

Glossary User Guide

Oracle FLEXCUBE Investor Servicing

Release 12.0.3.0.0

Part No. E53392-01

April 2014

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1. About This Manual

1.1 Introduction

Welcome to Oracle FLEXCUBE Investor Servicing [™], a comprehensive mutual funds automation software from Oracle Financial Servicing Software Ltd. ©.

This Oracle FLEXCUBE Investor Servicing User Manual helps you use the system to achieve optimum automation of all your mutual fund investor Servicing processes. It contains guidelines for specific tasks, descriptions of various features and processes in the system and general information.

1.2 Related Documents

The User Manual is organized in to various parts, each discussing a component of the Oracle FLEXCUBE Investor Servicing system.

1.3 Audience

This Fund Manager User Manual is intended for the Fund Administrator users and system operators in the AMC.

1.4 Organization

This volume of the Fund Manager User manual is organized under the following chapter sequence:

Chapter 1	<i>About This Manual</i> explains the structure, audience, organization, and related documents of this manual.
Chapter 2	<i>Appendix – Glossary lists</i> Glossary of Oracle FLEXCUBE Investor Servicing Terms.

1.5 Conventions Used in this Manual

Before you begin using this User Manual, it is important to understand the typographical conventions used in it.

1.5.1 General Conventions

Convention	Type of Information
<i>Italic type</i>	Functional /foreign terms Validations for fields on a screen References to related Headings/Users Manuals For emphasis
Numbered Bullet	Step by step procedures

1.5.2 Keyboard Conventions

Convention	Type of Information
Keys	All keys of the keyboard are represented in capital letters. For example, <CTRL>.
Shortcut keys	All short cut keys are contained in brackets. For example, <ALT+SHIFT>.

1.6 Glossary of Icons

This User Manual may refer to all or some of the following icons

Icons	Function
	Exit
	Add Row
	Delete Row
	Option List

1.7 Abbreviations and Acronyms

The following acronyms and abbreviations are adhered to in this User Manual:

Abbreviation/ Acronym	Meaning
ADMIN	User Administrator
AGY	The Agency Branch component of the system
AMC	Asset Management Company
BOD	Beginning of Day
CDSC	Contingent Deferred Sales Charge
CGT	Capital Gains Tax

Abbreviation/ Acronym	Meaning
CIF	Customer Information File
EOD	End of Day
EPU	Earnings per unit
FC-IS	Oracle FLEXCUBE Investor Servicing
FMG	The Fund Manager component of the system
FPADMIN	Oracle FLEXCUBE Administrator
ID	Identification
IHPP	Inflation Hedged Pension Plan
IPO	Initial Public Offering
LEP	Life and Endowment Products
LOI	Letter of Intent
NAV	Net Asset Value
REG	The Registrar component of the system
ROA	Rights of Accumulation
ROI	Return on Investment
SI	Standing Instructions
SMS	Security Management System
URL	Uniform Resource Locator
VAT	Value Added Tax
WAUC	Weighted Average Unit Cost

1.8 Getting Help

Online help is available for all tasks. You can get help for any function by clicking the help icon provided or by pressing F1.

2. Appendix A – Glossary

2.1 Glossary of Oracle FLEXCUBE Investor Servicing Terms

Account Closure:	Carried out after the unit holder wishes to close his account with the fund. A unit holder account would be considered closed only after all the units held by a unit holder in the fund are redeemed, current block transactions are unblocked and any un-cleared checks are cleared and given effect to. Until such time that these processes are completed, the account would be treated as Pending Closure.
Agency Branch:	The branch which caters to the needs of the unit holders on the basis of the geographical areas earmarked for their activities .The agency branch helps the fund managers to generate more business for the fund besides acting as a contact point for unit holders who need not always approach the AMC directly for information required by them or for transactions.
Agent:	The organization / entity entrusted with dealing directly with unit holders, a function performed in turn by its Agency Branches.
Aging:	The process of keeping track of the age of a transaction from the date of its entry till the date of its being cleared in full from the account of a unit holder. Two types of aging are supported within the system: FIFO and Transaction Receipts
Allocation on par with cash:	The fund manager has the option of waiting for payments made through modes other than cash to be cleared before effecting allocation. Conversely, the fund manager may opt to provisionally allot the units on receipt of the application, pending clearance of the payment in the case of check, credit card and transfers. This option of provisional allotment pending clearing can be enabled using the “allocation on par with cash” option. It follows that when “allocation on par with cash” is defined as “NO”, the units will be allocated only after the payment is cleared, manually or through automatic clearing.
Allocation:	The process of creation / liquidation of units after a transaction ,net of all loads, is referred to as allocation.
Amendment:	Transactions may be amended at the agency branch level on the request of the unit holder to give effect to corrections pertaining to specific transactions. Fund rules can also be amended at the fund manager level on the basis of a decision made by the trustees or the board of directors. Presently any transaction can be amended once while in the case of fund rule amendment the fund manager has an option to amend it to the funds necessity. Presently in the system any transaction can be amended once..
Authorization:	Every time data pertaining to fund rules or transactions is entered in the system, it has to be authorized so as to give effect to it. An authorization is therefore the process of verification of the data entered as also sanctioning the same. Presently the system supports authorization for the key processes like Funds, Fund Rule, Unit holders, Brokers, Transaction Amendment, Transaction Processing Rules etc.

Automatic clearing:	While the agency branch initiating a transaction can manually clear / reject a check / demand draft / credit card / transfer transaction on the basis of the advice from the drawee bank, it is also possible for the fund manager to define a maximum period beyond which all payments which are pending clearing are cleared by the system, and allocation of the same carried out. This concept of payment status being system cleared is referred to as Automatic Clearing.
Block:	When a unit holder pledges units in favor of a corporate, person or institution, a lien is required to be marked on these units in favor of the recipient of the pledge. This is called a block and the unit holder cannot redeem, transfer or switch these units until the block is lifted through an Unblock.
Board of Directors Meeting:	A meeting held to declare the results of the funds and the future strategies of the fund with respect to investments, profit sharing with unit holders. Dividend and book closing dates are announced and fund rules are amended if required with the directors approving such amendments.
BOD:	Also known as beginning of the next working day. The system would be online again after the completion of BOD and the agency branches can do transaction entry.
Book Closing:	Having defined a freeze holdings date, the fund may also specify a date or a pair of dates during which no new units would be issued to unit holders in the funds or like wise transferred to new unit holders effectively resulting in the register of unit holders being closed for the period specified. This action of a fund is referred to as book closing and the period is the difference between the book closing from and to date(s). The unit holders whose names appear in the Registrars list on the book closing from date are eligible for dividends if announced.
Broker:	An individual or a corporate entrusted with the role of marketing the products offered by the fund. At present multiple level hierarchy could be supported in the system.
Ceiling Value(Loads):	Maximum value for a load which the fund manager may expect to pay or receive. The system would recognize both floor and ceiling values for a transaction.
Check allocation. On clearing date:	In cases where the fund is defined as having check allocation. on clearing date, the transaction is allocated on the basis of the price prevailing on the date of clearing of the check.
Clearing:	Unit holders can pay for IPO subscriptions, subscriptions through cash, check, demand draft, credit card and transfer from their bank account. With exception of cash transactions, all the others have to be presented to the drawee bank and credit received by the fund. This process of presentation and receiving credit through bank is referred to as clearing. A related concept is that of allocation on par with cash.
Confirmation:	A process carried out by the fund manager to ratify redemption transactions and is mandatory for check printing in respect of redemption transactions to be enabled.

Consolidation:	In a situation where the unit holder requests for units issued under separate certificates to be combined as certificates having a greater denomination, a consolidation transaction is put through and units generated in the unit holder defined denominations. Mainly corporate and FII investors are interested in these type of certificates where the denomination of the certificates are usually high. In other words these are known as 'Jumbo Certificates'. This function is supported in a scrip-based fund.
Corporate Actions:	This screen can be used by the AMC to define the pattern for processing corporate actions like dividend. A fund can have a profile for each corporate action. The frequency of payoffs; price declaration as also other payment related areas such as lead times and processing frequencies for statements for each corporate action type can be captured in the profile.
Custodian:	An entity which stores and keeps track of the physical securities pertaining to the fund, and applicable primarily in a scrip based scenario.
Declared NAV:	A fund may opt to declare a price at a pre-defined frequency. This price is a function of the trading profits and losses of the fund and is arrived at based on the policies defined by the fund in advance. This net figure which the fund may publicly announce is referred to as the declared NAV and is reckoned for the purposes of arriving at loads, payoffs etc. subject to the floor and cap applicable for the same. Typically, in a user scenario, the declared NAV is determined by the fund manager through the use of an investment management tool, such as FLEXCUBE Investor Services - Asset Management or any other external mechanism from where the price is received and entered either manually or through a specifically designed interface.
Dividend:	A portion of profits that are divided among the unit holders according to their respective holdings at a pre-defined frequency.
Entity:	An individual, corporate or institution with which a fund interacts in the course of its daily activities. At present the following entities are recognized in the system: unit holders, asset management companies (AMC's), registrars, brokers, agents, agency branches, trustees.
EOD	The procedures that are undertaken to close out a logical day and prepare the system for the next working day are collectively termed as EOD or End of Day Procedures. They are menu-driven, as well as automated.
Export - Import Processing:	Offline branches need to forward data to the fund manager on a daily basis and then receive the same back after it is processed. Data is forwarded to the fund manager by offline branches through the export process and received through the import process. This exchange of data between the fund manager and the offline branches is referred to as export / import processing.
FIFO:	In the case of a scrip-less fund, when the unit holder asks for any one of three transaction types (redemption, switch or transfer), and the aging for that fund is based on FIFO, the system would automatically put through the transaction taking into account the balances in earlier acquisition transactions, starting with the unit holder's oldest transaction in the fund and progressively going through to the last until the entire requirement of the transaction is met.

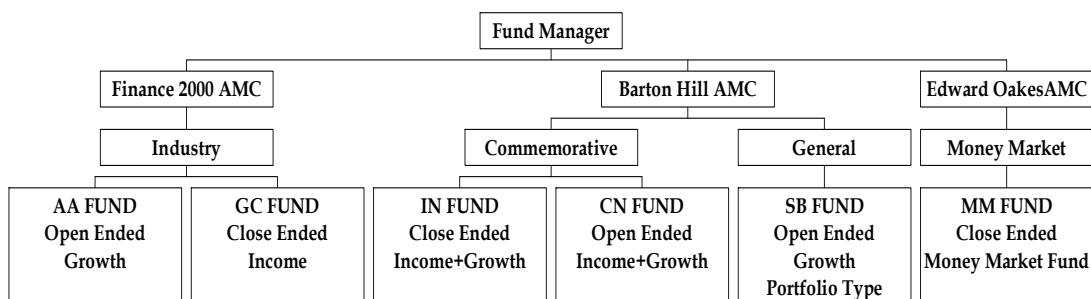
Floor Price:	The minimum price offered by the AMC for the units in a fund. This would apply in the case of redemption payoffs, and in the computation of loads for a transaction by a unit holder in a fund.
Floor Value (Loads):	Minimum value for a load which the fund manager may expect to pay or receive.
Freeze Holdings:	When dividends are declared by a fund, it would like to payoff these dividends to unit holders on the basis of their holdings as of a particular date. The holdings as of this date are eligible for the computation of dividend.
Information Change:	Carried out whenever the unit holder wants to change information related to his address, telephone number, identification details, joint holders, etc.
IPO:	Initial public offering is done by the fund manager to garner subscriptions when a new fund is floated. This operation is typically a primary market operation that involves broker, agent and its agency branch that helps the fund manager to get maximum funds from the investors while starting the fund.
Lags:	A lag can be defined as the lead time which would be applicable to a particular transaction in respect of: a) Price: When a price lag is defined for a transaction type, it means that the price applicable for the transaction would be the price declared on a date that is the transaction date minus the number of days of lag, b) Allocation: When an allocation lag is defined, the allocation of the transaction may take place only after the expiry of the number of days of lag, from the date of the transaction, c) Confirmation: For redemption transactions, a confirmation is required to enable printing of the payoff check. Such a confirmation for the transaction can only be done after the expiry of the number of days of lag.
Letter of Intent:	A type of instruction given by a client to the fund manager to buy, sell, redeem at a particular date or rate specified by the unit holder. It is a commitment by the unit holder to invest a specified amount within a specified time period.
Load to Price:	In the event of a load being defined as a percentage of a transaction amount, the fund manager may prefer to let the effect of such a load reflect on the price applicable to the transaction. This practice of increasing or decreasing the price for a transaction is referred to as "loading to price".
Loads:	Fees charged from or incentives paid to the parties that the fund interacts with during the course of its daily operations. These may be defined as a percentage or as a straight amount depending on pre-defined slabs.
Name Change:	Carried out when a unit holder wants to change his / her name as appearing in the list of members for that fund. The fund manager effects a name change only after authorization.

NAV or Net Asset Value:	The price of the fund units is determined by this method. This calculation is appropriate for the open-ended funds because they are sold to the owners of the fund, and traded at net asset value. The formula of NAV is as follows $\text{NAV} = \frac{\text{Value of the fund portfolio} + \text{funds cash awaiting investments} - \text{Expenses}}{\text{Number of Units Outstanding}}$ The higher the NAV, the stronger is the fund but for close ended funds the price is determined by the demand and supply factors in the secondary markets.
Online & Offline branches:	Data in the system resides on the backend database that can be accessed by agency branches that are connected to it through leased lines or some other form of networking. Branches that are so connected to the server are referred to as online branches. On the other hand, there may be agency branches that are not connected to the backend database. These branches may have access to fewer services within the system. Also these branches will have to send data to the fund manager and receive the processed data from the fund manager on a daily basis, through export – import processing.
Par Value:	Whenever a fund makes an initial public offering, it would be required to specify the face value at which the units are being offered to prospective investors. This face value at which the units are being offered is referred to as the par value.
Post priced funds:	The fund manager may opt for price declaration for a fund after taking into account the transactions for the day. This can only be done at close of a day's business hours, and such a fund would be referred to as a post-priced fund.
Pre-EOD:	Also known as Pre-End of Day Processing, at the fund manager is the first step in the closing of books for the day. Prior to taking up pre-EOD, the fund manager has to ensure that all the agency branches are signed off, fund prices are entered for the day for all the funds (as per pre-defined frequency). The system displays a list of activities that are classified as mandatory or optional and the user has to ensure that the same are completed before taking up pre-EOD processing at fund manager. This is followed by EOD.
Pre-priced funds:	A pre-priced fund is one in which the last available price declared would be applicable for transactions which would be the price declared the day before the transaction date where price declaration frequency is daily. The system presently requires that the frequency of price declaration for a post-priced fund necessarily be daily whereas a pre-priced fund can have daily, weekly, monthly, half-yearly, yearly frequencies of price declaration.
Redemption Transactions:	An option given in the open-ended funds where the fund may buy back units from unit holders either on the closure of the fund or at pre-defined intervals. . Rules of the redemption are fund specific. Redemption would result in reducing the outstanding units in the fund.

Registered Capital:	The product of the total outstanding units in a fund by the price of issue.
Reinvestment:	In addition to the returns earned by them on initial investment made, unit holders may also opt to increase their returns by putting their earnings back in the same fund or in other funds which would increase their holding in the fund where such returns are re-deployed. This process of re-deploying returns for earning incremental returns is referred to as reinvestment. Currently in the system reinvestment option is extended to the brokers and the unit holders.
Reissue:	If a certificate is destroyed or misplaced, the fund manager can reissue the misplaced certificates as duplicates after a formal announcement. This is applicable to scrip based funds.
Rejection:	Just as a transaction is authorized, it can also be rejected by the fund manager using the discretion provided in the prospectus, resulting in the transaction being disallowed.
Rule Effective date:	This is one of the most frequently occurring terms in the system. Whenever a new rule is defined within the system, the user would be required to specify a rule effective date for the same; this would be accepted by the system and the new rule would become current from the rule effective date that the user defines. In other words, rule effective date is that date from which a new fund related rule defined would become current.
Scrip-based funds:	Funds which issue certificates to unit holders for their holdings in a fund. Consequently, every transaction by a unit holder in a scrip-based fund involves certificates being exchanged.
Scrip-less funds:	Funds which do not issue certificates to unit holders. The balances held by the unit holders in these funds are tracked either through pass-books or periodically generated account statements. Certificates can be printed in the case of scrip-less funds for block transactions of unit holders.
Sign off:	Sign off is a mandatory requirement for the fund manager to take up pre-EOD processing. By signing off a branch, the fund manager ensures that all the data pertaining to the agency branch has been accepted by the fund manager, while also ensuring that no further transaction entry can be done by the agency branches until completion of EOD processing.
Split:	A reverse of a consolidation, whereby unit holder can reduce the certificate denominations.
Standing Instructions:	Instead of having to repeat a transaction periodically, the unit holder may request the fund manager to put through the same on his behalf at pre-defined intervals. Such requests are referred to as Standing Instructions.
Subscriptions:	Investments made by investors in a specified period falling outside the IPO period. In a close-ended fund subscriptions are limited to the required corpus of the fund.

Summary reports:	As part of EOD processing every day, the system generates a report for each transaction type in each fund, giving the details of the loads applicable and applied for the transactions, the unit holder names, along with advices to the registrar, accounting section and the trustees regarding payoffs, credits, debits and transfers for the transactions. Such reports are referred to as Summary reports. There is also a separate menu option available to the fund manager for the generation of such reports.
Switch:	An option where a unit holder could move investments from one fund to any other fund belonging to the same fund family. It should be noted that unit holders cannot switch from one fund family to another.
Transaction base price:	In defining a fund, the fund manager may specify the transaction types that are available to the unit holders in the fund. At the same time, the fund may also specify the price that would be applicable to that transaction type. At present, the values supported for this would be Par Value, Declared NAV and ROI Value.
Transaction receipts:	In the case of a scrip-less fund having aging based on transaction receipts, the unit holder can select the earlier transaction to which he would like the transaction aged, and the units allotted would be reduced from that particular transaction only.
Transfer:	This process is normal in open and close-ended funds where the unit holder sells his holdings to another unit holder or to a new unit holder. The buyer gets the unit registered and the holding of the seller is reduced to the extent of the transfer.
Trustee:	An individual or group of persons overseeing the activities of the AMC with to safeguard the interests of the Unit holder.
Unblock:	When the unit holder gets the pledged units released, he is free to carry out all transactions pertaining to the units in that fund. This freeing of pledged units is referred to as Unblock.
Unit holder:	Is an individual or a corporate that subscribes to the units of the fund, on the basis of the information provided by the brokers, by making an application to the agency branch attached to the fund.

The terms that follow are sought to be explained with the assistance of the following chart:



In the figure given above, the AMC's are defined as Finance 2000 AMC, Barton Hill AMC and Edward Oakes AMC.

Fund Class:	Funds floated by an AMC may be classified as Open ended or Close ended funds.
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Open Ended Funds:	An open ended fund makes an offering of its units to the public and has an option to buyback (redeem) its units from the unit holder who wishes to liquidate his holdings at a given point of time. Similarly, unit holders are allowed entry at any time during the life of the fund.
Close Ended Funds:	A close-ended fund issues its units up to a pre-determined number through an initial public offering. Once the units are issued, they may be redeemed only upon the closure of the fund. Further, unit holders also have the option of switching their holdings, upon closure of the fund, to funds which are part of the same Fund Family.
Fund Family:	Comprises of one or more funds, and permits inter-fund activity. Fund families are defined by the AMC and a given fund can only belong to one fund family. Industry, Commemorative, General and Money Market constitute the four fund families in the figure above. Unit holders in GCFund may switch their holdings to AAFund upon closure of GCFund. Similarly, unit holders in INFund may switch their units into CNFund on closure of their fund.
Fund Type:	An AMC may define in advance the type of funds that it would float. In the figure above, three fund types are defined - Income, Growth and Income-cum-Growth.
Earnings Per Unit (EPU)	This is the income on a per unit basis from a fund which the Fund Manager proposes to distribute for eligible investors holding balances in the fund
Bulk Import	The generic facility to import all transactions (IPO and subscription) and client details into FLEXCUBE Investor Services. The transactions could be imported as authorized and unauthorized transactions where the unauthorized ones are put through normal authorizations.

3. Appendix B - Glossary

3.1 Glossary of Oracle FLEXCUBE– Investor Servicing

Account Closure:	Carried out after the unit holder wishes to close his account with the fund. A unit holder account would be considered closed only after all the units held by a unit holder in the fund are redeemed, current block transactions are unblocked and any uncleared checks are cleared and given effect to. Until such time that these processes are completed, the account would be treated as Pending Closure.
Agency Branches :	The branch which caters to the needs of the unit holders on the basis of the geographical areas earmarked for their activities .The agency branch helps the fund managers to generate more business for the fund besides acting as a contact point for unit holders who need not always approach the AMC directly for information required by them or for transactions.
Agent:	The organization / entity entrusted with dealing directly with unit holders, a function performed in turn by its Agency Branches.
Aging:	The process of keeping track of the age of a transaction from the date of its entry till the date of its being cleared in full from the account of a unit holder. Two types of aging are supported within the system :FIFO and Transaction Receipts
Allocation on par with cash:	Allocation on par with cash is maintained in Fund Rules, General Operating Rules. The fund manager has the option of waiting for payments made through modes other than cash to be cleared before effecting allocation. Conversely, the fund manager may opt to provisionally allot the units on receipt of the application, pending clearance of the payment in the case of check, credit card and transfers. This option of provisional allotment pending clearing can be enabled using the “allocation on par with cash” option. It follows that when “allocation on par with cash” is defined as “NO”, the units will be allocated only after the payment is cleared, manually or through automatic clearing.
Allocation:	The process of creation/ liquidation of units after a transaction net of all loads is referred to as allocation.
Amendment:	Transactions may be amended at the agency branch level on the request of the unit holder to give effect to corrections pertaining to specific transactions. Fund rules can also be amended at the fund manager level on the basis of a decision made by the trustees or the board of directors. Presently any transaction can be amended as many times as required while in the case of fund rule amendment the fund manager has an option to amend it to the funds necessity. Presently in the system any transactions can be amended as many times as required.

Authorization:	Every time data pertaining to fund rules or transactions is entered in the system, it has to be authorized so as to give effect to it. An authorization is therefore the process of verification of the data entered as also sanctioning the same. Presently the system supports authorization for the key processes like Funds, Fund Rule, Unit holders, Brokers, Transaction Amendment, Transaction Processing Rules etc.
Automatic clearing:	While the agency branch initiating a transaction can manually clear / reject a check / demand draft / credit card / transfer transaction on the basis of the advice from the drawee bank, it is also possible for the fund manager to define a maximum period beyond which all payments which are pending clearing are cleared by the system, and allocation of the same carried out. This concept of payment status being system cleared is referred to as Automatic Clearing.
Block:	When a unit holder pledges units in favor of a corporate, person or institution, a lien is required to be marked on these units in favor of the recipient of the pledge. This is called a block and the unit holder cannot redeem, transfer or switch these units until the block is lifted through an unblock.
Board of Directors Meeting:	A meeting held to declare the results of the funds and the future strategies of the fund with respect to investments, profit sharing with unit holders. Dividend and book closing dates are announced and fund rules are amended if required with the directors approving such amendments.
BOD:	Also known as beginning of the next working day. The system would be online again after the completion of BOD and the agency branches can do transaction entry.
Book Closing:	Having defined a freeze holdings date, the fund may also specify a date or a pair of dates during which no new units would be issued to unit holders in the funds or like wise transferred to new unit holders effectively resulting in the register of unit holders being closed for the period specified. This action of a fund is referred to as book closing and the period is the difference between the book closing from and to date(s). The unit holders whose names appear in the Registrars list on the book closing from date are eligible for dividends if announced.
Broker:	An individual or a corporate entrusted with the role of marketing the products offered by the fund. At present multiple level hierarchies could be supported in the system.
Ceiling Value(Loads):	Maximum value for a load which the fund manager may expect to pay or receive. The system would recognize both floor and ceiling values for a transaction.
Check allocation. On clearing date:	In cases where the fund is defined as having check allocation. on clearing date, the transaction is allocated on the basis of the price prevailing on the date of clearing of the check.

Clearing:	Unit holders can pay for IPO subscriptions, subscriptions through cash, check, demand draft, credit card and transfer from their bank account. With exception of cash transactions, all the others have to be presented to the drawee bank and credit received by the fund. This process of presentation and receiving credit through bank is referred to as clearing. A related concept is that of allocation on par with cash.
Confirmation:	A process carried out by the fund manager to ratify redemption transactions and is mandatory for check printing in respect of redemption transactions to be enabled.
Consolidation :	In a situation where the unit holder requests for units issued under separate certificates to be combined as certificates having a greater denomination, a consolidation transaction is put through and units generated in the unit holder defined denominations. Mainly corporate and FII investors are interested in these type of certificates where the denomination of the certificates are usually high. In other words these are known as 'Jumbo Certificates'. This function is supported in a scrip-based fund.
Corporate Actions	The Corporate Actions screen can be used by the AMC to define the rules for corporate actions processing for the fund. For the corporate action dividend, you can define the frequency of payoffs; price declaration as also other payment related areas such as lead times and processing frequencies for statements, for both cash and stock dividends. For a fund, a separate corporate action profile can be maintained for each dividend type, stock and cash.
Custodian:	An entity which stores and keeps track of the physical securities pertaining to the fund, and applicable primarily in a scrip based scenario.
Declared NAV:	A fund may opt to declare a price at a pre-defined frequency. This price is a function of the trading profits and losses of the fund and is arrived at based on the policies defined by the fund in advance. This net figure which the fund may publicly announce is referred to as the declared NAV and is reckoned for the purposes of arriving at loads, payoffs etc. subject to the floor and cap applicable for the same. Typically, in a user scenario, the declared NAV is determined by the fund manager through the use of an investment management tool, such as Oracle FLEXCUBE Investor Servicing - Asset Management or any other external mechanism from where the price is received and entered either manually or through a specifically designed interface.
Dividend:	A portion of profits that are divided among the unit holders according to their respective holdings at a pre-defined frequency.
Entity:	An individual, corporate or institution with which a fund interacts in the course of its daily activities. At present the following entities are recognized in the system: unit holders, asset management companies (AMCs), registrars, brokers, agents, agency branches, trustees.
EoD	The procedures that are undertaken to close out a logical day and prepare the system for the next working day are collectively termed as EoD or End of Day Procedures. They are menu-driven or automatically processed.

Export - Import Processing:	Offline branches need to forward data to the fund manager on a daily basis and then receive the same back after it is processed. Data is forwarded to the fund manager by offline branches through the export process and received through the import process. This exchange of data between the fund manager and the offline branches is referred to as export / import processing.
FIFO:	In the case of a scrip-less fund, when the unit holder asks for any one of three transaction types (redemption, switch or transfer), and the aging for that fund is based on FIFO, the system would automatically put through the transaction taking into account the balances in earlier acquisition transactions, starting with the unit holder's oldest transaction in the fund and progressively going through to the last until the entire requirement of the transaction is met.
Floor Price:	The minimum price offered by the AMC for the units in a fund. This would apply in the case of redemption payoffs, and in the computation of loads for a transaction by a unit holder in a fund.
Floor Value(Loads):	Minimum value for a load which the fund manager may expect to pay or receive.
Freeze Holdings:	When dividends are declared by a fund, it would like to payoff these dividends to unit holders on the basis of their holdings as of a particular date. The holdings as of this date are eligible for the computation of dividend.
Information Change:	Carried out whenever the unit holder wants to change information related to his address, telephone number, identification details, joint holders, etc.
IPO:	Initial public offering is done by the fund manager to garner subscriptions when a new fund is floated. This operation is typically a primary market operation that involves broker, agent and its agency branch that helps the fund manager to get maximum funds from the investors while starting the fund.
Lags:	A lag can be defined as the lead time which would be applicable to a particular transaction in respect of : a) Price: When a price lag is defined for a transaction type, it means that the price applicable for the transaction would be the price declared on a date that is the transaction date minus the number of days of lag, b) Allocation: When an allocation lag is defined, the allocation of the transaction may take place only after the expiry of the number of days of lag, from the date of the transaction, c) Confirmation: For redemption transactions, a confirmation is required to enable printing of the payoff check. Such a confirmation for the transaction can only be done after the expiry of the number of days of lag.
Letter of Intent:	A type of instruction given by a client to the fund manager to buy, sell, redeem at a particular date or rate specified by the unit holder. It is a commitment by the unit holder to invest a specified amount within a specified time period.

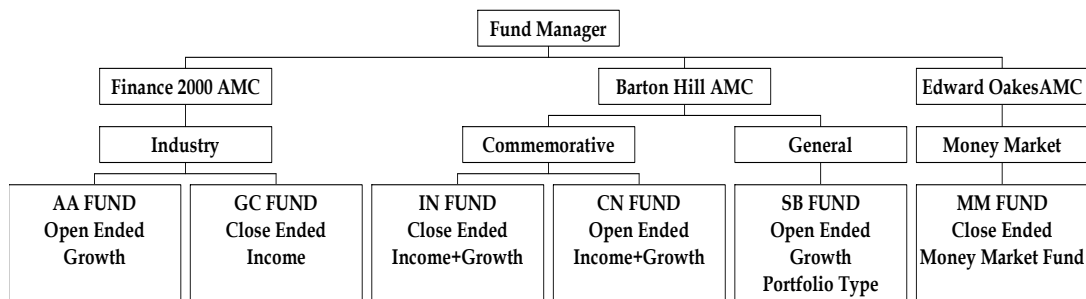
Load to Price:	In the event of a load being defined as a percentage of a transaction amount, the fund manager may prefer to let the effect of such a load reflect on the price applicable to the transaction. This practice of increasing or decreasing the price for a transaction is referred to as “loading to price”.
Loads:	Fees charged from or incentives paid to the parties that the fund interacts with during the course of its daily operations. These may be defined as a percentage or as a straight amount depending on pre-defined slabs.
Name Change:	Carried out when a unit holder wants to change his / her name as appearing in the list of members for that fund. The fund manager effects a name change only after authorization. It is also essential for the name change to be accepted by the Registrar to become effective.
NAV or Net Asset Value:	The price of the fund units is determined by this method. This calculation is appropriate for the open-ended funds because they are sold to the owners of the fund, and traded at net asset value. The formula of NAV is as follows $\text{NAV} = \frac{\text{Value of the fund portfolio} + \text{funds cash awaiting investments} - \text{Expenses}}{\text{Number of Units Outstanding}}$ The higher the NAV, the stronger is the fund but for close ended funds the price is determined by the demand and supply factors in the secondary markets.
Online & Offline branches:	Data in the system resides on the backend database that can be accessed by agency branches that are connected to it through leased lines or some other form of networking. Branches that are so connected to the server are referred to as online branches. On the other hand, there may be agency branches that are not connected to the backend database. These branches may have access to fewer services within the system. Also these branches will have to send data to the fund manager and receive the processed data from the fund manager on a daily basis, through export – import processing.
Par Value:	Whenever a fund makes an initial public offering, it would be required to specify the face value at which the units are being offered to prospective investors. This face value at which the units are being offered is referred to as the par value.
Post priced funds:	The fund manager may opt for price declaration for a fund after taking into account the transactions for the day. This can only be done at close of a day's business hours, and such a fund would be referred to as a post-priced fund.

Pre-EOD:	Also known as Pre-End of Day Processing, at the fund manager is the first step in the closing of books for the day. Prior to taking up pre-EOD, the fund manager has to ensure that all the agency branches are signed off, fund prices are entered for the day for all the funds (as per pre-defined frequency). The system displays a list of activities that are classified as mandatory or optional and the user has to ensure that the same are completed before taking up pre-EOD processing at fund manager. This is followed by EOD.
Pre-priced funds:	A pre-priced fund is one in which the last available price declared would be applicable for transactions which would be the price declared the day before the transaction date where price declaration frequency is daily. Note: The system presently requires that the frequency of price declaration for a post-priced fund necessarily be daily whereas a pre-priced fund can have daily, weekly, monthly, half-yearly, yearly frequencies of price declaration.
Redemption Transactions:	An option given in the open-ended funds where the fund may buy back units from unit holders either on the closure of the fund or at pre-defined intervals. . Rules of the redemption are fund specific. Redemption would result in reducing the outstanding units in the fund.
Registered Capital:	The product of the total outstanding units in a fund by the price of issue.
Registrar:	An entity which records all the unit holder related details including name and address, transactions, history of dealings with the AMC, besides performing the role of monitoring and collating IPO subscription and subscription details, and giving effect to redemption payoffs, switch transactions, transfers between unit holders, unit holder account closures etc. Also responsible for answering unit holder queries and redress of unit holder grievances.
Reinvestment:	In addition to the returns earned by them on initial investment made, unit holders may also opt to increase their returns by putting their earnings back in the same fund or in other funds which would increase their holding in the fund where such returns are re-deployed. This process of re-deploying returns for earning incremental returns is referred to as reinvestment. Currently in the system reinvestment option is extended to the brokers and the unit holders.
Reissue:	If a certificate is destroyed or misplaced, the fund manager can re-issue the misplaced certificates as duplicates after a formal announcement. This is applicable to scrip based funds.
Rejection:	Just as a transaction is authorized, it can also be rejected by the fund manager using the discretion provided in the prospectus, resulting in the transaction being disallowed.
Rule Effective date:	This is one of the most frequently occurring terms in the system. Whenever a new rule is defined within the system, the user would be required to specify a rule effective date for the same; this would be accepted by the system and the new rule would become current from the rule effective date that the user defines. In other words, rule effective date is that date from which a new fund related rule defined would become current.

Scrip-based funds:	Funds that issue certificates to unit holders for their holdings in a fund. Consequently, every transaction by a unit holder in a scrip-based fund involves certificates being exchanged.
Scrip-less funds:	Funds that do not issue certificates to unit holders. The balances held by the unit holders in these funds are tracked either through passbooks or periodically generated account statements. Certificates can be printed in the case of scrip-less funds for block transactions of unit holders.
Sign off:	Sign off is a mandatory requirement for the fund manager to take up pre-EOD processing. By signing off a branch, the fund manager ensures that all the data pertaining to the agency branch has been accepted by the fund manager, while also ensuring that no further transaction entry can be done by the agency branches until completion of EOD processing.
Split:	A reverse of a consolidation, whereby unit holder can reduce the certificate denominations.
Standing Instructions:	Instead of having to repeat a transaction periodically, the unit holder may request the fund manager to put through the same on his behalf at pre-defined intervals. Such requests are referred to as Standing Instructions.
Subscriptions :	Investments made by investors in a specified period falling outside the IPO period. In a close-ended fund subscriptions are limited to the required corpus of the fund.
Summary reports:	As part of EOD processing every day, the system generates a report for each transaction type in each fund, giving the details of the loads applicable and applied for the transactions, the unit holder names, along with advices to the registrar, accounting section and the trustees regarding payoffs, credits, debits and transfers for the transactions. Such reports are referred to as Summary reports. There is also a separate menu option available to the fund manager for the generation of such reports.
Switch:	An option where a unit holder could move investments from one fund to any other fund belonging to the same fund family. It should be noted that unit holders cannot switch from one fund family to another.
Transaction base price:	In defining a fund, the fund manager may specify the transaction types that are available to the unit holders in the fund. At the same time, the fund may also specify the price that would be applicable to that transaction type. At present, the values supported for this would be Par Value, Declared NAV and RoI Value.
Transaction receipts:	In the case of a scrip-less fund having aging based on transaction receipts, the unit holder can select the earlier transaction to which he would like the transaction aged, and the units allotted would be reduced from that particular transaction only.
Transfer:	This process is normal in open and close-ended funds where the unit holder sells his holdings to another unit holder or to a new unit holder. The buyer gets the unit registered and the holding of the seller is reduced to the extent of the transfer.

Trustee:	An individual or group of persons overseeing the activities of the AMC with to safeguard the interests of the Unit holder.
Unblock:	When the unit holder gets the pledged units released, he is free to carry out all transactions pertaining to the units in that fund. This freeing of pledged units is referred to as Unblock.
Unit holder:	An individual or a corporate that subscribes to the units of the fund, on the basis of the information provided by the brokers, by making an application to the agency branch attached to the fund.

The terms that follow are sought to be explained with the assistance of the following chart:



In the figure given above, the AMCs are defined as Finance 2000 AMC, Barton Hill AMC and Edward Oakes AMC.

Fund Class:	Funds floated by an AMC may be classified as Open ended or Close ended funds.
Open Ended Funds:	An open ended fund makes an offering of its units to the public and has an option to buyback (redeem) its units from the unit holder who wishes to liquidate his holdings at a given point of time. Similarly, unit holders are allowed entry at any time during the life of the fund.
Close Ended Funds:	A close-ended fund issues its units upto a pre-determined number through an initial public offering. Once the units are issued, they may be redeemed only upon the closure of the fund. Further, unit holders also have the option of switching their holdings, upon closure of the fund, to funds which are part of the same Fund Family.
Fund Family:	Comprises of one or more funds, and permits inter-fund activity. Fund families are defined by the AMC and a given fund can only belong to one fund family. Industry, Commemorative, General and Money Market constitute the four fund families in the figure above. Unit holders in GCFund may switch their holdings to AAFund upon closure of GCFund. Similarly, unit holders in INFund may switch their units into CNFund on closure of their fund.
Fund Type:	An AMC may define in advance the type of funds that it would float. In the figure above, three fund types are defined - Income, Growth and Income-cum-Growth.
Earnings Per Unit (EPU)	This is the income on a per unit basis from a fund which the Fund Manager proposes to distribute for eligible investors holding balances in the fund

Bulk Import	The generic facility to import all transactions and client details into Oracle FLEXCUBE Investor Servicing. The transactions could be imported as authorized and unauthorized transactions where the unauthorized ones are put through normal authorizations.
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Glossary User Guide
April 2014
Oracle Financial Services Software Limited

Oracle Park

Off Western Express Highway
Goregaon (East)
Mumbai, Maharashtra 400 063
India
Worldwide Inquiries:
Phone: +91 22 6718 3000
Fax: +91 22 6718 3001
www.oracle.com/financialservices/

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