Money Market User Guide
Oracle FLEXCUBE Universal Banking
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Money Market User Guide
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1. Preface

1.1 Introduction

This manual is designed to help you quickly get acquainted with the Money Market Module of Oracle FLEXCUBE. It provides an overview to the module, and takes you through the various steps involved in processing an MM deal.

You can further 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 following User/User Roles:

Role	Function
Back office clerk	Input functions for contracts
Back office managers/officers	Authorization functions
Product Managers	Product definition and authorization
End of day operators	Processing during end of day/ beginning of day
Financial Controller/Product Managers	Generation of reports

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 into the following chapters:

Chapter	Description
Chapter 1	*About this Manual* gives information on the intended audience. It also lists the various chapters covered in this User Manual
Chapter 2	*An Overview of the Money Market Module* is a snapshot of the features that the module provides.
Chapter 3	*Defining the Attributes of a Money Market Product* talks about defining the attributes specific to setting up a Money Market product.
Chapter 4	*Processing an MM Deal* describes the processing of Money Market deals.
Chapter 5	*Processing Repayments* explains how repayment schedules are defined and liquidated.

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Chapter 6	*Making Interest Rate Changes* describes value-dated changes to a Money Market deal.
Chapter 7	*Rolling Over a Deal* describes how Money Market Deals are rolled over.
Chapter 8	*Automatic Processing* discusses the features of the Automatic Contract Update function.
Chapter 9	*Customer Correspondence* explains the advices and messages that you can generate in the MM module.
Chapter 10	*Annexure A - Accounting Entries and Advices for the MM Module* gives an event-wise listing of suggested accounting entries, and advices that can take place during the life cycle of the MM module.
Chapter 11	*Reports in Money Market Module* lists the possible reports that can be generated for the module.
Chapter 12	*Function ID Glossary* has alphabetical listing of Function/Screen ID's used in the module with page references for quick navigation.

1.5 Glossary of Icons

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

Icons	Function
✕	Exit
+	Add row
−	Delete row
🔍	Option List

1.6 Related Documents

You may need to refer to any or all of the User Manuals while working on the Money Market module:

- Core Services
- Core Entities
- Deposits
- Procedures
- Products
- Settlements
- Interest
- Charges and Fees
- Tax
- User Defined Fields

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2. An Overview of the Money Market Module

2.1 Introduction

The Money Market module of Oracle FLEXCUBE is versatile and efficient. With it, you can handle all kinds of placements and borrowings — whether Call, Notice, or Terms — of varying tenors, interest types, and interest payment methods. The module is efficient in that it automates processing, accounting and messaging of deals captured in your dealing room system.

Automatic Deal Upload

The corner stone of this module is the Deal Upload facility. With this facility, you can *automatically* upload the deals captured in your dealing room system. On upload, you can enrich the deals with additional information relating to accounting and messaging (such as interest accrual, brokerage, tax, rollover, customer advice generation details, etc.). This information determines how deals are handled by the *automatic* processes that you execute. Processing, thus, requires minimal manual intervention, and is efficient.

Architectural Advantages

In architecture, Oracle FLEXCUBE is modular yet integrated. That is, front-end modules such as Money Market function around a *Core* consisting of the Security Management System, the Limits Service, the Management Information System, etc. This architecture eliminates replication of commonly accessed information in every module. Information that is common to several modules is maintained in the Core of the system (for example, currency related information). This is accessed by front-end modules such as MM, FX, LC, BC, Loans, Deposits, etc. The architecture, thus, ensures that all front-end modules use reliable and consistent data drawn from the Core.

Oracle FLEXCUBE's architecture also ensures that you can constantly monitor, *real-time*, your exposure. Crucial services such as Limits reside at the Core of Oracle FLEXCUBE. This means that your liability towards a customer is tracked real-time across front-end modules.

Quick and Easy Retrieval of Information

The facility to retrieve accurate information quickly is a key benefit that Oracle FLEXCUBE offers. Oracle FLEXCUBE supports standard financial reports. In addition, you can customize reports to suit your specific requirement. You can generate these reports at any time during the day.

The powerful query facility that Oracle FLEXCUBE offers is another useful management tool. This facility not only functions as a search tool —you to "drill down" to the very details of a contract or transaction — it retrieves information along the select criteria that you specify.

This chapter contains the following sections:

- Section 2.1.1, "The Product Definition Facility"
- Section 2.1.2, "Automatic Processing Features"
- Section 2.1.3, "Settling Money Market Deals"
- Section 2.1.4, "Rolling Over Deals"
- Section 2.1.5, "Tracking and Retrieval of Information"

2.1.1 The Product Definition Facility

A central feature of the front-end modules of Oracle FLEXCUBE is the 'product definition' facility. This feature drastically reduces marketing time, thus allowing your bank to focus on and take advantage of the opportunities in the market.

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Defining Money Market schemes as *'Products'*

A 'product' is a *specific* type of deal that a bank enters into, or a scheme that a bank offers its customers. An MM product can imply a '*specific*' type of placement/borrow deal that a bank enters into. For example, your bank may offer customers an 'overnight borrow' facility. This facility can be defined as a product in Oracle FLEXCUBE. (If your bank offers several *types* of overnight borrow schemes, each of these schemes can be defined as a product.)

When setting up the module, you can define the various types of deals you enter into as products. For each product, you can define 'attributes' such as interest, interest accrual, liquidation, rollover, tax, brokerage details, etc. When you enter into a deal, the deal acquires the attributes defined for the product that it involves.

The advantage of defining a product

The product definition facility is a one-time effort. When defining a money market deal type or scheme as a product, you can specify (amongst other details):

- The tenor
- The rate of interest
- The repayment schedules
- The tax details
- The accounting entries to be passed
- The advices to be generated

The user does not have to specify these details every time a deal is entered. The product definition facility thus reduces the time required to capture a deal.

The product definition feature also facilitates:

- Quick retrieval of information relating to deals of a particular *type*
- Standardization of money market schemes across branches

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- Modification of standard features of a scheme to suit specific requirements

2.1.2 <u>Automatic Processing Features</u>

Oracle FLEXCUBE completely automates and tracks all the events in the lifecycle of a money market deal. It

- Generates deal tickets
- Accrues interest
- Liquidates due schedules
- Matures contracts due for maturity
- Rolls over deals according to your specifications, and
- Automatically generates the specified messages and advices

Using Oracle FLEXCUBE, you can process money market deals with fixed, floating, or period interest rates, and with a variety of interest application methods.

You can also define bullet schedules for all components. Oracle FLEXCUBE allows you to define brokerage on a cumulative or slab basis for each currency. You can automate liquidation of brokerage according to the preferences defined for your broker.

The transfer of funds between parties is always confirmed and corroborated with the exchange of messages, advices or receipts. When defining a product in the MM module, you can specify the advices and messages that should be generated at different 'events' (such as interest liquidation and rollover) in the life cycle of deals involving it. Once an event defined for message generation occurs in a deal, the system automatically generates the advices or notices in the media that you specified.

You can configure the format and the contents of the advices to suit you requirement.

2.1.3 <u>Settling Money Market Deals</u>

All scheduled component and maturity settlements are handled automatically in Oracle FLEXCUBE by calling the Settlement and Messaging sub-systems. Further, you can generate, online, all payment transfer messages to correspondent banks together with related settlement accounting entries.

In keeping with its flexible design, Oracle FLEXCUBE offers you the option to process maturities *manually*.

2.1.4 <u>Rolling Over Deals</u>

The Money Market module provides an extensive feature for rollover of contracts on maturity. The rollovers could be with or without interest, with the option to *net* withholding tax on rollover.

2.1.5 <u>Tracking and Retrieval of Information</u>

The interface with the Limits module ensures online counter-party exposure tracking. The module gives you a better handle over your Money Markets portfolio by constantly providing you with real-time and relevant information for efficient asset-liability and maturity management.

During the day or end of the day you may want to retrieve information on any one of the several operations that were performed at your bank. This information can be generated in

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the form of reports. The following are some of the reports that you can generate for the Money Markets module:

- MM Brokerage Details
- MM Broker Confirmation Pending Report
- MM Counterparty Confirmation Pending
- Overdue Schedules Report
- Maturity Report

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3. Defining the Attributes of a Money Market Product

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

This chapter contains the following sections:

3.1 Money Market (MM) Product Definition

This section contains the following topics:

3.1.1 Invoking Money Market (MM) Product Definition Screen

You can create a Money Market product in the Money Market (MM) Product Definition screen. You can invoke this screen by typing 'MMDPRMNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button. In this screen, you can enter basic information relating to a Money Market product such as the Product Code, the Description, and so on.

For a Money Market product, you can define other generic attributes, such as branch, currency, and customer restrictions, etc., by clicking on the appropriate icon in the horizontal array of icons in this screen. In addition to these generic attributes, you can define attributes

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specifically for a money market product. These attributes are discussed in detail in this chapter.

For further information on these generic product attributes, please refer the following Oracle FLEXCUBE User Manuals under Modularity.

- Product Definition
- Interest
- Charges and Fees
- Tax
- User Defined Fields
- Settlements

Product Code

Enter a unique code to identify the product throughout the module. This code should have four characters. You can follow your own conventions for devising this code.

While defining a new product, you should enter a code, which is unique across the different modules of Oracle FLEXCUBE. For instance, if you have used MM01 for the Money Market module, you cannot use it as a code in any other module.

Product Description

Enter a unique code and a brief description for the product that you want to set up. Enter a brief description of the product. The description will be associated with the product for information retrieval purposes.

Slogan

Enter the 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 a deal involving this product.

For example, if you have a borrowings product called Money Multiplier you could enter the slogan "Watch your money grow with Money Multiplier."

Product Type

A product that you are defining can belong to any of the following categories:

- Placement
- Borrowing

These product categories are referred to as 'product types.' When you create a product, you must specify the 'type' to which it belongs. For example, you should specify the product type as 'Placement' if you are defining a placement product and 'Borrowing' if you are defining a borrowing product.

Product Group

Each product is classified under a specific group. The different groups are defined in the Product Group Definition table. Select a Group ID from the option list. The product will belong to this group.

Start Date

A product is set up to be used over a particular period. The Start Date for this product is specified in this field. The Value Date (initiation date) of a deal involving this product should be:

- The same as or later than this date and
- The same as or earlier than the End Date

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End Date

Specify the End Date for the product. The Value Date (initiation date) of a deal involving this product should be the same as or earlier than the End Date. If you do not specify an End Date, the product can be used till it is closed.

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

Click 'Free Format Text' button. Enter information about the product intended for your bank's internal reference. This information will not be printed on any correspondence with the customer. Click 'OK' after you enter the information.

The remarks are displayed when the details of the deal are displayed or printed.

3.1.2 Preferences Button

Preferences are the options that are available to you for setting the attributes of a product. The options you choose ultimately shape the product.

For example, you have the option of applying tax on a product. If you specify that tax is applicable for a product, the deal involving the product will inherit the attribute. However, you can waive tax (if it has been defined for the product the deal involves) at the time of deal processing.

Similarly, you choose between the automatic liquidation of schedules and manual liquidation; you can choose to allow rollover of deals involving the product, or deny it, and so on.

You can maintain the following details in this screen:

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Payments

Specify whether the payment method for the 'main' interest (specified while defining attributes for the interest, commission, charge or fee) components is to be bearing, discounted or true discounted. This cannot be changed at the time of processing a deal.

Bearing

The interest is liquidated on scheduled payment date(s).

For example, you have made a placement USD 100,000 for Greenville Global Bank at 20% interest for a month. Now, under the bearing type of interest payment method, the placement of USD 100,000 is advanced to Greenville Global Bank and the interest on it is collected over the one month which is the tenor of the placement.

Discounted

In this interest payment method, the interest is deducted from the principal at the time of initiating the deal.

Carrying forward the example of the placement for Greenville Global Bank of USD 100,000 at 20% interest for a month, under the discounted type of interest payment, the total interest calculated for the tenor of the deal, that is one month, USD 1,666.67 is deducted from the principal (USD 100,000) and only USD 98,333.33 is advanced.

True discounted

In this interest payment method, the interest is calculated on the principal in a manner differing slightly from the 'Discounted' method. The interest rate is applied on the Principal instead of the Nominal, as it is done in the 'Discounted' method.

For example, in the case of Greenville Global Bank's placement of USD 100,000 at 20% interest for a month, under the true discounted type of interest payment, the interest calculated on the principal, USD 98,333.5, (arrived at after deducting 20% interest on the nominal) is deducted from the nominal (USD 100,000) and USD 98,360.66 is advanced. This forms the actual principal of the deal.

Accrual

Apart from the principal, you can have other components for a deal. The 'other' components of a deal could be the interest, charge, or fees and they can be accrued over the tenor of the deal before being realized into the income or expense account.

The attributes of these 'other' components are defined in the ICCF sub-system of Oracle FLEXCUBE. For components that have been marked for accrual, you need to indicate accrual details.

Frequency

Define the frequency at which you would like to accrue the components. The frequency can be one of the following:

- Daily
- Monthly
- Quarterly
- Half yearly
- Yearly

When you run the Automatic Contract Update function at the end of day, the system carries out the accruals according to the frequency that you specified.

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However, if the accrual date falls on a holiday, then the accruals will be done as per your holiday handling specifications in the Branch parameters screen. That is:

- If you have specified that automatic events are to be processed for a holiday(s) on the working day before the holiday, the accruals falling due on a holiday(s) will be processed during end-of-day processing on the last working day before the holiday.
- If you have specified that the automatic events are to be processed for a holiday(s) on the working day following the holiday, the automatic events falling due on a holiday(s) will be processed on the next working day, during the beginning of day processing.

Start Month

In the case of monthly, quarterly, half yearly or yearly accruals, you should specify the start month from which the accruals have to be done.

Start Date

Specify the date on which the accruals have to be done. For example, if you specify the date as '30' and have selected the month as January, accruals will be carried out on the 30th January, according to the frequency that you have defined.

If you want to 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.

For example, if you specify the frequency as half yearly, the start date as 31, and the start month as June, the system will accrue interest for the first time on 30 June 1997 for the period from 1 January to 30 June 1997, and for the second time on 31 December 1997, for the period from 1 July 1997 to 31 December 1997.

Authorization Rekey Fields

Specify the values that the authorizer of an MM deal has to rekey at the time of authorization.

All operations on a deal (input, modification, reversal, manual liquidation or manual rollover) have to be authorized:

- By a user other than the one who carried out the operation
- Before you can begin the end-of-day operations

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

If no re-key fields have been defined, the details of the deal will be displayed immediately once the authorizer calls the deal for authorization.

The re-key option also serves as a means of ensuring the accuracy of inputs.

You can specify any or all of the following as re-key fields:

- Currency

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- Value Date
- Contract Amount
- Maturity Date

Note

Re-key option is available only for MM Online screen and not for Payment.

Tenor

You can set the minimum and maximum tenor limits for a product that you are creating. You can also set a default tenor. This is the tenor that is normally associated with a deal involving the product.

However, the default tenor applied on a deal can be changed during its processing.

Minimum

You can set the minimum tenor for the product here. The tenor of the deals involving this product should be greater than or equal to the tenor you have specified here. Only the number is specified here.

Maximum

You can fix the maximum tenor of the product here. The tenor of the deals or commitments involving this product should be less than or equal to the tenor you have specified here. Only the number is specified here.

Default

You can specify the default tenor of the product here. This default tenor applies to all deals involving the product, but you can change it at the time of deal processing. Only the number is specified here. The unit (days, months etc.) is specified in a subsequent field.

For example, you have a Weekly Borrowing product. This product is for borrowings from customers for a maximum duration of one week. For such a product you can set a minimum tenor of one day and a maximum tenor of one week. You can also define a default tenor for the product, of, say, one week. This tenor will be applicable to all the deals involving the product, if you do not specify any tenor at the time of its processing.

Unit

In the minimum, maximum and default tenor fields you set the duration numerically. Here, you specify the unit of the duration. It could be:

- Days,
- Months, or,
- Years

For example, to define the default tenor, in the Default tenor field, you will define the number and the unit - days, months, years, in the Unit field.

Suppose, for a product, you want to define the default tenor as 150 days. Then you should give the following values in these fields:

Default tenor - 150

Unit - Days

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To define a default tenor of 10 months for a product, you should give the following values in the fields:

Default tenor - 10

Unit - months

To define a default tenor of eight years for a product, you should give the following values in the fields:

Default tenor - 8

Unit - years

Automatic Liquidation

The components of a deal can be liquidated automatically or manually. In the Product Preferences screen, you have to indicate whether the mode of liquidation of repayment schedules is to be automatic.

Specify Auto liquidation if you want the components of a deal involving this product to be liquidated automatically.

If you opt for automatic liquidation, a schedule will be automatically liquidated on the day it falls due, during beginning-of-day processing (by the Automatic Contract Update function).

The manner in which the automatic schedule liquidation date falling on a holiday will be handled is based on your holiday handling specifications in the Branch Parameters table:

- If a schedule falls on a holiday it will be processed on the last working day before the holiday – during end of day processing – if you specified that processing (of such schedules) has to be done on the last working day before the holiday.

- If you have specified that processing has to be done only up to the System Date, then the events scheduled for the holiday will be processed only on the next working day after the holiday, during beginning-of-day processing.

If you have defined verification of funds for the product, it will have an impact on the automatic liquidation.

If you specify Manual liquidation, you should give specific instructions for liquidation through the Manual Liquidation screen on the day you want to liquidate the schedule.

Verify Funds Before Auto Liquidation

Check this box to verify the funds in settlement account before auto liquidation. You can check this box only for placement products that have 'Automatic Liquidation' enabled. If 'Verify Funds Before Auto Liquidation' is checked for borrowing type of products or products restricted for auto liquidation, then the system displays an error message.

Track Accrued Interest

You have to specify whether the accrued interest of earlier placements (that has not been paid) should also be considered as the 'utilized amount' for the purpose of credit administration. (You could have more than one interest type of component applicable on a product. In such a case, you should designate one as the 'main' interest.) The following example illustrates how this concept works.

If you opt to 'track' accrued interest, then the interest accrued on deals will be added on to the amount utilized by the customer, for credit administration.

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The utilization will be shown as the sum of the principal and the accrued interest in the reports generated by the credit administration (Limits) sub-system. Outstanding interest, if any, will also be shown in these reports.

Tax Applicable

As part of the preferences that you define for a product, you can specify whether any tax is applicable for the MM product that you are creating.

If tax is specified for a product, you can waive it for specific deals. However, if you specify that tax is not applicable to a product, you cannot levy tax on any deal involving the product.

Net Negative Interest

Check this box to net the positive and negative amount paid to the customer. You can check this box only if 'Negative Interest Allowed' and 'Main Component' are checked for a product.

Forward Dating Allowed

The Value Date (That is the date on which it is initiated) for a deal can be:

- The date on which it is input
- A date in the past or
- A date in the future

You should indicate whether a deal involving a product could have a Value Date in the future. A deal can have a value date in the future only if you have allowed it for the product that it involves. An Initiation date in the past, or today, can be indicated for any deal.

When a deal with a Value Date in the future is stored, no accounting entries will be passed on the date of input. The deal will be initiated by the Automatic Contract Update function during the Beginning-of-Day (BOD) processes on the Value Date (initiation date). All the necessary accounting entries will be passed on this date.

However, if the Value Date falls on a holiday, the deal will be initiated as per your holiday handling specifications in the Branch Parameters screen:

- If you have specified that automatic processes are to be carried out for holidays, the deal slated for initiation on the holiday will be initiated during end-of-day processing on the last working day before the holiday.
- If you have specified that the automatic processes are to be carried out only till System Date (today's date), the deal slated for initiation on the holiday will be initiated on the next working day immediately after the holiday, during beginning-of-day processing.

Allow Rollover

You should specify whether a deal, involving the product you are defining, can be rolled over into a new deal if it is not liquidated on its Maturity Date.

If you specify that rollover is allowed for the product, it will be applicable to all the deals involving the product. However, at the time of processing a specific deal involving this product, you can indicate that rollover is not allowed.

However, if you specify that rollover is not allowed for a product, you cannot rollover deals involving the product.

The terms of the rolled over deal can be the same as those of the original deal or they can be different If the terms should be different, they should be specified during deal processing.

Allow Brokerage

You can specify whether brokerage should be applied on deals involving this product. If brokerage is specified for the product, you can waive it for specific deals, but if you have

specified that brokerage is not applicable to the product; you will not be able to levy brokerage on a specific deal involving the product.

Consider Brokerage for Discount

You can check this option if the component is to be considered for discount accrual on a constant yield basis.

Note

This option will be enabled only if brokerage applicable is 'Yes'.

Pay Past Schedules

You have to indicate whether for a backdated deal that has schedules prior to today's date; those schedules have to be liquidated when the deal is initiated. A back dated deal is one, which has a Value Date (initiation date) falling before the date on which it is booked.

For example, a money market deal can be initiated as of today, a date in the future, or as of a date in the past. Today's date is 15 October 1997. Suppose you initiate a deal of 15,000 USD today, with the Value Date (date on which the deal comes into effect) as 15 September 1997, the system will pass accounting entries for initiation as of 15 September 1997.

But if there had been an interest payment schedule for 30 September 1997, for 500 USD, and then if you specify that back values schedules should be liquidated, you can make the system pass accounting entries to liquidate this schedule also when the deal is initiated.

If you specify that back dated schedules are not to be liquidated; only accrual entries will be passed till today. Please note that the entries associated with each event (initiation and liquidation in this case) will be passed only if they have been defined for the product. Further, the accounts used will be the ones defined for each entry.

Intra-day deal

Deals having the same Maturity and Value Date are known as Intra-day deals. You will be able to capture intra-day deals only if you have indicated that the product for which you are specifying preferences is meant for intra-day deals.

Multiple Penalty Components

This is applicable only after the expiry of grace days. If this option is checked, you will be able to define multiple penalty components with grace days for each component. If the payment is done after the due date, penalty will be applied.

Notice Required

Check this box to send a notice before payment due date.

Billing Notice Days

Specify the number of days prior to which the billing notice should be generated.

Rate Variance

When a deal involves a currency conversion, the standard rates defined for the currency will be picked up, by default. This default can be changed for specific deals. You can impose some restrictions on the *changed rate*, as follows:

Normal variance

If the exchange rate variance exceeds the standard exchange rate specified for the currency, the system will ask you for an override before proceeding to apply the exchange rate.

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Maximum variance

You cannot apply an exchange rate on a deal, involving the product that you are creating, that is greater than the value that you specify as the Maximum Variance. If the exchange rate variance exceeds the standard rate by the value that you specify as the 'maximum variance'; the system will not allow you to store the contract.

For example, you have specified the normal variance as 3% and the maximum variance as 6% for Product MM01. Now, if you apply an exchange rate on a contract involving MM01 that varies from the applicable rate maintained for the day by less than 3%, the system will NOT display an override message.

If you apply an exchange rate on a contract involving MM01 that varies from the Standard Rate by between 3% and 6%, the system will display an override message. If you apply an exchange rate on a contract involving MM01 that varies from the day's rate by more than 6%, the system will not store the contract.

Note

The exchange rate variance is a percentage.

Confirmations

Event wise Confirmation

Check this box to move the confirmation status of MM deal to unconfirmed status during Amendment (VAMI/CAMD), Reversal (REVC) and Rollover (ROLL).

Payment on Confirmation

Check this box to send the payment messages during the confirmation status 'Confirmed' or 'Waived'.

\Holiday Treatment

The schedule or maturity date of a contract might fall on a local holiday defined for your branch or on a holiday specified for the currency involved in the contract. Therefore, you need to specify how the system should handle holidays.

Ignore Holidays

You have defined automatic repayment schedules, but there is a chance that one or more schedules may fall due on a holiday. In such a case, you have two choices:

- Ignore the holiday and retain the schedule date on that day
- Move it either backward or forward, by specifying so in the subsequent fields in this screen.

Check this box if you wish to ignore holidays at the time of drawing up schedules.

Currency

The movement of schedule date or maturity date will be based on the holiday treatment that you specify for the currency you specify here.

Move Forward

If you have indicated that a currency holiday should not be ignored for the contract, you need to specify whether the schedule date/maturity date should move forward to the next working day or move backward to the previous working day.

Check against this field to indicate that security/ maturity date of the contract should be move forward to the next working day.

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Move Backward

The schedule date/maturity date should move forward to the next working day or move backward to the previous working day. Check against this field to indicate that security/ maturity date of the contract should be moved backward to the previous working day.

Cascade Schedules

The question of cascading schedules arises only if:

- You have specified that a schedule falling due on a holiday has to be moved forward or backward; and
- The schedule has been defined with a definite frequency

If you check this box to cascade schedules, the schedule date following the changed date will be shifted in accordance with the changed date as per the frequency. If you opt not to cascade schedules, even if one of the schedule dates is changed, the schedules, which follow, will be fixed as per the original definition.

Move Across Month

If you have chosen to move a schedule falling due on a holiday either forward or backward to the next or previous working day and it crosses over into a different month, the schedule date will be moved only if you so indicate in this field. If not, the schedule date will be kept in the same month, on the last or first working day of the month, depending on whether the schedule is over the month-end or the beginning of the month.

Check this box if you want to allow movement across the month for a schedule date that has been moved forward or backward.

3.1.3 Maintaining Rollover Details

If you allow roll-over for a product, all the contracts involving the product will, by default, be rolled-over. You can specify additional details pertaining to rollover in the 'Rollover Details' screen.

For a detailed explanation on the above screen, refer the chapter 'Rolling-over a Deal' in this User Manual.

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3.1.4 Specifying Component Schedule Details

When creating a Money Market product, you can define schedule details such as the reference date, the frequency, the month and the date for each component. You can capture these details in the 'Product Default Schedules' screen.

For a detailed explanation on the above screen, refer the chapter 'Processing Repayments' in this User Manual.

3.1.5 Prioritizing the Liquidation of Components

If you have defined automatic liquidation for the product, you can specify the order of liquidation of the various components, which have:

- schedules that fall due on the same day and
- the same repayment account.

You can specify the order in which you would like to liquidate components in the Component Liquidation Order screen.

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For a contract defined with manual liquidation of components, the Liquidation Order will be considered when a payment has to be automatically distributed among the various outstanding components.

For a contract with automatic liquidation, the order of liquidation becomes important when funds are insufficient in the repayment account on the day of liquidation and more than one component has a schedule falling due on that day.

Under such circumstances, you may want to allot priority to the recovery of certain components. For example, you may want to recover the interest (or interest type of components) first and then the principal. The aging analysis function takes over once a component is overdue and an appropriate penalty is applied. For a component on which penalty interest has been applied, you may wish to recover penalty interest first, the interest next and finally the principal.

Note

You can specify the liquidation order for all the interest type of components and the principal.

3.1.6   Specifying Grace Days to Penalty

The grace period specifies the period within which the penalty interest (if one has been defined for the product) will *not* be applied, even if the repayment is made after the due date. This period is defined as a specific number of days and will begin from the date the repayment becomes due.

Penalty interest will be applied on repayments made after the grace period and will be calculated for the entire period it has been outstanding (that is, from the date the payment was due).

For example, an interest repayment on a borrowing deal is due on 15 June 1998. You have specified a grace period of 5 days, after which a penalty interest of 2% will be imposed.

Now, if the customer makes the interest payment on 18 June, which falls within the grace period, he/she will not have to pay penal interest. But if the customer makes the payment after the expiry of the grace period, that is, after 20 June, then he/she will be charged penal interest. It will be calculated from 16 June onwards and not from 20 June.

If the payment is made within the grace period, normal interest will be applied as of the scheduled repayment date.

3.1.6.1   Grace Days for Multiple Penal Components

If your bank has chosen to have multiple penal components, you can define grace days (in days, months or years) to be applicable for each level. Penalty will not be applied if the payment is done within the grace period that you have defined for each level. It becomes applicable only after the expiry of the grace period. The penalty, if applied, will however, be calculated from the day the payment becomes overdue.

Note

The number of grace days specified for a level must be more than the number of grace days specified for the previous level. Higher the level, higher the number of grace days defined for the level.

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For a product you can specify the grace period after which the penalty will start accruing, through the Grace Days Definition screen.

Click 'Grace Days' in the Product Preferences screen to access the Grace Days Definition screen. The level numbers get defaulted depending on the number of levels defined in the ICCF Details screen, irrespective of the Basis Amount Type i.e. if you define three levels of penalty for the Basis Amount type Principal and four levels of penalty for the Basis Amount type Interest, levels 1 to 4 will be available to you in the Grace days definition screen. You will not be able to add levels in this screen. Since the level numbers get defaulted from the ICCF Details screen, it is imperative that the expected and overdue components are defined at the ICCF Details screen, prior to the definition of grace days for the levels.

> **Note**
>
> Grace days are defined for a level. You cannot specify different grace days for the same level for different Basis amount types. After the product has been saved and authorize, you are not allowed to modify grace days.
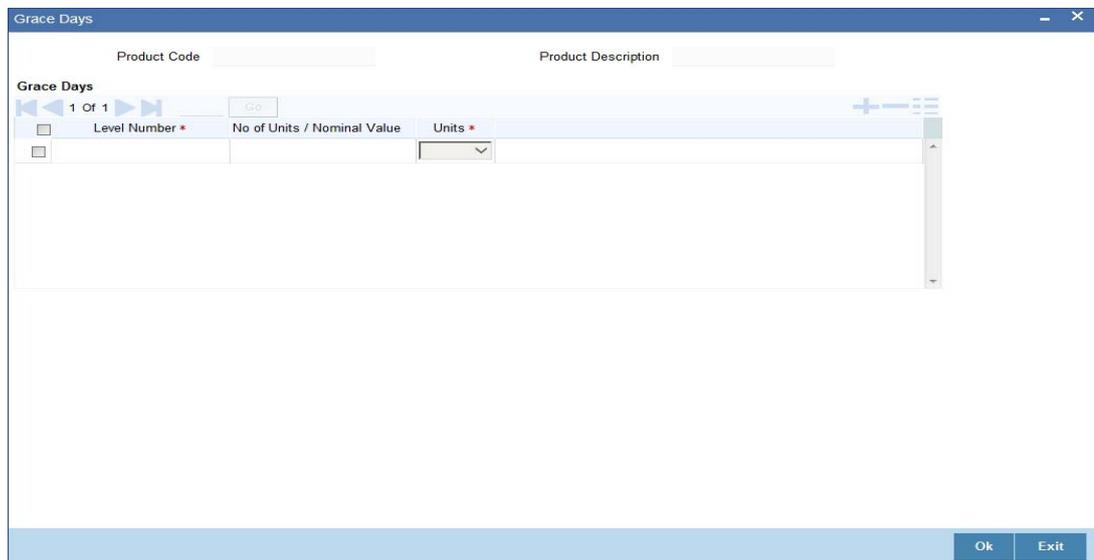
Specifying the Grace Days

You must specify the grace period for each level. Each overdue component will come into effect when the grace period associated with the level expires. The grace period can be expressed in:

- Days
- Months
- Years

You can select the appropriate option from the drop-down list.

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4. Processing an MM Deal

A 'product' is a *specific* service that you offer your customers.

For example, amongst other financial services, you may offer an 'overnight borrowing' facility to your customers. By defining the overnight borrowing facility as a product − with certain attributes − you can categorize all overnight borrowings, which share the attributes, defined for the product.

The other advantage of defining a product is that you can define certain general attributes for a product that will default to all *contracts* (placements or borrowings) involving it.

Note

When you enter into a deal with a customer, you enter into a *'contract'*. Contracts are customer specific.

Deals (contracts) inherit the attributes of the product by default. This means you will not have to define these general attributes each time you input a deal involving the product. These general attributes, however, can be changed at the time of processing a deal.

Besides, these general attributes which a deal inherits from a product - and which can be changed for it − there are the specific attributes which you have to define for the deal:

- The counterparty (customer) details
- The deal amount
- The deal currency
- The repayment account for the deal, and so on

This chapter contains the following sections:

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4.1   <u>Capturing Deal Details</u>

This section contains the following topics:

You can invoke the Contract Details screen from the Application Browser by typing 'MMDTRONL' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Once in the Contract Details screen, you will see four other sections, each representing a screen:

Section	Screen
Preferences	Contract Preferences screen
Schedules	Contract Schedule Definition screen
Rollover	Contract Rollover screen

4.1.1   <u>Features of the Contract Details screen</u>

Every product that is created in your bank is endowed with certain general attributes. A deal that you enter into acquires the general attributes defined for the product it involves. To recall, a *product* is endowed with the following general attributes:

- The product code, description, slogan, start and end date for the product and remarks
- The frequency of interest accrual
- The tenor limits for the product
- The liquidation mode: manual or automatic
- Whether a deal involving the product can be rolled over into a new deal if it is not liquidated on its maturity date
- Whether the accrued interest of earlier placement(s) should be considered as part of the "utilized amount" while tracking credit utilization for a customer
- Whether tax has to be applied
- Whether brokerage has to be applied
- The exchange rate variance (for a special customer, you can choose to apply a rate that is greater than the standard exchange rate defined for the currency. You can impose some restrictions on the special rate by way of specifying a variance). Whether a penalty is to be imposed if there is an advance repayment
- Whether interest schedule amounts have to be recomputed in case of an advance payment
- Whether a deal involving a product can be booked to be initiated on a date in the future

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- Whether for a backdated deal that has schedules prior to today's date, the schedules have to be liquidated when the deal is initiated. A back dated deal is one, which has an initiation date, which falls before the date on which it is booked.

- The payment type for main interest - bearing, discounted or true discounted

- The values to be rekeyed, by the authorizer of a contract, at the time of authorization

- The liquidation order of various components in case of auto liquidation

- Repayment schedules

- Aging analysis details such as the movement of deals from one status to another; the mode of status change - whether forward and reverse movements should be automatic or manual; reversal or stoppage of accruals upon change of status; the transfer gl upon status change; the messages to be generated; and the transfer days for interim schedules and maturity schedules

- Specifying rollover details like updating credit limit utilization on rollover (for a placement), tax on rollover, rolling over with interest or without, deduction of tax on rollover

- Details of interest, charge and fee

- Other tax details like the component being taxed, the type of tax and the event (booking, liquidation, etc.) Upon which it is applied

- The accounting roles and the general ledgers for accounting purposes when an event (initiation, liquidation, etc.) Takes place, and the advices or messages to be generated

- The customer categories and customers who can be counterparty to a deal involving the product

- The branch and currency restrictions

At the time of saving a money market contract, the system will pass a certain information about the money market contract to the FATCA accounts and obligations maintenance for the customer. This is done if the beneficiary account's customer has a reportable FATCA classification and if the money market product used to book the contract is present in the FATCA Products, account class and Instruments maintenance.

If the MM contract is closed or liquidated completely, then the corresponding row in FATCA accounts and obligations maintenance will be archived. If you delete the MM contract before authorization, then you should also delete the corresponding entry in FATCA accounts and obligations maintenance.

A deal that you enter into acquires the details specified for the product. However, you also need to enter information that is specific to the contract. You can enter details specific to a contract in the Contract Details screen. You can invoke the 'Money Market Contract Input'

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screen by typing 'MMDTRONL' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button

You need to enter the following information:

- The base number of the counterparty (customer)
- The currency of the contract
- The principal amount (for a deal with True Discounted interest, you should enter the nominal)
- The credit line under which the placement has to be tracked
- The tenor related details for the deal
- The code of the broker involved
- The dealer involved
- The default settlement account
- The maturity details
- The related reference number, if any
- The interest details
- Whether the deal can be rolled over
- The status of the placement if it is to be changed manually

The following details are displayed. They cannot be changed:

- Product type
- Default tax scheme
- Schedule payment method
- Interest type Rollover count

This section contains the following details:

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4.1.2 Entering Deal Details

Enter values into all the mandatory fields and save the deal details.

Product Code

Every deal that you enter into would involve a specific service that you offer (which you have defined as a product). When processing a deal that you enter into, you should specify the product that it involves.

All the attributes of the product that you specify will apply to the deal. However, you can change some of these attributes while entering the details of the contract. When you specify the product, the product type - placement or borrowing - will be displayed.

Source

You have to indicate the source from which contracts have to be uploaded.

If this value is left null, then you will not be able to amend the contract. Amendment for the contract can be uploaded only through the same source as that used for creation.

Contract Reference number

The Contract Reference Number identifies the deal. It is automatically generated by the system for each deal. It is a combination of the branch code, the product code, the date on which the deal 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.

For example, 31 January 1998 translates into the Julian Date: 98031. Similarly, 5 February 1998 becomes 98036 in the Julian format. Here, 036 is arrived at by adding the number of days elapsed in January with those that elapsed in February (31+5=36).

User Reference Number

You can enter any reference number for a deal that you enter into. The deal will be identified through this number in addition to the Contract Reference Number generated by the system. No two deals can have the same User Reference Number. By default, the Contract Reference Number generated by the system will be taken as the User Reference Number. You can use this number, besides the deal Reference Number, to retrieve information relating to a deal.

External Reference

If the transaction is being uploaded from an external source, you can specify the identification for the transaction in the external source, as the external reference number. You cannot amend this value post contact save.

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In a scenario where your customer is tracking a deal in her system, she would probably assign it a unique reference number. If she offers the number for reference purposes, it can be recorded in this screen. This reference number will be printed on the advices sent to the customer to enable her to identify, and track, the deal with ease.

Reversal Reference Number

The reference number of the contract that is being reversed and rebooked is displayed here. To enable amendment of MM Contract details Oracle FLEXCUBE will reverse the old contract and rebook a new contract with the old user reference number and external reference number. The old contract is reversed and a new contract is booked with Reversed FCC ref as the parent contract.

For further details on reversing and rebooking of a contract, refer the section titled 'Reversing and Rebooking a Contract' of this user manual.

Outstanding Amount

The system displays the total amount due as of the value date.

Settlement Status

The system displays the settlement account status. If the fund in settlement account are found insufficient after verification, then the settlement status is displayed as 'Pending'.

Confirmation Status

The system displays the status of MM contract confirmation on confirming the MM deal manually or automatically. Confirmation Status can be Confirmed, Unconfirmed or Waived. If a completely matched deal is unconfirmed manually from 'Manual Matching' screen, then the confirmation message will be changed to 'Unconfirmed'.

Contract Tab

The contract details like the customer, currency, amount etc are maintained as Contract Details. The Contract Details are entered in the 'Contract' tab.

Customer Number

When entering the details of a deal, you should specify the customer (counterparty) involved in the deal. The category of customers (or the customers themselves) that can be counterparty to a deal is defined for the product. Specify the code of an authorized customer who falls into a category allowed for the product.

Customer Name

The system displays the name of the specified customer ID based on the details maintained at 'Customer Maintenance' level.

Currency

When processing a deal, you should specify the currency of the deal. You can select any currency that is allowed for the product, which the deal involves. Amendment to this field will be considered a financial amendment.

Amount

If a product has bearing or discounted type of interest, you should enter the principal of the deal in this screen. For a deal involving a true discounted product, you should enter the face value (nominal) of the deal. You can enter "T" or "M" to indicate thousands or millions, respectively. For example, 10T means 10,000 and 10M means 10 million. Amendment to this field will be considered a financial amendment.

Note that the amount, which you enter, would be taken to be in the currency that you specify as the deal currency.

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On saving the transaction after entering all the required details in the system, the system validates the value of the contract amount against the following:

- Product transaction limit
- User Input limit

If the transaction currency and the limit currency are different, then the system converts the amount financed to limit currency and checks if the same is in excess of the product transaction limit and user input limit. If this holds true, the system indicates the same with below override/error messages:

- Number of levels required for authorizing the transaction
- Transaction amount is in excess of the input limit of the user

Local Currency Amount

If the deal amount is in foreign currency, the system displays the equivalent local currency amount.

Line

By default, you will view the placement credit line defined for the customer. You can change over to another authorized credit line if you want to track the placement under a different line.

During an upload, the credit lines for the given Counterparty, Product, Branch, Currency combination are fetched by the system. If there is only one credit line available, the system will display it here. If there are multiple lines found, the field will be left blank.

Interest Period Basis

You need to indicate how the system must consider the tenor basis upon which interest is computed over a schedule or interest period, in respect of the contract.

You can choose any of the following options:

- Including the From Date - For all schedules, the period considered for interest calculation would include the start date and exclude the end date. Therefore, the value date of the deal is considered for interest calculation and the maturity date is excluded.
- Including the To Date - For all schedules, the period considered for interest calculation would exclude the start date and include the end date. Therefore, the value date of the deal is excluded, but the maturity date is included for interest calculation.
- Including both From and To Dates - The period considered for interest calculation would include both the value date and the maturity date. This would mean:
  - For the first schedule, it would include the Value Date as well as the end date.Interest would be calculated for the Value Date.
  - For all other schedules, it would include the end date. Interest would be calculated for the Maturity Date. This option would work similar to the Include To Date option - that is, interest would be calculated for the period between the start date (excluding the start date) and the end date (including the end date) of the schedule.
- Excluding both From and To Dates - The period considered for interest calculation would exclude both the value date and the maturity date. This would mean:
  - For the first schedule, it would exclude both the Value Date as well as the end date of the schedule. No interest would be calculated for the Value Date.
  - For all other schedules, it would exclude the end date. No interest would be calculated for the Maturity Date. This option would work similar to the Include From Date option - that is interest would be calculated for the period between the start date (including the start date) and the end date (excluding the end date) of the schedule.

Payment Method

The payment method defined for the main interest for the product (whether bearing, discounted or true discounted) applies to the contract as well. The method defined for the product is displayed here.

- Bearing: Interest is liquidated on schedule payment date(s).
- Discounted: In this interest payment method, the interest is deducted at the time of initiating the deal.
- True discounted: In this interest payment method, the interest is calculated on the principal of the deal and not on the nominal. All the same, like the discounted method, here too, it is deducted from the principal at the time of initiation of the deal.

Schedule Type

If you have defined repayment schedules for a product, they will be applied to a deal involving the product, automatically. However, you can change the schedules while processing a deal under the product.

When a deal for which the repayment schedules were changed is rolled over, the new deal can have the repayment schedules defined for the product, or the schedules for the deal.

Tax Scheme

The tax scheme, which has been specified for the product, will be displayed in this screen. The tax scheme cannot be changed at the time of deal processing.

Contract Derived Status

The "status" of a placement is indicative of the status of repayments on it. If you have specified automatic status movement for the placement, it will be moved automatically to the status, as per your definition. However, if you indicated that the status change will be made manually on the placement, you can change the status manually in this screen. Even if you have defined a placement with automatic status movement, you can still change the status manually before the automatic status change is due.

There is yet another scenario, where you have defined a placement with automatic status movement forward, but manual status movement in the reverse direction. That is, when the conditions for a placement being in a particular status no longer exist, if you have specified manual reverse movement, then you will have to manually move the placement to the appropriate status.

A placement on which the latest repayment has been made will be in the Active status. If a payment is outstanding on a placement, its status can be changed, based on your requirements of reporting placements with outstanding payments. The different status codes applicable for a placement are defined for a product and it applies to the placement, by default. However, you can change the status for the contract through this screen.

When you are capturing placement details, the system allots the status of "Active" by default. You may change it to any of the status codes as per your requirement. While doing manual status changes, ensure that you change the status in the order they are defined. For example, the status codes are defined as follows, in that order:

1. Active
2. Past Due
3. Non-accrual
4. Write-off

You cannot change the status of a placement from Active to Non-accrual, by passing Past Due. If the requirement is that the placement has to be put in the Non-accrual status from the Active status, you should first change the status to Past Due, store and authorize this status

change and then change it to the Non-accrual status. If a status change has been defined with a change in the GL, the entries will be passed for the GL movement.

Remarks

You can enter information describing the deal that you are processing. This will be available when you retrieve information on the deal. However, this information will not be printed on any advice printed for the customer's benefit. This information will be displayed whenever you retrieve information on the deal either as a display or in print.

Settlement Details

Debit Branch

When selecting the settlement details of a deal, you should specify the debit account Branch.

Debit Account

Specify the account to be debited for the money market deal.

Debit Account Description

The system displays the description of the specified debit account number based on the details maintained at 'Customer Account Maintenance' level.

Credit Branch

When selecting the settlement details of a deal, you should specify the credit account branch.

Credit Account

Specify the account to be credited for the money market deal.

Credit Account Description

The system displays the description of the specified credit account number based on the details maintained at 'Customer Account Maintenance' level.

Liquidation

When setting up a product you specify the mode of liquidation, whether automatic or manual, for the different components of a deal. By default, all deals involving the product will inherit this definition. However, you can change the mode of liquidation, from automatic to manual, or vice versa, while processing a deal.

Verify Funds Before Auto Liquidation

The system defaults the product preferences for 'Verify Funds Before Auto Liquidation' during MM contract booking. However you can modify it.

During auto liquidation if 'Verify Funds Before Auto Liquidation' is checked at contract level, the system checks the available balance in the settlement account.

The available balance is calculated as available balance in the account + available limits + overdraft limits of the account. This validation is not applicable during manual liquidation.

If settlement account available balance is less than amount due, then the system will update contract settlement status as 'Pending' and park it in Contract Exceptions data store.

If there is sufficient balance in the settlement account, the system will proceed with auto liquidation.

Rollover Allowed

While setting up a product, if you specified that deals involving the product should be automatically rolled over, all deals involving the product will be rolled over on their respective Maturity Dates, if they are not liquidated. This feature is called "auto" rollover. If auto rollover is specified for the product the deal involves, it will be indicated on this screen.

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However, if you do not want the deal (whose details are being captured) to be rolled over, you can disallow rollover for the deal. If rollover has been disallowed for a product, you cannot rollover deals involving the product.

Note

For rollover to be applicable for the deal, it has to be defined for the product.

Dates and Maturity Trade Date

This is the date on which the deal is agreed with the counterparty. trade date cannot be modified once authorized.

The system will display error messages under the following conditions:

- Trade date is greater than current system date
- Trade date is holiday as per the deal currency
- Trade date is blank
- Trade date is later than the value date
- Trade date is earlier than the product start date

Original Start Date

For a deal that has been rolled over, this is the date on which the deal was originally initiated. If a deal has been rolled over more than once, this will be the date on which the first deal was initiated.

If you are entering a deal that has already been initiated, you should enter the date on which the deal began. In this case, the date will be for information purposes only and for all accounting purposes the Value Date will be considered as the date on which the deal was initiated.

Booking Date

The date on which the deal details are entered would be displayed in this screen. This defaults to the system date (today's date). This date is for information purposes only. The accounting entries are passed as of the Value Date of the deal (initiation date of the deal). Amendment to this field will be considered a financial amendment.

Value Date

This is the date on which a deal takes effect. The accounting entries for the initiation of the deal will be passed as of this date. The tenor of the deal will begin from this date and all calculations for interest and all the other components based on tenor will be made from this date onwards.

The system defaults to today's date. You can enter a Value Date of your choice here. The date that you enter can be any one of the following:

- Today's date
- A date in the past
- A date in the future (you can enter a date in the future only if Future Dating has been allowed for the product).

The Value Date should not be earlier than the Start Date or later than the End Date defined for the product involved in the deal. In case of a child rolled over contract, this value will be the same as the maturity date of the parent contract.

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If the liquidation date for any component falls before today's date, the liquidation entries (as defined by you for the product) will be passed if you have so specified for the product. If the Maturity Date of a deal is earlier than today, maturity entries will also be passed.

Once the deal details have been stored and authorized, this date can be amended only if the deposit has bearing type of interest and NO schedule has been liquidated. Modification to this field will be considered as a financial amendment.

An override will be sought if the Value Date falls on a holiday, in the country of the deal currency.

User Maturity Date

If you want to change the maturity date of the deal, enter the new maturity date here.

Maturity Date

If the Maturity Type is fixed (that is, the Maturity Date of the deal is known when the deal is initiated) specify the Maturity Date. This date should be later than the Start Date of the product. If the product has a Default Tenor, this date will be defaulted based on the tenor and the From Date of the contract. If you change this date, you should give an override when you save the deal.

For a deal with Call or Notice type of maturity, the Maturity Date is not entered at the time of deal booking. You can get this date updated through value dated amendment. This date should be later than the Start Date of the product.

If the product has a Default Tenor, this date will be defaulted based on the tenor and the From Date of the contract. If you have specified auto liquidation for the deal, liquidation will be done automatically on that date. If manual liquidation has been specified, you will have to manually liquidate the deal through the Manual Liquidation function.

For a deal with Fixed Maturity Type, this date can either be extended or brought backward through the Value Dated Changes function, once the deal has been initiated.

Notice Days

For a contract maturing at notice, you should enter the notice period (in days). This is for information purposes only. When the notice to repay is issued to the counterparty, you should indicate the Maturity Date of the deal using value dated amendment screen.

Intra Day Deal Date

For intra-day deals, the system populates the intra-day deal date in this field. The intra-day deal date is populated as value date +1.You can only enter intra-day deals using a product meant for intra-day deals (as set in the Product Preferences).

Tenor

If the product has a Default Tenor, this tenor will be defaulted based on the tenor. On overriding this maturity date will get adjusted.

Reporting Details

Reporting Currency

Select the reporting currency from the option list.

Reporting Amount

The system displays the amount.

Outstanding Balance

The system displays the total amount due as of the value date.

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<u>**Settlement Instruction Pickup**</u>

Settlement Sequence Number

Choose a settlement instruction by specifying a settlement sequence number. You can skip this field if any default settlement instruction is already specified.

Note

At the time of specifying settlement instructions, it is now possible to choose from multiple instructions that are maintained for the same branch, customer, currency, module and product combinations. You can choose any settlement instruction from a list of values. The list of values displays the Settlement Sequence Number and Settlement Instruction Description.

Settlement Instruction Description

Specifies the description of the selected settlement instruction.

4.1.2.1   Interest Rates/Amounts

Rate Type

The rate type applicable for the selected product will be displayed. It can be one of the following:

- Fixed: a fixed interest rate
- Floating rate: an interest rate that changes periodically or automatically as per your specifications in the Floating Rate Table
- Special: an amount instead of a rate.

You cannot modify the displayed value.

Rate Code

For Floating Rate, the rate code will be displayed. You cannot modify it.

Rate

The Rate applicable for the selected product will be displayed. You cannot modify it.

Max Rate & Minimum Rate

The maximum and minimum rate allowed for the selected product will be displayed. You cannot modify it.

Customer Margin

The margin specified at customer level will be displayed here. You cannot modify it.

Interest Amount

The interest amount for the selected product will be displayed. You cannot modify it.

<u>**Interest Margin/Spread**</u>

Margin

Margin provided at the product level will be defaulted here. You cannot modify it.

Spread

The spread value for the selected product will be displayed as specified in the product level. You cannot modify it.

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Minimum Spread & Maximum Spread

The maximum and minimum spread that can be applied for the selected product will be displayed. You cannot modify it.

Note

This Spread should be greater than or equal to the Minimum Spread and less than or equal to the Maximum Spread defined for the product involved in the deal. If the spread you apply happens to be greater than the Maximum Spread, then the Maximum Spread will be applied on the rate. On the other hand, if it is less than the Minimum Spread defined for the product, the Minimum Spread will be picked up. For a floating rate, the spread will be applied over the market rate applicable for the day.

Negative Interest Rates

Negative fixed rates or resolved rates will be allowed in MM contract or amendment only if negative interest is allowed for the main interest component. You can maintain the contract interest rate (negative or positive) against main interest component only.

If the effective interest rate is negative, then it will be internally assigned to negative interest component and you have to set up accrual and liquidation entries for the negative interest component.

Special interest amount and negative interest amount will not be allowed in Interest Amount and Acquired Amount fields of ICCF screen respectively.

If negative interest is not allowed for a product and if the effective rate becomes negative during batch rate revision, then the rate revision is skipped for the contract and exception will be logged.

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4.1.3 Schedules Tab

The contract inherits the schedule details from the associated product. However, you can change at the contract level. Click 'Schedule' to view/modify the details.

Click 'Explode' button in this screen to invoke 'Payment Schedule Details' screen. This screen provides the payment schedule break-up. You can view the following details:

Schedule Summary

- Due Date
- Pay Receive
- Currency
- Total Amount Due
- Total Amount Settled
- Total Amount Adjusted
- Subsidy Amount

Schedule Details

- Component
- Pay Receive
- Amount Due
- Amount Settled
- Adjusted Amount

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- Subsidy Amount
- Back Value Adjusted Amount

Amount Settled

- Input Date
- Value Date
- Amount Settled
- LCY Equivalent Settled

Refer to the chapter the 'Processing Repayment' in this User Manual for details.

4.1.4 Rollover Tab

The rollover details are maintained at the product level. You can however modify them at the time of entering a deal. Click 'Rollover' to view/change the rollover details.

The process of rolling over of contracts is explained in detail in the 'Rolling Over a Deal' chapter.

4.1.5 Preferences Tab

Preferences are options. For instance, for a product, you have the option of:

- Making liquidation automatic or manual

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- Allowing or disallowing rollover
- Applying tax or waiving it
- Applying prepayment penalty or waiving it etc

Click 'Preferences' to view the preferences.

The contract inherits preferences from the associated product.

Refer to the chapter 'Defining the attributes of a Money Market Product' for detailed explanations on the preferences.

The preferences that are available at the time of entering the contract details are explained below:

Holiday Treatment

Ignoring Holidays

If you check this box the schedule dates will be calculated ignoring the holiday. The automatic processing of the schedule that falls due on a holiday, however, will be determined by your holiday specifications for the product. If you indicated, for example, that the processing should be done till the day before the next working day, the schedule will be liquidated during the end-of-day run of the Automatic Contract Update function. If you specified, though, that processing should be done only till the System Date, then the schedule falling on the holiday will be processed during the beginning-of-day run of the Automatic Contract Update function on the next working day.

Consider Branch Holidays

Check this box for the system to consider branch holidays for holiday treatment.

Cascading schedules

If you check this box then if one schedule is moved backward or forward in view of a holiday, the other schedules will be accordingly shifted. If you do not want to cascade schedules, then, only the schedule, which falls on a holiday, will be shifted as specified and the others will remain as they were.

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Move Across Months

If you check this box, then if you move a schedule falling due on a holiday either forward or backward to the next or previous working day and it crosses over into a different month, then system moves the schedule date. If not, the schedule date will be kept in the same month, on the last or first working day of the month, depending on whether the schedule is over the month-end or the beginning of the month.

Holiday Currency

You can specify the currency for which the holiday table should be checked before drawing the payment schedules related to the deal. In case a schedule falls on a holiday and you have specified that the schedule be moved forward or backward, the movement happens according to the holidays in this country. By default, the currency to be checked is the deal currency. If a currency other than this is specified, the holiday table will be checked for both the currencies.

Others

Liquidate Back Valued Schedules

If you have specified, while defining the product, that a back-dated deal with repayment schedules prior to today's date, the schedules will be liquidated when the deal is initiated, the same will apply to the deal you are entering. However, through this, you can choose not to liquidate back valued schedules.

Payment on Confirmation

Check this box to send the payment messages during the confirmation status 'Confirmed' or 'Waived'.

Payment message will be send on contract confirmation and not during contract booking.

External Interface Details

External Reference Number

Indicate whether the system must accept external reference numbers or a user-entered reference number, for contracts entered at the branch. If you choose this option for a contract, the system will not generate the custom reference number for this deal, but will either accept an external custom reference number or a user-entered custom reference number.

Parent Ref No

Specify the contract reference number of the parent MM contract to which this child contract needs to be linked. This field is applicable only if the contract you are capturing is a child contract created as a result of the parent contract's rollover. In this case, the following details will be same as the parent contract:

- Product Code
- Counterparty
- Currency

Track Receivables

Manual Liquidation

Select this option to track receivables during manual liquidation. In case of manual payments, the system will display an override if sufficient funds are not available in the settlement account. If you say 'Yes' to the override, the system will mark the fund as a receivable amount.

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Partial Manual Liquidation

During manual liquidation, if sufficient funds are not available in the settlement account of the contract, you can opt to do a partial payment. In this case, the deal will be liquidated to the extent of the amount available in the account. The balance due will be tracked as a receivable amount. During EOD processing of the contracts, based on the availability of funds, the deal will be liquidated. This process will continue till the deal is recovered fully. The deal will be in the active status till full liquidation happens. If you do not choose to do a partial payment, then the entire amount that is being manually paid will be tracked as a receivable against the settlement account.

Automatic Liquidation

Select this option if you want to track receivables during automatic liquidation.

SGEN Required

You need to indicate whether the SGEN has to be issued for the deal. You need to opt for 'Settlement Required' option if you check this box. If not checked, the payment message will not be generated for the contract.

4.1.6 Modifying a Placement or a Borrowing

There are two types of modifications that you can make on a contract:

- Those that affect the financial details of the contract.
- Those that do not affect the financial details of the contract

("Financial details" include the accounting entries that have already been passed or the advices that have already been generated).

For example, the changes made to the User Reference Number, Auto Rollover and Auto Liquidation flags, do not result in changes to the accounting entries that have been passed.

However, the inputs to some fields that contain financial information can be changed only under specific circumstances. This is done through the Value Dated Changes function. For example, the changes in the interest rate, increase in the principal etc., can be made only through the Value Dated Changes function.

A deal on which the previous activity has been saved but not been authorized, can be modified. For example, you have captured the details of a deal. The details have been saved but not yet authorized when you realize that some of the details have been wrongly entered. You can unlock the contract make the modifications and Save it. The uploaded contracts can be amended by any valid user – the contract maker or others.

Note

Any type of change, however, has to be authorized, before it takes effect.

4.1.7 Viewing Money Market Contract Details

You can view the MM contract details maintained in the 'Money Market Contract Details' screen using the 'Money Market Contract Summary' screen. You can invoke this screen by

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typing 'MMSTRONL' 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:

Recommended Fields

- Reference No - Specify the reference number. Alternatively, you can select the reference number from the option list. The list displays all valid reference numbers maintained in the system. You have to specify a minimum of 6 characters in this field.

Optional Fields

- Authorization Status
- Status
- Reference No
- User Reference
- Product
- Customer
- Currency
- Booking Date
- Maturity Date
- Related Reference
- Branch
- Module
- Settlement Status

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

- Authorization Status

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- Status
- Reference No
- User Reference
- Product
- Customer
- Currency
- Amount
- Booking Date
- Trade Date
- Value Date
- Maturity Date
- Related Reference
- Account Branch
- Module
- Status
- Payment Method
- Rate Code
- Rate
- Spread
- Profit/Amount
- Product Description
- Outstanding Principal
- Related Reference
- Settlement Status

4.2   Financial Details that can be Changed

Inputs to the following fields can be changed through the contract processing function:

- Takedown Account if the placement has not yet been initiated and Customer Account if a borrowing has not been initiated
- Maturity Account if the deal is yet to mature
- Interest Payment Account if the entire interest on the deal has not yet been liquidated. The new account will be used for future interest payments.
- Contract End Date for a notice or call type of deal
- Tax details if tax has not yet been liquidated

Note

The changes listed do not trigger any accounting entries or the generation of any advices.

4.3   Viewing the Other Details of a Deal

Using the buttons that are displayed in the 'Contract Online' screens you can view the following details of a deal:

- The settlement details
- The tax details

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- The advices that you can suppress or prioritize
- The MIS details
- The ICCF details
- The events for the deal
- The accounting entries for the deal
- The brokerage details

4.4 Advices for Deal Initiation

The advices that have to be generated for any event are specified for the product involved in the deal and are generated after the product is authorized at product level. For example, you may have specified the following advices for the product:

- When a deal is initiated, an advice, addressed to the customer
- If any components (like discounted interest, tax on principal etc.) Are liquidated on takedown, an advice for each of them
- While processing the deal initiation, you can do the following:
- Suppress the generation of any of these advices
- Specify the priority of generation

In the Advices screen you can make these changes.

Suppress

By default, all the advices that have been defined for a product will be generated for a deal. However, you can suppress the generation of an advice for a deal by specifying so in this screen.

Priority

Priority applies to payment messages that have to be sent over S.W.I.F.T. By default, such advices will be sent on a Normal priority. You can change it to Urgent.

4.5 Viewing Event Details

You can view all the events that have take place on a Money Market deal through the View Events screen. You can access this screen by clicking on the view events button in any of the Contract On-line screens. All the events that have taken place on the deal so far will be listed

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in this screen according to the sequence in which they have taken place. The Date on which the event took place will also be displayed.

For example, this list contains events like Booking, Initiation, Interest Accrual, etc.

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4.6 Viewing Accounting Entries for Deal Initiation

To view the accounting entries passed for a specific event, select the event and click 'Accounting Entries' button on the 'Event Details' screen. The accounting entries and overrides for that event will be displayed.

4.7 Viewing the Different Versions of a Deal

When a deal is input, it is assigned a version number of 1. From then on, each amendment of the deal results in its next version. When you come to the Detailed View Screen for a deal, the latest version will be displayed.

To see the previous version, click previous icon from a previous version, clicking next icon displays the next version.

4.8 Initiating a Future Value Dated Deal

A "future-dated" deal is one that has a Value Date that is later than the date on which it is booked. The Automatic Contract Update function will initiate the deal on the Value Date of the deal.

A future Value Date falling on a holiday will be initiated either on the previous working day or the next, depending on your definition for automatic processing at your branch.

All the initiation related entries specified for the product involved in the deal will be passed automatically. If currency conversions are involved, the conversion rates as of the date on which the deal is initiated will be picked up from the Currency Table. To recall, the rates that are applicable for a deal are defined for the product involved in the deal.

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If there is a rate revision applicable for the future dated deal on the day it is initiated (that is, on the future Value Date), the rate revision will also be applied on the deal. This rate revision could either be due a Floating Rate change or a Value Dated Change.

4.8.1 Initiating Future Dated MM deals Manually

In a situation where the Initiation event for an MM deal has not been triggered during the BOD processes, you can choose to trigger it manually using the Reopen option in the Toolbar or from the Actions Menu. A typical instance when the system does not trigger the initiation event is due to insufficient funds.

You can manually trigger the Initiation event for all uninitiated MM deals with value date less than or equal to the system date.

Note

If your user profile has been granted the Auto-Auth privilege, such a deal gets authorized automatically after initiation. Otherwise it has to be authorized by a different user from the MM contract online screen.

4.9 MM Confirmation Rule Maintenance

This section contains the following topics:

- Section 4.9.1, "Invoking MM Confirmation Rule Maintenance Screen"
- Section 4.9.2, "Viewing MM Confirmation Rule Maintenance Details"
- Section 4.9.3, "Processing MM Confirmation Message Intraday Batch"

4.9.1 Invoking MM Confirmation Rule Maintenance Screen

You can maintain confirmation rules for MM deals in 'MM Confirmation Rule Maintenance' screen. The auto matching of confirmation messages will be based on these confirmation

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rules maintained in this screen. To invoke this screen type 'MMDCNFMT' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

You can maintain the following details in this screen:

Rule ID

Specify a unique rule ID for the rule.

Rule Description

Specify a brief description of the rule ID.

Sequence Number

Specify the sequence number for the rule. If there are multiple rules, then auto matching of the messages will be processed based on the sequence number in an ascending order.

Full Match

Check this box to indicate that the confirmation rule maintained is a full match rule.

You have to check the following fields if the rule should be maintained as full match:

- Counteryparty
- Currency
- Principal Amount
- Value Date
- Product Type

Note

You can maintain more than one rule as full match.

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<u>Fields to be Matched</u>

You can enable the following fields to match the details of an incoming SWIFT confirmation message MT320/ MT330 with an existing deal in Oracle FLEXCUBE.

- Product Type
- Counterparty
- Currency
- Principal Amount
- Value Date
- Booking Date
- Event
- Maturity Date
- Notice Days
- Common Reference
- Interest Rate
- Interest Basis
- Interest Currency
- Interest Amount
- Settlement Receive Leg
- Settlement Pay Leg
- AWI Receive Leg
- AWI Pay Leg
- Intermediary Receive Leg
- Intermediary Pay Leg
- Beneficiary Institution Receive Leg
- Beneficiary Institution Pay Leg

If the Full Match Rule is satisfied with a single deal, then the message will be marked as 'Completely Matched' and the deal will be marked as confirmed.

If multiple contracts are matched then the message is marked as 'Partially Matched'.

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4.9.2 Viewing MM Confirmation Rule Maintenance Details

You can view MM confirmation rule details in 'MM Confirmation Rule Maintenance Summary' screen. You can invoke this screen by typing 'MMSCNFMT' in the field at the top right corner of the Application tool bar and clicking 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
- Rule ID
- Record Status
- Sequence Number

Select any or all of the above parameters for a query and click 'Search' button. The following records are displayed.:

- Authorization Status
- Rule ID
- Record Status
- Sequence Number
- Product Type
- Counterparty
- Currency
- Principal Amount
- Value Date
- Booking Date
- Event
- Maturity Date

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- Notice Days
- Interest Rate
- Interest Basis
- Interest Currency
- Interest Amount
- Settlement Receive Leg
- Settlement Pay Leg
- AWI Receive Leg
- AWI Pay Leg

4.9.3 Processing MM Confirmation Message Intraday Batch

An intraday batch MMCNFRM is run to auto match MM Confirmation Messages. The messages MM320 and MM330 are parsed and uploaded into an internal upload table to confirm the format of the messages. On confirming the format, the incoming message browser updates the message as 'Processed'. The auto confirmation batch will use the data in the incoming message and processes the matching based on Confirmation Rule maintained.

While processing auto match, if the details of an incoming message are matched with a single existing deal in the system based on a Full Match rule, then confirmation will be marked for the deal by triggering CONF event. If multiple contracts are matched with a single message while processing a Full Match Rule, then the message will be marked as Partially Matched. You can manually match the 'Partially Matched' deals from the 'Manual Matching' screen. While doing an auto matching system will match an incoming message with details of latest outgoing confirmation message details of a contract.

The following fields of MM deals are matched against the message field values:

MT 320/330 MM Confirmation Message field	MM Contract field
17R	Product type
82A	Counterparty BIC
30T	Trade Date
22A	Events
30V	Value Date
32B	Currency
32B	Principal Amount
30P(MT320)	Maturity Date (For Fixed maturity contracts)
38A(MT330)	Notice Days for Notice Contracts
37G	Interest Rate
14D	Interest Basis
34E	Interest Amount Currency

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34E	Interest Amount
57a Settlement for Bought Leg	Settlement for Sold Leg
57a Settlement for Sold Leg	Settlement for Bought Leg
57a Account With Institution for Bought Leg	Account With Institution for Sold Leg
57a Account With Institution for Sold Leg	Account With Institution for Bought Leg
58a Beneficiary Institution Sold Leg	Branch BIC
22C	Common Reference
56A Intermediary Bought Leg	Intermediary Sold Leg
56A Intermediary Sold Leg	Intermediary Bought Leg

The list of contracts against a message, in case of full and partial matches, can be viewed from the 'Manual Matching of Confirmation Messages' screen.

4.10 MM Confirmation Message Matching

This section contains the following topics:

- Section 4.10.1, "Invoking MM Confirmation Message Matching Screen"
- Section 4.10.2, "View Match Details Button"
- Section 4.10.3, "Contract Button"
- Section 4.10.4, "View Message Button"
- Section 4.10.5, "Viewing MM Confirmation Message Matching Details"
- Section 4.10.6, "Processing Manual Match of the Messages"

4.10.1 Invoking MM Confirmation Message Matching Screen

All the partially matched and unmatched SWIFT confirmation messages can be fetched in 'Confirmation Message Matching' screen. You can link an unconfirmed MM deal with a confirmation message which is not yet matched and initiate the confirmation process in this

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screen. You can invoke this screen by typing 'MMDMATCH' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

You can specify the following in this screen:

Module

The system displays the name of the module.

Message Reference

Specify the message reference number. The system displays the Message DCN as the message reference number based on the message details maintained.

Match Reference

The system displays the match reference number.

Contract Reference

Specify the contract reference number. The system displays the MM contract number based on the contract chosen from contract details screen.

Message Details

You can fetch all the message details based on the following message detail criteria selected:

Match Status

Select the match status from the drop-down list. Following are the options available:

- Null - To fetch both partially matched and unmatched records
- Partially Matched - To fetch partially matched records
- Unmatched - To fetch unmatched records

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DCN

Specify the message DCN. Alternatively, you can select the 'DCN' from the option list.

Sender BIC

The system displays the sender BIC.

External Reference

Specify the external reference number. Alternatively, you can select the external reference number from the option list.

Matching Status

The system displays the matching status of the message.

Message DCN

The system displays the message DCN.

External Reference

The system displays the external reference number.

Contract Reference

Specify the contract reference number. Alternatively, you can select the contract reference number from the option list.

Confirmation Date

The system displays the confirmation date.

If a message is selected from the message detail block, then the message DCN will be defaulted in the 'Message Reference' field.

Partial Match

You can view the following partially matched message details:

Contract Reference

The system displays the contract reference number of the partially matched messages.

Confirmation Rule ID

The system displays the confirmation rule ID.

Rule Description

The system displays the description maintained for the rule.

If a partially matched message is selected in the partial match block, then the corresponding contract reference number will get defaulted in the 'Contract Reference' field.

The manual match of the messages will be done based on the Message Reference and Contract Reference displayed in this screen.

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4.10.2 View Match Details Button

Click 'View Match Details' button in MM Confirmation Message Matching screen to view message match details based on the message and contract reference numbers.

4.10.3 Contract Button

Click 'Contract' button in MM Confirmation Message Matching screen to view the contract details.

4.10.4 View Message Button

Click 'View Message' button to view the details of a selected message.

4.10.5 Viewing MM Confirmation Message Matching Details

You can view MM confirmation message matching details in 'Confirmation Message Matching Summary' screen. You can invoke this screen by typing 'MMSMATCH' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

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

- Module
- Message Reference
- Match Reference
- Contract Reference
- Confirmation Date
- Mode of Matching
- Authorization Status
- Record Status

Select any or all of the above parameters for a query and click 'Search' button. The following records are displayed.:

- Module
- Confirmation Date
- Message Reference
- Mode of Matching

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- Match Reference
- Authorization Status
- Contract Reference
- Record Status

4.10.6 Processing Manual Match of the Messages

For manual match of the messages, the system fetches all the partially matched and unmatched messages based on the criteria selected in manual matching screen. You can match the partially matched record from the message details screen with a selected partially matched message. The manually matched records will be updated as Active and 'Match in Progress'. You cannot fetch this message record for another manual matching process. Once the manually matched deals are authorized, the message will be marked as 'Completely Matched' and for the related MM contract CONF even is triggered.

If there are any partially matched details that are not considered for matching the message, you can fetch the unconfirmed deal records in the Contract Detail sub screen.

4.10.6.1 Un-matching Matched Messages

You can un-match a matched record from MM Confirmation Message Matching Summary screen. To unauthorize and close a completely matched record, select the matched record and click Close button in the detailed screen. The system then triggers unconfirm event UCNF for the related MM contract. You cannot reopen or process the closed match records, but you can fetch the unmatched messages to initiate a new manual match process.

4.11 MM Affirmation Input

This section contains the following topic:

- Section 4.11.1, "Invoking MM Affirmation Input Screen"

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4.11.1 Invoking MM Affirmation Input Screen

You can affirm or un-affirm, waive or un-waive a deal from 'MM Affirmation Input' screen. You can invoke this screen by typing 'MMDAFFRM' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

You can maintain only one MM contract record in 'MM Affirmation Input' screen.The system displays the following fields in this screen:

- Contract Reference Number
- Currency
- Principal Amount
- Booking Date
- Value Date
- Maturity Date
- Counterparty
- User Reference
- Broker
- Unconfirmed Since

Affirmation Status

Select the affirmation status of the MM deal. The options available are as follows:

- Unaffirmed - If the status of the MM deal is not affirmed.
- Affirmed - If the status of the MM deal is affirmed.

If the affirmation status is changed from unaffirmed to affirmed and the affirmation type or affirmation reference number is not specified then the system displays an error message.

Confirmation Waiver Status

Select the MM deal confirmation waiver status. The options available are as follows:

- Unwaived - If the MM deal is not waived off.

- Waived - If MM deal is waived off.

You can modify either 'Affirmation Status' or 'Confirmation Waiver Status' at a time.

Affirmation Details

Affirmation Type

Specify the affirmation type. Alternatively, you can select the affirmation type from the option list.

Affirmation Type Description

Give a brief description on the affirmation type.

Affirmation Reference Number

Specify the affirmation reference number.

Affirmation Reference Date

Select the affirmation reference date from the adjoining calendar.

Remarks

Specify remarks, if any.

4.12 Authorizing a Contract

You have to save a contract after entering all the required details in the system. Click Save icon on the Toolbar or choose 'Save' from the Actions menu to save an account. The system updates this as an unauthorized contract. To authorize an account, click 'Authorize' icon on the Application toolbar.

Note

You cannot authorise a contract from the 'Money Market Contract Input' screen in the following cases:

- the contract has multilevel of authorization pending, the same will be done using the 'Multilevel Authorization Detailed' screen
- the level of authorization is greater than or equal to 'N'
- the 'Nth' or the final level of the users authorisation limit is less than the difference between amount financed and sum of the limits of all the users involved in authorizing a transaction, this case holds good when the 'Cumulative' field is checked in the 'Product Transaction Limits Maintenance' screen
- the transaction amount is greater than the authoriser's authorisation limit if the 'Cumulative' field is unchecked in the 'Product Transaction Limits Maintenance' screen

---

4.13 Multilevel Authorization of a Contract

High value contracts may require multilevel of authorization. The levels of authorizations are defined in the 'Product Transaction Limits' screen. You can use the 'Multilevel Authorization Detailed' screen for authoring a contract n-1 times. However, final authorization can take place only in the contract screen.

For more details, refer the 'Multilevel Authorization of Contract' section in the 'Procedures' User Manual.

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4.14 Authorizing Bulk MM contracts

Money market deals must be authorized in the respective Contract Online screens. This method of authorizing the deals can be quite cumbersome, especially if the volume of transactions is large. In view of that, Oracle FLEXCUBE allows bulk authorization of all unauthorized money market deals from the 'Unauthorized Contracts' screen. Invoke this screen from the Application Browser.

In the 'Unauthorized Contracts' screen, you can indicate the following parameters:

● The module (MM or FX) whose deals or contracts have to be authorized.
● On selection of the module, all unauthorized deals or contracts pertaining to that module will be displayed in the grid.
● Whether the system should ignore the overrides generated at the time of authorization.
● If the overrides of the deals are not authorized, system displays an error message. Check against 'Ignore Overrides' to ignore the overrides associated with the contracts.

For example, if the maturity date of a contract is 30th December 2001 and is a holiday for your bank, system will display an override:

"30-DEC-2001 is a holiday".

However, you can opt to ignore such overrides by checking against 'Ignore Overrides'.

● Whether the messages associated with authorization should be generated.

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On authorization of a contract, the messages associated with the deal will be generated. To generate the messages, check against 'Generate Messages'.

This section contains the following sections:

- Section 4.14.1, "Authorizing the Deals"
- Section 4.14.2, "Viewing the Errors"
- Section 4.14.3, "Viewing the Settlement Details"
- Section 4.14.4, "Viewing the Details of the Deal"

4.14.1 Authorizing the Deals

You can either opt to authorize all the deal that are displayed or choose only certain contracts for authorization.

- To authorize only specific deals, check against the boxes positioned before each deal reference number.
- If all the deals that are displayed have to be authorized, check against the box positioned before 'Contract Ref No'.

After selecting the deals, click 'Authorize' to authorize the deals.

4.14.2 Viewing the Errors

If the system encounters any errors during the authorization of a particular deal, it will record the error and move on to the next contract.

Among the deals selected for authorization, there may be certain deals, which are created by the user who is authorizing. As the maker and checker cannot be same, system will record an error, as it cannot authorize the deal.
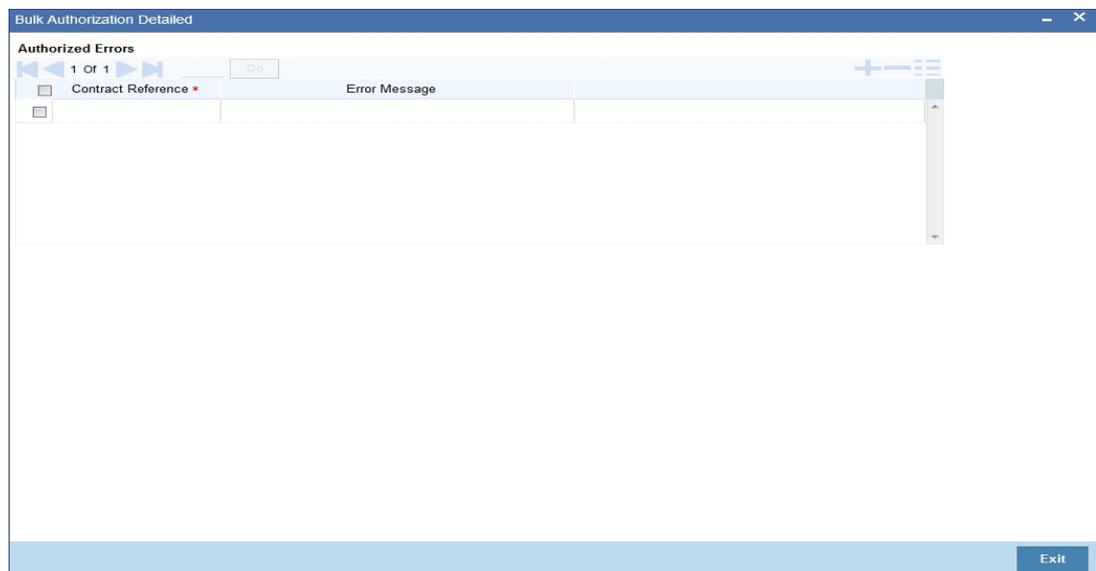
Click 'View Error' to view the details of the errors recorded. In this screen, system will display the reference number of the deals, which could not be authorized and the reason for the failure of deal authorization.

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4.14.3 Viewing the Settlement Details

The settlement account details of each deal will be displayed in the 'Settlement Instructions' screen. Click on the contract for which you want to view the settlement details and it will be displayed in the 'Settlement Instructions' section. For each amount tag, the following settlement details are displayed:

- Settlement account
- Currency of the settlement account
- Settlement account branch
- Payable or Receivable
- Ordering Institution
- Ordering Customer
- Beneficiary Institution
- Ultimate Beneficiary

Note

The settlement details for the latest event of the deal will be displayed.

4.14.4 Viewing the Details of the Deal

The details of the unauthorized deals can be viewed by double clicking on the deal reference number in this screen.

In case of money market deals, the screen that is displayed on double clicking a deal depends on the stage of the deal that is unauthorized.

- If booking, initiation or deal amendment is not authorized, the Contract Online screen is displayed
- If a payment of a deal is unauthorized, the Payment screen is displayed
- If a value-dated amendment is unauthorized, the Value Dated Amendment screen is displayed.

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4.15 Reassigning a Contract to Another User

Normally, an unauthorized contract can be deleted only by the user who has created it. If a contract has to be deleted and the user who has created it is not around to do it, then you may reassign the contract to another user. The newly assigned user can delete the contract. Typically, this situation may arise during End of Day operations when an unauthorized contract has to be deleted and the user who created it has left the office for the day. You can reassign a contract only if you have sufficient access rights to do it.

You can reassign a contract through the 'Reassign User Prior to Authorization' screen. You can invoke this screen by typing 'MMDCONRE' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button. The screen is displayed below.
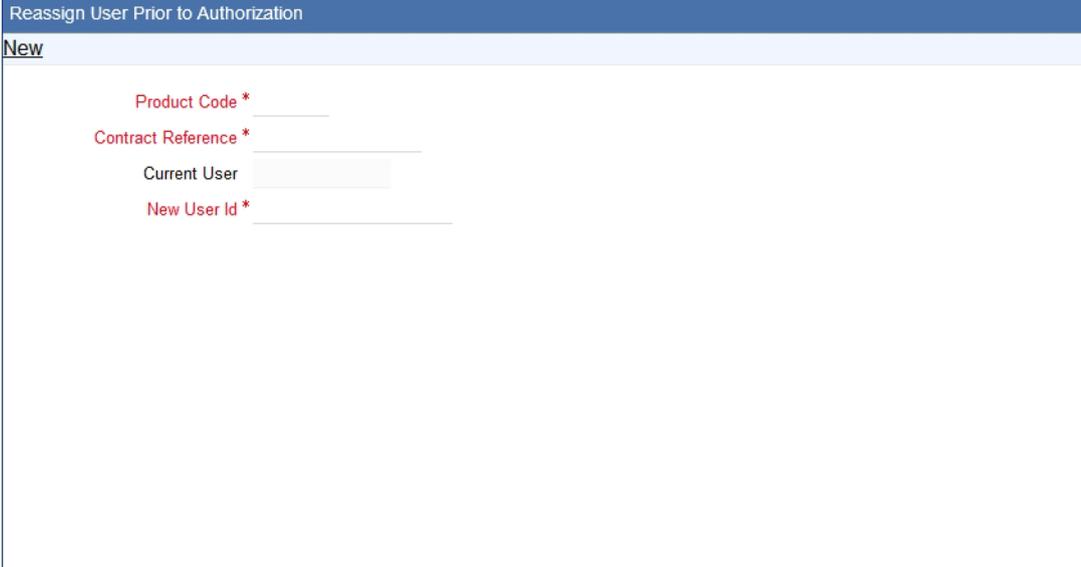
Specify the following details:

Product Code

Specify the product code associated with the contract that you want to reassign to a different user. Select the product code from the adjoining option list.

Contract Reference Number

Specify the reference number of the contract that you need to reassign. Select the appropriate one from the adjoining option list.

Current User

The user ID of the person who has created the contract is displayed in this field.

New User Id

Specify the user ID of the person to whom you need to reassign the contract.

Click 'Ok' button to save the details you entered. The system will reassign the contract to the new user. Click 'Exit' button if you do not want to save the details.

4.16 Amending Money Market Transactions

Once a MM contract is authorized, changes to this can be done through the 'Money Market Value Dated Changes Input' screen. You can invoke this screen by typing 'MMDVAMIN' in

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

For more details on the field explanation of each tab, refer section 'Features of the Contract Details screen' section of this User Manual.

4.16.1 Authorizing Money Market Contracts

You cannot authorise a contract from the 'Money Market Contract Input' screen in the following cases:

- the contract has multilevel of authorization pending, the same will be done using the 'Multilevel Authorization Detailed' screen
- the level of authorization is greater than or equal to 'N'
- the 'Nth' or the final level of the users authorization limit is less than the difference between amount financed and sum of the limits of all the users involved in authorizing a transaction, this case holds good when the 'Cumulative' field is checked in the 'Product Transaction Limits Maintenance' screen
- the transaction amount is greater than the authorizer's authorization limit if the 'Cumulative' field is unchecked in the 'Product Transaction Limits Maintenance' screen.
- Re-key is not done. Re-key is mandatory for Payment input authorization)

4.17 MM Settlement Exception

This section contains the following topics:

- Section 4.17.1, "Processing MM Settlement Exception"

4.17.1 Processing MM Settlement Exception

You can view and process MM placement deals for which the settlement status is pending. If the fund in the settlement account is less than the due amount, then the system updates the contract settlement status as pending. These pending transactions can be viewed and

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processed through 'MM Settlement Exception Processing' screen. You can invoke this screen by typing 'MMDEXCEP' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button. You are allowed to Create, Save, Authorize, Delete and Enter Query in this screen.

In this screen you can query all MM deals pending for settlement.

Reference Number

The system displays the reference number.

Customer

Specify the customer number. Alternatively, you can select the customer number from the option list. The list displays all valid customer numbers.

Force Liquidate

Check this box if the customer account should be force debited.

Click 'Fetch Records'. The system displays the following information:

● Contract Reference
● Event Date
● Event
● Error Code

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5. Processing Repayments

When you make a money market deal, you also decide on the terms of the repayment of the placement or borrowing. You may have your own repayment schemes; for example, you may prefer monthly repayments of interest or the repayment of the principal on maturity, and so on. Or, you may design repayment schedules to suit the convenience of your customer. Your customer may want the repayments done daily, instead of every week, for example.

In Oracle FLEXCUBE, you can customize your repayment schedules for a money market product. The same schedules will, by default, apply to the deals involving the product. However, when processing a specific deal, you can change the repayment schedule, which it inherits, from the product it involves.

This chapter contains the following sections:

5.1 Defining Schedules for a Product

You can define repayment schedules for the interest or interest type of ICCF components like a tenor based charge or fee and the principal of a Money Market deal, while defining a product.

The attributes of the schedules for a product are defined through the Product Preferences screen. The following are the attributes of a repayment schedule:

- Mode of liquidation – auto or manual. This can be changed at the time of deal processing.
- Liquidation of back valued schedules upon initiation of a deal. This can be changed at the time of deal processing.

However, for a deal, you can have:

- Only a maturity schedule for the principal and no interim schedules
- Interim schedules for the interest
- Only normal type of schedules for interest. Schedules cannot be capitalized or amortized
- No schedules for commission, charge or fees

A discussion on these attributes follows in this chapter.

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The Automatic Contract Update function executed as part of the MM Batch Daily routine automatically liquidates schedules that you have marked for auto liquidation. If schedules are marked for manual liquidation, you will have to liquidate them through the Contract Schedule Payments function.

Once you specify the attributes of schedules in the Product Preferences screen, the default schedules, which you want, applied to the deals involving the product, and are specified through the Product Schedules screen.

At the time of deal processing you can change the schedules which have been inherited by the deal, to suit your needs.

If the interest specified is an amount and not a rate (Special type of Interest), you should enter this amount for the interest component. You should specify the number of schedules for the component (interim schedules and maturity schedule). You can give the Start Date, Frequency and Unit afresh or let the details inherited from the product remain.

Note

If schedules are not defined for the product, then the borrowings or placements under it will have bullet (or balloon) schedules by default. That is, all the components will be liqui-dated on maturity.

Since for a money market deal, the principal is always repaid at Maturity, you need not define a schedule. By default, the principal will have a bullet schedule.

5.2   Product Schedule Preference Details

This section contains the following topics:

- Section 5.2.1, "Setting Product Schedule Preferences"
- Section 5.2.2, "Mode of Liquidation"
- Section 5.2.3, "Liquidating Back Valued Schedules During Initiation"
- Section 5.2.4, "Specifying the Payment Method"
- Section 5.2.5, "Indicating the Schedule Type"

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5.2.1 Setting Product Schedule Preferences

You should define the attributes of the schedules for a product through the Preferences screen.

5.2.2 Mode of Liquidation

Components of a deal can be liquidated automatically or manually. In the Product Preferences screen you should indicate whether the mode of liquidation of repayment schedules is to be automatic.

Specify **Auto** liquidation if you want the components of a deal (involving a product) to be liquidated automatically. If you so specify, a schedule will be automatically liquidated on the day it falls due, during beginning of day processing (by the Automatic Contract Update function.)

Now, consider the following situation:

- You have indicated automatic liquidation
- The schedule date falls on a holiday, and
- You have specified (through the contract preferences screen), that the holiday be ignored while calculating the schedule date

In such a situation, a repayment falling on a holiday would be processed according to your specifications for holiday handling (in the MM Branch Parameters screen). It would be as follows:

- If you have specified that processing has to be done (on the last working day before the holiday) for automatic events right up to the day before the next working day, the schedule falling on the holiday will be liquidated during end of day processing on the last working day before the holiday.

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- If you have specified that processing has to be done only up to the System Date (today), then only those events scheduled for today (the last working day before the holiday) will be processed. The events falling due on the holiday are processed on the next working day after the holiday, during beginning of day processing.

If a borrowing has been defined for verification of funds before automatic liquidation (through the Contract On-line Preferences screen), those components whose schedule dates fall on the same day will be liquidated in the order you have specified when defining the product.

If the funds are insufficient, the liquidation is done to the extent of the available balance in the repayment account. The components will be liquidated in the order that you specify. This will be reported in the Exception Report generated at the end of every day, automatically (by the Automatic Contract Update function). If you have not specified that the funds be verified, and there are insufficient funds in the repayment account:

- The repayment account will be put into a debit balance (if you have allowed overdraft) and the schedules for the components liquidated to the extent of the debit balance that you have allowed for the account. You can liquidate beyond the allowed debit balance for an account after overriding a warning message. This override will be recorded for audit trail purposes. Debit interest, as specified for the type of account (current or savings); will be applied on the debit balance.
- If the repayment account has not been defined with overdraft, the liquidation will not be processed.

If you specify manual liquidation for deals involving the product, then you will have to do the liquidation manually, through the Manual Liquidation screen.

5.2.3 Liquidating Back Valued Schedules During Initiation

You have to indicate whether for a backdated deal that has schedules prior to today's date; the schedules have to be liquidated when the deal is initiated. A back dated deal is one, which has an initiation date, which falls before today's date.

5.2.4 Specifying the Payment Method

You have to specify whether the payment method for the main interest is to be bearing, discounted, or true discounted. This *cannot* be changed at the time of processing a deal.

Bearing

The interest is liquidated on schedule payment date(s).

Discounted

In this interest payment method, the interest is deducted at the time of initiating the deal.

True discounted

In this interest payment method, the interest is calculated on the principal in a manner differing slightly from the 'Discounted' method. The interest rate is applied on the Principal instead of the Nominal, as it is done in the 'Discounted' method.

To go to the Product Default Schedules screen, click on the Schedules button in the Product Preferences screen.

5.2.5 Indicating the Schedule Type

You can define schedules for each component for the product through the Product Default Schedules screen. This involves specifying the reference date, the frequency, the month and date for each component.

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5.3   Features of the Product Default Schedules Screen

When creating a product (in the Product Default Schedules screen), you can define schedules for all deal components. This involves specifying the reference date, the month and the date for each component etc. All deals, involving the product, will acquire these attributes.

Component

You can define different repayment schedules for the different components according to your needs. First of all, you should specify the component for which you want to define the schedule. All components – the principal and any other component depending upon your ICCF definition for the deal – are available in the adjoining option list. You will have to define schedules for each of them.

When defining repayment schedules for specific deals, the amounts for components like interest, commission, and fee will be calculated by the system automatically, depending on the repayment date and amount of the principal. However, for deals with special interest, you will also have to provide the interest amount.

Refer

Indicate whether the dates of repayment schedules should be calculated based on the Value Date (date of initiation of the deal) of the deal involving the product, or a Calendar Date. If you specify that the Reference is the Value Date (date of initiation of the money market deal), the dates for schedule repayments will be based on this date and the Frequency.

If the Reference is specified as the Calendar Date, the dates for schedule repayments will be based on the Start Date (specified by you), the Month and the Frequency. The following example illustrates this concept.

If Reference is set to Value Date (deal initiation date), you need to specify only the Frequency (monthly, quarterly etc.) and the unit of frequency (if you specify the frequency as weekly and the unit as 1, it means once a week). The system will set the schedule according to the Frequency and Unit of Frequency you have specified, beginning on the Value Date.

Frequency

For a periodic schedule, you can indicate the frequency of repayment for each component. This could be:

- Daily

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- Weekly
- Quarterly
- Monthly
- Half-yearly
- Yearly
- Bullet

By default, the frequency will be Bullet, meaning all the repayments will be made on maturity. If the frequency is defined as Bullet, you cannot enter a value into the subsequent fields.

Unit

You can specify the number of units for the frequency you have set for a particular component.

For example, if you want a payment every 15 days, you will have to specify

- the frequency as Daily and
- the units as 15.

For payments every three weeks, you will have to define

- the frequency as weekly and
- the unit as three.

Day

If you have set the Reference as Calendar Date and the frequency as weekly, quarterly, half-yearly or annual indicate the day on which the first schedule falls due. Based on this, the subsequent schedule dates will be calculated.

Month

If you have set the Reference as Calendar Date and the frequency as weekly, quarterly, half-yearly or annual indicate the month in which the first schedule falls due. Based on this, the subsequent schedule dates will be calculated.

Date

If you have set the Reference as Calendar Date, you should indicate the date on which the schedule should fall due. Specify 31 to indicate that the schedule should fall due on the last day of the month (that is, 31 for months with 31 days, 30 for months with 30 days and 28 or 29, for February).

The schedule repayment dates will be computed using the Frequency, (Start) Month and the (Start) Date.

A schedule date:

- should be later than or the same as the Value Date,
- It cannot be beyond the Maturity Date.

Period Unit

You need to specify the unit for the interest period. The available options are as follows:

- Days
- Months
- Years

5.4   Defining Repayment Schedules

The payment schedules defined for a product will apply to all deals involving the product. When you process a deal in the Contract Schedules screen, the details defined for the product (which the deal involves) will be displayed. You can change the schedules that a deal acquires when processing it in the the 'Money market Contract Input' screen - Schedules tab (MMDTRONL).

You can redo the schedules defined for the product, by clicking on 'Schedules' in the 'Money market Contract Input' screen. The schedules that have not been liquidated and which fall due on the current system date, or later than the current system date, will be erased and you can go on to define the new repayment schedules.

The attributes of the schedules inherited from the product can be changed for a deal through the Contract Preferences screen.

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5.5   Setting Deal Schedule Preferences

Schedule preferences are the attributes of the repayment schedules defined for the deal. The attributes that have been defined for the product are inherited by all deals involving the product. Some of these attributes can be changed. They are:

- The liquidation of schedules that fall due before the day on which the deal is booked
- The liquidation mode (auto to manual)

Click 'Preferences' to specify an additional set of schedule-related attributes.

How liquidation dates falling on holidays should be handled

- Whether schedule dates should be cascaded in case you have indicated that they (schedule dates) be moved forward or backward in case of a holiday
- The holiday table of the country of the deal currency that has to be checked before setting automatic schedules
- Whether back valued schedules should be liquidated on deal initiation
- Whether, in case of a placement, the availability funds in the repayment account has to be verified if components have the same schedule date and repayment account, and automatic liquidation has been specified

The Contract Online screens are available under MM in the Application Browser.

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5.6   Specifying the Contract Preferences

Although schedules are inherited by a deal from the product, through the Contract Preferences screen, you can to define your own schedules for a deal.

A schedule date:

- Should be later than or the same as the Value Date
- You can have only one schedule for a component for a date, and
- It cannot be beyond the Maturity Date

This section contains the following topics:

5.6.1   Liquidating Back Valued Schedules

If you have specified, while defining the product, that a back-dated deal with repayment schedules prior to today's date, the schedules have to be liquidated when the deal is initiated, the same will apply to the deal you are entering.

However, through this screen, you can choose not to liquidate back valued schedules.

5.6.2   When the Repayment Schedule Date is a Holiday

You have specified that repayment schedules should be generated automatically once you indicate the frequency, number and the date of first repayment. When the system computes the repayment dates based on these values, there is a chance that one or more schedules fall due on a holiday. In such a case, you have two choices:

- Ignore the holiday and retain the schedule due date or
- Move it either backward or forward, by specifying so. If you specify that holidays are to be ignored, the schedule dates will be fixed without taking the holidays into account. In such a case, if a schedule date falls on a holiday, the processing of such a schedule is determined by your holiday handling specifications for automatic processes, in the Branch Parameters screen:
- If you have specified that processing has to be done on the previous working day for automatic events right up to the day before the next working day the schedule falling on the holiday will be liquidated during end-of-day processing on the previous working day.
- If you have specified that processing has to be done only up to the System Date, then only the events scheduled for the System Date will be processed. The events of the holiday are processed on the next working day during beginning -of-day processing.

5.6.3   Moving Schedules Forward or Backward

A schedule date falls on a holiday and you have not specified that holidays are to be ignored at the time of schedule definition. In such a case, you should indicate the movement of the schedule date forward or backward to the next working day, or the previous working day,

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respectively. Since the schedule date itself is moved to a working day, the payment will be processed on the day it falls due, *as of* that day.

5.6.4   Moving Schedule Dates Across the Month

If you have chosen to move a schedule falling due on a holiday to the next working day, or on the previous working day, and it crosses over into another month, the schedule date will be moved only if you so indicate. If not, the schedule date will be kept in the same month.

5.6.5   Specifying the Holiday Currency

You can specify the country of the deal currency for which the holiday table should be checked before drawing the payment schedules related to the deal. In case a schedule falls on a holiday and you have specified that the schedule be moved forward or backward, the movement happens according to the holidays in this country.

By default, the currency to be checked is the deal currency. If a currency other than this is specified, the holiday table will be checked for both the currencies.

5.6.6   Specifying the Mode of Liquidation

When creating a product, you specify the mode of liquidation - whether automatic or manual. Your specifications will apply to all deals involving the product.

Through the Contract Preferences screen, you can change the mode of liquidation for the deal that you are processing, from automatic to manual, or vice versa.

5.6.7   Cascading Schedules

The question of cascading schedules arises only if:

- You have specified that a schedule falling due on a holiday has to be moved forward or backward; and
- The schedule has been defined with a definite frequency

If you have indicated that schedules should be cascaded, the schedule date for the next payable schedule will depend on how the schedule date was moved for a holiday. The following example illustrates how this concept of cascading schedules functions:

When you cascade schedules, the last schedule (at maturity), however, will be liquidated on the original maturity date and will not be changed like the interim schedules. Hence, for this particular schedule, the interest calculation days may vary from those of previous schedules, as the case may be.

5.7   Revision and Repayment Schedules

In the Contract Schedules screen, you can define two types of schedules:

- Those for the revision of interest rates for a deal with floating interest rates, and
- Those for repayment of the various components.

This section contains the following topics:

- Section 5.7.1, "Interest Rate Revision Schedule"
- Section 5.7.2, "Specifying the Rate Revision Frequency"
- Section 5.7.3, "Specifying the Rate Revision Dates"
- Section 5.7.4, "Repayment Schedule"

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5.7.1   Interest Rate Revision Schedule

A Floating Rate Table - that contains the market rates for the day – is maintained in the ICCF sub-system so that the latest rates can be applied to deals.

The market rates vary on a daily basis and are maintained in this table. The rates can be applied either every time they change or at periodic intervals. Usually, for Money Market deals, floating rates are applied, i.e., the latest market rate is applied (see the section on Specifying Rate Code Usage in the chapter 'Processing Interest, Charge and Fee'). You can also apply these rates on a periodic basis so that you are in tune with the market rates (as opposed to fixed interest rates which remain the same for the entire period of the deal), and at the same time you do not have to apply the market rates on a daily basis.

You can specify whether the latest market rates have to be applied every time they change, or if they have to be applied periodically, by defining an attribute called the Rate Code Usage through the Product ICCF Details screen for a floating interest type. If you specify 'auto' rate code usage, all the rate changes made during the liquidation or accrual period will be considered. If you specify 'periodic' rate code usage, the rates will be periodically refreshed and the rates as of a specific frequency, or date, will be applied.

For a deal that has been defined with Periodic Interest that has to be applied at periodic intervals, you can specify the following:

- The frequency at which the periodic rate change has to be applied
- The dates on which the periodic rate change has to be applied

5.7.2   Specifying the Rate Revision Frequency

In the MM Contract Schedules screen, select the component, for which the Rate Revision frequency has to be, defined (say INTEREST1). Select the Type as 'R' (Revision), then enter your specifications in the frequency (it could be daily, weekly, etc.), the number, and unit fields. Also give the Start Date on which the first revision has to take place.

For example, if you specify the frequency, as weekly, the revision will take place every week beginning on the Start Date that you have specified.

5.7.3   Specifying the Rate Revision Dates

Revision frequency has to be defined (say INTEREST1).

Then, instead of specifying the other schedule details like the frequency, the number and unit, indicate the date in the Start Date field. The rate revision will be done on that date.

5.7.4   Repayment Schedule

For a repayment schedule, the amount of repayment needs to be specified only for the Principal. The interest, commission and fee components will be calculated by the system automatically, depending on the repayment date and amount of the principal. However, if the interest type is Special, you should specify the interest amount. Similarly, if the deal has been defined with any other fixed amount component, you will have to enter an amount for this. The repayment schedules for the components of the deal will be those defined for the product it involves. You can change the schedules for a deal when processing it.

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5.7.5 Interest Repayment Schedules as Different from Rate Revision Schedules

For a deal on which floating interest has to be applied at periodic intervals, you may have to define:

- An interest rate revision schedule for the interest component, as well as
- A repayment schedule

The following example shows how this is achieved:

You have a deal where for the component interest; you have to define an interest rate revision schedule for revisions every week as well as a fortnightly interest repayment schedule. The Start Date of the deal is 1 October '97 and the End Date is 31 October '97. The deal has been defined with a periodic rate and the rates in the floating rate table change in the following manner:

Date	Rate
1 October '97	12
12 October '97	11.5
25 October '97	11
15 November '97	12
30 November '97	12.5

Defining a frequency based rate revision schedule

To define a schedule with periodic rate code usage, through the Contract Schedules screen, mark the component as a revision schedule and specify the component, say INTEREST, from the picklist. Give the frequency at which the interest rate has to be refreshed, say weekly. Give the Start Date, say 8 October. The first revision will happen on this day, and every week from then on. Save the inputs.

Defining a date based rate revision schedule

If you were to define specific dates – 7 October, 15 October and 23 October – for the rate revision to happen, then, through the Contract Schedules screen, mark the component as a revision schedule and specify the component, say INTEREST, from the picklist.

Specify the date on which the rate revision is to be done, in the Start Date field, as 7 October. Similarly, define the other dates, but by picking up the same component INTEREST from the picklist each time.

Defining a repayment schedule for the same component

Now to define a repayment schedule for the same component, INTEREST,click schedules Tab and choose the component interest from the picklist. Now draw up a repayment schedule for this component. Give a value in the Start Date field, say 15 October 1997. The first interest liquidation will be done on this date.

In the frequency field enter 'monthly' and in the unit field specify '2'. This means the interest repayments will be done every fortnight beginning 15 October.

That is, for a deal defined with frequency-based periodic rates, the rates prevailing on the refresh dates will be used for accruals and liquidation. In the deal we are discussing, with the

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refresh frequency defined as weekly and the Start Date as 15 October, the rate applied for the interest liquidation on 15 October will be as follows:

From	To	Rate
1 October	8 October	12
9 October	15 October	11.5

For a deal with Periodic rate code usage (date based), the rates prevailing on the specific refresh dates will be used for accruals and liquidation. Shown below are the rates applicable on the specified revision dates.

Revision Date	Rate Applicable
7 October	12
15 October	11.5
23 October	11.5

In the deal we are discussing, the rates applied for the interest liquidation on 15 October will be as follows:

From	To	Rate
1 October	7 October	12
8 October	14 October	12
15 October		11.5

5.7.6 Specifying Schedules for a Deal with a Fixed Interest Rate

For components of deals with a fixed rate of interest, you will not have to define interest rate revision schedules. The schedules defined for each component at the time of product definition apply to the deal. However, you can change the frequency, number, unit and the start date to suit the specific requirements of the deal that you are processing. You will have to specify the amount only if the schedule being defined involves the principal component or a special interest. But in the case of Money Market deals, the principal is repaid at Maturity.

The amount for interest, commission and fee components (if they are rates) will be calculated by the system automatically, depending on the start date, number of schedules, frequency and repayment amount of the principal. However, an amount can be entered here for interest only if the Interest Calculation Method has been defined as Special. The fee amount can be input only if it is a flat fee. For a money market deal, you can define repayment schedules that:

- Fall due at regular intervals, or
- At irregular intervals

Now, if you want to define schedules that fall due at regular intervals, all you have to do is, for a component, specify the start date, the frequency, the unit and the principal amount. Since you would have already registered the Maturity Date of the money market deal (for a fixed maturity type), in the Contract Details screen, the schedules would automatically be spread out into equal intervals. Based on this information, the system calculates the dates on which the repayments or interest revisions fall due.

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For example, consider the following details for a deal: A borrowing of USD 100,000 comes into effect on 1 January 1998 and matures on 31 October 1998. Suppose you want to have 10 monthly schedules for interest payment, you have to specify the Start Date as 31 January 1998, the frequency as monthly, the unit as 1. The interest schedules would be spread out over 10 months and would fall due every month-end.

Now, you have a 15 month borrowing beginning 1 January 1998 and ending 31 March 1999. Suppose, you want to define four quarterly schedules and three monthly schedules for interest payment of this loan, these are irregular schedules and the '**Number'** field assumes importance here. Here, for the component interest, you have to give the Start Date as 31 March 1998, the frequency as quarterly and the unit as 1. The number of such schedules will be four. Hence your quarterly schedule dates will be calculated as:

- 31 March 1998 (Start Date),
- 30 June 1998,
- 30 September 1998,
- 31 December 1998.

You have to specify for the same component – the interest - the Start date as 31 January 1999, the frequency as monthly, the unit as 1, and the number as '3', if you want to fix three monthly payment schedules after 31 December 1998. They will be calculated as falling due on:

- 31 January 1999
- 28 February 1999
- 31 March 1999

5.8   Redefining Schedules

Repayments that are scheduled for a date later than today can be redefined. This redefinition can be done even after the deal has come into effect and a few schedules have been liquidated.

However, schedules with a date earlier than today's date that are yet to be liquidated cannot be rescheduled. You have to liquidate them through the Manual Liquidation function. Aging analysis and penalty processing will be done on such overdue schedules if they are borrowings.

The redefinition of schedules will be done automatically on the following occasions:

- When the Maturity Date is changed – a change in the Maturity Date will be handled in the following manner:
  - **Extension of the Maturity Date**: The principal repayment schedule that was defined for the earlier Maturity Date will be moved to the new Maturity Date. Other components (interest, commission or fee) that are dependent on the tenor of the deal will be recalculated and spread equally over the rest of the repayment schedules for these components.
  - **Advancement of the Maturity Date**: All the schedules that are beyond the new Maturity Date will be advanced to the new Maturity Date. The amount of other components (interest, commission or fee) that are dependent on the tenor of the deal will be recalculated and spread equally over the rest of the repayment schedules for these components.
- When the Principal is increased: the increased amount is added on to the last principal schedule. Other components (interest, commission or fee) that are dependent on the principal of the deal will be recalculated and spread equally over the rest of the repayment schedules.

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- When there is a prepayment of interest and you have defined recalculation of schedules on repayment.

There may be some situations wherein you would want to redefine the schedules, i.e.; you may want to change the payment dates or amounts. In such cases, you can change the schedules by invoking the Contract Input screen and going to the Schedule Redefinition screen by clicking on the 'Revision Details' button. If you click the redefinition button on the schedules screen, all the schedules with today's date or a date in the future will be erased and you will be allowed to enter a new set of schedules.

To redefine a schedule for only one component, highlight the schedule and make the changes. If the schedules have already been authorized, then you will have to make the changes through the Modify function. After making the changes, you can save the redefined schedules by clicking save icon. To delete a schedule (before authorization) click delete icon.

5.8.1 Authorizing a Redefined Schedule

A redefined schedule has to be authorized before it can be used.

5.9 Viewing Schedule Details

When you click on the 'Default' button in Schedules tab, you will see the 'Payment Schedule Details' screen. Here you can view the details of the schedules for a particular deal.

In this screen you can see the following details for the component:

- The Due date of the Schedule
- The Amount Due as of the due date
- The amount liquidated against the schedule

5.10 Viewing Revision Schedule Details

When you click on the Revision Details sub screen you will see the 'Revision Schedule Details' screen. Here you can view the details of the revision schedules for a particular deal.
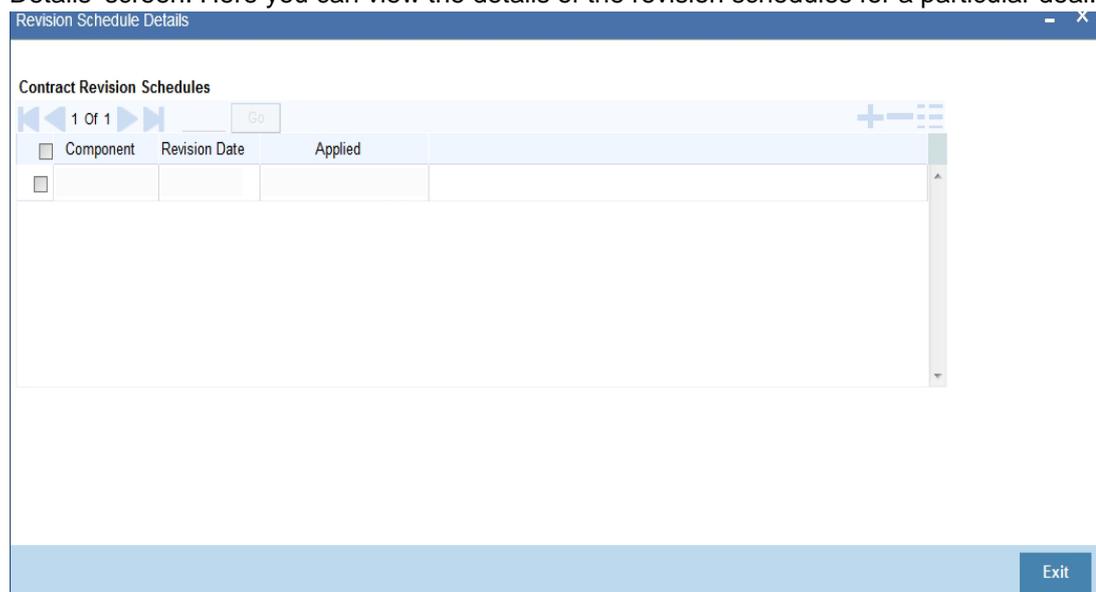
In this screen you can see the following details for the component:

- The revision date and

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- Whether it has been applied

5.11 <u>Making Manual Payments</u>

The various components in a deal can be liquidated either automatically or manually. The mode of liquidation of each component is specified at the time of defining a product and then again, at the time of deal processing. An automatic liquidation is done on schedule payment days by the Automatic Contract Update program.

Even if you have defined a deal with automatic liquidation, you can liquidate it manually a day before the schedule date. However, payment will not be allowed if the Rollover Instruction Status for the contract is 'Complete'.

You can invoke the 'Money Market Payment Input' screen from the Application Browser by typing 'MMDPAMIN' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

You can do the following operations the manual payments function:

- Input of Manual payments
- Deletion of manual payments, and
- Reversal of manual payments

The manual payments made through this function can be:

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- Scheduled payments, which are due.
- Payments which are made prior to a scheduled payment date. (these are called prepayments and they can be made even if the deal has been defined for automatic liquidation of components).
- Back value dated payments. The value date for such payments cannot be earlier than the most recent schedule that was due. If there is more than one schedule outstanding and you want to assign the value date of each schedule payment, you should enter the liquidation of each schedule separately.

The value date you have entered will be used for all the entries generated by the system.

This section contains the following topics:

5.11.1 Input of Manual Payments

Once you enter the deal reference number in the Contract Schedule Payments you will see the following details displayed on the screen:

- Counterparty Name
- The currency of the deal
- Status of the borrowing
- The total outstanding amount as of the value date (the date on which the payment is being made) and the deal version

The Value Date here, is the date on which the liquidation entries will be passed. When you enter a Value Date in this screen, if there are any payments due on that date, they will be displayed and you can liquidate them.

If there are no schedules due on that date, the schedule becomes a prepayment. But this is only if the Value Date is not a back valued date. You can have a back valued date but it cannot be earlier than the last schedule that was due. (You can also liquidate back valued schedules by entering a Limit amount).

If the Value Date is today or a date in the future, the prepayment is processed.

The Payment Limit Date or Amount of the payment should be given at the time of payment. If you have given a payment limit date, the system shows all the components, which are due till the limit date. If you have given the amount limit in the Amount field, it shows all the schedules for the limit amount.

Note

While the Prepayment Limit Date is used to pick up the schedules pending as of that date, the Value Date is taken into account by the system for passing accounting entries.

Alternatively, the system picks up a schedule according to the amount being paid. You will see the next schedule, which is due, within the limit of this amount. If the amount being paid is more than the total amount payable for the next schedule, the next schedule will be considered. The total amount due for these schedules is displayed.

You have to enter the actual amount being paid in the Net Amount Settled field. If there are both positive and negative amount to be settled, then the net amount should be specified

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here. This amount can either be allocated to the various components manually, by entering the break up of the amount against the various components, or automatically by clicking the **Allocate** button. The total negative amount that should be settled is displayed in Negative Amount Settled field. Partial payment of negative amount is restricted. Back dated payment of interest amount is allowed till last payment date or amendment date, whichever date occurs later.

The automatic allocation is done based on the Liquidation order you have defined for the product. If you have not specified the order of liquidation for the principal and the interest type of components, the amount will be allocated for liquidation in the following order:

- Penalty interest (if one has been applied)
- Interest
- Principal

Note

If a payment that covers both past and future schedules is made, the system will force you to pay out the past schedules before the future schedules are paid. If an ICCF component is based on the outstanding principal you will not be able to make a payment where the amount is more than what is due for the component as of the system date.

In the Contract Schedule payment screen, you have a set of icons using which you can navigate to the following screens:

'Settlements' - Click to go to the Settlement Message Details screen

'Tax' - Click to see the Tax details screen

'Advices' **-** Click to see the Advices screen. You can suppress advices using this screen.

'Breakup' **-** Click to view the Schedule Breakup screen.

'Events' **-** Click to view the Events screen.

Settlement Sequence Number

Choose a settlement instruction by specifying a settlement sequence number. You can skip this field if any default settlement instruction is already provided.

Note

At the time of specifying settlement instructions, it is now possible to choose from multiple instructions that are maintained for the same branch, customer, currency, module and product combinations. You can choose any settlement instruction from a list of values. The list of values displays the Settlement Sequence Number and Settlement Instruction Description.

Settlement Instruction Description

Specifies the description of the selected settlement instruction.

5.11.2 <u>Paying Tax</u>

When there are taxes charged on the interest, etc., the payment of the component will always include the corresponding tax amount. If the payment does not include the full amount due, the proportional tax amount must be liquidated. You should input the total amount to be

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applied to the component. The system then calculates the corresponding tax amount (based on the tax rate) and distributes the amount paid between the component and the tax.

For example, if a customer owes USD 1000 in interest (tax inclusive), the tax rate is 10% and he pays you USD 1000, the payment is automatically distributed into USD 909.09 (interest) and USD 90.91 (the tax component)

The customer will still owe you USD 90.91 in interest and USD 9.09 tax in tax.

Total tax is always calculated on the full schedule. Therefore, if there is a rounding difference, it will be adjusted in the last liquidation.

In the above example, the tax component has come to USD 90.91 for that schedule. Suppose the total tax component is USD 273. If this is paid in three schedules the total will come to USD 272.73 (90.91 + 90.91 + 90.91 = 272.73). During the last liquidation, the system will round off the total of such schedules for tax to the nearest decimal point, i.e., USD 273.

5.11.3 <u>Using the Settlements Screen</u>

When the deal and the accounts for payment are in different currencies, you may enter the Foreign Exchange rate for conversion in the Settlements screen. If the customer account for a component was expressly not defined at the time of deal input, you will have to specify an account at the time of payment, through the Settlements screen.

The payment accounts can also be changed for the various components at the time of payment. The new payment accounts will only be used for that particular session of the manual payment function.

For instance, you have named an account A1 for a particular component at the time of deal input, but during manual payment you wish to change it to A2. Once this particular payment is carried out, the system will show the default account as A1 for that component. A2 will be used only for the session that you have specified for manual payment.

In this screen,

- The currency (of the contract components) and the branch will be displayed
- You can change the payment account
- You can specify the exchange rate, if the settlement account currency is different from the contract currency

5.11.3.1 <u>Suppressing Messages</u>

Settlement messages, defined for components that fall due, will be generated automatically when you execute the Settlement Generation function at the end of day. You can suppress the generation of the settlement message, defined for a component, by clearing the check-box in the 'Gen Message' field in the 'Contract Settlement Message Details' screen.

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5.11.3.2 <u>Viewing the Schedule Breakup Details</u>

In the Schedule Payments screen, you will see a row of icons. Click 'Breakup' to view the Schedule Breakup screen .
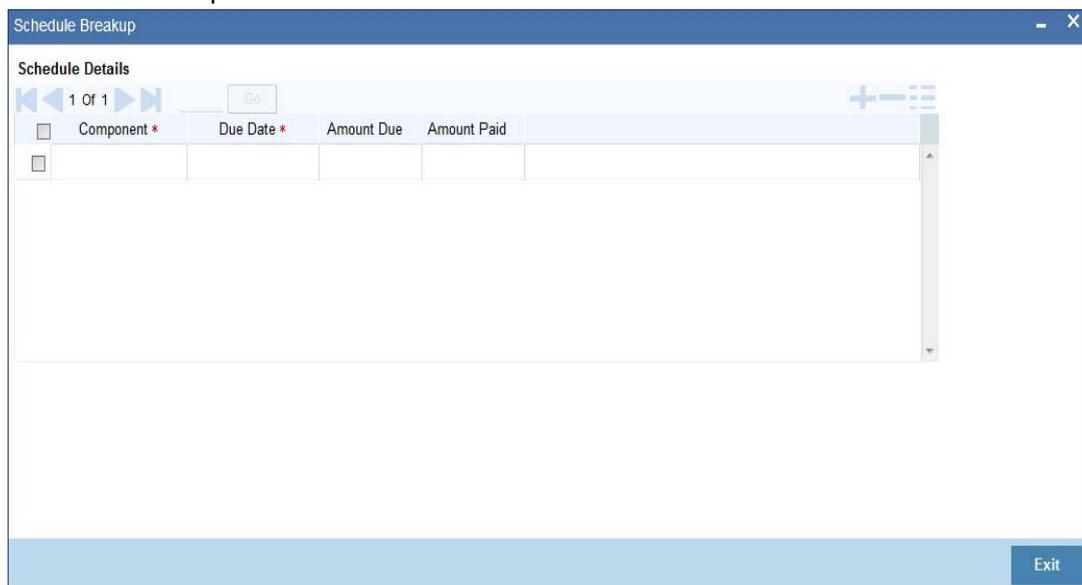
You will see the following in this screen:

Component

In this screen you can see the schedules being paid on account of this particular payment for which you are doing manual liquidation. The component getting paid is displayed.

Due Date

The due date of the component being liquidated is displayed.

Amount Due

The amount outstanding for the component being liquidated is displayed here.

Amount Paid

You can see here the amount paid for the component as of the value date (the current system date).

5.12 <u>Deleting Manual Payments</u>

Payments made using the Manual payments function can be deleted before the payment is authorized.

All the entries passed during the payment will also be deleted. All the schedules will be restored to the original status. In short, the prepayment status of the deal will be restored.

From the Actions Menu, select Delete or click 'Exit' or 'Cancel' in the toolbar. You will be prompted to confirm the deletion. Once you confirm it, all the entries that have been saved *but not authorized,* will be deleted.

5.13 <u>Reversing Manual Payments</u>

You can reverse authorized manual payments. The system makes the following validations before reversing a payment:

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- A principal payment can be reversed only if the payment date is equal to, or later than, the last interest and commission schedule due date.
- An interest payment can be reversed only in the chronological order of its payment.

In the Contract view screen, to reverse a payment, you have to invoke the manual payments function and specify the Contract Reference Number. You have to enter the 'Amount Paid'. You have to click on Reverse in the Processing sub-menu of the Actions Menu.

If the payment involves accounts in different currencies, the conversion rates to be used for reversal will be picked up from the deal as specified during Contract Input.

If a new payment account was specified for a component during the input of the payment, the reversal will be done to the new account. If the new account is in a currency different from that of the deal and a conversion rate was specified, the rate from the payments function will be used for the reversal.

The reversal of a payment may sometimes entail a change in the status of a borrowing. If the borrowing is set for automatic status change, this change will be made by the system automatically.

Automatic payments made by the Automatic Contract Update program can also be reversed through the manual payments function.

Reversal of payment will not be allowed if the Rollover Instruction Status of the contract is 'Complete'.

5.13.1 Saving and Authorizing Manual Payments

You have to save a manual payment after entering all the required details in the system. Click Save icon on the Toolbar or choose 'Save' from the Actions menu to save an account. On saving the transaction, the amount is validated against the product transaction limit and the user input limit maintained in the system. The system displays an appropriate override/error message if the amount exceeds the allowed input limit. It also indicates the level of authorization required if the transaction the amount is in excess of the transaction limit maintained.

The system converts 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.

The payment becomes effective only after authorization. To authorize, click 'Authorize' icon on the Application toolbar.

You should enter the Reference number, the value date of the payment and the amount paid. The payment details are displayed along with the overrides and authorization is sought. If you choose not to authorize the manual payment, the authorization screen is dismissed.

You cannot authorise a manual payment in the following cases:

- the contract has multilevel of authorization pending, the same will be done using the 'Multilevel Authorization Detailed' screen
- the level of authorization is greater than or equal to 'N'
- the 'Nth' or the final level of the users authorization limit is less than the difference between amount financed and sum of the limits of all the users involved in authorizing a transaction, this case holds good when the 'Cumulative' field is checked in the 'Product Transaction Limits Maintenance' screen

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- the transaction amount is greater than the authorizer's authorization limit if the 'Cumulative' field is unchecked in the 'Product Transaction Limits Maintenance' screen.

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6. Making Interest Rate Changes

Any change to the terms of a Money Market deal, which affects its financial details and the accounting entries, can be made through the Value Dated Changes function of Oracle FLEXCUBE. Through this function you can make changes to authorized deals on any day before the Maturity Date of the deal.

The changes to the terms of a deal, notified through this function, take effect on a date referred to as the "Value Date". That is why the changes brought about by this function are called Value Dated Changes.

A Value Date could be:

- Today
- A date in the future
- A date in the past

Using the Value Dated Changes function, you can make changes to the various components of a deal like the interest rate or amount. You can also change the Maturity Date and the Credit Line to which the deal is linked. In addition to changing the values in certain fields, you can enter a value into a field, which was not used, when you captured the money market details.

For example, you may not have specified a fee at the time of deal input. Using the Value Dated Changes function, you can specify the fee so that the fee entries are passed on the Value Date.

When you make a value dated change, only the accrual entries will be passed by the Value Dated Changes function. All the other accounting entries are passed by the Automatic Contract Update function. The Value Date is the date on which the changes that are going to be defined will take effect. This can be a date earlier than today, today, or a date in the future. If the value date is a date in the past, it should not be beyond the following dates for any component:

- Last payment date
- Last schedule date

Also, a value date in the future cannot be beyond the Maturity Date of the deal. If it has to be beyond the Maturity Date of the deal, you have to first postpone the Maturity Date of the deal so that your proposed future value date falls before the new maturity date. Only after this change is authorized can you fix a value date in the future for the deal.

The system defaults to today's date. In the Application Browser click MM. Under this you will see MMVD Amendments. Click on this and the Value Dated Amendments screen will be displayed. Enter the reference number of the deal to which you want to make amendments.

The main details of the deal will be displayed in the screen.

This chapter contains the following sections:

- Section 6.1, "Navigating to the schedule definition screen"
- Section 6.2, "Settlement instructions"
- Section 6.3, "Deleting Value Dated Changes"
- Section 6.4, "Uploading the Contracts for Amendment"
- Section 6.5, "Authorization of Changes"

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6.1 Navigating to the schedule definition screen

The schedule changes, which have come about as a result of value-dated changes, can be done through the Value Dated Amendments screen. For example, if the schedule change has come about following a change in the maturity date, or the interest rate, you have to do this through this screen. Click 'Schedules' in this screen.

This section contains the following topics:

6.1.1 Changing the maturity date

Enter the new Maturity Date in the screen. When you change the Maturity Date of a deal:

- If you have advanced the Maturity Date, the schedules falling due after the new Maturity Date will be redefined to the Maturity Date.
- If you have postponed the Maturity Date, the schedules that have not been liquidated and which fall due before the new maturity Date will be redefined to the new Maturity Date.

You have to authorize the change in Maturity Date, before you redefine the schedules as per your new requirements, through the Contract Schedules screen.

When you extend the Maturity Date of a deal, the time code of the credit line to which the deal is linked should be beyond the new Maturity Date. If not, the system will seek an override.

The new Maturity Date will be applicable to the deal from the Value Date of the deal.

6.1.2 Making Changes in the Credit Line

When you make changes in the Credit Line, the Central Liability tracking for the deal will be done against the new line. The Value Date and Maturity Date will be taken into consideration during the time code calculation of the deal.

6.1.3 Making changes in interest

If you want to make value dated changes in the interest rate, the rate code, the spread or the interest amount you have to invoke the Contract Interest, Charge and Fee screen of the ICCF module through the Value Dated Changes screen. You can make value dated changes only to the following components in the Contract ICCF screen:

Interest Rate

Enter the new interest rate. However, you will not be able to:

- Change the interest rate if you have defined zero interest for the deal
- Change the interest type

Rate Code

If a floating type of interest has been defined, enter the new rate code.

Spread

Enter the new spread here.

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Interest Amount

Enter the new interest amount.

Acquired Interest

If the deal was already initiated when it was input, the interest amount that has been accrued should be entered here. The amount will be taken into account by the system during the next liquidation cycle. You can make changes to the acquired interest through this screen.

Waiver

The attributes of an interest component that have been defined for a product will be applied on a deal involving the product. If, for some reason you do not want to apply the interest component for the deal you are processing, you can do so by checking this field. The interest will be calculated but it will not be applied on the deal.

Note

For back valued changes in interest rate, the system will take corrective action. Accruals will be redone till the last accrual date. Also, in case of a back valued change, the value date should not be beyond the last liquidation date.

6.2 Settlement instructions

If you want to make changes to the Settlement Accounts and the currency conversion rates you will have to invoke the Contract Input screen and go to the Settlements screen by clicking the Settlements button.

For details on settlement instructions, please refer to the Settlement chapter in the Modularity User Manual.

6.3 Deleting Value Dated Changes

You can delete the value-dated changes that you have made on a deal provided:

- The change is yet to be authorized; and
- The change has not yet been effected (in case of a future value dated change)

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All the value-dated changes have to be authorized before the End of Day operations begin.

All the future valued dated changes are applied by the automatic contract update program when the changes become due. If the value date of the change is earlier than or the same as today's date, the changes are applied immediately.

To delete value-dated changes, call the deal on which you have made value dated changes (that are *still to be authorized*) through the Value Dated Changes screen by entering the reference number. The details of the contract will be displayed. Choose delete from the Application toolbar or click 'Exit' or 'Cancel' button on the toolbar. The value-dated changes will be deleted.

6.4 <u>Uploading the Contracts for Amendment</u>

From an external system, you can upload contracts that require amendment in Oracle FLEXCUBE. The system will distinguish between the new and the contracts that require amendment based on the action code of the uploaded record. For a contract requiring amendment, the action code will be 'AMND'. If the action code is 'AMND', Oracle FLEXCUBE will first check whether the contract exists in the system or not. If the contract does not exist in the system, an error message will be displayed to notify that the contract cannot be amended.

The Reference Number provided by the external system has to same if it is a new contract or if it is an amendment to an existing contract.

When you upload a new contract, the Reference Number will be displayed in the User Reference Number field for that contract. The User Reference Number will be the basis for checking whether the contract exists or not.

The upload for contract amendment will trigger the 'CAMD' event. The same event is triggered even when you make the amendment in the 'MM Contract Online' screen.

The fields that can be amended for the Money Market module are as follows:

- Holiday Currency
- Move Forward
- Move Payment Schedules
- Move Revision Schedules
- Receivable tracking Parameters
- Liquidation – Auto/Manual
- Internal Remarks
- Demand Basis
- Schedule Details
- Settlement Details

The amendments of the following fields are considered as financial amendment:

- Currency
- Counterparty
- Amount
- Booking Date
- Value Date
- Cr/Dr Branch Code

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- Cr/Dr Account Number
- Holiday Currency
- Commitment (Revolving/ Non- revolving)
- Maturity Type
- User Input Maturity Date
- Broker

Note

In case the request is a financial amendment, then the contract is reversed and rebooked. If it is non-financial amendment, then the normal amendment procedure is followed and version number is changed, each time the contract is amended.

In case of financial amendment, Settlement Instructions requires a special handling.

Note

– If the request received has settlement details, then the values sent as part of the upload should be uploaded.

– If Settlement Details are not sent, then the details corresponding to the parent contract will be copied to the child contract (if they are not specified at the time of creation).

– If the request is financial amendment, then the contract is reversed and rebooked. If it is non-financial amendment, then the normal amendment procedure is followed and version number is changed each time the contract is amended.

However, if the SGEN message is already generated then financial amendment upload is not allowed.

6.4.1   Reversing and Rebooking Contracts

While reversing and rebooking the parent contract details including the subsystems will be copied to a new contract and the parent will be reversed and the screen will be in new mode so that any details of the contract can be changed. It will be validated that no payment messages have been sent for the Reversed FCC ref no. A configurable override will be displayed. If the payment messages have been generated then the Cancellation request messages (REVSWIFT) will be generated. At the branch parameters maintenance, the option 'User Ref No in Messages' should be checked.

The user reference number and the external reference number of the parent contract number will be copied to the new contract. Deletion of the new contract will delete the reversal of the parent contract and set the value of user ref number and external ref number in the parent contract from the child contract. Authorization of the new contract will authorize the parent contract. It will not be possible to delete or authorize the reversal of the parent contract reference number without deleting or authorizing the child.

You can maintain the type of confirmation in the MM Contract Confirmation screen. The option list displays all open and authorized MM contracts. The Confirmation message of the parent message will be suppressed if the counterparty of the parent contract and the current contract are the same. In case the counterparty of the parent and child are the same then in case the parent contract is confirmed then the child will also be marked as confirmed. If the parent is not confirmed then it will be marked as confirmed and the incoming confirmation will be matched with the child contract.

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6.5 Authorization of Changes

To authorize the value dated changes; you have to invoke the authorization screen by selecting 'Authorise' option in the Application toolbar.

If the contract involves a product for which some Re-key fields have been defined, the details of the contract will be displayed only after you input the values in those fields. If no Re-key fields have been defined, the details of the contract will be displayed in the 'Authorization' screen.

All the overrides that were given during the operation will be displayed when the contract is being authorized.

If you are authorizing an amendment, the old values are replaced by the amended values, which will be available for subsequent processing.

The old values, however, will still be available in an earlier version of the contract. Click on 'Ok' button to authorize the contract. Click on 'Exit' button if you do not want to authorize the contract.

After the contract has been authorized, the accounting entries passed during this stage will also be marked as authorized and advises, if any have been specified for the operation, will be generated.

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7. Rolling Over a Deal

A rollover is a renewal of a deal. Instead of liquidating a deal on maturity, you can roll it over into a new deal. The outstanding principal of the old deal is rolled over with or without the interest outstanding on it. When a deal is rolled over (renewed), it is processed in the following manner:

- The original deal is liquidated, and,
- A new deal is initiated

You can rollover a deal that you are processing provided it is allowed for the product the money market deal involves.

For a product with rollover defined, you can specify if deals involving the product should inherit:

- The attributes defined for the ICCF components (interest, charges and fees) from the product, or,
- Those defined for the initial deal. This gains significance if you changed the attributes that the (initial) deal acquired from the product. The rolled over deal will acquire the changed attributes.

In addition, you have to specify the following for a product defined with rollover:

- Whether it is to be rolled over along with outstanding interest
- Whether the interest that has been accrued on a placement is to be considered a part of the 'utilized amount' for the purpose of risk tracking if you are rolling over a placement with interest.
- Whether tax has to be applied on the rolled over deal
- Whether the principal of the rolled over interest should be taxed

However, when processing a deal, you can change the attributes that the deal acquires from the product. At the time of processing the deal, you can indicate if a rollover is to be automatic or manual; the maturity type (fixed, call or notice); the maturity date for a fixed maturity deal; and the notice days.

You should also indicate if:

- Only the outstanding principal is to be rolled over,
- The outstanding principal is to be rolled over with interest, or
- If a special amount is to be rolled over. (if a part of the principal and interest from the old deal has been liquidated and only the outstanding principal – with or without interest – is rolled over, it is called a special amount).

When a deal is rolled over, the new contract continues to have the reference number of the old deal.

This chapter contains the following sections:

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7.1   Specifying Rollover for a Product

When defining a product, you have to specify whether deals involving the product can be rolled over. If rollover has been allowed for a product, all the deals involving the product can, by default, be rolled over.

> **Note**
>
> However, a deal involving such a product will be rolled over *only* if it is *not* liquidated on its Maturity Date. You can choose not to rollover a deal that involves a product with the rollover facility. You can indicate this when processing the deal.

This section contains the following topics:

7.1.1   Mode of Rollover (Manual or Automatic)

For a deal involving a product for which a rollover is allowed, you should specify the mode of rollover - automatic or manual - during processing.

7.1.2   Impact of Liquidation Mode on Rollover

The mode of liquidation of a deal (automatic or manual) has the following impact when the rollover is carried out:

Specification	Treatment
Auto liquidation and auto rollover	The old deal will be liquidated and a new one initiated on the Maturity Date of the deal during the BOD (Beginning Of Day) run of the Automatic Contract Update function. If the Maturity Date falls on a holiday then the liquidation and the rollover will be processed as per your holiday handling specifications in the Branch Parameters screen.
	If you specified (in the Branch Parameters screen) that processing has to be done today (the last working day before the holiday) for automatic events right up to the day before the next working day, the schedule falling on the holiday will be liquidated during end of day processing on the last working day before the holiday.
	If you specified that processing has to be done only up to the System Date (today), then only the events scheduled for today (the last working day before the holiday) will be processed. The events falling on the holiday will be processed on the immediate working day after the holiday, during beginning of day processing.
Auto liquidation (of principal) and manual rollover	The old deal will be liquidated automatically on the Maturity Date. If the deal has to be rolled over, the rollover instructions should be specified for the deal before the Maturity Date. If the contract has not been liquidated because of lack of funds in the repayment account, you can give rollover instructions even after the maturity date saying that the contract has to be rolled over as of the maturity date.

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Manual liquidation (of principal)	Rollover has to be manual. The deal will not be liquidated by the Auto Liquidation function. You can either liquidate it or specify that it has to be rolled over. This can be specified at any time - before or after the Maturity Date of the deal, if the contract has not yet been liquidated.

If you have defined that the deal be liquidated manually, you cannot roll it over automatically. When a deal is rolled over or renewed for the interest, charge or fee components, it can assume the following attributes:

- Those of the product involving the deal being rolled over, or
- Those of the old deal itself

You can specify this at the time of deal processing (of the old deal).

Specify the rollover details for the product you are defining, by invoking the 'Rollover details' screen using the 'Rollover' button in the 'Product Preferences' screen.

The following are the features of the product rollover details screen:

Mode of Rollover

For deals involving a product for which a rollover is allowed, you should specify the mode of rollover - automatic or manual - during processing.

A deal will be automatically rollover on the maturity date if 'Auto' is selected at the product level.

If you choose 'Manual', on the maturity of a deal, you will need to manually indicate for rollover.

ICCF Rollover

The interest, charge and fee components of the new (rolled over) deal can be picked up either from the old deal or from the product involving the old deal.

Choose the option:

- Product if you want the system to pick up the components from the product involving the old deal.
- Contract if you want the system to pick up the components from the old deal.

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The following example illustrates this point:

For example, when defining a placement product you specified that all placements involving it will have interest schedules every month and a processing fee.

Assume you have processed a placement involving this product, with the following attributes:

- Interest payment only on Maturity Date
- No fees

When rolling over this placement, you have two options:

You can indicate that the interest and fee details specified for the product are to be applied to the new (rolled over) placement. In such a case, the new placement will have interest payment schedules every month and a processing fee.

You can specify that the interest and fee details defined for the placement being rolled over (old placement), be made applicable to the new one. In this case, the new placement will have only one interest payment schedule on Maturity Date and will have no fee.

In addition, you have to specify the following details for a product for which rollovers are permitted:

Update Utilization

Whether the credit limit utilization is to be updated when a placement is rolled over. That is, the interest that has been accrued on a placement is also considered as a part of the 'utilized amount' for the purpose of risk tracking. The following example illustrates how this concept works.

This option applies only if you want to roll over a deal with interest.

Apply Tax

For tax to be applicable on a *rolled over* deal:

- It should be applicable to the product involving the deal
- It should not have been waived for the old deal

You should indicate whether tax has to be applied on the rolled over deal also.

Rollover with Interest

You have to specify whether the deal that you are rolling over should be rolled over along with the outstanding interest. If you so specify, the principal of the new deal will be the sum of the outstanding principal and the outstanding interest on the old deal. This applies only to deals with a bearing (add-on) method of interest liquidation.

If all the outstanding interest is paid out, then the deal can be renewed without the interest. If not, it will be rolled over with the interest that is still outstanding on it.

A deal is rolled over with only the main interest that is outstanding. The main interest is that interest component which you specify as the 'main interest' in the ICCF Product Details screen (this will be displayed in the Contract Main screen). Other interest components and the penalty interest if any will not be rolled over.

Deduct Tax on Rollover

When a deal is initiated, tax is applied on the principal of the deal. Now, when this deal is rolled over or renewed, you have two choices (depending on the tax laws of your Government):

- Apply tax on the principal, (outstanding principal + outstanding interest or only the outstanding principal depending on your specifications), of the new deal, or,

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- Since the principal of the old deal has already been taxed once, you can choose to waive the tax on the principal of the rolled over deal. However, if this principal has the outstanding interest from the old deal incorporated, then only this portion will be taxed.

This option applies only to tax on principal and not to tax on interest.

This field assumes importance, only if:

- Tax (for principal as well as interest) has not been waived on the old deal
- Tax, has not been waived on the rolled over deal

If this tax is not waived for the old deal, it will be applied on the new deal; if it is waived on the old deal it will not be applied on the renewed deal.

Specify Deduct Tax on Rollover, if tax on the old deal has to be liquidated before it is rolled over.

Note

If Rollover is of type P (Principle), P+I (Principle + Interest) and P+I-T (Principal + Interest - Tax), the tag 32H in MT 320 will be populated with a value 0 (Zero).

If Rollover Type is Special Amt the tag 32H will be populated with difference in Principal+/- Interest liquidated in the same cash flow.

Roll By

Indicate the tenor basis upon which the maturity days specified for the rolled-over contract will be reckoned. The options are Days, Months, Quarters, Semi-annuals and Years.

If you specify the 'days' maturity basis, and do not specify the maturity days, the system 'rounds' the tenor of the original contract to the nearest maturity days basis. The rounded tenor is considered as the new tenor of the rolled-over contract.

Rollover Mechanism

This indicates whether rolling over a contract using the product must create a new version of the existing contract**,** a new contract or a chills contract that can be linked to the parent contract. You can choose from the following options:

- New Version - A new version will get created in existing MM deal as part of rollover, with the same details specified in the contract 'Rollover Details' screen.
- Spawn Contract - In this mechanism, the existing contract will get liquidated and the system will book a new contract as part of rollover, with the details specified in the contract 'Rollover Details' screen. Booking of the new contract happen through the MMAUTDLY batch.
- Linked Contract - In this mechanism, a new MM deal will be created manually and linked to the parent deal. On the maturity date of the parent contract, the contract will get liquidated into a rollover wash GL and the new contract that was input will get initiated automatically.

You can select 'Linked Contract' only in case you have checked the option 'Auto' for rollover.

Rollover Method

If you have indicated the rollover mechanism applicable for contracts using the product in the Rollover Mechanism field as 'Spawn Contract', you can use this field to indicate whether a single new contract must be created for the rolled over amount, or whether the original contract must be split into multiple contracts, or consolidated with other contracts into a single

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new contract, when rolled over using the rollover operation. Accordingly, select any of the options, 'Normal', 'Split' or 'Consolidated', in this field, as applicable.

7.2   Specifying Contract Rollover Details

By default, a contract that is marked for rollover will be rolled over with all the terms of the original contract. However, you can change certain terms by specifying them in the Rollover tab of the 'Money Market Contract input' screen. To invoke this screen, type ''MMDTRONL' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

The rollover specified for the product will get defaulted to the deal. The rollover parameters are explained in detail in the section 'Features of the product rollover details screen'.

The following are the features of the contract rollover screen:

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7.2.1 <u>Special Rollover Amount</u>

When you roll over a deal you can roll over:

- The outstanding principal of the deal
- The outstanding principal and the outstanding interest together, or,
- An amount that is different from the total of the outstanding principal and the outstanding interest. This is a 'special' amount.

The 'special' amount is:

- Less than the outstanding principal + interest. This is because the amount by which it is less is liquidated against the interest and principal of the old deal and the rest is rolled over.
- The special amount can never be more than:
  - The outstanding principal + interest of the old deal
  - The outstanding principal

If it is, then you will have to initiate a new deal.

Treat Special Amount As

If you specified that the principal of the new money market deal is meant to be a special amount you also have to indicate the manner in which the special amount is to be treated. You can choose any one of the following options:

- Rollover Amount
- Liquidation Amount
- Maximum Rollover Amount
- Ignore

The amount that is rolled-over will depend on the treatment that you specify. You can choose not to treat the special amount in a specific manner by choosing to ignore this option.

Rollover Amount:

If the outstanding amount is 20,000 and the special amount is given as 25,000 the additional 5000 will get added to the money market deal.

If the outstanding amount is 30,000 and the special amount is given as 25,000 the additional 5000 will get liquidated.

The Outstanding Amount is the sum of all the components put together.

Liquidation Amount:

If the outstanding amount is 20,000 and the special amount is given as 25,000 you will not be allowed to rollover.

If the outstanding amount is 30,000 and the special amount is given as 5,000 the additional 5000 will get liquidated.

Note that the individual components will be liquidated in the liquidation order.

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Maximum Rollover Amount:

If the outstanding amount is 20,000 and the special amount is given as 25,000 you can rollover the entire outstanding amount. .

If the outstanding amount is 30,000 and the special amount is given as 25,000 only 25,000 will be rollover and the remaining 5000 will be liquidated.

Parent Reference

In the linked rollover scenario, Parent Reference Number indicates the parent deal for which the child deal is being booked. While booking a new child deal, you need to specify the parent deal's contract reference number or select the appropriate on from the adjoining option list. You will be able to choose a parent deal that satisfies the following conditions:

- Product code is the same as that of the child deal.
- Counterparty is the same as that of the child deal.
- Currency is the same as that of the child deal.
- Maturity Date is the same as the value date of the child deal.

Count

For a deal that has been rolled over, this field indicates the number of times it has been rolled over.

Rollover Mechanism

This indicates whether the rolled over contract will create a new version of the existing contract, a new contract or a child contract that can be linked to the parent contract. You can choose from the following options:

- New Version - A new version will get created in existing MM deal as part of rollover, with the same details specified in the contract 'Rollover Details' screen.
- Spawn Contract - In this mechanism, the existing contract will get liquidated and the system will book a new contract as part of rollover, with the details specified in the contract 'Rollover Details' screen. Booking of the new contract happen through the MMAUTDLY batch.
- Linked Contract - In this mechanism, a new MM deal will be created manually and linked to the parent deal. On the maturity date of the parent contract, the contract will get liquidated into a rollover wash GL and the new contract that was input will get initiated automatically.

You can select 'Linked Contract' only in case you have checked the option 'Auto' for rollover mode.

Rollover Method

If you have indicated the rollover mechanism as 'Spawn Contract', you can use this field to indicate whether a single new contract must be created for the rolled over amount, or whether the original contract must be split into multiple contracts, or consolidated with other contracts into a single new contract, when rolled over using the rollover operation. Accordingly, select any of the options, 'Normal', 'Split' or 'Consolidated', in this field, as applicable.

7.2.2 <u>Rolling over a Contract Manually</u>

You can roll over a deal manually through the Rollover Details screen.

If a deal has to be rolled over:

- The latest activity on the deal has to be authorized
- It should be past its maturity date; and

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- It should not have been liquidated

Two activities take place when a deal is rolled over:

- The original deal is liquidated and
- A new deal is initiated

However, the Reference Number of the renewed or rolled over deal will be the same as that of the old deal.

7.2.3 Specifying the Maturity Details

The Maturity Type, which you have specified for the old deal, will apply to the deal being rolled over, by default. However, you can change the Maturity Type through this screen. If the maturity type is to be changed, you have to specify the new Maturity Type for the rolled over or renewed deal. It could be:

Maturity Type	Details
Fixed	This type of deal has a fixed Maturity Date. For a deal with a fixed maturity date, you enter the changed date on which the deal should be liquidated.
Call	The Maturity Date is not fixed. The deal can be liquidated anytime.
Notice	The deal will be liquidated at a certain period of notice. The number of days of notice should be specified in this screen. This is only for information purposes. Whenever a report is generated on a notice type of deal, the notice days will be mentioned on it. For a deal with notice type of maturity, you have to enter the Maturity Date once the notice is issued to the counterparty (customer).

For a deal maturing at notice, enter the notice period (in days) in this field. This is only for information purposes. Whenever a report is generated on a notice type of deal, the notice days will be mentioned on it. For a deal with notice type of maturity, you have to enter the Maturity Date once the notice is issued to the counterparty (customer).

7.3   Processing of Rolled over MM Contract

As you may recall, in case of contract roll-over, you can create a new child contract and link it to the parent contract. In such cases, on saving the child contract, the system triggers the BOOK event on the child contract and the RAMD event on the parent. As a result, the instruction status of the child contract gets updated as 'Complete'. During the linkage between child and parent, the system will update the special amount field of the parent contract with the contract amount of the child contract.

When a child contract is reversed without the linked parent being rolled over, the system will trigger the RAMC event on the parent and the Rollover Instruction Status will be updated as 'Incomplete'. Rollover of a contract will be allowed only if the Rollover Instruction Status is 'Complete'.

If the parent contract has already been rolled over and the child contract has been reversed, then the system will trigger the REVC event on the child contract. As a result, the child contract will be reversed successfully. However, since the parent contract has been rolled over, it will not be impacted by the reversal of the child contract.

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You can view details of the ROLL event in the 'Payments' screen where you can manually reverse the contract. This will in turn trigger the REVP event, which will update the Rollover Instruction Status of the contract as 'Incomplete'.

> **Note**
> – A rollover child cannot be linked to a parent contract for which the Rollover Instruction Status is 'Complete'.
> – Amendment and reversal of a parent contract will not be allowed if the Rollover Instruction Status of the contract is 'Complete'.

If the amount on the child contract is less that that of the parent contract for a placement contract, then the difference in the amounts will be credited to the customer account and a receive notice will be sent to the customer indicating the same for parent contract. If the amount on the child contract is greater that that of the parent contract for a placement contract, then the difference in the amounts will be debited from the customer account and a payment message will be sent to the customer indicating the same for the child contract.

In the MM confirmation message, field 23 of the message will be populated as 'ROLL' for the Child Contract.

7.4 Rolling over a Deal Manually

You can roll over a deal manually through the Rollover Details screen. If a deal has to be rolled over:

- The latest activity on the deal has to be authorized
- It should be past its maturity date; and
- It should not have been liquidated

Choose Rollover from the Processing sub menu of the Application toolbar when the deal you want to rollover is highlighted in the Contract Summary screen or Contract Detailed screen. By default, the deal will be rolled over with the same terms as the original deal. However, you can change certain terms through the Rollover Details Screen:

- You can apply – on the renewed deal – the interest, charge and fee applicable to the product of the old deal, or, if these have been changed for the old deal, you have the choice of applying the changed terms (for ICCF components only) of the old deal to the rolled over deal.
- You can change the Maturity Type (fixed, call or notice); the Maturity Date; and in case of a notice type of maturity, you can change the notice days.

Two activities take place when a deal is rolled over:

- The original deal is liquidated, and
- A new deal initiated

However, the Reference Number of the renewed (or rolled over) deal will be the same as that of the old deal.

7.5 Advices for a Rolled Over Deal

In the Product Events Definition screen, you define the events for which advices are to be generated, for deals involving a product. An advice will be generated when a deal is rolled over, if so specified for the product the deal involves. Generation of advices upon rollover, if specified, will be as follows:

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- When the deal is rolled over with interest (that is, the entire outstanding amount in the original deal is rolled over without any component of the original deal being liquidated) the liquidation advice for the original deal will not be generated. Instead, a rollover advice, with the details of the liquidation of the original deal and its subsequent rollover into a new deal, will be generated.
- When the deal is rolled with an amount that is not the entire outstanding amount in the original deal, the liquidation advice(s) for the original deal will be generated along with the rollover advice.

7.6   <u>Authorizing a Manual Rollover</u>

The operations on a deal like input; modification, manual liquidation and manual rollover have to be authorized by a user other than the one who performed the operation. All the deals should be authorized before you can begin the end of day operations.

When a deal has been rolled over manually, you have to do the following two authorizations:

- Liquidation of the original deal
- Initiation of the new deal

When you call such a deal for authorization, the details of the liquidation of the original deal will be displayed.

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8. Automatic Processing

While discussing the various events in the life cycle of a deal, we have referred to the Automatic Contract Update function that carries out these events. In this chapter, we shall discuss the features of this function.

The Automatic Contract Update function should be executed at least twice during the day, once before you begin transaction related activities for the day (that is, as a part of the beginning of day activities) and once after you have finished all the transaction related activities for the day. If any transaction related activities are carried out after the function has been run as part of end of day (EOD) activities, you have to execute it again so that the processing that may be necessitated by the transaction related activity is carried out.

This chapter contains the following sections:

- Section 8.1, "Automatic Events in the Lifecycle of a Deal"
- Section 8.2, "Specifying Branch Parameters"
- Section 8.3, "Initiating the Automatic Contract Update Function"
- Section 8.4, "Initiating a Future Value Dated Deal"
- Section 8.5, "Processing an Automatic Repayment"
- Section 8.6, "Automatic Rollover of a Deal"
- Section 8.7, "Accrual of ICCF Components"
- Section 8.8, "Interest Rate Revision on a Deal"
- Section 8.9, "Value Dated Changes"

8.1 Automatic Events in the Lifecycle of a Deal

The following are the various events in the life cycle of a deal that could be carried out automatically. They can be grouped into automatic events that take place Beginning-of Day (BOD) and those that take place End of day (EOD).

This section contains the following topics:

- Section 8.1.1, "Beginning of Day Processes"
- Section 8.1.2, "End of Day Processes"

8.1.1 Beginning of Day Processes

Below are the processes:

- Initiation of a deal with a Value Date in the future
- Application of the appropriate interest rates for deals with Floating Interest
- Application of rate changes with a Value Date in the future
- Liquidation of a scheduled repayment (interim or at maturity)
- Rollover of a deal
- Change of deal status as part of the aging analysis process
- Automatic events falling on a holiday and scheduled to take place on the day after the holiday

8.1.2 End of Day Processes

Below are the processes:

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- Periodic accrual of ICCF components
- Generation of reports
- Automatic events falling on a holiday and scheduled to take place on the day before the next working day.

You would have noticed that some activities that can be carried out automatically would be done so only on a specific instruction from you. The following are such activities:

- Liquidation of a scheduled repayment
- Rollover of a deal

8.2   Specifying Branch Parameters

A set of rules that govern the deals that a particular branch (of your bank) enters into are defined through the Branch Parameters screen. You can invoke the 'Money Market/Corporate Deposits/Syndication Branch Parameters' screen by typing 'LDDBRMNT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

System Date

If you specify that processing of automatic events should be done upto the System Date, automatic events scheduled *till* (inclusive of) the current system date will be processed.

Next working day - 1

You can indicate whether events should be processed till the day before the next working day, when the Automatic Batch Update function is run. If you do so, all the events that fall on days between the current system date and the next working date will be processed.

Tax basis

On a deal, you may have to pay tax to the Government on the interest earned. The tax can be paid on the basis of the following:

- On the liquidated amount
- On the schedule amount

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For your branch, you can specify the amount on which tax has to be applied, in the Branch Parameters screen.

Accrual level

To recall, at the time of creating a product, you specify:

- Whether accrual of interest is allowed for the product
- The accounting entries that should be passed for the accrual event
- The frequency at which the accrual entries should be passed

An MM deal will inherit the accrual frequency defined for the product associated with it.

Since the accounts (the accrual account and the income account) are defined for a product, the accrual entries for all deals involving the product will be passed to the same accounts.

These entries can be passed in two ways:

- An entry for each deal. The same accrual and income account will be involved for each entry, with the Reference Number of the deal indicated for each deal.
- A single consolidated entry for all deals involving a product. Since the same accrual and income account will be involved in all accrual entries, a single consolidated entry will be passed, with a unique reference number generated for each product.

The idea of generating a single entry for all deals involving a product is to reduce the number of entries and thus, the processing time. The details of entries passed for each deal will be available in the Accrual Control Journal, a report that should be generated after the accruals have been made.

Whether interest accrual entries are passed as a single consolidated entry for a product, or as an individual entry for each deal, should be specified for a branch.

Note

This specification is applicable only for automatic periodic accrual entries. When there is an accrual necessitated by a payment or a change in the terms of a deal, the entries will be for the specific deals affected by the change.

Settlement Message At Manual Liquidation

For all the contracts that are marked for manual liquidation, you can specify whether you want to generate settlement messages. To do this you need to check the 'Settlement Msg at Manual Liquidation' box. Settlement messages will be generated for all the contracts with manual liquidation according to the parameters you have specified in the Money Market Branch Parameters screen. These messages will be generated on the settlement message days prior to the date of repayment of the contract. Each account that is affected by the payment will receive a settlement message.

Annual Percentage Yield Calculation Required

Oracle FLEXCUBE allows you to calculate the Annual Percentage Yield so as to enable your customer to compare interest rates offered by different banks. To do this, you need to check the 'Annual Percentage Yield Calculation Required' box.

For a contract, Annual Percentage Yield is calculated during takedown, or during Value Dated amendments or contract amendments resulting in change of cash flows (change of schedule) only if this parameter has been enabled at the Branch as well as the Product level. The rates would also be re-calculated whenever there is either liquidation (partial, pre-payment or full liquidation) or rollover.

User Reference Number in Messages

If this option is checked then the user reference number will be used instead of the contract reference number in the following messages.

8.2.0.1 Confirmation Messages

SWIFT

- Field22A - If the event is BOOK and the parent FCC ref no is not null and the counterparty of the parent and child contracts are same, then type of operation will be set as 'AMND" and Field 21 will be populated as the user reference number of the contract. This is applicable to both MT320 and MT330

- Field21 - In case of reversed Contract, if the confirmation (for CANC) is not suppressed then the user reference no will be picked up from the child contract and populated.

- Field34E - The currency and interest amount will be populated as (Sign) (Currency) (Amount). The net amount considering both main interest component and negative component will be displayed here.This is applicable to both MT320 and MT330

- Field37G - In this field the interest rate will be in the format (Sing) (Rate). Interest rate will be picked up based on active component from main interest /negative interest components.This is applicable to both MT320 and MT330

Mail

- User ref no - In case of reversed Contract, if the confirmation (for CANC) is not suppressed then the user reference no will be picked up from the child contract and populated.

- Event text - If the event is BOOK and the Reversed FCC ref no is not null and the counterparty of the parent contract and child are the same then type of operation will be set as 'AMND'.

8.3 Initiating the Automatic Contract Update Function

You can invoke the Automatic Contract Update function from the Application Browser. Click MM and then on the Automatic Daily Update option. For any event involving accounts in a foreign currency, this function will use the conversion rate in the Currency table for converting the amount to local currency.

Note

Ensure that you update the conversion rates in the Currency table with the rates for the day before you execute the Automatic Contract Update function.

This section contains the following topics:

8.3.1 Processing During Beginning of Day

All the automatic events scheduled for the day, except the accrual of ICCF components, will be carried out when the Automatic Contract Update function is executed during the beginning of day operations.

In addition, all the activities scheduled for the holidays will be carried out if the current system date follows a holiday(s) and you have specified that events falling on holidays should be processed on the immediate working day succeeding the holiday.

8.3.2 Processing During End of Day

When the function is executed during end of day activities, the processing will be carried out for:

- Accrual of ICCF components scheduled for the day;
- Any Value Dated change (additional disbursements, change in interest rates, etc.) that were done during the day with a Value Date as the current system date; and
- Activities scheduled for holidays (if the current system date is preceded by holiday(s) and you have specified that activities falling on holidays should be processed on the last working day preceding a holiday).

If an event scheduled to be automatically carried out is not executed for some reason, it will be reported in the Exception Report generated by the function. Examples of such events could be the non-availability of funds in a payment account, non-availability of funds in a commitment or a deposit to which a deal is linked, etc. The details of an event that could not be initiated, along with the reason, will be reported in the Exception Report.

8.3.3 Processing for Holidays

Any automatic event that is scheduled for a holiday will be processed as per your specifications in the Branch Parameters table:

- If you have specified that processing has to be done on the last working day (before a holiday) for automatic events that fall due on holidays, the events falling on the holiday will be processed during end of day on the last working day before the holiday.
- If you have specified that processing has to be done *only* up to the System Date (today), then only the events scheduled for the system date (the last working day before the holiday) will be processed. The events that fall due on the holiday will be processed on the working day immediately following the holiday, during beginning of day processing.

8.4 Initiating a Future Value Dated Deal

A 'future dated' deal is one that has a Value Date that is later than the date on which it is booked. The Automatic Contract Update function will initiate the deal on the Value Date of the deal during BOD processing.

If there were holiday(s) preceding today, future dated deals that were dated for the holiday(s) will also be initiated if you have specified that events falling on a holiday should be processed on the next working day.

All the initiation related entries specified for the product, that the deal involves, will be passed automatically. If currency conversions are involved, the conversion rates as of today will be picked up from the Currency Table.

If for some reason, a deal scheduled for initiation today is not initiated, it will be reported in the Exception Report generated during EOD processing.

For a future dated deal falling due today, if there is also a rate change today, the interest amounts are also recalculated for the schedules.

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8.5   Processing an Automatic Repayment

For deals that have been defined with automatic liquidation of repayments, the liquidation will be carried out by the Automatic Contract Update function. It could be an interim repayment schedule liquidation or a maturity schedule liquidation. The schedule, whether an interim schedule or a maturity schedule, will be automatically liquidated on the day it falls due, during beginning of day processing.

Now, if you have indicated automatic liquidation, the schedule date falls on a holiday, and you have specified that the holiday be ignored (through the Contract Preferences screen), the liquidation falling due on the holiday, would depend on your holiday handling specifications in the Branch Parameters screen:

- If you specified that processing has to be done today (the last working day before the holiday) for automatic events right up to the day before the next working day the schedule falling on the holiday will be liquidated during end of day processing on the last working day before the holiday.
- If you specified that processing has to be done only up to the System Date (today), then only the events scheduled for today (the last working day before the holiday) will be processed. The events falling on the holiday will be processed on the working day immediately following the holiday, during beginning of day processing.

If a placement has been defined for verification of funds before automatic liquidation, the components whose for which the schedule dates fall on the same day will be liquidated in the order that you specified while defining the product. If the funds are insufficient, the liquidation will be done to the extent of the available balance in the repayment account, again, following the order of liquidation of components specified by you. If this is so, it will be reported in the Exception Report generated at the end of every day, automatically (by the Automatic Contract Update function).

If you have *not* specified that the funds are to be verified, and the funds are insufficient:

- The repayment account will be put into a debit balance if an overdraft is allowed, and the schedules for the components will be liquidated to the extent of the debit balance allowed. If it crosses the extent of debit balance allowed, the liquidation will be done with an overdraft override that is automatically recorded. The debit interest that is applicable to the account (current or savings) will be applied.
- If the repayment account has not been defined with overdraft, the liquidation will not be processed.

The liquidation order is helpful when you want to liquidate the dues in a certain order: say interest (or interest type of components) first and then the principal. If the deal has been defined with Floating interest, and an interest revision falls due today, the revised rate will be applied before the repayment is processed.

8.5.1   Advices Generated for a Repayment

Advices are generated by the Automatic Contract Update function during beginning of day processing. While defining a product you may have specified that an advice is to be generated to intimate the customer every time a payment has been liquidated. This will apply to all deals involving the product (refer chapter on product definition). However, for a particular deal, you can suppress this advice. If a repayment advice has been specified for a deal, it will be generated by the Automatic Contract Update function when you run it at the beginning of day.

8.6   Automatic Rollover of a Deal

A 'Rollover' is renewal of a deal. For a deal to be rolled over it:

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- Should be past its Maturity Date
- Should not have been liquidated

If you have specified automatic liquidation and automatic rollover for a deal, the old deal will be liquidated and a new one initiated on the Maturity Date of the deal during the BOD (Beginning of Day) run of the Automatic Contract Update function.

If the Maturity Date falls on a holiday, then the liquidation and the rollover will be processed as per your holiday handling specifications in the Branch Parameters screen.

- If you specified that processing has to be done today (the last working day before the holiday) for automatic events right up to the day before the next working day, the schedule falling on the holiday will be liquidated during end of day processing on the last working day before the holiday.
- If you have specified that processing has to be done only up to the System Date (today), then only the events scheduled for today (the last working day before the holiday) will be processed. The events of the holiday will be processed on the next working day after the holiday, during beginning of day processing.

If you have defined that the deal be liquidated manually, you cannot roll it over automatically.

When a deal is rolled over or renewed for the interest, commission, charge or fee components, it can assume the following attributes:

- Those of the product involving the deal being rolled over
- Those of the original deal itself

You can specify this at the time of deal processing (of the old deal).

This section contains the following topics:

- Section 8.6.1, "Advices for Rollover"
- Section 8.6.2, "Automatic Status Changes"
- Section 8.6.3, "Automatic Status Change"
- Section 8.6.4, "Advices to be Generated for a Status Change"

8.6.1 Advices for Rollover

When creating a product, you can opt to generate an advice that you would intimate your customer that a deal (involving her) has been rolled over or renewed. This specification will apply to all deals involving the product (refer chapter on product definition).

However, for a particular deal, you can suppress this advice. If an advice for renewal of the deal has been specified, it will be generated during BOD processing.

8.6.2 Automatic Status Changes

A placement that is yet to reach a repayment date, or on which repayments are being made regularly, will be considered as having a 'Active' status. When a repayment is not done on the schedule date, you may want to do aging analysis for the placement.

If you have specified status and indicate that they be changed automatically, then the status change will be done during BOD processing on the day the aging is due.

You can do aging analysis by changing the status of a placement on which payment(s) are defaulted. At any time, you can generate reports of deals, with details of aging, to facilitate the follow up process for repayment.

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For example, you could define the following status for the product, Three month Placements:

- Active - This is when repayments on a placement are done as per schedule.
- Past Due Obligation (PDO) - This is when repayments on a placement have been stopped but the accruals on the accruable components are still being done (There is still a chance of repayment of the deal).
- Non-accrual basis (NAB) - When the placement acquires this status all accruals for the placement are stopped (The chances of repayment diminish further).
- Write-off (WRO) - This is when the placement is written off and all accrual entries are reversed.

Status	Sequence
PDO	1
NAB	2
WRO	3

You want a placement under this product to move from status to status in the order in which they are mentioned here. For such a condition, you can indicate the number of days after which each component should move to the status being defined (these can differ for a maturity schedule and an interim schedule).

According to the number of days of default defined for each component, a placement will first be moved to PDO from Active status, then to NAB and lastly to WRO status.

You can also indicate the change of GL, if any, when a component comes to a particular status, and the messages to be generated at each status change.

8.6.3 Automatic Status Change

A 'forward' status change is one in which the status changes from one to the next. In our example, the movement from Active to PDO, PDO to NAB and NAB to Write Off are all forward changes. A 'reverse' status change is one in which the status changes from one to the previous. Such a situation arises when a payment is made on a placement with a status other than Active.

If you specify that reverse changes have to be carried out automatically, the status will be changed when a payment is made on a placement with a status other than Active. If you specify that reverse changes should not be automatic; the status remains unchanged even if a repayment is made on the placement. The status has to be changed by you through the Contract Processing function. A reverse change may also become necessary when the number of days of default is increased for a product.

If you specify that forward changes or reverse changes have to be carried out automatically, the status changes will be carried out by the Automatic Contract Update function when it is run either during Beginning of Day processes on the day the change falls due.

If the day on which the forward or reverse status change is due happens to be a holiday, then, the processing depends upon your specifications in the Branch Parameters screen.

- If you have specified that processing has to be done today (the last working day before the holiday) for automatic events right up to the day before the next working day, the events falling on the holiday will be processed during end of day on the last working day before the holiday.
- If you have specified that processing has to be done only up to the System Date (today), then only the events scheduled for today (the last working day before the holiday) will

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be processed. The events of the holiday are processed on the next working day after the holiday, during beginning of day processing.

If you specify that the forward or reverse changes should not be carried out automatically, the status remains unchanged till you specifically change it for a placement, through the Contract Processing function.

At the time of processing a placement, you can change the automatic mode of status change you have specified for the product to the manual mode, or vice-versa. However, this will apply to all status.

8.6.4 Advices to be Generated for a Status Change

You can specify that an advice is to be generated to inform the customer about the status change of the placement. You can also specify the kind of advices to be generated.

You can generate advices when the placement components move forward from one status to the next, to notify the customer of the status change and possibly urge him to make the payments to liquidate the schedules that are aging. The advice will be generated during beginning of day when an automatic status change happens.

8.7 Accrual of ICCF Components

When you are defining the interest, commission, charge or fee components (ICCF components) for an MM product, you should also specify whether accruals have to be done for the accruable ICCF components. You can specify this through the Product ICCF Details screen.

If accruals should be done, the frequency of accrual should also be specified for the product (through the Product Preferences screen), at the time of product definition.

For all deals for which accruals fall due today, the Automatic Contract Update function will pass the accrual entries. Accrual of interest, commission, charge or fee is done during the end of day processing of the Automatic Contract Update function.

In some cases, for example, if a manual liquidation is done, the accrual entries will be passed immediately by the system. If this falls on a holiday, the accruals will be done as per your holiday handling specifications for automatic processes, in the Branch Parameters screen.

- If you specified that processing has to be done today (the last working day before the holiday) for automatic events right up to the day before the next working day, the events falling on the holiday will be processed during end of day on the last working day before the holiday.
- If you have specified that processing has to be done only up to the System Date (today), then only the events scheduled for today (the last working day before the holiday) will be processed. The events of the holiday will be processed on the next working day after the holiday, during beginning of day processing.

The accrual and income accounts will be picked up based on your definition in the Chart of Accounts. An Accrual Control Journal is generated by the Automatic Contract Update function, reporting the details of the accruals performed.

For a placement on which there is a default in payment, you can specify that aging analysis should be done. This analysis involves the change of status of a deal. When the status is changed, you can also specify that the accruals on the deal should be stopped. For such deals, the accrual entries will not be passed; they will only be calculated and reported in the Accrual Control Journal under 'Memo Accruals'.

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8.7.1   Contents of the Accrual Control Journal

The memo accrual function will give you the latest accrual amounts for all components of a live deal *without* actually passing the accrual entries. The memo accrual function generates the Memo Accrual Control Journal that reports the accrued amounts for the various components of the deal, (like interest, commission, charge or fee) that are due on each deal as of the current system date.

8.8   Interest Rate Revision on a Deal

The type of interest that is applicable on a deal depends on the definition of the product that it involves. If floating interest rates are applicable for a product, the frequency at which the changing interest rates should be applied on deals involving it will also be defined for the product.

The Interest Rate Type of a product can be one of the following: fixed, floating, or special. The floating interest rates are defined through the Floating Rate Definition screen. A Rate Code identifies a set of rates defined for a combination of Currency, Amount Limit (optional) and Effective Date. When processing a deal, you link it to the floating rate table by indicating the Rate Code. The rates defined for the Rate Code will be applied on the deal (or in other words, the contract).

The rates will be applied to a deal depending on whether it has been defined with:

- Auto rate Code Usage - all the rate changes made during the liquidation or accrual period will be considered.
- Periodic Rate Code Usage - the rates as of a specific frequency or date will be applied.

The Automatic Contract Update does the interest accruals for those deals for which a rate revision becomes due today, whatever the way they have to be applied - every time the rate changes or periodically.

If a fixed interest rate or amount for a deal which has been changed through the Value Dated Changes function falls due today, then the change is effected during BOD processing.

8.9   Value Dated Changes

Value Dated Changes are changes to a deal that *come into effect* on a specific date called the Value Date. Examples of value-dated changes are changes in interest, charge, or fee amounts; collection of additional fees; etc.

Such changes indicated for a deal (through the Value Dated Changes function), falling due today (i.e., if the Value Date is today's date), are executed by the Automatic Contract Update function during beginning of day. All the necessary accounting entries will be passed and advices specified for the event are generated.

If the Value Dated change is in the rate or amount of any accruable component, the accruals are done for the deal with the old rate or amount as of the previous day (yesterday).

If the Maturity Date of a deal has been changed so that the deal matures today, the deal will be liquidated provided all the prerequisites for such liquidation are met.

Note

Any Value Dated Change done during the course of the day with the Value Date as today will, however, be processed during the EOD processing.

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8.9.1 Advices Generated for Value Dated Changes

When creating a product, you can specify the advices that are to be generated when a value dated change is made on contracts involving the product. For a deal involving the product, you can suppress these advices, if you do not want them generated.

The Automatic Contract Update function generates the advices you have specified for the deal as during the beginning of day processes. If the value dated change falls on a holiday, its processing and the generation of the advice will be done as per your holiday handling specifications in the Branch Parameters screen.

For example, if you have so specified:

- A future dated deal with a value date as of today will be initiated and a deal advice will be generated for the benefit of the customer. If any component (like discounted interest, tax on principal, etc.) is liquidated on takedown, an advice will be generated for each of them.
- In case a change entered through the value dated changes function is due today and is executed, an advice notifying the customer about the new terms of the deal will be generated.
- In case a floating/periodic rate that affects a deal has changed, an advice notifying the customer of the new rate applicable for the deal will be generated.

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9. Customer Correspondence

Transfer of funds between parties is always confirmed and corroborated with the exchange of messages, advices or receipts. The MM module incorporates the generation of various notices to the parties involved in the contract into its deal processing.

This chapter explains the types of messages generated at each stage for each type of contract that the MM module handles. Once the event is authorized you can generate various types of advices and notices at any time of the day. You can also specify the media through which these advices can be sent. For all the advices and notices discussed here the samples are given below.

This chapter contains the following sections:

- Section 9.1, "Advices"
- Section 9.2, "Advices Generated during Contract Confirmation"
- Section 9.3, "Advice Generated for the Roll-over of a Placement "
- Section 9.4, "Advice Generated for the Roll-over of a Borrowing"
- Section 9.5, "Advice Generated for the Initiation of a Borrowing"
- Section 9.6, "Advice Generated for the Initiation of a Placement "
- Section 9.7, "Payment Messages"
- Section 9.8, "Deal Confirmation Matching"

9.1   Advices

To generate the advice, click on Outgoing Message Browser, under Messages in the Application Browser.

> **Note**
>
> The format and contents of the advices can be configured for your requirements. However, the default advice formats are available when Oracle FLEXCUBE is shipped to you.

In the MM module you can generate the following advices:

- Section 9.1.1, "Confirmation Advices"
- Section 9.1.2, "Rollover Advice for a Placement"
- Section 9.1.3, "Rollover Advice for a Borrowing"
- Section 9.1.4, "Initiation Advice for a Borrowing"
- Section 9.1.5, "Initiation Advice for a Placement"

9.1.1   Confirmation Advices

The Contract Confirmation advices are given by the bank to the customer on confirmation of the contract. A Contract Confirmation advice gives details of the deal.

9.1.2   Rollover Advice for a Placement

You can generate this advice to notify the customer about the Roll-over of the placement.

9.1.3 Rollover Advice for a Borrowing

You can generate this advice to notify the customer about the Roll-over of the borrowing.

9.1.4 Initiation Advice for a Borrowing

You can generate this advice on the initiation of a borrowing to inform the customer about the details of the contract (borrowing).

9.1.5 Initiation Advice for a Placement

You can generate this advice on the initiation of a borrowing to inform the customer about the details of the contract (placement).

9.2 Advices Generated during Contract Confirmation

MONEY MARKET CONTRACT CONFIRMATION ADVICE

Date   : 29-DEC-97

Reference Number : 0003P05973630002

From,

MAIN BRANCH - BOMBAY

D N ROAD, FORT

BOMBAY 400 001

INDIA

To,

CITIBANK Moscow

39 Sadavo

Spasskaya   Street

Moscow 107078

CIF

WE CONFIRM THAT A MM PLACEMENT 05

HAS BEEN ACCEPTED AS PER THE DETAILED BELOW

BOOKING DATE   : 29-DEC-97

VALUE DATE   : 01-JAN-98

MATURITY DATE   : 15-FEB-98

CALCULATION METHOD   : 30[Euro]/365

AMOUNT   : 10,000,000.00 GBP

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WE REQUEST YOU TO ACKNOWLEDGE THE CONTRACT ON THE DUPLICATE

     AMERICAN BANK

     AUTHORIZED SIGNATORY

MONEY MARKET DEPOSIT CONTRACT CONFIRMATION ADVICE

 Date   : 29-DEC-97

 Reference Number : 000MB07973630001

From,

     MAIN BRANCH - BOMBAY

     D N ROAD, FORT

     BOMBAY 400 001

     INDIA

To,

     TANAKA & TANAKA

     GUTSHAUS

     37133 RECKERSHAUSEN

     GERMANY

     CIF

   WE CONFIRM THAT A Money market borrowing - 07

HAS BEEN ACCEPTED AS PER THE DETAILED BELOW

     BOOKING DATE   : 29-DEC-97

     VALUE DATE   : 29-DEC-97

     MATURITY DATE   : 28-MAR-98

     CALCULATION METHOD   : 30[Euro}/Actual

     AMOUNT   : 99,999.00 DEM

WE REQUEST YOU TO ACKNOWLEDGE THE CONTRACT ON THE DUPLICATE

     AMERICAN BANK

     AUTHORIZED SIGNATORY

MONEY MARKET BROKER CONFIRMATION ADVICE

ORACLE

Date   : 29-DEC-97

Reference Number : 0003P04973630002

Broker Code   : SW1001

From,

MAIN BRANCH - BOMBAY

D N ROAD, FORT

BOMBAY 400 001

INDIA

To,

Lucy   King

23 Upperway

Old Avenue

WE CONFIRM THAT A MM PLACEMENT 04

HAS BEEN ACCEPTED AS PER THE DETAILED BELOW

BOOKING DATE   : 29-DEC-97

VALUE DATE   : 29-DEC-97

MATURITY DATE   : 01-JAN-98

CALCULATION METHOD   : Actual/365

AMOUNT   : 12,000,000.00 AUD

THE BROKERAGE INFORMATION DETAILED BELOW

VALUE DATE   : 29-DEC-97

METHOD   : ADVANCE

AMOUNT   : 25,000.00 USD

WE REQUEST YOU TO ACKNOWLEDGE THE CONTRACT ON THE DUPLICATE

AUTHORIZED SIGNATORY

9.3   Advice Generated for the Roll-over of a Placement

ROLLOVER ADVICE FOR A PLACEMENT

MM PLACEMENT 04

ORACLE

Transaction Date : 01-JAN-98

Our Reference No   : 0003P04983630002

User Reference No   : TC8

US1009

516 W 34 St

New York

NY 10001

THE CONTRACT HAS BEEN ROLLED OVER WITH FOLLOWING DETAILS :

Principal Amount

Old Principal Amount :   12,000,000.00 AUD

Principal Amount   :   12,000,000.00 AUD

Value Date   :   01-JAN-98

Maturity Date   :   04-JAN-98

Tenor   :   3 DAYS

INTEREST/FEE DETAILS

Description   Amount   CCY   Rate Interest Basis

INTEREST - AUD   13.5*   Actual/365

----

*SUBJECT TO CHANGE

Transaction on Initiation

Component   Value Date Account   Amount   CCY

Component Description   Account Branch

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```
INTEREST      01-JAN-98  BNKCUL-US1009-017            8,798.75  USD

MM INT PLACEMENTS  000

------------------------------------------------------------

YOUR PAYMENT SCHEDULE WILL BE AS GIVEN BELOW

Component          Amount     CCY

------------------------------------------------------------

Schedule Date : 04-JAN-98


INTEREST          13,315.50  AUD

PRINCIPAL       12,000,000.00  AUD

------------------------------------------------------------

SETTLEMENT DETAILS

------------------------------------------------------------

Component        Dr/Cr  Br     Account  CCY

------------------------------------------------------------

INTEREST      R     000     BNKCUL-US1009-017    USD

MMR002_AMT    R     000     BNKCUL-US1009-017    USD

PRINCIPAL     P     000     BNKCUL-US1009-017    USD

PRINCIPAL_INCR P    000     BNKCUL-US1009-017    USD

PRINCIPAL_LIQD R    000     BNKCUL-US1009-017    USD

------------------------------------------------------------
```

9.4   <u>Advice Generated for the Roll-over of a Borrowing</u>

ROLLOVER ADVICE FOR A BORROWING

Money market borrowing - 08

    Transaction Date : 31-JAN-98

Our Reference No   : 000MB08980010001

User Reference No   : TC51

GB1003

Endsleign Court

ORACLE®

24 Upper Woburn Place

London WC1H 0HA

THE CONTRACT HAS BEEN ROLLED OVER WITH FOLLOWING DETAILS :

Principal Amount

Old Principal Amount   :   10,000,000.00 GBP

Principal Amount   :   10,046,916.25 GBP

Value Date   :   31-JAN-98

Maturity Date   :   01-MAR-98

Tenor   :   30 DAYS

INTEREST/FEE DETAILS

Description   Amount   CCY   Rate   Interest Basis

INTEREST - GBP   6.25*   30[Euro]/365

----

*SUBJECT TO CHANGE

Transaction on Initiation

Component   Value Date Account   Amount   CCY

Component Description   Account Branch

OUR PAYMENT SCHEDULE WILL BE AS GIVEN BELOW

Component   Amount   CCY

Schedule Date : 01-MAR-98

INTEREST   53,331.75 GBP

PRINCIPAL   10,046,916.25 GBP

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```
-----------------------------------------------------------

SETTLEMENT DETAILS

------------------

Component         Dr/Cr  Br      Account  CCY

-----------------------------------------------------------

INTEREST        P     000     BNKCUF-GB1003-018    GBP

PRINCIPAL       R     000     BNKCUF-GB1003-018    GBP

PRINCIPAL_INCR  R     000     BNKCUF-GB1003-018    GBP

PRINCIPAL_LIQD  P     000     BNKCUF-GB1003-018    GBP

------------------------------------------------------------
```

9.5 Advice Generated for the Initiation of a Borrowing

INITIATION ADVICE FOR A BORROWING

Money market borrowing - 07

    Transaction Date : 29-DEC-97

Our Reference No   : 000MB07973630001

User Reference No   : TC29

GE1000

GUTSHAUS

37133 RECKERSHAUSEN

GERMANY

WE CONFIRM HAVING TAKEN FROM YOU

Principal Amount

Principal Amount   :   99,999.00 DEM

Value Date   :   29-DEC-97

Maturity Date   :   28-MAR-98

Tenor   :   90 DAYS

INTEREST/FEE DETAILS

Description   Amount   CCY   Rate   Interest Basis

```
--------------------------------------------------------

INTEREST  - DEM    10        30[Euro}/Actual

--------------------------------------------------------

Transaction on Initiation

--------------------------------------------------------

Component     Value Date Account        Amount    CCY

--------------------------------------------------------

Component Description        Account Branch

--------------------------------------------------------

INTEREST     29-DEC-97  CORCUL-GE1000-011         1,436.25  USD

Interest Component 000

MMR003_AMT    29-DEC-97  CORCUL-GE1000-011         1,000.00  USD

Tax amount Tag MMR003_AMT         000

PRINCIPAL    29-DEC-97  CORCUL-GE1000-011        59,041.50  USD

Principal Amount   000

--------------------------------------------------------

OUR PAYMENT SCHEDULE WILL BE AS GIVEN BELOW

Component         Amount    CCY

--------------------------------------------------------

Schedule Date : 28-MAR-98

INTEREST          2,433.00  DEM

PRINCIPAL        99,999.00  DEM

--------------------------------------------------------


SETTLEMENT DETAILS

--------------------------------------------------------

Component        Dr/Cr  Br    Account  CCY

--------------------------------------------------------

INTEREST     P    000    CORCUL-GE1000-011    USD
```

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MMR003_AMT   R   000   CORCUL-GE1000-011   USD

PRINCIPAL   R   000   CORCUL-GE1000-011   USD

PRINCIPAL_LIQD P   000   CORCUL-GE1000-011   USD

9.6   Advice Generated for the Initiation of a Placement

INITIATION ADVICE FOR A PLACEMENT

MM PLACEMENT 04

    Transaction Date : 29-DEC-97

Our Reference No   : 0003P04973630002

User Reference No   : TC8

US1009

516 W 34 St

New York

NY 10001

WE CONFIRM HAVING PLACED WITH YOU

Principal Amount

Principal Amount   :   12,000,000.00 AUD

Value Date   :   29-DEC-97

Maturity Date   :   01-JAN-98

Tenor   :   3 DAYS

INTEREST/FEE DETAILS

Description   Amount   CCY   Rate   Interest Basis

INTEREST - AUD   12.5*   Actual/365

----

*SUBJECT TO CHANGE

Transaction on Initiation

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```
-------------------------------------------------------

Component     Value Date Account        Amount     CCY

-------------------------------------------------------

Component Description          Account Branch

--------------------------------------------------------------------------

PRINCIPAL     29-DEC-97  BNKCUL-US1009-017          8,469,791.00  USD

Principal Amount   000

-------------------------------------------------------

YOUR PAYMENT SCHEDULE WILL BE AS GIVEN BELOW

Component            Amount     CCY

-------------------------------------------------------

Schedule Date : 01-JAN-98

INTEREST            12,329.00  AUD

PRINCIPAL        12,000,000.00  AUD

-------------------------------------------------------

SETTLEMENT DETAILS

-------------------------------------------------------

Component      Dr/Cr  Br    Account       CCY

-------------------------------------------------------

INTEREST      R     000     BNKCUL-US1009-01USD

        17

MMR002_AMT    R     000     BNKCUL-US1009-01USD

        17

PRINCIPAL     P     000     BNKCUL-US1009-01USD

        17

PRINCIPAL_INCR P    000     BNKCUL-US1009-01USD

        17

PRINCIPAL_LIQD R    000     BNKCUL-US1009-01USD

        17
```

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9.7 <u>Payment Messages</u>

Payment messages or SWIFT messages are generated at takedown for placements, and at the time of contract maturity and interest liquidation for deposits. Swift confirmation message MT320 is generated for contracts whose maturity type is 'FIXED' and for contracts with maturity type 'NOTICE', Swift confirmation message is MT330 is generated.

The format of the messages depends on the type of deal entered into. The contents of the messages are taken from the Contract Input screen.

{1:F01APACGB61A0011111111111}

{2:I330ULSTGB99XBR1N}

{3:{108:008MSOG12265083R}}

{4:

:15A:

:20:008MBI2122653001

:22A:NEWT

:22B:CONF

:22C:APAC610005ULST99

:82A:APACGB61001

:87A:ULSTGB99BR1

:15B:

:17R:B

:30T:20120921

:30V:20120921

:38A:2

:32B:GBP1000,

:37G:5,

:14D:ACT/360

:15C:

:57A:ULSTGB99BR1

:15D:

:57A:ULSTGB99BR1

:15E:

:57A:ULSTGB99BR1

-}

9.8　Deal Confirmation Matching

Oracle FLEXCUBE allows you to match deal confirmation. To do this, you need to invoke the 'Jobs Browser' screen by typing 'CSSJOBBR' in the field at the top right corner of the Application Browser and clicking the adjoining arrow button.

Specify the following details.

Job Module

Select 'MS' from the adjoining drop-down list.

Process

Specify 'PR_AUTO_MT100_FT_MAN' as the process.

Click 'Start' to run the job.

After running the Job, system will process the incoming message and match the following details with those of the existing deals in the system:

- Counterparty
- Book Date
- Value Date
- Currency
- Amount
- Maturity Date
- Notice Days (in case of notice deal)
- Interest rate

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Incoming messages MT320 and MT330 will be available in the system. If the details of an incoming message match with an existing deal in the system, then confirmation will happen. The system will trigger the 'CONF' event for the respective deals.

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10. Annexure A - Accounting Entries and Advices for the MM Module

10.1 Accounting entries for Money Market

This section contains details of the suggested accounting entries that can be set up, for the MM module of Oracle FLEXCUBE. The details of the suggested accounting entries are listed event-wise.

10.2 MM Events

The following is an exhaustive list of events that can take place during the lifecycle of an MM contract. In the subsequent paragraphs we shall examine the accounting entries and advices for each of the events listed below.

SI No	Event Code	Event Description	Remarks
1	BOOK	Booking a contract (Mandatory)	All Types
2	INIT	Takedown or Initiation (Mandatory)	All Types
3	ACCR	Accrual (Mandatory for products with interest payment frequency)	All Types
4	LIQD	Liquidation (Mandatory)	All Types
5	CONF	Confirmation of contract	All Types
6	CAMD	Amendment	All Types
7	ROLL	Rollover execution (treated as a liquidation + new booking)	All Types
8	REVC	Reversal (Mandatory)	All Types
9	REAS	Reassign User	All Types
10	RESD	Reversal of Residual Accrual	All Types
11	REVC	Contract Reversal	All Types
12	REVN	Rate Revision	All Types
13	REVP	Reversal of Payment	All Types
14	STCH	Status Change	Place-ments
15	VAMB	Value Dated Amendment Booking	All Types

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16	VAMI	Value Dated Amendment Initiation	All Types
17	AFRM	Affirmation of a deal	
18	UAFR	Unaffirm a deal	
19	CNWV	Confirmation Waiver	
20	UCNW	Unmarking of confirmation waiver	

10.3 <u>Amount Tags</u>

The amount tags listed below are hard-coded in Oracle FLEXCUBE.

Amount Tag	Description
PRINCIPAL	Principal Amount
PRINCIPAL_DECR	Decrease in principal on amendment
PRINCIPAL_FWD	Forward takedown amount
PRINCIPAL_INCR	Increase in principal on amendment
PRINCIPAL_LIQD	Principal Amount Liquidated
PRINCIPAL_ROLL	Principal Amount Rolled over
PRINCPAL_XFWD	Principal Amount Reclassified
PRINCPAL_XREV	Principal Amount Unclassified
ROLLOVER_AMT	Rollover Amount
component_LIQD_CY	Current year Unrealized accrual amount for a component
component_LIQD_PY	Previous year Unrealized accrual amount for a component.
<INTEREST_COM-PONET>_ROLL	The outstanding interest will be stored in a bridge account
PRINCIPAL_ROIN	This is the principal of the rollover child contract. It equals the amounts of PRINCIPAL_ROLL and <INTEREST_COMPONET>_ROLL.
PRINCIPAL_ADDL	The incremental Principal amount that has to be paid to borrower in a money market deal rollover

In addition to these you can define amount tags as per your requirements for interest and charges that will be attached to the product.

10.4 <u>Accounting Roles</u>

In this section we have provided two separate lists of sample accounting roles. List I contains accounting roles that can be set up for a Placement product. List II contains samples of accounting roles that are applicable for a Borrowing product.

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10.4.1 List I – Acct Roles for a Placement Product

Accounting Role	Description	Role Type
BROKEXP	Brokerage Expense	Expense
BROKPAY	Brokerage Payable	Liability
BROKPIA	Brokerage payable in advance	Asset
ASSETGL	Asset GL for Placements	Asset
FWDASSETGL	GL for Future Dated Placements	Contingent Asset
FWDASSETOFF	Offset for Future Dated Placements	Contingent Liability
INTERINC	Fixed Interest Rate	Income
INTERRIA	Fixed Interest Rate	Liability
PENL1INC	Penal Int on Ovd Principal	Income
PENL1REC	Penal Int on Ovd Principal	Asset
CHARGINC	Common Flat Amt W/o Slab	Income
ComponentUNRL	Unrealized Income	Income
ROLL_WASH	Bridge account to wash the original parent's outstanding balances to the child contract	Asset

10.4.2 List II – Acct Roles for a Borrowing Product

Accounting Role	Description	Role Type
LIABGL	Liability GL for Borrowings	Liability
FWDLIABGL	GL for Future Dated Borrowings	Contingent liability
FWDLIABOFF	Offset for Future Dated Borrowings	Contingent Asset
INTEREXP	Fixed Interest Rate	Expense
INTERPIA	Fixed Interest Rate	Asset
INTERPAY	Fixed Interest Payable	Liability
CHARGEXP	Common Flat Amt W/o Slab	Expense
FRTAX1_PAY	Tax payable role forFRTAX1	Liability
FRTAXS_PAY	Tax payable role for FRTAXS	Liability
ComponentREAL*	Realized Income	Income

* The 'component' is the ICCF component that you have created.

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Note

In the accounting roles listed above the prefixes INTER (Interest), PENL (Penalty), BROK (brokerage), CHARG (Charge) FRTAX1 (Tax) and FRTAXS are ICCF components.

The suffixes stand for:

AQP	Acquired interest payable
AQR	Acquired interest receivable
EXP	Expense
PAY	Payable
PIA	Payable in advance
REC	Receivable
RIA	Received in advance

10.5 Event-wise Accounting Entries and Advices

In the subsequent sections we have defined suggested accounting entries and advices for each of the events in the life-cycle of an MM deal. Samples of accounting entries, advices, and events have been given for four different types of MM deals. They are:

- MM Placement with True Discount Interest
- MM Borrowing with Fixed Discounted Interest
- MM Placement with Fixed Bearing Interest
- MM Borrowing with Fixed Bearing Interest

Also note that some of the Amount Tag's linked to the Accounting Roles are user defined.

10.5.1 MM Placement with True Discounted Interest

The preferences set for this product are as follows:

- The payment type for this product is of True Discounted type
- Forward dating is allowed for the product
- Brokerage is not payable

10.5.1.1 BOOK: Booking

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
CHARGINC	CHARG	Credit
CUSTOMER	CHARG	Debit
FWDASSETOFF	PRINCIPAL_FWD	Credit
FWDASSETGL	PRINCIPAL_FWD	Debit

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Advices

Advice Name	Description
MM_DEAL_SLIP	Deal Slip
SWIFT_MESSAGE	MT320, MT330, MT335, MT350
PAYMENT_MESSAGE	Payment Message
MMCONPLA	MM Placement Confirmation

10.5.1.2 <u>INIT: Initiation</u>

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
INTERRIA	INTER_LIQD	Credit
CUSTOMER	INTER_LIQD	Debit
ASSETGL	PRINCIPAL	Debit
CUSTOMER	PRINCIPAL	Credit
FWDASSETGL	PRINCIPAL_FWD	Credit
FWDASSETOFF	PRINCIPAL_FWD	Debit
FWDASSETGL	PRINCIPAL_FWD	Debit
FWDASSETOFF	PRINCIPAL_FWD	Credit
ASSETGL	PRINCIPAL_ROIN	Debit
ROLL_WASH	PRINCIPAL_ROIN	Credit
ASSETGL	PRINCIPAL_ADDL	Debit
CUSTOMER	PRINCIPAL_ADDL	Credit

Advices

Advice Name	Description
MM_CONT_ADV	Contract Advice

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10.5.1.3 ACCR: Interest Accrual

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
INTERINC	INTER_ACCR	Credit
INTERRIA	INTER_ACCR	Debit
PENL1INC	PENL1_ACCR	Credit
PENL1REC	PENL1_ACCR	Debit

Advices

No advices allowed for this event.

10.5.1.4 LIQD: Liquidation

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
PENL1REC	PENL1_LIQD	Credit
CUSTOMER	PENL1_LIQD	Debit
ASSETGL	PRINCIPAL_LIQD	Credit
CUSTOMER	PRINCIPAL_LIQD	Debit

Advices

Advice Name	Description
SWIFT_MESSAGE	MT320, MT330, MT335, MT350
PAYMENT_MESSAGE	Payment Message

10.5.1.5 VAMB: Value Dated Amendment Booking

Accounting Entries

Nil

Advices

Advice Name	Description
MMAMDADV	Amendment Advice

10.5.1.6 VAMI: Value Dated Amendment Initiation

Accounting Entries

Nil

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Advices

Advice Name	Description
SWIFT_MESSAGE	MT320, MT330, MT335, MT350

10.5.1.7 <u>CAMD: Contract Amendment</u>

Accounting Entries

Nil.

Advices

Advice Name	Description
SWIFT_MESSAGE	MT320, MT330, MT335, MT350

10.5.1.8 <u>REVN: Rate Revision</u>

Accounting Entries

No accounting entries allowed for this event.

Advices

Nil

10.5.1.9 <u>REVC: Reversal</u>

Accounting Entries

No accounting entries allowed for this event.

Advices

Advice Name	Description
SWIFT_MESSAGE	MT320, MT330, MT335, MT350

10.5.1.10 ROLL: Rollover

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
PENL1REC	PENL1_LIQD	Credit
CUSTOMER	PENL1_LIQD	Debit
CUSTOMER	PRINCIPAL_LIQD	Debit
ASSETGL	PRINCIPAL_LIQD	Credit
CUSTOMER	PRINCIPAL_LIQD	Debit
ASSETGL	PRINCIPAL_LIQD	Credit
CUSTOMER	<Interest_Component>_LIQD	Debit
Interest_component-REC	<Interest_Component>_LIQD	Credit
ROLL_WASH	PRINCIPAL_ROLL	Debit
ASSETGL	PRINCIPAL_ROLL	Credit
ROLL_WASH	<Interest_Component>_ROLL	Debit
Interest_component-REC	<Interest_Component>_ROLL	Credit

Advices

Advice Name	Description
MM_ROLL_ADV	Rollover Advice
SWIFT_MESSAGE	MT320, MT330, MT335, MT350

10.5.2 MM Borrowing with Fixed Discounted Interest

The preferences set for this product are as follows:

- The payment type for this product is of Discounted type
- Forward dating is allowed for the product.
- Brokerage is not payable

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10.5.2.1 BOOK: Booking a Borrowing with fixed discounted interest

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
CHARGEXP	CHARG	Debit
CUSTOMER	CHARG	Credit
FWDLIABGL	PRINCIPAL_FWD	Credit
FWDLIABOFF	PRINCIPAL_FWD	Debit

Advices

Advice Name	Description
MMBRKCON	Broker Confirmation
MM_DEAL_SLIP	Deal Slip
SWIFT_MESSAGE	MT320, MT330, MT335, MT350
PAYMENT_MESSAGE	Payment Message
MMCONDEP	MM Borrowing Confirmation

10.5.2.2 INIT: Initiation of a Borrowing with fixed discounted interest

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
FRTAX1_PAY	FRTAX1_AMT	Credit
CUSTOMER	FRTAX1_AMT	Debit
CUSTOMER	FRTAXS_AMT	Debit
FRTAXS_PAY	FRTAXS_AMT	Credit
INTERPIA	INTER_LIQD	Debit
CUSTOMER	INTER_LIQD	Credit
LIABGL	PRINCIPAL	Credit
CUSTOMER	PRINCIPAL	Debit
FWDLIABGL	PRINCIPAL_FWD	Debit
FWDLIABOFF	PRINCIPAL_FWD	Credit

Advices

Advice Name	Description
MM_CONT_ADV	Contract Advice

10.5.2.3 ACCR: Accrual of interest

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
INTEREXP	INTER_ACCR	Debit
INTERPIA	INTER_ACCR	Credit
PENL1EXP	PENL1_ACCR	Debit
PENL1PAY	PENL1_ACCR	Credit

Advices

No advices allowed for this event.

10.5.2.4 LIQD: Liquidation

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
LIABGL	PRINCIPAL_LIQD	Debit
CUSTOMER	PRINCIPAL_LIQD	Credit
CUSTOMER	INTER_LIQD	Credit
INTPIA	INTER_LIQD	Debit

Advices

Advice Name	Description
SWIFT_MESSAGE	MT320, MT330, MT335, MT350
PAYMENT_MESSAGE	Payment Message
LIQDNOTC	Liquidation Notice

10.5.2.5 VABM: Value Dated Amendment Booking

Accounting Entries

Nil

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Advices

Advice Name	Description
MMAMDADV	Amendment Advice

10.5.2.6 VAMI: Value Dated Amendment Initiation

Accounting Entries

Nil

Advices

Advice Name	Description
SWIFT_MESSAGE	MT320, MT330, MT335, MT350

10.5.2.7 CAMD: Amendment

Accounting Entries

Nil

Advices

Advice Name	Description
SWIFT_MESSAGE	MT320, MT330, MT335, MT350

10.5.2.8 REVN: Rate Revision

Accounting Entries

No accounting entries allowed for this event.

Advices

Nil

10.5.2.9 ROLL: Contract Rollover

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
CUSTOMER	INTER_LIQD	Credit
INTERPIA	INTER_LIQD	Debit
LIABGL	PRINCIPAL_LIQD	Debit
CUSTOMER	PRINCIPAL_LIQD	Credit

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Advices

Advice Name	Description
SWIFT_MESSAGE	MT320, MT330, MT335, MT350
MM_ROLL_ADV	Rollover Advice

10.5.3 MM Placement – Fixed Bearing Interest

The preferences set for this product are as follows:

- The payment type for this product is of Bearing type
- Forward dating is allowed for the product.

10.5.3.1 BOOK: Booking

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
FWDASSETGL	PRINCIPAL_FWD	Debit
FWDASSETOFF	PRINCIPAL_FWD	Credit

Advices

Advice Name	Description
MMCONPLA	MM Placement Confirmation
MM_DEAL_SLIP	Deal Slip
SWIFT_MESSAGE	MT320, MT330, MT335, MT350

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10.5.3.2 INIT: Initiation

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
ASSETGL	PRINCIPAL	Debit
CUSTOMER	PRINCIPAL	Credit
FWDASSETGL	PRINCIPAL_FWD	Credit
FWDASSETOFF	PRINCIPAL_FWD	Debit
FWDASSETGL	PRINCIPAL_FWD	Debit
FWDASSETOFF	PRINCIPAL_FWD	Credit
ASSETGL	PRINCIPAL_ROIN	Debit
ROLL_WASH	PRINCIPAL_ROIN	Credit
ASSETGL	PRINCIPAL_ADDL	Debit
CUSTOMER	PRINCIPAL_ADDL	Credit

Advices

Advice Name	Description
MM_CONT_ADV	Contract Advice

10.5.3.3 ACCR: Interest Accrual

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
INTERINC	INTER_ACCR	Credit
INTERREC	INTER_ACCR	Debit
PENL1INC	PENL1_ACCR	Credit
PENL1REC	PENL1_ACCR	Debit
PENL2INC	PENL2_ACCR	Credit
PENL2REC	PENL2_ACCR	Debit

Additional Accounting Entries for Negative Interest allowed Product

Accounting Role	Amount Tag	Dr./Cr. Indicator
Negative Interest CompEXP	Negative Interest Comp_ACCR	Debit
Negative Interest CompPAY	Negative Interest Comp_ACCR	Credit

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Advices

No advices allowed for this event.

10.5.3.4 LIQD: Liquidation

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
CUSTOMER	INTER_LIQD	Debit
INTERREC	INTER_LIQD	Credit
PENL1REC	PENL1_LIQD	Credit
CUSTOMER	PENL1_LIQD	Debit
CUSTOMER	PENL2_LIQD	Debit
PENL2REC	PENL2_LIQD	Credit
ASSETGL	PRINCIPAL_LIQD	Credit
CUSTOMER	PRINCIPAL_LIQD	Debit

Additional Accounting Entries for Negative Interest allowed Product

Accounting Role	Amount Tag	Dr./Cr. Indicator
Negative Interest CompPAY	Negative Interest Comp_LIQD	Debit
Customer	Negative Interest Comp_LIQD	Credit

Advices

Advice Name	Description
SWIFT_MESSAGE	MT320, MT330, MT335, MT350
PAYMENT_MESSAGE	Payment Message

10.5.3.5 VAMB: Value Dated Amendment Booking

Accounting Entries

Nil

Advices

Advice Name	Description
MMAMDADV	Amendment Advice

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10.5.3.6 VAMI: Value Dated Amendment Initiation

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
ASSETGL	PRINCIPAL_INCR	Debit
CUSTOMER	PRINCIPAL_INCR	Credit

Advices

Advice Name	Description
SWIFT_MESSAGE	MT320, MT330, MT335, MT350

10.5.3.7 CAMD: Contract Amendment

Accounting Entries

Nil

Advices

Advice Name	Description
SWIFT_MESSAGE	MT320, MT330, MT335, MT350

10.5.3.8 REVC: Reversal

Accounting Entries

No accounting entries allowed for this event.

Advices

Advice Name	Description
SWIFT_MESSAGE	MT320, MT330, MT335, MT350

10.5.4 REVN: Rate Revision

Accounting Entries

No accounting entries allowed for this event.

Advices

Nil

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10.5.4.1 ROLL: Rollover

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
CUSTOMER	INTER_LIQD	Debit
INTER_REC	INTER_LIQD	Credit
ASSET GL	INTER_ROLL	Debit
INTER_REC	INTER_ROLL	Credit
ASSETGL	PRINCIPAL_LIQD	Credit
CUSTOMER	PRINCIPAL_LIQD	Debit
CUSTOMER	PRINCIPAL_LIQD	Debit
ASSETGL	PRINCIPAL_LIQD	Credit
CUSTOMER	<Interest_Component>_LIQD	Debit
Interest_componentREC	<Interest_Component>_LIQD	Credit
ROLL_WASH	PRINCIPAL_ROLL	Debit
ASSETGL	PRINCIPAL_ROLL	Credit
ROLL_WASH	<Interest_Component>_ROLL	Debit
Interest_componentREC	<Interest_Component>_ROLL	Credit

Additional Accounting Entries for Negative Interest allowed Product

For Rollover of Interest

Accounting Role	Amount Tag	Dr./Cr. Indicator
Negative Interest CompPAY	Negative InterestComp_ROLL	Debit
ROLL_WASH	Negative InterestComp_ROLL	Credit

Advices

Advice Name	Description
LD_ROLL_ADV	Rollover Advice

10.5.5 MM Borrowing with Fixed Bearing Interest

The preferences set for this product are as follows:

- The payment type for this product is of Bearing type
- Forward dating is allowed for the product.

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10.5.5.1 BOOK: Booking a Borrowing with fixed bearing interest

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
FWDLIABGL	PRINCIPAL_FWD	Credit
FWDLIABOFF	PRINCIPAL_FWD	Debit

Advices

Advice Name	Description
MMBRKCON	Broker Confirmation
MMCONDEP	MM Borrowing Confirmation
MM_DEAL_SLIP	Deal Slip
SWIFT_MESSAGE	MT320, MT330, MT335, MT350
PAYMENT_MESSAGE	Payment Message

10.5.5.2 INIT: Initiation of a Borrowing with fixed bearing interest

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
FRTAXC_EXP	FRTAXC_AMT	Debit
FRTAXC_PAY	FRTAXC_AMT	Credit
LIABGL	PRINCIPAL	Credit
CUSTOMER	PRINCIPAL	Debit
FWDLIABGL	PRINCIPAL_FWD	Debit
FWDLIABOFF	PRINCIPAL_FWD	Credit

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Advices

Advice Name	Description
MM_CONT_ADV	Contract Advice

10.5.5.3 ACCR: Accrual of interest

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
INTEREXP	INTER_ACCR	Debit
INTERPAY	INTER_ACCR	Credit

Additional Accounting Entries for Negative Interest allowed Product

Accounting Role	Amount Tag	Dr./Cr. Indicator
NegativeInterest CompREC	Negative Interest Comp_ACCR	Debit
NegativeInterest CompINC	Negative Interest Comp_ACCR	Credit

Advices

No advices allowed for this event.

10.5.5.4 LIQD: Liquidation

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
INTERPAY	INTER_LIQD	Debit
CUSTOMER	INTER_LIQD	Credit
CUSTOMER	PRINCIPAL_LIQD	Credit
LIABGL	PRINCIPAL_LIQD	Debit

Additional Accounting Entries for Negative Interest allowed Product|

Accounting Role	Amount Tag	Dr./Cr. Indicator
Customer	Negative Interest Comp_LIQD	Debit
Negative Interest CompREC	Negative Interest Comp_LIQD	Credit

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Advices

Advice Name	Description
SWIFT_MESSAGE	MT320, MT330, MT335, MT350
PAYMENT_MESSAGE	Payment Message

10.5.5.5 VABM: Value Dated Amendment Booking

Accounting Entries

Nil

Advices

Advice Name	Description
MMAMDADV	Amendment Advice

10.5.5.6 VAMI: Value Dated Amendment Initiation

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
LIABGL	PRINCIPAL_INCR	Credit
CUSTOMER	PRINCIPAL_INCR	Debit

Advices

Advice Name	Description
SWIFT_MESSAGE	MT320, MT330, MT335, MT350

10.5.5.7 CAMD: Amendment

Accounting Entries

Nil

Advices

Advice Name	Description
SWIFT_MESSAGE	MT320, MT330, MT335, MT350

10.5.5.8 REVN: Rate Revision

Accounting Entries

No accounting entries allowed for this event.

Advices

Nil

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10.5.5.9 ROLL: Rollover

Accounting entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
CUSTOMER	INTER_LIQD	Credit
INTER_PAY	INTER_LIQD	Debit
~~ASSET GL~~LIABGL	INTER_ROLL	Credit
INTER_PAY	INTER_ROLL	Debit
~~ASSET GL~~LIABGL	PRINCIPAL_LIQD	Debit
CUSTOMER	PRINCIPAL_LIQD	Credit

Additional Accounting Entries for Negative Interest allowed Product

For Rollover of Interest

Accounting Role	Amount Tag	Dr./Cr. Indicator
LIABGL	Negative InterestComp_ROLL	Debit
Negative Interest CompREC	Negative InterestComp_ROLL	Credit

Advices

Advice Name	Description
LD_ROLL_ADV	Rollover advice

10.6 Entries for contracts liquidated with Previous Year Adjustment option

You will need to maintain the following accounting entry set-up when an MM contract is liquidated with previous year adjustment option.

During liquidation of an schedule/contract the unrealized accruals for the previous year are liquidated before liquidation of unrealized accruals for the current year.

For liquidating the interest components the system posts the following entries during Liquidation (LIQD) for a bearing contract:

Accounting Role	Amount Tag	Dr./Cr. Indicator
ComponentREC	Component_LIQD	Credit
Customer	Component_LIQD	Debit
ComponentUNRL	Component_LIQD_PY	Debit

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ComponentINC	Component_LIQD_PY	Credit
ComponentUNRL	Component_LIQD_CY	Debit
ComponentINC	Component_LIQD_CY	Credit

If the interest has been collected in advance the following entries are passed:

Accounting Role	Amount Tag	Dr./Cr. Indicator
ComponentUNRL	Component_LIQD_PY	Debit
ComponentINC	Component_LIQD_PY	Credit
ComponentUNRL	Component_LIQD_CY	Debit
ComponentINC	Component_LIQD_CY	Credit

When the Amount Tag is of type component_LIQD_PY and the Accounting Role pertains to unrealized income/expense, the head for the accounting role will be replaced by the previous year adjustment GL, while passing accounting entries.

Note

In case a contract spans over multiple years, any event (Back dated Rate revision, Principal Change etc, back dated booking of contract etc.,) which causes the accrual balances of the previous year to be recomputed, the accrual entries will be posted to the current year unrealized income and expense GL only.

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11. Reports in Money Market Module

Reports provide details of various events in the life of a specific contract, or across contracts at a specific point of time. For every module in Oracle FLEXCUBE, you can generate reports. This chapter details out the reports that you can generate from Money Market module of Oracle FLEXCUBE.

You can generate the following report for the Money Market module:

- Section 11.1, "MM Brokerage Details"
- Section 11.2, "MM Broker Confirmation Pending Report"
- Section 11.3, "MM Counterparty Confirmation Pending"
- Section 11.4, "Overdue Schedules Report"
- Section 11.5, "Maturity Report"

11.1 MM Brokerage Details

This report provides information such as maturity date, brokerage amount and deal status with regard to money market deals. You can set preferences as to generation of the report using 'Money Market Brokerage Details Report Options' screen. To invoke the screen, type 'MMRPBRDT' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

11.1.1 Report Options

You can set the following preferences as to generation of the report:

Report For

Indicate whether you wish to generate the report for all the brokers of for a set of selected brokers. If you wish to generate the report for a selected set of brokers, you need to maintain the list of brokers under 'Brokers List'.

<u>**Report Period**</u>

Include Liquidated Contracts

You can get the details of liquidated contracts in the report being generated. If you wish to include liquidated contracts, check this option. If you do not check this option, the system will generate the report for active contracts only.

From Date

Specify the start date of the report period. In the report, the system will include details available from this date.

To Date

Specify the end date of the report period. In the report, the system will include details available till this date.

<u>**Brokers List**</u>

In order to generate reports for a specific set of brokers, you need to maintain the list of brokers. Click add button to add rows to the list. You can add as many rows as you need. In each row, select the unique ID of the brokers for whom the report is being generated.

To delete a row from the list of brokers, check the adjoining box and click delete button.

11.1.2 <u>Contents of the Report</u>

The parameters specified while generating the report are printed at the beginning of the report. Other content displayed in the report is as follows:

Header

The 'Header' carries the title of the report, branch code, branch date, user ID, module from which the report has been generated, date and time at which the report has been generated and the page number of the report.

Body

You can find the following details in the body of the report:

Field	Description
Broker	The unique broker ID and name of the broker
Broker Name	The name of the broker is displayed here
Contract Reference	The reference number of the contract whose details are fetched
Product Type	The product type associated with the contract
Value Date	The value date of the contract
CCY	The currency of the transaction
Maturity Date	The maturity date of the contract
Brokerage Amount	The brokerage amount of the particular deal in the brokerage currency

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Method	The method by which the brokerage amount is collected (Advance / Arrears)
Status	The status of the brokerage – Outstanding / Liquidated
NO of Deals	The number of deals linked to the specific broker
Total Liquidated	The total liquidated brokerage amount
Total Outstanding	The total Outstanding brokerage amount

11.2 MM Broker Confirmation Pending Report

Broker confirmation pending report provides details of deals that are pending for broker confirmation. To generate the report, type 'MMRPBRCF' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

11.2.1 Contents of the Report

The parameters specified while generating the report are printed at the beginning of the report. Other content displayed in the report is as follows:

Header

The 'Header' carries the title of the report, branch code, branch date, user ID, module from which the report has been generated, date and time at which the report has been generated and the page number of the report.

Body

You can find the following details in the body of the report:

Field	Description
Reference Number	The reference number of the deal for which broker confirmation is pending

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Broker	The unique ID of the broker linked to the deal
Name	The name of the broker
Elapsed Days	The number of days elapsed since broker confirmation is pending
Amount	The money market deal amount
Currency	The deal currency
Maturity Date	The date on which the deal would attain maturity

11.3 MM Counterparty Confirmation Pending

Counterparty confirmation pending report provides details of deals that are pending for counterparty confirmation. To generate the report, type 'MMRPCPCN' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

11.3.1 Contents of the Report

The parameters specified while generating the report are printed at the beginning of the report. Other content displayed in the report is as follows:

Header

The 'Header' carries the title of the report, branch code, branch date, user ID, module from which the report has been generated, date and time at which the report has been generated and the page number of the report.

Body

You can find the following details in the body of the report:

Field	Description
Reference Number	The reference number of the deal for which counterparty confirmation is pending

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Counterparty	The unique ID of the counterparty linked to the deal
Name	The name of the counterparty
Contract Status	The status of the deal like – To be Initiated / Active / Liquidated
Elapsed Days	The number of days elapsed since counterparty confirmation is pending
Amount	The money market deal amount
Currency	The deal currency
Maturity Date	The date on which the deal would attain maturity

11.4 Overdue Schedules Report

You can invoke the Overdue Schedules Report by typing 'MMRPOSCH' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

Product Type

Select the product type from the adjoining drop down list.

From Date

Specify a valid date from when you wish to generate the report from the adjoining calendar.

To Date

Specify a valid date till when you wish to generate the report from the adjoining calendar

Product Code

Specify the product code from the adjoining option list

Contract Currency

Specify the contract currency from the adjoining option list

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Customer

Specify the customer number whose details are required in the report. You can select the customer number from the option list.

Schedule Date

From Date - Specify a valid date from when you wish to generate the report from the adjoining calendar.

To Date - Specify a valid date till when you wish to generate the report from the adjoining calendar.

11.4.1 Contents of the Report

The parameters specified while generating the report are printed at the beginning of the report. Other content displayed in the report is as follows:

Header

The 'Header' carries the title of the report, branch code, branch date, user ID, module from which the report has been generated, date and time at which the report has been generated and the page number of the report.

Body

You can find the following details in the body of the report:

Field	Description
Due Date	Indicates the due date
Overdue Days	Indicates the overdue days
Customer	Indicates the name of the customer
Contract Reference	Indicates the reference of contract
Status	Indicates the status of the overdue
Component	Indicates the component
Currency	Indicates the currency
Overdue Amount	Indicates the overdue amount
Euro Equivalent	Indicates the Euro equivalent of the overdue amount

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Overdue Summary

Due Date	Indicates the due date
Overdue Days	Indicates the overdue days
Product	Indicates the product for which the amount is overdue
Component	Indicates the component
Currency	Indicates the currency
Status	Indicates the status of the overdue
Cumulative Overdue Amount	Indicates the cumulative overdue amount for the product
Euro Equivalent	Indicates the euro equivalent of the overdue amount

11.5 Maturity Report

You can invoke the Maturity Report by typing 'MMRPMATR' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.
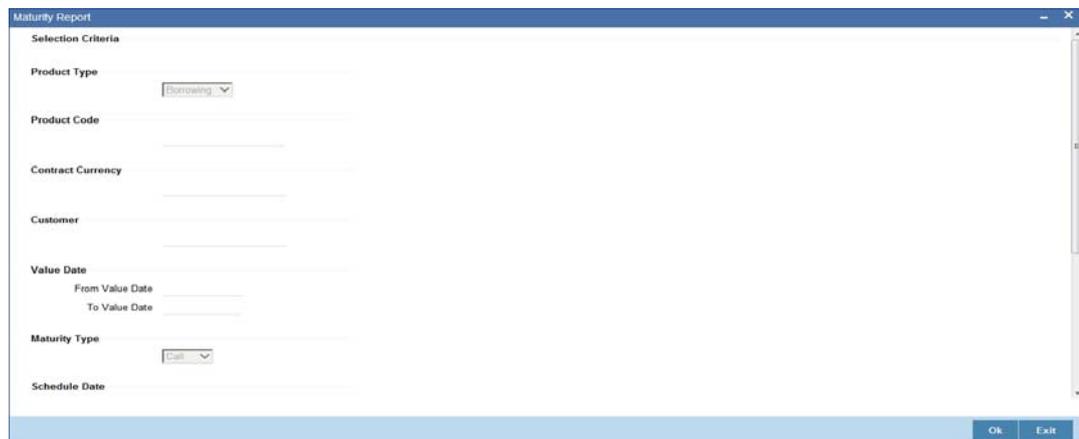
Product Type

Select the product type from the adjoining drop down list.

From Value Date

Specify a valid date from when you wish to generate the report from the adjoining calendar.

To Value Date

Specify a valid date till when you wish to generate the report from the adjoining calendar

Liquidation Mode

Select the mode of liquidation from the adjoining drop down list.

Non Maturity Schedule

Select the non maturity status.

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Maturity Type

Select the maturity type from the adjoining drop down list.

Product Code

Specify the product code from the adjoining option list

Contract Currency

Specify the contract currency from the adjoi9ning option list

Customer

Select the customer number of the customer whose details are required in the report.

Schedule Date

From Date - Specify a valid date from when you wish to generate the report from the adjoining calendar.

To Date - Specify a valid date till when you wish to generate the report from the adjoining calendar.

11.5.1 <u>Contents of the Report</u>

The parameters specified while generating the report are printed at the beginning of the report. Other content displayed in the report is as follows:

Header

The 'Header' carries the title of the report, branch code, branch date, user ID, module from which the report has been generated, date and time at which the report has been generated and the page number of the report.

Body

You can find the following details in the body of the report:

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Call Contracts

Field	Description
Customer	Indicates the name of the customer
Contract Reference	Indicates the reference of contract
Currency	Indicates the currency of the transaction
Contract Amount	Indicates the contract amount
Euro Equivalent	Indicates the euro equivalent of the contract amount
Outstanding Amount	Indicates the outstanding amount
Euro Equivalent	Indicates the Euro equivalent of the outstanding amount

Notice Contracts

Field	Description
Notice Days	Indicates the notice days
Customer	Indicates the name of the customer
Contract Reference	Indicates the reference of contract
Currency	Indicates the currency of the transaction
Contract Amount	Indicates the contract amount
Euro Equivalent	Indicates the Euro equivalent of the contract amount
Outstanding Amount	Indicates the outstanding amount
Euro Equivalent	Indicates the Euro equivalent of the outstanding amount

Fixed Maturity Contracts

Field	Description
Due Date	Indicates the due date of the contract
Customer	Indicates the name of the customer

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Contract Reference	Indicates the reference number of contract
Maturity date	Indicates the contract maturity date
Component	Indicates the component
Currency	Indicates the currency of the transaction
Due Amount	Indicates the due amount for the contract
Euro Equivalent	Indicates the due amount in terms of Euro
Outstanding Amount	Indicates the outstanding amount
Euro Equivalent	Indicates the outstanding amount in terms of Euro

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