



MEZZARION PAYMENT INSTRUMENT STANDARD v1.3

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Governing Standard: MZRN-POL-DOC-001 (Document Control & Standards Policy)

Related Standards/Processes: Mezzarion Responsible Sourcing Standard (RSS); Mezzarion Buyer/Supplier processes (where applicable)

Change Log (Mandatory)

Date	Version	Summary of Changes	Reason
04 Oct 2025	v1.2	Prior release	Baseline publication
01 Jan 2026	v1.3	Re-structured to match current Mezzarion policy format; tightened bank-grade acceptance gates; aligned to KYT/KYC posture, anti-fraud controls, and change-control discipline; clarified pre-advice vs issuance; strengthened escrow and OA conditions; clarified governance	Consistency + bankability + reduced execution risk



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1. Purpose

The Mezzarion Payment Instrument Standard (PIS) sets a **clear, bank-grade baseline** for payment instruments so transactions fund **cleanly, lawfully, and on time**. It defines what Mezzarion will consider, how drafts are reviewed, and the minimum text/features required for fast approval.

2. Scope

This PIS applies to **all payment and security instruments** used in Mezzarion-related transactions across mining, trade, logistics, and investment, including:

- Documentary Letters of Credit (L/C)
- Standby Letters of Credit (SBLC)
- Independent Demand Guarantees
- Regulated Escrow structures
- Open Account (OA) terms (where permitted)

Note: No instrument is accepted or relied upon until Mezzarion has completed **KYC/KYT, sanctions screening, and deal gating** to the required standard.

3. Governing Rule Sets (Primary Banking Rules)

Mezzarion relies on internationally recognized ICC frameworks. The chosen rule set must be **explicitly stated in the instrument text**:

- **UCP 600** — Documentary Credits
- **ISBP 745** — International Standard Banking Practice (L/C document examination)
- **URDG 758** — Demand Guarantees (and SBLC-style independent guarantees)

House rules must not override UCP/ISBP/URDG mechanics. Any conflict must be resolved in favour of the applicable ICC rule set.

4. Instruments We Accept (Always Case-by-Case)

Mezzarion may accept, subject to risk, corridor, and counterparty profile:

1. **Confirmed, Irrevocable Documentary L/C** (UCP 600 + ISBP 745)
2. **SBLC or Independent Demand Guarantee** (URDG 758; payable on demand)
3. **Regulated Escrow** (licensed attorneys or regulated trustees in an agreed jurisdiction)



4. **Open Account (OA)** only where safeguards are strong enough to be bankable (see Section 11)

Default posture: Mezzarion prefers **documentary, objective, auditable payment mechanics** over discretionary or relationship-based arrangements.

5. Bank Acceptance Policy (Issuer / Confirmer)

Mezzarion maintains an internal **Acceptable Bank List (ABL)** based on:

- Global standing, regulatory posture, and proven SWIFT capability
- Sanctions/AML risk considerations
- Corridor practicality (confirmability and settlement reliability)

Core principle:

- If issuer risk is not acceptable for the transaction's materiality, Mezzarion will require **confirmation** (or an alternative structure such as regulated escrow).
- Bank acceptability remains subject to **sanctions/AML status**, and Mezzarion's discretion.

Mezzarion may require an **independent bank call-back** via published switchboards for high-value or higher-risk instruments.

6. Mandatory Standards (All Instruments)

All instruments must meet these minimum controls:

6.1 Authenticity & Issuance Channel

- **L/C:** authenticated issuance via **SWIFT MT700/MT701**
- **SBLC/Guarantee:** authenticated issuance via **SWIFT MT760**
- **Pre-advice / readiness messages (non-binding):** may be reviewed (e.g., MT799), but **do not constitute issuance**.

Not accepted as issuance evidence: screenshots, PDFs, "tear sheets," forwarded templates, or emailed "bank letters" without authenticated SWIFT issuance.

6.2 No Soft Clauses / No Buyer Discretion

- No non-documentary conditions.
- No clauses that effectively allow buyer discretion unrelated to documents.



- Document requirements must be **obtainable in the normal course of shipment/execution**.

6.3 Clear Expiry, Place of Expiry, and Presentation Logic

- Expiry **date** and **place of expiry** must be stated.
- Presentation period must be practical (typically **21 days after shipment**, unless deal structure requires otherwise).

6.4 Charges and Cost Allocation

Instrument text must clearly allocate:

- confirmation costs (if any)
- discrepancy fees
- courier/handling
- transfer/assignment charges (if relevant)

6.5 No Unverified Mid-Deal Changes

Any mid-deal change to:

- bank coordinates, beneficiary name, consignee, notify party
- issuer/confirming bank
- instrument text, expiry logic, documentary requirements
triggers **mandatory re-validation** and may trigger an immediate pause (see Section 15).

6.6 Fee/Commission Integrity (Where Applicable)

Where fees/commissions exist:

- they must be **disclosed and lawful**
- paid via **documented, auditable mechanisms** (often via escrow waterfall where used)
- all payees must pass screening where required

7. Documentary L/C — Quickscreen Checklist (UCP 600 + ISBP 745)

A draft L/C is considered reviewable only if it includes:

7.1 Core Mechanics

- **Irrevocable** and **subject to UCP 600**
- Availability: sight / deferred / acceptance / negotiation; with which bank and where
- Currency and amount (tolerances stated if used)
- Expiry **date + place**
- Latest shipment date
- Partial shipments / transshipment (Y/N)
- Incoterms® 2020 stated and consistent with the contract

7.2 Beneficiary and Applicant Data

- Exact legal names and addresses
- Clean consistency with the underlying contract and proforma

7.3 Document Set (Must Be Obtainable)

Typical documents (deal-dependent):

- Commercial invoice and packing list
- Clean on-board B/L (or AWB)
- Certificate of Origin
- Independent inspection certificate (where required)
- Assay / Certificate of Analysis (where applicable)
- Insurance certificate (if CIF/CIP)
- Weight/tally/weighbridge evidence (where relevant)
- Required permits/licences (only where realistically obtainable and necessary)

7.4 Discrepancy Handling

- Who pays discrepancy fees
- Cure / communication method and timelines

7.5 Transferability / Assignment (If Required)

- Must be expressly permitted if needed
- Charges allocation must be stated



8. SBLC / Demand Guarantee — Quickscreen (URDG 758)

A draft SBLC/guarantee is considered reviewable only if it is:

8.1 Independent and Demand-Payable

- **Independent undertaking**, not dependent on underlying contract performance proofs
- **Subject to URGD 758**
- Payable **on first written demand**, accompanied only by minimal stipulated documents (e.g., statement of default)

8.2 Clear Expiry Logic

- Fixed expiry date and place, or URGD-compliant expiry events (clearly defined)

8.3 Drawing Terms

- Partial drawings permitted/not permitted (clearly stated)
- Aggregate limit clearly stated
- Governing law/forum (if included) must not obstruct URGD demand mechanics

9. Escrow — Minimum Terms (Non-Negotiable)

Escrow is acceptable only where it is **regulated, objective, and auditable**:

- **Escrow agent**: licensed attorney or regulated trustee in an agreed jurisdiction
- **Funding**: funded in line with the commercial logic (often funded before performance where appropriate)
- **Release conditions**: objective, documentary milestones (no discretionary vetoes)
- **Waterfall**: fully disclosed distribution (including any commissions); payees screened where required
- **Fees & disputes**: fees and dispute pathway stated; emergency/interim release mechanics defined where needed
- **Evidence discipline**: original documents handling and secure sharing method defined



10. Open Account (OA) — When Mezzarion Will Consider It

Open Account is the exception, not the norm. Mezzarion will consider OA only where at least one applies:

- **Trade credit insurance** from a strong insurer (typically investment-grade) covering the exposure; and/or
- A **highly rated counterparty** with proven payment history and agreed exposure caps; and
- Additional safeguards as needed (e.g., receivables assignment, structured collections, performance security)

First deals are rarely suitable for OA unless the risk is structurally neutralized.

11. Instruments We Typically Decline

Mezzarion typically declines:

- Revocable credits
- Unconfirmed L/Cs from issuers that do not meet corridor/materiality thresholds
- Instruments with soft clauses, subjective conditions, or external “buyer satisfaction” wording
- House rules that override UCP/URDG/ISBP
- Impossible timelines (presentation/expiry/shipment windows) or conflicting clauses
- Any issuer/counterparty with sanctions, AML, or credibility concerns
- “Proof of funds” letters or bank templates used as substitutes for authenticated SWIFT issuance



12. Draft Submission (Fast-Track Workflow)

Step 1 — Submit Draft Text

Send:

- draft instrument text (or SWIFT pre-advice details where relevant)
- parties, goods/services, Incoterms, shipment/execution windows
- issuing/confirming bank details and switchboard
- whether confirmation is requested
- **Deal Reference** (CAID/TXID or Mezzarion-issued deal reference where applicable)

Subject line: Instrument Review – [Your Company] – [Deal Ref]

Step 2 — Quickscreen Outcome

Outcome will be one of:

- Accept
- Accept with edits (clean, copy-ready wording provided)
- Cannot accept (plain-language reasons + acceptable alternatives)

Step 3 — Final Text and Issuance

Issuance must be completed via authenticated SWIFT. Where confirmation is required, Mezzarion will coordinate confirmer acceptance subject to bankability.

13. Copy-Ready Front Clauses (Templates)

13.1 Documentary L/C (Front Clause)

“This irrevocable documentary credit is subject to UCP 600. It is available by [sight payment / deferred payment / acceptance / negotiation] with [nominated bank] at [place] against presentation of the documents stipulated herein on or before the expiry date at the place of expiry stated herein.”

13.2 SBLC / Demand Guarantee (Front Clause)

“This independent guarantee is subject to URDG 758. We irrevocably undertake to pay upon first written demand accompanied by [stipulated documents], without proof or conditions related to the underlying contract.”



13.3 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.”

14. Optional Features (When Relevant)

- **Transferable L/C:** explicitly permitted; charges allocation stated
- **Revolving L/C:** revolving method (time/amount), cap, and final expiry defined
- **Deferred payment/acceptance:** tenor, acceptance bank, maturity calculation stated
- **Confirmation:** at applicant's cost unless agreed; confirmer named or confirmation mechanism stated
- **Tolerances:** quantity/amount tolerances explicitly stated
- **Silent confirmation / confirm-on-request:** only where legally and operationally appropriate, and bank-confirmable

15. Change Control (Strict)

Any mid-deal change to:

- beneficiary bank coordinates
- consignee/notify details
- instrument clauses, expiry, or documentary set
- issuer/confirming bank
requires **re-validation before performance**.

Unverified changes trigger an **immediate pause** until resolved.

16. Anti-Fraud & Communications Hygiene

Minimum controls include:

- Independent call-back using published bank switchboards for high-value instruments
- Bank name-match and account verification; no third-party beneficiary substitutions without approval
- Secure sharing of sensitive documentation (no uncontrolled forwarding chains)
- Audit trails for approvals and document versions
- Strong stance against pressure tactics (“issue now, verify later” is unacceptable)



17. Frequently Asked Questions

Do you accept transferable L/Cs? Yes, only if explicitly permitted and commercially appropriate.

Can we propose our escrow agent? Yes, if licensed/regulating and release conditions are objective and documentary.

Do you accept OA for first deals? Rarely—only with strong structural safeguards (usually insurance + caps).

Will you share your bank list publicly? No. Mezzarion confirms issuer acceptability on a case-by-case basis.

18. Governance & Roles (Internal Accountability)

- **Compliance (Owner):** instrument gating, risk alignment, sanctions/AML posture checks, escalation
- **Treasury (Execution Owner):** bank interactions, issuer/confirmability assessment, funding readiness logic
- **Legal:** clause integrity, enforceability, dispute protections, change-control discipline
- **Operations/Trade Desk:** ensures documentary requirements are operationally obtainable and consistent with shipment reality
- **Exception Committee:** convened for high-risk issuers, unusual instruments, or disputed wording

19. Contact

Instrument submissions and questions:

- **finance@mezzarion.com** (Primary)
- **treasury@mezzarion.com** (If provided as an alias by Mezzarion in the corridor context)

Subject: Instrument Review – [Your Company] – [Deal Ref]

20. Legal Notice

This PIS is a **customer-facing summary** of Mezzarion's instrument standards and is **not legal advice**. Binding terms are defined only in executed agreements and final instrument texts.