



# MEZZARION PAYMENT INSTRUMENT STANDARD v1.3

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**Approver:** Group CEO

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**Controlled Document:** Yes — prior versions archived

**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 / Confirming)

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 URDG 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 URDG-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 URDG 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 confirmers 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; confirmor 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/regulated 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](mailto:finance@mezzarion.com) (Primary)
- [treasury@mezzarion.com](mailto: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.