Mezzarion Payment Instrument Standard (PIS) — v1.2

Last updated: 4 Oct 2025 • Review cycle: Quarterly

Owner: Compliance • Next review due: January 2026

Controlled document. Previous versions archived.

PURPOSE

Set a clear, bank-grade baseline for payment instruments so deals fund cleanly and on time. This standard defines what we accept, how we review drafts, and the minimum text/features needed for fast approval.

SCOPE

Applies to all instruments presented to, or required by, Mezzarion across mining, trade, and investment: Letters of Credit (L/C), Standby L/Cs (SBLC), demand guarantees, escrow, and open-account terms.

RULE SETS (WE RELY ON)

• UCP 600 — Documentary Credits
• ISBP 745 — International Standard Banking Practice (for L/Cs)
• URDG 758 — Demand Guarantees
These rule sets should be named in the instrument text. House terms must not override them.

WHAT WE ACCEPT (CASE-BY-CASE)

1. Confirmed, irrevocable Documentary L/C (UCP 600)
2. SBLC or independent Demand Guarantee (URDG 758)
3. Regulated escrow (licensed attorneys or regulated trustees)
4. Open Account (OA) only with trade credit insurance (A-rated) or strongly rated counterparties and agreed exposure caps

BANK ACCEPTANCE POLICY

We accept instruments **issued or confirmed by the current Top-30 global banks by total assets**, reviewed twice yearly. Acceptance remains **subject to sanctions/AML status and Mezzarion discretion**.

MANDATORY STANDARDS (ALL INSTRUMENTS)

• **Rule set named**: “Subject to UCP 600” (L/C) or “Subject to URDG 758” (SBLC/guarantee).
• **SWIFT authenticity**: MT700/701 for L/Cs; MT760 for SBLC/guarantees. We do **not** accept screenshots, PDFs, or “tear sheets” as issuance.
• **Bank checks**: issuing/confirming bank on our acceptable list; independent **call-back** via published switchboard for high-value instruments.
• **No soft/non-documentary clauses**: no buyer discretion or conditions outside

documents.
• **Reasonable presentation**: typical 21 days after shipment; place of expiry shown.
• **Clear costs**: who pays confirmation, discrepancy, courier, transfer charges.
• **Transferability/assignment**: expressly stated if required.
• **Document set**: standard and obtainable (see L/C checklist).

DOCUMENTARY L/C — QUICKSCREEN CHECKLIST (UCP 600 + ISBP 745)

• **Availability & place:** at sight/deferred/acceptance/negotiation; “with [bank] at [place]” or “any bank by negotiation.”
• **Beneficiary data:** exact legal name, address, bank details; tolerance ±10% (if any) stated.
• **Shipment terms:** Incoterms® 2020; latest shipment date; partial shipments (Y/N); transhipment (Y/N); ports/locations.
• Amount & currency: clear figure; tolerance if applicable.
• Expiry: date + place of expiry.
• **Documents (typical set):**
– Commercial invoice, packing list
– Clean on-board B/L or AWB
– Certificate of Origin
– Independent inspection certificate
– Assay/Certificate of Analysis (if applicable)
– Insurance certificate (if CIF/CIP)
– Weight/Tally/Weighbridge slip
– Required permits/licences (if applicable)
• **Presentation period:** typically 21 days after shipment.
• **Discrepancy handling:** who pays, cure period, communication method.
• **Transferability (if needed):** stated; charges allocation.

SBLC / DEMAND GUARANTEE — QUICKSCREEN (URDG 758)

• **Nature:** independent, payable on demand; **no** underlying-contract conditions.
• **Demand wording:** “on first written demand” + any stipulated documents (e.g., statement of default).
• **Expiry:** fixed expiry and place of expiry shown (or clear expiry events permitted by URDG).
• **Partial drawings:** permitted/not; aggregate limit stated.
• Governing law/forum (if stated) doesn’t conflict with URDG mechanics.

ESCROW — MINIMUM TERMS

• **Agent:** licensed attorney or regulated trustee in agreed jurisdiction.
• **Funding:** escrow funded before performance where applicable.
• **Release:** objective, documentary milestones (e.g., original B/L + inspection + invoice); no discretionary vetoes.

• **Waterfall:** disclosed distribution of proceeds and commissions; all payees KYC'd.
• **Fees & dispute path:** stated; emergency release mechanics available.

OPEN ACCOUNT — WHEN WE USE IT

• Only with trade credit insurance (A-rated) **or** strongly rated counterparties, exposure caps, verified performance history, and clear invoicing/collection terms.
• May require additional safeguards (e.g., receivables assignment, performance bonds).

INSTRUMENTS WE TYPICALLY DECLINE

• Revocable L/Cs.
• Unconfirmed L/Cs from non-top-tier banks where risk is material.
• Instruments with non-documentary or subjective conditions.
• House rules overriding UCP/URDG/ISBP.
• Impossible timelines or conflicting clauses.
• Any issuer under sanctions/AML/PEP concerns.

HOW TO SUBMIT A DRAFT (FAST-TRACK)

Step 1 — Send draft text (or ask your bank for a SWIFT pre-advice) including:
• Parties, goods/services, Incoterms & windows (for trade).
• Full instrument text (rules, availability, expiry, place of expiry, documents required).
• Issuing bank contact (switchboard) and relationship manager.
• Whether confirmation is requested.
Subject line format: **Instrument Review — [Your Company] — [Deal Ref] →** [info@mezzarion.com]

Step 2 — Quickscreen (24–72h business):
Outcome = **accept / accept with edits / cannot accept** with plain-language reasons and suggested wording.

Step 3 — Final text & issuance:
Bank issues via authenticated SWIFT. If confirmation required, Mezzarion nominates/accepts a confirmer.

COPY-READY FRONT CLAUSES

• **Documentary L/C (front clause)**
"This irrevocable documentary credit is **subject to UCP 600**. Available **by sight payment** with [confirming/issuing bank] at the counters of [place of expiry] against presentation of the documents stipulated herein."

• **SBLC / Demand Guarantee (front clause)**
"This independent guarantee is **subject to URDG 758**. We irrevocably undertake to pay upon first written demand accompanied by [stated documents], without proof or conditions related to the underlying contract."

• **No soft clauses (add-on)**
"No non-documentary conditions apply. Any conflict between house terms and UCP 600/URDG 758 shall be resolved in favour of UCP 600/URDG 758."

OPTIONAL FEATURES (WHEN RELEVANT)

• Transferable L/C: permitted and charges allocation stated.
• Revolving L/C: revolving by time/amount; cap and final expiry defined.
• Deferred payment/acceptance: tenor, acceptance bank, and maturity calculation stated.
• Confirmation: at applicant's cost unless agreed otherwise; confirmer named or "available for confirmation upon request."
• Tolerance: quantity/amount tolerances (±x%) explicitly stated.

CHANGE CONTROL

Any mid-deal change to bank coordinates, beneficiaries, consignee, or instrument clauses requires **re-validation** before performance. Unverified changes trigger an **immediate pause**.

ANTI-FRAUD & COMMUNICATIONS HYGIENE

• Bank **name-match** on accounts; independent **call-back** via published switchboards.
• Email security (SPF/DMARC/DKIM) and e-signature audit trails.
• Sensitive documents shared only via secure portal.
• Reject mid-deal coordinate changes without verified cause.

FREQUENT QUESTIONS

• **Do you accept transferable L/Cs?** Yes, if explicitly allowed, charges allocation clear, and structure suits the deal.
• **Can we propose our own escrow agent?** Yes, if licensed/regulated and release conditions are objective and documentary.
• **Do you accept OA for first deals?** Only with appropriate credit insurance and exposure caps, or proven performance.
• **Will you share the exact bank list?** Publicly we reference the Top-30 by assets; we confirm issuer acceptability for specific deals on request (subject to sanctions/AML).

CONTACT

Instrument submissions & questions: **[info@mezzarion.com]**
Subject: **Instrument Review — [Your Company] — [Deal Ref]**

LEGAL NOTICE

This is a customer-facing summary of our instrument standards. It is not legal advice. Binding terms are contained in executed agreements and final instrument texts.