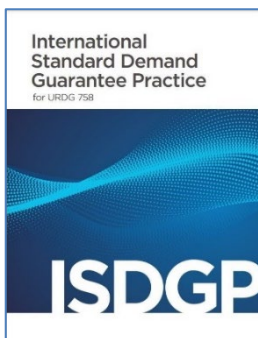


Trade Finance Newsletter #10

## ICC Documents best practice for demand guarantees

***The International Chamber of Commerce (ICC) have published the International Standard Demand Guarantee Practice (ISDGP) for URDG 758.***



The International Chamber of Commerce (ICC) have published the International Standard Demand Guarantee Practice (ISDGP) for URDG 758.

The purpose of the ISDGP is to supplement the URDG 758 by identifying and recording best practice. URDG 758 entered into effect 1 July 2010 – i.e., 11 years ago. Since then, demand guarantee practice as well as the markets have evolved. At the same time, some of the articles in the URDG 758 have been subject to questions and queries. For those reasons and others, ICC decided to initiate the drafting process of the ISDGP.

The ISDGP has been drafted by the ISDGP Working Group and its co-chairs Georges Affaki and Glenn Ransier. The drafting has been based on the comments received from the ICC Banking Commission National Committees. During the process, that took place over 3 years, 3 Drafts were circulated for comments and 72 sets of ICC National Committee Comments were received representing 27 countries spread over 5 continents.

ISDGP describes 215 international standard practices that has been collected through a decade of the application of the URDG. They record best practice in demand guarantees throughout the lifecycle of the guarantee which can be seen just by browsing through the chapters of the ISDGP:

- Application of ISDGP
- Definitions
- Drafting the guarantee
- Issuing the guarantee
- Advising a guarantee
- Amendments
- Presentation

- Demands
- Extend or pay demand
- Examination
- Payment
- Non-complying demand, waiver and notice
- Reduction and expiry of a guarantee
- Force majeure
- Transfers
- Assignment of proceeds
- Miscellany

The ISDGP was approved by the ICC Banking Commission 2021 at their Annual Meeting held 31 March.

The ICC National Committee's votes were as follows:

- Approve: 56
- Abstain: 0
- Against: 2

It is important to note that the ISDGP does not amend or change the URDG 758. It supplements it – and if applied correct should help to avoid unintended consequences that may lead to disputes.

In many cases, the content of ISDGP qualifies and exemplifies the rules laid out in URDG 758. Of course, Nordea have ensured that our handling of demand guarantees is in line with the practice documented in ISDGP.

It should also be mentioned that URDG 758 – and thereby ISDGP – cover demand guarantees only, and not surety or ancillary guarantees or the like.

The publication number of the International Standard Demand Guarantee Practice (ISDGP) for URDG 758 is 814E, and can be purchased at the ICC website.

The above is an overview of the newly published practices for demand guarantees – ISDGP. I hope this is helpful to you, and if you have Trade Finance related questions (to the ISDGP or something else), do not hesitate to reach out to your local Trade Finance department.

Also, please note that on 24 June 2021 Nordea Trade Finance held a Webinar on the ISDGP providing an introduction as well as some examples of the new documented practice.

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