Business rules

The following information will give you a better insight into the actual conditions that are acceptable to the real buyers and sellers in this business as opposed to all of the nonsense that has been perpetrated by the brokers and others that simply do not understand this business.

First, let's put to rest many of the things that are incorrect and inaccurate about this business of buying and selling instruments.

Consider the following corrections to items that are pervasive throughout the brokers' network, continue to be included in Letters of Intent (), have been incorrectly applied to these transaction and are never a part of a real agreement between the seller and the buyer:

1. First and foremost, the days of the buyer standing in the public square and dropping his pants while the seller hides in the dark and is "protected" by some broker that calls himself the "mandate" are gone from this business, never to return.

2. The LOI can never become a contract. This is contrary to contract law. The seller and the buyer will always enter into an enforceable commercial contract/agreement. The LOI is just that, an expression of the buyer's interest or intention. More than 95% of the time, the LOI is written by a broker, not by the seller and, for the most part, these brokers have just cut and pasted information that they obtained from other brokers. Thus all of the conflicts and errors in the are copied and pass along from joker to joker (err..i meant to say, broker).

3. Banking coordinates are never conveyed in a LOI. These are very confidential and are not the business of the broker network. In fact, banking coordinates are never conveyed in an agreement. Banking coordinates are only conveyed principal to principal.

4. The laws of perjury do not apply to any commercial document, or agreements. This is

contrary to contract law and it is impossible for someone to perjure themselves in a letter of intent or interest.

5. The term “no proof” means just that.

6. There are no rules, regulations. Acts, ordinances or laws (including the US. Patriot Act of 2001) that require a buyer to produce a proof of financial capability prior to acquiring any instruments.

7. There is no agency or department of the US Government that approved the private sale of Medium Term Notes (MTNs) or Bank Guarantees (BGs) and there is no department that issues a “fed number” for MTNs. This is all joker-broker nonsense.

8. Banks do not endorse fee agreements, contracts or LOIs. This action would place a financial liability on the bank and they cannot and will not incur that liability on behalf of their depositors.

9. Banks do not issue irrevocable conditional bank purchase orders (ICBPO), or any purchase orders, period. In fact, a bank is precluded from incurring any liability on behalf of a depositor. And, the words “irrevocable conditional” form an oxymoron. No western world bank will issue a MT543, as it is a liability on behalf of the bank. In fact, as of September 1, 2003, the MT543 is gone from the banking world.

10. Issuing banks do not enter into agreements to sell their financial instruments and the buyer’s banks do not enter into agreements to purchase the financial instruments. The agreement is always between the buyer and the seller. And no banker or securities officer is going to act on behalf of the buyer or seller until and unless there is an agreement in place.

11. Collateral first is the most misunderstood phrase. Collateral first does not mean that the actual instruments move to the buyer before payment. It means that the seller must provide an invoice setting forth the details of the instruments, before the payment is made. There is no longer such a thing as a collateral first settlement via Euroclear and there is no such thing as a

“collateral first“ DVP settlement, these are not the same settlement types.

12. Buyer’s confidential documents (passport, resolution, client information sheet, banking coordinates) are not sent through the brokers’ network. This always results in the documents being shopped around the world. These documents are only sent on a principal to principal basis, period.

13. There is no such thing as “due diligence” by some “agency” for seasoned instruments. The buy/sell transaction between private parties is private and does not require the approval of any governmental body or agency.

14. As a result of the post-September 11 rules on wire transfers of funds, it is no longer possible for buyers to move cash funds in amounts over US$500M without the funds being stopped and investigated. Accordingly, offers that set forth tranches of $1b, $5b and more, are just pure nonsense.

15. The ICC in Paris, France, is not an enforcement, adjudication or legislative body. They are simply an information body. And, they have never published anything on the subject of ndnc. Accordingly, the ICC has no jurisdictional authority or standing in any commercial agreement.

16. Contract law sets forth that there cannot be any conflict of jurisdictional oversight to an agreement. Accordingly, an agreement cannot contain multiple jurisdictions as the controlling laws. Example: “this agreement is governed by the laws where the buyer and the seller reside and the ICC. Paris, France”. Or “this agreement is governed by the laws of the USA, UK, Hong Kong, Switzerland and Germany” were written by someone that know nothing about the law, period.

17. Bank guarantees are never on any screen (DTC or Euroclear) for screening, authentication or settlement. All BGs must be transacted via standard non-Euroclear DVP protocol settlement procedures.

18. Medium term notes (MTNs) are only on Euroclear, not on DTC, for screening, authentication and settlement. All MTNs and bonds on Euroclear must be transacted via standard Euroclear DVP protocol settlement procedures.

19. Some of the webs are starting to issue bank promissory notes. These notes can be posted and settled on Euroclear, via standard Euroclear DVP protocol procedures.

20. Prior to January 1, 2003, it was possible to settle on Euroclear with a collateral first settlement. The seller provided the buyer with the invoice containing all of the instrument and Euroclear codes, including the blocking code. The buyer would then screen the instruments, block (delivery) the instruments in its name and then pay the seller via wire transfer of funds. Euroclear called this a “free delivery” as the instruments were blocked in the name of the buyer without any funds being delivered (payment) at the same time. There were too many incidents where the funds never were wired, causing both the seller and Euroclear big problems. So, as of January 1, 2003, there are no more “free deliveries”.. All instruments on Euroclear must be transacted via standard Euroclear dvp protocol settlement procedures.

21. Standard Euroclear DVP protocol settlement procedures and standard non-Euroclear DVP protocol settlement procedures, do not require and, in fact, preclude the need for a proof of funds, proof of capability, financial capability letter, MT760, MT543 or MT799. This is handled in the bank to bank call, after the agreement is signed and in place. Accordingly, no one will issue these documents, as they are replaced by the bank to bank confirmation call that must take place immediately after the agreement is signed.

22. MT100 and MT103 are conditional swift transfers of cash funds. The MT100 has not been used for more than two years. The MT103 is the current method of sending a conditional swift transfer of cash funds. However, the MT103 is only used for fresh cut (new issue), funds first transactions and never for seasoned paper or a DVP settlement transaction.

23. MT543 is a bank commitment or undertaking and is not issued by any US. Bank and is not issued by most western european banks. Banks do not make commitments or undertakings on behalf of their depositors. If they were to do so, this would cause the bank to move liquid assets to the liability section of the balance sheet and bank simply will not do this. MT543s have been cancelled by the banking authorities and after September 1, 2003, are no longer used in the banking world.

24. MT760 is not a proof of funds, blocking of funds, movement of funds or settlement document. It only has one purpose. Its purpose is for the actual movement of the bank guarantee (not MTNs or bonds) from the seller's bank officer to the buyer's bank officer.

25. MT799 is a simple text message, sent bank to bank. In this business, this is used for a bank to bank proof of funds, only. The MT799 is not a form of payment and it is not a bank undertaking or promise to pay. It is simply a bank to bank confirmation of the funds on deposit, nothing more. And, all of these joker-brokers that modify the MT799 to make it look like a bank undertaking are just kidding themselves.

26. Standby Letters of Credit (SBLCs) are not instruments that are issued, bought and sold at discounted prices. When a bank issues a SBLC, the price to the buyer is 100% of face value, plus the bank service charge for the instrument. And, the purchaser of the SBLC will ask the bank to place a restrictive endorsement on the SBLC, for the payment of a specific item of goods or services. All offers for large amounts of SBLCs at discounted prices are absolutely fraudulent offers.

27. A fee protection agreement that states "to be determined" or "to be nominated" as the name of the paymaster for either the buyer's side or the seller's side is absolutely worthless. No prudent business person will issue a blank document. And, if you do not know the name of the seller's side paymaster, then you do not have a valid offer and you do not have any way of delivering the Ready Willing and Able (RWA) letter to the seller.

28. There is no such thing as slightly seasoned instruments. Instruments are either fresh cut (new issue that has not been registered with a buyer) or they are seasoned (instruments that have already been sold to one or more buyers). While the price of seasoned instrument can vary, the fact that they are either seasoned or not seasoned is binary in nature.

29. There is no such thing as the "gray screen". This is just joker-broker nonsense.

30. There is no such thing as a "fed id" approving the acquisition of MTNs. This is just joker-broker nonsense.

31. There is no such thing as a “fed pool” for MTNs. This is just joker-broker nonsense.

32. There is no such thing as a “fed program” or “fed trader”. These are just terms created by the joker-brokers in this business.