

Islamic Letters of Credit User Guide

Oracle FLEXCUBE Universal Banking

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Contents

1. Preface	1-1
1.1 Introduction.....	1-1
1.2 Audience.....	1-1
1.3 Documentation Accessibility.....	1-1
1.4 Organization	1-1
1.5 Related Documents	1-2
1.6 Glossary of Icons.....	1-2
2. Islamic Letters of Credit - An Overview	2-1
2.1 Introduction.....	2-1
2.1.1 <i>Features</i>	2-1
2.1.2 <i>Operations supported on an Islamic LC</i>	2-2
2.1.3 <i>SWIFT Messages for an Import Islamic LC</i>	2-2
2.1.4 <i>SWIFT Messages for an Export Islamic LC</i>	2-3
2.1.5 <i>SWIFT Messages for a Standby Islamic LC</i>	2-3
2.1.6 <i>SWIFT Messages for a Clean Islamic LC</i>	2-3
2.1.7 <i>SWIFT Messages for a Guarantee</i>	2-4
2.1.8 <i>SWIFT Messages for a Shipping Guarantee</i>	2-4
2.1.9 <i>Processing Commissions and Charges</i>	2-4
2.1.10 <i>Variations Supported for an Islamic LC</i>	2-4
2.1.11 <i>Red Clause Letter of Credit</i>	2-4
2.1.12 <i>Revocable and Irrevocable Islamic LCs</i>	2-5
2.1.13 <i>Transferable and Non Transferable Islamic LCs</i>	2-5
2.1.14 <i>Revolving and Non Revolving Islamic LCs</i>	2-5
2.1.15 <i>Sight and Usance Islamic LC</i>	2-5
2.1.16 <i>Open Ended Islamic LCs</i>	2-5
2.1.17 <i>Cash Collateral against an Islamic LC</i>	2-5
2.1.18 <i>Availment against an Islamic LC</i>	2-6
2.1.19 <i>Reports</i>	2-6
3. Maintenance for Islamic Letters of Credit	3-1
3.1 Introduction.....	3-1
3.2 Maintaining Documents and Clauses	3-1
3.2.1 <i>Specifying Values for the User Defined Fields</i>	3-3
3.2.2 <i>Operations on the Document Maintenance Record</i>	3-4
3.3 Maintaining Goods.....	3-4
3.3.1 <i>Specifying Values for the UDF</i>	3-6
3.3.2 <i>Operations on a Goods/Commodity Maintenance Record</i>	3-6
3.4 Maintaining Free Format Text (FFT) Codes	3-6
3.4.1 <i>Specifying Values for the User Defined Fields</i>	3-8
3.4.2 <i>Operations on the FFT Maintenance Record</i>	3-8
3.4.3 <i>Maintaining INCO Terms</i>	3-8
3.5 Maintaining Insurance Company Details	3-9
3.6 Maintaining Customer Insurance Details.....	3-11
3.6.1 <i>Capturing Utilization History Details</i>	3-12
3.7 Maintaining Import License Expiry Date	3-13

3.8	Application of Exchange Rate Type based on Transaction Amount	3-14
3.9	LC Commission Definition Maintenance.....	3-16
4.	Defining Attributes specific to an Islamic LC Product	4-1
4.1	Introduction.....	4-1
4.2	Creating an Islamic LC Product.....	4-1
4.3	Specifying Preferences for a Product.....	4-4
4.3.1	<i>Specifying Tenor related Details.....</i>	<i>4-5</i>
4.3.2	<i>Specifying Cash Collateral Details</i>	<i>4-5</i>
4.3.3	<i>Specifying Islamic LC Authorization Rekey Fields</i>	<i>4-5</i>
4.3.4	<i>Commission Related Preferences</i>	<i>4-7</i>
4.3.5	<i>Specifying Tolerance for an LC under the Product.....</i>	<i>4-8</i>
4.3.6	<i>Specifying the Closure Days</i>	<i>4-8</i>
4.3.7	<i>Specifying the Exchange Rate related Details for a Product.....</i>	<i>4-9</i>
4.3.8	<i>Specifying the Period of Presentation</i>	<i>4-9</i>
4.3.9	<i>Specifying Finance Details</i>	<i>4-10</i>
4.3.10	<i>Specifying Accrual Details</i>	<i>4-10</i>
4.3.11	<i>Specifying Confirmation Details.....</i>	<i>4-11</i>
4.3.12	<i>Specifying Prepayment Details.....</i>	<i>4-11</i>
4.3.13	<i>Generating Fee Claim Advice.....</i>	<i>4-12</i>
4.4	Generating Islamic LC Expiry/Closure Advices	4-12
4.4.1	<i>Opting to Track Limits.....</i>	<i>4-12</i>
4.4.2	<i>Setting Criteria for Status Change.....</i>	<i>4-13</i>
4.4.3	<i>Specifying the Applicable Rules of a Guarantee</i>	<i>4-15</i>
4.4.4	<i>Generating Advices for the Insurance Company.....</i>	<i>4-17</i>
4.4.5	<i>Specifying Event for Reissue of Guarantee</i>	<i>4-17</i>
4.4.6	<i>Generating Advices for Faxing Islamic LC Confirmation to Counterparty</i>	<i>4-17</i>
5.	Processing an Islamic LC Contract	5-1
5.1	Introduction.....	5-1
5.2	Invoking the Islamic LC Contract Details Screen	5-1
5.2.1	<i>Specifying Details of an Islamic LC</i>	<i>5-4</i>
5.2.2	<i>Uploading Islamic LCs/Guarantees</i>	<i>5-4</i>
5.3	Description of the Islamic LC Contract Details Screen.....	5-5
5.3.1	<i>Specifying the Main Details of an Islamic LC</i>	<i>5-7</i>
5.3.2	<i>Specifying Reimbursement Undertaking</i>	<i>5-14</i>
5.3.3	<i>Viewing the Media Addresses of a Customer.....</i>	<i>5-15</i>
5.3.4	<i>Capturing Draft Details</i>	<i>5-15</i>
5.3.5	<i>Specifying Insurance Details</i>	<i>5-18</i>
5.3.6	<i>Specifying Details of the Parties involved in an Islamic LC.....</i>	<i>5-19</i>
5.3.7	<i>Specifying Parties Limits</i>	<i>5-22</i>
5.3.8	<i>Specifying the Media Details for a Party.....</i>	<i>5-25</i>
5.3.9	<i>Specifying Credit Administration Details.....</i>	<i>5-25</i>
5.3.10	<i>Specifying Advices for an Islamic LC</i>	<i>5-25</i>
5.3.11	<i>Specifying the Free Format Instructions that should accompany an Advice</i>	<i>5-27</i>
5.3.12	<i>Specifying Goods, Shipping and Document Details for an Islamic LC</i>	<i>5-27</i>
5.3.13	<i>Specifying Tracer Details for an Islamic LC.....</i>	<i>5-31</i>
5.3.14	<i>Specifying Other Details of an LC</i>	<i>5-33</i>
5.3.15	<i>Specifying Settlement Instructions</i>	<i>5-35</i>
5.3.16	<i>Viewing Event Details.....</i>	<i>5-35</i>
5.3.17	<i>Defining Commission and Charge Details for an Islamic LC.....</i>	<i>5-37</i>
5.3.18	<i>Maintaining Collateral Details.....</i>	<i>5-38</i>

5.3.19	<i>Collateral Transfer from Islamic LC to Bills</i>	5-39
5.4	Linking Contracts to Deposits and Accounts	5-39
5.4.1	<i>Viewing the Amended Details of a Contract</i>	5-41
5.4.2	<i>Viewing the Deferred Component Details</i>	5-42
5.5	Previewing Messages.....	5-42
5.6	Viewing Different Versions of a Contract	5-43
5.7	Canceling an Islamic LC.....	5-43
5.7.1	<i>Procedure for Canceling an Islamic LC</i>	5-43
5.8	Closing an Islamic LC.....	5-44
5.8.1	<i>Reopening an Islamic LC</i>	5-44
5.8.2	<i>Black Listing Islamic LCs</i>	5-45
5.9	Lodging Islamic Guarantee Claim	5-46
5.9.1	<i>Specifying Main Details</i>	5-46
5.9.2	<i>Specifying Advise Details</i>	5-48
5.10	Viewing Islamic Guarantee Claim Details.....	5-51
6.	Capturing Additional Details	6-1
6.1	Introduction.....	6-1
6.2	Capturing Drafts Details	6-3
6.3	Specifying Settlement Instructions	6-5
6.4	Viewing Events Details	6-6
6.4.1	<i>Viewing the Accounting Entries Passed for the Islamic LC</i>	6-6
6.4.2	<i>Viewing Advices Applicable to Contract</i>	6-8
6.5	Capturing MIS Details.....	6-9
6.6	Defining Commission	6-9
6.7	Defining Charge Details.....	6-10
6.8	Specifying Tax Details	6-11
6.9	Maintaining Collateral Details	6-11
6.10	Linking Contracts to Deposits and Accounts	6-13
6.11	Viewing Amended Details of Contract.....	6-15
6.12	Specifying Transfer Details.....	6-16
6.13	Capturing UDF Values.....	6-17
6.14	Capturing Split Settlement Values.....	6-17
6.14.1	<i>Basis Details</i>	6-17
6.14.2	<i>Split Details</i>	6-18
6.15	Specifying Finance Preference.....	6-19
6.15.1	<i>Indicating Preferences for the Profit Components</i>	6-21
6.16	Viewing Deferred Profit Component Values	6-23
6.17	Utilizing Import Licenses.....	6-24
6.18	Previewing Messages.....	6-26
6.18.1	<i>Viewing Message/Advice</i>	6-27
6.18.2	<i>Printing Message/Advices</i>	6-27
7.	Making an Availment	7-1
7.1	Introduction.....	7-1
7.1.1	<i>Invoking the Islamic LC Contract Availment Screen</i>	7-1
7.1.2	<i>Specifying Cash Collateral Details for an Availment</i>	7-5
7.1.3	<i>Maintaining Settlement Instructions for an Availment</i>	7-6
7.1.4	<i>Invoking the Settlement Screens</i>	7-6
7.1.5	<i>Capturing Account Details</i>	7-6
7.1.6	<i>Capturing Message Details for the Availment</i>	7-8
7.1.7	<i>Capturing Party Details</i>	7-9

7.1.8	<i>Clearing Details Tab</i>	7-11
7.1.9	<i>Viewing Advice Details</i>	7-15
7.1.10	<i>Specifying Charge Details</i>	7-16
7.1.11	<i>Specifying Commission Details</i>	7-17
7.1.12	<i>Specifying Tax Details</i>	7-17
7.1.13	<i>Reversal of an Availment</i>	7-18
7.1.14	<i>Viewing Event Details</i>	7-18
7.1.15	<i>Accounting Entries</i>	7-19
8.	Amending Details of an Islamic LC	8-1
8.1	Introduction.....	8-1
8.2	Procedure for Amending an Islamic LC.....	8-1
8.2.1	<i>Indicating a Change of Value for a Field</i>	8-2
8.2.2	<i>Commission and Charges for the Amendment</i>	8-2
8.2.3	<i>Amendment of an Unauthorized Islamic LC</i>	8-2
8.3	Confirming Islamic LC Amendment.....	8-3
8.3.1	<i>Parties Tab</i>	8-5
8.3.2	<i>Advices Tab</i>	8-7
8.3.3	<i>Specifying Collateral Details</i>	8-8
8.3.4	<i>Specifying Events</i>	8-9
8.3.5	<i>Specifying Fields</i>	8-12
8.3.6	<i>Utilizing Import Licenses</i>	8-12
8.3.7	<i>Previewing Messages</i>	8-14
8.3.8	<i>Authorizing Amendment Details</i>	8-15
8.3.9	<i>Confirming Amended Details</i>	8-16
8.3.10	<i>Amending details using the Contract screen</i>	8-16
8.3.11	<i>Rejecting Amended Details</i>	8-18
8.4	Operations on Confirmation Record	8-18
8.5	Uploading Islamic LC Amendment	8-19
9.	Transferring an Islamic LC	9-1
9.1	Introduction.....	9-1
9.1.1	<i>Specifying the Parties Involved in the Transfer</i>	9-3
9.1.2	<i>Specifying Goods, Shipping and Document details for an Islamic LC</i>	9-3
9.1.3	<i>Parties Limit Tab</i>	9-7
9.1.4	<i>Advices Tab</i>	9-9
9.1.5	<i>Defining Charge Details</i>	9-11
9.1.6	<i>Viewing Event Details</i>	9-11
9.1.7	<i>Specifying Settlement Instructions</i>	9-12
9.1.8	<i>Capturing UDF Values</i>	9-12
9.1.9	<i>Previewing Messages</i>	9-13
9.1.10	<i>Note on Transfers from Import and Export Islamic LCs</i>	9-13
9.1.11	<i>Viewing Details of the Transfers made to the Islamic LC</i>	9-14
10.	Liquidation of Receivable Components	10-1
10.1	Introduction.....	10-1
10.2	Maintaining Online Receivable/Payable Details.....	10-1
10.2.1	<i>Liquidating the Receivable Components of an Islamic LC</i>	10-1
10.2.2	<i>Manual Liquidation of Receivable Components for the Islamic LC</i>	10-2
10.2.3	<i>Specifying Details of the Advices for the Liquidation</i>	10-4
11.	Credit Limit Tracking for an Islamic LC	11-1
11.1	Introduction.....	11-1

	11.1.1	Specifying whether Limit Tracking is Required.....	11-1
	11.1.2	Indicating the Customer against Whom the Islamic LC Liability Amount is Tracked	11-1
11-1			
	11.1.3	Specifying the Limit Tracking Tenor	11-1
	11.1.4	Indicating the Credit Line for Liability Amount Tracking	11-2
12.	Automatic Processes	12-1
12.1	Introduction.....		12-1
12.2	Maintaining Branch Parameters		12-1
12.3	Invoking the Batch Process		12-4
	12.3.1	Automatic Events Executed During Beginning of Day (BOD)	12-5
	12.3.2	Automatic Liquidation of Periodic Commission	12-5
	12.3.3	Automatic Reinstatement of an Islamic LC.....	12-6
	12.3.4	Processes Run during End of Day (EOD)	12-7
	12.3.5	Automatic Closure of an Islamic LC	12-7
	12.3.6	Automatic Accrual of Commission.....	12-7
	12.3.7	Memo Accrual of Commission.....	12-8
	12.3.8	Accrual Control Report	12-8
	12.3.9	Selection Options	12-8
	12.3.10	Contents of the Report	12-9
	12.3.11	Generating Tracers.....	12-9
	12.3.12	Intra Day Accruals	12-10
13.	Reports	13-1
13.1	Introduction.....		13-1
13.2	Expired LCs with Outstanding Items Report.....		13-1
	13.2.1	Selection Options	13-2
	13.2.2	Contents of Report	13-2
13.3	LCs Due to Expire Report.....		13-3
	13.3.1	Selection Options	13-4
	13.3.2	Contents of Report	13-4
13.4	LCs Due to be Closed Report.....		13-5
	13.4.1	Selection Options	13-6
	13.4.2	Contents of the Report	13-6
13.5	Commission Due Report		13-7
	13.5.1	Selection Options	13-7
	13.5.2	Contents of Report	13-8
13.6	Commission Activity Report.....		13-8
	13.6.1	Selection Options	13-9
	13.6.2	Contents of Report	13-9
13.7	Report on Open Ended Islamic LCs		13-10
	13.7.1	Contents of the Report	13-11
13.8	Un-replied Tracers Report		13-12
	13.8.1	Contents of Report	13-12
13.9	Confirmed LC Report.....		13-13
	13.9.1	Selection Options	13-14
	13.9.2	Contents of Report	13-14
13.10	LC Overrides Report.....		13-15
	13.10.1	Selection Options	13-15
	13.10.2	Contents of Report	13-16
13.11	Daily Activity Report		13-17
	13.11.1	Selection Options	13-17

	13.11.2 Contents of the Report	13-17
13.12	Accruals Control Report	13-18
	13.12.1 Selection Options	13-19
	13.12.2 Contents of Report	13-19
13.13	Periodic Commission Activity Report.....	13-20
	13.13.1 Contents of Report	13-20
13.14	Process Exception Report.....	13-21
	13.14.1 Selection Options	13-22
	13.14.2 Contents of Report	13-22
13.15	Confirmed LI Outstanding Report.....	13-23
	13.15.1 Contents of Report	13-23
13.16	Expired Export Islamic Letters of Credit Report	13-24
	13.16.1 Contents of Report	13-24
13.17	Guarantees Due for Closure Report.....	13-25
	13.17.1 Contents of Report	13-26
13.18	Outstanding Guarantees Report.....	13-27
	13.18.1 Contents of Report	13-27
13.19	Reimburse Bank Report	13-28
	13.19.1 Contents of Report	13-28
13.20	Suspense Charges Account Receivable Report	13-29
	13.20.1 Contents of Report	13-30
13.21	Transferred Islamic Letters Of Credit Report.....	13-31
	13.21.1 Contents of Report	13-31
14.	Annexure A - Accounting Entries	14-1
14.1	Introduction.....	14-1
	14.1.1 Islamic LC Events.....	14-1
	14.1.2 Amount Tags	14-3
	14.1.3 Accounting Roles.....	14-3
	14.1.4 Event-Accounting Entries	14-4
	14.1.5 BISS: Booking of an import Islamic LC.....	14-5
LC to BC	14.1.6 Accounting Roles for Transfer of Charge & Commission Components from Islamic	14-7
LC to BC	14.1.7 Accounting Entries for Transfer of Charge & Commission Components from Islamic	14-8
	14.1.8 Collateral Bridge Accounting Role.....	14-8
	14.1.9 AVAL: Availment under Islamic LC.....	14-9
	14.1.10 CLOS: Closure of an Islamic LC / Guarantee.....	14-9
	14.1.11 REIN: Reinstatement of an Islamic LC / Guarantee	14-10
	14.1.12 BADV: Advising an Islamic LC	14-10
	14.1.13 BCFM: Confirming an Islamic LC	14-10
	14.1.14 BPRE: Pre-advising an Islamic LC	14-11
	14.1.15 BANC: Advising and Confirming an Islamic LC.....	14-11
	14.1.16 AMND: Amendment.....	14-11
	14.1.17 AOCF: Amendment from Open to Open and Confirm.....	14-11
	14.1.18 APAD: Amendment from Pre-advice to Advice	14-12
	14.1.19 APAC: Amendment from Pre-advice to Advice and Confirm.....	14-12
	14.1.20 REVR: Reversal	14-12
	14.1.21 ACCR: Accrual of Commission.....	14-12
	14.1.22 CALC: Periodic Commission Calculation Date.....	14-12
	14.1.23 CLIQ: Liquidation of Commission.....	14-12

14.1.24	ROPN: Reopening of an Islamic LC	14-13
14.1.25	CANC: Cancellation of an Islamic LC	14-13
14.1.26	TRGN: Generation of Tracers	14-13
14.1.27	AATC: Amendment from Advice to Confirm	14-14
14.1.28	RASN: Reassign an Islamic LC	14-14
14.1.29	RAVL: Reversal of Availment	14-14
14.1.30	MLIQ: Manual Liquidation of Islamic LC commission	14-14
14.1.31	WAIV: Waiver of Components during Manual Liquidation	14-14
15.	Annexure B - Events and Advices 15-1	
15.1	Introduction	15-1
15.1.1	Islamic LC Events	15-1
15.1.2	Islamic LC Messages	15-2
15.1.3	Generating Multiple Copies of the Islamic LC Instrument	15-3
15.1.4	Generating Fax 700/707 LC Confirmation Mail Message Copy to Counterparty	15-
4		
15.1.5	Islamic LC event - Messages	15-6
15.1.6	BISS: Booking of an Import Islamic LC	15-6
15.1.7	AVAL: Availment under Islamic LC	15-6
15.1.8	CLOS: Closure of an Islamic LC/Guarantee	15-6
15.1.9	REIN: Reinstatement of an Islamic LC/Guarantee	15-7
15.1.10	BADV: Advising an Islamic LC	15-7
15.1.11	BCFM: Confirming an Islamic LC	15-7
15.1.12	BPRE: Pre-advising an Islamic LC	15-7
15.1.13	BANC: Advising and Confirming an Islamic LC	15-8
15.1.14	REIS: Reissue of Guarantee	15-8
15.1.15	AMND: Islamic LC Amendments	15-8
15.1.16	REVR: Reversal	15-9
15.1.17	ACCR: Accrual of Commission	15-9
15.1.18	CALC: Periodic Commission Calculation Date	15-9
15.1.19	CLIQ: Liquidation of Commission	15-10
15.1.20	ROPN: Reopening of an Islamic LC	15-10
15.1.21	TRGN: End of Day Check for Tracers	15-10
15.1.22	CANC: Cancellation of an Islamic LC	15-10
15.1.23	APAC: Amendment from Pre-Advice to Advice and Confirm	15-10
15.1.24	APAD: Amendment from Pre-advice to Advice	15-11
15.1.25	RASN: Reassign an Islamic LC	15-11
15.1.26	RAVL: Reversal of Availment	15-11
15.1.27	CALC: Periodic Commission Calculation	15-11
15.1.28	Advice Generated for the Insurance Company	15-11
15.1.29	Advice Generated for the Counterparty	15-12
16.	Function ID Glossary	16-1

1. Preface

1.1 Introduction

This manual is intended as a guide to the Islamic Letters of Credit (Islamic LC) module, of Oracle FLEXCUBE. It is designed to help you maintain and process all types of documentary and clean Islamic LCs. It also assists you in handling the necessary activities in the life cycle of an Islamic LC once it is booked. This includes the generation of messages and advices, the updation of account balances and the collection of various commissions and charges.

You can obtain information specific to a particular field by placing the cursor on the relevant field, and striking <F1> on the keyboard.

1.2 Audience

This manual is intended for the Customer Service Representatives (CSRs) and the staff responsible for the setting up of new products at your bank.

1.3 Documentation Accessibility

For information about Oracle's commitment to accessibility, visit the Oracle Accessibility Program website at <http://www.oracle.com/pls/topic/lookup?ctx=acc&id=docacc>.

1.4 Organization

This manual is organized as follows:

Chapter 1	<i>About this Manual</i> gives information on the intended audience. It also lists the various chapters covered in this User Manual.
Chapter 2	<i>Islamic Letters of Credit - An Overview</i> gives you an overview of the Islamic LC module and helps familiarize you with its features.
Chapter 3	<i>Maintenance for Islamic Letters of Credit</i> details the basic information to be maintained, before the Islamic LC module becomes fully operational.
Chapter 4	<i>Defining Attributes Specific to an Islamic LC product</i> describes the procedure to define Islamic LC products for specific services that you offer your customers.
Chapter 5	<i>Processing an Islamic LC Contract</i> is the procedure to process all types of Islamic LCs (import, export, invoice, clean, guarantees, shipping guarantees). Also explained is the method of associating an Islamic LC product with an Islamic LC contract. The advantage of defining products is highlighted in this chapter.
Chapter 6	<i>Capturing Additional Details</i> explains a number of functions vital to the processing of an Islamic LC Contract.

Chapter 7	<i>Making an availment</i> explains how upon receipt of bills or notification from the negotiating bank, an availment is recorded under an Islamic LC.
Chapter 8	<i>Amending Details of an Islamic LC</i> discusses the circumstances under which the details of an Islamic LC contract would need to be amended. It also details the procedure for amending the Islamic LC.
Chapter 9	<i>Transferring an Islamic LC</i> explains how you can transfer an Islamic LC.
Chapter 10	<i>Liquidation of the Receivable Components of an Islamic LC</i> deals with the liquidation of the receivable components of an Islamic LC.
Chapter 11	<i>Credit limit tracking for an Islamic LC</i> is the procedure to track the exposure against the applicant or against the issuing bank. It depends on whether you are issuing an import Islamic LC/advice or confirming an export Islamic LC.
Chapter 12	<i>Automatic Processes</i> are the processes that will be carried out automatically, in the life cycle of an Islamic LC.
Chapter 13	<i>Reports</i> gives a list of all reports that can be generated for this module.
Chapter 14	<i>Annexure A- Accounting Entries</i> contains event-wise list of suggested accounting entries.
Chapter 15	<i>Annexure B- Events and advices</i> lists all the events that can take place and the messages that can be generated, during the life cycle of an Islamic LC.
Chapter 16	<i>Function ID Glossary</i> has alphabetical listing of Function/Screen ID's used in the module with page references for quick navigation.

1.5 Related Documents

- Procedures

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

2. Islamic Letters of Credit - An Overview

2.1 Introduction

A Letter of Credit as an instrument of international trade is one of the most secure methods for a seller to be paid. Besides credit risk considerations, LCs is the customary business practice for long distance trade and a particularly important commission earning service for any bank.

The Islamic Letters of Credit (Islamic LC) module constitutes a part of Oracle FLEXCUBE's comprehensive trade financing system. Together with the Islamic Bills and Collections module, it automates the entire gamut of trade financing.

The Islamic LC module supports the processing of all types of documentary and clean Islamic LCs. It can handle all activities during the lifecycle of an Islamic LC. This includes the generation of messages and advices for all the applicable events, and the update of account balances. The system also handles the collection of various commissions and charges defined for an Islamic LC.

2.1.1 Features

In an effort to sharpen the competitiveness of your trade-financing department and to empower your bank to handle a high volume of credit transactions Oracle FLEXCUBE is designed with the following features:

- The Islamic Letters of Credit module supports the processing of all types of clean and documentary Islamic LCs. These include:
 - Import Islamic LCs
 - Export Islamic LCs
 - Guarantees
 - Shipping Guarantees
 - Clean Islamic LCs
 - Standby Guarantees
- The Islamic LC module is designed to handle all the events in the life cycle of an Islamic LC. The booking, subsequent amendments and an availment can be processed automatically. The messages and advices applicable for each event are also automatically generated. The messages are communicated done through SWIFT, TELEX, mail, or any other compatible medium.
- The product definition function enables you to create products for specific services you offer. This offers your customer flexibility as well as quick and efficient processing of contracts.
- The product definition covers all the key features of an Islamic LC. For example, details of documents that should accompany it, the free format messages that form part of the correspondence, the advices to be generated for various events, the accounting entries to be passed for an event, the commission and tax handling specifications.
- The details of documents, free format messages, and commodities are defined only once and can be retrieved whenever needed. This reduces the effort involved in the capture of Islamic LC details, thus rendering it faster and error free. The flexibility built into the system ensures that you can modify these details to suit the requirement of each Islamic LC.
- The copy feature further simplifies, the input processing, for contracts.

- The Central Liability sub-system automatically controls the booking of an Islamic LC against the credit lines assigned to the customer before the bookings are made.
- Oracle FLEXCUBE supports the concept of 'specialized services branch' concept. If you have trade financing expertise at only one branch, say the Head Office (HO) and Islamic LCs for customers of any branch is processed only through the HO, Oracle FLEXCUBE offers absolute ease of operations. The Islamic LC can be processed for a customer of any branch, in the same way as you would, for a customer of your own branch.
- The module supports automated follow-up for commission and charge payments, confirmation and acknowledgements.
- Graphic User Interface (GUI) facilitates ease of input. Pick-lists have been provided wherever possible. This makes the module both efficient and easy to use.
- The media supported include Mail, Telex and SWIFT
- The National Language Support (NLS) features are available.
- LCs are governed by the Uniform Customs and Practice (UCP) which is published by the International Chambers of Commerce (ICC) Paris, France. You can indicate that the Islamic LCs issued at your bank fall in line with the UCP, which is regarded as a rule book by virtually all banks in the world.

2.1.2 Operations supported on an Islamic LC

The following are the operations supported on an Islamic LC:

- Open an import Islamic LC or guarantee
- Open and confirm an import Islamic LC
- Pre-advice an export Islamic LC
- Advice an export Islamic LC
- Advice and confirm an export Islamic LC
- Confirm an export Islamic LC

Thus, your bank can perform one of the following roles:

- The issuing (opening) bank for an import Islamic LC or guarantee
- The advising bank or for an export Islamic LC
- The confirming bank for an export Islamic LC

In addition to amendment of the terms of an Islamic LC such as the expiry date, the amount, the latest shipment date, etc., you can amend the operation on an Islamic LC as follows:

- Open to open and confirm of an import Islamic LC
- Pre-advice to advice of an export Islamic LC
- Pre-advice to advice and confirm an export Islamic LC
- Advice to advice and confirm an export Islamic LC

Appropriate messages, advices, and covering letters are generated for these operations. These are listed in an annexure in this manual. The SWIFT messages generated for the different types of Islamic LC are listed in this chapter.

2.1.3 SWIFT Messages for an Import Islamic LC

The messages that are generated for an Import Islamic LC depends on the operation you perform on the Islamic LC.

The following are the SWIFT messages supported for an Import Islamic LC:

Event	SWIFT
Issue of a documentary credit	MT 700 and MT 701
Pre-Advice of a documentary credit instrument	MT 705
Amendment to a documentary credit	MT 707
Authorisation to reimburse	MT 740
Amendment to an authorisation to reimburse	MT 747

2.1.4 SWIFT Messages for an Export Islamic LC

For an export Islamic LC, the Acknowledgement (MT 730) is the SWIFT message generated.

2.1.5 SWIFT Messages for a Standby Islamic LC

The following are the SWIFT messages supported for a Standby Islamic LC:

Event	SWIFT
Issue of a documentary credit	MT 700 and MT 701
Pre-Advice of a documentary credit instrument	MT 705
Amendment to a documentary credit	MT 707
Authorisation to reimburse	MT 740
Amendment to an authorisation to reimburse	MT 747

2.1.6 SWIFT Messages for a Clean Islamic LC

The following are the SWIFT messages generated for a clean Islamic LC:

Event	SWIFT
Issue of a clean credit	MT 700 and MT 701
Pre-Advice of a clean credit instrument	MT 705
Amendment to a clean credit	MT 707
Authorization to reimburse	MT 740
Amendment to an authorisation to reimburse	MT 747

2.1.7 SWIFT Messages for a Guarantee

The following are the SWIFT messages generated for a guarantee:

Event	SWIFT
Guarantee instrument	MT760
Guarantee amendment	MT767
Acknowledgement for a guarantee issued	MT 768

2.1.8 SWIFT Messages for a Shipping Guarantee

The following are the SWIFT messages generated for a shipping guarantee:

Event	SWIFT
Guarantee instrument	MT760
Guarantee amendment	MT767

2.1.9 Processing Commissions and Charges

In the Islamic LC module, the method of collecting commissions and levying charges is flexible.

Commissions can be collected for the initiation and amendment events of an Islamic LC. The definition of commission rules facilitate the uniform and efficient application of commission across all Islamic LCs processed under a product.

Commissions can be collected in advance or in arrears, periodically or non-periodically. You can choose to accrue commissions at a regular frequency (daily, monthly, quarterly, half-yearly or annually). Similarly, the frequency of liquidation of periodic commission can be varied.

In Oracle FLEXCUBE various charges such as handling charges, SWIFT charges, etc. can be processed.

The commissions and charges can be collected from any party, and if necessary, debited from a receivable account and liquidated subsequently.

2.1.10 Variations Supported for an Islamic LC

An Islamic LC being a very flexible payment mechanism can be made available to the customers of your bank in a number of popular variations.

2.1.11 Red Clause Letter of Credit

You can process a Red Clause Islamic LC wherein you can provide for anticipatory drawings. In such a case, the confirming bank or any other bank is authorised to make advance payments to the beneficiary, before the presentation of the documents.

2.1.12 Revocable and Irrevocable Islamic LCs

You can process both revocable and irrevocable Islamic LCs. However, irrevocable Islamic LCs are commonly used as they cannot be cancelled without the consent of the buyer, the seller and the banks that are parties to the transaction.

A revocable Islamic LC can be cancelled without any notice or consent from the parties involved in the Islamic LC.

2.1.13 Transferable and Non Transferable Islamic LCs

While capturing the details of an Islamic LC, you can indicate whether it is transferable. This information is part of the instrument generated for an Islamic LC.

2.1.14 Revolving and Non Revolving Islamic LCs

You can open an Islamic LC and choose to make it available again in its original amount after the goods have been shipped, documents presented and credit is settled. Such an Islamic LC is a revolving Islamic LC. Under a revolving Islamic LC the amount is reinstated or renewed without any specific amendments to the Islamic LC. A revolving Islamic LC may be revocable or non-revocable, and can revolve in relation to the following:

- Value
- Time

This facility can be utilized when a supplier wishes to make repetitive shipments over a period such as a year.

The Islamic LC can have an automatic reinstatement clause, which provides for continuing the renewal of availability. You also have the option to manually reinstate an Islamic LC. The credit may require approval of the opening party before it becomes available again.

2.1.15 Sight and Usance Islamic LC

Oracle FLEXCUBE allows the processing of a sight or usance payment against an Islamic LC.

- In case of a sight Islamic LC, the negotiating bank pays the seller immediately and is later reimbursed by the issuing bank
- In the case of a usance Islamic LC, the drawee bank accepts the obligation to pay the seller at maturity. An Islamic LC with a time draft drawn on the opening party, calling for payment at a future date is called a time or Usance Islamic LC.

2.1.16 Open Ended Islamic LCs

You can also process an Islamic LC without an expiry date known as an open ended Islamic LC.

2.1.17 Cash Collateral against an Islamic LC

An Islamic LC can be processed against cash collateral. Oracle FLEXCUBE provides you with the facility to calculate the cash collateral either as a percentage of the Islamic LC amount or as a fixed amount. Cash collateral advice will be generated for its collection.

When the Islamic LC amount is amended, you also have the option of adjusting the collateral amount accordingly.

2.1.18 Availment against an Islamic LC

You can process the availments against an Islamic LC either through the Islamic LC module or through the bills module of Oracle FLEXCUBE. Availment charges can be levied and cash collateral adjusted, during an availment.

2.1.19 Reports

Information on the Islamic LCs processed and the static maintenance done for the module is available in the form of reports. These reports can be printed, spooled on to a disk file or displayed on the screen. The following are some of the reports available:

- Accrual control report
- Closed out Islamic LCs report
- Commission activity report
- Commission due report
- Confirmed Islamic LCs report
- Daily activity report
- Expired Islamic LCs report
- Islamic LCs due to be closed report
- Islamic LCs due to expire report
- Open ended Islamic LCs
- Un-replied tracers report
- Process exception report
- Overrides
- Product report
- Clause report
- Branch report

3. Maintenance for Islamic Letters of Credit

3.1 Introduction

The Islamic Letters of Credit (Islamic LC) module requires the setting up of certain basic information before it becomes operational. The information that needs to be maintained includes:

- Document details
- Clause details
- Goods details
- Free Format Text details
- Insurance Company details
- Import License Expiry Date for a customer
- Exchange Rate Type maintenance for different transaction amount slabs

The procedure for maintaining these details is discussed in the subsequent sections.

3.2 Maintaining Documents and Clauses

There are certain standard documents that are required under a documentary Islamic LC. As these documents are standard and common in most countries, their details need not be specified every time you need to use it for an Islamic LC. Instead, you can maintain its details in the 'Bills & Collection Document Code Maintenance' screen and attach it to the Islamic LC you process.

The advantage of maintaining document details is that at the time of creating a product or at the time of entering the details of an Islamic LC, you only need to specify the code assigned to the document. All the details maintained for the document will be automatically picked up. This helps reduce repetitive work, as you do not need to enter the contents of the document each time you use it.

The Document Master Maintenance screen is common for both Islamic Bills & Collections and Islamic LC modules. You can invoke 'Bills & Collections Document Code Maintenance' screen by typing 'BCDDOCCD' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button. If you are maintaining details of a new document, or click 'New' icon from the application tool bar. The 'Bills & Collections Document Code Maintenance' screen is displayed without any details.

If you are calling a document maintenance record that has already been defined, you can invoke 'Bills & Collections Document Code Summary' screen by typing 'BCSDOCCD' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

You can double-click a document to open it.

The screenshot shows a web application window titled "Bills & Collections Document Code Summary". At the top, there are "Advanced Search" and "Reset" buttons. Below these are several search criteria: "Authorization Status" (a dropdown menu), "Record Status" (a dropdown menu), "Document Code" (a text input with a search icon), "Language Code" (a text input with a search icon), "Document Short Description" (a text input with a search icon), and "Document Long Description" (a text input with a search icon). Below the search fields is a table with the following columns: "Authorization Status", "Record Status", "Document Code", "Language Code", "Document Short Description", and "Document Long Description". The table currently displays one row with all cells empty. Above the table, there is a "Records per page" dropdown set to "15" and a "1 Of 1" indicator. At the bottom right of the window is an "Exit" button.

3.2.0.1 **Specifying the Document Details**

You can maintain the following details related to the documents in the 'Bills and Collections Document Code Maintenance' screen.

Document Code

In Oracle FLEXCUBE, each document maintained is identified by a twelve-character code, called a Document Code. You can follow your own convention for devising this code. However, one of the characters of the code should necessarily be a letter of the English alphabet.

The code assigned to should be unique as it is used to identify the document. While creating a product or at the time of entering the details of an Islamic LC, you only need to specify the code assigned to the document. The document details will be automatically picked up and defaulted.

Language Code

Specify the language code using which all the correspondences with the party should be carried out. Click the option list icon to view the list of available language codes.

Document Type

Select the document type from the drop-down list. The available options are Transport, Insurance, Invoice, and Others.

Document Short Description

The documents for an Islamic LC are at times large and hence difficult to identify. Therefore, you can specify a short description or a title that will enable you to identify the document quickly.

The short description that you specify is for information purposes only and will not be printed on any customer correspondence.

Document Long Description

Specify the complete description of the document.

Validate Shipping Guarantee

Check this option to indicate that a shipping guarantee should be validated.

Bill of Lading

Check this box to validate the reference number used in the bill against the shipping guarantee Bill of lading reference number.

3.2.0.2 Specifying Clause Details

A clause is a statement that accompanies a document required under an Islamic LC. Instead of specifying the details of a clause every time, you can maintain a list of the standard clauses, which can accompany the documents, required for an Islamic LC, in the Clause Maintenance screen.

The advantage of maintaining clause details is that at the time of creating a product or at the time of entering an Islamic LC, you only need to specify the code assigned to the clause. All the details maintained for the clause will be automatically picked up.

In this section specify the following details:

Clause Code

Each clause that you maintain is identified by a twelve-character code called a Clause code. You can follow your own convention for devising the code. However, at least one of the characters of the clause code should be a letter of the English alphabet.

This code should be unique as it is used to identify the clause. While creating a product or at the time of entering details of an Islamic LC where you need to specify the clauses that should accompany a document, you only need to specify the code assigned to the clause. The clause details will be automatically picked up and defaulted.

Clause Description

After you have specified a code for the clause, you can proceed to maintain a detailed description of the clause.

The description carries the contents of the clause, which will be printed on the customer correspondence that accompany an Islamic LC. The clause description can contain a maximum of two thousand characters.

3.2.1 Specifying Values for the User Defined Fields

You can link the User Defined Fields with 'Branch Parameters Maintenance' screen using Function field mapping screen which can be invoked from the Application Browser by selecting User defined fields, and then Function field mapping. The value for these fields can be specified in the 'Branch Parameters Maintenance' screen.

Note

Value for UDF can be made mandatory or non mandatory as maintained in the Field description screen.

After you have entered the details of the document and clause you should save the record. After you have made the mandatory entries and saved the record, your User ID will be displayed in the Input By field at the bottom of the screen. The date and time at which you saved the record will be displayed in the Date/Time field.

A record that you have created should be authorized by a user, bearing a different login Id, before the EOD is run. Once the record is authorized, the ID of the user who authorized the record will be displayed in the Auth By field. The date and time at which the record has been authorized will be displayed in the Date/Time. The status of the record will be displayed in the check box marked Authorized. The field will remain unchecked until the record is authorized.

Click 'Exit' button to exit the screen. You will be returned to the Application Browser.

3.2.2 Operations on the Document Maintenance Record

On an existing Document Maintenance record, you can perform the following operations (if any function under the Application toolbar is disabled, it means that the function is not allowed for the record):

- Amend the details of a document
- Authorize a document
- Copy the details of a document on to a new one
- Close the document
- Reopen the document
- Print the details of a document
- Delete the details of a document

Please refer to the manual on Common Procedures for details of these operations.

On an existing Clause Maintenance record, you can perform the following operations (if any function under the Application toolbar is disabled, it means that the function is not allowed for the record):

- Amend the details of the record
- Authorize the record
- Copy the details of a Clause, on to a new record
- Close the record
- Reopen the closed record
- Print the details of a record
- Delete the record

Please refer to the manual on Common Procedures for details of these operations.

3.3 Maintaining Goods

An Islamic LC is used for trade payments. It therefore involves merchandise. There are certain standard goods or commodities, the trading of which is done, with Islamic LC cover. Instead of specifying the details of merchandise each time they are traded under an Islamic LC, you can maintain the details of the standard goods in the Commodity Codes Maintenance screen.

The advantage of maintaining goods details is that at the time of entering the details of an Islamic LC, you only need to specify the code assigned to the goods. The description maintained for the goods/commodity code will be automatically picked up. Typically, the statutory body controlling international and domestic trade in a country assigns these codes.

In Oracle FLEXCUBE the details of the standard goods/commodities transacted under Islamic LCs are common for the Islamic Bills & Collections module also. You can invoke 'Bills & Collections Commodity Code Maintenance' screen by typing 'BCDCOMCD' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button. If you are maintaining details for the goods or commodity for the first time, choose New from the 'Actions' menu or click 'New' icon from the tool bar. The 'Bills Commodity Codes Maintenance' screen is displayed without any details.

If you are calling a goods/commodities maintenance record that has already been defined, you can invoke 'Bills & Collections Commodity Code Summary' screen by typing 'BCSCOMCD' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button. You can double-click a document to open it.

Authorization Status	Record Status	Goods Code	Language Code

3.3.0.1 Specifying Goods Details

The fields in the screen are detailed below.

Goods Code

In Oracle FLEXCUBE goods are identified by a twelve-character code called the Goods Code. You can follow your own convention for devising the code. However, at least one of the characters of the goods code should be a letter of the English alphabet.

The code that you assign to a commodity should be unique as it is used to identify the commodity/goods. While processing an Islamic LC where you need to specify the goods transacted, you need to specify the code assigned to the goods. The goods description will automatically be picked up and defaulted.

Language Code

Specify the language code using which all the correspondences with the party should be carried out. Click the option list icon to view the list of available language codes.

Goods Description

After assigning a code to the goods, you can proceed to maintain a detailed description of the goods. The 'Goods Description' can contain a maximum of six thousand five hundred characters.

While specifying the details of the goods transacted under an Islamic LC, you can edit the description that is defaulted, to suit the requirements of the Islamic LC you are processing. Specifications such as the quality and quantity of the merchandise can also be entered.

Banned Commodity

As part of maintaining the details of the goods that can be traded under an Islamic LC, you can also specify whether the commodity being defined is banned from import/export.

If you are maintaining the details of a banned commodity, you can indicate the same by selecting this option in the screen.

At the time of selecting the goods being traded under an Islamic LC, the system will display the commodities in the option-list. In addition, the list will also display whether a particular

commodity is banned or not by indicating 'YES' (for a banned product) and 'NO' (for a product that is allowed for trade) against the product.

3.3.1 Specifying Values for the UDF

You can link the User Defined Fields with 'Branch Parameters Maintenance' screen using Function field mapping screen which can be invoked from the Application Browser by selecting User defined fields, and then Function field mapping.

The value for these fields can be specified in the 'Branch Parameters Maintenance' screen.

Note

Value for UDF can be made mandatory or non mandatory as maintained in the Field description screen.

After making the mandatory entries you can save the record.

On saving the record, your User ID will be displayed in the Input By field at the bottom of the screen. The date and time at which you saved the record will be displayed in the Date/Time field.

A record that you have created should be authorized by a user bearing a different login Id, before the EOD is run. Once the record is authorized, the Id of the user who authorized the record will be displayed in the Auth By field. The date and time at which the record has been authorized will be displayed in the Date/Time field positioned next to the Auth By field. The status of the record will be displayed in the check box marked Authorized. The field will remain unchecked until the record is authorized.

Click 'Exit' button to exit the screen. You will return to the Application Browser

3.3.2 Operations on a Goods/Commodity Maintenance Record

On an existing Goods Maintenance record, you can perform the following operations (if any function under the Application toolbar is disabled, it means that the function is not allowed for the record):

- Amend the details of a record
- Authorize a record
- Copy the details of a commodity, on to a new record
- Close a record
- Reopen a closed record
- Print the details of a record
- Delete a record

Please refer to the manual on Common Procedures for details of these operations.

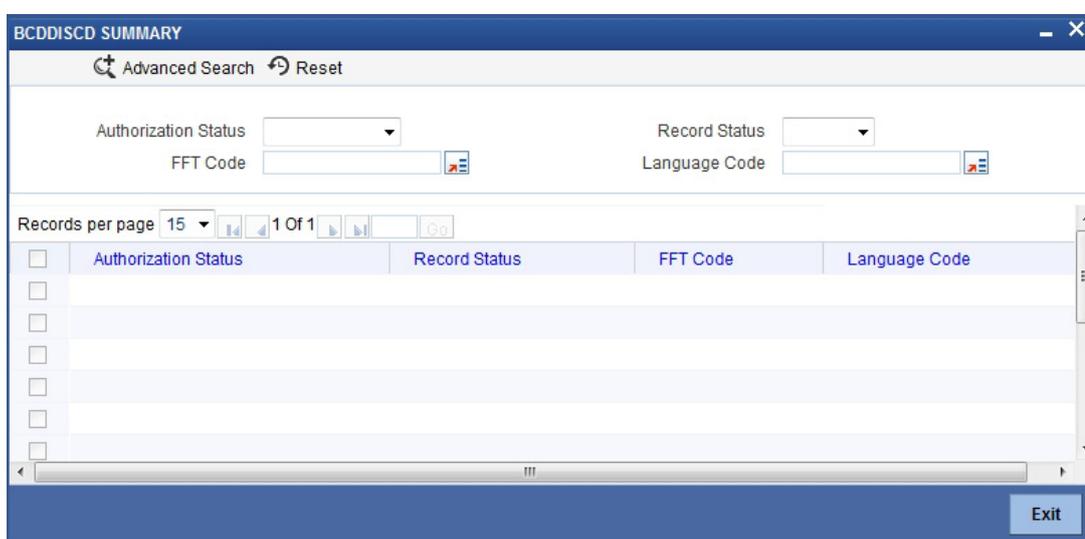
3.4 Maintaining Free Format Text (FFT) Codes

Free Format Text (FFT) may be a set of instructions or statements that are applicable to the Islamic LCs that you process. There are certain standard statements that should appear in the correspondence and messages, sent to the parties involved in an Islamic LC. Instead of specifying the details of an FFT each time you need to use it, you can maintain them in the FFT Maintenance screen.

The advantage of maintaining FFT details is that at the time of creating a product or while entering the details of an Islamic LC, you only need to specify the code assigned to the FFT. All the details maintained for the FFT code will be automatically picked up. This reduces your effort, as you do not need to enter the description of an FFT each time you use it.

The FFT details are maintained commonly for both Islamic LC and Bills & Collections. You can invoke 'Bills & Collections Free Format Code Maintenance' screen by typing 'BCDFFTC' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button. If you are maintaining the details for the FFT for the first time, choose 'New' from the 'Actions' menu or click 'New' icon in the tool bar. The 'Bills & Collections Free Format Code Maintenance' screen is displayed.

If you are calling a FFT maintenance record that has already been defined, you can invoke 'Bills & Collections Free Format Code Summary' screen by typing 'BCSFFTC' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button. You can double-click on an FFT of to open it.



3.4.0.1 Specifying Free Format Text Code Details

You can capture the following details related to the Free Format Text Code here.

Text Code

In Oracle FLEXCUBE, each FFT that you maintain is identified by a twelve character code called an FFT Code. You can follow your own conventions for devising the code. However, at least one of the characters of the goods code should be a letter of the English alphabet.

The code that you specify should be unique since it identifies the FFT. While creating a product, or at the time of entering the details of an Islamic LC you only need to specify the code assigned to the FFT. The FFT details will be automatically picked up and defaulted.

Language Code

Specify the language code using which all the correspondences with the party should be carried out. Click the option list icon to view the list of available language codes.

Free Format Text

After assigning a code to identify an FFT, you can proceed to maintain the description of the FFT. The description that you specify can contain text up to two thousand characters.

3.4.1 Specifying Values for the User Defined Fields

You can link the User Defined Fields with 'Branch Parameters Maintenance' screen using Function field mapping screen which can be invoked from the Application Browser by selecting User defined fields, and then Function field mapping. The value for these fields can be specified in the 'Branch Parameters Maintenance' screen.

Note

Value for UDF can be made mandatory or non mandatory as maintained in the Field description screen.

Click 'Exit' button to exit the screen.

3.4.2 Operations on the FFT Maintenance Record

On an existing FFT Maintenance record, you can perform the following operations (if any function under the Application toolbar is disabled, it means that the function is not allowed for the record):

- Amend the details of the record
- Authorize the record
- Copy the details of an FFT on to a new record
- Close the record
- Reopen the closed record
- Print the details of a record
- Delete the record

Please refer to the manual on Common Procedures for details of these operations.

3.4.3 Maintaining INCO Terms

You can associate documents and clauses to INCO Terms as part of a one-time maintenance for your bank. The following are the INCO terms for which you can maintain documents and clauses:

- CIF
- C&F
- C&I
- FOB
- CFR
- EX-Works

You can associate any number of valid documents to an INCO term. To each document associated with a term, you can associate any number of clauses.

When creating an Islamic LC product, you can indicate the INCO term that should be associated with it. The documents and clauses associated with the term will automatically default to Islamic LCs processed under the product. When processing an Islamic LC, you can modify the default list of associated documents and clauses.

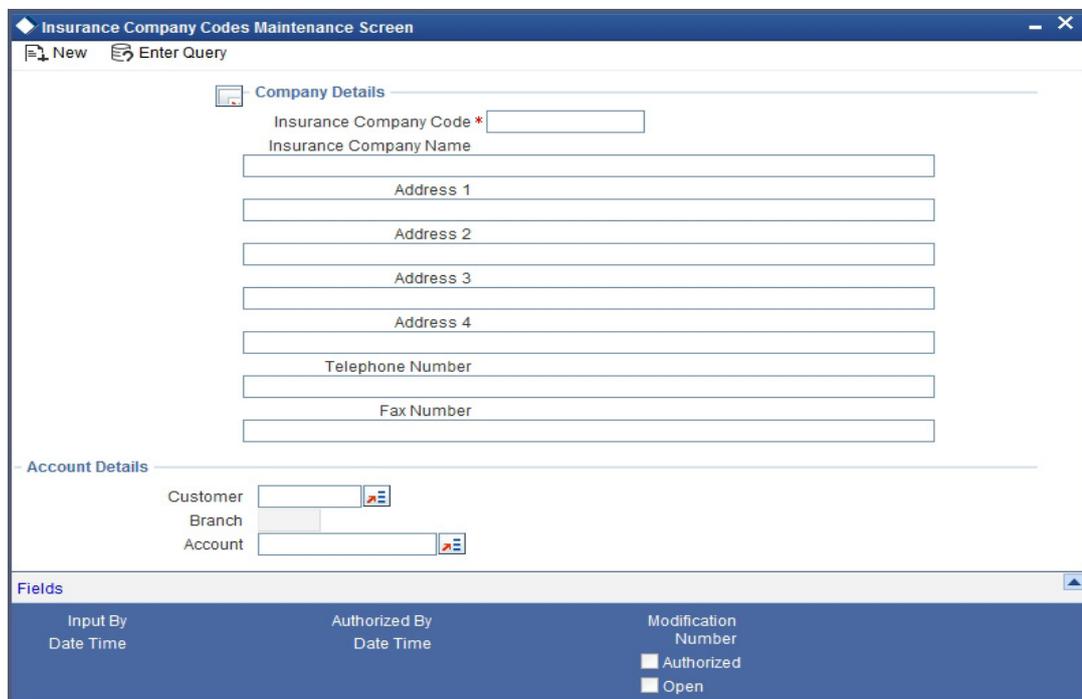
3.5 Maintaining Insurance Company Details

An Islamic LC, as an instrument of international trade involves the shipment of large merchandise over long distances. To cover the loss or damage of the goods during transition, most merchandise traded under an Islamic LC is covered with an insurance policy.

You can maintain the details of different Insurance Companies in Oracle FLEXCUBE.

At the time of capturing the details of an Islamic LC contract in the system, you can associate the appropriate Insurance Company Code with the contract. Upon selection of the code, all the details maintained for the selected code will be automatically picked up by the system. Subsequently, on receipt of the insurance policy from the company, the insurance policy number can also be captured in the relevant contract.

The maintenance of details of an insurance company is common for both Islamic LC and Bills & Collections modules. You can invoke 'Bills & Collections Insurance Company Maintenance' screen by typing 'BCDINSCO' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.



3.5.0.1 Specifying the Company Details

In this screen, you can maintain the following details of Insurance Companies:

Insurance Company Code

Specify a unique code for each insurance company being defined in the system. The insurance company will be identified by this code throughout the system. This is mandatory information and if not provided, you will not be allowed to save the details of the company.

You can use a maximum of 9 alphanumeric characters to create the company code.

Insurance Company Name

After specifying a unique code for the company, you can also specify the full name of the insurance company.

Address

Specify the mailing address of the insurance company being defined. You can maintain a maximum of four lines of address. Each line of address can accommodate a maximum of 105 alphanumeric characters.

Telephone Number

You can also capture the telephone number of the insurance company.

Fax Number

Specify the Fax Number of the insurance company.

3.5.0.2 Specifying Settlement Account Details

Here you can specify the following details for insurance settlement:

Customer

Specify the customer identification number of the insurance company. The adjoining option list displays all valid, open and authorized customers maintained in the system. You can select the appropriate one.

Account

Specify the customer account number of the insurance company. The adjoining option list displays all valid, open and authorized customer accounts attached to the chosen customer identification number. You can select the appropriate one.

Based on the account specified, the branch in which the account resides is displayed alongside.

Note

The insurance company will be available for association with Islamic LC contracts only after you authorize the company details.

3.6 Maintaining Customer Insurance Details

You can capture details of a customer's insurance policy in the 'Customer Insurance' screen. You can invoke this screen by typing 'BCDCIFIN' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Customer Details	
Customer Id *	Customer Name
Insurance Company	Company Name
Policy Number *	Insurance Amount
Currency Code	Per Bottom Limit
Policy Type	Utilization Amount
Expiry Date	Available Amount

Utilization Details Fields	
Maker	Date Time:
Checker	Date Time:
Mod No	Record Status
	Authorization Status

Here you can capture the following details:

Customer ID

Specify the customer for whom you are maintaining insurance details. The adjoining option list displays all the valid and open customer identification numbers (CIF) maintained in the system. You can select the appropriate one.

The system displays the chosen customer's name in the 'Customer Name' field.

Insurance Company

Specify the company whose insurance policy the customer holds. The adjoining option list displays all the insurance companies maintained in the system through the 'Insurance Company Codes Maintenance' screen. You can select the appropriate one.

The system displays the chosen company's name in the 'Company Name' field.

Policy Number

Specify the policy number of the insurance policy that the customer holds.

Currency Code

Specify the currency in which the insurance policy has been taken. The adjoining option list displays all the currency codes maintained in the system. You can select the appropriate one.

Policy Type

Select the type of insurance from the adjoining option list. This list displays all the values maintained for 'Insurance_Type' in the 'Types' screen.

Expiry Date

Specify the date on which the insurance policy expires. If you don't input a date, the system will consider the insurance policy to be open-ended.

Per Bottom Limit

Specify the maximum limit for which an Islamic LC contract linked to the policy can be covered. The amount will be considered in the currency of the insurance amount.

Insurance Amount

Specify the amount for which the customer is insured as per the specified policy.

Utilization Amount

The system displays the insurance amount that is utilized by an Islamic LC contract. Whenever an Islamic LC contract gets saved with some insurance amount linked to it, the system will update this value to extent of amount used. Similarly, if a linked Islamic LC gets closed, cancelled or reversed before the insurance expiry date, the system will re-instate the utilization amount ear-marked for that contract. This is true of Islamic LCs linked to open-ended policies too.

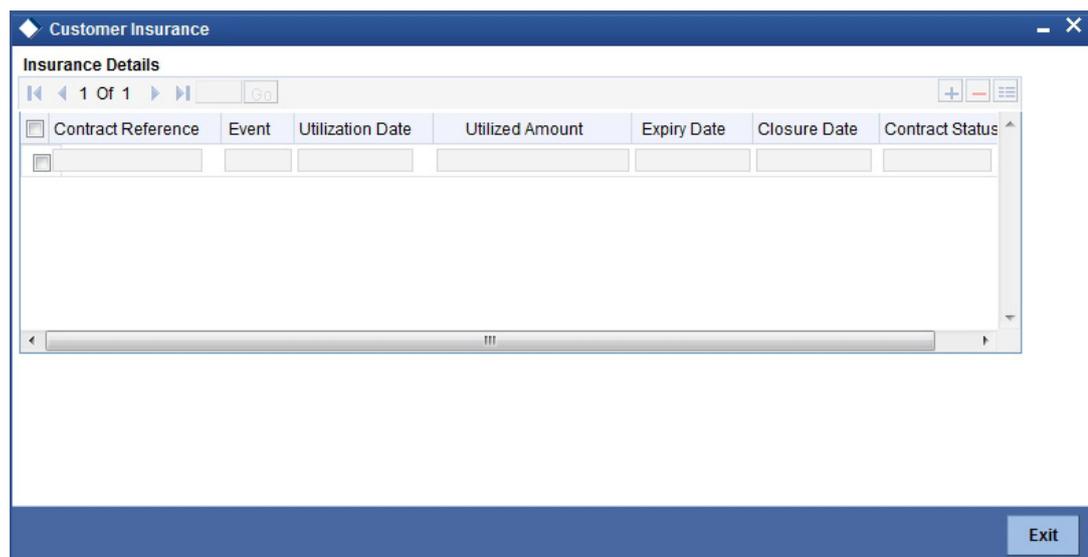
Available Amount

The system displays the available insurance amount that can be linked to an Islamic LC contract. The amount is computed as total insurance amount – utilized insurance amount. Whenever an Islamic LC contract gets saved with some insurance amount linked to it, the system will update this value to extent of amount available. Similarly, if a linked Islamic LC gets closed, cancelled or reversed before the insurance expiry date, the system will re-instate the utilization amount ear-marked for that contract and make it available for further utilization. This is true of Islamic LCs linked to open-ended policies too.

3.6.1 Capturing Utilization History Details

You can view the Islamic LC contracts for which the insurance amount has been utilized, in the 'Utilization Details' screen.

To invoke this screen, click on the 'Utilization Details' button.



Here you can view the following details of the Islamic LC contracts:

- Contract Reference Number
- Event

- Utilization Date
- Utilization Amount
- Expiry Date
- Closure Date
- Contract Status

3.7 Maintaining Import License Expiry Date

Oracle FLEXCUBE allows you to maintain the Import License Expiry Date of all the customers of your bank. You can maintain only one License Expiry Date for a customer. On selection of the CIF ID of the customer at the time of processing an Islamic LC contract, the Import License Expiry Date maintained for the selected CIF ID is also displayed in the Islamic LC Contract screen. The system will not do any validations based on the expiry date. It is used only for information purpose.

The Import License Expiry Date is captured through the License Expiry Date Maintenance screen.

You can invoke 'Letters of Credit License Expiry Date Maintenance' screen by typing 'LCDEXPDT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

3.7.0.1 Specifying Expiry Date Details

In this section specify the following details:

Customer No

Every customer of your bank is identified by a unique CIF ID. All authorized and active CIF IDs will be displayed in the option-list. You can select the appropriate CIF ID from the list.

Issuing Authority

Specify the government authority which issued the trade license to the customer.

Trade License No.

Specify the trade license number. This must be unique for each customer.

License Expiry Date

After you select the CIF ID, you can specify the Import License Expiry Date for the customer. The expiry date maintained here would be associated with all Islamic LC contracts processed for the customer.

Expired

The system marks the trade license of the customer as expired during EOD if the system date happens to be greater than or equal to trade license expiry date.

Renewal Date

Specify the date on which the trade was renewed.

Charge Account

Specify a valid account to be used to collect the charges for trade license expiry. The adjoining option list displays all open and authorised accounts belonging to the customer. You can select the appropriate one.

Charge Branch

The system displays the Branch Code where the Charge Account is held.

Expiry Due Advice Details

During EOD, advices are generated for customers whose trade license is impending expiry.

Generated Status

The success or failure of message generation through the above process is indicated by the true and false status of the field 'Generated Status'.

Generated Date

The system displays the date on which the message was generated, if any.

Expired Advice Details

During EOD, advices are generated for customers whose trade license has expired.

Generated Status

The success or failure of message generation through the above process is indicated by 'True' or 'False' status of this field.

Generated Date

The success or failure of message generation through the above process is indicated by the true and false status of the field 'Generated Status'.

3.8 Application of Exchange Rate Type based on Transaction Amount

Oracle FLEXCUBE allows you to apply different exchange rates based on the amount involved in the transaction. The cut-off amount slabs are maintained in the local currency of your bank.

If the transaction currency is not the local currency, the system will first convert the transaction amount into the local currency equivalent using the Standard Mid Rate. This is necessary as the cut-off amount slabs are maintained in the local currency. The system will then validate

the converted amount against the different amount slabs to determine the appropriate rate type. This is the rate type that will be used for the actual conversion of the transaction currency into the local currency equivalent.

You can capture the exchange rate types for different amount slabs through the 'Bills and Collections Exchange Rate Type Maintenance' screen. You can invoke this screen by typing 'BCDAMTEX' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

In this screen, you can specify the amount slabs for a branch, module and product combination.

Branch Code, Module Code and Product Code

Each branch of your bank is identified by a unique code. All authorized and active branch codes are available in the option-list. You can select the appropriate branch code from the list.

Like wise, all the modules (like Finances & Deposits, Letters of Credit, Bills & Collections, Funds Transfer etc) available in your bank are also displayed in an option-list. All active and authorized records are available for selection. You can select the appropriate module code from the list.

The various products/services offered by your bank are also available in an option-list. Select the product code from the list.

Alternatively, you can also maintain the cut-off amounts that will be applicable for all the branches, modules, and products of your bank. You can make the following selections to do this:

- Branch Code – AL (all branches)
- Module Code – ALL (all modules)
- Product Code – ZALL (all products)

Amount Tag

Amount tags identify the various components (eg Bill Amount, Finance Principal, Islamic LC Amount etc.) involved in a contract.

You can maintain the cut-off amount slabs for:

- All Amount Tags:
The maintenance will be applicable to all the amount tags available in the system (Module tags and Non-module tags).
- Module Tags:
The amount tags that are specific to a particular module are known as Module Tags. For eg the amount tag PRINCIPAL is specific to the Finances module, BILL_AMOUNT is defined for the Bills module and so on.
- Non-Module Tags:
The amount tags that are internally created by the system are referred to as Non-Module tags. The system will automatically create the amount tags for the Profit, Tax, Charge, and Commission components that you define for a product.

3.8.0.1 Specifying the Exchange Rate Maintenance Details

In this section, specify the following information:

Basis Amount

You can maintain the different amount slabs in this field. Specify the lower limit of the amount slab here.

Note

For the first slab, the floor basis amount will always be maintained as zero.

Amount To

Specify the upper limit of the slab. The upper limit of the precious amount slab gets defaulted as the Floor Basis Amount. Click on option list to capture each subsequent amount slab.

Currency Rate Type

You can associate a different exchange rate type with each cut-off amount slab that you have maintained. All authorized and active rate types defined in your system are available in the option-list. Select the appropriate rate type for each amount slab.

3.9 LC Commission Definition Maintenance

You can define the attributes of a commission for LC in the 'LC Commission Definition' screen, invoked from the Application Browser. You can invoke this screen by typing 'CFDCOMCL'.

You can specify the following details in this screen:

Module Code

Specify a module to which the class should be applicable to.

Class Code

Specify the class code to identify the class.

Class Description

The system displays the class description of the selected class code.

Rule ID

The rule that is linked to the class is displayed.

Collect LC Commission in Bills

Check this box to indicate that LC commission can be collected as a part of the bill availed against the LC. By checking this box, the commission component can either be transferred onto the bill or collected from the customer during the liquidation event of the commission component as a part of the LC.

4. Defining Attributes specific to an Islamic LC Product

4.1 Introduction

In this chapter, we shall discuss the manner in which you can define attributes specific to a Letters of Credit product.

You can create a Letter of Credit product in the Islamic Letters of Credit (Islamic LC) Product Definition screen, invoked from the Application Browser.

4.2 Creating an Islamic LC Product

The basic information about the product such as the Product Code and its description is captured through the Islamic LC Product Definition screen. Information related to specific attributes of a product can be defined in subsequent screens that can be invoked from the product definition screen.

You can invoke 'Islamic LC - Product Definition' screen by typing 'LIDPRMNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button. Click 'New' icon on the tool bar. The 'Islamic LC Product Definition' screen will be displayed with no values in the fields.

The screenshot shows the 'Islamic LC Product Definition' window. It features a 'Save' button at the top left. The main area contains the following fields and options:

- Product Code *
- Product Description *
- Product Type *
- Slogan
- Product Group
- Start Date
- End Date
- Remarks
- Revolving: Yes, No
- LC Type: Sight, Usance

At the bottom, there is a navigation bar with links: Accounting Roles | Events | Branch & Currency | Customer | MIS | Preferences | Commission | Free Format Text. Below this, there are fields for Maker, Checker, Mod No, Date Time:, Record Status, and Authorization Status. A Cancel button is located at the bottom right.

You can define the attributes specific to a letters of credit product in the 'Islamic LC Product Definition' screen and the 'Islamic LC Product Preferences' screen. In these screens, you can specify the product type and set the product preferences respectively.

The buttons used in this screens are explained below:

Buttons	Description
Accounting Roles	Click this button to define the accounting role to accounting head mapping.
Events	Click this button to select the events for the product and then maintain event-wise accounting entries and advices.
Branch & Currency	Click this button to maintain the list of allowed/ disallowed branches and currencies for the product.
Customer	Click this button to maintain the list of allowed/ disallowed customers/customer categories.
Preferences	Click this button to define preferences like tenor, Prepayment option etc.
MIS	Click this button to capture MIS related parameters.
Commission	Click this button to define the Commission details.
Charges	Click this button to define charge components, rules, events and other associated details.
Tax	Click this button to associate tax rules and select tax currencies.
Fields	Click this button to provide values for the UDFs associated with the screen.
Free Format Text	Click this button to attach the Documents and Free format text required for the Product
Tracers	Click this button to enter details of the tracers that should be generated for all Islamic LCs under this product

For any product you create in Oracle FLEXCUBE, you can define generic attributes, such as branch, currency, and customer restrictions, Profit details, tax details, etc., by clicking on the appropriate icon in the horizontal array of icons in this screen. For a letters of credit product, in addition to these generic attributes, you can specifically define other attributes. These attributes are discussed in detail in this chapter.

Product Code

The code you assign to a product will identify the product throughout the module. The code should contain four characters. You can follow your own convention for devising the code. However, at least one of the characters should be a letter of the English alphabet.

Since the code that you define is used to identify the product, it should be unique across the modules of Oracle FLEXCUBE. For instance, if you have assigned the code 'Islamic LC01' to a particular product in this module, you cannot use it as a code in any other module.

Product Description

You can enter a brief description of the product, which will be associated with the product for information retrieval purposes. Product Type

The product type identifies the basic nature of a product. An Islamic LC product that you create in Oracle FLEXCUBE can be of the following types:

- Import Islamic LC

- Export Islamic LC
- Guarantee
- Standby Guarantee
- Shipping Guarantee
- Clean Islamic LC
- Advice of Guarantee

The entries that are passed, the messages that are generated and the processing of contracts involving the product, is determined by your input to this field.

Slogan

You can specify a marketing punch-line to be associated with the product. This slogan will be printed on all the advices that are sent to the customer, for an Islamic LC involving this product.

Product Group

Each product is classified under a specific group. The different groups are defined in the Product Group Definition table.

Start Date and End Date

A product can be set up for use over a specific period, by defining a start and an end date. The Issue Date of an Islamic LC involving a product should be:

- The same as or later than the Start Date
- The same as or earlier than the End Date

The start and end dates of a product come in handy when you are defining a product for a scheme, which is open for a specific period.

Remarks

You can enter information about the product, intended for the internal reference of your bank. The remarks are displayed when the details of the LC are displayed or printed. However, this information will not be printed on any correspondence with the customer.

To maintain the allowed and disallowed customer and customer categories, you have to click the button and invoke the 'Customer and Customer Restrictions' screen.

MODULE

All the modules (like Loans & Deposits, Letters of Credit, Bills & Collections, Funds Transfer etc) in Oracle FLEXCUBE are represented by a code. This code is displayed in the module field. The product code that you assign to a product will identify the product throughout this module.

Revolving

Islamic LC products can be revolving or non-revolving. If you indicate that the product is revolving, you can associate the product with only revolving Islamic LCs. While actually processing revolving you can indicate whether the Islamic LC should revolve in time or in value.

Similarly if you indicate that the product is non-revolving, you can associate the product to only non-revolving Islamic LCs.

Note

All Islamic LCs will be of irrevocable nature.

LC Type

LC products can be sight or usance. If you indicate that the LC type is sight, then you can select the credit mode as:

- Sight Payment
- Negotiation.

If you indicate that the LC type is Usance, then you can choose the credit mode as

- Acceptance
- Deferred Payment
- Mixed Payment
- Negotiation

The system displays an override message if the credit mode is not applicable for LC product.

4.3 Specifying Preferences for a Product

Preferences are the options available for defining the attributes of a product. The options you make here will ultimately shape the product.

Click on 'Preferences' button to invoke the 'Letters of Credit Product - Preferences' screen. Through this screen you can define preferences for the product you are creating.

The screenshot displays the 'Islamic LC Product Preference' window, which is a complex form for configuring product attributes. The window is divided into several sections, each with its own set of controls:

- Preferences:** Includes fields for 'Product Code' and 'Description'.
- Tenor (In Days):** Features 'Standard', 'Minimum', and 'Maximum' input fields.
- INCO Term:** Contains an 'INCO Term' input field.
- Tolerance:** Includes 'Positive' and 'Negative' input fields.
- Exchange Rate:** Features 'Default Rate Type', 'Override Limit', and 'Stop Limit' input fields.
- Expiry Advice:** Includes radio buttons for 'Before' (selected) and 'After Days With New Values Required', and a 'Required' checkbox. A 'Notice Days' input field is also present.
- Applicable Rule:** Includes 'Applicable Rule', 'Rule Narrative', and 'Applicable Rule For' (a dropdown menu).
- Commission:** Includes 'Collection' (dropdown set to 'Advance'), 'Calculation' (dropdown set to 'Periodic'), and 'Start Date' (dropdown set to 'Issue Date'). There are also checkboxes for 'Retrospective' and 'Include To Date'.
- Cash Collateral:** Includes a 'Percentage' input field and radio buttons for 'Fixed' (selected) and 'Rolling'.
- Period of Presentation:** Includes a 'No of Days' input field and radio buttons for 'LIFO' and 'FIFO'.
- Rekey Requirements:** Includes radio buttons for 'Yes' and 'No' (selected), and checkboxes for 'Amount', 'Currency', 'Customers', 'Value Date', 'Expiry Date', and 'Total Paid'.
- Draft Tenor (In Days):** Includes 'Minimum' and 'Maximum' input fields.
- Accrual:** Includes a 'Frequency' dropdown set to 'Monthly' and a 'Day' input field.
- Confirmation:** Includes checkboxes for 'Required' and 'Partial Confirmation Allowed'.
- Closure Advice:** Includes radio buttons for 'Before' (selected) and 'After Days With New Values Required', and a 'Required' checkbox. A 'Notice Days' input field is also present.
- Closure Days:** Includes a 'Closure Days' input field set to '30'.
- Prepayment:** Includes a checkbox for 'Allow Prepay'.
- Rate Code:** Includes radio buttons for 'Middle Rate' (selected) and 'Buy/Sell Rate'.
- Status:** Includes a checkbox for 'Auto Status Control'.

The window has a blue title bar and a standard Windows-style interface with 'OK' and 'Exit' buttons at the bottom right.

The preferences that you define for a product will be applied to all the Islamic LC contracts involving the product.

4.3.1 Specifying Tenor related Details

You can set the Standard, Minimum and the Maximum limits for tenor based Islamic LCs. The tenor details that you specify for an Islamic LC product is always expressed in days.

Standard

The standard tenor is the tenor that is normally associated with an Islamic LC involving a product. The standard tenor of an Islamic LC is expressed in days and will apply to all Islamic LCs involving the product. If you do not specify any specific tenor while processing an Islamic LC, the standard tenor will by default apply to it. The default standard tenor applied on an Islamic LC can be changed during Islamic LC processing.

An expiry date will be calculated based on the tenor, as follows:

Expiry Date = Effective Date + Tenor

Minimum

The minimum tenor of a product can be fixed. The tenor of the Islamic LCs that involves the product should be greater than or equal to the minimum tenor that you specify. If not, an override will be required before the Islamic LC is stored.

Maximum

You can fix the maximum tenor of a product. The tenor of the Islamic LCs that involves the product should be less than or equal to the Maximum tenor specified. If not, an override will be required before the Islamic LC is stored.

4.3.2 Specifying Cash Collateral Details

In this section specify the following details:

Percentage

For a product, specify the percentage of the Islamic LC amount that should be taken as cash collateral. This percentage will be applied by default and can be changed when the Islamic LC is processed. In addition, the currency in which the collateral is to be collected can be specified in the Islamic LC Contract Collateral screen, while processing an Islamic LC.

Limits Tenor Calculation Type

Specify the calculation type for the limits tenor. You can select one of the following options.

- Fixed
- Rolling

Collateral transfer Bridge

Specify the GL/account to be used for transfer of collateral between Islamic LC and the Bill upon availment of the Bill against the Islamic LC. The GL/account specified here will be used as the bridge during the transfer accounting.

4.3.3 Specifying Islamic LC Authorization Rekey Fields

All operations on an Islamic LC (input, modification, reversal, etc.) have to be authorized by a user other than the one who carried out the operation. Authorization is a method of cross checking the inputs made by a user. All operations on an Islamic LC, except placing it on hold, should be authorized before beginning the End of Day operations.

You have the option to specify whether certain important details of an Islamic LC need to be rekeyed, at the time of authorization. If you indicate positively, you should also specify the fields that will have to be rekeyed at the time of contract authorization. You can specify any or all of the following as rekey fields:

- Amount
- Currency
- Customer
- Value date
- Expiry date
- Total Paid

When you invoke an Islamic LC for authorization; – as a cross-checking mechanism to ensure that you are calling the right Islamic LC, you can specify that the values of certain fields should be entered before the other details are displayed. The complete details of the Islamic LC will be displayed only after the values to these fields are entered. This is called the 'rekey' option. The fields for which the values have to be given are called the 'rekey' fields.

If no rekey fields have been defined, the details of the Islamic LC will be displayed immediately once the authorizer calls the Islamic LC for authorization. The rekey option also serves as a means of ensuring the accuracy of inputs.

4.3.3.1 Specifying Draft Tenor in Days

Minimum

Specify the minimum draft tenor for an Islamic LC product. The value you enter must be non-decimal numeric value ≥ 0 and $<$ Maximum Draft Tenor.

Maximum

Specify the maximum draft tenor for an Islamic LC product. The value you enter must be non-decimal numeric value > 0 and \geq Minimum Draft Tenor.

If the LC Type of an LC product is selected as 'Sight':

- On save of LC product definition, system will validate that the value defined for minimum and maximum Draft Tenor fields in preferences sub-system is either 0 or null. If the validation fails, system will display a configurable override message.
- During LC contract creation, on save, system will validate that the value entered for Draft Tenor field in Drafts sub-system is either 0 or null. If the validation fails, system will display a configurable override message. The said validation is also performed on save of LC amendment using LC contract online function

If the LC Type of an LC product is selected as 'Usance':

- On save of LC product definition, system will validate that value defined for minimum Draft Tenor is either null or 0 or any positive non-decimal numeric value > 0 but \leq maximum draft tenor and the value defined for maximum Draft Tenor is a positive non-decimal numeric value > 0 and \geq minimum draft tenor. If the validation fails, system will display an error message.
- During LC contract creation, on save, system will validate that the values entered for draft tenor field in drafts sub-system is between minimum & maximum draft tenor values defined for the product. If the validation is not successful, system will display a configurable override message. The said validation is also performed on save of LC amendment using LC contract online function.
- In instances where multiple drafts are captured for a LC contract, system will validate that the 'Draft Tenor' entered for each individual draft is within the minimum and maximum range defined for the product.

- If minimum and maximum Draft tenor value is not defined for a LC product then on save of a LC contract, system will not perform the validation stated in point (ii) as no range is defined at the product level.
 - When only one of the values i.e. either 'Minimum Draft Tenor' or 'Maximum Draft Tenor' is defined for the LC product, then on save of both LC contract creation and amendment, then the value defined i.e. the 'Draft Tenor' of LC contract will be validated against the 'Minimum Draft Tenor' if 'Minimum Draft Tenor' is defined or will be validated against 'Maximum Draft Tenor' if 'Maximum Draft Tenor' is defined. If the validation fails, system will display a configurable override message.
 - The validations described for Draft Tenor field of an LC contract are applicable only if drafts information is captured in the Drafts sub-system. If drafts are not applicable / captured for an LC contract, the said validations are not applicable. The validations stated above are applicable for both Import and Export LC products.
-

4.3.4 **Commission Related Preferences**

You can specify the following details.

Collection

Indicate when the commission components of an LC should be collected. Commission on an LC can be collected in the following ways:

- Advance - Select 'Advance' to indicate that the commission components of the LC should be collected at the time the LC is initiated.
- Arrears - Select 'Arrears' to indicate that the commission components of the LC should be collected on the maturity date of the LC.

Choose an option to suit the product you are creating.

Calculation

You can have the commission amount that is due to an LC collected in one of the following ways:

- Periodic - Indicate periodic if commission is to be collected in portions over a period in time. Periodic commission is calculated on the basis of a set of parameters that you define. The values of these parameters as of the beginning of the period are used as they may change when a periodic amount is calculated. For instance, the current outstanding LC amount may be lower at the time of commission collection than at the beginning of the period, because an avallment had been processed. When commission is collected on a periodic basis, it will be collected automatically, based on the rate period that you specify. Periodic commission can be collected either in advance or in arrears, depending on your specification. This specification is made in the Product Preferences screen also. The amount collected will always be for the current period.
- Non-periodic - Indicate non-periodic if the commission amount due to an LC is to be collected as a single sum. In this case, a single commission amount is calculated at the time you enter an LC using a set of parameters that you have defined for the LC. For *advance* collections the commission is collected at the time you enter the LC. If it is collected in *arrears*, then the commission is collected on the expiry date.

Retrospective

Check this option to indicate that commission is collected retrospectively.

Start Date

Specify the start date for commission calculation.

Include To Date

Check this option to indicate that the end date for commission calculation should be included in the calculation tenure.

Collect LC Commission in Bills

Check this box to indicate that LC commission can be collected as a part of the bill availed against the LC. By checking this box, the commission component can either be transferred onto the bill or collected from the customer during the liquidation event of the commission component as a part of the LC.

Commission related preferences have been discussed in the Commissions User Manual.

4.3.5 Specifying Tolerance for an LC under the Product

Tolerance denotes the variance that has to be built around the Islamic LC amount, to arrive at the Maximum Islamic LC amount.

Positive

Specify the percentage that should be added to the LC amount to arrive at the Maximum Islamic LC amount. When an Islamic LC is issued or advised, the Maximum Islamic LC amount will be the outstanding Islamic LC amount. This will be the maximum amount available for availment.

Negative

Specify the percentage that should be subtracted from the Islamic LC amount. The minimum tolerance is captured for information purposes only.

Note

The tolerance percentage can be changed when an Islamic LC is processed under a product.

The positive and negative tolerance amounts will be a part of the Islamic LC instrument and the subsequent amendment instruments. You should use the positive tolerance to indicate the amount that is uncovered, in the Islamic LC amount. Instances could be of the freight or insurance not being paid.

4.3.6 Specifying the Closure Days

In this section specify the following details:

Closure Days

Specify the number of days after which all Islamic LCs processed under the product being defined, will be closed. The number of days specified here and the expiry date of the Islamic LC is used to arrive at the closure date, as follows:

Islamic LC Closure Date = Islamic LC Expiry Date + Closure Days

By default, the system will display 30 days as the closure days. You are allowed to change this value.

At the time of capturing the details of an Islamic LC contract, the system will calculate the closure date, based on the closure days that you have maintained for the product involved in the contract. However, you can change the date to any other date after the expiry date.

4.3.7 Specifying the Exchange Rate related Details for a Product

In this section specify the following details:

Default Rate Type

You can specify the exchange rates to be picked up and used, when an Islamic LC in a foreign currency, is processed. You can indicate that the standard rate prevailing, as of the issue date of the LC should be used. You can also specify an exchange rate of your choice.

The possible values for the rate pickup are:

- As per Standard Rate
- As input in the Contract

If you specify as input in the contract, then the system computes the components of the LC, based on your input in the Exchange rate field, in the 'LC Contract Main ' screen.

If you choose 'As per standard rate' the system computes the applicable components, by picking up the exchange rates as of the transaction date, from the Currency table maintained in the Core Services module of Oracle FLEXCUBE.

Override Limit

If the variance between the rate defaulted and the rate input is a percentage that lies between the Rate Override Limit and the Rate Stop Limit, the Islamic LC can be saved by giving an override.

Stop Limit

If the variance between the rate defaulted and the rate input is a percentage value greater than or equal to the Rate Stop Limit, the Islamic LC cannot be saved.

4.3.8 Specifying the Period of Presentation

As part of the preferences you define for a product, you can specify the manner in which the Period of Presentation should be calculated for the documents that accompany Islamic LCs processed under the product.

The period of presentation can be arrived at in two ways.

Firstly, you can specify it directly, in terms of days, in the Number of Days field. Typically, this would be 21 days. (However, you can change this to suit your need.) If you choose this option, the number of days specified will *default* to all Islamic LCs processed under the product. The value will default to the 'Period For Presentation' field in the Islamic LC Contract – Others screen.

Alternatively, you can opt to calculate the period of presentation as follows:

Expiry Date of the Islamic LC – Latest Shipment Date

(You would choose this option if the period of presentation varies for each Islamic LC processed under a product.) To specify this manner of calculating the period of presentation, choose the Calculated Days option in the Product Preferences screen.

The system uses the Expiry Date and the Last Shipment Date specified for the Islamic LC you are processing, and arrives at the period of presentation. The period of presentation defined for the product - or calculated for the Islamic LC, as the case may be - will be displayed in the 'Period For Presentation' field in the Islamic LC Contract - Others screen. You can change the default to suit the Islamic LC you are processing.

LIFO/FIFO Rule

Specify the order in which the availment under this contract should be processed. You can choose one of the following options:

If multiple amendments are made to the Islamic LC contract amount, then the system applies the FIFO/LIFO rule when utilization is made against the Islamic LC contract.

- LIFO – Islamic LC amount will be utilized in ‘First In First Out’ order when availment is triggered against the multiple amended Islamic LC contract.
- FIFO – Islamic LC amount will be utilized in Last In First Out order when availment is triggered against the multiple amended Islamic LC contract.

The system will calculate the commission accordingly.

The system applies FIFO / LIFO rule when it finds that multiple amendment has been made to an Islamic LC contract against which utilization has been completed.

4.3.9 Specifying Finance Details

Specify the finance details here.

Note

This is allowed only for Shipping Guarantee product.

Collateral Funding by Finance

Check this box to indicate that the guarantee needs to be funded by a finance.

Finance Bridge GL

Specify the bridge GL used for accounting between finance product and shipping guarantee. The adjoining option list displays a list of all GLs. Choose the appropriate one.

Financing Product

Specify the finance product used for the creation of finance account. The adjoining option list displays a list of finance products. Choose the appropriate one.

Collateral Transfer Bridge

Specify the bridge GL used for collateral transfer from Islamic LC to shipping guarantee and shipping guarantee to Bill. The adjoining option list displays a list of all GLs. Choose the appropriate one.

Status

Specify the following status details:

Auto Status Control

Check this box to set automatic status control for the Islamic LC product. If you do not check this box, the system will not consider the Islamic LC contracts associated with this product for automatic status change.

The status of this check box is defaulted to the field ‘Auto Status Change’ of every Islamic LC contract associated with this product. However, you can modify this at the contract level.

4.3.10 Specifying Accrual Details

Specify the following accrual details.

Frequency

Specify the frequency of accrual for commission, charge or fees. The frequency can be one of the following:

- Daily
- Monthly
- Quarterly
- Half-yearly
- Yearly

In case of monthly, quarterly, half yearly or yearly accruals, you should specify the date on which the accruals have to be done during the month. For example, if you specify the date as '30', accruals will be carried out on the 30th of the month, depending on the frequency.

If you fix the accrual date for the last working day of the month, you should specify the date as '31' and indicate the frequency. If you indicate the frequency as monthly, the accruals will be done at the end of every month -- that is, on 31st for months with 31 days, on 30th for months with 30 days and on 28th or 29th, as the case may be, for February.

If you specify the frequency as quarterly and fix the accrual date as the last day of the month, then the accruals will be done on the last day of the month at the end of every quarter. It works in a similar fashion for half-yearly accrual frequency.

If you set the accrual frequency as quarterly, half yearly or yearly, you have to specify the month in which the first accrual has to begin, besides the date.

Month

If you choose one of the following options for accrual frequency, specify the month in which the first accrual has to begin:

- Quarterly
- Half-yearly
- Yearly

Day

If you choose one of the following options for accrual frequency, specify the date on which the accruals have to be done during the month:

- Monthly
- Quarterly
- Half-yearly
- Yearly

4.3.11 Specifying Confirmation Details

Check the 'Required' option to indicate that confirmation message is required for all Islamic LCs under this product.

4.3.12 Specifying Prepayment Details

Check the 'Allow Prepay' option to indicate that prepayment should be allowed for commissions that are marked as 'Arrears'.

4.3.13 Generating Fee Claim Advice

Fee Claim SWIFT

Check this box to determine whether the Charge claim advice should be generated in SWIFT.

4.4 Generating Islamic LC Expiry/Closure Advices

While creating an Islamic LC product, you can indicate whether a closure/expiry advice should be generated for Islamic LCs involving the product. These advices are generated based on the preferences that you specify for them.

Check against the appropriate option on the screen to indicate your preference. If you indicated that a closure/expiry advice should be generated, you need to indicate:

- Whether it is to be generated before or after closure/expiry
- The number of days before/after, expiry/closure when the advice should be generated

Islamic LC Expiry Processing

The Islamic LC cannot be marked as 'Expired' if any commission or charge is outstanding for the Islamic LC. The system logs an exception if the same is encountered.

Islamic LC Closure Processing

Upon Closure of the Islamic LC, The system checks to see if there are any outstanding receivable components in the Islamic LC (Commission and Charges to be collected from Bills availed against the Islamic LC). The system displays configurable error messages indicating the same.

Rate Code

When defining the settlement details for a product, you can specify the rate type (under the Rate Code option) that should be used in case of cross-currency settlements. Your specification for the product will default to all contracts involving the product. However, you can change the rate type defined for the product to suit a contract entered under the product.

The 'Rate Type' indicates the type of exchange rate that will be used. It can be the:

- Mid rate maintained for the currency pair
- Buy or Sell rate depending upon the nature of the transaction (whether debit or credit)

4.4.1 Opting to Track Limits

You can opt to track limits for all Islamic LCs processed under the product for which you are defining preferences. Choose the 'Limit Tracking Required' option to track limits for the Islamic LCs processed under the product.

Your specification here will default to all Islamic LCs processed under the product. You can modify the defaulted preference when processing an Islamic LC.

4.4.2 Setting Criteria for Status Change

You can set specific criteria for status change of an Islamic LC product using 'Islamic Letters of Credit Product – User Defined Status' screen. To invoke the screen, click 'Status' button on 'Islamic Letters of Credit Product Definition' screen.

The screenshot shows the 'Letters Of Credit Product - User Defined Status' window. It includes fields for Product Code and Product Description. There are dropdown menus for Status, Sequence, and Transaction. The Accruals section has checkboxes for Stop Accruals, Reverse Accruals, and Complete Accruals. The Automatic Movement section has checkboxes for Forward and Reverse. The Derivation Rule section has a text field for Derivation Rule and dropdowns for Elements, Operators, and Logical Operators. The Upward and Downward Movement section contains a table with columns: Accounting Role, Description, Accounting Head, and General Ledger Description. The table has two rows, both with checked boxes in the first column. The window has 'Ok' and 'Cancel' buttons at the bottom right.

Specify the following details:

Product Code

The system displays the code that identifies the product being maintained.

Product Description

The system displays a brief description of the product.

Status

Specify the status. The Islamic LC contract will be moved to the status that you define here. If more than one status are defined for a product, you need to indicate the sequence in which a contract moves from one status to another.

Sequence

The system displays the sequence number if you have defined more than one status for the product.

Transaction

Specify the transaction code to be used for the GL transfer entries involved in the status change. The option list displays all valid transactions that are applicable. Choose the appropriate one.

A transaction code is associated with every accounting entry in Oracle FLEXCUBE. In case of status change, a component is transferred from one GL to another resulting in a new accounting entry. The system uses this transaction code to pass such entries.

Accruals

You can set certain preferences for accruals in the event of status change. These preferences are applicable to non periodic commission components that are collected in arrears. These are not applicable to components that are collected in advance.

Stop Accruals

Check this box to stop further accrual on components when the Islamic LC is moved to the status defined above. If you do not check this, the system will continue to accrue the components even after Islamic LC status change.

Reverse Accruals

Check this box to reverse the accrued outstanding amount when the Islamic LC is moved to the status defined above. If you do not check this box, the system will not reverse the accrued amount after Islamic LC status change.

Complete Accruals

Check this box to complete the accruals when the Islamic LC is moved to the status defined above. Further to completion of the accrual, the system proceeds with the status change. If you do not check this option, the system will not complete the accruals.

Automatic Movement

Here, you can indicate whether the status change has to be carried out automatically.

Forward

Check this option to automatically move forward the status of the Islamic LC. If you do not check this option, the system will not facilitate automatic forward movement of the Islamic LC status. This is applicable only if Islamic LC automatic status processing is enabled.

Reverse

Check this option to automatically move the status in reverse. If you do not check this option, the system will not facilitate automatic reverse movement of Islamic LC status. This is applicable only if Islamic LC automatic status processing is enabled.

Derivation Rule

You can use the following fields to define derivation rules:

Derivation Rule

If you have opted for automatic status change, specify the criteria (rules) based on which the system will perform the status change. An Islamic LC is said to be in a specific status if any one of the five conditions associated with the status holds true. If all the conditions are false, the Islamic LC will automatically move to the next available status for which the condition is true.

You can define five conditions for each status. The conjunctions 'AND' and 'OR' can be used to create multiple conditions. Use those buttons appropriately between each condition.

Elements

Select element based on which you need to build a condition for automatic status change of Islamic LC. For letters of credit, you need to select 'Credit Rating'. The system resolves the value for this element as the credit rating for the main applicant of the Islamic LC in customer information maintenance.

Operators

Select the operator for building a condition for automatic status change. You can use multiple elements, in conjunction with the functions and arithmetic operators. The drop-down list displays the following operators:

- + (add)
- - (subtract)
- * (multiply)

- / (divide)

Choose the appropriate one.

Logical Operators

Select the logical operator for building a condition for automatic status change. The system uses the logical operators in combination with the elements for creating derivation rules. The drop-down list displays the following logical operators:

- > (greater than)
- >= (greater than or equal to)
- < (less than)
- <= (less than or equal to)
- = (equal to)
- < > (not equal to)

Choose the appropriate one.

The 'Customer Credit Rating' field at the Customer level will be used as a SDE CUSTOMER_CREDIT_RATING for defining status change rules. This will also be available for provision rule definition at the LC product level.

Upward and Downward Movement

Specify the following details:

Accounting Role

Specify the role to be used for provisioning accounting entries for the Islamic LC contracts in the selected status. The option list displays all accounting roles pertaining to commission components. Choose the appropriate one.

Description

The system displays a brief description of the selected accounting role.

Accounting Head

Specify the account head (GL) to which the provisioning accounting entries should be passed, for the Islamic LC contracts in the selected status. The option list displays real as well as contingent general ledgers. Choose the appropriate one.

Description

The system displays a brief description of the selected accounting head.

Note

In case of prepayment of commission for arrears, if the status of the contingent set of GLs changes, the system does not move the prepaid commission. Accrual continues to take place from the real GLs until the prepaid commission is exhausted. Contingent accrual takes place once the prepaid commission is exhausted.

4.4.3 Specifying the Applicable Rules of a Guarantee

You need to indicate the rules applicable for the guarantee.

Applicable Rule

Indicate the rule applicable by selecting the appropriate value from the list of values. The available values are as follows:

- URDG: The guarantee is subjected to the ICC Uniform rules of Demand Guarantees
- URCG: The guarantee is subjected to the ICC Uniform rules of Contract Guarantees
- OTHR: The guarantee is subjected to another set of rules
- NONE: The guarantee is not subjected to any rules

Note

- The above values are applicable only for Guarantee type of products.
 - The default value of Applicable Rule is set to NONE. This is applicable only for Guarantee type of products.
-

For Import and Export type of products, the following values are applicable:

- UCP LATEST VERSION
- EUCP LATEST VERSION
- UCPURR LATEST VERSION
- EUCPURR LATEST VERSION
- ISP LATEST VERSION
- OTHR: The guarantee is subjected to another set of rules

Note

- If the guarantee is subjected to rules other than that provided in the list of values, the applicable rule must be indicated as 'OTHR'
 - The default value of Applicable Rule is set to UCP LATEST VERSION. This is applicable only for Import/Export type of products
 - Based on the product type, the list of values will display rules applicable for the product.
 - 'Applicable Rule' and 'Rule Narrative' will be enabled only for import, export and guarantee product types
-

Rule Narrative

This is enabled only if 'Applicable Rule' is set to 'OTHR'. It is mandatory to specify the rule narrative if the applicable rule is 'OTHR'. You need to describe the Applicable rule here. Oracle FLEXCUBE will validate the rule narrative for slashes.

Note

- 'Rule Narrative' should not start or end with '/' or should not have two consecutive slashes
 - The above fields will be enabled only for a guarantee
 - The Applicable Rule and Rule Narrative cannot be amended after authorization
-

Partial Confirmation Allowed

Check this box to confirm the partial amount. The remaining amount can be confirmed after you receive the approval from the external agent.

Note

Partial confirmation is allowed only for Islamic export LC.

Applicable Rule For Reimbursement

Select applicable rule for which you need a reimbursement from the adjoining drop-down list. This list displays the following:

- URR Latest Version–Select if the applicable type is latest version of URR.
- NOTURR–Select if the applicable type is NOTURR.

4.4.4 Generating Advices for the Insurance Company

For generation of advice to an insurance company for the Islamic LC product, you need to associate the message type 'Islamic LC_INSURANCEADV' for the events BISS and AMND respectively. During authorization of these two events, the system will process the messages for all import Islamic LCs.

Refer to the 'Product Definition' User Manual under Modularity for details about events, accounting entries and advices.

All the messages are sent to the insurance company via mail. For this reason, you need to specify the insurance code (Receiver) and the mailing address of the Insurance Company in the Islamic LC Drafts screen.

Refer to the Annexure chapter to view an advice sample generated for the insurance company.

4.4.5 Specifying Event for Reissue of Guarantee

You must associate the event REIS for an Islamic LC product for processing of reissue of guarantee. The system will display the REIS event during Events definition in the Product Maintenance.

Refer to Products user manual for detailed explanation of 'The Product Event Accounting Entries and Advices Maintenance screen'.

4.4.6 Generating Advices for Faxing Islamic LC Confirmation to Counterparty

For generation of advice to the counterparty at the time of confirming an Islamic LC, you need to associate the message type 'ILC_INSTR_COPY' and 'ILC_AM_INST_COPY' for the events BISS and AMND respectively. During authorization of these two events, the system will process the messages for confirmed Islamic LCs.

5. Processing an Islamic LC Contract

5.1 Introduction

A Letter of Credit contract is an instruction wherein a customer requests the bank to issue, advice or confirm a letter of credit, for a trade transaction. An Islamic Letter of Credit (Islamic LC) substitutes a bank's name and credit for that of the parties involved. The bank thus undertakes to pay the seller/beneficiary even if the remitter fails to pay.

The sequence of the events involved, in processing the Islamic LC can be considered an Islamic LC contract. The specific letters of credit thus processed for the customers of your bank constitutes a contract.

An Islamic LC Contract would therefore require information on:

- Who is the buyer or importer?
- Who is the seller or the exporter?
- The operation that your branch is performing on the Islamic LC
- The merchandise traded under the Islamic LC
- Specifications for the transportation of the consignment
- The documents that should accompany the Islamic LC
- The amount for which the Islamic LC is drawn
- Details of the parties involved in the Islamic LC
- The type of Islamic LC you are processing
- The details of the insurance company under which the goods traded are covered

You have defined products to group together or categorize Islamic LC which share broad similarities. Under each Product that you have defined, you can enter specific Islamic LCs based on your customers' needs. Each of these will constitute a contract. While products provide a general framework and serve to classify or categorize Islamic LCs, contracts are customer specific.

By default an Islamic LC inherits the attributes of the product to which it is associated. This means that you will not have to define these general attributes each time you input an Islamic LC involving a product.

5.2 Invoking the Islamic LC Contract Details Screen

You can invoke 'Islamic LC Contract Input' screen by typing 'LIDTRONL' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button. Click 'New' icon in the application toolbar. The 'Islamic LC Contract Input' screen with no values in the fields is displayed.

If you are calling a contract that has already been created, click on Summary view. You can invoke 'Islamic LC Contract Summary' screen by typing 'LISTRONL' in the field at the top right

corner of the Application tool bar and clicking the adjoining arrow button. You can open an existing contract by double clicking the contract.

You can enter the following details here:

Product Code

Select the product from the list of products created in the Islamic LC. Details of this product get defaulted from the Product screen.

Product Description

Product description given for this product gets defaulted from the Product screen.

Contract Reference Number

The Contract Reference Number identifies a contract uniquely. It is automatically generated by the system for each contract. The Contract Reference Number is a combination of the branch code, the product code, the date on which the contract is booked (in Julian format) and a running serial number for the booking date.

The Reference Number consists of a three-digit branch code, a four-character product code, a five-digit Julian Date and a four-digit serial number.

The Julian Date has the following format:

YYDDD

Here, YY stands for the last two digits of the year and DDD for the number of day(s) that has/have elapsed, in the year.

Product Type

The type of product gets displayed here from the product screen, specifying if the product is of type import/export or revolving or non-revolving.

User Reference

In addition, a contract is also identified by a unique User Reference Number. By default, the Contract Reference Number generated by the system will be taken as the User Reference Number. But you have the option to change the User Ref Number.

Oracle FLEXCUBE also provides you the facility to generate the user reference number in a specific format.

Note

You can specify a format for the generation of the User Reference Number in the 'Sequence Generation' screen available in the Application Browser. Refer to the Core Services User Manual for details on maintaining a sequence format.

Source Reference

The system automatically generates the Source Reference number. You can change it if required.

This is a unique message identification number that will be used to identify an incoming message coming from an external system. This is defined as the ICN number. On upload of an incoming message into Oracle FLEXCUBE, this number, given by the external system, will be stored in Oracle FLEXCUBE and passed on to the contract generated as a result of the incoming message. If the incoming message results in an outgoing message, the ICN number will be linked to the outgoing message also.

This number will help you in creating a relationship between the incoming message, the resultant contract in Oracle FLEXCUBE, and the outgoing message, if any.

For instance, if an incoming MT103 results in an FT transaction, then ICN number of the incoming MT103 will be linked to the FT contract generated due to the upload of the incoming payment message.

If an Incoming message results in an outgoing contract (outgoing message), Oracle FLEXCUBE will store the External reference number (ICN Number) at the following levels.

- Incoming Message Level
- Contract Level (Resulted due to the Incoming message)
- Outgoing message (As a result of the above contract)

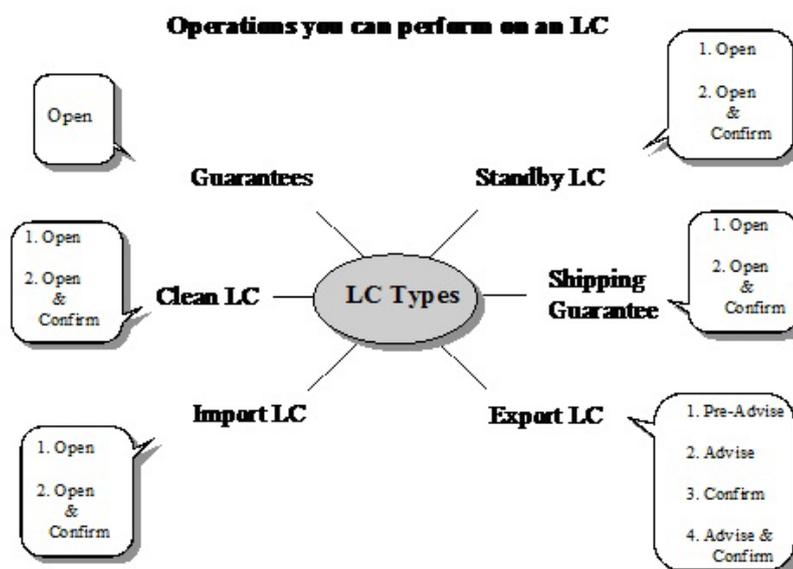
Fund Id

Select the fund id from the adjoining option list. The system defaults the value of Default Mudarabah Fund as fund id.

Operation Code

The operations that you can perform on an Islamic LC are determined by the type of Islamic LC being processed. The operation that you specify will determine the accounting entries that are passed and the messages that will be generated.

You can select an operation from the option list available. The type of operation that you can perform on an Islamic LC has been diagrammatically represented below:



5.2.1 Specifying Details of an Islamic LC

Through the screens that follow in this section, you can process all types of Islamic LCs (import, export, invoice, clean, guarantees, shipping guarantees).

You can choose to enter the details of a contract using the following methods:

- Copying the details from an existing contract and changing only the details that are different for the Islamic LC you are entering
- Using your keyboard or the option lists that are available at the various fields to enter the details of the Islamic LC afresh

To facilitate quick input, you only need to input the product code. Based on the product code, many of the fields will be defaulted. Overwrite on these defaults to suit your requirement. You can add details that are specific to the Islamic LC like the Islamic LC amount, details of the buyer and the seller, etc.

5.2.2 Uploading Islamic LCs/Guarantees

Oracle FLEXCUBE allows you to a facility to automatically upload Islamic LCs and Guarantees.

The MT 700 and MT 701 messages that you receive can be uploaded into Oracle FLEXCUBE as Islamic LC contracts. Depending on whether confirmation is required, the uploaded Islamic LCs will be of type 'advice' or 'advice and 'confirm'.

Similarly, you can upload MT 760 messages as Guarantee contracts and copy the details of the incoming guarantee from field 77c (and amend these details, if required). You only need to furnish minimal details such as the Currency, the Amount, the Parties, etc.

Upload processing will also upload the document reference of Shipping Guarantee Contracts.

5.3 Description of the Islamic LC Contract Details Screen

The Islamic LC Contract Details screen consists of a header and footer that contains fields specific to the contract being entered. Besides these, you will also notice six tabs and a horizontal array of icons along the lines of which you can enter details of the contract. Contract details are grouped into the various screens according to the similarities they share.

The Islamic LC Contract Screen contains six tabs along the lines of which you can enter details of the contract. The six tabs are:

Tabs	Description
Main	Click this tab to enter the essential terms of the Islamic LC. This screen along with its fields has been detailed under the head Entering Main Contract Details.
Parties	In the screen that corresponds to this tab, you can enter the details of all parties involved in the Islamic LC. This screen along with its fields has been detailed under the head Entering Party Details.
Advices	In the screen corresponding to this tab you can view, suppress and prioritize the advices that are to be generated for a contract. This screen along with its fields has been detailed under the head Specifying Advises for an Islamic LC.
Shipment	In the screen that corresponds to this tab you can enter details of the documents required under an Islamic LC and the clauses that should accompany the documents. Besides, you can also specify a description of the merchandise traded under the Islamic LC and shipping instructions for the transportation of the merchandise.
Tracers	Click on this tab to enter details of the tracers that should be generated for an Islamic LC.
Preference	Click this tab to set the preferences
Documents	Click this tab to capture the document details

On the Contract Detailed screen are also displayed a horizontal toolbar. The buttons on this toolbar enable you to invoke a number of functions vital to the processing of an Islamic LC contract. These buttons have been briefly described below.

Buttons	Description
Drafts	Click this button to capture the details of draft drawn for the LC. You can specify the name of the insurance company that is covering the goods traded under the LC.
Settlement	Click this button to invoke the Settlement screens. Based on the details that you enter in the settlement screens the Islamic LC will be settled. The details of these screens have been discussed in the Settlements manual.

Events	Click this button to view the details of the events and accounting entries that a contract involves.
MIS	Click this button to define MIS details for the Islamic LC.
Commission	On invoking this button Commission details of the contract are displayed
Charges	<p>This button invokes the Charges and Fees service. On invoking this function you will be presented with a screen where the ICCF rate, amount, currency and the waive charge parameter can be specified. The Processing Charges and Fees manual, details the procedure for maintaining charge rules. It also deals with the linking of a charge rules to a product and the application of the rule on an Islamic LC.</p> <p>The Processing Commissions manual, details the procedure for maintaining commission rules. It also deals with the linking of a commission rule to a product and the application of the rule on an Islamic LC.</p>
Tax	<p>This button invokes the Tax services.</p> <p>The Processing Tax manual details the procedure for maintaining tax rules and schemes. It also deals with the linking of a tax scheme to a product and the application of the scheme on an Islamic LC.</p>
Collateral	In the screen that corresponds to this icon, you can specify details of the cash that you collect as collateral form a customer for the Islamic LC that you process. The details of this screen are discussed under the head Specifying Collateral details for an Islamic LC.
Linkage Details	Clicking this button invokes the Contract Linkages screen. In this screen, you can link an Islamic LC to a deposit or account, and indicate the funds that you would like to block.
Change Log	Click this button to view the changes made to a particular version of an Islamic LC contract.
Transferred Components	Click this button to view the deferred components details screen.
Fields	Click this button to view the user-defined fields linked to the product.
Transfer Details	If the LC is transferred to a new party then a transaction will be populated here. You can only view the details.
Insurance	Click this button to capture insurance details for the LC.
Finance Preference	Click this button to invoke the 'Finance Preference Screen'. You can enter the details of the finance.
Deferred Profit Component	Click this button view the components which are transferable to BC in Oracle FLEXCUBE
IB Linkages	Click this button to specify IB linkages
Split Settlement	Click this button to specify split settlement details

Brokerage	Use this button to capture brokerage details for the Islamic LC contract and set your preferences for sharing the brokerage amount among multiple brokers.
Documents	Click this button to capture the customer related documents in central content management repository.
All Messages	Click this button to view all messages associated to contract.

Enter valid inputs into all the mandatory fields or you will not be able to save the contract. After making the mandatory entries for the Islamic LC, save the contract by either clicking 'Save' icon in the tool bar

A contract that you have entered should be authorized by a user bearing a different Login ID, before the EOD is run.

Note

You have the option to amend all the unauthorized entries made for an Islamic LC. However, after authorization, certain fields cannot be amended.

Click on 'Exit' button to go back to the Application Browser.

5.3.1 Specifying the Main Details of an Islamic LC

While defining a product, you defined a broad outline that can be applied on Islamic LCs. However, while processing an Islamic LC involving a product, you need to enter information specific to the Islamic LC.

This information is captured through the 'Islamic LC Contract Details Main' screen.

The following are the features of the contract details main screen.

5.3.1.1 Specifying the LC Details

The terms defined for an Islamic LC form the basis on which the Islamic LC will be processed.

Currency

Specify the currency in which the Islamic LC is drawn.

Contract Amount

Specify the amount for which the Islamic LC is drawn.

Tolerance Text

Select the applicable tolerance text from the adjoining drop-down list. The available options are:

- None
- About
- CIRCA
- Approximately

Customer

If the applicant is a customer of your bank, specify the CIF ID assigned to the customer, the related details of the customer will be automatically picked up.

If you are processing an Export LC, you should typically specify details of the beneficiary.

Customer Name

The system displays the customer name.

Party Type

Specify a valid party type. The adjoining option list displays all valid party types maintained in the system. You can select the appropriate one.

Dated

Enter the date of the Their Reference. This would normally be the date on which you have a correspondence from the party regarding the LC.

Customer Reference

This is the reference of the party whose CIF ID you have input. This will be picked up appropriately in the correspondence sent for the LC.

License Expiry Date

The system displays the license expiry date.

Amount

The system displays the amount for which the LC is drawn.

Expiry Place

Specify the city, country, or the bank where the LC expires.

Applicable Rule

This is defaulted from the product level. The value displayed here cannot be amended.

Issue Date

Enter the date on which the Islamic LC is issued.

Effective Date

In the Islamic LC Contract Details screen, you can capture the Effective Date of a guarantee. The effective date that you capture for a guarantee will be printed on the instrument.

By default, the system displays the Issue Date, in the Effective Date field. You can change the default value (for a guarantee) to a date in the past or future.

As stated earlier, the Effective Date along with the Tenor of the Islamic LC will be used to calculate the Expiry Date of the Islamic LC.

Note

Please note that commission for a guarantee, will be calculated according to your specifications for the product that the guarantee involves. In the Islamic LC Product Definition screen, you can indicate if commission is to be calculated from:

- The Issue Date
 - The Effective Date
 - The earlier of the two
-

Tenor

All Islamic LC contracts will be associated with the standard tenor maintained for the product under which the contract is being processed. The tenor of the Islamic LC will be used in combination with the Effective Date to arrive at the Expiry Date of the Islamic LC, as follows:

Islamic LC Expiry Date = Effective Date + Tenor

However, for a specific Islamic LC contract, you can choose to maintain a different tenor. The tenor of an Islamic LC can be expressed in one of the following units:

- Days (D)
- Months (M)
- Years (Y)

Note

If you do not specify a unit, the system will automatically append 'D' with the numeric value (tenor) indicating that the tenor is expressed in Days.

Depending on the tenor that you specify, the system will recalculate the Expiry Date. Consequently, the Closure Date that is dependent on the Expiry Date will also be recalculated by the system.

Expiry Date

Specify the date when the LC expires.

Auto Closure

Check this option to indicate that the Islamic LC should be automatically closed.

Note

This field is not applicable for Islamic LC Module Contracts under Islamic LC Product with Product Type 'G' (Guarantee).

Closure Date

The date of closure is based on the 'Closure Days' maintained for the product involved in the Islamic LC. The number of days specified as the Closure Days is calculated from the expiry date of the Islamic LC, to arrive at the Closure Date.

Islamic LC Closure Date = Islamic LC Expiry Date + Closure Days

However, you can change the closure date, thus calculated, to any date after the expiry date.

Note

If the closure date falls on a holiday, the system will prompt you with an override message.

Pre Advice Date

Specify date on which the pre-advice was initiated from the adjoining calendar. The current date is defaulted as pre-advice date, if the operation is Pre-advice Islamic LC; however you can change to an earlier date.

Note

Modifications are not allowed after first authorization.

Reference to Pre-advice

Specify reference to the pre-advice, if any, generated for the Islamic LC contract.

A pre-advice is a brief advice of documentary credit sent by the Issuing Bank to the Advising Bank. This is to be followed by the Islamic LC instrument that contains all the details of the Islamic LC. It notifies the recipient that the named buyer has opened an Islamic LC for a specified amount on a named seller (beneficiary).

Note

Modifications are not allowed after first authorization.

Finance for Collateral

Check this box if finance for collateral is applicable. **Stop Date**

This date will be defaulted to LC Expiry date. Stop date cannot be earlier than Issue date and later than expiry date.

Rule Narrative

This is defaulted from the product level. The value displayed here can be amended at the contract level. However, once the contract is authorized, you cannot make any amendments. Oracle FLEXCUBE validates the rule narrative for any slashes.

Note

- The rule narrative should not start or end with '/'
 - It should not have two consecutive slashes
 - This is enabled only if the Applicable Rule is 'OTHR'
-

5.3.1.2 Specifying Tolerance Limits for an Islamic LC

Tolerance denotes the variance that has to be built around the Islamic LC amount, to arrive at the actual availability amount for the Islamic LC. The tolerance percentage is used to build the Maximum Islamic LC amount, when some component of the trade transaction like the freight, insurance, etc., is not covered in the Islamic LC amount.

The positive tolerance is the percentage that should be added to the Islamic LC amount, to arrive at the Maximum Islamic LC Amount. This amount will be considered as the Islamic LC outstanding Islamic LC amount.

The negative tolerance is the percentage that should be subtracted from the Islamic LC amount, to arrive at the Minimum Islamic LC Amount. The negative tolerance is captured for information purposes only. It will form part of the Islamic LC and amendment instruments.

Note

The positive and negative tolerance specified for the product associated with the Islamic LC is defaulted. If you change the defaulted Positive Tolerance, an override message is displayed.

Maximum Amount

The Maximum Islamic LC Amount indicates the maximum amount that can be availed under the Islamic LC. This amount is arrived at, by adding the positive tolerance to the Islamic LC amount.000

Max. Islamic LC Amount = Islamic LC Amount + Positive Tolerance

If you have indicated the positive tolerance to be zero then:

Max. Islamic LC Amount = Islamic LC Amount

Note

A customer cannot, at any point in time, avail more than the Maximum Islamic LC amount.

Liability %

The liability percentage is the percentage that should be added to the Islamic LC amount, to arrive at the customer's liability towards the bank. The credit limit utilization will be updated with the liability amount.

The liability amount is arrived at in the following manner:

Liability Amount = Maximum Islamic LC Amount + Liability % of the Islamic LC amount

If you have indicated the liability percentage to be zero then,

Liability Amount = Maximum Islamic LC Amount

This amount is computed by the system using the method indicated above, only if you have specified a liability tolerance. If a Liability tolerance has not been specified, you can enter a liability amount of your choice. However, the liability amount that you can enter should be at least equal to the maximum Islamic LC amount.

INCO Term

For an Islamic LC you have the option of specifying preferences like:

- Whether the Islamic LC is transferable
- Whether it should be automatically closed
- The *type* of the confirmation instruction that should be sent to the advising/confirming bank if you are issuing the Islamic LC (whether Field 49 of MT 700 should be 'Without', 'Confirm', or 'May add').

5.3.1.3 Capturing Customer Details

One of the parties in the Islamic LC should be a customer of your bank with a valid CIF ID. The details of this party are captured in the Contract Main Screen. It is then defaulted to the Parties screen.

If none of the parties in the Islamic LC is a customer of the bank, you should enter the CIF ID defined for the walk-in customer and give the details of one of the parties for it.

The party type of the counterparty of the Islamic LC is defaulted based on the type of Islamic LC you are processing. If you process an import Islamic LC 'APP' (indicating applicant) is defaulted. If you process an export Islamic LC 'BEN' (indicating beneficiary) is defaulted. You can change the default.

For an Import or Clean Islamic LC, all type of Guarantees or Stand-by Islamic LCs

You should specify details of the Applicant in the Islamic LC Main screen. If the applicant is a customer of your bank, specify the CIF ID assigned to the customer, the related details of the customer will be automatically picked up.

For an Export Islamic LC

If you are processing an Export Islamic LC, you should typically specify details of the beneficiary. The details of the other parties involved in the Islamic LC are captured in the Parties screen. The Customer Details specified in this screen will be defaulted to the Parties screen.

After you capture the CIF ID of the customer involved in the contract, the Import License Expiry Date maintained for the selected customer is defaulted to the screen. The system does not do any validations based on the Expiry Date. It is used only for information purpose.

5.3.1.4 Capturing Revolving Details

You can capture the following details.

Revolves In

Islamic LCs can revolve in Time or in Value. Select the appropriate option from the adjoining drop-down list.

Automatic Reinstatement

The mode of reinstatement for a revolving Islamic LC can be either automatic or manual. Check against this field to indicate that the mode of reinstatement is automatic.

This field is applicable only for an Islamic LC revolving in time.

Cumulative

Check this box to indicate that the Islamic LC is cumulative. Leave it unchecked to indicate otherwise.

Frequency

For Islamic LCs that revolve in value, you can specify the maximum number of times the Islamic LC can be reinstated. Based on the value you specify, the Islamic LC Liability Amount will be computed and displayed.

If the number of reinstatements of the Islamic LC exceeds the value you specify, an override message will be displayed when the Islamic LC is saved. This override will have to be ratified at the time of contract authorization.

Units

For Islamic LCs, which revolve in time, the maximum number of reinstatements is calculated based on the Reinstatement Frequency you specify. In the Units field, you can choose one of the following:

- Months
- Days

Next Reinstatement Date

The system computes and displays the date of next reinstatement based on the value in 'Units' field.

Remarks

You can specify remarks here if any.

Partial Closure

Check this box to perform partial closure of Islamic LC manually.

You can check this box during the following conditions:

- 'Unlock' Operation
- If the product is not of Revolving type
- On or before the Expiry date of the Islamic LC

On saving the amendment after checking this option, PCLS event takes place. The Limits, Outstanding Liability and the Cash Collateral are released to the extent of unutilized amount.

Once PCLS event is fired for an Islamic LC contract, system does not allow any operation on the Islamic LC other than LC Closure (CLOS). You can reopen the closed Islamic LC as existing. While reopening the Islamic LCs for which PCLS is fired earlier, the Limits are tracked, OS Liability and Cash collateral is increased to the extent of the amount released as part of PCLS.

After PCLS event takes place on the Islamic LC contract, if the Bill contract to which the Islamic LC is linked is reversed, the Limits, OS Liability and the Cash Collateral is not released automatically. You have to manually close the Islamic LC. The linkages to the Islamic LC are not released automatically as part of PCLS firing during batch. You have to manually release as part of manual partial closure. The above processes are skipped for the Islamic LC contracts under the product for which the 'Revolving' option is indicated as 'Yes'.

The system allows manual partial closure during the partial closure days, until the Islamic LC is closed.

In case of a partially confirmed export Islamic LC contract, the system excludes the bill amount in the initial stage from the confirmed and unconfirmed portions.

Status

Specify the following details:

User Defined Status

Specify the status of the Islamic LC contract. The option list displays all valid statuses that are applicable. Choose the appropriate one.

At the branch level, if you have enabled group level status change for the Islamic LC, the system displays the status of the group with which the Islamic LC is associated. However, you can unlock and modify the statuses of individual contracts. Thus, you can use this field for changing the status of an Islamic LC contract manually.

Derived Status

The system displays the derived status of the Islamic LC contract. You cannot modify this.

5.3.2 Specifying Reimbursement Undertaking

Undertaking Expiry Date

Specify the undertaking expiry date.

You can claim the reimbursement only till the undertaking expiry date, else, the system will display the following error message "The undertaking has been expired".

Undertaking Amount

Specify the amount that can be reimbursed. It can be less than or equal to contract amount.

The system will default the Undertaking Amount value with the Max LC Amount initially when it is created through the incoming MT740. However you can amend this field by adding the undertaking amount.

Availed Undertaking Amount

The system displays the availed portion of undertaken amount.

Note

- Undertaking Expiry Date and Undertaking Amount fields can be entered for reimbursement contracts only.

- Undertaking Expiry date can be entered only when Undertaking Amount has been specified.
- Undertaking Expiry date cannot be earlier than the issue date or later than the Islamic LC Expiry date.
- In case when Islamic LC Expiry date is not input then Undertaking Expiry date cannot be greater than the Islamic LC closure date.

5.3.3 Viewing the Media Addresses of a Customer

While capturing the details of the counterparty involved in an Islamic LC or Islamic LC transfer contract, the system displays the Media Address details of the customer once you specify the CIF ID assigned to the party.

Note

When you specify the CIF ID, the system will check to see if you have maintained multiple media addresses for the specific customer. If you have maintained multiple media addresses, a list of all the media addresses will be displayed in a separate window.

Viewing the BIC Details of a Customer

If the media type of the party is SWIFT, and the customer address you have specified is a BIC customer, the system automatically displays the related BIC details in a separate window.

5.3.4 Capturing Draft Details

You can capture the details of the draft that is drawn for the Islamic LC, in the 'Drafts' screen. In addition, you can also specify the name of the insurance company that is covering the goods traded under the Islamic LC. Click on 'Drafts' button in the 'Islamic LC Contract' screen to invoke the screen:

5.3.4.1 Specifying Draft Details

In this section, you can specify the following details:

Draft Serial Number

Specify the serial number of the draft.

Draft Tenor

Specify the tenor of the draft.

Credit Days From

Specify the Date from which the tenor of the draft begins.

Amount/Percentage

Specify whether the draft is a percentage of the Islamic LC amount or a Flat amount. Subsequently, specify the Amount or the Percentage (based on your selection).

5.3.4.2 Specifying the Drawee Details

In this section specify the following details:

Drawee

The 'Drawee' is the party on whom the draft is drawn. You can select the drawee's BIC from the adjoining list. This will contain a list of all the open and authorized BIC maintained in the BIC Directory. Click option list to populate the Drawee field with the drawee's name and address. This information is captured from the BIC directory.

Address

Specify the addresses of the drawee.

5.3.4.3 Specifying the Insurance Details

The following details are regarding the Insurance Company to be associated with the LC.

Company Code

You can select the appropriate company code from the option list. The list will display all authorized and active company codes. Upon selection of the company code, the following details will be automatically displayed by the system:

- Company Name
- Address of the company
- Telephone Number
- Fax Number

Company Name

Specify the full name of the insurance company.

Address

Specify the mailing address of the insurance company being defined. You can maintain a maximum of four lines of address.

Policy Number

Specify the insurance policy number here.

Telephone Number

You can also capture the telephone number of the insurance company.

Fax Number

Specify the Fax number of the insurance company.

Expiry Date

Enter the expiry date of the policy.

Policy Utilized Amount

Specify the utilized amount of the policy.

Cover Date

Specify the cover date.

Insurance Amount

Specify the insurance amount.

Telex

Specify the telex number.

Warehouse Address

Specify the warehouse address.

5.3.4.4 Specifying the Breakup Details

The breakup details of the draft will be displayed here as follows:

- Amount Name
- Amount

The draft amounts for the different components (Insurance, Profit, Invoice and Freight)

Note

You can also choose to associate an Insurance Company that is not maintained in the system. When you are specifying a company code that does not exist, the system will display an override (based on your requirement, you can configure the override to be a warning or an error message). On confirmation of the override, the company code will be automatically changed to 'XXXXXXXXXX'. Subsequently, you can specify any company name to be associated with the contract. The system will not perform any validations. The remaining fields in the screen will be disabled in this case.

5.3.5 Specifying Insurance Details

You can capture the insurance details for an Islamic LC contract in the 'Customer Insurance' screen. To invoke this screen, click 'Insurance' button in the 'Islamic LC Contract' screen.

Policy Number *	Currency	Company Name	Expiry Date	Insurance Amount	Loc
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Here you can capture details for multiple insurance policies.

Policy No

Specify the insurance policy to be considered for the Islamic LC contract. The adjoining option list displays all the valid insurance policies maintained for the Islamic LC customer. You can select the appropriate one.

Currency

The system displays the currency of the chosen policy. If the currency of the Islamic LC is different from the currency of the insurance, then the system will convert the Islamic LC amount to insurance currency using standard mid rate.

Company Name

The system displays the company to which the insurance policy belongs.

Expiry Date

The system displays the date on which the chosen policy expires. If the expiry date of the insurance is prior to the expiry date of the Islamic LC, the system will display an override.

Insurance Amount

The system displays the available amount for the chosen policy in the contract currency. You can change it to suit the contract's requirements. However, the amount cannot exceed the per bottom limit defined for the policy in the 'Customer Insurance' screen. If the amount exceeds the permissible limit, the system will display an override.

The total insurance amount linked to the Islamic LC should not be greater than the Islamic LC liability amount. If the total exceeds the limit, the system will display an override.

Utilization Lcy Amount

In case the contract currency is different from the insurance currency, the system displays the insurance amount in the insurance currency.

5.3.6 Specifying Details of the Parties involved in an Islamic LC

The Parties screen can be used to record the details related to all the parties involved in the Islamic LC. The documents, tracers and messages that are generated will be sent to the parties concerned, based on the details you specify in this screen.

The screenshot displays the Oracle Contract Details application window. The 'Parties' tab is selected, showing a table for 'Party Details' with columns: Party Type, Party Description, Party Id, Customer Name, Address 1, Address 2, Address 3, Address 4, Country, and Custodian. Below this is the 'Other Addresses' section with columns: Media Type, Address, and Account. The top of the window contains various input fields for Contract Reference, Operation Code, Source Code, and Version Number. The bottom of the window features a navigation bar with buttons for Maker, Checker, Date Time, Status, Authorization Status, and an Exit button.

You can maintain the following details here:

5.3.6.1 Specifying Party Details

You should specify the following for each of the parties involved in the Islamic LC:

Party Type

The party type (beneficiary, accountee, applicant, advising bank, issuing bank, reimbursing bank, advice through bank, confirming bank).

Party Description

You can provide the description for the party type here.

Customer Identification File Identification

The CIF ID assigned to the party, if the party is defined as a customer in Oracle FLEXCUBE. If the applicant (APP) or beneficiary (BEN) is not a customer of your bank, you can use a walk-in customer ID.

Name

Enter the name of the Customer. The party name can be 150 characters in length. However, please note that in the SWIFT messages that you generate only 35 characters will be included.

Country

Enter the country to which the party belongs.

Address 1 to 4

Enter the address of the customer who has initiated the transaction.

Dated

Specify the date of transaction initiation.

Language

Specify the language in which advices should be sent to the customer.

Issuer

The issuer of Islamic LC is a bank or an individual. This is enabled only for the party type ISB (issuing Bank). The party type is defaulted from CIF maintenance. However, you can amend the value before authorizing the contract.

If issuer of Islamic LC is a bank, tags 52A and 52D will be populated. The message Types supported by these tags are MT710/MT720.

If issuer of Islamic LC is not a bank, 52B tag will be populated.

Template ID

Specify the template ID related to MT799 message types from the option list.

Note

You can enter the values only if the 'Claim Advice in Swift' field is checked.

5.3.6.2 Specifying the Other Addresses

Following details are displayed here:

- The media type through which the advices should be routed and the respective address(es)
- The party's mail address
- The account

The parties involved in an Islamic LC depend upon the type of Islamic LC you are processing. The following table indicates the minimum number of parties required for the types of Islamic LC that you can process.

Islamic LC type	Parties applicable	Mandatory parties	Parties not allowed
Import Islamic LC	Applicant/Accountee Advising Bank Beneficiary Confirming Bank Reimbursing Bank	Applicant and Beneficiary OR Accountee and Beneficiary	Issuing Bank

Export Islamic LC	Applicant/Accountee Issuing Bank Advising Bank Beneficiary Confirming Bank Reimbursing Bank	Beneficiary and Issuing Bank	Advising Bank
Shipping Guarantee	Applicant/Accountee Advising Bank Beneficiary Confirming Bank Advice Through Bank Reimbursing Bank	Applicant and Beneficiary	Issuing Bank
Guarantee	Applicant and Beneficiary	Applicant and Beneficiary	Advising Bank Advise Through Bank Reimbursement Bank Issuing Bank
Standby	Applicant/Accountee Advising bank Beneficiary Confirming bank Reimbursing bank	Applicant and Beneficiary	Issuing Bank
Clean Islamic LC	Applicant/Accountee Advising bank Beneficiary Confirming bank (for confirmed Islamic LCs only; could be more than one bank)	Applicant and Beneficiary OR Accountee And Beneficiary	Issuing Bank

Note

While processing Islamic LCs and guarantees, you can use the walk-in customer ID for the applicant (APP) and Beneficiary (BEN) party types. However, note that you can use a particular CIF ID only once in an Islamic LC.

Opting to amend Party Details during System Setup

Oracle FLEXCUBE offers you the facility to edit the party details that you capture in the Islamic LC Contract Online screen. You may exercise this option when setting-up the system at your bank

If you opt for the edit facility, you can change the following party and credit details, captured for an Islamic LC, in the Islamic LC Contract Details screen:

- The Name
- The Mailing Address
- The Credit Details

Click on the adjoining button, adjacent to the name, address and credit details fields, to invoke a popup window. In this screen, you can edit the party and credit details originally captured for the Islamic LC.

Media Type

The system defaults the media type. You can select a different medium from the adjoining option list.

Address

The system defaults the other address of the party. However, you can modify this.

Account

The system defaults the account number. However, you can modify this.

5.3.7 Specifying Parties Limits

Oracle FLEXCUBE allows you to track the credit limits for joint venture customers who are parties to an Islamic LC contract. Using 'Parties Limits' tab, you can track the limits of multiple credit lines in an Islamic LC contract. Click 'Parties Limit' tab on 'Islamic LC Contract Details'.

Specify the following details:

Limits Tracking Required

Check this box to indicate that limit tracking is required for the parties to the Islamic LC contract. If you check this box, the system will let you set the limits for multiple credit lines in the contract. If you do not check this box, the system will not track the parties' limits.

On checking this box, the system enables 'Default' button. You can use this button to get the default values for the parties in the credit lines.

Limit Tracking Tenor Type

Choose the limit tracking tenor type from the following options:

- Letter of Credit tenor
- Max Draft Tenor

Party Type

Specify the type of the party whose credit limits need to be tracked.

If you click 'Default' button, in the first row, the system defaults the joint venture party type based on the joint venture party selected under 'Parties' tab of 'Islamic LC Contract Details' screen. However, you need to make sure that the mandatory party details have been maintained under 'Parties' tab of the screen.

When you add another row to the list, you can manually select the party type as required. If you leave it blank, the system will automatically update the party type when you save the contract.

Customer No

Specify the customer number of the party whose credit limits need to be tracked. The option list displays the customer numbers of all the parties selected under 'Parties' tab. Choose the appropriate one.

You need to make sure that the customer number corresponds to the party type selected above. If the customer number and party type do not match, the system displays an error.

JV Parent

When you click 'Default' button, the system defaults the joint venture customer number of the party. This customer number is defaulted based on the details maintained in 'Joint Venture' sub-screen of 'Customer Maintenance' screen.

Liability Number

When you click 'Default' button, the system defaults the liability number from 'Joint Venture' sub-screen of 'Customer Maintenance' screen.

Linkage Type

Specify the linkage type. The drop-down list displays the following options:

- Facility (Credit Line)
- Collateral Pool
- Collateral

Choose the appropriate one.

Linkage Reference No

Specify the reference number that identifies the facility, collateral pool or collateral. The option list displays all valid facilities and collateral pools specific to the liability. Choose the appropriate one.

In case you choose the same linkage reference for more than one record in the list, the system displays an override message. You may choose to cancel or proceed with the selection.

% Contribution

Specify the proportion of limits to be tracked for the credit line or collateral pool for the joint venture customer. When you click 'Default' button, the system defaults the percentage of contribution maintained under 'Joint Venture' sub-screen of 'Customer Maintenance' screen.

It is mandatory to indicate the percentage of contribution if the party is a customer under joint venture. This is not applicable to customers who are not a part of joint venture.

Note

For one joint venture, the total percentage of contribution in all applicable credit lines together cannot be more than 100%.

Amount Tag

Specify the amount tag. The system tracks the limits for non joint venture customers based on the amount tag. The amount tags applicable to export and import Islamic LC contracts are listed below:

Amount tags applicable to Export Islamic LC:

- Liability Amount
- Confirmed Amount
- Unconfirmed Amount

Amount tags applicable to Import Islamic LC:

- Liability Amount
- Undertaking Amount
- Non Undertaking Amount

Choose the appropriate one based on the type of Islamic LC contract. If you do not specify the amount tag, the system will track the limits based on the liability amount and facility.

For joint venture customers, you need to choose 'Liability Amount' as the amount tag. Other amount tags are not applicable to joint venture customers.

The system verifies the amount tag against the product type. If you choose an amount tag, which is not supported by the product type, the system displays an error message.

Amount

When you click 'Default' button, the system defaults the amount tracked for each credit line. In case of joint venture customers, the amount is derived on the basis of the percentage of liability amount. In case of other customers, the amount is derived based on the amount tag specified above.

You can add more rows to the list of credit lines using add button. Similarly, you can remove a selected row from the list using delete button.

Once you have specified the details, save the contract. In case the limit for a credit line has been completely exhausted, the system displays a configurable override message. If you have not used 'Default' button while specifying the parties' limit details, the system will automatically default the details and track the limits based on that.

5.3.8 Specifying the Media Details for a Party

The advices for a party will be sent to the default media maintained in the Customer Addresses table. If you want to send the advices through another medium, you should indicate it in the Parties screen. The address should be also indicated. The advices will be sent through the new medium, only if you indicate so in the Advices screen of contract processing. If not, the advice will continue to be sent to the default address defined for the party.

You can use this feature to send a one-off advice, through a different medium. For example, for a particular customer, you normally send all advices through mail and hence haven't defined SWIFT or TELEX advices. For an Islamic LC involving a customer, you want to send the advices through SWIFT. In such a case, you can specify the medium as SWIFT and specify the address only for the Islamic LC you are processing.

5.3.9 Specifying Credit Administration Details

The details on credit lines that feature on this screen have been covered in the chapter titled Specifying Central Liability tracking details.

5.3.10 Specifying Advices for an Islamic LC

An important part of processing an Islamic LC is the generation of various advices applicable for a contract.

The advices that can be generated for the events that occur during the lifecycle of an Islamic LC are defined for the product, to which the Islamic LC is linked. For example, you may have specified the following advices for a product:

- Issue of an import Islamic LC: pre-advice by SWIFT and Islamic LC instrument by mail to the advising bank, the authorization to reimburse to the reimbursing bank
- Advice of an export Islamic LC: the acknowledgement advice to the advising bank
- Issue of a guarantee: the guarantee instrument to the beneficiary

The details of the advices for an event are displayed in the Advices screen. The party type to whom a specific advice should be sent is picked up automatically based on the type of Islamic LC being processed and the parties involved.

From the 'Islamic LC Contract Details' screen click on the 'Advices' tab. The advices screen is displayed. The advices defined for the event you are processing will be displayed. You can choose to suppress any of them. The address of the party to whom the advice is addressed to will be picked up by default, based on the media and address maintenance for the party.

These can be changed if required. For a payment message by SWIFT, you also have the option to change the priority of the message.

Suppress

By default, all the advices that have been defined for a product will be generated for the Islamic LCs involving it. If any of the advices are not applicable to the Islamic LC you are processing, you can suppress its generation by Checking against the suppress field.

Priority

For a payment message by SWIFT, you also have the option to change the priority of the message. By default, the priority of all advices is marked as Normal.

The priority of a payment message can be changed to one of the following:

- Normal
- Medium
- High

Medium

The medium by which an advice will be transmitted and the corresponding address will be picked up based on the media and address maintenance for a customer.

You can, however, change either of these while processing the Islamic LC. Typically, if changed, both of them will be changed.

After selecting the advices to be generated for the Islamic LC, click on 'Ok' button to save it. Click on 'Delete' button to reject the inputs you have made. In either case, you will be taken to the Contract Main screen.

5.3.11 Specifying the Free Format Instructions that should accompany an Advice

Free Format Text instructions (FFTs) are a set of instructions or statements that are applicable to the Islamic LC that you process. It can be used to enter additional details related to the Islamic LC you are processing. In the Islamic LC Contract - Advices screen you can specify the FFTs that should accompany an advice, generated for an Islamic LC. When you select an advice code on this screen, the advice code together and the party type, to which it is to be sent, is displayed in the FFT section. This indicates that the FFTs that you specify will appear on the advice, which is displayed and will be sent to the party type that is displayed.

All the FFTs defined for the advice, at the product level will also be displayed. You have the option to add to or delete from the list of FFTs defaulted for an advice.

To add an FFT to the list, click on add button in the screen and then on the option list button. Select an FFT code from the option list that is displayed. After selecting the code that identifies the FFT you wish to attach to the advice, its description is automatically picked up and displayed. The FFT description can be changed to suit the requirements of the Islamic LC you are processing.

To delete an FFT from the list, highlight the code that identifies the FFT and click on the delete button in the screen. The free format codes for the following purposes have the fixed codes:

SND2RE-CINFO	Sender to receiver information (Field 72 of SWIFT).
INSTRUCTION	Instructions to the Paying/Accepting/Negotiating bank (Field 78 of SWIFT).

5.3.12 Specifying Goods, Shipping and Document Details for an Islamic LC

An Islamic LC, which is an instrument of trade finance, involves details of merchandise. Hence, you will need to specify the following details for the Islamic LC:

- Details of the merchandise
- Details of the mode of transportation
- The documents that should accompany the goods

Click on the tab titled 'Ship/Documents' to specify details of the goods, documents and clauses that are part of the Islamic LC instrument.

You can also specify Preferences for the shipment of goods.

The following are the features of the Contract Ship/Docs screen:

5.3.12.1 Specifying Contract Documents Details

There are some standard documents required under a documentary Islamic LC. In this screen you can specify the documents that are required under the Islamic LC being processed. These details will be a part of the Islamic LC instrument sent to the advising bank, the advice through bank or the beneficiary. All the documents specified for the product to which the Islamic LC is linked will be defaulted to this screen.

Code

Enter the document code.

Type

Enter the document type.

Description

Enter the document description of the document that is defaulted to suit the LC you are processing. This field will be enabled only if the LC type is 'Shipping Guarantee', but not mandatory.

During copy operation, the value of this field will not be copied to the new contract.

Reference

Enter the document reference number based on which the Shipping Guarantee issued.

Copy

Enter the number of copies of the document.

Originals

Enter the number of Original documents here.

Original Required

Enter the receipt details here.

You can add to or delete from the list of documents that are defaulted. To add a document for the Islamic LC, click on add button and then on option list positioned next to the Document

Code field. Select the code of the appropriate document from the list of document codes maintained in the Documents Maintenance screen. The other details of the document will be defaulted to this screen.

To delete a document that is not required for the Islamic LC, highlight the document code and click on the delete button on the screen.

Specifying the Document Reference

For Shipping Guarantee type of Islamic LCs, you can specify the document reference based on which the Shipping Guarantee is issued in the 'Doc reference' field. This field will be enabled only if the Islamic LC type is 'Shipping Guarantee'. However it is not mandatory to enter the document reference for 'Shipping Guarantee' contracts. Documents captured for a shipping guarantee contract, can exist with or without document reference.

During copy operation, the value of this field will not be copied to the new contract.

5.3.12.2 Specifying Clauses for a Document

In addition to the other details, the clauses specified for a document while defining the product, are also defaulted to this screen.

When you highlight a document code, all the clauses defined for the document are displayed in the Clauses window. You can add to or delete from, the list of clauses that are defaulted.

To add a clause to a document for the Islamic LC, click on the add button. Then, click on option list positioned next to the Clause Code field. Select the code of the applicable clause from the list of clause codes maintained, in the 'Clause Maintenance' screen. The description of the clause will be defaulted, based on the clause code that you select.

To delete a clause that is not required for the Islamic LC, highlight the Clause code and click on the delete button.

5.3.12.3 Specifying Shipment Details for an Islamic LC

There are certain standard clauses and conditions, associated with the shipment of the merchandise traded under an Islamic LC. You can specify the following shipping details for an Islamic LC that you process.

Partial Shipment Allowed

Check this option if partial shipment of the goods is allowed under the LC.

Trans Shipment Allowed

Check this option if Trans-shipment is allowed under the LC

From

The location from which the goods transacted under the LC should be shipped. In international trading parlance, this is called the Loading on board/Dispatch/Taking in charge at/from.

To

The destination to which the goods transacted under the LC should be sent. In international trading parlance, this is called the 'For transportation' to.

'Shipment From' and 'Shipment To' are linked to the tags 44A and 44 B respectively. These tags are applicable to the following message types:

- MT700
- MT705

- MT707
- MT710
- MT720

Note

Specifying the 'Shipment From' and 'Shipment To' is optional.

Shipment Days

Specify the number of shipment days.

If you enter the shipment days and leave the field 'Latest Shipment Date' blank, on saving the contract, the system calculates the latest shipment date based on the number of shipment days and the effective date.

However, if you specify the latest shipment date, the system ignores the shipment days specified here. Instead, it recalculates the shipment days based on the latest shipment date and the effective date.

Latest Shipment Date

Specify the latest shipment date.

Besides these details, you can also specify shipping preferences like:

- Should Trans-shipment be allowed under the Islamic LC
- Should partial shipment of the goods be allowed under the Islamic LC
- Shipping marks
- Additional shipment details

5.3.12.4 Specifying Goods Details

The details of the merchandise that will be traded under the Islamic LC should be clearly specified. You have maintained various codes that have been allotted, for commodities normally traded in your country. The commodities are available for selection in the form of an option-list. In addition, the list will also display whether a particular commodity is banned or not by indicating 'YES' (for a banned product) and 'NO' (for a product that is allowed for trade) against the product.

Goods Code

Specify the applicable code for the LC you are processing, from the list.

Description

The description of this code (which could be 6500 characters long), can be changed to suit the Islamic LC you are processing. You can also enter specifications such as the quality and quantity of the merchandise.

Description for Pre-advice

If pre-advice is one of the advices for the Islamic LC, you should enter the details of the Islamic LC briefly, as a pre-advice description. This will be a part of the pre-advice that is generated.

Typically, a pre-advice is sent by SWIFT or cable and contains brief details of the Islamic LC. This is followed by the Islamic LC instrument, that contains all the details of the Islamic LC.

Specifying the Port Details

In this section specify the following details:

Port of Loading

Specify the name of the airport from where the goods transacted under the Islamic LC are loaded for shipping.

Port of Discharge

Specify the name of the destination port to which the goods transacted under Islamic LC should be sent.

Note

'Port of Loading and 'Port of Discharge' are linked to the 44E and 44F tags respectively. These tags are applicable to the following message types:

- MT700
- MT705
- MT707
- MT710
- MT720

It is not mandatory to specify the Port of Loading or Port of Discharge.

5.3.13 Specifying Tracer Details for an Islamic LC

Tracers are reminders that can be sent to various parties involved in an Islamic LC. The list of tracers that you can send for an Islamic LC is predefined (hard coded in the system) and can be classified into the following types:

- The acknowledgement tracer (sent to the advising bank when an import Islamic LC is issued and an acknowledgement is sought)
- The charge-commission tracer (sent to the party who has to bear the commission or charges for an Islamic LC, pending the payment of the charge or commission)
- The confirmation tracer (sent to the confirming bank, seeking a letter of confirmation).

You can specify the tracers to be sent for an Islamic LC, in the 'Islamic LC Contract Tracers' screen. To invoke this screen, click on the tab titled 'Tracers' in the 'Islamic LC Contract Details' screen. The 'Islamic LC Product Tracers' screen is displayed.

The screenshot shows the 'Contract Details' application window. At the top, there are tabs for 'Main', 'Preferences', 'Parties', 'Parties Limits', 'Shipment', 'Documents', 'Tracers', and 'Advices'. The 'Tracers' tab is selected. Below the tabs, there is a 'Tracer Details' section with a table. The table has columns for 'Code *', 'Description', 'Party Type', 'Required', 'Maximum Tracers', 'Number Sent', 'Start Days', and 'Last'. The table is currently empty. At the bottom of the window, there is a navigation bar with links for 'Drafts', 'Commission', 'Charges', 'Settlement', 'Tax', 'Collateral', 'Events', 'Linkage Details', 'Fields', 'MIS', 'Transfer Details', 'IB Linkages', 'Split Settlement', 'Finance Preference', 'Brokerage', 'All Messages', 'Documents', 'Insurance', 'Deferred Interest Component', 'Message Preview', and 'Import License'. There is also a footer area with 'Maker Checker', 'Date Time', 'Status Authorization Status', and an 'Exit' button.

The tracers, specified for the product to which you have linked the Islamic LC, will be defaulted to this screen.

5.3.13.1 Specifying Tracer Details

For the tracer code that is highlighted, the details are defaulted from the product and can be changed to suit the Islamic LC you are processing.. Besides the Tracer Code, the following details will be displayed:

- Description of the tracer
- Party to which the tracer is to be sent
- Number of tracers sent thus far, to the party
- Date on which the tracer was last sent to the party

Maximum Tracers

You can specify the maximum number of tracers that should be sent for the Islamic LC. The value is defaulted from the product under which you are processing the Islamic LC.

Start Days

The tracers that you specify for an Islamic LC can be generated only after it has been authorised. Specify the default number of days that should elapse after an Islamic LC has been authorized, on which the first tracer should be sent.

By default, the first tracer for an authorised Islamic LC contract will be sent, after the number of days prescribed for the product under which it is processed.

Frequency

You can specify the frequency (in days) with which the tracer should be re-sent, for the Islamic LC you are processing.

Last Sent On

You can stop the generation of a tracer at any point during the life cycle of an Islamic LC contract.

For instance, you had specified that an acknowledgement tracer is to be generated for a contract. When you receive the acknowledgement from the concerned party, you can disable its generation. At a later stage when you wish to generate the tracer again, you only need to enable it for the Islamic LC by using this facility.

Medium

If you have specified that tracers should be generated for an Islamic LC, you should also specify the medium through which it is to be generated. A tracer for an Islamic LC can be sent through Mail, Telex or other compatible media.

Template ID

Specify the template ID for the SWIFT message type.

If the medium is SWIFT, then the system will generate the tracers in the SWIFT MT799 format based on the template ID mentioned at the Islamic LC Contract level for populating the tag 79.

5.3.14 Specifying Other Details of an LC

The SWIFT messages that are generated require information specific to the Islamic LC you are processing. To specify SWIFT related details invoke the 'Others' screen by clicking on the tab titled 'Preferences'.

The details that you specify in the fields of this screen are picked up for SWIFT messages.

The SWIFT message that utilizes the information that you specify in this screen and the corresponding field of the SWIFT message which carries the input, has been listed below:

Field in Oracle FLEXCUBE	SWIFT Message	Field of the SWIFT message
Charges From Beneficiary	MT700	Field 71B
Additional Amounts Covered	MT 700 & MT 740	Field 39C
Period For Presentation	MT 700	Field 48
Charges From Issuing Bank	MT 730	Field 71B
Account For Issuing Bank	MT 730	Field 57A
Date	MT 730	Field 32D

Period for Presentation

The period of presentation defined for the product - or calculated for the Islamic LC, as the case may be - will be displayed in the 'Period For Presentation' field. You can change the default to suit the Islamic LC you are processing.

The system uses the Expiry Date and the Last Shipment Date specified for the Islamic LC you are processing, and arrives at the period of presentation.

For details, refer the heading 'Specifying the Period of Presentation' in chapter three, 'Creating Products', in the Islamic LC user Manual.

Claim Advice in Swift

Check this box to generate the charge claim advice in MT799 SWIFT format.

This field is initially defaulted from product level. However, you can then check or uncheck it at the contract level.

Template ID

Specify the template ID related to MT799 message types from the option list.

Note

You can enter the values only if the 'Claim Advice in Swift' field is checked.

User LC Reference Number

System displays the Contract User Reference as the User LC Reference Number. The reimbursement Islamic LC, under which the bill is availed, and the Export Islamic LC linked to the bill, should contain the same 'User LC Reference Number'.

Unconfirmed Amount

The system displays the current maximum unconfirmed Islamic LC amount. This amount is derived by deducting the confirmed amount from the maximum Islamic LC amount.

Available Confirmed Amount

The system displays the available confirmed portion of the maximum Islamic LC amount.

Available Unconfirmed Amount

The system displays the available unconfirmed portion of the maximum Islamic LC amount.

Beneficiary Confirmation Required

The system checks this box by default for Letters of Credit. This box is unchecked for 'Guarantees'. You can operationally control the beneficiary confirmation process for an Islamic LC, but you cannot modify it after the first authorization.

May Confirm

Check this option to indicate that the Islamic LC can have an associated confirmation message. You can also specify the type of the confirmation instruction that should be sent to the advising/confirming bank if you are issuing the Islamic LC (whether Field 49 of MT 700 should be 'Without', 'Confirm', or 'May add').

Auto Status Change

The system defaults the status of the checkbox based on the product maintenance. However, you can modify this. If you check this box, the system picks up the contract during EOD operations for status processing. If you do not check this, the system will not consider the Islamic LC contract for automatic status processing.

Partial Confirmation Allowed

Check this box to confirm the partial amount. The remaining amount can be confirmed after you receive the approval from the external agent.

Note

This field is initially defaulted from product level. However, you can then check or uncheck it at the contract level.

Confirm Percentage

Specify the percentage of Islamic LC Amount to be confirmed. If percentage is not specified, the system will calculate the percentage based on the confirm Amount specified.

Confirmed Amount

Specify the amount to be confirmed. If Confirm Amount is not specified, the system will calculate the confirmed amount based on the Confirm Percentage specified.

5.3.15 Specifying Settlement Instructions

Through the settlement screens, you should specify the customer accounts to which entries for the commissions, charges, taxes and collateral should be posted.

Click on 'Settlement' button in the 'Contract Main' screen, for a display of the Settlements screen. Besides the account details, you can specify:

- The currency in which the component is expressed
- The payment account and its currency

Note

If you have specified an account that uses an account class that is restricted for the product, an override is sought.

- The branch of your bank to which the account belongs
 - The exchange rate (in the case of the component currency being different from the account currency)
 - The ERI Currency
 - The ERI Amount
-

Fund Asset Management

The settlements processing is enabled only if 'Allow Corporate Access' has been checked while defining branch parameters in the Branch Parameters – Detail View screen.

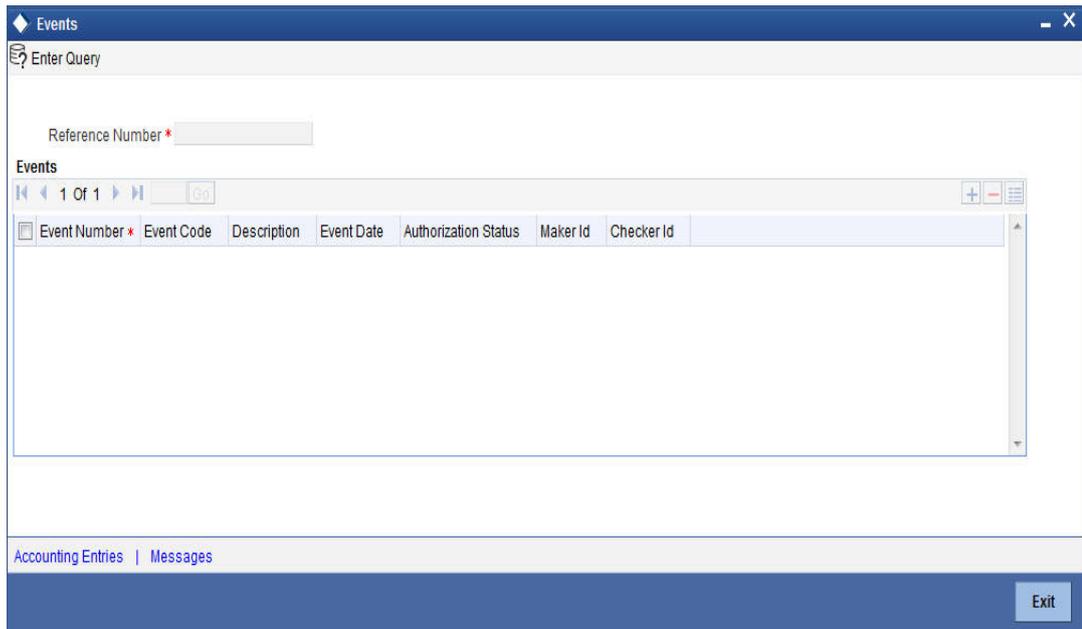
- If 'Allow Corporate Access' is checked for a fund branch and the fund is Portfolio type, then during settlement processing, the settlement account is chosen based on the settlement instructions maintained for the counterparty.
- If 'Allow Corporate Access' is not checked for a fund branch, then the settlement processing is disabled and the settlement account remains as a fund branch account maintained for the fund.
- If the corporate account exists in different branch then the Inter branch account/GL maintenance is used for resolving the bridge account.

Refer to the chapter titled 'Making an Availment' in this user manual for details.

5.3.16 Viewing Event Details

The event details screen of contract processing will show the details of the accounting entries generated for an Islamic LC. Click 'Events' button in the 'Islamic LC Contract Detailed View' screen to go to the 'Event Details' screen.

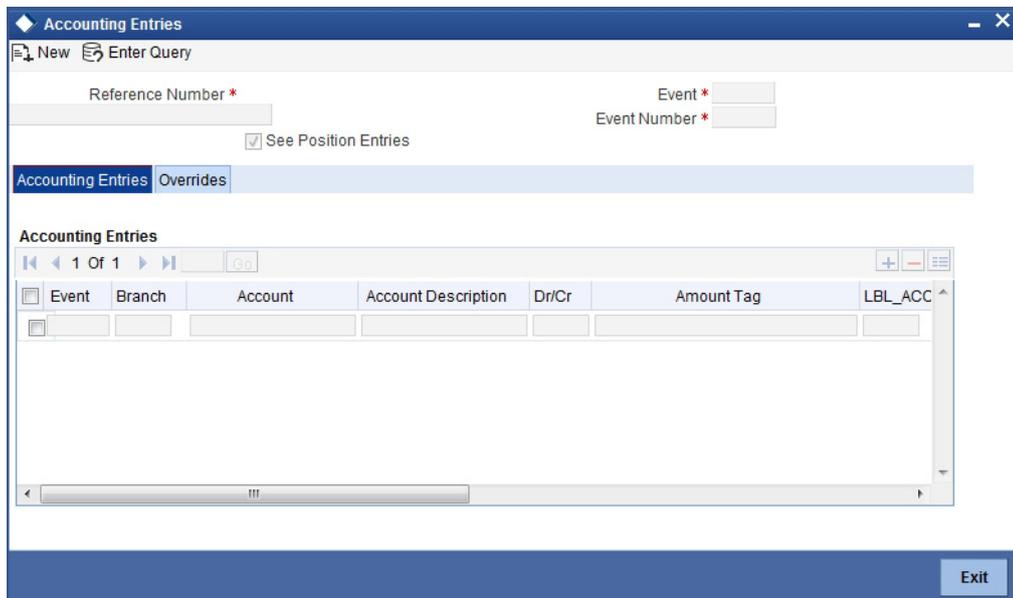
The details of events that have already taken place on the contract will be displayed, along with the date on which the event took place.



Click on 'Accounting Entries' button to view the accounting entries for the event that is highlighted. Click 'Message' button to view the messages applicable to the event. Click on 'Exit' button to go back to the 'Event Details' screen.

5.3.16.1 Viewing the Accounting Entries Passed for the Islamic LC

From 'Event Details' screen, click 'Accounting Entries' button to view the Accounting Entries for the event. The accounting entries that are passed depend on the type of Islamic LC that you are processing.



The following information is provided for each event:

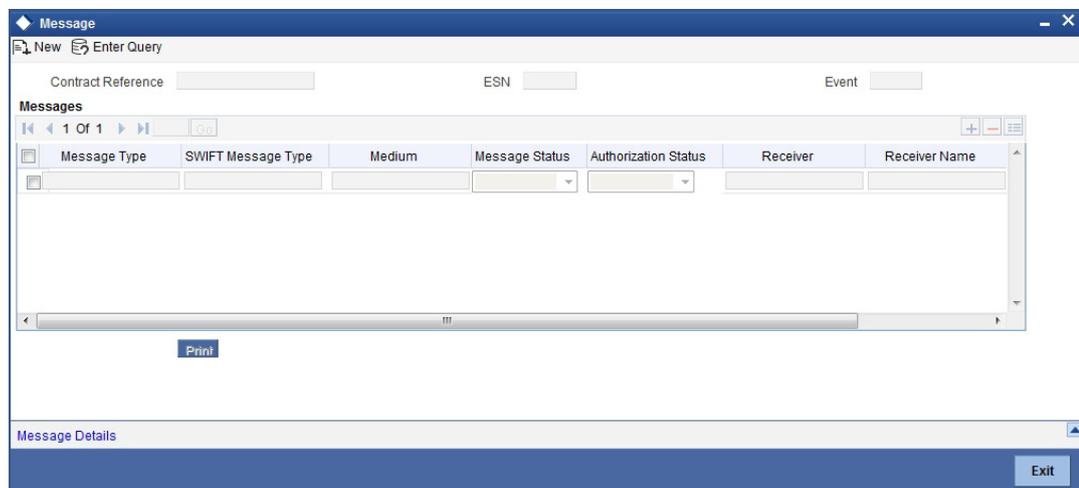
- Branch
- Account
- Transaction Code

- Booking Date
- Value Date
- Dr/Cr indicator
- Currency
- CCY (Currency)
- Amount in contract CCY
- Amount in local currency
- All the overrides that were given for an event will also be displayed.

Click 'Exit' button to go back to the screen from where you invoked the 'Accounting Entries' screen.

5.3.16.2 Viewing the Advices Applicable to a Contract

Click 'Message' button from the 'Event Details' screen to view the list of advices applicable to a particular event in the lifecycle of the Islamic LC.



The following details of a message are displayed:

- The message type
- The Name and ID of the recipient of the message
- The status of the message

To view the text of a message, highlight the message and click on the 'Message' button. Click 'Exit' button to exit the screen.

5.3.17 Defining Commission and Charge Details for an Islamic LC

Besides the Islamic LC amount, the other components of an Islamic LC include the commissions that you collect and the charges that you levy on the parties involved in an Islamic LC.

The details of the commissions that can be collected and the procedure of making them applicable to the Islamic LC you are processing have been detailed in the chapter Processing Commissions on an Islamic LC.

The details of the charges that you can levy and the procedure for making them applicable to the Islamic LC you are processing has been detailed in the chapter titled Processing Charges on an Islamic LC.

While defining Accounting Roles for a product you must specify the internal accounts that should be picked up when commissions are collected and when charges are levied.

5.3.18 **Maintaining Collateral Details**

Islamic LCs that are issued or confirmed are often processed with cash collateral. In cases like a in a Guarantee, you may even take a 100% cash collateral. This is when an applicant is not a customer of your bank and the credit worthiness of the applicant is not known. Details of such cash collateral can be maintained in the Islamic LC Contract - Collateral Details screen. To invoke this screen, click 'Collateral' button in the 'Islamic LC Contract Details' screen. The 'Islamic LC Collateral Details' screen is displayed.

The screenshot shows a software window titled "Collateral Details". At the top, there are two input fields: "Contract Reference" and "Latest ESN". Below these, the window is divided into two sections. The first section, "Collateral", contains several input fields: "Currency", "Percent", "Exchange Rate", "Collateral Amount", and "Description". The second section, "Adjustment", contains a "Type" field with two radio buttons: "Increase" and "Decrease" (which is selected). To the right of the "Type" field is an "Amount" input field. At the bottom right of the window, there are two buttons: "Ok" and "Exit".

The cash collateral percentage is defined for the product under which an Islamic LC is processed. This percentage is picked up by default for the Islamic LC being processed. The following details will be shown for the cash collateral:

5.3.18.1 **Specifying Collateral Details**

Currency

Specify the currency in which cash is offered as collateral.

Percent

If you specify the cash that is to be collected as collateral as a percentage of the Islamic LC amount, the equivalent amount is displayed. This amount is taken to be in the currency, defined as the collateral currency.

Exchange Rate

If the collateral currency and the currency in which the Islamic LC is issued are different, you should also specify an exchange rate to be used in the conversion. The value of the collateral is determined based on this exchange rate.

Amount

You can specify the cash collateral as an amount. In this case you do not need to specify a percentage. However if you specified the collateral as a percentage of the Islamic LC amount, the actual amount is computed in the collateral currency by the system.

Description

Enter a brief description of the collateral.

5.3.18.2 Specifying adjustment details for a collateral

In this section specify the following details:

Type

At any time during the lifecycle of an Islamic LC, you may want to increase or decrease the value of the cash, accepted as collateral on Islamic LC. This is done by way of an amendment to the Islamic LC.

The cash collateral can be increased or decreased, without changing the Islamic LC amount. On the other hand, a change in the Islamic LC amount may necessitate a change to the collateral amount.

If you wish to increase the collateral amount, indicate Increase on this screen and enter the amount by which, you want to increase the cash accepted as collateral.

If you wish to decrease the collateral amount that you have collected while issuing an Islamic LC, indicate decrease on this screen. Enter the amount by which you want to decrease the cash accepted as collateral.

Amount

Enter the amount by which you want to decrease the cash accepted as collateral.

The collateral deposit account will automatically increase or reduce based on the specifications you make.

Note

If at the time of availment, you want to pay from the collateral account, you can include it in the accounting entries for the event, Availment.

5.3.19 Collateral Transfer from Islamic LC to Bills

If the Collateral Transfer Bridge option is selected in the 'Letters of Credit Product – Preferences', then the Collateral amount and currency input allowed on the 'Bills - Contract Details' screen are disabled.

You can enter the Collaterals to be transferred from the Islamic LC onto the bill in the COLLATERAL DETAILS screen. The decrease option is defaulted and will not be allowed to change. The amount entered here is displayed in the Bills – contract Details screen if the Collateral Transfer Bridge option is specified. The Collateral Currency is disabled for Bills under Islamic LC.

5.3.19.1 Collateral Tracking subsequent to transfer onto Bills from Islamic LC

Once the collateral gets transferred from Islamic LC onto Bills contract, no further linkage of the collateral is maintained. Hence, subsequent to the linkage, further action on the bill will not back trace the collateral onto the Islamic LC.

5.4 Linking Contracts to Deposits and Accounts

You can link an Islamic LC contract to deposits and accounts.

Type of linkage	What it indicates
-----------------	-------------------

Linking a deposit	The entire Islamic LC amount, or a portion of it, can be linked to a deposit. The outstanding amount in the deposit should always be greater than or equal to the Islamic LC amount. You can link several Islamic LCs to the same deposit, provided sufficient funds are available in the deposit.
Linking an account	You can link the entire contract amount or a portion of it, to a savings or current account that is maintained with you. The available balance in the account should always be equal to or greater than the contract amount that is outstanding. You can link any number of contracts to an account provided a balance greater than or equal to the total outstanding contract amount(s) is available in the account.

Note

Please note that the entire contract amount or a portion of it can be linked to any number of deposits or account or to both.

From the Islamic LC Contract Details screen, you can invoke the 'Linkages Details' screen by clicking 'Linkage Details' button. In this screen, you can specify any account/deposit with you, and indicate the funds that you would like to block.

Type

In the Contract Details screen, you can specify the type of linkage. The Islamic LC can be linked to a:

- Deposit
- Customer account

Linked to reference Number/ Account

If the Islamic LC is linked to a deposit, you should enter the Reference Number of the deposit. The deposit should be a valid contract in Oracle FLEXCUBE, with a Value Date that is earlier than or the same as the Value Date of the Islamic LC contract. The Maturity Date should be the same as, or later than that of the contract.

If the linkage is with an account, enter the account number to which you are linking the Islamic LC. The account you specify has to be a customer account (a Current account or a Savings Bank account). The currency of the deposit or account to which the Islamic LC is linked, is displayed once the linkage details are specified.

Exchange Rate

If the currency of the Islamic LC is different from the currency of the deposit or account to which it is being linked, the mid-rate for the day will be picked from the Exchange Rate table and displayed in the screen.

Linked Amount

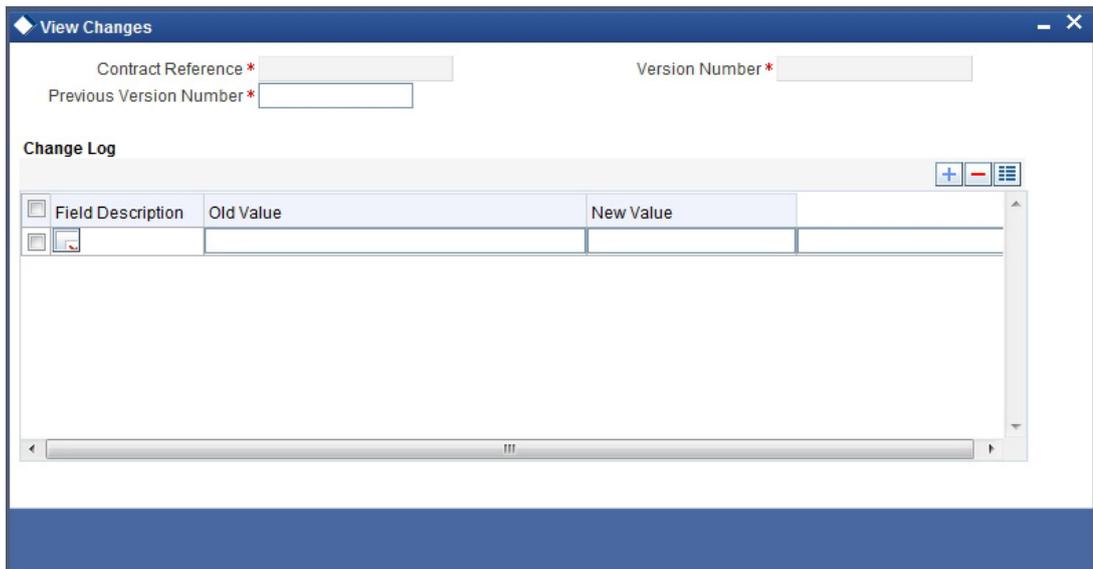
In this screen, indicate the contract amount that has to be linked to the deposit or account. This amount can be the entire amount of the Islamic LC or a portion of it. The amount available for linkage, in the specified deposit or account, is arrived at, by taking into account other linkages and the uncollected and unauthorized balance (in the case of an account).

Once the linked amount is specified, the system will display the following amounts:

- Amount linked to each contract or account
- The contract amount that has not been linked, in the case of a partial linkage

5.4.1 Viewing the Amended Details of a Contract

You can view the changes made in a specific version of an Islamic LC contract. To do this, navigate to the version of the contract that you would like to view in the 'Contract Details' screen. Click on 'Change Log' button on the 'Contract Details' screen.

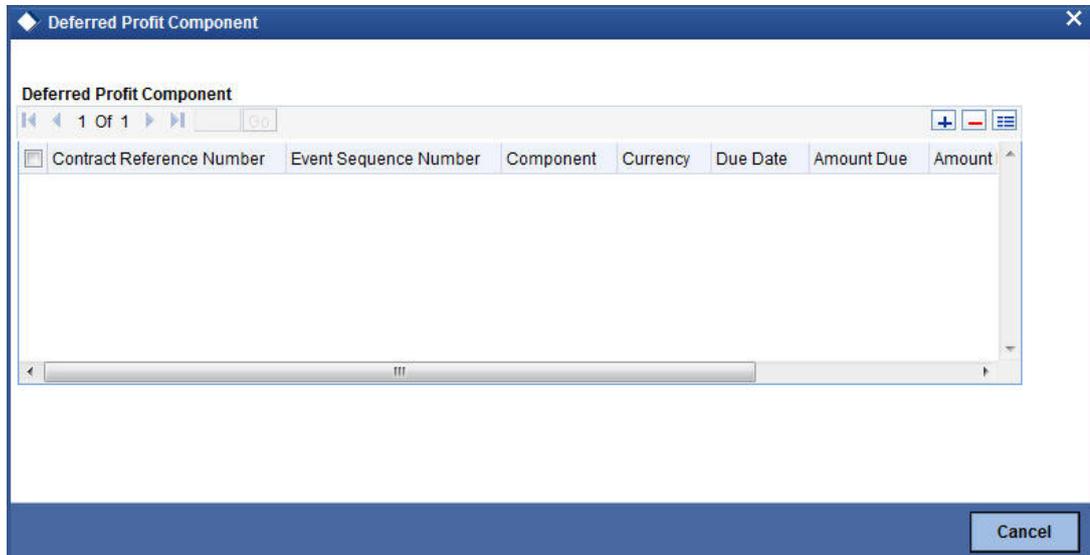


The screenshot shows a window titled "View Changes" with a search interface and a table. The search interface includes fields for "Contract Reference *", "Version Number *", and "Previous Version Number *". Below the search fields is a "Change Log" section with a table. The table has three columns: "Field Description", "Old Value", and "New Value". The table is currently empty, and there are scroll bars at the bottom of the window.

The fields that were modified in the version will be displayed along with the old (inherited) and the changed values.

5.4.2 Viewing the Deferred Component Details

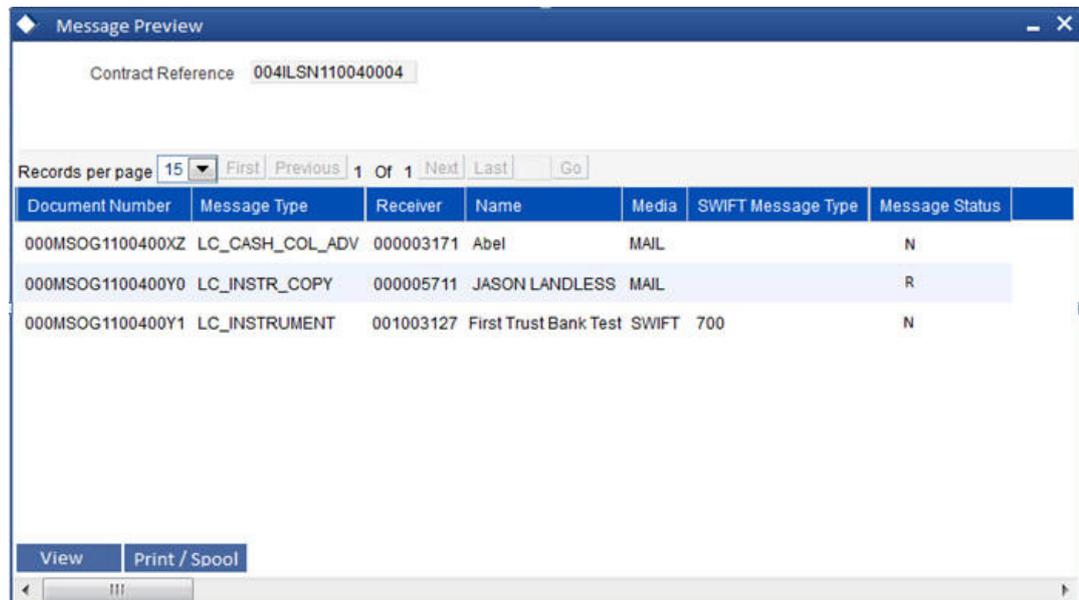
You can view the components which are transferable to BC in Oracle FLEXCUBE. Click 'Deferred Profit Components' button on the 'Contract Details' screen to invoke the 'Deferred Components Details' screen.



The system will display the deferred component details on this screen. You cannot enter or modify any details here.

5.5 Previewing Messages

Click on 'Message Preview' to view the messages or advices generated for the contract. The screen displays the list of messages/advices.



The system defaults the following in the screen:

Contract Reference

The system displays the current contract reference number.

Document Number

The system displays the generated DCN number of the particular message/advice.

Message Type

The system displays the type of message generated for the particular event.

Receiver

The system displays the customer ID of the receiver of the particular message/advice.

Name

The system displays the name of the receiver of the particular message/advice.

Media

The system displays the media through which particular message/advice is transmitted.

Swift Message Type

The system displays the swift message type of the particular message.

Message Status

The system displays the status of the particular message.

You can select a particular message and click on 'View' to preview the message/advice. You can also print the message/advice from the preview screen using the 'Print' button.

5.6 Viewing Different Versions of a Contract

When you enter a contract, it is allotted the version number, 1. Every amendment and reinstatement results in the next version of the contract being created.

While viewing the Detailed View screen for a contract, the latest version will be displayed. To navigate between the different versions, use the arrow buttons to view the previous and next version.

5.7 Canceling an Islamic LC

You may have to cancel an Islamic LC that has been opened, before its Expiry Date. An example for a cancellation is when the trade deal for which the Islamic LC is opened falls through. A cancelled Islamic LC will not be available for any avilment. However, you can cancel an Islamic LC that has been availed partially.

In Oracle FLEXCUBE, the following are the prerequisites for cancellation:

- The Islamic LC has not yet reached its expiry date
- The cancellation event - CANC, has been defined

The accounting entries for this event are generally the reversal of the accounting entries passed for liability and collateral, when the Islamic LC was opened. In addition, a charge can be levied for canceling the Islamic LC.

A cancellation advice informing, the advising bank or beneficiary, about the cancellation may be generated.

5.7.1 Procedure for Canceling an Islamic LC

To cancel an Islamic LC, from the Contract Detailed View, do the following:

- Select Close from the Application toolbar

- Click 'Reopen' icon in the Toolbar

You will be prompted to confirm the cancellation.

5.8 Closing an Islamic LC

Normally, an Islamic LC that is opened will be negotiated within its expiry date. If the negotiation does not happen even after the expiry date, you can close the Islamic LC.

By closing an Islamic LC, you will be reversing the liability entries passed for the Islamic LC. This ensures that the credit limit that was taken by the Islamic LC is released and is available for future utilization.

In Oracle FLEXCUBE, you can close an Islamic LC under the following circumstances:

- The event CLOS is defined for the Islamic LC
- The Islamic LC is beyond its Expiry Date

The accounting entries defined for this event is generally the reversal of the outstanding liability.

No availment can be made against an Islamic LC that is closed. You should reopen a closed Islamic LC if you have to make an availment against it. This would be required in a situation when the Islamic LC comes in for negotiation after it has been closed. The reopening of the Islamic LC will put back the outstanding liability and availability for the Islamic LC.

5.8.0.1 Closing an Islamic LC automatically

In the Islamic LC Contract Main screen, you can specify the following dates related to the closure of an Islamic LC:

- Whether auto closure is allowed
- The date on which the Islamic LC should be automatically closed

To recall, the date of automatic closure is based on the 'Closure Days' maintained for the product involved in the Islamic LC. However, you can change the closure date, to any date, after the expiry date of the Islamic LC.

An Islamic LC that is defined for automatic closure will be closed during the End of Day processes on the closure date.

5.8.0.2 Closing an Islamic LC manually

An Islamic LC that is not defined for automatic closure can be closed any time after its Expiry Date.

By clicking 'Reopen' icon in the Toolbar, when the details of the Islamic LC IS displayed in the Detailed View screen.

Oracle FLEXCUBE displays a message prompting you to confirm the closure. The closure of an Islamic LC should be authorised by a user, bearing a different User ID, before the End of Day operations begin.

5.8.1 Reopening an Islamic LC

To avail against a closed Islamic LC, you have to reopen it. This occurs when the Islamic LC comes in for negotiation after it has been closed. The reopening of the Islamic LC will put back the outstanding liability and availability for the Islamic LC.

To reopen a closed Islamic LC, you should have defined the event ROPN for the product under which the Islamic LC is processed. For this event, you should have ideally defined the same entries for the Islamic LC outstanding amount and the liability, as you would for the opening (issue or advice) of an Islamic LC. You can levy a charge for reopening an Islamic LC.

5.8.1.1 Procedure for reopening an Islamic LC

Clicking 'Reopen' icon in the tool bar when the details of the Islamic LC are being displayed in the Detailed View screen. Oracle FLEXCUBE will prompt you to confirm the reopening of the Islamic LC. You need to click save icon to reopen the LC.

5.8.2 Black Listing Islamic LCs

You can black list Islamic LCs and collection bills based on a set of criteria that you can define. You can define criteria for black listing Islamic LCs and bills in the 'Black Listed Transaction Input' screen invoked from the Application Browser. You can invoke 'Black Listed Transaction Input' screen by typing 'TFDBKLST' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

The screenshot shows the 'Black Listed LC/BC Details' window. At the top, there are buttons for 'New' and 'Enter Query'. Below the title bar, the text reads '- Black Listed Letters of Credit, Guarantees and Collection Bills'. The form contains the following fields:

- Serial Number
- Reference Number *
- Module *
- Currency Code *
- Amount *
- Issue Date *
- Date of Expire *
- No of Matches *
- Remarks

At the bottom, the 'Fields' section includes:

- Input By
- Authorized By
- Modification Number
- Date Time
- Date Time
- Legend: Authorized, Open

5.8.2.1 Setting up criteria for blacklisting Islamic LC/Bills

You can set up the following criteria for blacklisting Islamic LCs and Bills:

- The module to which the contract belongs
- The reference number of the party (For Islamic LCs, specify the reference of the Issuer. For Bills, enter the reference of the Remitting bank).
- The Currency Code of the contract
- The Contract Amount
- The Issue Date and
- The Expiry Date
- Remarks

No of Matches

Now that you have set up the criteria for black listing contracts, you need to indicate the number of the above criteria that should be used to black list Islamic LCs and Bills.

For example, you indicate 2 in the field Number of Matches. All Islamic LCs/Bills that match atleast two of the blacklisting criteria that you specified will be displayed for blacklisting.

After you indicate the blacklisting criteria, click 'Save' icon from the tool bar to save the record. A message with the Reference Number of the Islamic LCs / Bills that matches the blacklisting criteria that you specified is displayed. You can choose to blacklist the contract or ignore the message.

If you enter a new Islamic LC/Bill that matches the blacklisting criteria, you will be prompted for an override. Similarly, if you attempt to amend the details of a blacklisted Islamic LC/Bill, you will be prompted with an override.

5.9 Lodging Islamic Guarantee Claim

You can lodge claim on guarantee contract through 'Islamic Guarantee Claim Lodging' screen. You can invoke this screen by typing 'LIDGCLM' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Contract Details		Claim Details	
Issue Date		Claim Date *	
Expiry Date		Claim Amount *	
Currency		Remarks	
Amount		Template Id	
Outstanding Guarantee Amount			
Counterparty Name			
Address			
Counterparty Type			
Counterparty Reference			
Beneficiary Name			
Address			

You can specify the following here:

Contract Reference

Select the guarantee contract reference number from the adjoining option list.

Claim SI. No

The system displays the claim serial number.

5.9.1 Specifying Main Details

The system displays the following contract details:

- Issue Date - Date on which the guarantee is issued
- Expiry Date - Date of expiry of the guarantee
- Currency - Currency of the guarantee
- Amount - Amount of the guarantee

- Outstanding Guarantee Amount - Outstanding amount of the guarantee
- Counterparty Name - Name of the counterparty
- Address - Address of the counterparty
- Counterparty Type - Party type of the counterparty
- Counterparty Reference - Reference Number of the counterparty.
- Beneficiary Name - Name of the beneficiary.
- Address - Address of the beneficiary

Claim Details

Claim Date

Specify the date on which claim is received by the bank.

The claim date should not be greater than the expiry date and the current business date of the system.

Note

If multiple claims are lodged against a contract and the claim date is same for all claims, then the system displays an override message.

Claim Amount

Specify the amount of the claim.

The claim amount should not be greater than the guarantee amount and the outstanding guarantee amount.

Remarks

Specify remarks, if any.

Template Id

Select the template ID from the adjoining option list. Template ID is applicable only when the party type is applicant bank or issuing bank.

Note

The claim message is generated only if the template is selected.

5.9.2 Specifying Advise Details

Click on the 'Advices' tab to capture the advise details.

The screenshot shows the 'Islamic Guarantee Claim Lodging' application. The 'Main' tab is active, and the 'Advices' sub-tab is selected. The 'Advices Details' section displays a table with the following columns: Message Type, Party Type, Party Id, Party Name, Medium, Priority, Suppress, and Charges. Below this table is the 'FFT Details' section, which includes a 'Free Format Text Code' dropdown menu and a 'Text' input field. The bottom of the window features a navigation bar with tabs for 'Events', 'Settlement', 'Charges', 'Tax', and 'Message Preview'. The footer contains fields for 'Maker', 'Checker', 'Date Time', 'Status', and 'Authorization Status', along with an 'Exit' button.

Advise Details

Message Type

The system displays the message type of the advice generated.

Party Type

The system displays the party type for which the message is generated.

Party Id

The system displays the party ID for which the message is generated.

Party Name

The system displays the name of the party for which the advice is generated.

Medium

Select the medium through which the message has to be sent from the adjoining option list.

Priority

Select the priority of sending message from the adjoining drop-down list.

Suppress

Check this box to suppress the message.

Charges

The system displays the charges configured.

FFT Details

Free Format Text Code

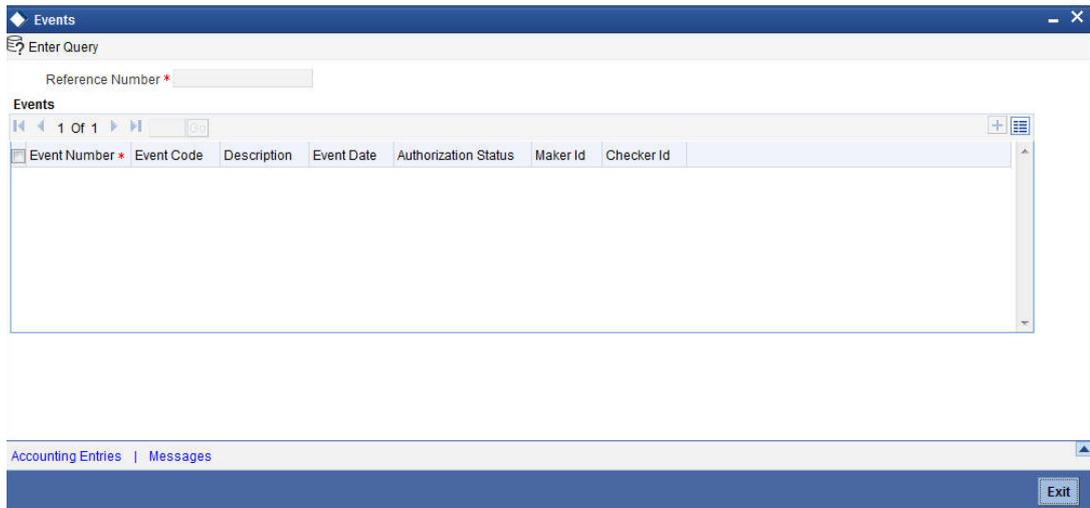
Select the free format text code from the adjoining option list.

Text

The system displays a brief description on free format text.

5.9.2.1 Event Details

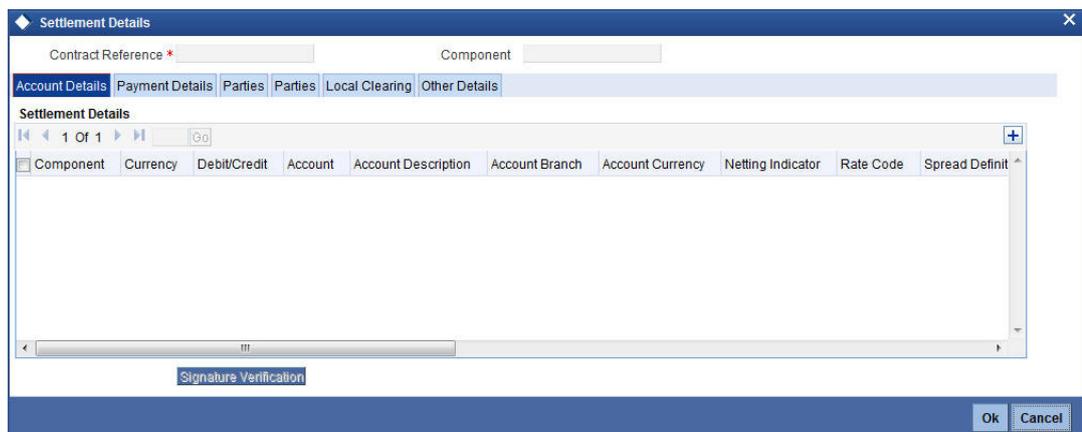
Click on 'Event' link of the 'Islamic Guarantee Claim Lodging' screen to view the event details.



The system displays the events, accounting entries and advices here.

5.9.2.2 Settlement Details

Click on 'Settlement' link of the 'Islamic Guarantee Claim Lodging' screen to view the settlement details.



The system displays the settlement information for charges here.

5.9.2.3 Charges Details

Click on 'Charges' link of the 'Islamic Guarantee Claim Lodging' screen to view the charge details.

The screenshot shows a window titled "Charge Details" with a close button (X) in the top right corner. At the top, there is a text field labeled "Contract Reference *" with a red asterisk. Below this are three sections, each with a title, a navigation bar, and a table:

- Charge Association:** The navigation bar shows "1 Of 1" and a "Go" button. The table has columns: "Creation ESN", "Component *", "Rule", "Description", "Consider as Discount", "Waiver", and "Accrual Required".
- Charge Application:** The navigation bar shows "1 Of 1" and a "Go" button. The table has columns: "Creation ESN", "Component *", "Tag Currency", "Tag Amount", "Charge Currency", "Charge Amount", and "Consider as Discount".
- Charge Liquidation:** The navigation bar shows "1 Of 1" and a "Go" button. The table has columns: "Event-Sequence Number", "Component", "Charge Currency", "Charge Amount", and "Liquidated".

At the bottom right of the window, there are "Ok" and "Cancel" buttons.

The system displays the charges configured for the event at product definition here.

5.9.2.4 Tax Details

Click on 'Tax' link of the 'Islamic Guarantee Claim Lodging' screen to view the tax details.

The screenshot shows a window titled "Tax Details" with a close button (X) in the top right corner. At the top, there are input fields for "Contract Reference *" and "Tax Scheme", and a checkbox labeled "Waiver". Below this is a section titled "Rule Details" with a "Go" button and a table with columns: "Rule *", "Basis Component", "Event", and "Waiver". The table is currently empty. Below that is a section titled "Amount Details" with a "Go" button and a table with columns: "Value Date *", "Transaction Date", "Currency", "Amount", and "Event Sequence Number *". This table is also empty. At the bottom right of the window are "Ok" and "Cancel" buttons.

The system displays the details of the tax configured in the screen.

5.9.2.5 Previewing Message Details

Click on 'Preview Message' link of the 'Islamic Guarantee Claim Lodging' screen to view the message details.

You can view the message or advice generated in the screen.

For more details on this screen, refer Capturing Additional Details chapter in this user manual.

5.10 Viewing Islamic Guarantee Claim Details

You can view the guarantee claim details maintained in the 'Islamic Guarantee Claim Lodging' screen using the 'Islamic Guarantee Claim Summary' screen. You can invoke this screen by

typing 'LISGCLM' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

In the above screen, you can base your queries on any or all of the following parameters and fetch records:

- Authorization Status
- Contract Reference
- Claim Date
- Counterparty
- Contract Status
- Claim Sl. No
- Product Code
- Branch

Select any or all of the above parameters for a query and click 'Search' button. The system displays the following records meeting the selected criteria:

- Authorization Status
- Contract Status
- Contract Reference
- Claim Sl. No
- User Reference
- Product Code
- Branch
- Counterparty

- Beneficiary
- Currency
- Contract Amount
- Issue Date
- Expiry Date
- Claim Date
- Claim Amount

6. Capturing Additional Details

6.1 Introduction

The buttons on the contract screen enable you to invoke a number of functions vital to the processing of an Islamic LC Contract.

These buttons have been briefly described below.

Buttons	Description
Drafts	Click this button to capture the details of draft drawn for the Islamic LC. You can specify the name of the insurance company that is covering the goods traded under the Islamic LC.
Settlement	Click this button to invoke the Settlement screens. Based on the details that you enter in the settlement screens the Islamic LC will be settled. The details of these screens have been discussed in the Settlements manual.
Events	Click this button to view the details of the events and accounting entries that a contract involves.
MIS	Click this button to define MIS details for the Islamic LC.
Commission	On invoking this button Commission details of the contract is displayed

Charges	<p>This button invokes the Charges, Commissions and Fees (ICCF) service.</p> <p>On invoking this function you will be presented with a screen where the ICCF rate, amount, currency and the waive charge parameter can be specified.</p> <p>The Processing Charges and Fees manual, details the procedure for maintaining charge rules. It also deals with the linking of a charge rules to a product and the application of the rule on an Islamic LC.</p> <p>The Processing Commissions manual, details the procedure for maintaining commission rules. It also deals with the linking of a commission rule to a product and the application of the rule on an Islamic LC.</p>
Tax	<p>This button invokes the Tax services. The Processing Tax manual details the procedure for maintaining tax rules and schemes. It also deals with the linking of a tax scheme to a product and the application of the scheme on an Islamic LC.</p>
Collateral	<p>In the screen that corresponds to this button, you can specify details of the cash that you collect as collateral from a customer for the Islamic LC that you process. The details of this screen are discussed under the head Specifying Collateral details for an Islamic LC.</p>
Linkages	<p>Clicking this button invokes the Contract Linkages screen. In this screen, you can link an Islamic LC to a deposit or account, and indicate the funds that you would like to block.</p>
Change Log	<p>Click this button to view the changes made to a particular version of an Islamic LC contract.</p>
Transfer Details	<p>If the Islamic LC is transferred to a new party, you can view the transaction details.</p>
Fields	<p>Click this button to specify values for the user defined fields (UDFs).</p>
Finance preference	<p>Click this button to maintain the details of the finance.</p>
Split Settlement	<p>Click on this button to specify split settlement details of the bill.</p>
Deferred Profit Component	<p>Click this button to specify deferred profit component details.</p>
Import License	<p>Click this button to capture import license details,</p>
Message Preview	<p>Click this button to preview the messages or advices generated for the contract</p>

Enter valid inputs into all the mandatory fields in screens that can be invoked from the buttons or you will not be able to save the contract. After making the mandatory entries for the Islamic LC, save the contract by clicking save icon in the toolbar.

A contract that you have entered should be authorized by a user bearing a different Login ID, before the EOD is run.

Note

You have the option to amend all the unauthorized entries made for an Islamic LC. However, after authorization, certain fields cannot be amended.

Click 'Exit' or 'Cancel' button to go back to the Application Browser.

6.2 Capturing Drafts Details

You can capture the details of the draft that is drawn for the Islamic LC, in the Drafts screen. In addition, you can also specify the name of the insurance company that is covering the goods traded under the IILC. Click 'Drafts' button in the Islamic LC Contract to invoke the screen:

The screenshot shows the 'Draft Details' application window. It is divided into several sections:

- Draft Details:** Includes fields for Draft Serial Number (marked with an asterisk), Draft Tenor, Percentage Amount (with radio buttons for Percentage and Amount), Draft Amount, Draft Percentage, and Credit Days From.
- Drawee Details:** Includes fields for Drawee, Address 1, Address 2, and Address 3.
- Insurance Details:** Includes fields for Company Code, Company Name, Address 1, Address 2, Address 3, Address 4, Expiry Date, Policy Number, Telephone Number, Fax Number, Policy Utilized Amount, Open Policy (checkbox), Cover Date, Insurance Amount, Telex, and Warehouse Address.
- Table:** A table with two columns: 'Amount Name' and 'Amount'. It contains one row with empty input fields.

At the bottom right of the window are 'Ok' and 'Exit' buttons.

You can capture the following details:

Draft Serial Number

Specify the serial number of the draft.

Draft Tenor

Specify the tenor of the draft.

Amount/Percentage

Specify whether the draft is a percentage of the Islamic LC amount or a Flat amount.

Subsequently, specify the Amount or the Percentage (based on your selection).

Credit Days From

The Date from which the tenor of the draft begins.

6.2.0.1 Specifying Drawee Details

Specify the following details.

Drawee

Specify the party on whom the draft is drawn. You can select the drawee's CIF from the adjoining list. This will contain a list of all the open and authorized CIF maintained in the Customer Directory. This information is captured from the BIC directory.

Address 1 to 3

Specify the address of the drawee.

6.2.0.2 Specifying Insurance Company Details

Specify the following details.

Company Name

Specify the Insurance Company to be associated with the Islamic LC.

Company Code

You can select the appropriate company code from the option list. The list will display all authorized and active company codes. If you have specified an open insurance policy in the 'Insurance Policy Number' field, the option list will display the company code associated with the chosen insurance policy number. Upon selection of the company code, the following details will be automatically displayed by the system:

- Company Name
- Address of the company
- Telephone Number
- Fax Number
- Policy Utilized Amount
- Cover Date
- Insurance Amount
- Telex Address
- Warehouse Address

Open Policy

Check this option to link an open insurance policy to the Islamic LC.

Policy Number

Specify the insurance policy number here. The adjoining option list displays all insurance policy codes maintained in the system. If you check the option 'Open Policy' the option list will display the open insurance policies maintained in the system. You can select the appropriate one.

If you have checked the 'Open Policy' option and the policy number is specified here is invalid (i.e. not maintained in the 'Open Policy Maintenance' screen) or blank, the system will display an error message.

Expiry Date

Enter the expiry date of the Policy.

6.2.0.3 Specifying Breakup Details

The breakup details of the draft will be displayed here as follows:

- Amount Name
- Amount

The draft amounts for the different components (Insurance, Profit, Invoice, Freight)

Note

You can also choose to associate an Insurance Company that is not maintained in the system. When you are specifying a company code that does not exist, the system will display an override (based on your requirement, you can configure the override to be a warning or an error message). On confirmation of the override, the company code will be automatically changed to 'XXXXXXXX'. Subsequently, you can specify any company name to be associated with the contract. The system will not perform any validations. The remaining fields in the screen will be disabled in this case.

6.3 Specifying Settlement Instructions

Through the settlement screens, you should specify the customer accounts to which entries for the commissions, charges, taxes and collateral should be posted.

Click 'Settlement' button in the Contract Main screen, for a display of the Settlements screen.

Besides the account details, you can specify:

- The currency in which the component is expressed
- The payment account and its currency

Note

If you have specified an account that uses an account class that is restricted for the product, an override is sought.

- The branch of your bank to which the account belongs
- The exchange rate (in the case of the component currency being different from the account currency)
- The ERI Currency

- The ERI Amount

Refer to the chapter titled 'Making an Availment' in this user manual for details.

6.4 Viewing Events Details

The event details screen of contract processing will show the details of the accounting entries generated for an Islamic LC. Click 'Events' in the Islamic LC Contract Detailed View screen to go to the Islamic LC Contract View Events screen.

The details of events that have already taken place on the contract will be displayed, along with the date on which the event took place.

The screenshot shows a software window titled "Events". At the top left, there is a search icon and the text "Enter Query". Below that is a text input field labeled "Reference Number *". Underneath the input field is a section titled "Events" containing a table. The table has a header row with the following columns: "Event Number *", "Event Code", "Description", "Event Date", "Authorization Status", "Maker Id", and "Checker Id". Below the header, there is one row of data, and the text "1 Of 1" is displayed above the table. At the bottom of the window, there are two links: "Accounting Entries" and "Messages". In the bottom right corner, there is a blue button labeled "Exit".

Click 'Accounting Entries' to view the accounting entries for the event that is highlighted. Click 'Message' to view the messages applicable to the event. Click on 'Exit' or 'Cancel' to go back to the Islamic LC Contract Detailed View screen.

6.4.1 Viewing the Accounting Entries Passed for the Islamic LC

From 'Islamic LC Contract - View Events' screen, click 'Accounting Entries' to view the Accounting Entries for the event. The accounting entries that are passed depend on the type of Islamic LC that you are processing.

The Accounting entries screen is as shown below:

The screenshot shows a software window titled "Events". At the top, there is a "Reference No" input field. Below it is a navigation bar with "1 Of 1" and a "Go" button. The main area contains a table with the following headers: "Event Number", "Event Date", "Event Code", and "Account Description". The table is currently empty. At the bottom of the window, there is a blue bar with the text "Accounting Entries" and an "Exit" button.

The following information is provided for each event:

- Branch
- Account
- Transaction Code
- Booking Date
- Value Date
- Dr/Cr indicator
- Currency
- CCY (Currency)
- Amount in contract CCY
- Amount in local currency
- All the overrides that were given for an event will also be displayed

Click 'Exit' or 'Cancel' to go back to the screen from where you invoked the Accounting Entries screen.

6.4.2 Viewing Advices Applicable to Contract

Click 'Message' from the View Events screen to view the list of advices applicable to a particular event in the lifecycle of the Islamic LC.

The screenshot shows a software interface titled "View Messages". At the top, there are three input fields labeled "Contract Reference", "Event Sequence Number", and "Event". Below these is a section titled "Messages" which contains a table. The table has six columns: "Advice Name", "Receiver", "Customer Name", "Message Status", "Test Status", and "Authorization Status". The table currently contains one row with empty cells. At the bottom of the window, there is a button labeled "Message".

The following details of a message are displayed:

- The message type
- The Name and ID of the recipient of the message and
- The status of the message

To view the text of a message, highlight the message and click on the 'Message' button. Click 'Exit' or 'Cancel' to exit the screen.

6.5 Capturing MIS Details

Click 'MIS' button to invoke the following screen.

Refer the MIS User Manual for further details on capturing MIS details.

6.6 Defining Commission

Besides the Islamic LC amount, the other components of an Islamic LC include the commissions that you collect and the charges that you levy on the parties involved in an Islamic LC.

While defining Accounting Roles for a product you must specify the internal accounts that should be picked up when commissions are collected and when charges are levied.

For an Islamic LC having the operation code 'Reimbursement', you will not be able to save commission related details. While saving the contract, the system will display an error message if you enter details in the 'ICCF screen'.

While creating or amending an authorized contract, you can modify the percentage of commission to be charged. Enter the rate and click 'Re-compute' button to recalculate the commission percentage to be charged.

The details of the commissions that can be collected and the procedure of making them applicable to the Islamic LC you are processing has been detailed in the chapter Processing Commissions in the Modularity User Manual.

6.7 Defining Charge Details

Click 'Charges' button to invoke the following screen.

The screenshot shows a window titled "Charge Details" with a "Contract Reference *" field at the top. Below it are three data grids:

- Charge Association:** A table with columns: Creation ESN, Component *, Rule, Description, and Consider as Discount. It shows one row with empty input fields.
- Charge Application:** A table with columns: Creation ESN, Component *, Tag Currency, Tag Amount, Charge Currency, and Charge Amount. It shows one row with empty input fields.
- Charge Liquidation:** A table with columns: Event Sequence Number, Component, Charge Currency, Charge Amount, and Liquidated. It shows one row with empty input fields and a checked checkbox in the "Liquidated" column.

At the bottom right of the window are "Ok" and "Exit" buttons.

Refer the Charges and Fees User Manual under Modularity for further details about this screen.

6.8 Specifying Tax Details

Click 'Tax' button to invoke the following screen.

Rule *	Basis Component	Event	Waiver
			<input type="checkbox"/>

Value Date *	Transaction Date	Currency	Amount	Event Sequence Number *

Refer the Tax User Manual under Modularity for further details on tax processing.

6.9 Maintaining Collateral Details

Islamic LCs that are issued or confirmed is often processed with cash collateral. In cases like a in a Guarantee, you may even take a 100% cash collateral. This is when an applicant is not a customer of your bank and the credit worthiness of the applicant is not known. Details of such cash collateral can be maintained in the Islamic LC Contract - Collateral Details screen.

To invoke this screen, click 'Collateral' in the Islamic LC Contract Details screen. The Islamic LC Collateral Details screen is displayed.

The screenshot shows a software window titled "Collateral Details". At the top, there are two input fields: "Contract Reference" and "Latest ESN". Below these, the window is divided into two sections. The "Collateral" section contains six input fields: "Currency", "Percent", "Exchange Rate", "Collateral Amount", and "Description". The "Adjustment" section contains a "Type" section with two radio buttons, "Increase" and "Decrease" (which is selected), and an "Amount" input field. At the bottom right of the window, there are two buttons: "Ok" and "Exit".

The cash collateral percentage is defined for the product under which an Islamic LC is processed. This percentage is picked up by default for the Islamic LC being processed.

6.9.0.1 Specifying Value of the Cash Collateral

The value of collateral can be expressed either as an amount or as a percentage of the Islamic LC amount.

Currency

Specify the currency of the collateral.

Percent

If you specify the cash that is to be collected as collateral as a percentage of the Islamic LC amount, the equivalent amount is displayed. This amount is taken to be in the currency, defined as the collateral currency.

Collateral Amount

You can specify the cash collateral as an amount. In this case you do not need to specify a percentage. However if you specified the collateral as a percentage of the Islamic LC amount, the actual amount is computed in the collateral currency by the system.

Exchange Rate

If the collateral currency and the currency in which the Islamic LC is issued are different, you should also specify an exchange rate to be used in the conversion. The value of the collateral is determined based on this exchange rate.

Description

Give a brief description of the collateral.

6.9.0.2 Specifying Adjustment Details for a Collateral

At any time during the lifecycle of an Islamic LC, you may want to increase or decrease the value of the cash, accepted as collateral on Islamic LC. This is done by way of an amendment to the Islamic LC. The cash collateral can be increased or decreased, without changing the Islamic LC amount. On the other hand, a change in the Islamic LC amount may necessitate a change to the collateral amount.

Type

If you wish to increase the collateral amount, indicate 'Increase' on this screen.

If you wish to decrease the collateral amount that you have collected while issuing an Islamic LC, indicate 'Decrease' on this screen.

Amount

Enter the amount by which you want to increase or decrease the cash accepted as collateral. The collateral deposit account will automatically increase or reduce based on the specifications you make.

Note

If at the time of availment, you want to pay from the collateral account, you can include it in the accounting entries for the event, Availment.

6.10 Linking Contracts to Deposits and Accounts

You can link an Islamic LC contract to deposits and accounts.

Type of linkage	Description
Linking a deposit	The entire Islamic LC amount, or a portion of it, can be linked to a deposit. The outstanding amount in the deposit should always be greater than or equal to the Islamic LC amount. You can link several Islamic LCs to the same deposit, provided sufficient funds are available in the deposit.
Linking an account	You can link the entire contract amount or a portion of it, to a savings or current account that is maintained with you. The available balance in the account should always be equal to or greater than the contract amount that is outstanding. You can link any number of contracts to an account provided a balance greater than or equal to the total outstanding contract amount(s) is available in the account.

The entire contract amount or a portion of it can be linked to any number of deposits or account or to both. From the Islamic LC Contract Details screen, you can invoke the 'Contract

Linkages' screen by clicking 'Linkages' button. In this screen, you can specify any account/ deposit with you, and indicate the funds that you would like to block.

Specify the following details.

Type

In the Contract Details screen, you can specify the type of linkage. The Islamic LC can be linked to a:

- deposit
- account

Linked To Reference Number/Account

If the Islamic LC is linked to a deposit, you should enter the Reference Number of the deposit. The deposit should be a valid contract in Oracle FLEXCUBE, with a Value Date that is earlier than or the same as the Value Date of the Islamic LC contract. The Maturity Date should be the same as, or later than that of the contract.

If the linkage is with an account, enter the account number to which you are linking the Islamic LC. The account you specify has to be a customer account (a Current account or a Savings Bank account).

Currency

The currency of the deposit or account to which the Islamic LC is linked, is displayed once the linkage details are specified.

Available Amount

The system displays the amount available against the linked contract or account.

Exchange Rate

If the currency of the Islamic LC is different from the currency of the deposit or account to which it is being linked, the mid-rate for the day will be picked from the Exchange Rate table and displayed in the screen.

Coverted Linked Amount

The system displays the coverted linked amount.

Linked Amount

Indicate the contract amount that has to be linked to the deposit or account. This amount can be the entire amount of the Islamic LC or a portion of it. The amount available for linkage, in

the specified deposit or account, is arrived at, by taking into account other linkages and the uncollected and unauthorised balance (in the case of an account).

Once the linked amount is specified, the system displays the following values.

Account/Deposit

The system displays the amount linked to each contract or account.

Uncovered Amount

The system displays the contract amount that has not been linked, in the case of a partial linkage.

6.11 Viewing Amended Details of Contract

You can view the changes made in a specific version of an Islamic LC contract. To do this, navigate to the version of the contract that you would like to view in the Contract Details screen using the right/left arrow buttons against 'Version Number'..

The fields that were modified in the version will be displayed along with the old (inherited) and the changed values.

6.12 Specifying Transfer Details

Click 'Transfer Details' button to invoke the following screen.

From Letter of Credit Reference	To Letter of Credit Reference	Transfer Amount	Transfer Date	Expi
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Specify the following details.

From Letter of Credit Reference

Specify the destination from which the goods transacted under the Islamic LC should be sent by selecting the appropriate option from the list of values.

To Letter Of Credit Reference

Specify the destination to which the goods transacted under the Islamic LC should be sent by selecting the appropriate option from the list of values.

Transfer Amount

Specify the amount that should be transferred from the original Islamic LC. You can only transfer an amount that is less than or equal to the amount available under the original Islamic LC.

Transfer Date

The system date is displayed as the date of the transfer. This cannot be modified.

Expiry Date

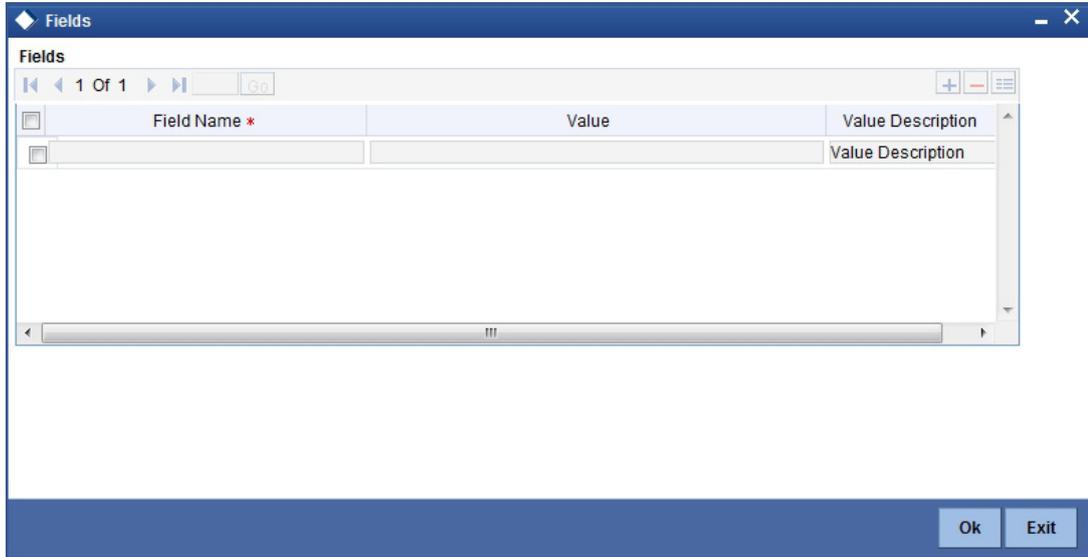
The expiry date is the date up to which the transferred Islamic LC is valid. The expiry date of the original Islamic LC is displayed here. You can modify this, provided that the expiry date is not earlier than the Islamic LC issue date or the system date.

Shipment Date

This is the latest date by which the shipment of the goods specified for the transferred Islamic LC can take place. The latest shipment date of the original Islamic LC is displayed here. You can modify this, provided that the date you enter is neither earlier than the Issue Date of the Islamic LC, nor later than the expiry date.

6.13 Capturing UDF Values

Click 'Fields' button to invoke the following screen.



The screenshot shows a window titled 'Fields' with a table. The table has three columns: 'Field Name *', 'Value', and 'Value Description'. The first row is empty, and the second row contains the text 'Value Description' in the 'Value Description' column. The window has a blue header bar with a diamond icon and the title 'Fields'. Below the table, there are 'Ok' and 'Exit' buttons.

Field Name *	Value	Value Description
		Value Description

The User Defined Fields (UDFs) maintained for the linked product or function id are displayed here. You can specify values for them.

Refer the User Manual titled 'User Defined Field' for details about defining UDFs.

6.14 Capturing Split Settlement Values

You can capture split settlement details for the contract using the 'Split Details' screen by clicking 'Split Settlements' button in the 'Islamic LC Contract Input' screen.

6.14.1 Basis Details

Amount Tag

The bill amount tag defined for the current event in the contract is displayed here. It is picked up from those defined for the INIT event. You cannot change them.

Currency

The currencies associated with the amount tags (as picked up from the INIT event) are displayed here. You cannot change them.

Basis Amount

The amount for each amount tag (picked up from the INIT event) is displayed here. You cannot change them.

The screenshot shows the 'Split Settlement' window. It features a 'Contract Reference' field at the top. Below it are two data grids. The first grid, titled 'Split Settlement', has columns for 'Amount Tag', 'Currency', and 'Basis Amount'. The second grid, titled 'Split Settlement Details', has columns for 'Sequence Number', 'Amount Tag', 'Amount', 'Branch', 'Account Currency', 'Account', 'Exchange Rate', and 'Original Excha'. Both grids are currently empty. At the bottom of the window, there is a 'Get Exchange Rates' button and 'Ok' and 'Exit' buttons.

6.14.2 Split Details

Sequence Number

The system generates a running sequence number for each split record. You cannot modify it. The system automatically generates the sequence number on introducing a new split.

Amount Tag

The selected amount tag in the basis details section is displayed here in the split details section. If there are no settlement tags for the event being processed, the system will display an error.

Amount

Specify the split amount for the split amount tag. The sum of amount should not be greater than the basis amount. The system calculates the amount on the basis of the split percentage. You cannot leave this field blank.

Percentage of Proceeds

Specify the split percentage of the Bill Amount for each account. The sum of split amounts should be equal to the total amount specified for the corresponding basis amount tag. You cannot leave this field blank.

Customer

Specify the customer to whom the split amount should be assigned. The adjoining option list displays all the customers maintained in the system. You can select the appropriate one.

Branch

The system displays the branch where the settlement account for the split amount tag resides. The adjoining option list displays all the valid branches in the system. You can choose the appropriate one.

Account Currency

The settlement account currency for the split amount tag is defaulted based on the settlement account chosen. You cannot change it.

Account

Select a valid account for the specified settlement account branch, from the option list.

Finance Account

Check this box if you want the split amount to be booked as a finance. The split settlement amount entered as the Finance Amount is used to create the finance contract. You can select more than one Account as Finance account. This is enabled only for settlement tags BILL_LIQ_AMT or BILL_LIQ_AMTEQ.

Exchange Rate

If the basis amount currency is different from the settlement account currency, you need to specify the exchange rate that should be used for conversion

6.15 Specifying Finance Preference

From the 'Islamic LC Contract Input' screen, click 'Finance Preference' button. The 'Finance Preference' screen is displayed.

In this screen, you can maintain the details for the finance.

The screenshot shows the 'Loan or Finance Preference' dialog box. It includes the following fields and sections:

- Contract Reference**: Text input field.
- Latest ESN**: Text input field with value '1'.
- Contract Currency**: Text input field.
- Product**: Text input field with a dropdown arrow.
- Counterparty**: Text input field.
- Currency**: Text input field with a dropdown arrow.
- Tenor**: Text input field.
- Units**: Text input field.
- Contract Reference**: Text input field.
- Event Sequence Number**: Text input field.
- Bill Outstanding Amount**: Text input field.
- Crystallization Type**: Text input field.
- Bill Amount to be Crystallized**: Text input field.
- Collateral to be Liquidated**: Text input field.
- Liquidate Charge/Comm on LC**
- Rate** section:
 - Mid Rate**: Radio button (selected).
 - Buy/Sell Rate**: Radio button.
 - Exchange Rate**: Text input field.
 - Rate Type**: Text input field with a dropdown arrow.
 - Original Exchange Rate**: Text input field.
 - Maximum**: Text input field.
 - Minimum**: Text input field.
 - Payment Mode**: Text input field.
 - Loan/Finance Value Date**: Text input field with a calendar icon.
 - Maturity Date**: Text input field with a calendar icon.
 - Credit Product Account**: Text input field with a dropdown arrow.
 - Debit Product Account**: Text input field with a dropdown arrow.
 - Debit Account Branch**: Text input field with a dropdown arrow.
 - Credit Account Branch**: Text input field with a dropdown arrow.
- Table**: A table with columns: User Defined Element Id, UDE Description, Rate As Of, Usage, UDE Value. It is currently empty.
- Buttons**: 'Ok' and 'Cancel' buttons at the bottom right.

Contact Reference

The system displays the contract reference number.

Contract Currency

The system will display the local currency of the Branch in which the finance is initiated. You cannot change this value.

Tenor

Here you need to indicate the tenor for each finance being maintained. The tenor is expressed in days. The minimum/maximum tenor specified in the finance product underlying the contract has to be adhered to.

Line

This is the credit line against which the finance is issued to the customer. The adjoining option list displays a list of GL codes maintained in the GL Module. Highlight the line you want to assign to this finance and click 'Ok' button to select the line.

Rate

Select the rate to be applied for the conversion. The options available are Buy rate, Mid Rate or the Sell Rate.

Rate Code

The rate code will be used to pick up the exchange rate. The rate codes maintained through the 'Standard Rate Code Maintenance' screen will be available for selection in the option list provided. Select the appropriate rate code for the finance.

Middle Rate

Select the rate to be applied for conversion. The options available are Middle rate and Buy/Sell Rate.

Exchange Rate

The Exchange Rate will be picked from the exchange rate table and displayed, by default.

Rate Type

The Rate Type indicates whether the rate to be applied for the conversion is the Buy rate, Mid Rate or the Sell Rate. Select the appropriate rate type from the drop down list.

Finance Value Date

The system will display the debit value date. However, you can amend this field.

For tracking the receivable from the current date, the system will create the finance one day prior to the debit value date and liquidate on the debit value date. In such cases, you can specify the finance value date as 1 day prior to the debit value date, so that, the system will create the finance (having 1 day as tenor) as of that date and will mature on the debit value date.

Maturity Date

The system computes the maturity date based on loan tenor and displays it here. However, you can change it.

Credit Product Account

Specify the credit settlement account of the loan.

Debit Product Account

Specify the debit settlement account of the loan.

Debit Account Branch

Specify the branch where the debit settlement account used for the loan resides.

Credit Account Branch

Specify the branch where the credit settlement account used for the loan resides.

Maturity Account

You should specify the settlement account for the finance. You can choose a valid account number from the list of values that is available.

Event Sequence Number

The system displays the event sequence number.

Customer

The system displays the contract customer ID.

Customer Name

The system displays the contract customer name.

Currency Description

The system displays the description of the currency.

Units

Specify the units in which the tenor is specified.

6.15.1 Indicating Preferences for the Profit Components**Component**

The component gets defaulted from the BC product level.

Description

The description for the component also gets defaulted from the product level.

Rate Type

You can indicate the profit rate type that is to be picked up and applied to the finance contracts involving the product. The options available for the rate type are:

- Fixed
- Floating
- Special

Choose the appropriate option from the drop down list.

Rate Code

Profit of the contract is computed on the basis of the Rate code associated with it. This field is enabled only if you have opted for 'Floating' rate type for the finance.

Basis

The profit basis indicates the method in which the tenor for profit has to be calculated, if their application is tenor based.

It could be one of the following:

- (Euro)/360
- (US)/360
- Actual/360
- (Euro)/365
- (US)/365
- Actual/365
- (Euro)/Actual
- (US)/Actual

- Actual/Actual

The Profit Basis defined for the product involved in the contract will be displayed. You can change it here to suit the bill you are processing.

The minimum/maximum rate specified in the finance product underlying the contract has to be adhered to.

Rate

In case you choose the rate type as Fixed, you can specify the rate that is to be used for computing the profit of the contract.

Usage

The usage indicates the time at which the rate change has to be applied to the finance contract in case the profit is floating rate type. The options available are:

- Auto - rate change is triggered automatically when the rate associated with a rate code changes.
- Periodic – rate change is triggered at pre-defined dates.

Spread

You have to indicate the spread that can be applied on the floating rate.

Amount

In the case of 'Special' rate type, the profit component is expressed as an amount and not as a rate. This amount should be specified when the finance is liquidated.

When a new finance contract is created the following accounting entries are passed.

Event Code	Dr/Cr Indicator	Accounting Role	Amount Tag
DSBR	DR	FINANCE ASSET GL	PRINCIPAL
DSBR	CR	BRIDGE GL	PRINCIPAL

If a bill contract is booked with 'Advance by Finance' option is not checked at the contract level, then the following accounting entries are passed:

Event Code	Dr/Cr Indicator	Accounting Role	Amount Tag
LIQD	DR	BC CUS-TOMER	BILL_AMOUNT (or) BILL_AMT_EQUIV
LIQD	CR	NOSTRO	BILL_AMOUNT (or) BILL_AMT_EQUIV

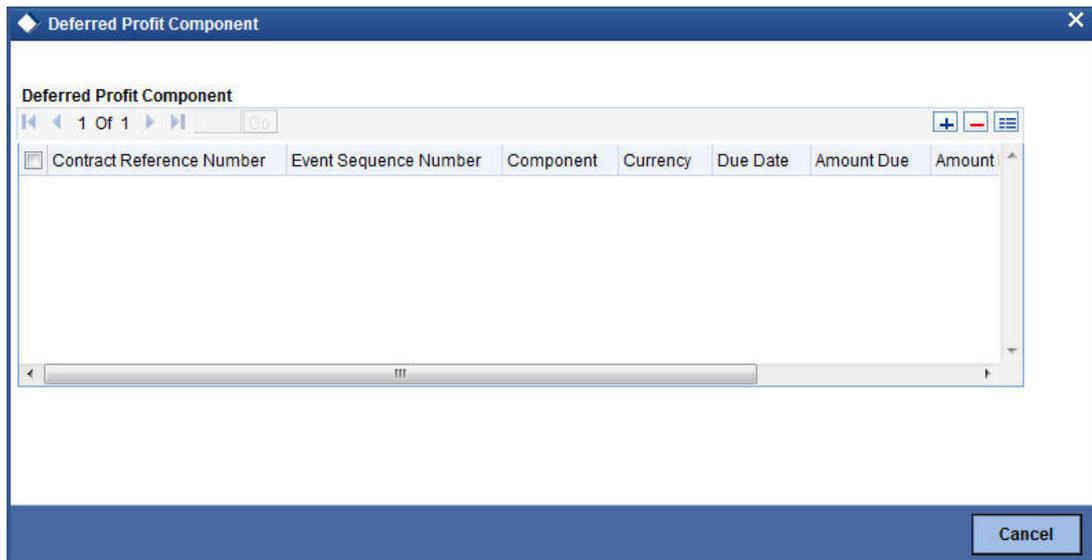
If a bill contract is booked with 'Advance by Finance' option is checked at the contract level, then the following accounting entries are passed:

Event Code	Dr/Cr Indicator	Accounting Role	Amount Tag
LIQD	DR	BRIDGE GL	BILL_LIQ_AMT (or) BILL_LIQ_AMTEQ

LIQD	CR	NOSTRO	BILL_LIQ_AMT (or) BILL_LIQ_AMTEQ
------	----	--------	-------------------------------------

When a finance is booked against a bill the event 'BLNK- Bill Linkage to Finance' is triggered. There will be no advice or accounting entries passed for this event. If the finance linked with the bill is reversed then the event 'BLRV- Bill Linkage reversal to Finance' is triggered. You cannot reverse a bill if there is a Finance linked to the bill that has not been reversed. Once the finance is reversed you will be allowed to reverse the bill.

6.16 Viewing Deferred Profit Component Values

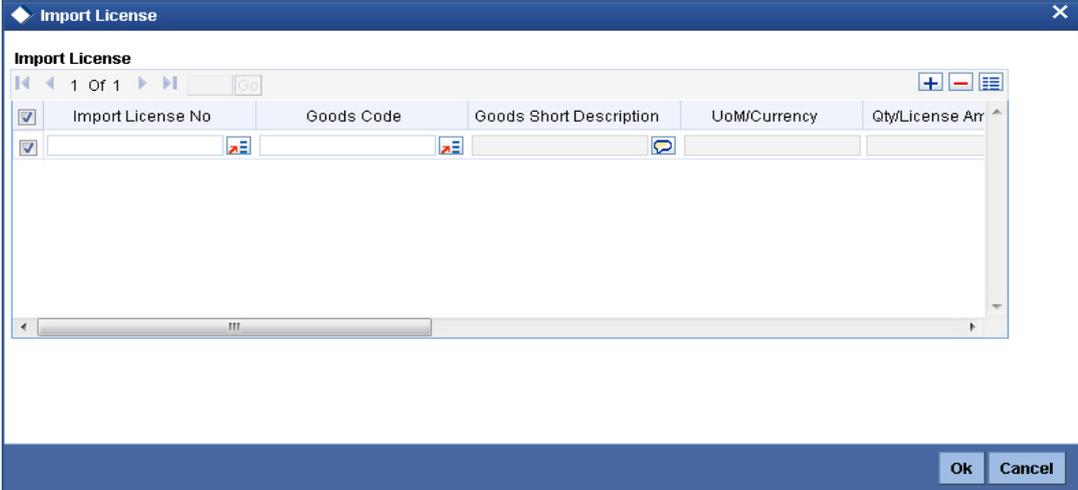


The system displays the following details:

- Contract Reference Number
- Event Sequence Number
- Component
- Currency
- Due Date
- Amount Due
- Amount Paid
- Status
- Liquidation Date

6.17 Utilizing Import Licenses

You can link the import license to an import Islamic LC contract and update the utilization amount or quantity for the linked import licenses. Click on 'Import License' to invoke the import license screen.



<input checked="" type="checkbox"/>	Import License No	Goods Code	Goods Short Description	UoM/Currency	Qty/License Arr
<input checked="" type="checkbox"/>					

Import License No

Select the import license number from the adjoining option list. The import licenses maintained for the party type 'Applicant' in the Import License Maintenance screen is displayed in the option list.

Goods Code

Select the goods code from the adjoining option list.

Note

If the good is classified either as Licensed or as Prohibited and the import licence details are not entered in the Islamic LC or Islamic BC contract screens, then the system displays an override message as 'Import license details are not entered for the contract'.

Goods Short description

The system displays the goods short description maintained in the 'Bills and Collections Commodity Code Maintenance' screen.

UoM/Currency

The system displays the unit of measurement or currency captured for the goods code of import license.

Note

If the basis is 'Quantity', then the system displays the UoM maintained for the goods code.
If the basis is 'Amount', then the system displays the currency maintained for the import license.

Qty/License Amount

The system displays the Quantity or License Amount captured for the goods code of import license.

Qty/License Amt Already Utilized

The system displays the sum total of Quantity or License Amount already utilized for the goods code.

Qty/License Amt Already Reinstated

The system displays the sum total of Quantity or License Amount already reinstated for the goods code.

Available Qty/License Amt

The system displays either the Available Quantity or Available License Amount for the goods code.

Qty/License Amt Utilized

Specify the quantity or the license amount utilized.

Note

If the license utilization basis is Quantity, then the system defaults the License Amount Utilized as Quantity Utilized * Rate/Unit.

Qty/License Amt Reinstated

Specify the quantity or the license amount reinstated.

Note

- If the License Amount Utilized is maintained for an goods code of an import license, then the system allows reinstatement of the license amount.
 - The 'Qty/License Amt Reinstated' should be less than or equal to the sum total of Qty/License Amount Utilized - Qty/License Amt Reinstated.
 - You can enter either Qty/License Amount Utilized or Qty/License Amt Reinstated for a goods code.
-

After authorization, you cannot modify or delete import licenses linked to an Islamic LC contract.

The utilizations and re-instatements maintained for an import license in 'Import License Utilization' Screen and Import License sub-system will be differentiated by the system based on the 'Transaction Reference Number'.

On authorization of reversal of a contract, the utilizations of all linked import licenses will also be reversed i.e. the value of Qty / License Amt Already Utilized - Qty / License Amt Already Reinstated will be posted as Qty / License Amt Reinstated for the respective goods codes and Available Qty / Available License Amt values will be re-computed.

If an import licenses linked to an Islamic import LC contract is not completely availed i.e. sum total of availments are less than the liability amount of Islamic import LC, then at the time of closure of Islamic LC contract, the system will give an alert to reinstate un-utilized quantity / license amount of linked import licenses. If auto closure is enabled for such Islamic import LC contracts, then system will not perform the auto-closure.

6.18 Previewing Messages

You can preview the messages or advices that will be generated for the contract using 'Message Preview' screen. To invoke this screen, click 'Message Preview' button.

Document Number	Message Type	Receiver	Name	Media	SWIFT Message Type	Message
<input type="text"/>						

For the contract, you can view the following details of the messages:

- The document number generated for the message/advice
- Type of message generated for the event
- Customer ID of the receiver of the message/advice
- Name of the receiver of the message/advice
- Media of transmitting the message/advice (Mail/SWIFT)
- SWIFT message type of the message
- Status of the message/advice

You cannot preview the messages once the contract has been authorized.

For preview of SWIFT MT700 and MT760 messages on hold, you need to view Advices/Settlement/Commission/Charges/Interest or Collateral sub-screen after contract input. The system performs the required validations and then you can keep the contract on hold. The message can be viewed in 'Message Preview' sub-screen.

6.18.1 Viewing Message/Advice

Select a message/ advice and click 'View' button to view the complete message/advice. The system will display the following details in a new window.

The screenshot shows a window titled 'Message' with a search bar 'Enter Query'. Below the search bar are input fields for 'Reference Number' (504DUI3131540036), 'DCN' (504160619890), 'Version Number', 'Receiver/Sender' (00008154), 'Message Type' (LC_INSTRUMENT), and 'SWIFT Message Type' (700). A '1 Of 1' indicator is visible on the right. The main area displays the message content, which is a SWIFT LC_INSTRUMENT message. The message text includes: 'NON-OPERATIVE COPY', 'Instance Type and Transmission', 'Original Received from Application - Outgoing Draft', 'Priority/Delivery : Normal', 'Message Header', 'Swift Input : FIN 700 Issue of a Documentary Credit', 'Sender Swift address : AIBKIE99XXX', 'Receiver Swift address : CITIUS36XXX', 'User Header', 'Message-User-Reference : 504160619890', 'Message Text', ':27: Sequence of Total 1/1', ':40A: Form of Documentary Credit IRREVOCABLE', ':20: Documentary Credit Number 504DUI3131540036', ':31C: Date of Issue 130603', and ':40E: Applicable Rules'. At the bottom, there are fields for 'Remarks', 'Reject Reason', and 'Message Trailers', and an 'Exit' button.

You can view the following details:

- Reference number of the message/advice
- Document number generated for the message/advice
- Version number of the message/advice
- Receiver/sender of the message
- Type of the message
- Type of the SWIFT message
- Complete text of the message/advice
- Remarks, if any
- Reject reason, if any
- Message trailer

6.18.2 Printing Message/Advices

From the 'Message Preview' screen, you can print a message/advice using 'Print' button. Select the message/advice and click 'Print' button to print the message/advice.

7. Making an Availment

7.1 Introduction

On receipt of the bills or on notification from the negotiating bank, you can record an availment under an Islamic Letter of Credit (Islamic LC). The availment on an Islamic LC Contract can be made only upto the Maximum Islamic LC amount, specified in the Contract screen.

Once an availment is recorded, the current availability under the Islamic LC will be reduced and the outstanding liability updated automatically. It will be reduced by the availment amount.

When an availment is recorded and there is cash collateral outstanding against the Islamic LC, invoke the cash collateral screen and specify the amount of cash collateral to be released.

7.1.1 Invoking the Islamic LC Contract Availment Screen

You can invoke 'Islamic LC Availment Input' screen by typing 'LIDAVMNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button. Click on 'New' icon from the application toolbar.

At the Contract Reference field, you can fetch the Islamic LC Contract on which you want to do an availment by either executing a query or through the option list available for the field. If you pick it up through the option list then press <F8> after you get the Islamic LC Contract on which you want to make the availment.

Availment Details

Contract Reference * P

User Reference

Event

Source Reference

Event Description

Source Code

Issue Date

Latest Version Number

Expiry Date

Currency

Counter Party

Amount

Related Reference Number

- Outstanding

Liability Amount

Unconfirmed Availed Amount

Available Undertaking Amount

Availed Not Undertaking Amount

Confirmed Amount

Unconfirmed Amount

Available Confirmed Amount

Available Unconfirmed Amount

Availment Details

Availment Number Of

Value Date

Availment Type

Availment Amount *

Liability Amount

Internal Remarks

Event Sequence Number

Events | Collateral | Settlement | Advices | Charges | Commission | Tax

Maker Date Time

Checker Date Time

Status

Authorization Status

Exit

Specify the following details:

Contract Reference

Specify or select the contract reference number from the option list provided. Click 'P' button.

The following contract details will be displayed:

- Event
- Event Description
- Issue Date
- Expiry Date
- Counter Party
- Amount
- Related Reference Number
- User Reference
- Source Reference
- Latest Version No
- Currency
- Liability

7.1.1.1 Specifying Availment Details for an Islamic LC

In this section specify the following details:

Value Date

An availment can be made either as of a date in the past or today. By default, the system displays the current date. You can change it to a date in the past.

Availment Type

You can specify the type of availment to be recorded under the Islamic LC. The availment can be of the following types:

- Payment
- Acceptance
- Negotiation

If the entry to this field does not adhere to the conditions specified above you will be prompted for an override.

Availment Amount

You can specify the amount being availed under the Islamic LC, in this screen. The availment amount that you specify cannot be greater than the Outstanding Islamic LC Amount displayed in this screen. Partial amounts can be availed against an Islamic LC. The availment thus need not always be the amount available under the Islamic LC.

After an availment is made on an Islamic LC, the Islamic LC amount is automatically reduced. The Islamic LC amount after the availment is displayed in the Outstanding Islamic LC Amount field of the Islamic LC Contract screen.

Liability Amount

The Liability Amount refers to the customer's liability to the bank. For an availment you can specify the amount that should be reduced, from the Outstanding Liability amount.

The Outstanding Liability amount can be reduced by an amount that is greater or less than the amount currently being availed. By default, the availment amount specified in the Availment Amount field will be defaulted here.

Note

The liability amount that you specify should not result in the Outstanding Liability Amount being less than the Outstanding Islamic LC Amount. If the values entered as the Availment Amount and the Liability Amount result in the liability amount being less than the Islamic LC amount, an error message will be flashed. The message will prompt you to re-enter values to the relevant fields.

Internal Remarks

Click the adjoining icon and enter information about the availment in the window that pops up. This information is intended for the internal reference of your bank. These remarks will be displayed when the details of the availment are retrieved or printed. However, this information will not be printed on any correspondence with the customer

Event Sequence Number

The system displays the event sequence number. This indicates a number corresponding to the number of events for which the operation has been performed.

Unconfirmed Availed Amount

The system displays the Unconfirmed Availed Amount on clicking 'P' button after specifying the contract reference number,

Available Undertaking Amount

The system defaults the latest availed undertaking amount on click of 'P' button after specifying the contract reference number.

Availed Non Undertaking Amount

The system defaults the latest availed non undertaking amount on click of 'P' button after specifying the contract reference number.

Confirmed Amount

On clicking 'P' button after specifying the contract reference number, the system displays the current confirmed amount.

Unconfirmed Amount

On clicking 'P' button after specifying the contract reference number, the system displays the current unconfirmed amount.

Available Confirmed Amount

On clicking 'P' button after specifying the contract reference number, the system displays the current available confirmed amount.

Available Unconfirmed Amount

On clicking 'P' button after specifying the contract reference number, the system displays the current available unconfirmed amount.

The Islamic LC Contract Availment screen consists of a header, with details of the Islamic LC on which you are processing the availment, fields that capture details specific to the availment and footer.

Also displayed is a horizontal array of seven buttons. These buttons invoke the various functions necessary to make an availment on an Islamic LC.

The buttons have been briefly described below:

Advices	Click this button to define the advices that will be generated for the availment.
---------	---

Commis- sion	This button invokes the Commissions service.
Charges	This button invokes the Charges and fees service. The chapter titled Processing Charges on Islamic LCs details the procedure of maintaining charge rules. It also deals with the application of the scheme on an availment.
Tax	This button invokes the availment tax services. The tax details applicable for the availment will be shown and you can choose to waive it, if necessary. The chapter titled Processing Tax for Islamic LCs details the procedure of maintaining tax rules and schemes. It also deals with the linking and application of the scheme on an availment.
Settlement	Click on this button to invoke the Settlement screens. You can specify settlement details for the availment like: the accounts to be used for the availment message details party details Based on the details that you enter in the settlement screens, the availment will be settled. The details of these screens have been discussed under the head Maintaining Settlement Instructions in this chapter.
Collateral	In the screen corresponding to this button, you can specify the adjustments that you want to make, on the cash collected as collateral.
Event	Click on this button to view the details of the events and accounting entries that an availment entails. This icon also gives the details of other events on the Islamic LC.

Enter valid inputs into all the mandatory fields before you save the availment. Save the contract by either clicking on 'Save' icon in the toolbar.

On saving the availment, your User Id will be displayed in the 'Entry By' field at the bottom of the screen. The date and time at which you saved the record will be displayed in the 'Date Time' field.

A user bearing a different User ID should authorize an availment that you have entered, before the EOD is run. The ID of the user who authorized the availment will be displayed in the 'Auth By' field. The date and time at which the availment has been authorized will be displayed in the 'Date Time' field.

The current status of the Islamic LC contract on which you are processing the availment, is also displayed in the field 'Contract Status'. The field will display one of the following:

- Active
- Closed
- Reversed
- Cancelled
- Hold

7.1.1.2 Islamic LC Liability Reversal

When an Islamic LC is availed using a Bill (or using the Availment function from the Browser), the Availment Amount and the Liability Percentage specified for the underlying Islamic LC

contract, will be used in computing the default Liability Amount. The default value that is displayed can be changed.

The following example illustrates this.

Note

During availment, the Positive Tolerance Percentage specified for the Islamic LC is not taken into account to compute the default value of the Liability Amount.

7.1.2 Specifying Cash Collateral Details for an Availment

If the Islamic LC that you are processing has been backed by cash collateral, you can specify the cash collateral to be released as a result of the availment.

By default, the collateral amount proportional to the amount availed will be adjusted automatically. This default amount can be reduced or increased.

Click on 'Collateral' button from the Islamic LC Contract Availment screen to invoke the 'Collateral Details' screen.

The screenshot shows a software window titled "Collateral Details". At the top, there are two input fields: "Contract Reference" and "Latest ESN". Below these is a section titled "Collateral" which contains six input fields: "Currency", "Percent", "Exchange Rate", "Collateral Amount", and "Description". Underneath is an "Adjustment" section with a "Type" label and two radio buttons: "Increase" and "Decrease" (which is selected). To the right of the radio buttons is an "Amount" input field. At the bottom right of the window are two buttons: "Ok" and "Exit".

The following are the features of the 'Collateral Details' screen.

Amount

You can increase the collateral amount that is calculated by default. Choose Increase option and enter the amount by which the cash collateral should be increased.

7.1.2.1 Decreasing the Cash Collateral Amount

You can decrease the collateral amount that is calculated by default. Choose the Decrease option and enter the amount by which the cash collateral should be decreased.

If you are adjusting the collateral against an availment, you should have defined the appropriate accounting entries for the event code AVAL.

Not invoking the Cash Collateral screen during the availment session will mean that you do not want to adjust the collateral. This would be so even if you have defined the accounting entries for availment reduction. An override to this effect will be displayed when you save the availment.

7.1.3 Maintaining Settlement Instructions for an Availment

So far, we have discussed basic information about an availment on an Islamic LC that is captured through the Islamic LC Contract Availment screen.

Apart from the details of the accounts involved in the availment, you may have to capture the following party details for messaging requirements.

The default settlement instructions for the customer will be shown in the Settlement Accounts screen. You can modify them. The accounts involved could be the settlement account for the availment amount, charges and tax, if they are applicable.

7.1.4 Invoking the Settlement Screens

Settlement Instructions are captured through the 'Settlement Message Details' screen. To invoke this screen, click on 'Settlement' button in the 'Islamic LC Contract Availment' screen.

Component	Currency	Branch	Account	Account Currency	Dr/Cr	Original Exchange Rate	Exchange Rate	Rate Code

The following information can be captured:

- Account details - details about the accounts involved in the availment that have to be either debited or credited in your branch
- Message details - details about the output of the Islamic LC, instrument or message details
- Party details - details about the various parties involved in the transfer, to be a part of the message generated

7.1.5 Capturing Account Details

Click on the tab titled Account Details to specify the details of the accounts involved in the availment. The accounts and amount involved in the Debit and Credit legs of the accounting entry, for the availment amount will be displayed in the 'Account Details' screen. These details cannot be changed here. If a change is necessary, the same would have to be specified in the Islamic LC Contract Availment screen.

The other details shown in this screen are the:

- Component and its currency

- Payment account and its currency
- Branch of your bank to which the account belongs
- Account Currency
- Description
- Original Exchange Rate
- Exchange rate (in case the component currency is different from the account currency)
- Spread Definition
- ERI Amount (Euro Related Information)
- ERI Currency
- Generate Message
- Netting Indicator
- IBAN Account Number
- Negotiated Cost Rate
- Negotiation Reference Number

Note

Please note that when settling charges for an Islamic LC or a guarantee, you can use a Receivable Account instead of a Customer Account. In such a case, you can send a charge claim advice to the customer.

Furnishing the ERI Value in Messages

SWIFT messages (MT 100/MT 202) generated towards settlement, can furnish the value of the settlement amount in the settlement account currency and in the ERI currency.

If you choose to furnish the ERI value of the amount, you have to enter the ERI currency and the ERI Amount in the 'Settlement Message Details' screen:

The system defaults to the ERI currency specified for the customer and currency combination. The default ERI currency can be changed. The ERI amount will be validated against the Tolerance Limit, specified for the ERI currency.

Note

On 1 January 1999, eleven countries that are part of the European Union embarked on the first phase of economic integration, called the 'Economic and Monetary Union' (EMU). The EMU ushered in a new, single European currency: the Euro (EUR). The Euro, in Oracle FLEXCUBE, can be handled by capturing information such as the ERI details, in this screen.

Suppressing Messages

Settlement messages, defined for components that fall due, will be generated automatically when you the Settlement Generation function at the End of Day. To suppress the generation of the settlement message defined for a component, uncheck the Gen Message field of the 'Contract Settlement Message Details' screen.

The Debit/Credit Indicator

The default settlement instructions for the customer will be shown in the Settlement Accounts screen. The default can be modified.

The direction of settlement indicates whether the account being shown, will be debited or credited:

- P - Indicates Pay, meaning that the account should be credited
- R - Indicates Receive, meaning that the account should be debited

7.1.6 Capturing Message Details for the Availment

A Letter of Credit can be settled either in the form of an instrument or a Message (a SWIFT, TELEX or Mail message to be sent to the concerned party). The details regarding the instrument or message have to be specified in the 'Message Details' screen.

The message details that you specify in this screen are applicable only for SWIFT type of SWIFT message that is generated depends on the parties involved in the Islamic LC.

Based on the method of settling the Islamic LC, you should input either Instrument or Message details.

7.1.6.1 Specifying Instrument Details

In this section specify the following details:

Type

If the payment is through an instrument, indicate the type of instrument. It could be Manager's Check, Check or a Demand Draft.

Number

Specify the number that will identify the instrument. This number will be printed on the instrument.

If the settlement is through an instrument, the party details cannot be specified for the transfer.

Typically, an Islamic LC availment entails the debiting or crediting of the customer account, for the settlement amount. If the customer is being credited (in the case of your customer being the beneficiary, of the availment,) you may want to generate an instrument.

7.1.6.2 Specifying Message Details

For a SWIFT message, you have to specify:

- Whether a Cover has to be sent to the Reimbursement Bank, along with the payment message to the receiver
- Bank to bank payment details (these can be in the form of instructions or additional information to any of the parties involved in the transfer)
- Sender to Receiver information. The 72 tag will be used to specify the sender to receiver information. This tag is applicable to MT740 message type

7.1.7 **Capturing Party Details**

To PROCESS an avilment on an Islamic LC, the funds may have to pass through a series of banks, before it actually reaches the Ultimate Beneficiary.

Through the Parties screen you can capture details of all the parties that are involved in the transfer of funds.

The screenshot shows a software window titled "Settlement Details" with a blue header and a white body. At the top, there are two input fields: "Contract Reference *" and "Component". Below these are several tabs: "Account Details", "Payment Details", "Parties", "Parties", "Local Clearing", and "Other Details". The "Parties" tab is selected. The main area is divided into four sections:

- Intermediary Reimbursement Institution:** Contains five rows for "Reimburse Institution 1" through "Reimburse Institution 5", each with an input field, and a "Country" field at the bottom.
- Intermediary:** Contains five rows for "Intermediary 1" through "Intermediary 5", each with an input field, and a "Country" field at the bottom.
- Receiver Correspondent:** Contains five rows for "Correspondent 1" through "Correspondent 5", each with an input field, a "Country" field, and a "Receiver of Cover" field at the bottom.
- Account With Institution:** Contains five rows for "Account with Institution 1" through "Account with Institution 5", each with an input field, a "Country" field, and a "Receiver" field at the bottom.

At the bottom right of the window, there are "Ok" and "Exit" buttons.

The details you enter in these screens depend on the type of Islamic LC being processed.

7.1.7.1 **Specifying Intermediary Reimbursement Institution Details**

An Intermediary Reimbursement Institution is the financial institution between the Sender's Correspondent and the Receiver's Correspondence. The reimbursement of the funds will take place through this institution.

7.1.7.2 **Specifying Intermediary Details**

The Intermediary in an Islamic LC refers to the financial institution, between the Receiver and the Account With Institution through which the funds must pass.

The Intermediary may be a branch or affiliate of the Receiver or the account with Institution or an altogether different financial institution. This field corresponds to field 56a of SWIFT

Here you can enter either the:

- ISO Bank Identifier Code of the bank
- Name and address of the Bank

7.1.7.3 **Specifying Receiver's Correspondent Details**

The Receiver's Correspondent is the branch of the Receiver or another financial institution, at which the funds will be made available to the Receiver. This field corresponds to field 54a of SWIFT You can enter one of the following:

- ISO Bank Identifier Code of the bank
- The branch of the Receiver's Correspondent
- Name and address of the Receiver's Correspondent

7.1.7.4 Specifying Account With Institution Details

An Account With Institution refers to the financial institution at which the ordering party requests the Beneficiary to be paid. The 'Account With Institution' may be a branch or affiliate of the Receiver, or of the Intermediary, or of the Beneficiary Institution, or an entirely different financial institution. This field corresponds to field 57a of SWIFT.

You can enter one of the following:

- ISO Bank Identifier Code of the bank
- The branch of the Receiver's Correspondent
- Name and address of the Receiver's Correspondent
- Other identification codes (for example, account number)

The screenshot shows a 'Settlement Details' dialog box with the 'Parties' tab selected. The dialog contains several sections for entering details:

- Contract Reference *** and **Component** (text input fields)
- Account Details**, **Payment Details**, **Parties** (selected), **Local Clearing**, **Other Details** (tabbed menu)
- Ordering Institution**: 5 rows for name and Country.
- Beneficiary Institution**: 5 rows for name and Country.
- Ordering Customer**: 5 rows for name and Country.
- Ultimate Beneficiary**: 5 rows for name and Country.
- Beneficiary Institution For Cover**: 5 rows for name and Country.
- External Counterparty Details**: Counterparty Bank, Counterparty Account, Counterparty Name, Agreement Id, Post Accounting, and Clearing Network.
- Ok** and **Exit** buttons at the bottom right.

7.1.7.5 Specifying Ordering Institution Details

The Ordering Institution is the financial Institution that is acting on behalf of itself, or a customer, to initiate the transaction. This field corresponds to 52a of SWIFT.

In this field, you can enter one of the following:

- The ISO Bank Identifier Code of the Ordering Institution
- The branch or city of the Ordering Institution
- The Name and address of the Bank

7.1.7.6 Specifying Ordering Customer Details

The Ordering Customer refers to the customer ordering the transfer. Here you can enter the name and address or the account number of the Customer, ordering the transaction. This field corresponds to field 50 of SWIFT. You will be allowed to enter details in this field only if you have initiated a customer transfer (MT 100 and MT 102).

7.1.7.7 Specifying Beneficiary Institution Details

In this field you can enter details of the institution in favour of which the payment is made. It is in reality the bank that services the account of the Ultimate Beneficiary. This field corresponds to field 58a of SWIFT

Entries into this field are permitted only for Bank Transfers (when the remitter and beneficiary of the transfer are financial institutions - MT 100 or MT 202). Here you can enter either of the following:

- The ISO Bank Identifier Code of the Beneficiary Institution
- The Name and Address of the Beneficiary Institution

7.1.7.8 Specifying Ultimate Beneficiary Details

The Ultimate Beneficiary refers to the Customer to whom the avilment amount is to be paid. This field refers to field 59 of SWIFT Entries into this field are permitted only for a customer transfer (MT 100 and MT 202).

The number of banks involved in the transfer would therefore depend on the following:

- Relationships and arrangements between the sending and receiving banks
- Customer instructions
- Location of parties
- The banking regulations of a country

7.1.8 Clearing Details Tab

Click 'Clearing Details' tab to invoke the following screen.

The screenshot shows a software window titled "Settlement Details" with a standard Windows-style title bar (minimize, maximize, close). The window contains several tabs: "Account Details", "Payment Details", "Parties", "Parties", "Local Clearing", and "Other Details" (which is currently selected). At the top, there are two input fields: "Contract Reference *" and "Component". Below the tabs, the "Other Details" section is divided into three main areas: "Regulatory Reporting Details", "Time Indicators", and "Envelope Contents".
- "Regulatory Reporting Details" includes a "Bank Operation Code" dropdown menu, and three "Regulatory Report" dropdown menus (1, 2, and 3).
- "Time Indicators" includes a "Transaction Code" input field and three "Time Indicator" input fields (1, 2, and 3).
- "Envelope Contents" includes five "Envelope Contents" input fields (1 through 5).
At the bottom right of the window, there are "Ok" and "Exit" buttons.

Specify the following details.

Bank Operation Code

Select the bank operation code that should be inserted in field 23B of an MT103 message, from the adjoining drop-down list. The list contains the following codes:

- SPRI
- SSTD

- SPAY
- CRED

This specification is defaulted from the settlement instructions maintained for the customer, currency, product, branch and module combination. However, you can change it.

Transaction Code

The transaction code maintained in the settlement instructions is defaulted here. However, you can change the code.

Regulatory Report 1 to 3

Select the Regulatory Reporting Details from the drop-down list displaying the following values:

- /BENEFRES/
- /ORDERRES/

Time Indicator 1 to 3

Time Indication, specifies one or several time indication(s) related to the processing of the payment instruction. Select the time indication code from the following values available in the option list:

- /CLSTIME/ - Time by which funding payment must be credited, with confirmation, to the CLS Bank's account at the central bank, expressed in CET.
- /RNCTIME/ - Time at which a TARGET payment has been credited at the receiving central bank, expressed in CET
- /SNDTIME/ - Time at which a TARGET payment has been debited at the sending central bank, expressed in CET

Instruction Code 1 to 5

Select the instruction code that should be inserted in field 23E of an MT103 message involving the customer of the contract, from the adjoining drop-down list. This list contains the following codes:

- CHQB
- TELE
- PHON
- PHOI
- REPA
- INTC
- TELI
- SDVA
- PHOB
- TELB
- HOLD
- CORT
- BONL

This specification is defaulted from the settlement instructions maintained for the customer, currency, product, branch and module combination. However, you can change it.

Description

Specify additional information that should be inserted to qualify the Instruction Code in field 23E of an MT103 message involving the customer of the contract. For instance, if the

Instruction Code is REPA and the description is "Repayment" then the text 'REPA/ Repayment' will be inserted in Field 23E. You can give a description for the following instruction codes only:

- PHON
- PHOB
- PHOI
- TELE
- TELB
- TELI
- HOLD
- REPA

This specification is defaulted from the settlement instructions maintained for the customer, currency, product branch and module combination. However, you can change it.

Envelope Contents 1 to 5

Specify details of envelope contents, if required.

7.1.8.1 Local Clearing Tab

Click 'Local Clearing' tab to invoke the following screen.

The screenshot shows a software window titled "Settlement Details" with a close button (X) in the top right corner. The window has a blue header and a tabbed interface. The "Local Clearing" tab is selected. At the top, there are fields for "Contract Reference *" and "Component". Below this is a horizontal menu with tabs: "Account Details", "Payment Details", "Parties", "Parties", "Local Clearing", and "Other Details". The "Local Clearing" tab is active. The main area is divided into several sections:

- Message Details:** Includes fields for "Ultimate Bank Code", "Sender Receiver Participant", and "Additional Identifier".
- SORBNET Specific Details:** Includes fields for "Payment Code" and "Additional Information".
- ZUS Transaction:** Includes fields for "Nip Payer", "Payer Identifier", "Declaration", "Supplement Id" (a dropdown menu), "Payment Type" (a dropdown menu), and "No of Declaration".
- FFT:** Includes three "Free Text" fields (Free Text 1, Free Text 2, Free Text 3).
- Repair Reason:** Includes three "Reason" fields (Reason 1, Reason 2, Reason 3).

At the bottom right of the window, there are "Ok" and "Exit" buttons.

Specify the following details.

Message Details

Specify the following details.

Ultimate Bank Code

Specify the bank code where the ultimate beneficiary account rests.

Sender Receiver Participant

Specify the sender receiver participant name.

Additional Identifier

Specify the additional identifier.

Sorbnnet Specific Details

Specify the following details.

Payment Code

Specify the Sorbnnet payment code.

Additional Information

Specify additional information if required.

ZUS Transaction

Specify the following details.

Nip Payer

Specify the Nip payer.

Payer Identifier

Specify the payer identifier.

Declaration

Give a declaration for the payment.

Supplement Identification

Select the supplement identification from the adjoining drop-down list.

Payment Type

Select the payment type from the drop-down list.

Number of Declaration

Specify the number of declaration.

Sender Receiver Information 1 to 6

Include any message that the sender wishes to pass on to the receiver as part of the funds transfer.

Free Text 1 to 3

Specify the free text for settlement messages.

Additional Information 1 to 4

Specify additional information for settlement messages.

Receiver Information

Specify the following details.

Receiver Name

Specify the name of the receiver.

Address 1 to 3

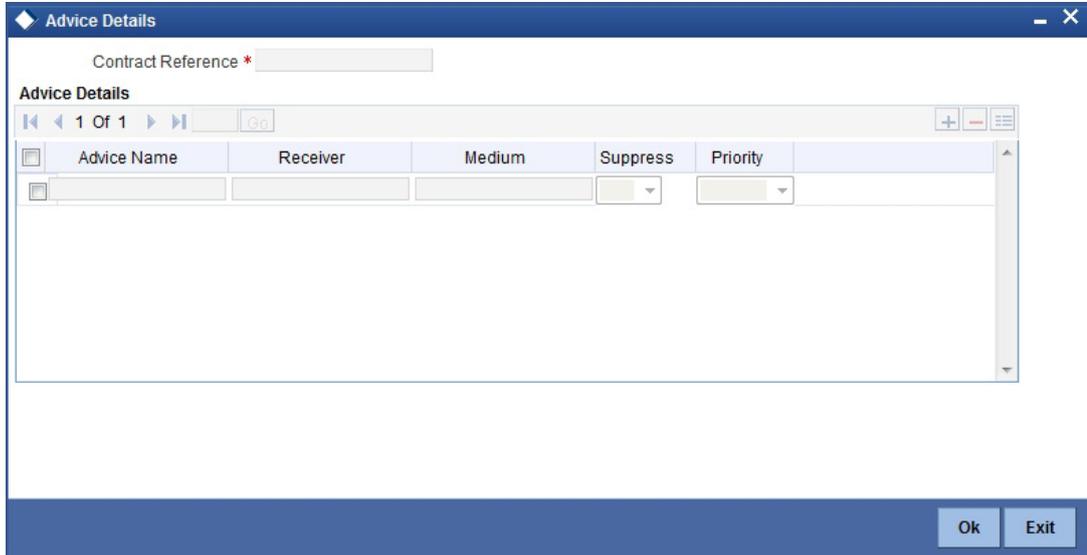
Specify the receiver's address.

Repair Reason 1 to 4

Specify the repair reason.

7.1.9 Viewing Advice Details

Click 'Advices' button and invoke the 'Contact Advices' screen.



The screenshot shows a software window titled "Advice Details". At the top, there is a "Contract Reference *" field. Below it, the window title "Advice Details" is repeated. A navigation bar shows "1 Of 1" and a "Go" button. The main area contains a table with the following columns: "Advice Name", "Receiver", "Medium", "Suppress", and "Priority". The "Suppress" column has a dropdown arrow, and the "Priority" column has a dropdown arrow. The table is currently empty. At the bottom right, there are "Ok" and "Exit" buttons.

Advice Name	Receiver	Medium	Suppress	Priority
-------------	----------	--------	----------	----------

You can view advices generated for the contract during availment.

7.1.10 Specifying Charge Details

Click 'Charges' button and invoke the 'Charge Detail' screen.

The screenshot shows a software window titled "Charge Details" with a blue header bar. At the top, there is a "Contract Reference *" field. Below it are three data grids, each with a "Go" button and a "1 Of 1" indicator.

Charge Association

Creation ESN	Component *	Rule	Description	Consider as Discount
				<input type="checkbox"/>

Charge Application

Creation ESN	Component *	Tag Currency	Tag Amount	Charge Currency	Charge Amount

Charge Liquidation

Event Sequence Number	Component	Charge Currency	Charge Amount	Liquidated
				<input checked="" type="checkbox"/>

At the bottom right of the window are "Ok" and "Exit" buttons.

7.1.11 Specifying Commission Details

Click 'Commission' button and invoke the 'Commission Details' screen.

Contract Reference *

Commission Details

1 Of 1

Event

Component *

Pickup ESN *

Calc Method

Rate

Rate Period

Rounding Period

Collection Period

Apply Rate

Start Date

Stop Date

Good Until Date

Party

Event Description

Component Description

Currency

Calculation Basis

Initial Comm. Amount

Acquired Amount

Payment Type

Waiver

Follow Rule

Ok Exit

Refer the Commission User Manual under Modularity for further details about commissions processing.

7.1.12 Specifying Tax Details

Click 'Tax' button and invoke the 'Tax Details' screen.

Contract Reference *

Tax Scheme

Description

Waive All

Rule Details

Rule *	Basis Component	Event	Waive
			<input checked="" type="checkbox"/>

Amount Details

Value Date *	Transaction Date	Currency	Amount	Event Sequence Number *

Refer the Tax User Manual under Modularity for further details about tax processing.

7.1.13 Reversal of an Availment

You can reverse the last availment made on an Islamic LC. All availment made on the Islamic LC will be displayed. You can select the last availment performed on the Islamic LC for reversal.

To reverse the details of an Islamic LC, click on 'Reverse' icon in the tool bar. On reversing an availment on an Islamic LC, the system passes reversal entries for the availment.

Note

An availment can be reversed, only if it was the last event that took place on the Islamic LC contract.

Reversal of Islamic LC Liability

When an Islamic LC is availed using a Bill (or using the Availment function from the browser), the Availment Amount and the Liability Percentage specified for the underlying Islamic LC contract will be used in computing the default Liability Amount. This default value can be changed.

Note

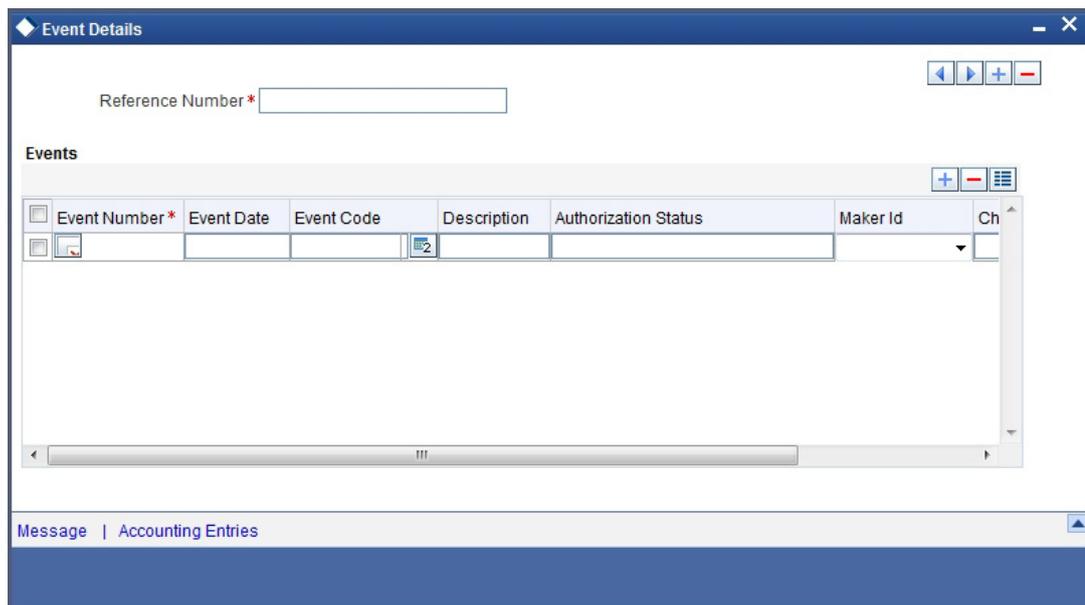
During availment, the Positive Tolerance Percentage specified for the Islamic LC is not taken into account to compute the default value of the Liability Amount.

7.1.14 Viewing Event Details

Click on 'Event' button in the 'LC Availment' screen, to go to the 'LC View Events' screen.

The details of events that have taken place on the contract including the last availment, that you are have just entered will be displayed.

The date on which the event took place will also be displayed.



The screenshot shows a software window titled "Event Details". At the top, there is a "Reference Number*" field with an empty text box. Below this is a section labeled "Events" containing a table. The table has the following columns: "Event Number*", "Event Date", "Event Code", "Description", "Authorization Status", "Maker Id", and "Ch". The table is currently empty. At the bottom of the window, there is a status bar with the text "Message | Accounting Entries".

Click on 'Accounting Entries' button to view the accounting entries for the event. Click on 'Exit' to go back to the 'LC Contract Detailed View' screen.

7.1.15 Accounting Entries

In the 'Contract View Events' screen, you need to click 'Accounting Entries' button to view the Accounting Entries for the event. You can view the details of the accounting entries that were passed only for the event displayed in the availment - View Events screen.

The screenshot shows a software window titled "View Details". At the top, there are input fields for "Reference Number*" and "Event", along with a checkbox labeled "See Position Entries". Below this, there are two main sections: "Accounting Entries" and "Overrides".

The "Accounting Entries" section contains a table with the following columns: Event, Branch, Account, Dr/Cr, Amount Tag, Currency, Foreign Currency Amount, Rate, and Local Currency. The table is currently empty.

The "Overrides" section contains a table with a single column labeled "Overrides". This table is also empty.

The following information is provided for each event:

- Branch
- Account
- Transaction Code
- Booking Date
- Value Date
- Dr/Cr indicator
- Currency
- CCY (Currency)
- Amount in contract CCY
- Amount in local currency
- All the overrides that were allowed for an event will also be displayed

8. Amending Details of an Islamic LC

8.1 Introduction

An amendment to an Islamic Letter of Credit (Islamic LC) signifies any change made to the terms of an Islamic LC after it has been authorised. An amendment can be made at anytime after an Islamic LC has been authorised and before its expiry date.

The following are some examples when you would amend the details of an Islamic LC:

- You, as the issuing bank, have received an application from your customer to change the terms of the Islamic LC
- You as the advising bank have received instructions from the issuing bank to amend an Islamic LC advised by you

8.2 Procedure for Amending an Islamic LC

While in the detailed view of the Islamic LC, you can amend the details of the contract depending on whether:

- The Islamic LC has been authorized
- The Islamic LC has not been authorised even once after it was input

Depending on the authorisation status of an Islamic LC contract, you can amend its details as follows:

- When you have captured the details of a contract and it is not yet authorized, its attributes, financial as well as non-financial, can be changed, even if the details have been saved. If accounting entries are involved in the change, the old entries are deleted and new ones passed.
- Once a contract has been authorised, additional entries will be passed, depending on the nature of amendment.

For each amendment, a new version of the Islamic LC will be generated. Different versions of the Islamic LC will also be generated by events like reinstatement and reopening. In the 'Contract Detailed View screen, you can view the different versions by clicking on back button for the previous version and forward button on the screen for the next one.

When a customer requests for changes in the terms of the contract, the details of the Islamic LC are amended accordingly and an amendment instrument is generated. The amendment of the following details of an Islamic LC, result in the generation of an amendment instrument:

- An amendment in the Islamic LC amount
- An amendment in the expiry date
- A change in the latest shipment date
- Any change to the free format instructions for the Islamic LC

If there are changes in the terms of the Islamic LC other than IN the amount, the expiry date or latest shipment date, indicate the same in the form of a free format instruction, for the amendment instrument.

In case of amendment, you have the option to reissue the Guarantee. If you choose to do so, the REIS (Reissue of Guarantee) event will be triggered.

The system checks for any previous amendment. In case no amendment has been performed, the system displays the message as “Do you want to Reissue the Guarantee?”

Click on **OK** to reissue the Guarantee or click on **Cancel** to process the amendment of Guarantee.

The system checks if REIS event is maintained for the product. If the event is maintained, the system does not allow any further change in the Islamic LC contract details apart from FFT fields, which can be modified/added but you cannot delete the existing data.

The system creates a new version for the Reissue event and the event inherits all the contract information defined for the authorized BISS event. The version also inherits the information from the subsystem excluding Charges and Commission. No commission is associated with the Reissue event and charges can be maintained for the REIS event, which is processed along with the reissue event.

When the Reissue event is authorized, the advices maintained in the REIS event are processed.

8.2.1 Indicating a Change of Value for a Field

When the Islamic LC amount is being changed, the new amount of the Islamic LC should be indicated after the amendment.

For example, the original Islamic LC amount was USD 100,000 and you want to make it USD 150,000. In the Islamic LC amount field, during amendment, enter the amount as USD 150,000. The system will calculate the increase in amount and pass the appropriate entries. The Islamic LC amendment instrument will have both the old and new values.

The original Islamic LC amount was USD 100,000 and you want to change it to USD 75,000. In the Islamic LC amount field, during amendment, enter the amount as USD 75,000. The system will calculate the decrease in amount and pass the appropriate entries. The Islamic LC amendment instrument will have both the old and new values.

When you are changing the expiry date or the latest shipment date, you should enter the new date in their respective fields.

8.2.2 Commission and Charges for the Amendment

While amending the details of an Islamic LC, you can specify the commissions and charges that you want to levy for processing the amendment. These will be effective from the date of amendment. It will not affect the booking commission in any way.

Refer to the chapter Commission calculation for details on how commission is calculated, for an amendment.

8.2.3 Amendment of an Unauthorized Islamic LC

The amendment of an unauthorised Islamic LC is considered as a modification. When an Islamic LC that you have entered is not yet authorized, you can change all its details except the details in the header (contract reference number, the product and type of operation). To change any detail on an Islamic LC that has been stored and not authorised, delete the Islamic LC and input a new one.

After amending the details of the unauthorised Islamic LC, save the contract with the new information. On saving the amendment, all the accounting entries that were passed during the input of the contract and the earlier accounting entries specified for the Islamic LC, will be deleted. A fresh set of accounting entries will be passed for the amended Islamic LC contract.

As the advices to be generated for an Islamic LC, are generated only at the time of authorisation, no action needs to be taken regarding messages.

Note

The system will not allow you to amend the following fields in the 'Islamic LC Contract' screen:

- Their Reference Number for Party Types ABK, BEN, COB and ISB (in the 'Parties' tab)
- Issue Date (in the 'Main' tab)
- Expiry Date (in the 'Main' tab)
- Islamic LC Amount (in the 'Main' tab)
- Positive and Negative Tolerance (in the 'Main' tab)
- Additional Amount Covered message (in the 'Others' tab)
- Shipment From (in the 'Ship/Docs' tab)
- Shipment To (in the 'Ship/Docs' tab)
- Port of Loading (in the 'Ship/Docs' tab)
- Port of Discharge (in the 'Ship/Docs' tab)
- Latest date of shipment (in the 'Ship/Docs' tab)
- Shipment period (in the 'Ship/Docs' tab)
- Sender to receiver information (in the 'Parties' tab)

However, you can amend the above fields in the 'Amendment Confirmation' screen. This screen is explained in the following section.

8.3 Confirming Islamic LC Amendment

The option to amend these fields is also available in the 'Islamic LC Amendment Confirmation Input' screen. However, the amendments will become effective only upon receiving the confirmation from the beneficiary.

You can invoke this screen by typing 'LIDAMEND' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button. The screen will be displayed without any details, as shown below:

Click new icon in the application toolbar of the screen.

Contract Reference Number

Select the reference number of the contract to be amended from the option list provided. This option list will display all contracts that are authorized.

Upon selection of the contract, the following details will be displayed in editable mode:

- Currency – The contract currency
- Version Number
- Contract Amount - The amount that is availed under the Islamic LC
- Issue Date - The date on which the Islamic LC is issued. You cannot specify a future date here
- Expiry Date - The date on which the Islamic LC is scheduled to expire
- Closure Date – This the date Islamic LC is scheduled to be closed. You can modify this particular value.
- Additional Amounts Covered - This indicates the value to be carried in field 39C of the SWIFT messages MT700 and MT740
- Increase Decrease of Islamic LC Amount - A display field which indicates the amount of Islamic LC increased or decreased, as the case may be
- Latest Shipment Date - The last date by which the shipment of the goods has to take place. This date should not be earlier than the Issue Date of the Islamic LC or later than the expiry date
- Shipment Period - The extension of the shipping period. You can enter the Shipment Period only if you have not specified the Latest Shipment Date
- Port of Loading – The port from where the goods transacted under the Islamic LC will be loaded
- Port of Discharge – The destination port to which the goods transacted under Islamic LC should be sent

- From Place - The place from where goods are to be dispatched or transported
- To Place - The final destination to which goods are to be transported/delivered
- Positive Tolerance % - The percentage that is to be added to the Islamic LC amount to arrive at the Maximum Islamic LC amount
- Negative Tolerance % - The percentage that should be subtracted from the Islamic LC amount
- Party details in the 'Parties' tab of the screen – You can amend 'Their Reference Number' and the 'Dated' fields values only.
- Free Format Text details in the 'FFT' tab of the screen

Make the necessary amendments. Save the changes. To save, click save icon in the toolbar of the screen.

The system will update the following details in the audit trail of the screen:

- Input By – Your login id
- Date Stamp – The date and time at which you saved the contract
- Amendment Status – The status will always be 'Unconfirmed'
- Auth Status – The status will always be 'Unauthorized'

For details on the amendable fields, refer the chapter 'Processing an Islamic LC contract' in this User Manual.

8.3.1 **Parties Tab**

Click the 'Parties' tab to view and specify the following details:

Confirm Parties

Party Type

The system defaults the party type. The user can edit the party type using the adjoining option list that displays all the party types available for the Islamic LC..

Customer

The system defaults the customer number. However, you can modify it.

Customer Name

The system defaults the customer name. However, you can modify it.

Country

The system defaults the country of the customer. However, you can modify it.

Party Description

The system defaults the party description. However, you can modify it.

Dated

The system defaults the date on which the party joined. However, you can modify it.

Customer Reference

The system defaults the customer reference number. However, you can modify it.

Address 1 to 4

The system defaults the address of the party.

Language

The system defaults the language in which advices are sent to the customer.

Issuer Bank

The system defaults the name of the issuer bank.

Other Addresses**Media Type**

The system defaults the media type. You can select a different medium from the adjoining option list.

Address

The system defaults the other address of the party. However, you can edit this field.

Account

The system defaults the account number. However, you can edit this field.

8.3.2 Advices Tab

Click the 'Advices' tab to view and specify the following details:

Islamic LC Amendment Confirmation Input

New Enter Query

Contract Reference Number * [P]

ESN

Amendment Status

Version Number

Details Parties Advices

Advices Details

1 Of 1

Message Type	Party Type	Party ID	Party Name	Medium	Priority	Suppress	Charges
--------------	------------	----------	------------	--------	----------	----------	---------

Collateral | Events | Fields | Message Preview | Import License

Maker Checker
Date Time Date Time
Status
Authorization Status

Exit

Advices Details

Message type

Check the box to view the advice details.

Party type

The system displays the party type for which the advice is generated.

Party Id

The system displays the party id for which the advice is generated.

Party Name

The system displays the name of the party for which the advice is generated.

Medium

The system displays the medium through which the advice is sent. The user can select a different medium from the list. If the medium is modified, the user must provide the new address in the 'Other Addresses' section, in the 'Parties' tab.

Priority

The system displays the priority of sending the advice. However, you can change the priority.

Suppress

The system displays if the advice is suppressed or not. However, you can edit this field.

Charges

The system displays the charges involved. However, you can edit the charges.

FFT Details

The user can select a message from the 'Advices Details' section and associate a code and a description to it.

Code

The user can select the appropriate code from the adjoining option list.

Description

The system displays the description of the selected code. However, you can modify this description.

Note

Advices for a party are sent to the default media maintained in the Customer Addresses table. However, you can send the advices through a different medium by doing the following:

- Maintaining media details in 'Other Address' in Parties screen
 - Indicating the medium in the Advices screen
 - Suppressing the Advices which is 'N' by default.
-

8.3.3 Specifying Collateral Details

Click on 'Collateral' button in the 'Islamic LC Amendment Confirmation Input' screen to invoke the collateral detail screen.

The screenshot shows a 'Collateral Details' dialog box with the following fields and options:

- Contract Reference**: Text input field
- Latest ESN**: Text input field
- Collateral** section:
 - Currency**: Text input field
 - Percent**: Text input field
 - Exchange Rate**: Text input field
 - Collateral Amount**: Text input field
 - Description**: Text input field
- Adjustment** section:
 - Type**: Radio buttons for 'Increase' and 'Decrease' (selected)
 - Amount**: Text input field
- Buttons**: 'Ok' and 'Exit' buttons at the bottom right.

Currency

Specify the currency in which cash is offered as collateral.

Percent

If you specify the cash that is to be collected as collateral as a percentage of the Islamic LC amount, the equivalent amount is displayed. This amount is taken to be in the currency, defined as the collateral currency.

Exchange Rate

If the collateral currency and the currency in which the Islamic LC is issued are different, you should also specify an exchange rate to be used in the conversion. The value of the collateral is determined based on this exchange rate.

Amount

You can specify the cash collateral as an amount. In this case you do not need to specify a percentage. However if you specified the collateral as a percentage of the Islamic LC amount, the actual amount is computed in the collateral currency by the system.

Description

Enter a brief description of the collateral.

Type

At any time during the lifecycle of an Islamic LC, you may want to increase or decrease the value of the cash, accepted as collateral on Islamic LC. This is done by way of an amendment to the Islamic LC.

The cash collateral can be increased or decreased, without changing the Islamic LC amount. On the other hand, a change in the Islamic LC amount may necessitate a change to the collateral amount.

If you wish to increase the collateral amount, indicate Increase on this screen and enter the amount by which, you want to increase the cash accepted as collateral.

If you wish to decrease the collateral amount that you have collected while issuing an Islamic LC, indicate decrease on this screen. Enter the amount by which you want to decrease the cash accepted as collateral.

Amount

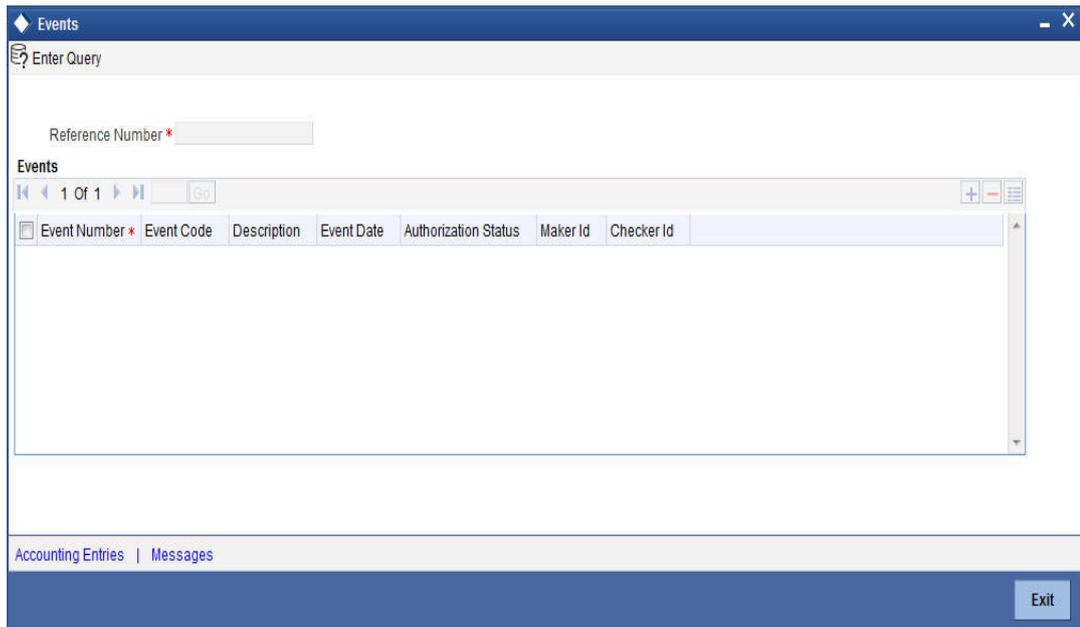
Enter the amount by which you want to decrease the cash accepted as collateral.

The collateral deposit account will automatically increase or reduce based on the specifications you make.

8.3.4 Specifying Events

You can invoke the Events screen by clicking the 'Events' button in the 'Islamic Letters of Credit Amendment Confirmation Input' screen.

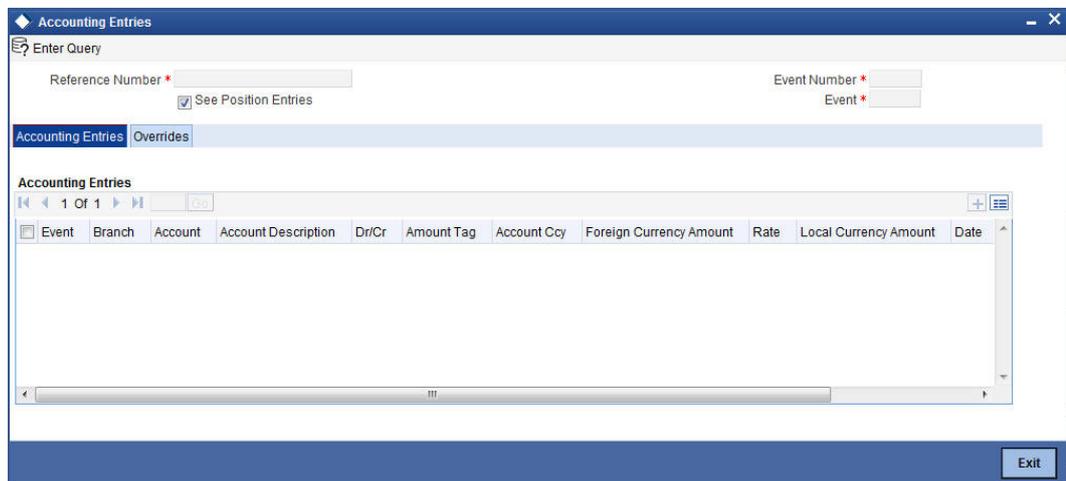
The details of events that have already taken place on the contract will be displayed, along with the date on which the event took place.



Click on 'Accounting Entries' button to view the accounting entries for the event that is highlighted. Click 'Message' button to view the messages applicable to the event. Click on 'Exit' button to go back to the 'Event Details' screen.

8.3.4.1 Viewing Accounting Entries

From 'Event Details' screen, click 'Accounting Entries' button to view the Accounting Entries for the event. The accounting entries that are passed depends on the type of Islamic LC contract that you are processing.



The following information is provided for each event:

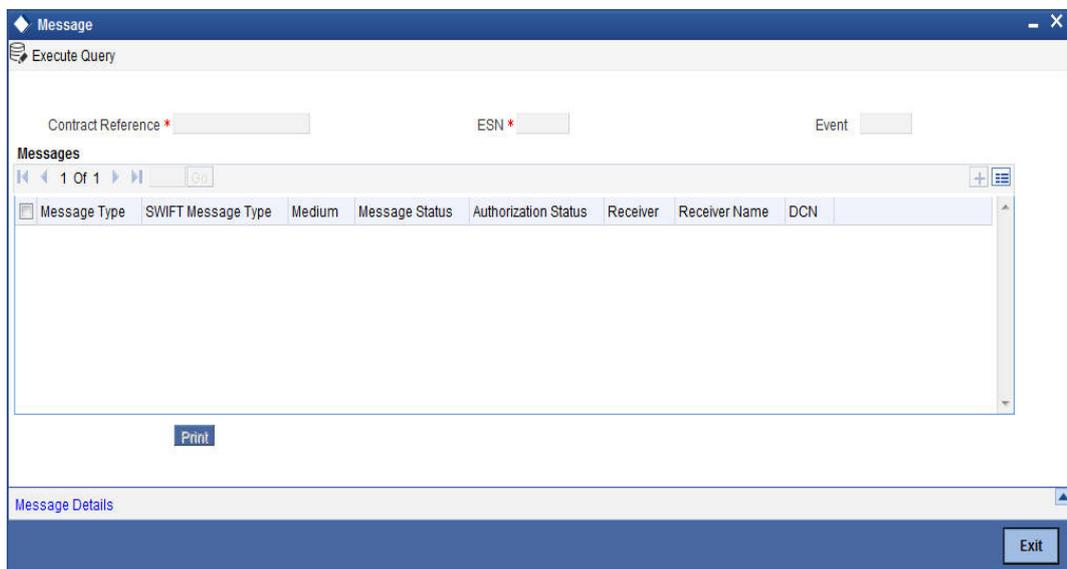
- Branch
- Account
- Transaction Code
- Booking Date
- Value Date
- Dr/Cr indicator

- Currency
- CCY (Currency)
- Amount in contract CCY
- Amount in local currency
- All the overrides that were given for an event will also be displayed.

Click 'Exit' button to go back to the screen from where you invoked the 'Accounting Entries' screen.

8.3.4.2 **Viewing Messages Applicable to a Contract**

Click 'Message' button from the 'Event Details' screen to view the list of advices applicable to a particular event in the lifecycle of Islamic LC.



The following details of a message are displayed:

- The message type
- The Name and ID of the recipient of the message
- The status of the message

To view the text of a message, highlight the message and click on the 'Message Details' button. Click 'Exit' button to exit the screen.

8.3.5 Specifying Fields

You can invoke the Fields screen by clicking the 'Fields' button in the 'Islamic Letters of Credit Amendment Confirmation Input' screen.

Field Name *	Value	Value Description
		Value Description

8.3.6 Utilizing Import Licenses

You can link the import license to an import Islamic LC contract and update the utilization amount or quantity for the linked import licenses. Click on 'Import License' to invoke the import license screen.

Import License No	Goods Code	Goods Short Description	UoM/Currency	Qty/License Arr
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			

Import License No

Select the import license number from the adjoining option list.

Goods Code

Select the goods code from the adjoining option list.

Goods Short description

The system displays the goods code description maintained in the 'Bills and Collections Commodity Code Maintenance' screen.

UoM/Currency

The system displays the unit of measurement or currency captured for the goods code of import license.

Qty/License Amount

The system displays the Quantity or License Amount captured for the goods code of import license.

Qty/License Amt Already Utilized

The system displays the sum total of Quantity or License Amount already utilized for the goods code.

Qty/License Amt Already Reinstated

The system displays the sum total of Quantity or License Amount already reinstated for the goods code.

Available Qty/License Amt

The system displays either the Available Quantity or Available License Amount for the goods code.

Qty/License Amt Utilized

Specify the quantity or the license amount utilized.

Qty/License Amt Reinstated

Specify the quantity or the license amount reinstated.

After authorization, you cannot modify or delete import licenses linked to an Islamic LC contract.

The system allows utilization details only for an import license linked to an Islamic import LC contract. The system displays an error message if reinstatement details are specified.

The utilization maintained for an import license is updated on save of an amendment capture. Subsequently if the amendment is marked as 'rejected', then the system automatically reinstates the utilization captured.

If reinstatement details are captured for an import license, then the same should be captured while marking the amendment status as confirmed. During status marking, the system displays the Islamic import LC contract information in the Islamic LC Contract Input screen and the Import License sub-system in the screen can be accessed for input of reinstatement details. The system displays an empty Import License sub screen where the user can input or add new rows to reinstate.

When a reduction in Islamic LC amount is performed as an amendment for an Islamic import LC contract with import licenses, then the system will validate whether reinstatement details are entered for the linked import licenses. If not, the system displays an override message as "Reinstatement details are not entered".

When a utilization for an import license is already entered as part of an amendment capture and if utilization details are captured again while marking the amendment status as 'confirmed' in Islamic LC Contract screen, the system displays an override message as "Utilization is already marked as a part of amendment capture".

8.3.7 Previewing Messages

You can preview the messages or advices that will be generated for the contract using 'Message Preview' screen. To invoke this screen, click 'Message Preview' button.

The screenshot shows the 'Message Preview' application window. It features a title bar with the text 'Message Preview' and standard window control buttons. Below the title bar is a menu bar with 'New' and 'Enter Query' options. The main area contains two input fields: 'Module *' and 'Contract Reference *'. Below these is a table with the following columns: 'Document Number', 'Message Type', 'Receiver', 'Name', 'Media', 'SWIFT Message Type', and 'Mes:'. The table displays one row with empty cells. Below the table is a 'Print' button. At the bottom right of the window is an 'Exit' button.

For the contract, you can view the following details of the messages:

- The document number generated for the message/advice
- Type of message generated for the event
- Customer ID of the receiver of the message/advice
- Name of the receiver of the message/advice
- Media of transmitting the message/advice (Mail/SWIFT)
- SWIFT message type of the message
- Status of the message/advice

You cannot preview the message if the contract has been authorized. The 'Message Preview' button will be disabled in that case.

8.3.7.1 Viewing Message/Advice

Select a message/ advice and click 'View' button to view the complete message/advice. The system will display the following details in a new window.

The screenshot shows a window titled 'Message' with a search bar 'Enter Query'. Below the search bar are input fields for 'Reference Number' (504DUI3131540036), 'DCN' (504160619890), 'Version Number', 'Receiver/Sender' (00008154), 'Message Type' (LC_INSTRUMENT), and 'SWIFT Message Type' (700). The main area displays the message content, including a 'NON-OPERATIVE COPY' notice, 'Original Received from Application - Outgoing Draft', and a 'Message Header' section with details like 'Swift Input: FIN 700 Issue of a Documentary Credit', 'Sender Swift address: AIBKIE99XXX', and 'Receiver Swift address: CITIUS36XXX'. Below the header is the 'Message Text' section containing fields like ':27: Sequence of Total', ':40A: Form of Documentary Credit', ':20: Documentary Credit Number', ':31C: Date of Issue', and ':40E: Applicable Rules'. At the bottom, there are fields for 'Remarks', 'Reject Reason', and 'Message Trailers', along with an 'Exit' button.

You can view the following details:

- Reference number of the message/advice
- Document number generated for the message/advice
- Version number of the message/advice
- Receiver/sender of the message
- Type of the message
- Type of the SWIFT message
- Complete text of the message/advice
- Remarks, if any
- Reject reason, if any
- Message trailer

8.3.7.2 Printing Message/Advices

From the 'Message Preview' screen, you can print a message/advice using 'Print' button. Select the message/advice and click 'Print' button to print the message/advice.

8.3.8 Authorizing Amendment Details

While saving the amendment details, the amended amount is validated against the product transaction limit and the user input limit maintained in the system. If the amount exceeds the allowed input limit or the product transaction input limit, an appropriate override/error message is displayed.

The system will convert the contract amount using the standard mid rate to the transaction limit currency and check against the transaction limit amount maintained for the product if the contract currency is different from the transaction limit currency.

You have to get a contract authorized by your supervisor. Follow the steps given below to authorize:

1. Click authorise icon in the toolbar of the screen. The following screen will be displayed:
2. Click 'OK' button to proceed. The system will seek a confirmation for generating the messages. Click 'OK' to proceed.
3. Click 'Cancel' button to return to the 'Amendment Confirmation' screen. The system will display a message to confirm successful authorization of the record. The audit trail of the screen will now display the following details:
 - Checker ID – Login id of the authorizer
 - Checker Dt Stamp - The date and time at which you authorized the contract
 - Auth Status – The status will updated to 'Authorized'

8.3.9 Confirming Amended Details

Once authorized, you will not be allowed to modify these details. The system will provide option for confirming or rejecting the amendment details. To confirm the details, do the following:

1. Click confirm icon in the toolbar of the screen. The system will display the following override message to proceed:
2. Do you want to confirm the record? OK to proceed.
3. Click 'OK' in the message window to proceed. The system will display the following message to confirm the confirmation:
4. The Record is successfully confirmed.
5. Click 'OK' in the message window and this takes you the Islamic LC contract online screen. The charges can be waived using this screen. Note that the 'Amnd Status' is updated to 'Confirmed' and the 'Auth Status' is updated to 'Unauthorized' (in the audit trail of the screen).

8.3.10 Amending details using the Contract screen

You can unlock the Islamic LC contract screen after clicking 'OK' in the message window above. The Islamic LC contract online screen is used for modifying details after confirmation of the amendment action. The system creates an amendment on the Islamic LC once the proposed amendment is confirmed. When this amendment is created the confirmation and amendment events are both left in an unauthorized state. This allows unlocking of the Islamic LC contract to make the necessary amendments.

Once the confirmation is saved on the amendment screen, the Islamic LC contract online screen is launched with the data modified, and this can be unlocked and modified, or closed as chosen by the user. These changes are directly made by launching the Islamic LC contract screen. However the amendment can only be deleted by using the amendment screen as described above.

The following Islamic LC contract screen is launched when the amendment is confirmed in the Islamic LC amendment confirmation input screen.

The amendment cannot be deleted using the Islamic LC contract screen, and can only be deleted using the amendment screen as part of the confirmation. This is done by deleting the confirmation using the amendment screen.

Hence the process is carried out as follows:

1. The amendment is confirmed using the Islamic LC Credit Amendment confirmation screen. It is completed by clicking 'C' and saving the confirmation.
2. The Islamic LC contract screen is launched once the confirmation is saved. This screen contains the details of the amendments done in the confirmation input screen.
3. This screen is unlocked and the details are made available for modification. Subsystem details like charges and commission can be modified or waived as required.

During an auto authorization of Amendment Confirmation, the amendment created by this confirmation is also authorized

8.3.10.1 Authorizing Confirmation

Your supervisor now needs authorize the confirmation to view the changes made. The steps to authorize are given below:

1. After logging in, invoke the 'Amendment Confirmation' screen and navigate to the record that needs to be authorized.
2. Click authorise icon in the toolbar of the screen. The system will create a new version of the contract and display the details of the contract in the 'Islamic LC Contract' screen, as shown below.
3. After confirming the changes, click save icon in the toolbar of the screen to save the details.

Note

You can delete the amendment if the 'Amnd Status' of the contract is 'Confirmed' but unauthorized.

8.3.11 **Rejecting Amended Details**

To reject the amendment details, do the following:

1. Click the close icon in the toolbar of the screen. The system will display the following message to confirm the rejection:
2. Are you sure you want to reject the current record?
3. Click 'OK' in the message window to return to the 'Amendment Confirmation' screen. The system will display a message to confirm successful rejection of the record.
4. The 'Amend Status' will be updated to 'Rejected'.

8.3.11.1 **Authorizing Rejection**

Your supervisor now needs authorize the rejection. The steps to authorize are given below:

1. After logging in, invoke the 'Amendment Confirmation' screen and navigate to the record that needs to be authorized.
2. Click authorize icon in the toolbar of the screen.
3. In the next screen, click 'OK' icon to proceed. You will return to the 'Amendment Confirmation' screen and the system will display a message to confirm successful authorization of the record.
4. The 'Amnd Status' of the record will be 'Rejected' while the 'Auth Status' will be updated to 'Authorized'.

Note

- If a contract is amended and confirmed, you can amend it again by creating a new amendment record in 'Amendment Confirmation' screen for already amended Islamic LC contracts.
 - The system will not allow you to perform any operations on an Islamic LC pending confirmation or rejection.
 - The amended details will take effect only after confirmation from the beneficiary.
 - If the amendment is rejected, the system will retain the original or the last amended confirmed Islamic LC.
-

You can amend the same contract several times in 'Amendment Confirmation' screen as long as the amendment is not authorized.

8.4 **Operations on Confirmation Record**

In addition to the operations discussed above (Save, Authorize, Confirm), you can perform the following operations in the 'Amendment Confirmation' screen:

- New
- Delete
- Close
- Unlock

8.5 Uploading Islamic LC Amendment

While uploading an amendment, the system checks the user reference number in the contract with the external reference number of the incoming message. If a contract exists with the reference number and its status is 'Authorized' and 'Active', then the system will amend it provided the upload action is 'AMND'.

If upload action is 'NEW' and the external reference number exists, the system will display an error message. In case of contract amendment through STP of MT707, the following fields are updated:

- Expiry date (31E field)
- Islamic LC amount (34B field)
- Tolerance details(Negative and positive tolerance) (39A field)
- Liability amount (39B field)
- Additional amounts covered (39C field)
- Shipment from (44A field)
- Shipment to (44B field)
- Latest date of shipment (44C field)
- Shipment period(44D field)
- Issuing bank amendment date(30 field)

9. Transferring an Islamic LC

9.1 Introduction

In Oracle FLEXCUBE, you can make transfers from an Islamic LC (Islamic LC). This can be done using the 'Islamic LC – Transfer Input' screen. You can invoke this screen by typing 'LIDTRANF' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

The screenshot displays the 'Islamic LC Transfer Input' application window. The interface includes a top navigation bar with 'New' and 'Enter Query' buttons. The main area is divided into two columns of input fields for contract and transfer details. A 'Default' button is positioned below the first column. Below the input fields is a tabbed interface with 'Parties', 'Documents', 'Shipment', 'Goods', 'Parties Limits', and 'Advices' tabs. The 'Parties' tab is active, showing a 'Party Details' section with a table header: 'Party Type', 'Party Description', 'Party Id', 'Party Name', 'Country', 'Language', 'Address 1', 'Address 2', and 'Address 3'. The table is currently empty. At the bottom, there are fields for 'Maker', 'Checker', 'Status', and 'Authorization Status', each with a 'Date Time' field. An 'Exit' button is in the bottom right corner.

Transfer Conditions

While transferring funds from an Islamic LC, you need to note the following conditions:

- The transferred Islamic LC will always be of the same type as the old Islamic LC and will be created under the same product
- The charges applicable to the transfer should be associated with the event TRNF defined for the product
- You can only transfer an amount that is less than or equal to the amount available under the original Islamic LC
- An Import Islamic LC can be transferred only if the Applicant and Beneficiary are customers of your bank

9.1.0.1 Specifying Transfer Details

Indicate the Islamic LC from which you want to effect the transfer. Select a valid Islamic LC Reference from the option list. The manner in which Oracle FLEXCUBE handles a transfer is different for import and export Islamic LCs.

Refer to the title 'A note on transfers made from Import and Export Islamic LCs' for more details.

Transfer Amount

The transfer amount is the amount that should be transferred from the original Islamic LC. You can only transfer an amount that is less than or equal to the amount available under the original Islamic LC.

Expiry Date

The expiry date is the date upto which the transferred Islamic LC is valid. The expiry date of the original Islamic LC is defaulted. You can change the defaulted date. However, the expiry date cannot be earlier than the Islamic LC issue date or today's date.

Note

In the case of an export Islamic LC, the expiry date can be earlier than today's date to cater to the late receipt of the Islamic LC. However in this case you will be prompted for an override.

Latest Shipment Date

The shipment date is the latest date by which the shipment of the goods specified for the transferred Islamic LC should take place. The latest shipment date of the original Islamic LC is defaulted. You can change the defaulted date. However, the date you enter should not be earlier than the Issue Date of the Islamic LC and later than the expiry date.

If the latest shipping date that you specify for an Islamic LC falls on a holiday in the Islamic LC currency, you will be prompted for an override.

Note

It is mandatory for you to enter the 'Shipment Date' if you are processing an Import Islamic LC.

Period For Presentation

The period of presentation defined for the product - or calculated for the LC, as the case may be - will be displayed. You can change the default to suit the LC you are processing.

To Ref No

Specify the reference number to which the LC should be transferred.

To User Ref No

Specify the user reference number to which the LC should be transferred.

Transfer Date

Specify the date of transfer.

LC Available Amount

The amount available on the chosen LC is displayed here.

Positive Tolerance

The positive tolerance is the percentage that should be added to the Transferred LC amount, to arrive at the Maximum LC Amount Transferred to Child LC. This amount will be considered as the LC outstanding LC amount for Child LC.

Negative Tolerance

The negative tolerance is the percentage that should be subtracted from the Transferred LC amount, to arrive at the Minimum LC Amount Transferred to Child LC. The negative tolerance is captured for information purposes only. It will form part of the LC and amendment instruments.

Note

Tolerance maintained in Parent LC will be defaulted against the below mentioned fields. Values of it can be amended. Tolerance should be less than 100 and should not be negative.

9.1.1 Specifying the Parties Involved in the Transfer

The 'Parties' screen can be used to record details related to the parties involved in the transfer. The documents, tracers and messages that are generated will be sent to all the parties concerned, based on the details you specify in this screen.

The screenshot shows the 'Islamic LC Transfer Input' application window. The window title is 'Islamic LC Transfer Input'. It features a top navigation bar with 'New' and 'Enter Query' buttons. Below this is a form with two columns of input fields. The left column includes 'Contract Reference *', 'Expiry Date', 'Transfer Amount', 'Latest Shipment Date', and 'Period For Presentation'. The right column includes 'To Reference', 'To LC Reference', 'Transfer Date', 'Current Availability', 'Positive Tolerance', and 'Negative Tolerance'. A 'Default' button is located below the left column. Below the form is a tabbed interface with tabs for 'Parties', 'Documents', 'Shipment', 'Goods', 'Parties Limits', and 'Advices'. The 'Parties' tab is active, showing a 'Party Details' section with a table. The table has columns for 'Party Type', 'Party Description', 'Party Id', 'Party Name', 'Country', 'Language', 'Address 1', 'Address 2', and 'Address 3'. The table is currently empty. Below the table is a navigation bar with 'Charges', 'Events', 'Settlement', 'Fields', 'Tax', and 'Message Preview' tabs. At the bottom of the window is a dark blue footer area with fields for 'Maker', 'Date Time', 'Checker', 'Date Time', 'Status', and 'Authorization Status', along with an 'Exit' button.

The Party Types that can be involved in the transfer of an Islamic LC are the advising Bank and the Beneficiary. You need to indicate the following details for a party type:

- The CIF ID assigned to the party, if the party is defined as a customer in Oracle FLEXCUBE
- The name of the party (It can be 150 characters in length. However, note that only 35 characters will be included in the SWIFT messages that you generate for the transfer)
- The country to which the party belongs
- The mailing address of the party

9.1.2 Specifying Goods, Shipping and Document details for an Islamic LC

Click on the tab titled 'Documents' and specify the following details for a transferred Islamic LC:

- Details of the merchandise traded
- Shipment Details

- The documents and clauses that should accompany the goods

9.1.2.1 Specifying Details of the Documents Applicable to the Transfer

There are some standard documents required under a documentary Islamic LC. In this screen you can specify the documents that are required under the Islamic LC being processed. These details will be a part of the Islamic LC instrument sent to the advising bank, the advice through bank or the beneficiary.

All the documents specified for the product to which the Islamic LC is linked will be defaulted to this screen. The details specified for these documents such as the document type, description, the number of copies required, the number of copies issued, the clauses specified for the document are also defaulted from the product. You can edit the description of the document that is defaulted to suit the Islamic LC you are processing.

You can add to or delete from the list of documents that are defaulted. To add a document for the Islamic LC, click add button. To delete a document that is not required for the Islamic LC, highlight the document code and click on the delete button.

9.1.2.2 Specifying Clauses for a Document

The Clauses associated with the documents that you specified for the transfer are defaulted. When you highlight a document code, all the clauses defined for the document are displayed in the Clauses window. You can add to or delete from the list of clauses that are defaulted.

To add a clause to a document for the Islamic LC, click on the add button. To delete a clause that is not required for the Islamic LC, highlight the Clause code and click on the delete button.

9.1.2.3 Specifying Shipping Details for an Islamic LC

The screenshot shows the 'Transfer Details' window with the following sections:

- Contract Reference *** (input field)
- Expiry Date** (input field)
- Transfer Amount** (input field)
- Latest Shipment Date** (input field)
- Period For Presentation** (input field)
- To Reference** (input field)
- To LC Reference** (input field)
- Transfer Date** (input field)
- Current Availability** (input field)
- Positive Tolerance** (input field)
- Negative Tolerance** (input field)
- Default** button
- Shipment Details** section with:
 - From** (input field)
 - To** (input field)
 - Shipment Details** (input field)
 - Shipment Period** (input field)
 - Shipment Marks** (input field)
 - Port of Loading** (input field)
 - Port of Discharge** (input field)
 - Partial Shipment
 - Transfer Shipment
- Charges | Events | Settlement | Fields | Tax | Message Preview** (navigation tabs)
- Maker** (input field) and **Date Time** (input field)
- Checker** (input field) and **Date Time** (input field)
- Status** (input field)
- Authorization Status** (input field)
- Exit** button

There are certain standard clauses and conditions, associated with the shipment of the merchandise traded under an Islamic LC.

From

Specify the location from whom the goods transacted under the Islamic LC should be shipped.

To

Specify the destination to which the goods transacted under the Islamic LC should be sent.

Port of Loading

Specify the name of the airport from where the goods transacted under the Islamic LC are loaded for shipping.

Port of Discharge

Specify the name of the destination port to which the goods transacted under Islamic LC should be sent.

Note

You can amend the value of 'Port of Loading' and 'Port of Discharge' after authorization. Besides these details, you can also specify shipping preferences like:

- Should Trans-shipment be allowed under the Islamic LC

- Should partial shipment of the goods be allowed under the Islamic LC
- Shipping marks
- Additional shipment details

9.1.2.4 Specifying Goods Details

Goods Code

You have maintained various codes that have been allotted, for commodities normally traded in your country. Select the applicable code for the Islamic LC you are processing.

Goods Description

Specify the description. The description of this code (which could be 6500 characters long), can be changed to suit the Islamic LC you are processing. You can also enter specifications such as the quality and quantity of the merchandise.

Description for Pre-Advice

If pre-Advice is one of the advices for the transfer, you should enter the details of the Islamic LC briefly, as a pre-Advice description. This will be a part of the pre-Advice that is generated.

Typically, a pre-Advice is sent by SWIFT or cable and contains brief details of the Islamic LC. This is followed by the Islamic LC instrument will contain all the details of the Islamic LC.

9.1.3 Parties Limit Tab

You can track the limits of multiple credit lines while transferring an Islamic LC contract. Click 'Parties Limit' tab on 'Islamic Letters of Credit Transfer Input' screen.

The screenshot shows the 'Islamic LC Transfer Input' window. At the top, there are 'New' and 'Enter Query' buttons. Below are two columns of input fields: 'Contract Reference *', 'Expiry Date', 'Transfer Amount', 'Latest Shipment Date', 'Period For Presentation', 'To Reference', 'To LC Reference', 'Transfer Date', 'Current Availability', 'Positive Tolerance', and 'Negative Tolerance'. A 'Default' button is located below the first column. Below the input fields is a tabbed interface with 'Parties', 'Documents', 'Shipment', 'Goods', 'Parties Limits', and 'Advices' tabs. The 'Parties Limits' tab is active, showing a 'Credit Line' section with a 'Default JV Customers' button. Below this is a table with columns: 'Serial Number', 'Party Type', 'Customer No', 'Liability Number', 'Linkage Type', 'Linkage Reference No', and '% Contribution'. The table currently contains one row. At the bottom of the window, there are fields for 'Maker', 'Checker', 'Status', and 'Authorization Status', each with a 'Date Time' field. An 'Exit' button is in the bottom right corner.

Specify the following details:

Party Type

Specify the type of the party whose credit limits need to be tracked.

If you click 'Default' button, in the first row, the system defaults the party type based on the details maintained under 'Parties' tab of the screen. However, you need to make sure that the mandatory party details have been maintained under 'Parties' tab of the screen.

When you add another row to the list, you can manually select the party type as required. If you leave it blank, the system will automatically update the party type when you save the transfer details.

Customer No

Specify the customer number of the party whose credit limits need to be tracked. The option list displays the customer numbers of all the parties selected under 'Parties' tab. Choose the appropriate one.

You need to make sure that the customer number corresponds to the party type selected above. If the customer number and party type do not match, the system displays an error.

JV Parent

When you click 'Default' button, the system defaults the joint venture customer number of the party. This customer number is defaulted based on the details maintained in 'Joint Venture' sub-screen of 'Customer Maintenance' screen.

Liability Number

When you click 'Default' button, the system defaults the liability number from 'Joint Venture' sub-screen of 'Customer Maintenance' screen.

Linkage Type

Specify the linkage type. The drop-down list displays the following options:

- Facility (Credit Line)
- Collateral Pool

Choose the appropriate one.

Linkage Reference No

Specify the reference number that identifies the facility or collateral pool. The option list displays all valid facilities and collateral pools specific to the liability. Choose the appropriate one.

In case you choose the same linkage reference for more than one record in the list, the system displays an override message. You may choose to cancel or proceed with the selection.

% Contribution

Specify the proportion of limits to be tracked for the credit line or collateral pool for the joint venture customer. When you click 'Default' button, the system defaults the percentage of contribution maintained under 'Joint Venture' sub-screen of 'Customer Maintenance' screen.

It is mandatory to indicate the percentage of contribution if the party is a customer under joint venture. This is not applicable to customers who are not a part of joint venture.

Note

For one joint venture, the total percentage of contribution in all applicable credit lines together cannot be more than 100%.

Amount Tag

Specify the amount tag. The system tracks the limits for non joint venture customers based on the amount tag. The amount tags applicable to Islamic export and import LC contracts are listed below:

Amount tags applicable to Islamic Export LC:

- Liability Amount
- Confirmed Amount
- Unconfirmed Amount

Amount tags applicable to Islamic Import LC:

- Liability Amount
- Undertaking Amount
- Non Undertaking Amount

Choose the appropriate one based on the type of Islamic LC contract. If you do not specify the amount tag, the system will track the limits based on the liability amount and facility.

The system verifies the amount tag against the product type. If you choose an amount tag, which is not supported by the product type, the system displays an error message.

Amount

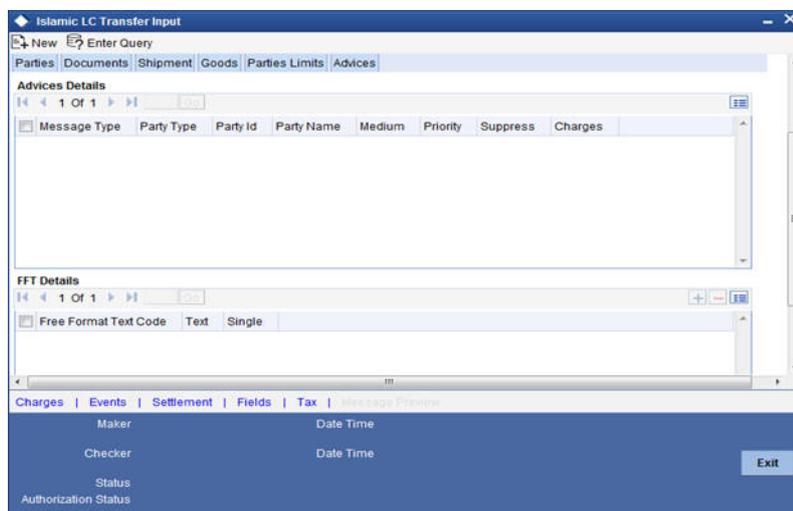
When you click 'Default' button, the system defaults the amount tracked for each credit line. In case of joint venture customers, the amount is derived on the basis of the percentage of liability amount. In case of other customers, the amount is derived based on the amount tag specified above.

You can add more rows to the list of credit lines using add button. Similarly, you can remove a selected row from the list using delete button.

9.1.4 Advices Tab

The details of the advices for the transfer event is displayed in the Advices screen. The party type to whom a specific advice should be sent is picked up automatically based on the type of LC being processed and the parties involved.

From the LC Transfer screen click 'Advices' tab. The advices screen is displayed.



The advices defined for the event transfer will be displayed. You can choose to suppress any of them. The address of the party to whom the advice is addressed to will be picked up by default, based on the media and address maintenance for the party. These can be changed if required.

For a payment message by SWIFT, you also have the option to change the priority of the message.

You can capture the following details:

Suppress

By default, all the advices that have been defined for a product will be generated for the LCs involving it. If any of the advices are not applicable to the LC you are processing, you can suppress its generation by Checking against the suppress field.

Priority

For a payment message by SWIFT, you also have the option to change the priority of the message. By default, the priority of all advices is marked as Normal. The priority of a payment message can be changed to one of the following:

- Normal
- Medium
- High

Medium

The medium by which an advice will be transmitted and the corresponding address will be picked up based on the media and address maintenance for a customer.

You can, however, change either of these while processing the LC. Typically, if changed, both of them will be changed.

After selecting the advices to be generated for the LC, click on 'Ok' to save it. Click 'Exit' or 'Cancel' button to reject the inputs you have made.

Free Format Text instructions (FFTs) are a set of instructions or statements that are applicable to the LC that you process. It can be used to enter additional details related to the LC you are processing. In the LC Transfer - Advices screen you can specify the FFTs that should accompany an advice, generated for an LC. When you select an advice code on this screen, the advice code together and the party type, to which it is to be sent, is displayed in the FFT section. This indicates that the FFTs that you specify will appear on the advice, which is displayed and will be sent to the party type that is displayed.

All the FFTs defined for the advice, at the product level will also be displayed. You have the option to add to or delete from the list of FFTs defaulted for an advice.

Free Format Text Code

To add an FFT to the list, click add icon. Select an FFT code from the adjoining option list that is displayed.

Text

After selecting the code that identifies the FFT you wish to attach to the advice, its description is automatically picked up and displayed. The FFT description can be changed to suit the requirements of the LC you are processing.

Single

Check this option to indicate that the FFT is a single message.

9.1.5 Defining Charge Details

Click 'Charges' button to invoke the following screen

Contract Reference *

Charge Association

Creation ESN	Component *	Rule	Description	Consider as Discount	Waiver	Accrual Required
--------------	-------------	------	-------------	----------------------	--------	------------------

Charge Application

Creation ESN	Component *	Tag Currency	Tag Amount	Charge Currency	Charge Amount	Consider as Discour
--------------	-------------	--------------	------------	-----------------	---------------	---------------------

Ok Exit

Refer the *Charges and Fees User Manual* under *Modularity* for further details about this screen.

9.1.6 Viewing Event Details

Click this button to view the details of the events and accounting entries that a contract involves.

Enter Query

Reference Number *

Events

Event Number *	Event Code	Description	Event Date	Authorization Status	Maker Id	Checker Id
----------------	------------	-------------	------------	----------------------	----------	------------

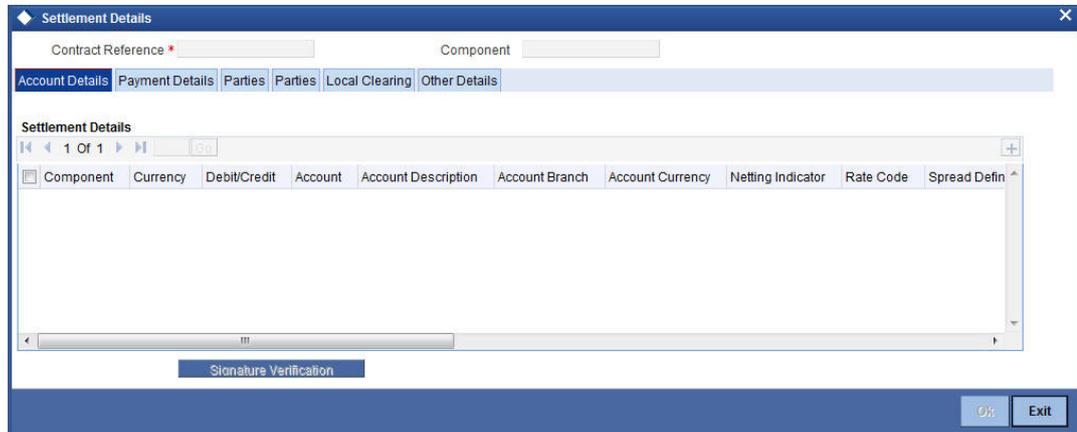
Accounting Entries | Messages

Exit

Click 'Accounting Entries' to view the accounting entries for the event that is highlighted. Click 'Message' to view the messages applicable to the event. Click on 'Exit' or 'Cancel' to go back to the 'Islamic LC Transfer Input' screen.

9.1.7 Specifying Settlement Instructions

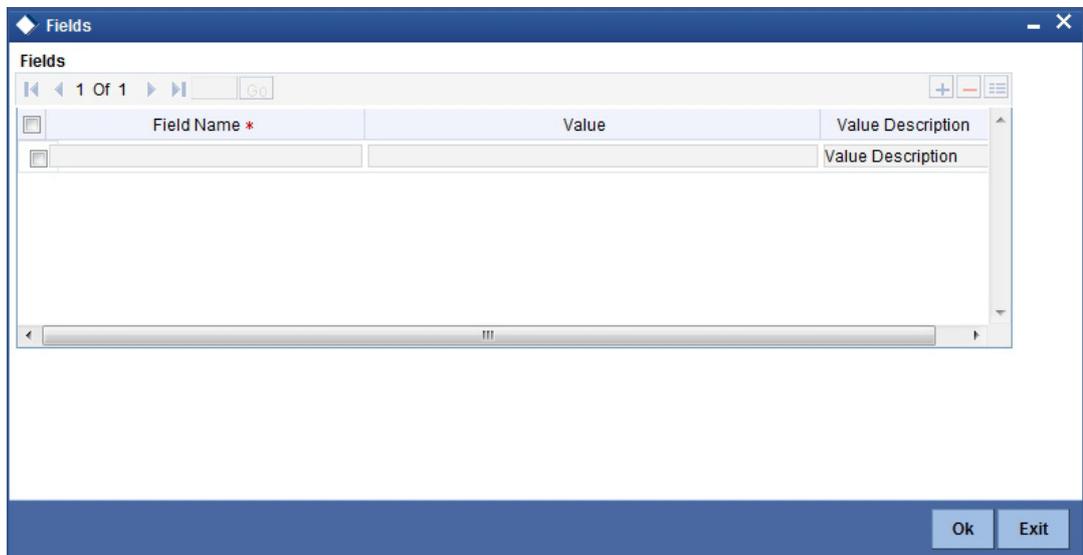
Click this button to invoke the Settlement screen. Based on the details that you enter in the settlement screens the Islamic LC will be settled.



The details of these screens have been discussed in the Settlements user manual.

9.1.8 Capturing UDF Values

Click this button to specify values for the user defined fields (UDFs).



The User Defined Fields (UDFs) maintained for the linked function id are displayed here. You can specify values for them.

Refer the User Manual titled 'User Defined Field' for details about defining UDFs.

9.1.9 Previewing Messages

You can preview the messages or advices that will be generated for the contract using 'Message Preview' screen. To invoke this screen, click 'Message Preview' button.

Document Number	Message Type	Receiver	Name	Media	SWIFT Message Type	Mess

For the contract, you can view the following details of the messages:

- The document number generated for the message/advice
- Type of message generated for the event
- Customer ID of the receiver of the message/advice
- Name of the receiver of the message/advice
- Media of transmitting the message/advice (Mail/SWIFT)
- SWIFT message type of the message
- Status of the message/advice

For further details on this screen, refer to the chapter 'Processing an Islamic LC Contract' in this user manual.

9.1.10 Note on Transfers from Import and Export Islamic LCs

How Transfers from Import LCs are Processed

While transferring an import LC, the original LC is modified to include the additional details of the transferred LC. For instance, the new beneficiary and new advising are added to the existing list of parties.

In Oracle FLEXCUBE, the transfer made from an LC will be taken as a new event 'TRNF'. Availment made by the new beneficiary against the transferred LC will be tracked against the original LC.

How Transfers from Export LCs are Processed

In the case of an Export LC, a new LC will be opened for each transfer that you make from the original LC. The transfer amount will be taken as the new LC amount.

On authorizing the transfer,

- an availment to the tune of the transferred amount is made against the original LC i.e. the outstanding amount of the Original LC will be reduced by the transfer amount

- a new LC is created based on the transfer details that you specified

The transferred LC will be separated from the original LC. Availment made from the new LC will not affect the outstanding of the Original LC.

9.1.10.1 Processing of Transfers from Import Islamic LCs

While transferring an import Islamic LC, the original Islamic LC is modified to include the additional details of the transferred Islamic LC. For instance, the new beneficiary and new advising are added to the existing list of parties.

In Oracle FLEXCUBE, the transfer made from an Islamic LC will be taken as a new event 'TRNF'. Availment made by the new beneficiary against the transferred Islamic LC will be tracked against the original Islamic LC.

9.1.10.2 Processing of Transfers from Export Islamic LCs

In the case of an Export Islamic LC, a new Islamic LC will be opened for each transfer that you make from the original Islamic LC. The transfer amount will be taken as the new Islamic LC amount.

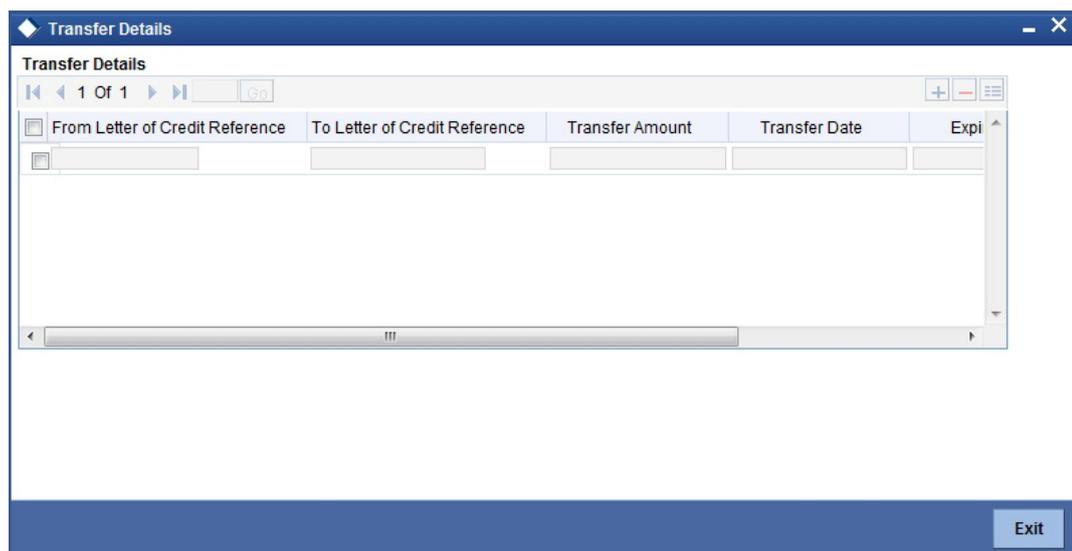
On authorizing the transfer,

- An availment to the tune of the transferred amount is made against the original Islamic LC i.e. the outstanding amount of the Original Islamic LC will be reduced by the transfer amount and
- A new Islamic LC is created based on the transfer details that you specified

The transferred Islamic LC will be separated from the original Islamic LC. Availment made from the new Islamic LC will not affect the outstanding of the Original Islamic LC.

9.1.11 Viewing Details of the Transfers made to the Islamic LC

Click 'Transfer Details' button from the Islamic LC Contract screen to view details of the transfers that were made from the Islamic LC.



The following transfer details are displayed:

- The Islamic LC from which you are transferring funds
- The transfer amount

- The transfer date
- The expiry date
- The shipment date

10. Liquidation of Receivable Components

10.1 Introduction

Whenever you have to collect a component (typically for a commission or charge, or under certain circumstances the availment amount or the collateral amount), you debit it from the customer's account. On some occasions, you may have to debit it from an internal receivable GL, to be debited from the customer account at a later date.

The debiting of the receivable account happens at the event for which the commission or charge has to be collected (issue of an Islamic LC, amendment of an Islamic LC, availment against an Islamic LC, etc.). When the customer account has to be debited at a later date, you have to perform, what is termed as receivable liquidation.

There are two related functions associated with liquidation:

- A batch process that reverses the liquidated receivable components, for a contract that is reversed during the day (the LQ EOTI function)
- A batch process that generates the charge and commission claim advice to the party on behalf of whom a charge or commission was debited, from a receivable account during the day (the LQ EOD function)

10.2 Maintaining Online Receivable/Payable Details

You can pass manual entries into LQ Module to maintain additional entries into AR/AP LQ Module in the 'Receivable/Payable Online' screen. You can invoke 'Receivable/Payable Online' screen by typing 'LQDTRONL' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

The screenshot displays the 'Login Page' window for the Oracle Receivable/Payable Online module. The interface includes a top navigation bar with 'New' and 'Enter Query' options. The main area is divided into several sections for data entry:

- Contract Reference:** Fields for Contract Reference, Event Code, Book On, Event Description, and Module.
- Liquidation Reference:** Fields for Liquidation Reference, Component, and Value Date.
- Customer Information:** Fields for Customer, Party Type, and a 'Default' button.
- Accounting Details:** Fields for Receivable Account Code, Receive Branch, Receivable Account, Currency, Amount, Debit Account, Branch, Currency, Transaction Code, and Exchange Rate.
- Liquidated Amount:** Fields for Liquidated Amount, Description, and Charge Claim Advice Date.
- Events:** A section at the bottom with fields for Input By, Authorized By, Contract Status, and a checkbox for Authorized.

For further details on generic attributes that you can define for liquidation of an LC contract, please refer the 'Liquidation' User Manual under Modularity.

10.2.1 Liquidating the Receivable Components of an Islamic LC

Once you enter the reference number of the Islamic LC in the Receivable Liquidation screen, the system automatically assigns a unique liquidation reference number to the component

you are liquidating. Besides this, the following details of the Islamic LC are picked up and displayed:

- The counterparty (customer) code
- The Value Date of the Islamic LC
- The account to which the liquidated amount should be credited
- The currency of the receivable account
- The branch to which the account belongs
- The total outstanding amount for the component as of the value date (the date on which the payment is being made)
- Details of the tracers that were generated thus far for the outstanding component
- The Status of the Islamic LC

You can specify the following details for the Liquidation:

- The account that should be debited for the liquidation amount
- The branch to which the account belongs
- The currency of the account
- If the component currency and the currency of the account to be debited for the liquidated amount are different, you can indicate the exchange rate to be used in the conversion. By default, the exchange rate specified for the product under which the Islamic LC is processed, will be displayed. You can change this and the changed rate should be within the variance limit specified for the product.

The outstanding components of an Islamic LC are displayed for each event. To liquidate an outstanding component, choose **Liquidate** by clicking 'Processing' on the application tool bar.

After the liquidation of an outstanding component, if there are other outstanding components for the event, the system will inform you of them and prompt you to liquidate them as well.

10.2.2 Manual Liquidation of Receivable Components for the Islamic LC

In order to perform manual liquidation of transferable charge and/or commission components to an Islamic LC, invoke the 'Islamic LC Deferred Liquidation' screen.

You can invoke this screen by typing 'LIDEPMNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

The screenshot shows the 'LC Deferred Payment' application window. The window title is 'LC Deferred Payment'. It contains several sections:

- Contract Details:** Fields for Contract Reference (marked with an asterisk), Customer Name, Contract Amount, and Currency.
- Payment Details:** Fields for Value Date and Total Prepaid, with a 'Sum' button.
- Deferred Liquidation:** A table with columns: Component, Component Currency, Amount Due, and Amount Paid.
- Deferred Manual Liquidation:** A table with columns: Component (marked with an asterisk), Component Currency, Due Date, Amount Due, Waiver, and Contract Referer.
- Payment Remarks:** A text field for entering remarks.
- Events | Settlement:** A section at the bottom with fields for Maker, Checker, Date Time, Status, and Authorization Status, and an 'Exit' button.

The outstanding commission and charge components can be liquidated using this manual liquidation screen.

During manual liquidation, you can opt to waive the receivable charge / commission amounts. No backdated value dates are allowed during manual liquidation of these components.

Reference Number

This displays the reference number of the Islamic LC being liquidated.

Contract Amount

This displays the total contract amount.

Contract Currency

This displays the currency of the contract.

Customer

This displays the customer information.

Value Date

The value date is defaulted to the application date and the same cannot be modified.

Total Paid

This displays the total amount to be paid against liquidation of the Islamic LC.

10.2.2.1 Specifying Payment Breakup Details

The total amount due for the commission and charge components till date is displayed by the system during payment as the payment breakup, inclusive of the details of each component.

Upon complete liquidation of the component, the system updates the status of the component from Receivable to Liquidated. The amount liquidated is also updated in the receivable component details.

The accounting entries maintained in 'MLIQ' event are passed for the amount paid.

10.2.2.2 Waiver of Components during Manual Liquidation of Islamic LC Charges

During manual liquidation of charges the system allows waiver of certain components. When the waiver option is selected, the system defaults the amount paid as the amount due and does not allow modification of the same for the component.

Upon waiver, the system marks the component in the Islamic LC as liquidated, internally. Waivers are processed in the system as a new event initiated along with the MLIQ event.

10.2.3 Specifying Details of the Advices for the Liquidation

The advices that can be generated for the events that occur during the life cycle of an Islamic LC are defined for the product involved in the Islamic LC. In this screen, you can specify the advices that should be generated to the parties concerned, indicating that you have liquidated a receivable component of the Islamic LC.

The details of two advices are shown in this screen:

- Charge Claim Advice
- Debit Advice

The Charge Claim Advice will, be generated at EOD; on the day the receivable account is debited. This is the event for which a charge is attached or a commission liquidation event (Event Code CLIQ). Its details whether it was suppressed during the event, the medium through which it was transmitted and the date on which it was generated will be displayed. This is for information purposes only.

The Debit Advice is generated when the receivable components of the Islamic LC are liquidated. You can suppress the generation of the advice or change the media and priority when you are processing the liquidation.

Suppress

By default, all the advices defined for the product involved in the Islamic LC will be generated. If you do not want to generate a specific advice, you can suppress its generation by indicating so.

Priority

Priority applies to the advices that need to be sent, through media like S.W.I.F.T. or TELEX. By default, the priority of all advices is marked as normal. Advices can be prioritized to one of the following options:

- Normal
- Medium
- High

Medium

It is mandatory to also specify the medium through which an advice is to be transmitted. An advice can be transmitted through Telex, Mail, S.W.I.F.T or any other media that you have defined in your branch. You can select the appropriate medium code from the option list.

In addition, the details for the Charge Commission Tracer are also displayed. This tracer is generated after the event has taken place till the component is liquidated. These details are for information only. They are defaulted from the product under which an Islamic LC is processed.

10.2.3.1 Accounting Entries Passed During Account Receivable Liquidation

The system passes the following accounting entries during account receivable liquidation when:

- Issuance of Islamic LC:

Dr/Cr	GL Account
Dr	Commission Receivable Account
Cr	Income Account

- Liquidation of LC:

Dr/Cr	GL Account
Dr	Customer's account
Cr	Commission Income account

11. Credit Limit Tracking for an Islamic LC

11.1 Introduction

When you issue an import Islamic Letter of Credit (Islamic LC) or advise and confirm an export Islamic LC, you would track your liability against the party on behalf of whom you are undertaking a liability. For an import Islamic LC, you would track the exposure against the applicant while for an export Islamic LC that you confirm; you would do so for the issuing bank.

In Oracle FLEXCUBE, credit limit tracking is done using credit lines allotted to a customer. The credit line allotted to the party against whom you want to track your liability, should be indicated while you capture the details of an Islamic LC. In the case of an amendment, from advice of an export Islamic LC to advice and confirm, you can indicate the credit line during the amendment also.

You can specify Central Liability details for an Islamic LC, in the 'Islamic LC Contract Party details' screen. To invoke this screen, you have to click on the 'Parties' tab from the Contract screen.

The amount that is tracked will be the Islamic LC Liability Amount. It is arrived at as follows:

Liability Amount = Maximum Islamic LC Amount + Liability % of the Islamic LC amount

In the case of an Islamic LC revolving in time, the liability amount will be calculated taking into account all the scheduled reinstatements.

11.1.1 Specifying whether Limit Tracking is Required

Every credit-seeking customer of your bank is assigned a credit limit under a Credit Line.

Check against the credit limit tracking option, to indicate that the Islamic LC liability amount should be tracked against the credit limit assigned to the customer. Leave it unchecked to indicate you do not wish to track the Islamic LC liability amount against the credit limit assigned to any of the parties involved in the Islamic LC.

11.1.2 Indicating the Customer against Whom the Islamic LC Liability Amount is Tracked

Party Type

You would have already captured the details about the different parties involved in the Islamic LC. For each party type (APP, ABK, ISB, etc.), you would have specified the details of the party.

While specifying credit limit tracking details, you have to just indicate the party type against whom you want to track the credit limit. The party details are picked up by default.

The CIF ID of the Party

When you specify a party type against whose credit limits you wish to track the Islamic LC amount the CIF ID assigned to the party is automatically picked up and displayed.

11.1.3 Specifying the Limit Tracking Tenor

While maintaining the preferences for the contract, you can specify whether you want to track the limits based on Islamic LC tenor or the Max Draft tenor (Usance period). For this you need to indicate your preference by selecting the appropriate checkbox.

Note

The credit lines are displayed depending upon the preferences specified at the time of creating the line. E.g. Products allowed, branch allowed etc.

For all the contracts, you can change your preference for limits tracking before or after authorization. However every time you change the tenor type you need to select a credit line again. Subsequently, tracking will be done for the new tenor and credit line.

11.1.4 Indicating the Credit Line for Liability Amount Tracking

You have to specify the credit line of the party against which the Islamic LC liability amount has to be tracked.

If more than one credit line has been defined for the party, only those credit lines whose restrictions are in line with that of the Islamic LC will be displayed. The restrictions could be one of the following:

- Tenor
- Product
- Branch
- Currency

In addition, the expiry date of the line should be before the Issue Date of the Islamic LC.

Note

When you enter an Islamic LC for a customer, and choose a line, the cash collateral percentage defined for the customer and line will default. If you have not defined the cash collateral percentage for a customer and a line, the cash collateral percent defined for the product will default to the Islamic LC Contract. You can change this default value to suit the Islamic LC you are processing.

12. Automatic Processes

12.1 Introduction

The following processes relating to Islamic Letters of Credit (Islamic LC) can be made automatic:

- Automatic closure
- Automatic calculation of periodic commission
- Automatic liquidation of periodic commission
- Automatic reinstatement of the Islamic LC amount
- Automatic accrual of commissions
- Generation of tracers

The events that are to take place automatically are triggered off during the Batch Process. The batch process is an automatic function, run as a mandatory Beginning of Day (BOD) and End of Day (EOD) process. During EOD, the batch process should be run after End of Transaction Input (EOTI) has been marked for the day, but before End of Financial Input (EOFI) has been marked for the day. The tracer generation function should be run after end-of-financial-input (EOFI) has been marked for the day.

Note

You should maintain the Islamic LC EOD function as a mandatory batch process, once as a BOD and the next as a Pre-EOC program. It is maintained in the EOC mandatory programs table of the Core Services module. The tracer generation function should also be defined as a mandatory EOD function.

The contracts that will be processed by the batch processes depend on the definition in the 'Branch Parameters' screen.

12.2 Maintaining Branch Parameters

The set of rules that govern the Islamic LCs processed through the Islamic LC module, in a particular branch of your bank, is defined in the 'Branch Parameters' screen.

You can invoke 'Letters of Credit Branch Parameters Maintenance screen by typing 'LCDBRPRM' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

12.2.0.1 Specifying the Branch Details

In this section specify the following details:

Branch Code

Select the branch code from the option list provided. You can maintain branch parameters only from the respective branches. When you select branch code from the option list, the description of the same is defaulted in the field below.

Note

At the head office level you can alter branch parameters of other branches also.

12.2.0.2 Specifying Batch Processing Details

The events, for which you had indicated automatic processing, are triggered off during the Batch Process. You can specify preferences for the automatic events that fall on a holiday, in the Branch Parameters screen. In addition, you can also specify the level at which accrual entries should be passed, for Islamic LCs in your branch.

You can capture the following preferences here:

Accrual Entries Level

At the time of creating a product, you have specified

- Whether accrual of Commission is allowed for the product
- The frequency with which the accrual entries should be passed
- The accounting entries that should be passed for the accrual event

An Islamic LC will inherit the accrual frequency defined for the product under which it is processed.

In the Branch Parameters screen, you indicate the level at which the accrual entries have to be passed. The level can be:

- Product
- Contract

If you indicate that automatic accrual should be done at the product level, a single entry for all the Islamic LCs, for which commission was accrued automatically, will be passed. This helps reduce the time taken to pass individual entries.

If you indicate that the automatic commission accrual process should pass accrual entries at the contract level, accrual entries will be passed for each Islamic LC for which commission was accrued automatically.

Process Till Next Working Day – 1

If you indicate that the processing has to be done up to the Next Working Day - 1, all the automatic events falling due on the holiday will be processed by the batch process, as part of the EOD on the last working day, before the holiday.

You have the option to specify, that the Batch process should process automatic events falling due on a holiday.

The same can be processed on either of the following ways:

- Next Working Day - 1
- Upto System Date

If you indicate that processing has to be done only upto the System Date, then only the events scheduled for today (the last working day before the holiday) will be processed. The events falling due on the holiday are processed by the batch process, as part of the BOD process, the first working day after the holiday.

User Reference Number in Messages

If you wish to display the user reference number in the advices that are generated for a contract, select the 'User Reference Number in Messages' option. All the advices generated at your branch will display the appropriate user reference number.

Note

You can specify a format for the generation of the User Reference Number in the 'Sequence Generation' screen available in the Application Browser. Refer to the Core Services User Manual for details on maintaining a sequence format.

Validate Claiming Bank

Check this box to indicate that the claiming bank needs to be validated.

Discrepancy Notice Period

Discrepancies are likely to be found while processing Incoming or Outgoing bills under Islamic LCs. You can specify a period within which the discrepancy details should be added to the bills. This period will be calculated from the date of presentation of the bills (which is typically the booking date of the bill) to the issuing bank/confirming bank.

The system will display an override if the discrepancies are added to the bills (in the 'Bills – Contract Details' screen) after the discrepancy notice period.

For details on processing a bills contract, refer the 'Processing Bills' chapter of the BC (Bills and Collections) User Manual.

12.3 Invoking the Batch Process

Batches are run automatically. In the mandatory programs, all batches whichever are required will be maintained in sequence and that is triggered automatically as based on the maintenance in the 'Mandatory Batch Program Maintenance' screen. You can invoke this screen by typing 'EIDMANPE' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Mandatory Batch Program Maintenance

New Enter Query

Branch * 000
Module *

Function *
Sequence Number
Description

End of Cycle Group *
 Txn Input
 End of Txn Input
 End of Fin Input
 End of Day
 Beginning of Day

Frequency Daily
Holiday Rule Do Not Execute

Execution Layer
 Database
 Application

Sub Stage 1

Error Handling
 Stop Automatic End of Day and Run Emergency Program
 Continue with Automatic End of Day

Number Of Days
Run Date
Job Code
Description

Predecessors
1 Of 1
Predecessors *

Fields

Maker Date Time:
Checker Date Time:
Mod No Record Status
Authorization Status

Exit

Module

Choose the module code from the adjoining option list.

Function Identification

Choose the function ID of batch that you wish to run. The adjoining option list displays all batch processes available for the module.

The screenshot shows a window titled "List Of Values - Select Function Identification". It features a search section with a label "Search" and a text input field containing "%". A "FETCH" button is positioned to the right of the input field. Below the search section is a table with two columns: "Function Identification" and "Function Description". The table is currently empty. Above the table, there are navigation icons and the text "1 of 1". To the right of the table, there is a "Go to Page" input field.

Select the appropriate one.

You can configure the batch to be run at various stages of day like EOD, EOTI etc.

For further details about this screen, refer the chapter 'Setting- up Mandatory Programs for EOD' in the AEOD User Manual.

12.3.1 **Automatic Events Executed During Beginning of Day (BOD)**

The Batch program when run as part of BOD processes the following events:

- Automatic liquidation of periodic commissions
- Automatic Reinstatement of an Islamic LC
- Calculation of periodic commission

12.3.2 **Automatic Liquidation of Periodic Commission**

The periodic commission components of an Islamic LC will be automatically liquidated, if the commission components fall due on or before the current system date.

As a part of BOD, this function liquidates the commission components of the Islamic LC contracts, whose commission liquidation date is between the last working date and the current processing date.

The commission components that are liquidated by this function are posted to the accounts specified, in the settlements screen of the Islamic LC. This may be a customer's account or a receivable account.

On liquidation of the commission components of an Islamic LC by the function:

- The necessary tax related entries associated with the liquidation will be passed
- The necessary debit advices will be generated
- The relevant accounting entries will be passed. Typically they would be

If collected in arrears:

Role	Role Description	Amount Tag	Dr/ Cr
COM-M_CUST_ACC	Customer account	Commission	Dr
CENC	Commission Earned Not Collected	Commission	Cr

If collected in advance:

Role	Role Description	Amount Tag	Dr/ Cr
COM-M_CUST_ACC	Customer account	Accrual amount	Dr
COMM_RIA	Commission Received in Advance	Accrual amount	Cr

As a part of EOD, this function liquidates the commission components of all the Islamic LC contracts, for which commission liquidation date falls between the current processing date and the next working date.

If the next working day happens to fall in the next month, this function will pick up only those contracts whose commission liquidation date, falls within the current processing month.

The following reports will be generated when the commission components of the Islamic LC, are automatically liquidated:

- An activity report, which lists the contracts whose commission components were liquidated
- A report on the exceptions that were encountered during the liquidation of the commission components like account closed, no funds in the account, etc.

12.3.3 Automatic Reinstatement of an Islamic LC

All Islamic LC contracts, for which you had specified automatic reinstatement, will be reinstated when the batch process for the day, is run as part of BOD.

The revolving details specified for the Islamic LC, in the Contract Main screen, are used to reinstate the contracts. The reinstatement is done subject to the Maximum Liability and the Maximum Islamic LC Amount allowed for the contract. The unutilized credit is removed from the contingent entries for non-cumulative Islamic LCs.

For Islamic LCs that revolve in time, the Islamic LC Amount and the Maximum Liability Amount is reset based on the frequency of reinstatement (the value of frequency can be either Days or Months depending on the 'Units' you specify for the contract). In the case of an Islamic LC, which revolves in value, the Islamic LC amount is reset when the current availability under the Islamic LC is reduced to zero. Thus, the reinstatement for Islamic LCs which revolve in value is done during beginning of day on the next day. It is done after the availment that makes the current availability to zero is made.

When Islamic LCs are automatically reinstated, the necessary accounting entries and advices specified for the event code REIN (reinstatement), will be passed automatically.

As a part of the BOD process, this function reinstates all the revolving Islamic LCs (specified with automatic reinstatement), which needs to be reinstated. This is determined by two factors:

- Whether the Islamic LC revolves in time and the next revolving date is less than or equal to the current date or
- The Islamic LC revolves in value and the unavailed amount under the Islamic LC, is reduced to zero by the availments that were made.

During EOD, the auto reinstatements scheduled for the next day will be done under the following conditions:

- The next day is a holiday
- You have specified in the Branch Parameters table, that events scheduled for a holiday should be processed, on the working day before the holiday. If the next working day happens to fall in the next month, this function will pick up only Islamic LCs that have their next revolving date within the same month. The processing for such Islamic LCs will be done during BOD on the next working day.

All contracts that were automatically reinstated on a day will appear in the Activity Report for the day. The exceptions encountered during the reinstatement i.e. the contracts, which should have got reinstated, but were not, will figure in the Exception Report.

12.3.4 Processes Run during End of Day (EOD)

The Batch program when run as part of EOD processes the following events:

- Automatic closure of contracts
- Automatic accrual of commissions

12.3.5 Automatic Closure of an Islamic LC

All Islamic LC contracts for which you had specified automatic closure and which are due for closure as of today, will be automatically closed when the batch processes for the day is run. The accounting entries specified for the closure will be passed.

12.3.6 Automatic Accrual of Commission

When the batch process is run as part of EOD, the commission components of the active (authorized and not yet liquidated) Islamic LC contracts will be accrued. Accrual is usually performed from the last liquidation date to the current date. Since commission is calculated for rounded periods, the final accrual on the expiry date will be for the full rounded period.

When the accrual is done, the relevant accounting entries for the accrued components will be passed. The internal accounts will be updated with the accrual related details.

Typical accounting entries that are passed include:

If collected in arrears

Role	Role description	Role Type	Amount Tag	Debit/ Credit
CENC	Commission earned not collected.	Asset	Accrual amount	Dr
COM-M_INC	Commission earned.	P&L	Accrual amount	Cr

If collected in advance

Role	Role description	Role Type	Amount Tag	Debit/ Credit
COM-M_RIA	Commission received in advance.	Asset	Accrual amount	Dr
COM-M_INC	Commission earned	P&L	Accrual amount	Cr

The level at which accrual entries are passed depends on your definition of branch parameters. To recall, the accrual entries can be configured to be passed either at the contract level or the product level.

Either way, the details of accruals for each contract will be available in the Accrual Control List.

The details of this report, the procedure for generation and the contents are discussed in the chapter on Reports.

12.3.7 Memo Accrual of Commission

The memo accrual function does not generate any accounting entries nor does it mark the contracts as accrued. It only computes the accrual amount as it would be computed for a regular accrual and reports the accrued figures, without updating the accrual and P&L accounts.

The commission accrued by the function, is reported in the Memo Accrual Control report. The content of this report is the same as that of the Accrual Control report.

12.3.8 Accrual Control Report

The accrual control report lists the Islamic LCs for which accrual entries were passed as of the current date.

12.3.9 Selection Options

You can configure this report to be triggered automatically, as part of the batch processes run at EOD. The report can also be generated at any time in the day from the Reports menu. If the report is generated as part of EOD, the report will by default list the details of the accruals that were made, as of the last accrual date.

You can indicate the date for which, you want details of Islamic LCs for which commission was accrued. You can also indicate the type of accrual for which you want details. The options available are:

Actual

The actual accrual report will contain details of the actual accrual entries that were passed as of the date you have indicated.

Memo

The memo accrual report just gives the details of the accruals due to an Islamic LC, as of a particular date. This will be a projected figure, without the actual accounting entries for accruals being passed. The memo accrual control report can be generated only after you run the memo accrual function.

12.3.10 Contents of the Report

The report options that you select while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the Report, information on the user who generated the report, the branch code, the date and time and the page number of the report.

Body of the Report

The report contains the following details:

Contract Ref No	This is the reference number of the Islamic LC to which the accrual details are related.
Component	This is the commission component that has been accrued.
CCY	This is the currency of the commission component.
Current accrued amount	This is the amount that was accrued for the component, on the last accrual date.
Amount accrued to date accrued amount	This is the total amount that has been accrued, for the component, till date.

12.3.11 Generating Tracers

For an Islamic LC, the following types of tracers can be generated:

- The acknowledgment tracer (sent to the advising bank when an import Islamic LC is issued and an acknowledgment is sought)
- The charge-commission tracer (sent to the party who has to bear the commission or charges for an Islamic LC that has been processed, pending the payment of the charge or commission)
- The confirmation tracer (sent to the confirming bank, seeking a letter of confirmation)

These tracers are generated at a frequency, specified for the Islamic LC. On the day they have to be generated, the EOD processing: Tracer generation function will generate them. This function should be run after the End of Financial Input (EOFI) has been marked for the day.

12.3.12 Intra Day Accruals

The Intra Day Accruals is a batch process that computes accruals for different kinds of investments made by funds. This batch includes processing of fixed asset depreciation. The intraday accruals / depreciation are performed only for those products for which accruals / depreciation cycle is due for the day. In case of inter-fund subscriptions, the system does not calculate the profit for the investing fund. This is an intra day process that is applicable only to fund branches.

Intra Day Accruals work in line with the normal end of day accruals. Intra day accrual will process in the same manner as an End of Day (EOD) batch. In LC module, it is processed based on the branch level accrual parameters.

13.1 Introduction

Information on the Islamic LCs processed and the static maintenance done for the module is available in the form of reports. These reports can be generated with information on many parameters -commissions, closed or expired Islamic LCs with outstanding items, Islamic LCs with un-replied tracers, etc.

The selection options that you specified while generating reports are displayed at the beginning of each report. These reports can be printed, spooled on to a disk file or displayed on the screen.

You can generate the following reports related to Islamic letters of credit.

- Expired LCs with Outstanding Items Report
- LCs Due to Expire Report
- LCs Due to be Closed Report
- Commission Due Report
- Commission Activity Report
- Report on Open Ended Islamic LCs
- Un-replied Tracers Report
- Confirmed LC Report
- LC Overrides Report
- Daily Activity Report
- Accruals Control Report
- Commission Activity Report
- Process Exception Report
- Confirmed LI Outstanding Report
- Expired Export Islamic Letters of Credit Report
- Guarantees Due for Closure Report
- Outstanding Guarantees Report
- Reimburse Bank Report
- Suspense Charges Account Receivable Report
- Transferred Islamic Letters Of Credit Report

13.2 Expired LCs with Outstanding Items Report

As the name suggests, this report lists all the expired LCs having still have some outstanding items. These outstanding items could be the liability amount, cash collateral and outstanding commission and charges. A commission or charge will be considered outstanding when they are debited from a receivable GL of the bank and not from a customer account.

This report is generated to check if there are outstanding items against an LC. This is done at the time of releasing the cash collateral or while inquiring whether an LC is to be extended, etc.

You have an option to close the LCs that has expired. Once an LC is closed, it will not be reported in this report even if it still has outstanding items. Instead these LCs will be reported in the Closed LC with Outstanding Items report.

You can invoke the screen by typing the code 'LIRPEX' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

13.2.1 Selection Options

You can specify that the report should contain details of expired LCs associated with all LC products or a specific product. To generate the report for a specific product, select the appropriate Product Code from the option list.

13.2.2 Contents of Report

The report options that you select while generating the report are printed at the beginning of the report. The contents of this report are discussed under the following heads:

Header

The Header carries the title of the report, information on the branch and branch date, user id, the date and time, the page number and module of the report.

Body of the report

This report contains details of:

Fields	Description
Contract Reference Number	This is the reference number assigned to the LC by the system.
Event Sequence Number	This is the event sequence number
CIF ID	This is the customer identification number

Fields	Description
Customer Name	While you are processing an LC, you would have given the CIF ID of one party, in the main screen of the LC Contract On-line function. Typically, it would be the applicant for an import LC while it would be the beneficiary or the issuing bank for an export LC. The short name of this customer will be shown here.
Customer Type	This is the party type of the customer whose short name is reported.
Country	This is the country code.
Expiry Date	This is the date on which the LC expired.
Closure Date	This is the date on which the LC is due for closure.
Currency	This is the currency in which the LC was opened.
Contract Amount	This is the Maximum LC amount, when the LC was first input and authorized. This amount does not take into account the amendments that were made subsequently to the LC.
Outstanding Liability	This is the amount available for availment against the LC, as of the date on which the report is generated. This amount is the outstanding amount after all the amendments made to the LC during its lifecycle.
Original Liability	This is the liability amount of the LC, when it was first input and authorized. This amount thus does not take into account the amendments that were made subsequently to the LC.
Current Availability	This is the liability amount due to the LC as of the date on which the report is generated. This amount is the outstanding amount after all the amendments made to the LC during its lifecycle.
OS Item	This is the outstanding item. It could be cash collateral, commission or a charge which has not been liquidated.
Currency	The description of the currency in which the outstanding item is represented.
Outstanding Amount	This is the amount for which the item is outstanding.

13.3 LCs Due to Expire Report

This report lists the details of the LCs that are due to expire for the period that you specify.

The report provides a kind of warning related to the LCs that is due to expire in the future, so that you can take the appropriate action extending the expiry date, if it is required.

You can invoke the screen by typing the code 'LIRPDUE' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

13.3.1 Selection Options

You can configure this report to be triggered automatically as part of the batch processes run at EOD or you can generate the report at any time in the day from the Reports Browser.

If the report is generated as part of EOD, the report will by default list all the LCs that is due to expire, on the date the report is generated.

If you generate the report outside the EOD, you can specify preferences for the generation of the report. On selecting this report, indicate the period (from and to dates) during which LCs that is due to expire. The system will report all LCs due to expire whether they have outstanding items or not. The details are listed in the order of the expiry date of the LC.

13.3.2 Contents of Report

The report options that you selected while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

The report contains information on:

Fields	Description
Contract Reference No	This is the reference number assigned to the LC that is due to expire.

Fields	Description
Customer Name	While you are processing an LC, you would have given the CIF ID of one party in the main screen of the LC Contract On-line function. Typically, it would be the applicant for an import LC while it would be the beneficiary or the issuing bank for an export LC. The short name of this customer will be shown here.
Customer ID	This is the Customer Identification number or code.
Country	This is the country code.
Expiry Date	This is the date on which the LC is due to expire.
Closure Date	This is the date on which the LC is due for closure.
Collateral Currency	The description of the currency in which the LC amount is expressed.
Original LC Balance	This is the Maximum LC amount, when the LC was first input and authorized. This amount does not take into account the amendments that were made subsequently to the LC.
Outstanding Amount	This is the amount of the outstanding item.
OS Item	This is the outstanding item. It could be cash collateral, commission or a charge which has not been liquidated.
Currency	This is the currency in which the outstanding item is represented.
Collateral Amount	This is the amount for which the LC was opened.
Amount Tag	This is the amount tag
Currency	This is the currency in which the amount is displayed
Amount	This is the amount

13.4 LCs Due to be Closed Report

This report lists the details of the LCs that are due for closure, during the period that you indicate.

You can invoke the screen by typing the code 'LIRPCOLC' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

13.4.1 Selection Options

You can configure this report to be triggered automatically as part of the batch processes run at EOD. You can also generate the report at any time in the day from the Reports menu.

If the report is generated as part of EOD, the report will by default, list all the LCs that is due to be closed, on the date the report is generated.

If you generate the report outside the EOD, specify the period for which the report has to be generated. On selecting this report, you can indicate the period (from and to dates) during which LCs that are due to be closed should be reported. The system will report all LCs due to be closed, whether they have outstanding items or not.

13.4.2 Contents of the Report

The report options that you selected while generating the report are printed at the beginning of the report. The details of the report are listed on the basis of the closure date of the LC. The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

The report contains information on:

Fields	Description
Contract Reference Number	This is the reference number assigned to the LC that is due to be closed.

Fields	Description
Customer Name	While you are processing an LC, you would have given the CIF ID of one party in the main screen of the LC Contract On-line function. Typically, it would be the applicant for an import LC while it would be the beneficiary or the issuing bank for an export LC. The short name of this customer will be shown here.
Customer ID	This is the Customer Identification number or code.
Country	This is the country code.
Expiry date	This is the date on which the LC expired or is due to expire.
Closure Date	This is the date on which the LC is due for closure.
OS Item	This is the outstanding item. It could be cash collateral, commission or a charge which has not been liquidated.
Collateral	This indicates the collateral
Currency	This is the currency in which the outstanding item is expressed.
Amount	This is the amount of the outstanding item.

13.5 Commission Due Report

This report prints the details of the periodic commissions that are due to be collected, for a specific period in time.

You can invoke the screen by typing the code 'LIRPCODU' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

13.5.1 Selection Options

You can specify that this report should contain details of the commission that is due to LCs for a specific period in the future or for all dates. The selection options that you can indicate for the generation of the report are:

- The product(s) for which you want details. To generate the report for a specific product, select the appropriate Product Code from the option list.
- Actual - if you select this option, the report will contain details of the commission that is due for all dates in the future.
- Memo - if you select this, the report will contain details of the commission due from LCs, from the current date (date of generating the report) to the end date that you indicate. If you select this option, you need to specify the end date.

The sequence in which the details will be reported is next collection date (from earliest to latest) and then LC reference.

On selecting this report, you can specify the period for which the periodic commissions due to LCs should be reported. For the purposes of reporting, the system takes the next calculation date as the date of collection for LCs. This is for the LCs which you specified that commission should be collected in arrears.

13.5.2 Contents of Report

The report options that you indicate while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (user Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

The details of this report are sorted on the basis of the collection date (earliest to latest). The report contains information on:

Fields	Description
Contract Reference Number	This is the reference number of the LC against which commission is due.
Component	This is the commission component that is due against the LC.
Currency	This is currency in which the commission is applied.
Commission Amount	This is the commission amount that is to be collected.
Calculation Method	This is the method of the calculation of commission.
Due Date	This is the due date of the commission.

13.6 Commission Activity Report

The Commission Activity report prints details of all the LCs for which commission was liquidated or calculated, as of the date the report was generated.

You can invoke the screen by typing the code 'LIRPCAC' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

The screenshot shows a dialog box titled "Commission Activity Report". It has a blue header bar with a diamond icon on the left and standard window controls (minimize, maximize, close) on the right. The main area contains the following controls:

- Product Code:** Two radio buttons, "All" (selected) and "Specific Product".
- Activity Date *:** A text input field.
- Activity Name:** A dropdown menu with "Liquidation" selected.
- Report Format:** A dropdown menu with "PDF" selected.
- Report Output:** A dropdown menu with "Print" selected.
- Printer At:** A dropdown menu with "Client" selected.
- Printer:** A text input field.

At the bottom right, there are two buttons: "Ok" and "Exit".

13.6.1 Selection Options

You can configure this report to be triggered automatically as part of the batch processes run at EOD, or you can generate the report at any time in the day from the Reports menu.

If the report is generated as part of EOD, it will by default list all the LCs for which commission was liquidated or calculated as of the current date (the date on which the report was generated).

If you generate the report outside the EOD, you can indicate the date for which you want the activity reported. You also have the option to indicate the activity for which you want details.

You can specify the following options:

- The product(s) for which you want details. To generate the report for a specific product, select the appropriate Product Code from the option list.
- The activity date for which you want details
- The activity for which you want to retrieve information. The options available are:
 - Liquidation
 - Calculation
 - Both

13.6.2 Contents of Report

The report options that you indicate while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time and the page number and module of the report.

Body of the report

The report contains the following details:

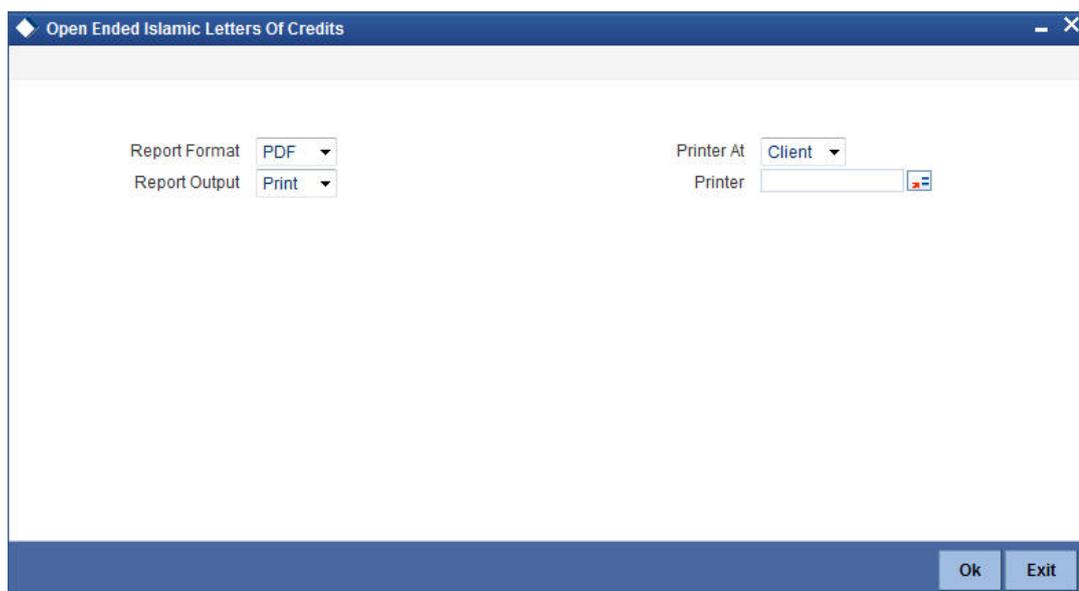
Fields	Description
Sequence Number	This is the sequence number
Contract Reference Number	This is the reference number assigned to the LC by the system.
Component	This is the commission component for which there was an activity.
Event	This is the Code that identifies the event, during which the commission component is being reported.
Component Currency	This is the currency of the commission component that had an activity.
Component Amount	This is the commission amount that was involved in the activity..
Start Date	This is the start date of the period for which the commission component is being reported.
End Date	This is the end date of the period for which the commission component is being reported.
Debit/Credit Indicator	This indicates whether the transaction was a debit or credit
Debit Branch	This is the branch to which the debit account belongs.
Debit Account	If the activity reported is collection, this is the account number or GL to which the commission amount is debited.

13.7 Report on Open Ended Islamic LCs

This report lists all the open ended Islamic LCs that has outstanding items. An open ended LC is one for which you have not defined an expiry date.

The details in the report are sorted by product. The sequence of the report is based on the LC issue date and the LC reference number.

You can invoke the screen by typing the code 'LIRPOPEN' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.7.1 Contents of the Report

The report options that you select while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The header carries the title of the report, the branch, Branch Date, the User ID, the date and time, the module and the page number of the report.

Body of the Report

The details of the report include the following:

Fields	Description
Product Code	The code of the product that you have associated with the LC.
Issue Date	This is the date on which the LC was processed. It is the issue date for an import or clean LC and guarantee, and is the date of advise or pre-advise (whichever is earlier) for an export LC.
Contract Reference Number	This is the reference number assigned to the LC by the system.
Name	While you are processing an LC, you would have given the CIF ID of one party in the main screen of the LC Contract On-line function. Typically, it would be the applicant for an import LC while it would be the beneficiary or the issuing bank for an export LC. The short name of this customer will be shown here.
Customer Number	This is the Customer Identification number or code.
Country Code	This is the country code.

Fields	Description
Os Liability	This is the outstanding liability amount as of the date the report was generated.
Current Availability	This is the current availability under the LC.
Contract CCY	This is the currency of the LC contract.
Outstanding Item	This is the description of the type of outstanding item to which, the currency and amount shown on the same line relate. It could be cash collateral, commission, or charges, which have not been liquidated.
Currency	This is the description of the currency in which the outstanding item is expressed.
Amount	This is the amount of the outstanding item.

13.8 Un-replied Tracers Report

This report provides the details of LCs against which there are some tracers that are yet to be replied by the concerned party.

Items are listed on this report only after the three statutory tracers have been generated and there has been no response. It is listed ten days after the last tracer was sent. A tracer is taken to have been responded, to when you indicate that its generation should be stopped.

You can invoke the screen by typing the code 'LIRPUNTR' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

The screenshot shows a software window titled "Un-replied Tracer Report". The window has a blue header bar with a diamond icon on the left and standard window controls (minimize, maximize, close) on the right. Below the header, there are four control groups: "Report Format" with a dropdown menu showing "PDF", "Report Output" with a dropdown menu showing "Print", "Printer At" with a dropdown menu showing "Client", and "Printer" with an empty text input field. At the bottom right of the window, there are two buttons labeled "Ok" and "Exit".

13.8.1 Contents of Report

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (user id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

The report contains information on:

Fields	Description
Product Code	This is the code of the product involved.
Contract Reference Number	This is the reference number assigned to the LC by the system.
Reason for follow-up	This is the reason for which the tracer was sent. It can be acknowledgment, confirmation or outstanding charges.
Last Tracer Date	This is the date on which the last tracer was sent.
Max Tracers	This is the maximum number of tracers that can be generated.
Customer Name	This is the name of the customer.
Customer Reference Number	This is the reference number of the customer.
Tracer Party	This is the party to whom the tracer is addressed. The first 15 characters of the name of the party to whom the tracer has been addressed are displayed. This is taken from the LC contract.
Last Tracer Date	The last tracer date

13.9 Confirmed LC Report

This report lists all the LC that has been confirmed.

You can invoke the screen by typing the code 'LIRFNREP' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

13.9.1 Selection Options

You can configure this report to be triggered automatically, as part of the batch processes run as part of EOD or you can generate the report at any time, in the day from the Reports menu.

If the report is generated as part of EOD, the report will by default list details of the LCs that have the confirming bank, as a party.

If you generate the report outside the EOD process, you can specify preferences for the generation of the report. On selecting this report, you can indicate whether the report should contain details of all the banks that are involved as confirming banks or of a selected bank. You need to select the bank code from the adjoining option list.

13.9.2 Contents of Report

The report options that you select while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (the User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

The report contains information on:

Fields	Description
Customer Number	This is the Customer Identification number or code.
Name	This is the short name of the CIF.
Currency	This is the currency of the LC.

Fields	Description
Product	This is the code of the product involved in the LC.
Contract Reference Number	This is the reference number assigned to the LC contract by the system.
Contract Status	This is the current status of the LC contract.
Contract Amount	This is the amount for which the LC was issued.
Maximum IL Amount	This is the LC amount plus the positive tolerance specified for the LC.
Current Availability	This is the current outstanding liability amount, as of the date the report was generated.
Totals	The total of contract amount, maximum IL amount and current availability
LCY Equivalent	The total of contract amount, maximum IL amount and current availability in terms of LCY

13.10 LC Overrides Report

A contract can be saved, with certain exception conditions that were encountered, be given an override. This report lists the overrides that were encountered for contracts, on the date the report was generated.

You can invoke the screen by typing the code 'LIRPOVD' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

13.10.1 Selection Options

You can generate this report to contain details of all the overrides that occurred during the day or to list the overrides that were encountered, while processing a single LC contract. If you indicate that the report should contain details of the overrides that were encountered in the processing of a single LC, you should also indicate the Reference number of the LC. Also,

you need to indicate whether the override report should contain details of all product codes or for a specific product code.

13.10.2 Contents of Report

The report options that you select while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

The report contains information on:

Fields	Description
Product Code	This is the code of the LC product that is involved in the LC.
Product Description	This is a short description of the product.
Product Type	This is the type of LC product
Reference Number	This is the reference number of the LC during the processing of which, an override occurred.
Contract Currency	This is the currency of the contract
Contract Amount	This is the amount for which the LC was opened.
Expiry Date	This is the date on which the LC is due to expire.
CIF ID	This is the customer identification number
Customer Type	This is the customer type
Customer Name	This is the name of the customer
Event Sequence Number	This is the event sequence number
Issue Date	This is the issue date
Event Code	This is the Code that identifies the event, during which the override was encountered.
Event Date	The date of event
Event Description	This is the description of the event.
Maker ID	The user ID of the maker of the record
Checker ID	The user ID of the authorizer of the record
Override Sequence Number	This is the sequence number of the override

Fields	Description
Error Code	This is the error code for which the override was encountered.
Description	This is the description of the error that was encountered.
Parameters	This is the override parameters

13.11 Daily Activity Report

This report gives the details of LCs daily activity journal report. You can initiate the necessary follow up activities after generating this report.

You can invoke the screen by typing the code 'LIRLYREP' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

13.11.1 Selection Options

On selecting this report, you can indicate whether the report should contain details of all the events or single event. If you indicate single event, then you need to select the event code from the option list. Also, you have to select the date on which the report should be generated.

13.11.2 Contents of the Report

The report options that you select while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The header carries the title of the report, the branch, Branch Date, the User ID, the date and time, the module and the page number of the report.

Body of the report

The report contains information on:

Fields	Description
Event Code	This is the code of the event
Description	This is the description of the event.
Product Code	This is the code of the product involved in the LC.
Description	This is the description of the product code involved in the LC.
Contract Currency	This is the currency in which the LC amount is expressed.
Contract Reference Number	This is the Contract Reference number of the LC.
Customer Number	This is the Customer Identification number or code.
Customer Name	The short name of the Customer maintained in LC will be displayed here.
Operation Code	This is the operation code of the LC.
Issue Date	The date on which the LC was issued.
Expiry Date	This is the date on which the LC expired.
Islamic LC Amount/ Availability Amount	This is the amount for which the LC was opened.
Total for currency	This is the sum of all the LC amount and currency involved in the LC.

13.12 Accruals Control Report

This report lists all the LCs that was accrued. Such LCs may require follow-up action. The information given by this report will be as of the day on which the report is generated.

You can invoke the screen by typing the code 'LIRPACCR' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

13.12.1 Selection Options

You can specify the date of the accrual.

You need to specify the accrual type. You have the following options:

- Memo
- Actual

13.12.2 Contents of Report

The report options that you indicate while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time and the page number and module of the report.

Body of the report

The report contains the following details:

Fields	Description
Contract Reference Number	This is the reference number assigned to the LC by the system.
Component	This is the component for which there was an accrual.
Event Sequence Number	This is the sequence number of the event.
Currency	This is the currency of the accrued amount.

Fields	Description
Current Accrued Amount	This is the current accrued amount, as of the date the report was generated.
Amount Accrued To Date	This is the accrued amount, as of the date the report was generated.
Contract Reference Number	This is the reference number assigned to the LC by the system.
Component	This is the component for which there was an accrual.
Currency	This is the currency of the accrued amount.
Current Accrued Amount Total	This is the sum of all the accrued amount, as of the date the report was generated.
Accrued Amount To Date Total	This is the sum of all the accrued amount, as of the date the report was generated.

13.13 Periodic Commission Activity Report

This report prints the details of the periodic commission activity. The information given by this report will be as of the day on which the report is generated.

You can invoke the screen by typing the code 'LIRPCACT' in the field at the top right corner of the Application toolbar and click on the adjoining arrow button.

The screenshot shows a software window titled "Periodic Commission Activity Report". The window contains a toolbar with the following elements: "Report Format" (dropdown menu showing "PDF"), "Report Output" (dropdown menu showing "View"), "Printer At" (dropdown menu showing "Client"), and "Printer" (text input field). At the bottom right of the window, there are "Ok" and "Exit" buttons.

13.13.1 Contents of Report

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time and the page number and module of the report.

Body of the report

The report contains the following details:

Fields	Description
Sequence Number	This is the sequence number
Contract Reference Number	This is the reference number assigned to the LC by the system.
Component	This is the code of the component for which there was an commission activity.
Event Code	This is the code of the event.
Component Currency	This is the currency of the component.
Component Amount	This is the component amount for which there was an commission activity.
Start Date	This is the start date of the commission activity.
End Date	This is the end date of the commission activity.
Account Branch	This is the branch with which the account is maintained
Account Number	This is the account number
Debit/Credit Indicator	This indicates whether the transaction was a debit or credit

13.14 Process Exception Report

You can generate process exception report by using the 'Letters of Credit Process Exception Report' screen. This report lists the process exceptions that were encountered for contracts, on the date the report was generated.

You can invoke the screen by typing the code 'LIRPEXP' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

Letters Of Credit Process Exception Report

Report Format PDF

Report Output Print

Printer At Client

Printer

Ok Exit

13.14.1 Selection Options

Select the process ID from the option list.

You need to indicate whether the process exception report should contain details of all types of activities or a single activity.

13.14.2 Contents of Report

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

The report contains information on:

Fields	Description
Contract Reference Number	This is the reference number of the LC for which the process exception report is generated.
Customer	While you are processing an LC, you would have given the CIF ID of one party in the main screen of the LC Contract On-line function. Typically, it would be the applicant for an import LC while it would be the beneficiary or the issuing bank for an export LC. The short name of this customer will be shown here.
Error Code	This is the error code for which the process exception report is generated.
Error Description	This is the description of the error that was encountered.
Event Code	This is the event code
Date Time	This is the date and time on which the exception has been raised

13.15 Confirmed LI Outstanding Report

You can generate confirmed Islamic LC outstanding report by using the 'Confirmed LI Outstanding' screen. To invoke the screen, type 'LIRPCNFR' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

Confirmed LI Outstanding Report

Booking Date

Report Format PDF

Report Output Print

Printer At Client

Printer

Ok Exit

Booking Date

Specify the booking date of the Islamic LC. The system will generate the report for the records booked on the selected date.

13.15.1 Contents of Report

The report options that you select while generating the report are printed at the beginning of the report. The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the Report

The report contains information on:

Fields	Description
Contract Reference Number	This is the reference number of the LC
Booking Date	This is the contract booking date
Issuing bank ID and Name	The Bank code and the name of the issuing bank
Applicant Name	The name of the person who applied for the LC
Beneficiary Name	The name of the beneficiary
Currency	The currency of the LC
Amount	The amount of the LC
Tenor	The tenor of the LC

Fields	Description
Issuing Bank Reference	The reference code at the issuing bank side
Issue Date	The issue date of the LC
Expiry Date	The expiry date of the LC
Line Code	The line code

13.16 Expired Export Islamic Letters of Credit Report

You can generate a report with the details of the expired Islamic LC outstanding report by using the 'Expired Islamic Letters of Credit Report' screen. To invoke the screen, type 'LIRPEXRP' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

Product Group

Select product group from the option list. The system will generate the report for the records that belong to the selected product group.

From Date

Specify the start date of the report date range.

To Date

Specify the end date of the report date range.

13.16.1 Contents of Report

The report options that you select while generating the report are printed at the beginning of the report. The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

The report contains information on:

Fields	Description
Expiry Date	The expiry date of the contract
Contract Reference	The LC contract reference number
Book Date	The date of booking of the LC
Issuing Bank ID	The ID of the issuing bank
Issuing bank Name	The name of the issuing bank
Currency	The currency of the LC
Amount	The amount of the LC
Customer ID	The ID of the customer
Customer Name	The name of the customer
Operation Code	The operation code

13.17 Guarantees Due for Closure Report

You can generate a report with the details of the guarantees that are due by using the 'Guarantees Due for Closure Report' screen. To invoke the screen, type 'LIRPGUCL' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

The screenshot shows a software window titled "Guarantees Due for Closure Report". The window contains the following fields and controls:

- Product Code: Text input field with a search icon.
- Customer Id: Text input field with a search icon.
- From Date: Text input field with a calendar icon.
- To Date: Text input field with a calendar icon.
- Report Format: Dropdown menu set to "PDF".
- Report Output: Dropdown menu set to "Print".
- Printer At: Dropdown menu set to "Client".
- Printer: Text input field with a search icon.
- Buttons: "Ok" and "Exit" buttons at the bottom right.

Product Code

Select product code from the option list. The system will generate the report for the records that are associated with the selected product code.

Customer ID

Select the customer ID from the option list. The system will generate the report with the details of the records of the selected customer.

From Date

Specify the start date of the report date range.

To Date

Specify the end date of the report date range.

13.17.1 Contents of Report

The report options that you select while generating the report are printed at the beginning of the report. The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time, the page number and module of the report.

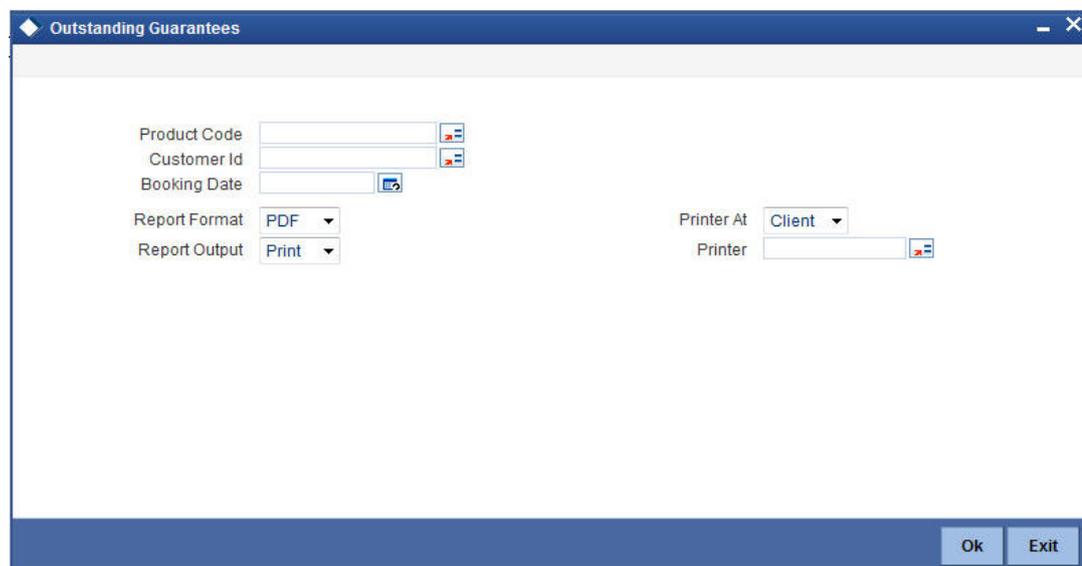
Body of the report

The report contains information on:

Fields	Description
Expiry Date	This is the expiry date
Contract Reference Number	The reference number of the contract
Branch Code	The branch code
Counterparty	The identification of the counter party
Customer Name	The name of the customer
Guarantee Type	The type of guarantee
Register Date	The date as in the register
Book Date	The date of booking
Currency	The currency of the contract
Amount	The amount
RM Code	The relationship manager code
Tenor	The tenor
Closure Date	The date of contract closure

13.18 Outstanding Guarantees Report

You can generate a report with the details of the guarantees that are outstanding by using the 'Outstanding Guarantees' screen. To invoke the screen, type 'LIRPOGRP' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.



Product Code

Select product code from the option list. The system will generate the report for the records that are associated with the selected product code.

Customer ID

Select the customer ID from the option list. The system will generate the report with the details of the records of the selected customer.

Booking Date

Select the booking date from the calendar. The system will generate the report with the details of the records booked on the selected date.

13.18.1 Contents of Report

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

The report contains information on:

Fields	Description
Contract Reference Number	The reference number of the contract
Book Date	The book date of the contract
Register Date	The register date

Fields	Description
Branch Code	The branch code
Currency	The currency of the contract
Amount	The amount
Customer ID	The ID of the customer
Customer Name	The name of the customer
Tenor	The tenor
RM Code	The relationship manager code
Guarantee Type	The type of guarantee
Expiry Date	The expiry date of the LC

13.19 Reimburse Bank Report

You can generate a reimbursing bank report. To invoke the screen, type 'LIRPREBK' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

From Date

Specify the start date of the report date range.

To Date

Specify the end date of the report date range.

13.19.1 Contents of Report

The report options that you select while generating the report are printed at the beginning of the report. The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the Report

The report contains information on:

Fields	Description
Booking Date	The date of contract booking
Contract Reference	The LC contract reference number
Reimbursing bank ID and Name	The ID and name of the reimbursing bank
Applicant ID and Name	The ID and name of the applicant of the LC
Beneficiary ID and Name	The ID and name of the beneficiary of the LC
Expiry Date	The expiry date of the LC
Currency	The currency of the LC
Local Currency Amount	The LC amount in terms of the local currency
Advising bank ID and Name	The ID and name of the advising bank

13.20 Suspense Charges Account Receivable Report

You can generate suspense charges account receivable report. To invoke the screen, type 'LIRPSCCR' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

The screenshot shows a software window titled "Suspense Charges Account Receivable Report". The window contains the following elements:

- From Date:
- To Date:
- Report Format:
- Report Output:
- Printer At:
- Printer:
- Buttons: Ok, Exit

From Date

Specify the start date of the report date range.

To Date

Specify the end date of the report date range.

13.20.1 Contents of Report

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time, the page number and module of the report.

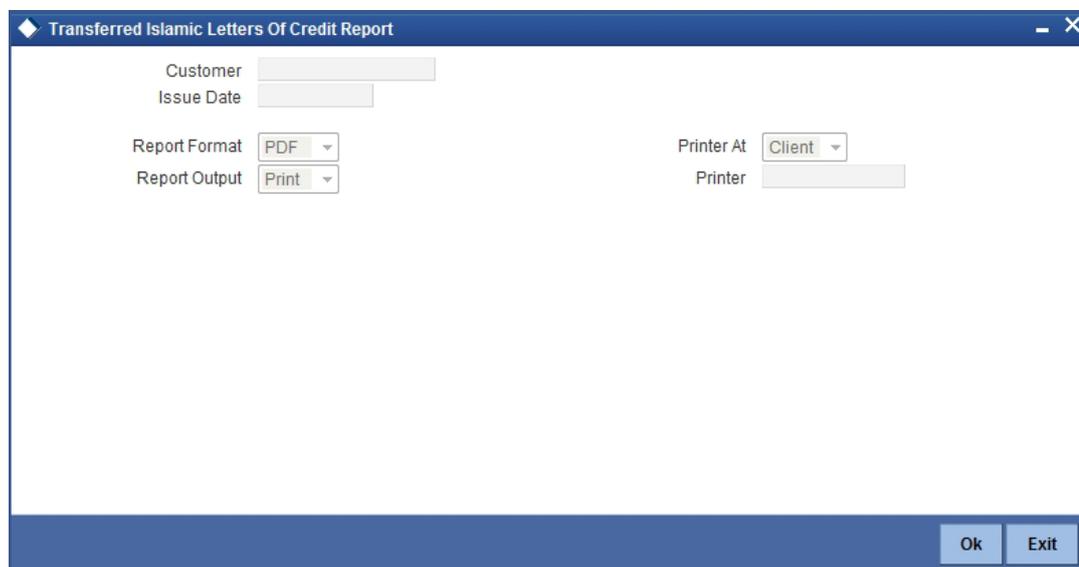
Body of the report

The report contains information on:

Fields	Description
GL Code	This is the general ledger code for which the details are displayed
Contract Reference	The reference number of the contract
Book Date	The booking date of the contract
Value Date	The value date of the contract
Event Code	The event code
Issuing Bank Id and Name	The ID and name of the issuing bank
Applicant Id And Name	The name and ID of the applicant
Beneficiary Id And Name	The name and ID of the beneficiary
Advising Bank And Name	The name and code of the advising bank
Currency	The currency of the contract
Foreign Currency Amount	The amount in terms of foreign currency
Local Currency Amount	The amount in terms of local currency
Liquidation Reference	The reference number of the liquidation
Customer Number	The customer identification number

13.21 Transferred Islamic Letters Of Credit Report

You can generate a customer-wise report of the Islamic letters of credits transferred. To invoke the screen, type 'LIRPTRDT' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.



Customer

Select the customer ID from the option list. The system will generate the report for the selected customer ID.

Issue Date

Specify the issue date of the LC.

13.21.1 Contents of Report

The report options that you select while generating the report are printed at the beginning of the report. The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

The report contains information on:

Fields	Description
From Reference Details	
Contract Reference	The contract reference number
Issue Date	The date of issue of the LC
Issuing Bank Reference Number	The reference number of the LC at the issuing bank
Issuing Bank ID And Name	The ID and name of the issuing bank

Fields	Description
Beneficiary Name	The name of the beneficiary of the LC
Original Currency	The original currency of the LC
Original Amount	The original LC amount
Tenor	The tenor of the LC
To Reference Details	
Contract Reference	The reference number of the contract
Transfer Date	The date of transfer
Transferee ID	The identification number of the person to whom the LC is transferred
Transferee Name	The name of the person to whom the LC is transferred
Expiry Date	The expiry date of the LC
Transfer Currency	The transfer currency
Transfer Amount	The amount transferred
Outstanding Liability	Information on the outstanding liability

14. Annexure A - Accounting Entries

14.1 Introduction

This Annexure contains details of the suggested accounting entries that can be set up, for the Islamic Letters of Credit (Islamic LC) module of Oracle FLEXCUBE. The annexure lists details of the suggested accounting entries, event-wise.

14.1.1 Islamic LC Events

The following is an exhaustive list of events that can take place during the lifecycle of an Islamic LC. In the subsequent paragraphs we shall examine the accounting entries for each of the events listed below.

Event Code	Event Description	Remarks
ACCR	Accrual (Of Commission)	All Types
AMND	Amendment	All Types
AOCF	Amendment from open to open and confirm	Import only
AATC	Amendment from Advice to Confirm	Export Only
APAC	Amend - Pre-advice to Adv & confirm	Export Only
APAD	Amendment from Pre-advice to advice	Export Only
AVAL	Availment	Only For Islamic LCs
BADV	Booking Of An Islamic LC With Operation Advise	Export Islamic LC Only
BANC	Booking Of An Islamic LC With Operation Advise And Confirm	Export Islamic LC Only
BCFM	Booking Of An Islamic LC With Operation Confirm	Export Islamic LC Only
BISS	Booking Of An Islamic LC Or Guarantee Issue (Open or Open & Confirm)	Only For Import Islamic LC, Standby Islamic LC, Clean Islamic LC, Shipping Guarantee And Guarantee
BPRE	Booking Of An Islamic LC With Operation Pre-Advise	Export Islamic LC Only
CALC	Periodic commission calculation	All types
CANC	Cancellation of an Islamic LC	All Types
CLIQ	Commission Liquidation	All Types
CLOS	Closure Of An Islamic LC Or Guarantee	All Types
GCLM	Guarantee Claim	

RASN	Re-assign an Islamic LC contract	All types
RAVL	Reversal of Availment	All types
REIN	Reinstating An Islamic LC	Revolving Islamic LCs
ROPN	Reopening Of An Islamic LC	All Types
REVR	Reversal of contract	All types
ROPN	Reopening of an Islamic LC	All types
REIS	Reissue of Guarantee	Guarantee only
MLIQ	Manual Liquidation of Islamic LC commission	
WAIV	Waiver of components during manual liquidation	

Whenever a conversion of currency is involved, the conversion rate used is as follows:

- If the contracts currency is different from the takedown or maturity accounts and neither of them is in the local currency of your branch, the cross rate entered in the contract screen is picked up.
- If the contract currency is different from the contract account and one of them is in the local currency of your branch, the exchange rate is picked up from the currency table maintained in the Core services module of Oracle FLEXCUBE. The FX spread is applied in a way that is favorable to your bank.

14.1.2 Amount Tags

Amount Tag	Description
AVAIL_SET_AMT	Availment amount paid
AVAIL_SET_AMTEQ	Availment amount received
COLL_AMNDAMT	Collateral amend amount Dr.
COLL_AMNDAMT_EQ	Collateral amend amount Cr.
COLLAMT_OS	Outstanding Collateral amount
COLLAMT_OS_EQ	Outstanding Collateral amount
LC_AMND_AMT	Islamic LC Amendment Amount
LC_OS_AMT	Outstanding Islamic LC amount
LC_REIN_AMT	Outstanding Reinstatement Amount
LIAB_AMND_AMT	Liability Amendment Amount
ADV_LIAB_AMND_AMT	Liability Amendment Amount for advised Islamic LCs
CNF_LIAB_AMND_AMT	Liability Amendment Amount for confirmed Islamic LCs
LIAB_AMT	Liability Amount
LIAB_AVAIL_AMT	Availment Liability Amount
ADV_LIAB_AVAIL_AMT	Availment Liability Amount for advised Islamic LCs
CNF_LIAB_AVAIL_AMT	Availment Liability Amount for confirmed Islamic LCs
LIAB_OS_AMT	Outstanding liability amount
ADV_LIAB_OS_AMT	Outstanding liability amount for advised Islamic LCs
CNF_LIAB_OS_AMT	Outstanding liability amount for confirmed Islamic LCs
LIAB_REIN_AMT	Reinstatement Amount
ADV_LIAB_REIN_AMT	Reinstatement Amount for advised Islamic LCs
CNF_LIAB_REIN_AMT	Reinstatement Amount for confirmed Islamic LCs
R	Receivable Charge
E	Receivable Commission

14.1.3 Accounting Roles

The following is an exhaustive list that contains details of the Accounting Roles that are applicable to the Islamic LCs you can process at your bank.

Accounting Role	Description	Role Type
IL_OCU	Outstanding Credit Unutilized	Contingent Liability

IL_OCU_OFFSET	Unutilized Credit Offset	Contingent Asset
IL_CNF	Confirmation of Islamic LC	Real GL
IL_CNF_OFF	Confirmation of Islamic LC Offset	Real GL
IL_COLL_ACCT	Islamic LC Collateral account	Liability
AVL_DEBIT_ACCT	Availment Debit account	Real / Type 'X'
AVL_CREDIT_ACCT	Availment Credit account	Real / Type 'X'
CHG_CUST_ACC	Customer Accounts	Real/Type 'X'
COMM_CUST_ACC	Customer Accounts	Real/Type 'X'
COLL_CUST_ACC	Customer Accounts	Real/Type 'X'
TAX_CUST_ACC	Customer Accounts	Real/Type 'X'
COMM_INC	Commission Income	Income
COMM_REC	Commission earned not collected	Asset
COMM_PAY	Commission collected in advance	Liability
CHG_INC	Charge Income	Income
CHG_REC	Charge receivable	Asset
CHG_EXP	Charge expense	Expense
CHG_PAY	Charge payable	Liability
TAX_PAY	Tax payable	Liability
TAX_EXP	Tax expense	Expense

14.1.4 **Event-Accounting Entries**

In this section, we will discuss the suggested accounting entries that should be generated for each event in the life cycle of an Islamic LC.

14.1.5 **BISS: Booking of an import Islamic LC**

14.1.5.1 **Liability**

Role	Amount Tag	Debit / Credit
IL_OCU	LIAB_AMT	Dr
IL_OCU_OFFSET	LIAB_AMT	Cr

14.1.5.2 **Collateral (If Any)**

Role	Amount Tag	Debit / Credit
COLL_CUST_ACC	COLL_AMT_OS	Dr
LC_COLL_ACC	COLL_AMT_OSEQ	Cr
COL_DEPOSIT_ACC	COLL_AVLAMTEQ	Dr
LCCOLL_INT_ACCT	COLL_AVLAMT	Cr

Here, the transfer of the collateral from the customer onto the collateral deposit account/GL is assumed to be done before the booking of the Islamic LC.

14.1.5.3 Charges

Booking (From Customer Account)

Role	Amount Tag	Debit / Credit
CHG_CUST_ACC	CHARGES	Dr
CHG_INC	CHARGES	Cr

Booking (From Receivable Account)

Role	Amount Tag	Debit / Credit
CHG_REC	CHARGES	Dr
CHG_INC	CHARGES	Cr

On Receipt (For booking Under Receivable Account)

Role	Amount Tag	Debit / Credit
CHG_CUST_ACC	CHARGES	Dr
CHG_REC	CHARGES	Cr

14.1.5.4 Commission

In Advance (Non - Accrual - On Booking)

Role	Amount Tag	Debit / Credit
COMM_CUST_ACC	COMMSN	Dr
COMM_INC	COMMSN	Cr

In Advance (Accrual - On Booking)

Role	Amount Tag	Debit / Credit
COMM_CUST_ACC	COMMSN	Dr
COMM_PAY	COMMSN	Cr

In Advance (Month-End Accrual)

Role	Amount Tag	Debit / Credit
COMM_PAY	COMMSN	Dr
COMM_INC	COMMSN	Cr

In Arrears (Non - Accrual - On Booking)

No Entries For Booking

In Arrears (Non - Accrual - On Receipt)

Role	Amount Tag	Debit / Credit
COMM_CUST_ACC	COMMSN	Dr
COMM_INC	COMMSN	Cr

In Arrears (Accrual - On Booking)

No Entries For Booking

In Arrears (Month - End Accrual)

Role	Amount Tag	Debit / Credit
COMM_REC	ACCR_COMMSN	Dr
COMM_INC	ACCR_COMMSN	Cr

In Arrears (On Receipt of Commission)

Role	Amount Tag	Debit / Credit
COMM_CUST_ACC	COMMSN	Dr
COMM_REC	COMMSN	Cr

14.1.6 Accounting Roles for Transfer of Charge & Commission Components from Islamic LC to BC

Here, Islamic LC_COMM component and Islamic LC_CHG component are defined in the Islamic LC product where the Collect Islamic LC Commission in Bills option is checked.

Accounting Role	Description
LC_CHG_RECV	Islamic LC Charges Receivable
LC_COM-M_RECV	Islamic LC Commission Receivable

14.1.7 Accounting Entries for Transfer of Charge & Commission Components from Islamic LC to BC

Dr/ Cr	Accounting role	Amount tag propagated from Islamic LC
Dr	LC_COM- M_RECV	LC_COMM_LIQD
Cr	LC_COMM_INC	LC_COMM_LIQD
Dr	LC_CHG_RECV	LC_CHG_LIQD
Cr	LC_CHG_INC	LC_CHG_LIQD

In case of Islamic LC products you have to set up accounting to liquidate commission and charges onto the income GL from receivable GL.

If the accounting role for the DR leg of the accounting entries is setup as customer role, the same is recovered from the customer and gets tracked for transfer to Bills. If realization of income is not expected to happen on CLIQ, you need not setup any accounting entries in the CLIQ event and the income entries can be setup from Bills. The system allows Islamic LC products to be saved without any accounting entries defined in the CLIQ event if the options 'Collect Islamic LC commission in Bills' and 'Collect Islamic LC charges in Bills' for all the associated Charge and commission components are checked.

14.1.8 Collateral Bridge Accounting Role

Accounting role	Description
LC_BC_COL- L_BRIDGE	Collateral bridge between Islamic LC and Bills

This accounting role is used to transfer the collaterals from the Islamic LC onto the Bill. This role maps onto the GL/Account maintained as a part of the Islamic LC product preference.

14.1.9 **AVAL: Availment under Islamic LC**

Liability

Role	Amount Tag	Dr/ Cr
IL_OCU	AVAIL_SET_AMT	Cr
IL_OCU_OFFSET	AVAIL_SET_AMTEQ	Dr
IL_OCU	ADV_LIAB_AVAIL_AMT	Cr
IL_OCU_OFFSET	ADV_LIAB_AVAIL_AMT	Dr
IL_CNF_OFF	CNF_LIAB_AVAIL_AMT	Dr
IL_CNF	CNF_LIAB_AVAIL_AMT	Cr

Collateral (If Any)

Role	Amount Tag	Debit / Credit
COLL_CUST_ACC	COLL_AMNDAMT	Cr
LC_COLL_ACCT	COLL_AMNDAMTEQ	Dr
LCCOLL_INT_ACCT	COLL_AVLAMT	Dr
LC_BC_COLL_BRIDGE	COLL_AVLAMTEQ	Cr

14.1.10 **CLOS: Closure of an Islamic LC / Guarantee**

Liability

Role	Amount Tag	Debit / Credit
IL_OCU	LIAB_OS_AMT	Cr
IL_OCU_OFFSET	LIAB_OS_AMT	Dr
IL_OCU	ADV_LIAB_OS_AMT	Cr
IL_OCU_OFFSET	ADV_LIAB_OS_AMT	Dr
IL_CNF	CNF_LIAB_OS_AMT	Cr
IL_CNF_OFFSET	CNF_LIAB_OS_AMT	Dr

Collateral (If Any)

Role	Amount Tag	Debit / Credit
COLL_CUST_ACC	COLLAMT_OS	Cr
LC_COLL_ACCT	COLLAMT_OSEQ	Dr

LCCOLL_INT_ACCT	COLLAMT_OS	Dr
COL_DEPOSIT_ACC	COLLAMT_OSEQ	Cr

14.1.11 **REIN: Reinstatement of an Islamic LC / Guarantee**

Role	Amount Tag	Debit / Credit
IL_OCU	LIAB_REIN_AMT	Dr
IL_OCU_OFFSET	LIAB_REIN_AMT	Cr
IL_OCU	ADV_LIAB_REIN_AMT	Dr
IL_OCU_OFFSET	ADV_LIAB_REIN_AMT	Cr
IL_CNF	CNF_LIAB_REIN_AMT	Dr
IL_CNF_OFF	CNF_LIAB_REIN_AMT	Cr

14.1.12 **BADV: Advising an Islamic LC**

Booking Islamic LC Advice

Role	Amount Tag	Debit / Credit
IL_OCU	ADV_LIAB_OS_AMT	Dr
IL_OCU_OFFSET	ADV_LIAB_OS_AMT	Cr

Charges

As given in event BISS.

Commission

As given in event BISS.

14.1.13 **BCFM: Confirming an Islamic LC**

Liability

Role	Amount Tag	Debit / Credit
IL_OCU	LIAB_AMT	Dr
IL_OCU_OFFSET	LIAB_AMT	Cr

Collateral (If Any)

Role	Amount Tag	Debit / Credit
COLL_CUST_ACC	COLL_AMT_OS	Cr

LC_COLL_ACCT	COLL_AMT_OSEQ	Dr
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Charges

As given in event BISS.

Commission

As given in event BISS.

14.1.14 BPRE: Pre-advising an Islamic LC

None

14.1.15 BANC: Advising and Confirming an Islamic LC

Role	Amount Tag	Debit / Credit
IL_CNF	CNF_LIAB_OS_AMT	Dr
IL_CNF_OFFSET	CNF_LIAB_OS_AMT	Cr

14.1.16 AMND: Amendment

Liability

Reverse all the previous entries for booking. Re-book entries based on BISS or BADV or BPRE or BANC.

Role	Amount Tag	Debit / Credit
IL_OCU	ADV_LIAB_OS_AMT	Dr
IL_OCU_OFFSET	ADV_LIAB_OS_AMT	Cr
IL_CNF	CNF_LIAB_OS_AMT	Dr
IL_CNF_OFFSET	CNF_LIAB_OS_AMT	Cr

Collateral (If Any)

Role	Amount Tag	Debit / Credit
COL_DEPOSIT_ACC	COLL_AMNDAMTEQ	Dr
LCCOLL_INT_ACCT	COLL_AMNDAMT	Cr

In case of decrease of collateral amount upon amendment, the system attributes the amount tags with negative amounts.

14.1.17 AOCF: Amendment from Open to Open and Confirm

None

14.1.18 APAD: Amendment from Pre-advice to Advice

None

14.1.19 APAC: Amendment from Pre-advice to Advice and Confirm

Same as For BISS

14.1.20 REVR: Reversal

Reverse out all the accounting entries booked for the contract till date.

14.1.21 ACCR: Accrual of Commission

See Commissions under event BISS.

14.1.22 CALC: Periodic Commission Calculation Date

No entries due to commission calculation.

14.1.23 CLIQ: Liquidation of Commission

See Commissions under event BISS.

14.1.24 **ROPN: Reopening of an Islamic LC**

Liability

Role	Amount Tag	Debit / Credit
IL_OCU	LIAB_OS_AMT	Dr
IL_OCU_OFFSET	LIAB_OS_AMT	Cr
IL_OCU	ADV_LIAB_OS_AMT	Dr
IL_OCU_OFFSET	ADV_LIAB_OS_AMT	Cr
IL_CNF	CNF_LIAB_OS_AMT	Dr
IL_CNF_OFFSET	CNF_LIAB_OS_AMT	Cr

Collateral (If Any)

Role	Amount Tag	Debit / Credit
COLL_CUST_ACC	COLLAMT_OS	Dr
LC_COLL_ACCT	COLLAMT_OS_EQ	Cr

14.1.25 **CANC: Cancellation of an Islamic LC**

Role	Amount Tag	Debit / Credit
IL_OCU	LIAB_OS_AMT	Cr
IL_OCU_OFFSET	LIAB_OS_AMT	Dr
IL_OCU	ADV_LIAB_OS_AMT	Cr
IL_OCU_OFFSET	ADV_LIAB_OS_AMT	Dr
IL_CNF	CNF_LIAB_OS_AMT	Cr
IL_CNF_OFFSET	CNF_LIAB_OS_AMT	Dr

Collateral (If Any)

Role	Amount Tag	Debit / Credit
LCCOLL_INT_ACCT	COLLAMT_OS	Dr
COL_DEPOSIT_ACC	COLLAMT_OSEQ	Cr

14.1.26 **TRGN: Generation of Tracers**

None

14.1.27 **AATC: Amendment from Advice to Confirm**

Role	Amount Tag	Debit / Credit
IL_OCU	LIAB_OS_AMT	Cr
IL_OCU_OFFSET	LIAB_OS_AMT	Dr
IL_OCU	ADV_LIAB_OS_AMT	Cr
IL_OCU_OFFSET	ADV_LIAB_OS_AMT	Dr
IL_CNF	CNF_LIAB_OS_AMT	Dr
IL_CNF_OFFSET	CNF_LIAB_OS_AMT	Cr

14.1.28 **RASN: Reassign an Islamic LC**

None

14.1.29 **RAVL: Reversal of Availment**

Fetch entries for last availment event and reverse them.

14.1.30 **MLIQ: Manual Liquidation of Islamic LC commission**

Role	Amount Tag propagated from Islamic LC	Dr / Cr
COMM_CUST_ACC	LC_COMM_LIQD	Dr
LC_COMM_RECV	LC_COMM_LIQD	Cr
CHG_CUST_ACC	LC_CHG_LIQD	Dr
LC_CHG_RECV	LC_CHG_LIQD	Cr

These Accounting entries are maintained when there is an Accounting entry maintained in CLIQ for transferring into Receivable. If the accounting entry is not maintained in CLIQ then the Cr Leg will be Income GL.

14.1.31 **WAIV: Waiver of Components during Manual Liquidation**

The amount tags for the WAI event are created upon creation of the charge and commission components. Consider Islamic LC_CHG and Islamic LC_COMM as charge and commission components defined in the system. The corresponding amount tags will be as follows:

Amount Tag	Description
LC_CHG_WAIV	LC Charge being waived
LC_COMM_WAIV	LC Commission being waived

Accounting Entries for the Waiver event

Dr/ Cr	Accounting role	Amount tag propagated from Islamic LC
Dr	LC_COM- M_RECV	LC_COMM_WAIV
Cr	LC_COMM_INC	LC_COMM_WAIV
Dr	LC_CHG_RECV	LC_CHG_WAIV
Cr	LC_CHG_INC	LC_CHG_WAIV

These accounting entries are maintained if receivable accounting entries have been maintained on the CLIQ event of the Islamic LC. The amounts for waiver will be displayed as negative amounts. Partial waivers are not allowed.

15. Annexure B - Events and Advices

15.1 Introduction

This Annexure contains details of the suggested messages that can be generated for the Islamic Letters of Credit (Islamic LC) module. The annexure lists details of the suggested messages event-wise.

15.1.1 Islamic LC Events

The following is an exhaustive list of events that can take place during the lifecycle of an Islamic LC. In the subsequent paragraphs we shall examine the messages for each of the events listed below.

Event Code	Event Description	Remarks
ACCR	Accrual (Of Commission)	All Types
AMND	Amendment	All Types
AOCF	Amendment from open to open and confirm	Import only
APAC	Amend - Pre-advice to Adv & confirm	Export Only
APAD	Amendment from Pre-advice to advice	Export Only
AVAL	Availment	Only For Islamic LC's
BADV	Booking Of An Islamic LC With Operation Advise	Export Islamic LC Only
BANC	Booking Of An Islamic LC With Operation Advise And Confirm	Export Islamic LC Only
BCFM	Booking Of An Islamic LC With Operation Confirm	Export Islamic LC Only
BISS	Booking Of An Islamic LC Or Guarantee Issue (Open or Open & Confirm)	Only For Import Islamic LC, Standby Islamic LC, Clean Islamic LC, Shipping Guarantee And Guarantee
BPRE	Booking Of An Islamic LC With Operation Pre-Advise	Export Islamic LC Only
CALC	Periodic commission calculation	All types
CANC	Cancellation of an Islamic LC	All Types
CLIQ	Commission Liquidation	All Types
CLOS	Closure Of An Islamic LC Or Guarantee	All Types
RASN	Re-assign an Islamic LC contract	All types
RAVL	Reversal of Availment	All types

REIN	Reinstating An Islamic LC	Revolving Islamic LC's
ROPN	Reopening Of An Islamic LC	All Types
REVR	Reversal of contract	All types
ROPN	Reopening of an Islamic LC	All types
TRGN	Generation of tracers	All types
REIS	Reissue of Guarantee	Guarantee Only

15.1.2 Islamic LC Messages

The exhaustive list of messages that can be generated during the lifecycle of an Islamic LC is listed below:

Message	Mai I	Tele x	SWIF T	From	To
L/C Instrument	Y	Y	Y	ISB	ABK/BEN
Amendment Instrument	Y	Y	Y	ISB	ABK/BEN
Guarantee Instrument	Y	Y	Y	ISB	ABK
Guarantee Amendment	Y	Y	Y	ISB	ABK
Debit Advice	Y	Y	Y	ISB /ABK	APP/BEN
Credit Advice (Generated automatically on Reversal)	Y	Y	Y	ISB /ABK	APP/BEN
Charge Claim Advice	Y	Y	Y	ISB /ABK	APP/BEN
Cash Collateral Advices	Y	Y	Y	ISB /ABK	APP/ISB
Reimbursement Advice	Y	Y	Y	ISB	RIB
Cancellation Advice	Y	N	N	ISB/ABK	ABK/APP/BEN/ RIB/ATB
Pre Advice Telex: MT-705	Y	Y	Y	ISB	ABK/BEN
Reimbursement Advice Telex: MT-756	Y	Y	Y	ISB	ABK/BEN
ACK of an Import LC: MT-730	Y	Y	Y	ABK	ISB
ACK of Receipt Of Amend- ment To LC	Y	N	N	ABK	ISB
Authorization to Reimburse: MT-740	Y	Y	Y	ISB	REB
Amendment to Authorization to Reimburse: MT-740	Y	Y	Y	ISB	REB
When No ABK	Y	N	N	ISB	BEN

Pre-Advise To BEN	Y	N	N	ABK	BEN
Change From Pre-Advice To Advice	Y	N	N	ABK	ATB/ BEN
Change From Pre-Advice To Advice And Confirm	Y	N	N	ABK	ATB/BEN
Change From Advice To Advice And Confirm	Y	N	N	ABK	ATB/ BEN
Amending An Import Credit, No ABK	Y	N	N	ISB/ABK	BEN
Amending An Export Credit Previously Advised Or Confirmed, Via ATB	Y	N	N	ABK	ATB
Acknowledgment Tracer	Y	N	N	ISB	ABK
Confirmation Tracer	Y	N	N	ISB	ABK
Charges And Commission Tracer	Y	N	N	Issuing/ABK	APP/BEN/ABK/ ATB/ISB
Insurance Advice	Y	N	N	ISB	Insurance Company
Fax 700/707/LC confirmation Mail Message to counterparty	Y	N	N	ISB	Counterparty
MT799	Y	N	Y	ABK - Advising Bank (SWIFT) ISB - Issuing Bank(SWIFT) APB - Applicant Bank(MAIL)	ISB - Issuing Bank APB - Applicant Bank APP - Applicant

15.1.3 Generating Multiple Copies of the Islamic LC Instrument

You can generate multiple copies of the Islamic LC instrument with the same data and specify different headers for each of the copy that you generate. To generate multiple copies, you need to maintain specific details in the following screens:

1) Format File Maintenance Screen

To generate multiple copies, you need to maintain a file format that will be used for the message and advices. For the LC_Instrument advice, you must associate the 'NUMCOPIESX' advice tag, where X denotes the number of the copy that is generated. Here you can specify different headers for each copy.

Refer to the Maintaining Advice Formats chapter of Messaging System user manual for the procedure to define file formats.

2) Customer Address Maintenance Screen

In this screen, you need to specify the number of copies allowed for the message type LC_Instrument. The system generates the number of copies specified for the instrument at the time of authorization for the customer address maintained in the screen.

Refer to the Maintaining Addresses for a Customer chapter of Messaging System user manual for maintaining addresses for the customer.

3) Outgoing Message Browser

When you are generating multiple copies of the original message, the system classifies the outgoing message as original or a copy in the Outgoing Message Browser.

The 'Copy' box indicates whether the outgoing message is a copy and in the 'No of Copy' field the number of that message is also displayed. This will help you keep count of the number of copies that is generated for the same message.

Refer to the Processing Outgoing Messages chapter in Messaging System user manual for further details on the Outgoing Message Browser.

15.1.4 Generating Fax 700/707 LC Confirmation Mail Message Copy to Counterparty

You can generate Fax 700/707 LC confirmation Mail Message copy to counterparty.

To do this, you need to maintain specific details in the following screens:

1) Format File Maintenance Screen

To generate Fax 700/707 LC confirmation Mail Message copy, you need to maintain a file format that will be used for the message and advices. For the LC_Instrument advice, you must associate the 'FAX_DUPIslamic LCATE' advice tag, which carries the address of the receiver and a copy of the original message.

The advice format vs. message type mapping for the new message types should be as follows.

Module	Message type	Media
Islamic LC	LC_INSTRUMENT_FAX	FAX
Islamic LC	LC_AMND_INSTR_FAX	FAX

Refer to the Maintaining Advice Formats chapter of Messaging System user manual for the procedure to define file formats.

2) Customer Address Maintenance Screen

In this screen, you need to specify the format for the message type LC_INSTR_COPY and LC_AM_INST_COPY. The system generates the fax message for Islamic LC confirmation for the customer address maintained in the screen.

The customer address maintenance for media FAX should be as follows:

Module	Message Type	Format
Islamic LC	LC_INSTR_COPY	FAX_DUPIslamic LCATE
Islamic LC	LC_AM_INST_COPY	FAX_DUPIslamic LCATE

Refer to the Maintaining Addresses for a Customer chapter of Messaging System user manual for maintaining addresses for the customer.

Party Type Abbreviations:

The list of the parties that can be involved in an Islamic LC is as under:

Code	Party Type
APP	Applicant
ACC	Accountee
ISB	Issuing Bank
ABK	Advising Bank
BEN	Beneficiary
ATB	Advise through bank
RIB	Reimbursing Bank
REIS	Reissue of Guarantee

15.1.5 Islamic LC event - Messages

15.1.6 BISS: Booking of an Import Islamic LC

Event	Message/Advice	From	To
BISS	LC_REIMB_ADV	ISB	RIB
BISS	ISB_BEN_CL	ISB	BEN
BISS	LC_AMND_INSTR	ISB	ABK/BEN
BISS	LC_CHC_MSG	ISB	ABK
BISS	LC_CASH_COL_ADV	ISB/ABK	APP/ISB
BISS	LC_DR_MSG	ISB	APP/ABK
BISS	LC_INSTRUMENT	ISB	ABK/BEN
BISS	GUARANTEE	ISB	ABK/BEN
BISS	LC_REIMB_ADV	ISB	ABK
BISS	LC_RIM_MSG	ISB	RIB
BISS	LC_INSTR_COPY	ISB	BEN

15.1.7 AVAL: Availment under Islamic LC

Event	Message/Advice	From	To
AVAL	LC_CHC_MSG	ABK	ISB
AVAL	LC_DR_MSG	ABK	BEN

15.1.8 CLOS: Closure of an Islamic LC/Guarantee

None

15.1.9 REIN: Reinstatement of an Islamic LC/Guarantee

Event	Message/Advice	From	To
REIN	LC_AMND_INSTR	ISB	ABK/BEN
REIN	LC_CHC_MSG	ISB/ABK	APP/BEN
REIN	LC_DR_MSG	ISB/ABK	APP/BEN
REIN	LC_INSTRUMENT	ISB	ABK/BEN

15.1.10 BADV: Advising an Islamic LC

Event	Message/Advice	From	To
BADV	LC_ACK_ADVICE	ABK	ISB
BADV	LC_CHC_MSG	ABK	ISB
BADV	LC_DR_MSG	ABK	BEN
BADV	LC_ACK_ADVICE	ABK	ISB

15.1.11 BCFM: Confirming an Islamic LC

Event	Message/Advice	From	To
BCFM	LC_ACK_ADVICE	ABK	ISB
BCFM	LC_CHC_MSG	ABK	ISB
BCFM	LC_CASH_COL_ADV	ABK	ISB
BCFM	LC_DR_MSG	ABK	BEN
BCFM	LC_ACK_ADVICE	ABK	ISB

15.1.12 BPRE: Pre-advising an Islamic LC

Event	Message/Advice	From	To
BPRE	LC_ACK_ADVICE	ABK	ISB
BPRE	LC_ATB_MSG	ABK	ATB
BPRE	LC_CHC_MSG	ISB/ABK	ABK/ISB
BPRE	LC_ACK_ADVICE	ABK	ISB
BPRE	LC_PA_MSG	ISB	ABK
BPRE	PADV_CL	ABK	ATB
BPRE	PADV_CL	ABK	BEN

15.1.13 **BANC: Advising and Confirming an Islamic LC**

Event	Message/Advice	From	To
BANC	LC_ACK_ADVICE	ABK	ISB
BANC	LC_CHC_MSG	ABK	ISB
BANC	LC_CASH_COL_ADV	ABK	ISB
BANC	LC_DR_MSG	ABK	BEN
BANC	LC_ACK_ADVICE	ABK	ISB

15.1.14 **REIS: Reissue of Guarantee**

Event	Message/Advice	From	To
REIS	LC_INSTRUMENT	ISB	ABK/BEN
REIS	GUARANTEE	ISB	ABK/BEN
REIS	LC_PRE_ADVICE	ABK	ISB

15.1.15 **AMND: Islamic LC Amendments**

Event	Message/Advice	From	To
AMND	LC_AMD_MSG	ISB	ABK
AMND	AMD_EXP_CR	ABK	ATB
AMND	AMD_EXP_CR	ABK	BEN
AMND	LC_ACK_AMND	ABK	ISB
AMND	LC_CASH_COL_ADV	ABK	ISB
AMND	LC_DR_MSG	ABK	BEN
AMND	LC_AMD_AUTH_REB	ISB	RIB
AMND	AMD_IMP_CR	ISB	BEN
AMND	GUA_AMD_INSTR	ISB	ABK
AMND	LC_AMND_INSTR	ISB	ABK/BEN
AMND	LC_CHC_MSG	ISB/ABK	ISB/ABK
AMND	LC_DR_MSG	ISB/ABK	APP/BEN
AMND	LC_INSTRUMENT	ISB	ABK/BEN
AMND	GUA_AMD_INSTR	ISB	ABK/BEN
AMND	LC_REIMB_ADV	ISB	ABK
AMND	LC_REIMB_ADV	ISB	RIB

AMND	LC_AM_INST_COPY	ISB	BEN
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15.1.16 REVR: Reversal

Event	Message/Advice	From	To
REVR	LC_CNC_MADV	ISB	APP/ABK
REVR	LC_CR_MSG	ISB/ABK	APP/BEN

15.1.17 ACCR: Accrual of Commission

None

15.1.18 CALC: Periodic Commission Calculation Date

None

15.1.19 CLIQ: Liquidation of Commission

Event	Message/Advice	From	To
CLIQ	LC_DR_MSG	ISB/ABK	APP/BEN

15.1.20 ROPN: Reopening of an Islamic LC

Event	Message/Advice	From	To
ROPN	LC_CHC_MSG	ISB/ABK	ISB/ABK
ROPN	LC_DR_MSG	ISB/ABK	APP/BEN
ROPN	LC_INSTRUMENT	ISB	ABK/BEN
ROPN	GUARANTEE	ISB	ABK/BEN

15.1.21 TRGN: End of Day Check for Tracers

Event	Message/Advice	From	To
CHTR	ACK_TRACER	ISB	ABK
CHTR	CHG_COM_TRACER	ISB/ABK	APP/BEN/ABK/ATB/ISB
CHTR	CON_TRACER	ISB	ABK

15.1.22 CANC: Cancellation of an Islamic LC

Event	Message/Advice	From	To
CANC	LC_CANCEL_ADV	ISB	ABK/APP/BEN/RIB
CANC	LC_CANCEL_ADV	ABK	BEN/ABK/ATB/RIB

15.1.23 APAC: Amendment from Pre-Advice to Advice and Confirm

Event	Message/Advice	From	To
APAC	PADV_TO_ADVCON	ABK	ATB
APAC	PADV_TO_ADVCON	ABK	BEN
APAC	PADV_TO_ADVCON	ABK	ATB
APAC	PADV_TO_ADVCON	ABK	BEN
APAC	AMD_EXP_CR	ABK	ATB
APAC	AMD_EXP_CR	ABK	BEN
APAC	LC_ACK_AMND	ABK	ISB
APAC	LC_CASH_COL_ADV	ABK	ISB
APAC	LC_DR_MSG	ABK	BEN

15.1.24 **APAD: Amendment from Pre-advice to Advice**

Event	Message/Advice	From	To
APAD	LC_AMD_MSG	ISB	ABK
APAD	AMD_EXP_CR	ABK	ATB
APAD	AMD_EXP_CR	ABK	BEN
APAD	LC_ACK_AMND	ABK	ISB
APAD	LC_DR_MSG	ABK	BEN
AATC	LC_AMD_MSG	ISB	ABK
AATC	ADV_TO_ADVCON	ABK	ATB
AATC	AMD_EXP_CR	ABK	ATB
AATC	AMD_EXP_CR	ABK	BEN
AATC	LC_ACK_AMND	ABK	ISB
AATC	LC_DR_MSG	ABK	BEN

15.1.25 **RASN: Reassign an Islamic LC**

None

15.1.26 **RAVL: Reversal of Availment**

None

15.1.27 **CALC: Periodic Commission Calculation**

None

15.1.28 **Advice Generated for the Insurance Company**

The **LC_INSURANCEADV** message is generated by the bank and sent to the Insurance Company at the time of Opening (BISS) and Amendment (AMND) of Islamic LC contract.

An insurance company advice gives details of the deal.

INSURANCE ADVICE

To,

INSURANCECO

_INSURANCECO_ADDR1_

_INSURANCECO_ADDR2_

_INSURANCECO_ADDR3_

_INSURANCECO_ADDR4_

Dear Sirs,

SUB:Open Policy/Cover No : _INSURANCECO_POIslamic LCYNO_

Our Letter Of Credit No. : _USERREFNO_ DATED : _ISSUE_DATE_

This is to advise you that we have today established the subject

Letter of Credit the details of which are as under. Kindly provide

us with Insurance Policy/Certificate/Declaration/Cover Note, which

ever is applicable, at your earliest

L/C No.:_CONTREFNO_

IRREVOCABLE

Amount:ABOUT _LC_CCY_ LC_AMOUNT_CFR

Expiring On:_EXPIRY_DATE_

Opener of L/C:_APP_NAME_

_APP_ADDR1_

_APP_ADDR2_

_APP_ADDR3_

_APP_ADDR4_

Merchandise:_GOODS_DESCR_

Shipment From:_FROM_PLACE_

To:_TO_PLACE_

By:_SHIPMENT_DET_

Not Later Than:_LATEST_SHP_DATE_

Partial Shipment:_PARTIAL_SHP_

Transshipment:_TRANS_SHP_

Yours faithfullyFor Investbank PSC

[FILE COPY]

15.1.29 Advice Generated for the Counterparty

The **LC_INSTR_COPY** and **LC_AM_INST_COPY** message types will be processed and an advice will be generated by the bank and sent to the counterparty at the time of Islamic LC confirmation.

The advice format maintenance will be as follows:

FAX_DUPIslamic LCATE
ADDRESS
ORIGINALMESSAGE

Islamic LC Contract processing will specify the receiver of the new message types as the applicant. The message processing function will process confirmation/duplicate messages based on the following:

- If the original message is not processed, then the original message will be processed first before generation of confirmation/duplicate message
- If the status of original message is Repair then the duplicate message will also be in the same status
- If the original message is generated, then the same message is copied to the duplicate message
- The _ORIGINALMESSAGE_ advice tag will be populated with the actual message body of original message
- The additional tags which will be updated for duplicate messages are Receiver address and sender address
- The advice generation process will fetch the above tags and forms the message for duplicate messages

16. Function ID Glossary

B

BCDAMTEX	3-15
BCDCIFIN	3-11
BCDFFTCD	3-7
BCDINSCO	3-9
BCSCOMCD	3-5
BCSDOCCD	3-1
BCSFFTCD	3-7

E

EIDMANPE	12-4
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L

LCDBRPRM	12-2
LCDEXPDT	3-13
LCRFNREP	13-14
LCRLYREP	13-17
LCRPACCR	13-19
LCRPCAC	13-9
LCRPCACT	13-20
LCRPCODU	13-7
LCRPCOLC	13-6
LCRPDUE	13-4
LCRPEX	13-2
LCRPEXP	13-21
LCRPOPEN	13-11
LCRPOVD	13-15
LCRPUNTR	13-12
LIDAMEND	8-4
LIDAVMNT	7-1
LIDEPMNT	10-3
LIDPRMNT	4-1
LIDTRANF	9-1
LIRFNREP	13-14
LIRLYREP	13-17
LIRPACCR	13-19
LIRPCAC	13-9
LIRPCACT	13-20
LIRPCNFR	13-23
LIRPCODU	13-7
LIRPCOLC	13-6
LIRPDUE	13-4
LIRPEX	13-2
LIRPEXP	13-21
LIRPEXRP	13-24
LIRPGUCL	13-25

LIRPOGRP	13-27
LIRPOPEN	13-11
LIRPOVD	13-15
LIRPREBK	13-28
LIRPTRDT	13-31
LIRPUNTR	13-12
LISTRONL	5-1

T

TFDBKLST	5-45
_TOC20026868	13-1
_TOC20026869	13-1
_TOC23853770	13-1
_TOC23853771	13-1
_TOC251585133	8-15
_TOC251659078	8-15
_TOC251661230	8-15
_TOC256405	5-15
_TOC256406	5-15
_TOC325059938	1-1
_TOC325059939	1-1
_TOC325059940	1-1
_TOC325059941	1-1
_TOC325059943	1-2
_TOC325059944	1-2
_TOC325059945	2-1
_TOC325059946	2-1
_TOC325059947	2-1
_TOC325059948	2-2
_TOC325059949	2-2
_TOC325059950	2-3
_TOC325059951	2-3
_TOC325059952	2-3
_TOC325059953	2-4
_TOC325059954	2-4
_TOC325059955	2-4
_TOC325059956	2-4
_TOC325059957	2-4
_TOC325059958	2-5
_TOC325059959	2-5
_TOC325059960	2-5
_TOC325059961	2-5
_TOC325059962	2-5
_TOC325059963	2-5
_TOC325059964	2-6
_TOC325059965	2-6

_TOC325059966	3-1	_TOC325060015	5-41
_TOC325059967	3-1	_TOC325060016	5-42
_TOC325059968	3-1	_TOC325060017	5-43
		_TOC325060020	5-43
_TOC325059969	3-3	_TOC325060021	5-43
_TOC325059970	3-4	_TOC325060022	5-44
_TOC325059971	3-4	_TOC325060023	5-44
_TOC325059972	3-6	_TOC325060024	5-45
_TOC325059973	3-6	_TOC325060025	6-1
_TOC325059974	3-6	_TOC325060026	6-1
_TOC325059975	3-8	_TOC325060027	6-3
_TOC325059976	3-8	_TOC325060028	6-5
_TOC325059977	3-8	_TOC325060029	6-6
_TOC325059978	3-9	_TOC325060030	6-6
_TOC325059979	3-11	_TOC325060031	6-8
_TOC325059980	3-12	_TOC325060032	6-9
_TOC325059981	3-13	_TOC325060033	6-9
_TOC325059982	3-14	_TOC325060034	6-10
_TOC325059983	4-1	_TOC325060035	6-11
_TOC325059984	4-1	_TOC325060036	6-11
_TOC325059985	4-1	_TOC325060037	6-13
_TOC325059986	4-4	_TOC325060038	6-15
_TOC325059987	4-12	_TOC325060039	6-16
_TOC325059988	4-17	_TOC325060040	6-17
_TOC325059989	4-17	_TOC325060041	6-17
_TOC325059990	4-17	_TOC325060042	6-17
_TOC325059991	5-1	_TOC325060043	6-18
_TOC325059992	5-1	_TOC325060044	6-19
_TOC325059993	5-1	_TOC325060045	6-21
_TOC325059994	5-4	_TOC325060046	6-23
_TOC325059995	5-4	_TOC325060047	7-1
_TOC325059996	5-5	_TOC325060048	7-1
_TOC325059997	5-7	_TOC325060049	7-1
_TOC325059998	5-15	_TOC325060050	7-5
_TOC325059999	5-15	_TOC325060051	7-6
_TOC325060000	5-18	_TOC325060052	7-6
_TOC325060001	5-19	_TOC325060053	7-6
_TOC325060002	5-25	_TOC325060054	7-8
_TOC325060003	5-25	_TOC325060055	7-9
_TOC325060004	5-25	_TOC325060056	7-11
_TOC325060005	5-27	_TOC325060057	7-15
_TOC325060006	5-27	_TOC325060058	7-16
_TOC325060007	5-31	_TOC325060059	7-17
_TOC325060008	5-32	_TOC325060060	7-17
_TOC325060009	5-35	_TOC325060061	7-18
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