

# Case Study: Execution Control for a USD 350M Trade Finance Instrument Monetisation

How IPG Ensured Verified Issuance, Transparent Settlement, and Controlled Disbursement Across a Multi-Bank, Multi-Jurisdiction Transaction

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## Executive Summary

A multinational trading consortium sought to monetise a Standby Letter of Credit (SBLC) issued by a Tier-1 European bank in order to finance a commodity supply programme.

Given the involvement of multiple banks, counterparties, legal firms, and regulatory frameworks, the consortium required an independent execution supervisor to authenticate issuance, validate compliance, and manage controlled settlement.

IPG was appointed to design and oversee the execution architecture, ensuring that the monetisation, settlement, and disbursement processes operated with full transparency, zero deviation, and institutional governance.

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## 1. Background & Transaction Context

### The Requirement

- Monetisation of a EUR 320M SBLC (approx. USD 350M)
- Instrument to be used as collateral for commodity purchase financing
- Multi-party involvement:
  - Issuing Bank (EU)
  - Receiving Bank (Asia)
  - Legal counsel in three jurisdictions
  - Compliance teams
  - Trustees and auditors

### Client Objectives

The consortium required:

1. Verified authentication of the SBLC issuance
2. Controlled sequencing of monetisation steps
3. Compliance assurance across all jurisdictions
4. Independent oversight to mitigate counterparty risk
5. Transparent disbursement of monetised proceeds

IPG's mandate covered the entire execution lifecycle from issuance verification to final settlement.

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## 2. Key Challenges

### 2.1 Authentication & Issuance Risk

- Need to verify MT760 issuance directly with the issuing bank
- Risk of fraudulent, unverifiable, or partially compliant instrument formats

### 2.2 Multi-Bank Coordination

- Payment corridors across Europe and Asia
- Differing compliance interpretations
- SWIFT confirmation dependencies

### 2.3 Regulatory & Compliance Constraints

- AML/Sanctions screening
- Source of Funds/Wealth confirmation for counterparties
- Capital movement approvals in receiving jurisdictions

### 2.4 Settlement Sequencing Risk

- Monetisation banks required strict verification
- Beneficiary required transparent distribution
- Trustees needed full visibility

Only a neutral, independent execution partner could align these interests without conflict.

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## 3. IPG's Execution Framework

IPG implemented a five-layer governance and execution model ensuring complete control, transparency, and enforceability.

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### Layer 1: Instrument Verification & Banking Authentication

IPG coordinated:

- Direct MT760 authentication with the issuing bank
- Compliance formatting checks
- Legal validation of issuance terms
- Cross-jurisdiction enforceability review

Outcome: Full authentication prior to any monetisation step.

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### Layer 2: Controlled Monetisation Sequencing

IPG structured:

- A step-by-step execution calendar
- Defined trigger points for each instruction
- Synchronised communication between banks
- A “no deviation” settlement protocol approved by all stakeholders

Outcome: No premature or misaligned actions during monetisation.

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### Layer 3: Compliance & Regulatory Alignment

IPG oversaw:

- AML/KYC/KYB for all parties
- Source of Funds/Wealth verification
- Legal clearance from all banking jurisdictions
- Sanctions and regulatory screening
- Creation of an integrated compliance vault

Outcome: A fully compliant, regulator-ready execution framework.

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## Layer 4: Trustee-Supervised Settlement Architecture

IPG coordinated:

- Controlled release of monetised proceeds
- Multi-currency payment corridors
- Beneficiary distribution sequencing
- Real-time milestone verification
- Reconciliation and audit trails

Outcome: Transparent, controlled disbursement with zero risk of misallocation.

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## Layer 5: Reporting, Governance, & Audit Assurance

IPG delivered:

- Daily execution dashboards
- Bank-to-bank confirmation logs
- Regulatory reporting support
- Final audit packs for all institutions involved

Outcome: Complete institutional visibility.

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## 4. Implementation Timeline

Phase	Duration	Key Activities
Structuring	4 weeks	Execution roadmap, settlement matrix, stakeholder coordination
Verification	3 weeks	Authentication, compliance onboarding, SWIFT validation
Monetisation Launch	2 weeks	Controlled sequencing, bank approvals, trustee alignment

Phase	Duration	Key Activities
Settlement Cycle	8 weeks	Disbursement, reporting, reconciliation
Final Close-Out	2 weeks	Audit documentation, executive reporting

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## 5. Outcomes & Strategic Impact

### 5.1 Zero Execution Deviations

Every instruction was executed under the agreed settlement matrix – no unverified steps or unscheduled SWIFT actions.

### 5.2 Full Transparency & Risk Control

The independent oversight model eliminated:

- Counterparty risk
- Operational uncertainty
- Documentation ambiguity

### 5.3 Compliance Excellence

All regulators and banks accepted IPG's compliance framework without additional requests.

### 5.4 Institutional Credibility Boost

The receiving bank agreed to increase future monetisation capacity due to IPG's disciplined handling.

### 5.5 Optimised Capital Deployment

Monetised proceeds were released exactly as contracted, enabling immediate procurement of commodities.

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## 6. Key Learnings

- Monetisation transactions require independent oversight to avoid sequencing errors
- SWIFT validation is essential before engaging monetisation banks

- Controlled payment structures reduce legal and counterparty friction
  - Compliance harmonisation accelerates approval processes
  - Trustee-aligned execution restores institutional trust in complex deals
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## 7. Conclusion

This case reinforces the critical importance of independent settlement governance in trade finance instrument transactions.

IPG's structured, disciplined, and compliance-led approach ensured that a complex, multi-jurisdiction monetisation was executed without risk, delay, or ambiguity.

IPG's model is now the preferred execution architecture for future transactions within the consortium.

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## 8. Executive Quote

“In high-value monetisation transactions, independent execution control is not a luxury – it is the only safeguard that ensures authenticity, compliance, and disciplined settlement.”