the International Standby Practices (ISP98). These rules provide a certain and rational system for letter of credit practice. Seminars were conducted in 23 cities in the U.S. and 14 cities elsewhere to promote the rules. These rules are well on their way to becoming the norm for standby letters of credit.
7. The Institute has worked closely with U.S. bank regulators, including the Office of the Comptroller of the Currency and the NY Federal Reserve. LC questions are regularly referred to the Institute which serves as a means of indirect communication with the LC community.
8. The Institute regularly intervenes in trial and appellate cases involving significant LC issues, sometimes directly and sometimes in cooperation with the International Financial Services Association.

9. The Institute was involved in the eUCP project and is developing materials and seminars for training in its use.

10. The Institute is involved in the International STandard Banking Practices project of the International Chamber of Commerce.

11. *Documentary Credit World* is the world's most comprehensive monthly journal on letter of credit law and practice. Published in partnership with the IFSA, *DCW* provides influential commentary on current developments, summaries of legal cases, reports on recent scam activity, and insightful summaries of leading banking and business trends impacting the LC industry.

12. The Institute has presented or assisted in programs in the following countries:

Australia
Austria
Bahrain
Barbados
Belgium
Brazil
Canada
China
Costa Rica
Croatia
Cyprus
Czech Republic
France
Germany
Greece
Hong Kong
India
Ireland
Israel
Italy
Japan
Jordan
Korea
Macau
Mexico
The Netherlands
The Philippines
Russia
Saudi Arabia
Singapore
Switzerland
Thailand
Turkey
The United Kingdom
The United States
UAE

13. The Institute has worked in collaboration with the following banks on various projects:

ABN AMRO
Agricultural Bank of China
Allfirst Bank
Allied Irish Bank
Arab Bank
Bank of America

Bank of China
Bank of Scotland
Barclays
China Everbright Bank
Citi
Comerica
DBS Bank
Erste Bank
Industrial and Commercial Bank of China
ING Bank
J. P. Morgan Chase (and its predecessors)
Standard Chartered
Sun Trust
Vnesheconombank

14. Since 1987, the Institute has been at the forefront of identifying, disclosing, and combating financial and commercial fraud. It has cooperated in and given seminars around the world, worked with various groups and organizations, published books and videotapes including Phantom Sugar Trade, The Myth of Prime Bank Investment Scams, now in its third edition, and Combating Fraud: An Introduction to Legitimate Financial Transactions (videotape) and Prime Bank Fraud (videotape), and most recently, assisted in coordinating informal collaboration of organizations combating commercial and financial fraud. It coordinated the Combating Commercial and Financial Fraud Seminar in Asia, North America, and Europe and provides administrative support to the Steering Committees that oversee them. It is currently cooperating with the Secretariat of the United Nations Commission on International Trade Law to identify areas in which UNCITRAL can effectively assist in addressing this problem.

15. The Institute has worked to organize and coordinate organizations combating Financial and Commercial Financial Instrument Fraud including and sponsored seminars around the world for advanced training and coordination of efforts:

Barclays Bank
Bureau of the Public Debt (U.S. Dept of the Treasury)
DC Dept of Insurance & Securities Regulation, Fraud Bureau
U.S. Department of Justice
Federal Bureau of Investigation
Federal Trade Commission (FTC)
International Banking Security Association
Metropolitan, Police, London
North American Securities Administrators Association (NASAA)
Royal Canadian Mounted Police (RCMP)
Securities and Exchange Commission
U.S. Customs Service
U.S. Dept of State, Diplomatic Security Service
U.S. Office of the Comptroller of the Currency
U.S. Secret Service (USSS)