



## ITFA GRC workshop Berlin May2023

By **Oliver Pfaff**, Member of the German Regional Committee

On 11th May 2023 the ITFA German Regional Committee held its annual workshop event, hosted by Berliner Sparkasse in their Berlin head-office. More than 40 participants joined for a lively and engaged discussion.

The format of the workshop allows GRC members to submit questions in advance. This ensures that the focus of the event is always on the topics which are relevant and important for our community. This time we had 23 items for our discussions.

Hans Jürgen Kulartz, member of the board, welcomed all participants on behalf of Berliner Sparkasse, followed by Thomas Krieger, as GRC Chairman, who introduced the agenda.

Under the broad variety of topics legal and regulatory topics were on top of the agenda, as well as the BAFT MRPA. Concerning the BAFT MRPA 2018, the banks try to stick to the standard wording, without major alterations. The possibility of true sale transactions under the BAFT MRPA 2018 is still not recognized by many banks. Which leads to the fact, that most of the funded participations are not marked as true sale in their balance sheets. The banks still sign the MRPA and transactions under same, still by wet-ink or SWIFT. E-signature is still not an alternative, due to complexity and missing marketability.

Banks see a high demand for a market standard agreement for working capital transactions, which should be equal to the BAFT MRPA. Currently every bank uses its own wording for those transactions.

A decrease of forfaiting transactions under LC's is currently noticeable. This is probably caused by the increase of the interest rates. This might change when the customers accept the new reality, that liquidity will be more expensive than it was in the past.

Another discussion point was the Credit Conversion Factors (CCF) applying to Letters of Credit. The audience had no overall opinion or approach of using the CCF for the different types or LC's.

Among the regulatory and legal topics, was the eligible use of cash collateral and its usage as a risk mitigant under CRR. It was interesting to hear how different the internal requirements in the banks are, when it comes to the necessity of legal opinions for transaction in multi jurisdictions.

Under the insurance topic the banks clearly stated a preference for risk participations instead of using insurance policies. Among the reasons were for example, no exclusions, no long waiting periods in case of a claim, no insurances tax applicable (which is 19% in Germany), etc.

The day was concluded by the traditional "Stammtisch" event, which took place at „Restauration 1840“ restaurant and continued late into the night. This year the "Stammtisch" event was sponsored by ITFA. Therefore, we want to take this opportunity to thank Berliner Sparkasse for hosting this event and ITFA for sponsoring the evening event.