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The Impact of the Latest Basel Accords on Commodity Trade Finance: An Update

Gilles Thieffry

 Banking supervision; Capital adequacy; Trade and commodity finance

Abstract

Since 2004, Gilles Thieffry has published several pieces on the impact of the Basel accords on commodity trade finance (for example, see *J.I.B.L.R.* 2004, 2011 and 2016 issues). This legal analysis is an update taking into account the Bank for International Settlements latest reports and guidance issued in 2017 and 2018.

Basel accords overview

Since 1988, central bank governors have attempted to harmonise the capital requirements applying to banks through the Basel accords. The search for a level playing field has intensified with globalisation. In short, the question is how to render the banking sector safer without allowing countries to take advantage of more lenient rules to divert business. The importance of minimum capital requirements for banks is easy to understand. Precisely how much capital or own funds a bank should keep available to weather defaulting assets, however, is underdetermined. Following the 2008 financial crisis, governments recognised a need to increase the stringency of capital standards for the banking industry. Basel II, the Basel Committee on Banking Supervision's international

capital requirements framework, had scarcely been implemented (and indeed not by all member countries, including the US) when the financial crisis hit. In light of the crisis, then, the need to amend and strengthen Basel II was strongly felt, leading to the establishment of Basel III. The Basel Committee continuously works to improve the regulatory framework of the banking sector. Basel III thus extends Basel I and Basel II so as to increase the banking sector's resilience in the face of financial and economic stress, strengthen its transparency and improve its risk management. Basel III does not replace Basel II but supplements and, in some parts, amends Basel II.

Three documents essentially comprise what people refer to as Basel III. "Basel III: A global regulatory framework for more resilient banks and banking systems"¹ and "Basel III: International framework for liquidity risk measurement, standards and monitoring"² set forth the reforms deemed necessary by the Basel Committee for strengthening global capital and liquidity rules, ultimately improving the banking sector's resilience. These two documents were supplemented in December 2017 by a third report entitled "Basel III: Finalising post-crisis reforms"³. Some have described this document as "Basel IV" due to its perceived divergence from prior reforms.⁴ Together, the Basel III documents establish more stringent capital standards by requiring more restrictive definitions of capital, higher risk-weighted assets (RWAs), more demanding minimum capital ratios and additional capital buffers. RWA increases are primarily sourced through trading market risk, securitisation exposures and over-the-counter (OTC) derivatives counterparty exposure. In response, banks have had to modify their business models and effect upgrades relating to stress testing, capital management infrastructure and counterparty risk. These requirements have become even more pressing following the 2017 document.

The Basel accords are labelled "soft law" by lawyers, not because they have no impact (quite the contrary) but rather because these accords are a set of guidelines that are implemented through "hard laws" worldwide by most major central banks and regulators in their respective countries. The implementation of Basel III has spanned several years and should be completed by the end of 2020. Regarding liquidity, Basel III establishes new standards with knock-on effects for banks' balance sheet compositions, as illiquid assets must be limited, and wholesale or unstable sources of funding must be restricted, with attendant higher funding costs to be managed. These requirements affect most banks but are especially disruptive for those focused on commercial and wholesale banking activities.

* GTLaw, Geneva. Gilles Thieffry is a solicitor (England and Wales), Member of the New York bar and Avocat aux Barreaux de Genève et de Paris.

¹ Bank for International Settlements (BIS), "Basel III: A global regulatory framework for more resilient banks and banking systems" (16 December 2010) available at: <http://www.bis.org/publ/bcbs189.htm> [Accessed 8 May 2019].

² BIS, "Basel III: International framework for liquidity risk measurement, standards and monitoring" (17 December 2010) available at: <https://www.bis.org/publ/bcbs165.htm> [Accessed 8 May 2019].

³ BIS, "Basel III: Finalising post-crisis reforms" (7 December 2017) available at: <https://www.bis.org/bcbs/publ/d424.htm> [Accessed 8 May 2019].

⁴ Luca Amorello, "Beyond the Horizon of Banking Regulation: What to Expect from Basel IV" (2016) 58 *Harvard International Law Journal* 22, 29.

Liquidity was central to the 2008 financial crisis (whose effects we probably still feel today). Basel III’s liquidity demands fall under two broad categories: (1) increasing the required proportion of high-quality, liquid assets (such as cash and highly rated government bonds); and (2) increasing the required proportion of long-dated and stable wholesale funding, with the intention that this measure will reduce the risk that such funding will need to be renewed in times of stress.

These augmented obligations have significant effects, both systemic and idiosyncratic, across capital markets and the banking industry more widely. It has been noted that the 2011 regulatory changes “required banks to adjust not only their capital and liquidity structure, but also their business models, governance structure, and investment strategies”.⁵ Business model modifications induced include the following:

- reducing the market in securities and structured credit, rendering originate-and-sell lending business models less viable;
- reducing OTC derivatives volumes and migrating such derivatives to clearinghouses;
- emphasising customer facilitation activities while reducing trading inventories, especially with regard to assets of lesser liquidity (e.g. low-credit quality, commodity and emerging market instruments), thereby reducing such market segments’ liquidity and enhancing block trading opportunities;

- investing in businesses focused on trade clearing, trade processing and servicing activities;
- transferring proprietary trading to hedge funds;
- responding to a more crowded market, with increased competition for both clients and human capital, due to the entrance of less regulated firms;
- appraising new structuring opportunities arising from contingent capital instruments; and
- altering pricing strategies where firms cannot deliver acceptable returns to clients over the medium term.

For many institutions, the liquidity requirements of Basel III are more demanding than those relating to capital. In response, firms can pursue a number of strategies: (1) reduce the proportion of relatively illiquid businesses on their books; (2) increase the liquidity of existing investments; (3) increase retail deposits; (4) shift investment towards additional long-term debt and capital; (5) reduce the proportion of committed credit and liquidity facilities; (6) decrease wholesale credit; and (7) alter pricing so as to account for the increased cost of funding.

Member countries began implementing Basel III on 1 January 2013, which entailed banks in each nation meeting new minimum requirements regarding RWAs:

- 3.5% common equity/RWA;
- 4.5% Tier 1 capital/RWA; and
- 8.0% total capital/RWA.

The following table summarises the most important differences between Basel II and Basel III:

Basel II	Basel III
<i>A. Tier capital</i>	
Tier I capital ratio = 4%	Tier I capital ratio = 6%
Core Tier I capital ratio = 2%	Core Tier I capital ratio (common equity after deductions) = 4.5%
In both Basel II and Basel III, the difference between the total capital requirement of 8.0% and the Tier 1 requirement can be met with Tier 2 capital.	
<i>B. Capital conservation buffer⁶</i>	
No capital conservation buffer	Requires banks to maintain a capital conservation buffer of 2.5% to increase resilience to periods of economic stress, thereby bringing to 7% the total common equity requirements. The capital conservation buffer of 2.5%, in addition to Tier 1 capital, can be met with common equity, following deduction application. Capital conservation buffer: Before 2016 = 0% 1 January 2016 = 0.625% 1 January 2017 = 1.25% 1 January 2018 = 1.875% 1 January 2019 = 2.5%
<i>C. Countercyclical capital buffer</i>	

⁵ Luca Amorello, “Beyond the Horizon of Banking Regulation: What to Expect from Basel IV” (2016) 58 *Harvard International Law Journal* 22, 37.

⁶ The conservation buffer was introduced to require banks to maintain a buffer of capital to draw upon to absorb losses during financial crises and other periods of economic stress. Banks are thus permitted to use the buffer capital in such periods but, as their regulatory capital ratios approach the minimum requirement, constraints on earnings distributions increase.

Basel II	Basel III
No countercyclical capital buffer	Requires a countercyclical buffer of common equity or other fully loss-absorbing capital, of between 0% and 2.5% based on national circumstances. Restrictions on payouts of dividends, share buybacks and bonuses are applied to those banks that have a capital ratio of less than 2.5%. Phasing in of the buffer began in January 2016 and reached full effect in January 2019: Before 2016 = 0% 1 January 2016 = 0.625% 1 January 2017 = 1.25% 1 January 2018 = 1.875% 1 January 2019 = 2.5%
<i>D. Capital for systematically-important banks only</i>	
No capital requirement for global systemically-important banks (G-SIBs)	Recommends that G-SIBs have loss-absorbing capital beyond that required by Basel II. The Basel Committee and the Financial Stability Board (FSB) are developing a well-integrated approach to G-SIBs, potentially combining capital surcharges, contingent capital and bail-in debt.
<i>Total Regulatory Capital Ratio = A + B + C + D</i>	

The implementation of a leverage ratio is also required by Basel III, though the transition regarding this element of the accord in fact started earlier than for Basel III generally, beginning on 1 January 2011. Notably, regulatory fragmentation increased following the introduction of Basel III, with Switzerland, Britain and the US all implementing unilateral measures. The 2017 supplement to the Basel III accords, furthermore, has had two important effects: the avoidance of RWA proliferation; and the establishment of more systematically conservative RWAs.

The impact on commodity trade finance

Commodity trading and international development are both fundamentally predicated on trade finance. It is unsurprising, then, that the G20 are sensitive to impacts upon commodity trade finance (CTF) and the United Nations Conference on Trade and Development (UNCTAD) involved itself in several leading initiatives related to CTF.⁷ However, misunderstandings abound due to the lack of a universally accepted definition of “trade finance” and the consequent divergence of interpretations of the concept.

For Basel II, “commodity finance” is defined as:

“[S]tructured short-term lending to finance reserves, inventories, or receivables of exchange-traded commodities (e.g. crude oil, metals, or crops), where the exposure will be repaid from the proceeds of the sale of the commodity and the borrower has no independent capacity to repay the exposure. This is the case when the borrower has no other activities and no other material assets on its balance sheet. The structured nature of the financing is designed

to compensate for the weak credit quality of the borrower. The exposure’s rating reflects its self-liquidating nature and the lender’s skill in structuring the transaction rather than the credit quality of the borrower.”⁸

Basel III repeats this definition before introducing some nuance:

“The Committee believes that such lending can be distinguished from exposures financing the reserves, inventories, or receivables of other more diversified corporate borrowers. *Banks are able to rate the credit quality of the latter type of borrowers based on their broader ongoing operations. In such cases, the value of the commodity serves as a risk mitigant rather than as the primary source of repayment.*”⁹

Basel III thus raised fears that trade financing could become prohibitively expensive due to a lack of available funding, undermining efforts to restore global economic growth. This led the banking industry recommending modifications to permit trade financing and international business.

Corporate finance primarily centres on firms that require robust working capital to support their core activities but that enjoy a stable financial foundation in their own right. CTF, by contrast, is based on the goods traded rather than the ledger of a given corporation. Indeed, aside from large corporations, relatively low capitalisation is one of the key properties of international trading companies. In such circumstances, banks must directly monitor the physical flow of goods, as these constitute the main collateral. Transaction-based financing thereby depends on the ability to thoroughly evaluate risks and accurately track financed transactions.

⁷ For example, the UNCTAD dedicated a substantial part of the 2010 and 2011 Global Commodities Forum to CTF.

⁸ BIS, “Basel II: International Convergence of Capital Measurement and Capital Standards—A Revised Framework” (30 June 2006), para.224 available at: <https://www.bis.org/publ/bcbs128.htm> [Accessed 8 May 2019].

⁹ BIS, “Basel III: Finalising post-crisis reforms” (7 December 2017), para.B15 available at: <https://www.bis.org/bcbs/publ/d424.htm> [Accessed 8 May 2019] (emphasis added).

A third relevant form of financing mixes elements of corporate finance and CTF. This method, which comprises balance sheet analysis and transaction-based financing, represents the future of corporate finance generally and has accordingly increased in popularity in recent years. The advantage of this approach is that it allows banks to underwrite their risks using both collateral and the balance sheet of the financed company. It can be understood as a tailor-made solution for those corporations that need financing specific to the particularities of their activities and cash flow status. However, this method demands both precise knowledge of the finance-seeking business and extensive knowledge of the commodity markets.

Among the challenges posed to CTF by Basel III, one of the more serious is implied by the treatment of off-balance-sheet (OBS) instruments as a significant source of leverage for a bank and thus as subject to inclusion in its overall list of obligations and liabilities. Yet, since planned leverage ratios do not take into account a given loan's risk profile, it is possible for lower risk trade obligations (e.g. bonds or letters of credit) to be bundled with riskier OBS instruments.

Some predicted a reduction in global trade finance capacity, not to mention pricing increases of up to 40% if Basel III were to be implemented as it stood in 2011. Consequently, major trade finance providers lobbied to secure more lenient capital rules, along with specific provisions for trade finance.

Paradoxically, CTF can be viewed as a victim of its own success and history of low defaults that render CTF portfolios difficult to analyse in the context of Basel II/Basel III, which largely draw on statistical data of defaults. As Donna Alexander, chief executive officer of Bankers Association for Trade and Finance—International Financial Services Association (BAFT–IFSA), notes:

“Trade finance instruments have historically maintained a low-risk profile in comparison with other financial instruments. We are concerned that the consultative document does not account for their intrinsically safe structure. We wish to ensure that unintended consequences are avoided, and any changes ultimately adopted do not result in reduced trade flows for trade-focused banks at a time when they are essential to continued economic recovery around the globe.”¹⁰

Basel III originally identified all OBS items as potentially significant sources of leverage and thus recommended that banks apply a uniform 100% credit conversion factor (CCF) when calculating the leverage ratio including such items. Yet applying this 100% CCF to trade-related contingencies ran the risk of significantly

disadvantaging those banks focused on trade finance.¹¹ In turn, such banks could offset the increased costs associated with a compulsory leverage ratio by increasing the price charged for trade products or by offering these products to only select customers, undoubtedly impacting the prospects of trade finance.

The effects of Basel II on trade finance, particularly relating to the capital requirements of the “Standardised Approach”, already gave cause for complaint.¹² Then a Basel Committee consultative paper regarding the enhancement of banking capital requirements labelled OBS items as sources of “potentially significant leverage”,¹³ including in this category trade instruments such as letters of credit and standby letters of credit. Following the announcement of the Basel Committee's intention to increase the CCF applied to such OBS items to 100%, many argued that the measure would unfairly penalise trade finance assets far more secure and safe than other OBS items. That such CTF products are tied to client transactions ensure that they do not contribute to excessive leverage, and the short-term and self-liquidating features of these instruments ensure they do not exacerbate downward pressure on asset prices. BAFT–IFSA instead proposed a 20% CCF rate be applied to trade items, claiming that a 100% rate would have the ultimate effect of encouraging banks to divert capital to other products; a reasonable proposal in the eyes of anyone involved in CTF.

In sum, it was argued that applying a CCF of 100% to trade-related OBS items (such as letters of credit and of guarantee) for the purposes of calculating leverage ratios was inappropriate for two reasons. First, this method does not distinguish between trade finance products and other, riskier OBS financial instruments. Secondly, this method fails to take into account the historical evidence showing that CTF assets are, on the whole, safe assets. While OBS synthetic financial instruments are susceptible to creating market risk, the same cannot be said of trade finance products. This is because the latter are based on real customer demand for credit enhancing, settlement and financing, in turn rooted in the trade of real goods and services. As a result, trade finance products are often short-term and self-liquidating, closely tied to the activities of the real economy.

Treating CTF-related OBS items as a significant source of excessive leverage would categorise such exposures alongside, for example, a credit default swap on a reference asset not even owned by the bank. This was a difficult position to sustain in light of the above, undermining the justification for applying a CCF at 100% to restrain such assets.

¹⁰ Global Trade Review, “Roundtable: Credit Committees” (20 May 2010) available at: <https://www.gtreview.com/news/global/credit-committees-roundtable-keep-out/> [Accessed 8 May 2019].

¹¹ “The Committee recognises that OBS items are a source of potentially significant leverage. Therefore, banks should calculate the above OBS items for the purposes of the leverage ratio by applying a uniform 100% CCF”—BIS, “Basel III: A global regulatory framework for more resilient banks and banking systems” (16 December 2010), para. 163 available at: <http://www.bis.org/publ/bcbs189.htm> [Accessed 8 May 2019].

¹² Alexander R. Malaket, “A Step Backward for Trade Finance” (2009) *Trade Finance* 22. Also see Gilles Thieffry, “The Impact of Basel II on Commodity Trade Finance: A Legal Perspective” (2004) 10 *J.I.B.L.R.* 398.

¹³ BIS, “Revised Basel III leverage ratio framework and disclosure requirements” (26 June 2013) available at: <https://www.bis.org/publ/bcbs251.htm> [Accessed 8 May 2019].

In response, the Basel Committee introduced a rule permitting a CCF of 20% for short-term contingent trade finance assets (including short-term self-liquidating letters of credit), which came into effect on 1 January 2015. Yet, implementation of this rule varies across national jurisdictions.

For the purposes of calculating the proportion of liquid assets and stable funding required to offset potential liabilities, all other contingent funding liabilities (such as trade finance and letters of credit) are left to national discretion by the liquidity ratios introduced by Basel III—namely, the Liquidity Coverage Ratio and the Net Stable Funding Ratio. There is a risk, however, that national supervisors may use this discretion to enforce onerous liquidity requirements, potentially further restricting trade credit availability. By maintaining an unco-ordinated approach, national regulators risk generating market distortions.

Capital requirements for trade finance transactions, additionally, are increased under the Basel III regulations. Given the above outline of the low-risk nature of such instruments, the proposals unintentionally worsen trade finance conditions for firms involved in the import/export business. These effects are particularly arduous for small- and medium-sized enterprises and those in emerging markets.

Of course, it is laudable that national regulators strive to tackle excessive leveraging so as to improve the banking system. Yet potential unintended consequences must be addressed and rectified, and this includes the inappropriate application of the flat 100% CCF to CTF products. Risky OBS instruments may indeed require restraint through such a high CCF rate but the same logic does not apply to letters of credit and similar documentary credits. The G20 made these concerns clear in the Seoul summit declaration of November 2010, stating that “we agree ... to evaluate the impact of regulatory regimes on trade finance”.¹⁴

The trade finance industry, for its part, takes broader aim at the internal ratings-based (IRB) approach, specifically its estimates of credit risk weights and the one-year floor for the maturity of exposures. They maintain that these estimates do not account for trade finance instruments’ general low risk, due to the implementation of various documentary techniques for assigning and transferring physical and legal control of the goods shipped until payment. The International Chamber of Commerce–Asian Development Bank (ICC–ADB) Trade Finance Default Register was established by the ICC and the ADB to raise policymakers’ awareness regarding the unintended effects

of Basel II on trade finance.¹⁵ This register has since demonstrated trade finance instruments’ low risk, supporting the ICC’s position.¹⁶

Recommendations

It might, therefore, be worth considering a comparatively radical approach to mitigation of the Basel II and Basel III rules—an approach that directly tackles the way in which the IRB approach assimilates the risks of trade finance into the risk weights estimation in the Basel accords.

I submit that the flexibility of the Basel accords permits the designation of an asset class to which the IRB approach would not apply and to which trade finance instruments alone would legitimately belong. The Standardised Approach would then apply to assets in this class, even if the bank in question were to use the IRB approach for other categories of asset. This strategy would exploit the existing provision within the rules of Basel II for flexible adoption of the IRB approach across asset classes.

While it might not be possible to negotiate such a strategy internationally, it could nevertheless be adopted by national regulators and the flexibility of Basel III regarding such an appropriately defined asset class would be permanent, not temporary.

More recently, the trade finance industry has shifted its focus to the shortcomings of the leverage ratio of Basel III. Again, in the estimation of the denominator of the leverage ratio (i.e. a bank’s on and off-balance sheet exposures and contingent liabilities, including those related to trade finance), a CCF of 100% is applied, despite lower CCFs applying in the estimation of risk-weighted exposures for the minimum regulatory capital requirements for Basel II and Basel III credit risk.

The ICC in this respect, too, highlights the low risks associated with trade finance, counselling that “off-balance-sheet trade products should be allowed to retain the CCFs used by banks under the current ‘risk weighted assets’ calculation”.¹⁷ This recommendation coheres with the above-proposed strategy of applying the CCFs associated with the Standardised Approach of Basel II. Despite consideration of this option during the December 2009 consultations on the Basel Committee’s proposals, it was ultimately not accepted in the December 2010 document on Basel III.

It may appear that trade finance has suffered the collateral damage of the determination of the Basel Committee and national regulators to take strong action regarding OBS exposures and other activities linked to

¹⁴ The G20 Seoul Summit Leaders’ Declaration (11–12 November 2010) available at: <https://www.treasury.gov/resource-center/international/Documents/1%20%20FINAL%20SEOUL%20COMMUNIQUE.pdf> [Accessed 8 May 2019].

¹⁵ ICC, “International Chamber of Commerce, Asian Development Bank set up trade finance register” (29 September 2010) available at: <https://iccwbo.org/media-wall/news-speeches/international-chamber-of-commerce-asian-development-bank-set-up-trade-finance-register/> [Accessed 8 May 2019].

¹⁶ The data collected by the ICC–ADB register comprises over 20 million trade finance transactions, totalling USD 11 trillion (ICC, *ICC Trade Register Report: Global Risks in Trade Finance* (2017), p.12). This register found the following transaction characteristics: (1) a relatively low average maturity (115 days); (2) a low default incidence (less than 0.02% of the total, amounting to 1,400 transaction defaults); (3) an even lower default rate for off-balance-sheet transactions (only 110 of 2.4 million transactions); and (4) an average recovery rate of 60% for those transactions in default (implying an average loss of 40%).

¹⁷ ICC, “ICC response to the Basel Committee Consultative Document on ‘Strengthening the Resilience of the Banking System’” (16 April 2010) available at: <https://iccwbo.org/publication/icc-response-to-the-basel-committee-consultative-document-on-strengthening-the-resilience-of-the-banking-system/> [Accessed 8 May 2019].

the shadow banking system, which contributed to the financial crisis. Despite the presentation of Basel III as a solution to the problems underlying the financial crisis, it bears challenges with profound effects on commodities, trade and export finance. Yet, options for greater flexibility, and ultimately more accurate calibration to true risk in liquidity ratio estimation, remain open, if regulators responsible for implementing Basel III at the national level can be persuaded.

It has been demonstrated by the ICC–ADB Trade Finance Default Register that current default data calculations can be rendered more accurate using available industry data.¹⁸ Once the quality of this data is improved, then, banks should be permitted to enhance their exposure calculations to evidence the suitability of lower CCF rates for trade finance products. Treating trade-related OBS items equivalently to derivatives is inappropriate as the latter are the true source of excessive leverage within the banking system and the real cause of the financial crisis. The data show that only a very small portion of trade finance instruments (including letters of credit, standby letters of credit and trade guarantees) correspond to on-balance sheet exposures.

Basel Committee guidelines published in 2017 recommend that the one-year maturity floor not apply to “[s]hort-term self-liquidating trade transactions”, including confirmed letters of credit.¹⁹ However, while this covers many trade finance transactions, the waiver on minimum maturity of other trade finance instruments is still left to national discretion. Most national regulators fail to exercise this discretion and even those countries that do avail of this facility only waive the floor for a limited subset of trade finance products. It is thus necessary that the Basel Committee itself takes steps to encourage uptake of this option at the national level.

Similarly, trade-related OBS items should be assigned a preferential run-off rate, in the range of 5–10%. The discretion to set such rates should be entrusted to national regulators.

As requested by the G20, the Basel Committee initiated evaluation of the impact of the trade finance regulatory regime on emerging economies. Given the potentially deleterious (though unintentional) impact of the Basel framework on trade finance in low-income countries, the establishment of a specialist trade finance working group may be advisable. Such a group could examine trade finance products’ unique characteristics, the issues that emerge from interaction between these facilities and existing regulatory frameworks, and the trade-related aspects of the current Basel Accord proposals.

It is my recommendation that the Basel Committee and national regulators recognise a unique asset class for trade finance instruments. Inclusion in this category would turn on: (1) control over the financed commodity; and (2) control over the financial and physical transaction flows exercised by the relevant bank. The data collected by the ICC–ADB Trade Finance Default Register should reassure regulators and allow for a low RWA rating to be applied for such assets that have a proven track record of resilience. By failing to establish this asset class, regulators are settling for a second-best solution, potentially leading to increased costs and “a decline in credit available for the real economy”.²⁰ Such costs will be borne, inevitably, by exporters (mostly in emerging markets) and/or end consumers of the processed commodity.

As these lines are written, it is likely that no such category will be adopted. Accordingly, CTF will have to increasingly rely on evermore structured and legally constraining instruments to develop risk mitigants, relying on the financed commodity rather than overall control of the transaction chain. So long as interest rates are low, it is probable that market participants will not fully or directly sense the increase in CTF costs but they probably already perceive the scarcity of bank financing as a result of Basel III. When interest rates eventually rise, the only way to mitigate the increased cost of capital for CTF will be through risk mitigation that will invariably require more legally constraining structures.

¹⁸ ICC, *ICC Trade Register Report: Global Risks in Trade Finance* (2017), p.44.

¹⁹ BIS, “Basel III: Finalising post-crisis reforms” (7 December 2017) available at: <https://www.bis.org/bcbs/publ/d424.htm> [Accessed 8 May 2019].

²⁰ Luca Amorello, “Beyond the Horizon of Banking Regulation: What to Expect from Basel IV” (2016) 58 *Harvard International Law Journal* 22, 23.