



## Hydrocarbons # 99

**CIF ASWP JET A1 - EN590 - D6 Crude and more**

**PLATTS PRICE > LESS %**

- **Zero initial financial risk:** The seller covers all purchasing, loading, and logistics costs. There are no upfront fees, and payment is made strictly **after delivery at the destination port.**
- **Absolute protection of your SBLC:** The financial instrument serves solely as backup collateral; it is never used for monthly payments nor transferred. Furthermore, the seller issues a 2% Performance Bond to activate the transaction.
- **Delivery 100% insured by Lloyd's:** The entire shipment is covered by a Lloyd's of London marine insurance policy that contractually guarantees the safe delivery of the product to the port.
- **Transparency and total control:** Before payment, your client receives original documents directly from the refinery, retains the right to track the vessel in real time, and audits quality through internationally recognized inspectors such as SGS, Intertek, or Saybolt.
- **High-liquidity business ("Flip"):** The procedure is designed to allow the buyer **to resell the fuel—either in transit or at the final port—with zero cash outlay**, enabling them to finance the operation using funds from their own end buyer.

## SCO

*Bulk Fuel Wholesaler  
Supplier as Signatory / Titleholder*

### CIF - ASWP

#### Previous

- 1) LOI (Draft sent by buyer) + CIS
- 2) CIS information is exchanged principle to principle. Seller sends CIS to Buyer
- 3) POF principal to principal, either RWA, BCL, Bank to Bank MT 199, etc.;
- 4) Supplier 'Reserves' the fuel with the 'Refinery' and issues an FCO to the Buyer;
- 5) Draft contract provided for mutual acceptance and sign off;
- 6) Issuance of MT 799 /760 locking in the SBLC; and
- 7) Product delivered to Port or transferred onto a vessel.

#### DETAILED Protocols Seller currently uses to deliver petroleum products:

1. Final LOI on their Letterhead with a POF.
2. Once the POF is initially verified a formal introduction is made.
3. When the POF is further verified, Seller issues an FCO to the Buyer
  - a. Specific prices, volume, banking coordinates, load/discharge ports, delivery timeline, product specifications, etc. are in this document.
  - b. FCO's are NOT given to third parties.
  - c. **Seller's prices are more than 10 % below Platts.**
  - d. Brokers receive a Fee Protection Agreement (FPA) lodged with the Seller's USA attorney who remits payment if closure occurs.

#### When the FCO is signed as accepted:

1. Seller issues the SPA to the BUYER
  - a. This SPA has price, index discount, volume, load/discharge ports, delivery timeline, product specifications, banking coordinates and other tacit data.
  - b. Delivery timeline depends on the Product, Amount, Load/discharge ports,

- and vessel availability.
- c. The SPA is NOT given to brokers.
  2. When the buyer signs and returns the SPA, the product is Refinery committed.
    - a. The SPA is registered with Seller'S office, Refinery Corporate offices and our banker
    - b. The Buyer's banker transmits the Bank Instrument after SPA signing
    - c. Our banker reverts with a 2% Performance Bond
  3. When the Bank Instrument is validated Seller loads a vessel at it's own expense to deliver the product per the SPA. Product, Loading, Shipping and Insurance Documents are sent to the Buyer (which can be Buyer validated).
    - a. Charter Party Agreement (CPA)
    - b. Vessel Questionnaire (Q88)
    - c. Commercial Invoice (aka: Commitment to Supply)
    - d. Notice of Readiness (aka: ETA to destination issued by CPA)
    - e. Statement of Product Availability (Certificate of Origin)
    - f. Bill of Lading (aka: Cargo Manifest)
    - g. Ullage Report
    - h. Inspection Report (SGS, Intertek, Saybolt, etc.)
    - i. Certificate of Quality (aka: Specifications Sheet)
    - j. Vessel/Product Insurance Policy (Lloyds)
  4. The Buyer gets [wet signature] hard copy documents via Courier directly from the refinery corporate offices
    - a. The Buyer can track and/or communicate with the vessel at their convenience
    - b. It is the Buyer's Responsibility to arrange Target Shore Tanks or vessel transfer
  5. Per normal shipping protocols our shipper contacts the Buyer and target harbormaster within a 48- hour arrival date/time
    - a. Issue the Authorization to Board (ATB) and Dip Test Authorization (DTA)
    - b. Customs will accompany the Buyer per local rules
  6. Certificate of Title Transfer is issued when payment is made
    - a. Supplier will Pass Title
    - b. Shore tanks are injected at harbormaster direction

### **Remarks**

- a) Payment is made after delivery to the target port (or vessel).

b) Seller delivers at his expense and **there are no upfront fees.**

c) These procedures have been used with other major refiners.

- ✓ Seller will purchase the product, lease, load, inject, launch and deliver the vessel at their expense with coverage from a vessel policy underwritten by Lloyds of London. This policy guarantees delivery to the Buyer.
- ✓ Seller requires collateral of an SBLC from an 'acceptable bank. The SBLC is held by Seller's attorney or Asset Manager for Buyer protection. The SBLC is not divided or transferred and returned at contract end. The SBLC amount is 110% of the 'monthly contract cargo value using Standard ICC600 or 758 URDG verbiage. The SBLC is NOT used for monthly payments.
- ✓ Seller is purchasing the fuel with their own funds directly from the Refinery so because they are paying cash for the fuel, the SBLC is not used to secure the allocation.
- ✓ This is by design in Seller's 'sales contract' and the SBLC is NOT used for payments. The 'Net Effect' of this methodology is the Buyer will have ownership and possession of the fuel in their country and/or target port with NO out-of-pocket cash allowing the Buyer to 'flip' the vessel to a local distributor while in transit or at the port.
- ✓ Seller can load products with Russia, Germany, Brazil, Mexico, S. Korea and in the Middle East in Oman and Qatar just to name a few. The factor is that they load to the closest 'Port of Discharge' and can deliver a vessel at **more than 10% below Platts.**
- ✓ Seller has 'Wholesale Allocation Agreements' with more than 15 Refineries Globally and can deliver products, including but not limited to: Jet-A1, EN590, ESPO: Blended Crude: API 34-34.8, Sulphur 0.294-0.535, D2 and D6.