

DRAFT RULES on LETTERS OF TRUST by M. GUTTERIDGE  
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1 - Where a banker issues a letter of Credit to the seller of goods at the instance of the buyer, and receives the documents of title relating to the goods (as specified in the letter of credit) the property in such documents and goods shall be deemed to be vested in the banker so far as may be necessary in order to provide security for any advances made or liabilities incurred by the banker under the letter of credit.

2 - If the banker delivers the said documents of title or goods to the buyer for the purpose of enabling the goods to be re-sold, manufactured or otherwise dealt with by the buyer, such delivery shall not be deemed in any way to diminish or otherwise affect the banker's right of property referred to in art. 1, provided that such delivery is made on the terms of a Letter of Trust or similar document signed and addressed to the banker by the buyer, in pursuance of which the buyer undertakes to hold the documents of title and the goods which they represent on behalf of the banker and to deal with any proceeds of the resale of the goods as directed by the banker.

- The documents of title or goods covered as aforesaid by a letter of trust shall not be seized by judicial process on behalf of any creditor of the buyer nor shall they be available for distribution among his creditors in any proceedings in the nature of Bankruptcy, Konkurs, or Faillite.

- 4 - Any provision contained in a Letter of Trust which forbids or restricts the buyers' right to dispose of or otherwise deal with the documents of title or goods shall be void as against any person purchasing the same or advancing money or rendering services in reliance thereon for value and in good faith. Such person shall be entitled to the documents of title or goods free of all claims thereto by the banker.
  
- 5 - A Letter of Trust shall be void as against any creditor of the buyer or his trustee in bankruptcy or the Syndic of his creditors unless the banker shall, within .... days from the delivery of the documents of title or goods to the buyer, cause to be registered a declaration signed by him or on his behalf and stating that the Letter of Trust has been given by the buyer and specifying in general terms the class or classes of goods which are covered by the Letter of Trust.
  
- 6 - The formalities requisite for such registration shall be those which are specified by the law of the country in which the banker carries on business. The registration shall be valid for a period of .... months at the expiration of which period it may be renewed for a further period of .... months.