

Islamic Money Market User Guide

# **Oracle Banking Treasury Management**

Release 14.4.0.0.0

**Part No. F29596-01**

April 2020

Islamic 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 *Murabaha* Money Market (MMM) Module of Oracle Banking Treasury Management Banking Treasury Management.

It provides an overview to the module, and takes you through the various steps involved in processing an MMM 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	<i>An Overview of the Murabaha Money Market Module</i> is a snapshot of the features that the module provides.
Chapter 2	<i>Overview of Murabaha Money Market Module</i> provides an introduction to the module and its features.
Chapter 3	<i>Defining Attributes of a Murabaha Money Market Product</i> talks about defining the attributes specific to setting up a <i>Murabaha</i> Money Market product.
Chapter 4	<i>Processing a Murabaha MM Deal</i> describes the processing of <i>Murabaha</i> Money Market deals.



<b>Chapter 5</b>	<i>Processing Repayments</i> explains on how the repayment schedules are defined and liquidated.
<b>Chapter 6</b>	<i>Making Profit Rate Changes</i> describes value-dated changes to a <i>Murabaha</i> Money Market deal.
<b>Chapter 7</b>	<i>Rolling Over a Deal</i> describes how <i>Murabaha</i> Money Market Deals are rolled over.
<b>Chapter 8</b>	<i>Automatic Processing</i> discusses the features of the Automatic Contract Update function.
<b>Chapter 9</b>	<i>Customer Correspondence</i> explains the advices and messages that you can generate in the MMM module.
<b>Chapter 10</b>	<i>Annexure A - Accounting Entries and Advices for the Murabaha MM Module</i> gives an event-wise listing of suggested accounting entries, and advices that can take place during the life cycle of the <i>Murabaha</i> MM module.
<b>Chapter 11</b>	<i>Reports</i> give a detailed account of report generation from this module and the contents of such reports.
<b>Chapter 12</b>	<i>Function ID Glossary</i> has alphabetical listing of Function/Screen ID's used in the module with page references for quick navigation.




## 1.5 Related Documents


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
- Profit
- Charges and Fees
- Tax
- User Defined Fields

## 1.6 Glossary of Icons

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

<b>Icons</b>	<b>Function</b>
	Exit
	Add row
	Delete row

Icons	Function
	Option List

---

## 2. Overview of Murabaha Money Market Module

### 2.1 Introduction

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

This chapter contains the following sections:

- [Section 2.2, "Product Definition Facility"](#)
- [Section 2.3, "Automatic Processing Features"](#)
- [Section 2.4, "Settling Murabaha Money Market Deals"](#)
- [Section 2.5, "Rolling Over Deals"](#)
- [Section 2.6, "Tracking and Retrieval of Information"](#)

#### 2.1.1 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 profit 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.

#### 2.1.2 Architectural Advantages

In architecture, Oracle Banking Treasury Management is modular yet integrated. That is, front-end modules such as *Murabaha* 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, MMM, FX, LC, BC, Finances, Deposits, and so on. The architecture, thus, ensures that all front-end modules use reliable and consistent data drawn from the Core.

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

#### 2.1.3 Quick and Easy Retrieval of Information

The facility to retrieve accurate information quickly is a key benefit that Oracle Banking Treasury Management offers. Oracle Banking Treasury Management 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 Banking Treasury Management 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.

## 2.2 Product Definition Facility

A central feature of the front-end modules of Oracle Banking Treasury Management 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.

This section contains the following topics:

- [Section 2.2.1, "Defining Murabaha Money Market Schemes as Products"](#)
- [Section 2.2.2, "Advantage of Defining a Product"](#)

### 2.2.1 Defining *Murabaha* 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 MMM 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 Banking Treasury Management. (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 profit, profit 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 screenshot shows the 'Preferences' window in Oracle Banking Treasury Management. The window is titled 'Preferences' and has a standard Windows-style title bar with minimize, maximize, and close buttons. The main content area is divided into several sections:

- Product:** A text input field.
- Product Description:** A text input field.
- Preferences:** A section with a 'Payments' dropdown menu and a list of checkboxes: Automatic Liquidation, Track Accrued Profit, Tax Applicable, Forward Dating Allowed, Allow Rollover, Allow Brokerage, Pay Past Schedules, Prepayment Penalty, Intra-day Deal, Multiple Penalty Components, Commodity Tracking, and Book Unearned Profit.
- Accrual:** A section with 'Frequency \*' dropdown, 'Start Month' dropdown, and 'Start Date' text input.
- Tenor:** A section with 'Minimum' (1), 'Default' (90), and 'Maximum' (365) text inputs, and a 'Unit' dropdown set to 'Days'.
- Rate Variance:** A section with 'Normal' and 'Maximum' text inputs.
- Authorization Rekey Fields:** A section with checkboxes for Currency, Value Date, Contract Amount, and Maturity Date.
- Holiday Treatment:** A section with 'Holiday Currency' text input, 'Cascade Schedules' checkbox, and 'Schedule Movement' radio buttons for Ignore Holidays, Move Across Month, Move Forward (selected), and Move Backward.

At the bottom of the window, there is a navigation bar with links for 'Rollover Details', 'Schedules', 'Liquidation Order', and 'Grace Days'. On the far right, there are 'Ok' and 'Exit' buttons.

### 2.2.2 Advantage of Defining a Product

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

- the tenor

- the rate of profit
- 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 *Murabaha* money market schemes across branches
- modification of standard features of a scheme to suit specific requirements

## 2.3 Automatic Processing Features

Oracle Banking Treasury Management completely automates and tracks all the events in the lifecycle of a *Murabaha* money market deal. It

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

Using Oracle Banking Treasury Management, you can process *Murabaha* money market deals with fixed, floating, or period profit rates, and with a variety of profit application methods.

You can also define bullet schedules for all components. Oracle Banking Treasury Management allows you to define brokerage on a cumulative or slab basis for each currency or currency pair. 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 MMM module, you can specify the advices and messages that should be generated at different 'events' (such as profit 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.

## 2.4 Settling *Murabaha* Money Market Deals

All scheduled component and maturity settlements are handled automatically in Oracle Banking Treasury Management 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 Banking Treasury Management offers you the option to process maturities manually.

## 2.5 Rolling Over Deals

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

## 2.6 Tracking and Retrieval of Information

The interface with the Limits module ensures online counter-party exposure tracking. The module gives you a better handle over your *Murabaha* 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 the form of reports. The following are some of the reports that you can generate for the *Murabaha* Money Markets module:

- Contract schedules and maturities report
- Forward contracts report
- Value dated amendments report
- Contract events report
- Contract retrieval report
- Memo accrual control journal
- Accrual control journal
- Accrual control journal summary
- Activity journal

## 3. Defining Attributes of a Murabaha Money Market Product

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

This chapter contains the following sections:

- [Section 3.1, "Islamic Money Market - Product Definition"](#)
- [Section 3.2, "Setting Product Preferences"](#)

### 3.1 Islamic Money Market - Product Definition

You can create an Islamic Money Market (IMM) product in the 'Islamic Money Market - Product Definition' screen. You can invoke this screen by typing 'MCDPRMNT' 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 Islamic Money Market product such as the Product Code, the Description, and so on.

The screenshot shows the 'Islamic Money Market Product Definition' window. The form includes the following fields:

- Product Code \*
- Product Description \*
- Product Type
- Description
- Slogan
- Product Group
- Product Group Description
- Start Date (YYYY-MM-DD)
- End Date (YYYY-MM-DD)
- Remarks

At the bottom of the window, there is a navigation bar with icons for Accounting Roles, Events, MIS, Preferences, Discount Accrual, Profit, Charges, and Tax. Below the navigation bar, there are fields for Maker, Checker, Date Time, Mod No, Record Status, and Authorization Status, along with an Exit button.

For a *Murabaha* Money Market product, you can define other generic attributes, such as branch, currency, and customer restrictions, and so on 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 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 Banking Treasury Management User Manuals under Modularity.*

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

This section contains the following topics:

- [Section 3.1.1, "Defining a Money Market Product"](#)
- [Section 3.1.2, "Specifying the Product Type"](#)

### **3.1.1 Defining a Money Market Product**

A product is defined by setting the following attributes:

#### **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 Banking Treasury Management. 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.

#### **Description**

A brief description of the product type is displayed here.

#### **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.

#### **Product Group Description**

A brief description of the product group is displayed here.

#### **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



### **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. Provide 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 Specifying the 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.

## **3.2 Setting Product Preferences**

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.

## Payments

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

If you select 'Bearing', then the profit is liquidated on scheduled payment date(s).

If you select 'Discounted', then the profit is deducted from the principal at the time of initiating the deal.

If you select 'True Discounted', then the profit is calculated on the principal in a manner differing slightly from the 'Discounted' method. The profit rate is applied on the Principal instead of the Nominal, as it is done in the 'Discounted' method.

## Automatic Liquidation

Components of a deal can be liquidated automatically or manually. In the 'Islamic Money Market - Preferences' screen, you have to indicate whether the mode of liquidation of repayment schedules is to be automatic.

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

### **Track Accrued Profit**

You have to specify whether the accrued profit 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 profit type of component applicable on a product. In such a case, you should designate one as the 'main' profit.)

If you opt to 'Track Accrued Profit', then the profit accrued on deals will be added on to the amount utilized by the customer, for credit administration.

The utilization will be shown as the sum of the principal and the accrued profit in the reports generated by the credit administration (Limits) sub-system. Outstanding profit, 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 MMM 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.

### **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
- 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.

### **Prepayment Compensation**

You can indicate whether compensation is to be applied on a contract involving the product if a withdrawal is made before it is due.

### **Discount Accrual Applicable**

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'.

---

### **Intra-day Deals**

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.

### **Pay Past Schedules**

A backdated deal may have schedules prior to today's date. If so, you have to indicate whether 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 October 15. Suppose you initiate a deal of 15,000 USD today, with the Value Date (date on which the deal comes into effect) as September 15, the system will pass accounting entries for initiation as of September 15.

But if there had been a profit payment schedule for September 30 for 500 USD, 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.

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.

### Commodity Tracking

You can also opt to track commodity for contracts processed under the product. If selected, commodity tracking becomes mandatory for activating the contracts. For such contracts, the 'Commodity Tracking Status' will identify the different stages in the contract life cycle. This status value will vary for 'Borrowing' and 'Placement' contracts.

The status value for Placement contracts is as given below.

Events	Commodity Tracking Status
BOOK (Booking a contract)	Waiting for offer
OFFR (Offer received and accepted)	Offer Received and Accepted
GRNT (Receipt of the letter of the guarantee)	Closed

The status value for Borrowing contracts is as given below.

Events	Commodity Tracking Status
BOOK (Booking a contract)	Offer to be sent
OFFR (Offer is sent)	Offer Sent
GRNT (Guarantee is sent)	Closed

Contracts that require commodity tracking will be initiated or activated only when the status is 'Closed'.

---

#### Note

If you do not select this option for a product, the 'Commodity Tracking Status' will be 'Not Applicable'.

---

You can view the commodity details in the 'Commodity Tracking' screen invoked from the 'Contract Online' screen.

*For more details, refer the 'Processing a Murabaha MM Deal' chapter of this User Manual.*

### Book Unearned Profit

You can opt to do an upfront booking of the unearned profit, if required. However, this is applicable only for the 'Main' profit component. If you select this option, the system will trigger the 'UIDB' event (Upfront Profit Booking) along with the INIT event. The computation of upfront profit is done differently depending on the profit rate type, whether fixed or floating, as follows:

- For 'fixed' profit types, the upfront profit is computed as the total of the profit to be collected over the contract tenor.
- For 'floating' rate types with 'periodic' rate revision, profit is computed as the profit collected till the next revision date.
- For different rate revision and payment frequency, profit is calculated upto the next revision date only.

---

**Note**

If you select this option, the system will validate to ensure that the main profit component is not defined with the following parameters:

---

- Rate Type as 'Floating'
- Code Usage as 'Automatic'

The system will post adjustment entries if any of the following operations affects the unearned profit amount:

- Revision of profit rates
- Value Dated amendment to contracts
- Changing the schedules for a contract
- Rollover of a contract

*For details on the various events and event-wise accounting entries and advices applicable during an MM contract life cycle, refer 'Annexure A' of this User Manual.*

This section contains the following topics:

- [Section 3.2.1, "Setting the Accrual Frequency Details"](#)
- [Section 3.2.2, "Specifying Tenor related Details"](#)
- [Section 3.2.3, "Specifying Exchange Rate Variance"](#)
- [Section 3.2.4, "Indicating Fields to be Rekeyed during Authorization"](#)
- [Section 3.2.5, "Prioritizing the Liquidation of Components"](#)
- [Section 3.2.6, "Defining other Preferences"](#)

### **3.2.1 Setting the Accrual Frequency Details**

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

You can define the frequency at which you would like to accrue these components, as part of the preferences that you specify.

The attributes of these other components are defined in the ICCF sub-system of Oracle Banking Treasury Management. For components that have been marked for accrual, the frequency is specified in this screen (Product Preferences screen).

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.

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.

The frequency can be one of the following:

- Daily
- Monthly
- Quarterly
- Half yearly
- Yearly

In the case of monthly, quarterly, half yearly or yearly accruals, you should specify the date on which the accruals have to be done. For example, if you specify the date as '30', accruals will be carried out on the 30th of the month, 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 profit for the first time on June 30, for the period from January 1 to June 30, and for the second time on December 31, for the period from July 1, to December 31.

### **3.2.2 Specifying Tenor related Details**

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.

For example, assume that 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.

### **3.2.3 Specifying Exchange 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**

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.

#### **Maximum**

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.

---

### **3.2.4 Indicating Fields to be Rekeyed during Authorization**

You can specify the values that the authorizer of an MMM 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
- Value Date
- Contract Amount
- Maturity Date

### **3.2.5 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.

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 profit (or profit type of components) first and then the principal. The aging analysis function takes over once a component is overdue and an appropriate compensation is applied. For a component on which compensation profit has been applied, you may wish to recover compensation profit first, the profit next and finally the principal.

---

**Note**

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

---

### **3.2.6 Defining other Preferences**

From the 'Murabaha Money Market - Preferences' screen, you can invoke other screens in which you can specify:

- the rollover details (in the Rollover Details screen)
- the default schedules (in the Product Default Schedules screen)
- the order in which you would like to liquidate the various deal components (in the Component Liquidation Order screen)

---

## 4. Processing a Murabaha 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:

- [Section 4.1, "Invoking the Deal Input Screen"](#)
- [Section 4.2, "Features of the Contract Details Screen"](#)
- [Section 4.3, "Preferences for a Deal"](#)
- [Section 4.4, "Modifying a Placement or a Borrowing"](#)
- [Section 4.5, "Financial Details that can be Changed"](#)
- [Section 4.6, "Reversing and Rebooking Contracts"](#)
- [Section 4.7, "Viewing the other Details of a Deal"](#)
- [Section 4.8, "Advices for deal initiation"](#)
- [Section 4.9, "Viewing Event Details"](#)
- [Section 4.10, "Viewing Accounting Entries for Deal Initiation"](#)
- [Section 4.11, "Viewing the Different Versions of a Deal"](#)
- [Section 4.12, "Initiating a Future Value Dated Deal"](#)
- [Section 4.13, "Maintaining the Commodity Details for a Contract"](#)
- [Section 4.14, "Viewing Islamic Money Market Contracts Details"](#)
- [Section 4.15, "Bulk MM Contracts Details"](#)
- [Section 4.16, "Reassigning the Murabaha MM Contract to another User"](#)

## 4.1 Invoking the Deal Input Screen

The capture of disbursement details of an MM deal involves inputs to the following screens:

- Contract Details screen
- Contract Preferences screen
- Contract Schedule Definition screen
- Contract Rollover screen

You can invoke 'Islamic Money Market Contract Input' screen by typing 'MCDTRONL' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button. The screen is displayed below:

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
Linkages	Contract Linkages screen

## 4.2 Features of the Contract Details Screen

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 profit 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 profit 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 compensation is to be imposed if there is an advance repayment
- Whether profit 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
- 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 profit - 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 profit or without, deduction of tax on rollover
- Details of profit, charge and fee
- Other tax details like the component being taxed, the type of tax and the event (booking, liquidation, and so on.) upon which it is applied
- The accounting roles and the General Ledgers for accounting purposes when an event (initiation, liquidation, and so on.) 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

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 'Murabaha Money Market Contract Online' screen.

You need to enter the following information:

- The template ID if you are using one
- The base number of the counterparty (customer)
- The currency of the contract
- The principal amount (for a deal with True Discounted profit, 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 profit 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
- Profit type
- Rollover count

### **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, January 31, 1998 translates into the Julian Date: 98031. Similarly, February 5, 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**

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.

### **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.

### **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. The option list provides all the valid products maintained through the 'Murabaha Money Market – Product Definition' screen.

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.

### **Customer**

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) who 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.

### **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 profit, 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.

### **Ext Ref No**

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.

### **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.

### **Reversed Reference**

The reference number of the contract that is being reversed and rebooked is displayed here. To enable amendment of MMM Contract details Oracle Banking Treasury Management 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 Oracle Banking Treasury Management 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.*

### **Dealer**

When processing a deal, you must specify the code of the dealer.

In the 'Dealer Code – Details' screen you maintain a list of the dealers in your bank. That is, those who have the requisite rights to enter into an MMM deal on behalf of your bank.

### **Fund Id**

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

This field will be enabled only for fund branch.

The system populates the fund MIS details for a contract which is linked to the Fund ID.

#### **4.2.1 Specifying Settlement Details**

You have to specify the settlement account if settlement instructions have not been defined for the customer.

The settlement account that you specify is the account through which:

- The placement amount would be drawn down
- The repayment for ALL the components would be done
- For a borrowing all repayments be made to this account

If settlement instructions have been defined for the customer, the settlement accounts will be picked up from those instructions. While entering the deal details, you can change the settlement instructions for the deal.

---

##### **Note**

If a settlement account has been specified in the settlement instructions for the customer, and a different account has been specified for the deal, the account specified for the deal will take precedence.

---

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

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

##### **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 profit 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.

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 profit 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.

### **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.

### **Status Control**

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:

- Active
- Past Due
- Non-accrual
- 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.

### **Payment method**

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

If the payment method defined is 'Bearing', then the profit is liquidated on schedule payment date(s).

If the payment method defined is 'Discounted', then the profit is deducted at the time of initiating the deal.

If the payment method defined is 'True Discounted', then the profit 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.

### **Maturity Type**

The Maturity Type you have specified for the product is displayed by default, in the screen. However, you can change it to one of the following:

<b>Maturity Type</b>	
Fixed	The deal has a fixed Maturity Date. This date should be specified in the screen.
Call	The Maturity Date is not fixed. The deal can be liquidated any time.
Notice	The deal will be liquidated at a certain period of notice. The number of days of notice should be specified in the screen.

For a deal with a Fixed Maturity, this date can either be postponed or advanced through the Value Dated Changes function, once the deal has been initiated. Amendment to this field will be considered a financial amendment.

### **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 in this screen. 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 store the deal.

For a deal with Call or Notice type of maturity, the Maturity Date should be entered in the screen when it is known. This date should be later than the Start Date of the product. You can unlock the record and add the date.

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 will have to give an override when you store the deal.

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 in this screen. You can Unlock the record and add the date.

### **Component**

Any number of profit rates, charges and fees can be defined for a product through the ICCF (Profit, Commission, Charge or Fee) screens. By default, all these will be applied on the deal involving the product.

The component defined as the Main Profit (by checking the 'Main Component' in the 'ICCF Product Details' screen) will be displayed here. If you want to make changes to the main profit component only, you can do so through this screen without having to invoke the 'Contract ICCF' screen. If you change the main profit details, the changed values will be applied on the deal, along with the specifications for the other components (fee, charge and so on..) defined for the product. If you want to change the details for any other ICCF component, you have to invoke the Contract ICCF screen by clicking on the ICCF button and make the changes there.

### **Rate Type**

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

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

### **Floating Rate Code**

If a Floating Rate Code has been specified for the product involving this deal, it will be displayed in the screen. You can change it to suit the needs of this specific deal.

### **Spread**

For a deal with a floating profit rate, you can specify the Spread that you want to apply over the rate maintained in the Floating Rates table.

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.

### **Fixed Profit Rate**

If the deal involves a fixed profit rate product, the default rate defined in the Product ICCF screen will be displayed here. This rate can be changed through this screen, only for the main profit component.

This changed rate should be greater than or equal to the Minimum Rate and less than or equal to the Maximum Rate defined in the Product ICCF screen.

The rate specified for the deal, along with the spread, can exceed the profit rate specified for the product only within the variance rate specified for the product.

### **Special Profit Amount**

If the product involved in the deal has been defined with a special profit, the profit amount applicable for the deal will be displayed in this screen. You can change it.

### **Rollover**

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.

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.

---

### **Count**

You will see the rollover count in this screen. For a deal that has been rolled over, this count indicates the number of times it has been rolled over.

### **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.

### **Internal 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.

## **4.3 Preferences for a Deal**

This section contains the following topics:

- [Section 4.3.1, "Stating Preferences for a Deal"](#)
- [Section 4.3.2, "Handling a Repayment Schedule Date that Falls Due on a Holiday"](#)
- [Section 4.3.3, "Amortization Type"](#)
- [Section 4.3.4, "Ascertaining Availability of Funds before an Automatic Liquidation"](#)

### **4.3.1 Stating Preferences for a Deal**

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

- Making liquidation automatic or manual
- Allowing or disallowing rollover
- Applying tax or waiving it
- Applying prepayment compensation or waiving it

For a contract, you have the option (preference) of:

- Liquidating automatically or manually, the principal of the deal being input. (This defaults from the product but you can change it for a specific deal)
- Verifying of funds in case of automatic liquidation of repayment schedules. If you indicate that funds have to be verified, the components that will leave the repayment account with a debit balance will not be liquidated. If not, all the components will be liquidated leaving the repayment account with a debit balance (if a debit balance has been allowed for the repayment account). The payment schedule will be marked as liquidated. If a debit balance has not been allowed, the schedules will not be liquidated and aging analysis will take over.
- Ignoring holidays. If you choose this preference, 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.
- Choosing to ignore holidays. If you choose not to ignore holidays, you can move a repayment schedule forward or backward to the next or previous working day. You can also specify whether the schedule is allowed to move across the month in case of a holiday.
- Cascading schedules. This means that if one schedule has been 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.
- Specifying the holiday currency
- Liquidating back valued schedules

A deal inherits the attributes defined for the product it involves. However, for a specific deal you can change these inherited attributes, to suit your requirements and those of your customer. The attributes that you can change are:

- The liquidation of schedules that fall due before the day on which the deal is booked
- The liquidation mode (auto to manual)
- The change of status for a placement (auto to manual or vice versa)

There are also some parameters you have to set for the repayment schedules for the deal. They determine whether a schedule date falling on a holiday should be retained or moved and how it is to be moved if you opt for the latter. They also determine whether funds have to be verified if a placement is marked with automatic liquidation.

The attributes that have been listed are discussed in detail.

### **4.3.2 Handling a Repayment Schedule Date that Falls Due on 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 due date
- Move it either backward or forward

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 automatic

processing of such a schedule is determined by your holiday handling specifications for automatic processes, in the Branch Parameters screen.

In this 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
- That processing has to be done only up to the System Date, then only the events scheduled for today will be processed. The events of the holiday are processed on the next working day during beginning - of-day processing

### **Move Schedule Dates Forward or Backward**

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

### **Move Across Months**

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

If you have not allowed movement across months but have indicated backward movement for this schedule, the schedule date will be automatically moved (forward in this case), to the next working day of the same month, that is, to May 2, despite your having indicated a backward movement into the previous working day.

### **Holiday Ccy**

You can indicate here the country of the deal currency for which the holiday table should be checked before drawing the payment schedules related to the deal.

By default, the currency to be checked is the deal currency. If a currency other than this is specified, the holiday table is checked for both the currencies. Amendment to this field will be considered as a financial amendment.

### **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
- 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 kept for the Maturity Date and will not be changed like the interim schedules. Hence for this particular schedule, the profit days may vary from that of the previous schedules.

### **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.

### **Status control**

While defining the product, you indicate the various status codes for the product - for example, active, past due obligation, non-accrual basis, write-off, and so on. For the product, you can specify either manual or automatic change of status.

When processing a deal, you can change the mode of status change from automatic to manual or vice-versa.

### **4.3.3 Amortization Type**

You need to specify the amortization applicable to the contract only if the schedule type is amortization. The following are the amortization types you can specify for a contract:

- Reducing balance
- Rule 78

### **4.3.4 Ascertaining Availability of Funds before an Automatic Liquidation**

When the customer's repayment account is debited automatically by the system, you can specify that the availability of funds for liquidation of the various components of the placement has to be ascertained before the liquidation is done.

This feature is of significance when:

- The components have the same schedule dates, and are serviced by a single repayment account
- The funds in the repayment account are insufficient

If the availability of funds has to be ascertained:

- All the components which are due will be liquidated only if funds are available in the repayment account
- In case of insufficient funds, a partial liquidation is done to the extent of availability of funds. If this is so:
  - The payment schedules for those components, which have not been liquidated or have been partly liquidated, will be left as outstanding. Aging analysis on such placements will be carried out as specified for the product and an appropriate compensation applied, if it has been defined for the product.
  - The component(s) for which funds are available will be liquidated in *the* order that you have specified in the 'Liquidation Order' screen. This can be done if you want to allot priority to the recovery of certain components. (For example, you may want to recover the profit type of components first and then the principal). If the liquidation order is not specified for the components, then, it will be liquidated in the following order:
    - Compensation Profit (if one has been applied)
    - Profit
    - Principal

If availability of funds need not be ascertained and the liquidation results in the account going into a debit balance:

- All the components will be liquidated only if the repayment account has been defined for overdraft. 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 extent of overdraft

limit); the liquidation will be done with an overdraft override, which will be automatically recorded.

On the repayment account that has a debit balance, the debit profit as specified for the type of accounts (current or savings), through the Profit and Charges sub-system, will be applied.

- If overdraft is not allowed for the account, the components will be liquidated to the extent of availability of funds.

Placements with payments, which have not been processed due to non-availability of funds, will appear in the Exception Report generated by the Automatic Contract Update function for the day.

---

**Note**

For the final principal payment on maturity, the availability of funds in the payment account will always be verified.

---

The system will not allow any value dated amendment if the value for this field is 'Complete'.

**Rollover Indicator**

This option is updated by the system. You cannot change it. If checked, it indicates that the contract has been rolled over.

## 4.4 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 fields; 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 profit rate, increase in the principal and so on, 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.

---

## 4.5 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
- Profit Payment Account if the entire profit on the deal has not yet been liquidated. The new account will be used for future profit 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.

---

## **4.6 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 check box 'User Ref No in Messages' should be selected.

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.

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.

## **4.7 Viewing the other Details of a Deal**

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

- The settlement details
- The tax details
- 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
- The commodity details



## 4.8 Advices for deal initiation

The advices that have to be generated for any event during the life cycle of a deal are specified for the product involved in the deal. 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 profit, tax on principal and so on) 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 Treasury Message Details screen you can make these changes.

Treasury Message Details

View Enter Query

Reference Number\*

Message View

1 Of 1 Go

Message Type	Receiver	Currency	Amount	Released
--------------	----------	----------	--------	----------

Name \_\_\_\_\_

Address \_\_\_\_\_

View

Exit

### **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**

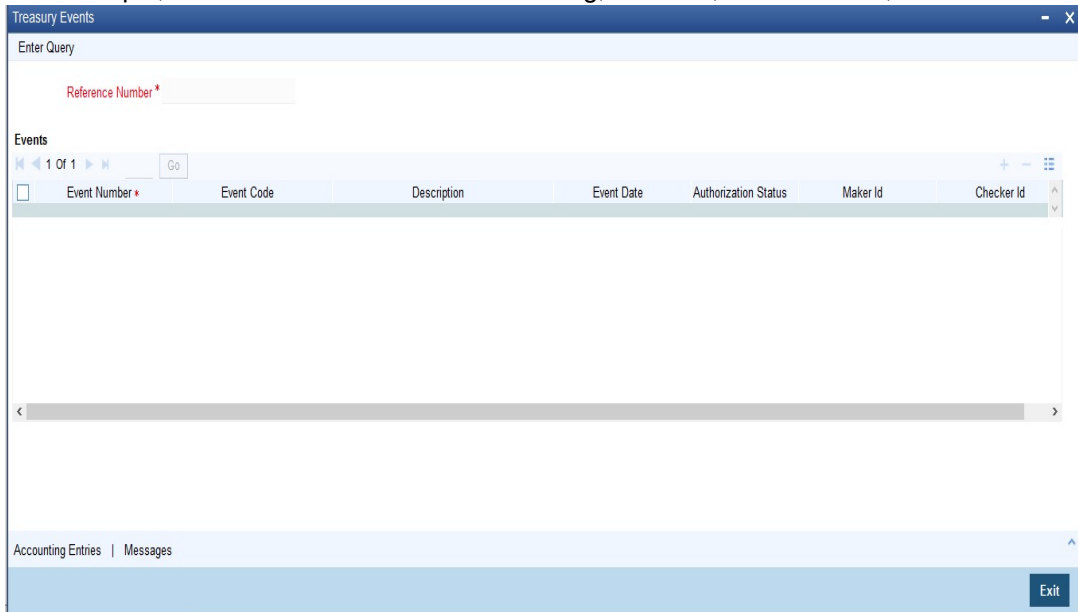
Priority applies to payment messages that have to be sent over S.W.I.F.T. By default, such advices will be sent on a Normal priority. You can change it to Urgent.

## 4.9 Viewing Event Details

You can view all the events that have take place on a finance 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.

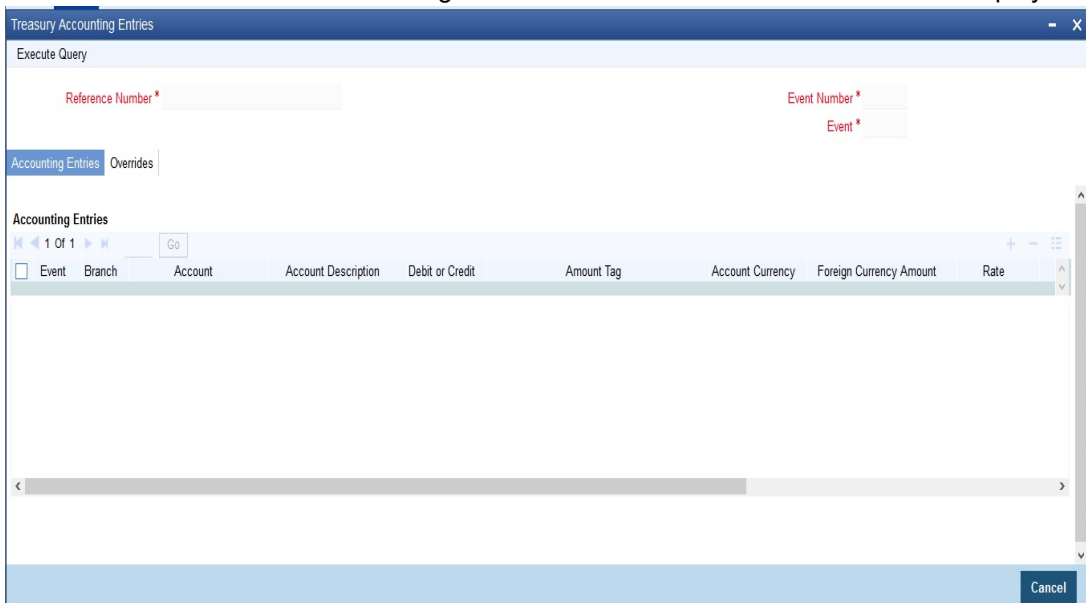
All the events that have taken place on the deal so far will be listed in this screen according to the sequence in which they have taken place. The Date on which the event took place will also be displayed.

For example, this list contains events like Booking, Initiation, Profit Accrual, and so on.



## 4.10 Viewing Accounting Entries for Deal Initiation

To view the accounting entries passed for a specific event, double click on the event in the 'View Events' screen. The accounting entries and overrides for that event will be displayed.



## 4.11 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 backward button from a previous version clicking forward button displays the next version.

## **4.12 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.

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.

### **4.12.1 Initiating Future Dated Murabaha MM Deals Manually**

In a situation where the initiation event for MMM 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 MMM 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 MMM contract online screen.

---

## **4.13 Maintaining the Commodity Details for a Contract**

*Murabaha* MM contracts that require commodity tracking are processed under products for which you have selected the 'Commodity Tracking' option as a preference in the 'Murabaha Money Market - Preferences' screen. For such contracts, commodity tracking becomes mandatory to activate the contract.

You can capture the commodity details for a contract using 'MC Commodity Tracking' screen. You can invoke this screen by typing 'MCDcotrk' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button. The screen is displayed below.

In this screen, by default the following fields are displayed:

- Contract reference number - the contract for which you have to specify the commodity details
- Counterparty
- Event sequence number
- Operation - When you unlock a contract, this field is populated based on the contract type and the commodity tracking status. For instance, for the contract type 'Placement', if the commodity tracking status is 'Waiting for Offer', then this field is populated as 'Offer Acceptance' and if the commodity tracking status is 'Offer Received and Accepted', then it is populated as 'Closure'. Similarly for the contract type 'Borrow', if the commodity tracking status is 'Offer to be sent', this field is populated as 'Sending Offer' and if the commodity tracking status is 'Offer Sent', this will be populated as 'Closure'.

---

#### Note

You will not be allowed to change the above details.

---

#### Goods Description

You can describe the goods/commodity being bought. You cannot modify this information if the 'Commodity Tracking Status' is 'Closure'.

#### Global Agreement Reference

Specify the agreement reference number associated with the transaction.

#### Global Agreement Date

Specify the date of the agreement that you associate with the contract.

#### Quantity Units

Specify the unit in which the commodity is measured. You cannot modify this information if the 'Commodity Tracking Status' is 'Closure'.

**Quantity**

Specify the quantity to be purchased. You cannot modify this information if the 'Commodity Tracking Status' is 'Closure'.

**Purchase Price**

By default, the principal amount of the transaction is displayed as the purchase price of the commodity. You will not be able to change this value. The currency of the purchase amount is also displayed.

**Purchase Unit Price**

Based on the quantity of the commodity purchased and the purchase price, the system arrives at the unit price (Purchase Price/Quantity). The currency of the amount is also displayed.

**Sale Price**

By default the system displays the sum of principal amount and profit of the transaction. You will not be able to change this value. The currency of the amount is also displayed.

**Sale Unit Price**

Based on the quantity of the commodity sold and the sale price, the system arrives at the unit price (Sale Price/Quantity).

**Location**

Specify the place of the trade, that is, the place where the sales and purchases of the commodity occurs.

**Counter Party**

Specify the name of the counterparty associated with the trade.

**Payment Instructions**

Here, you can capture payment instructions for the trade. You cannot modify this information if the 'Commodity Tracking Status' is 'Closure'.

**Title Documents**

Specify the documents that should be submitted as part of commodity trading.

**Guarantee Ref**

Specify the reference number of the guarantee linked to the contract. The option list will display all valid guarantee contracts (advice of guarantee for placement contracts) that have not already been linked to an MMM contract. You can associate a guarantee only if the Commodity Tracking Status' is 'Closure'.

---

**Note**

The 'Commodity Tracking Status' in the status bar of the Contract Online screen displays the current tracking status of the contract and this varies depending on the contract type, whether 'Placement' or 'Borrowing', as follows:

---

**For Placements**

<b>Events</b>	<b>Commodity Tracking Status</b>
BOOK (Booking a contract)	Waiting for Offer
OFFR (Offer received and accepted)	Offer Received and Accepted
GRNT (Receipt of the letter of the guarantee)	Closed

## For Borrowings

Events	Commodity Tracking Status
BOOK (Booking a contract)	Offer to be sent
OFFR (Offer is sent)	Offer Sent
GRNT (Guarantee is sent)	Closed

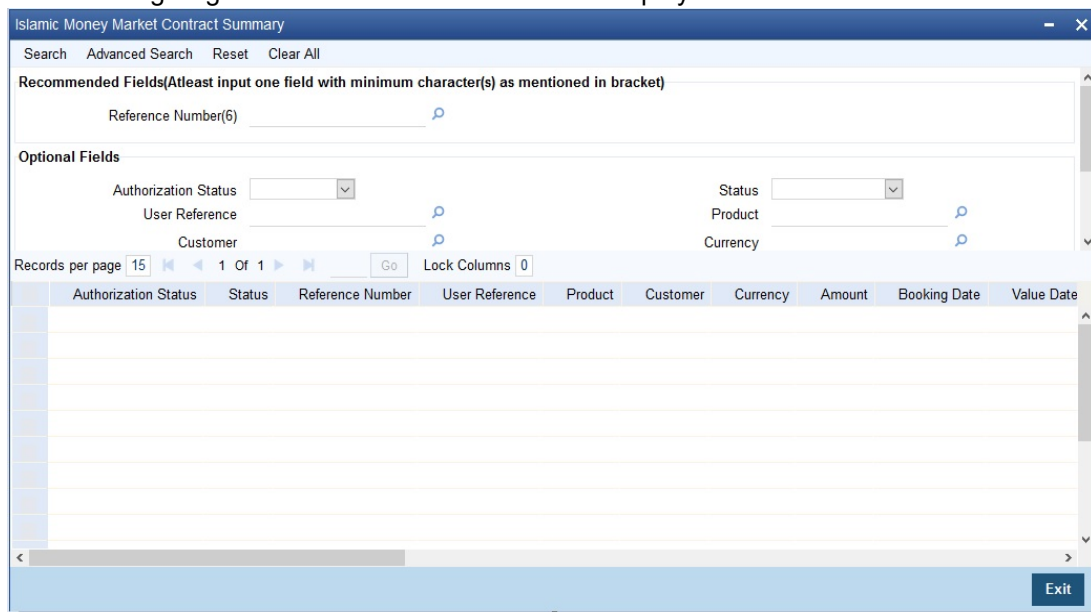
Contracts that require commodity tracking will be initiated or activated only when the status is 'Closed'. For contracts involving normal products, 'Commodity Tracking Status' will be displayed as 'Not Applicable'.

You cannot perform any operation in the 'Commodity Tracking' screen when the 'Commodity Tracking Status' is 'Closed'.

You can also view the commodity details for a contract by clicking 'Commodity Tracking' button in the 'Contract Online' screen.

## 4.14 Viewing Islamic Money Market Contracts Details

You can view the summary of all the *Islamic Money Market* contracts using 'Islamic Money Market – Contract Input' screen. You can invoke this screen by typing 'MCSTRONL' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button. The screen giving all the details of the contracts is displayed.



## 4.15 Bulk MM Contracts Details

This section contains the following topics:

- [Section 4.15.1, "Viewing the Settlement Details"](#)
- [Section 4.15.2, "Viewing the Details of the Deal"](#)

### 4.15.1 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

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

Contract Reference \*  Component

Account Details | Payment Details | Parties | Parties | Other Details

Settlement Details

1 Of 1 Go

<input type="checkbox"/>	Component	Currency	Debit or Credit	Account	Account Description	Account Branch	Acco
--------------------------	-----------	----------	-----------------	---------	---------------------	----------------	------

Ok Exit

#### 4.15.2 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.

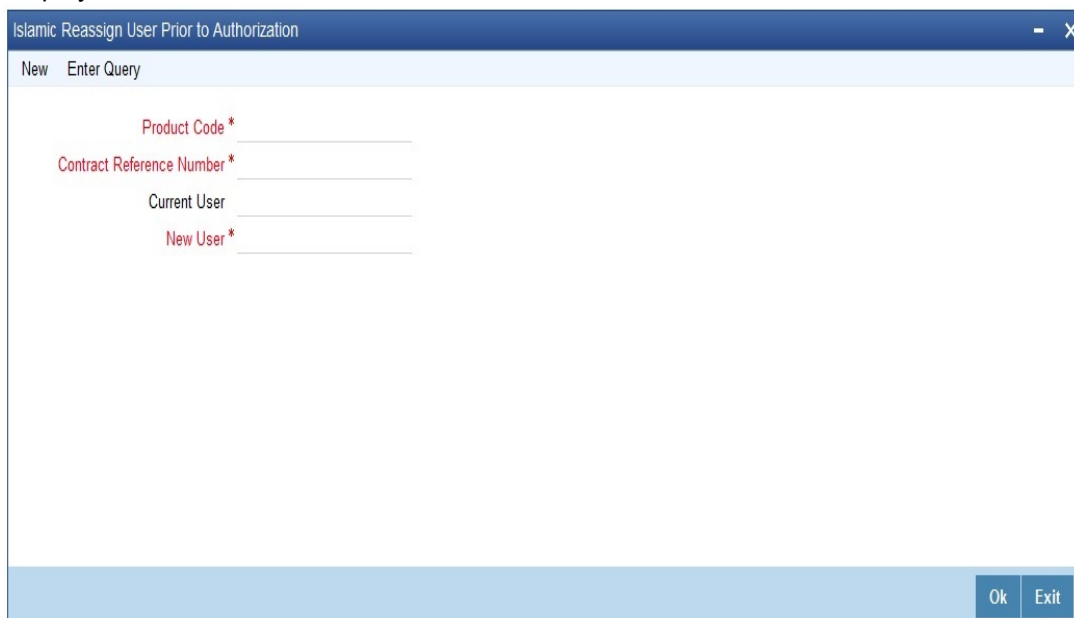
- If booking, initiation or deal amendment is not authorized, the Contract Online screen is displayed.
- If a payment of a deal is unauthorized, the Payment screen is displayed.
- If a value-dated amendment is unauthorized, the Value Dated Amendment screen is displayed.

#### 4.16 Reassigning the Murabaha MM Contract to another User

A contract can be deleted only by the user who entered it. If a contract has to be deleted and the user who input it is not around to do it, you can reassign the contract to another user so that the other user can delete it. Typically, this situation may arise during End of Day

operations when a contract that is not authorized has to be deleted and the user who input it has left office for the day. The access rights to reassign a contract are usually allotted to a senior user in the department.

You can perform the reassigning operation through the 'Islamic Reassign User – Prior to Authorization' screen. You can invoke this screen by typing 'MCDREAS' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button. The screen is displayed below.



The screenshot shows a software window titled "Islamic Reassign User Prior to Authorization". The window has a menu bar with "New" and "Enter Query". Below the menu bar, there are four input fields: "Product Code \*", "Contract Reference Number \*", "Current User", and "New User \*". At the bottom right of the window, there are "Ok" and "Exit" buttons.

#### **Product Code**

Specify the product for which you want to reassign the user. The adjoining option list displays all the products maintained for Islamic fixed assets through the 'Islamic Fixed Assets Product Definition' screen.

#### **Contract Reference Number**

Specify the contract reference number for which you want to reassign the user. The adjoining option list displays all the contracts maintained for the product selected.

#### **Current User**

Current user ID is displayed in this field.

#### **New User Id**

Specify the new user to whom you want to reassign the contract.

Click 'Ok' button to save the details you entered. Click 'Exit' button if you do not want to save the details.



---

## 5. Processing Repayments

When you make a *Murabaha* 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 profit 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 Banking Treasury Management, you can customize your repayment schedules for a *Murabaha* 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:

- [Section 5.1, "Defining Schedules for a Product"](#)
- [Section 5.2, "Product Schedule Preferences"](#)
- [Section 5.3, "Features of the Product Default Schedules Screen"](#)
- [Section 5.4, "Defining Repayment Schedules"](#)
- [Section 5.5, "Setting Deal Schedule Preferences"](#)
- [Section 5.6, "Invoking the Contract Schedules Screen"](#)
- [Section 5.7, "Revision and Repayment Schedules"](#)
- [Section 5.8, "Redefining Schedules"](#)
- [Section 5.9, "Viewing Schedule Details"](#)
- [Section 5.10, "Viewing Revision Schedule Details"](#)
- [Section 5.11, "Making Manual Payments"](#)
- [Section 5.12, "Invoking the Contract Schedule Payments Screen "](#)
- [Section 5.13, "Features of the Contract Schedule Payments Screen "](#)
- [Section 5.14, "Navigating to Other Screens"](#)
- [Section 5.15, "Paying Tax"](#)
- [Section 5.16, "Settlements Screen Details"](#)
- [Section 5.17, "Deleting Manual Payments"](#)
- [Section 5.18, "Reversing Manual Payments"](#)
- [Section 5.19, "Authorizing Manual Payments"](#)

### 5.1 Defining Schedules for a Product

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

The attributes of the schedules for a product are defined through the 'Murabaha Money Market - 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 profit
- Only normal type of schedules for profit. Schedules cannot be capitalized or amortized
- No schedules for commission, charge or fees

A discussion on these attributes follows in this chapter.

The automatic contract update function executed as part of the MMM 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 'Murabaha Money Market - Preferences' screen, the default schedules, which you want applied to the deals involving the product, 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 profit specified is an amount and not a rate (Special type of Profit), you should enter this amount for the profit 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 liquidated on maturity.

---

Since for a *Murabaha* 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 Preferences

This section contains the following topics:

- [Section 5.2.1, "Setting Product Schedule Preferences"](#)
- [Section 5.2.2, "Specifying the 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"](#)

## 5.2.1 Setting Product Schedule Preferences

You should define the attributes of the schedules for a product through the Product Preferences screen. To invoke the Product Preferences Screen, click 'Preference' button in the 'Product Definition' screen.

The screenshot shows the 'Preferences' window with the following sections:

- Product:** [Text Field]
- Product Description:** [Text Field]
- Payments:** [Dropdown Menu] with options: Automatic Liquidation, Track Accrued Profit, Tax Applicable, Forward Dating Allowed, Allow Rollover, Allow Brokerage, Pay Past Schedules, Prepayment Penalty, Intra-day Deal, Multiple Penalty Components, Commodity Tracking, Book Unearned Profit.
- Accrual:** Frequency\* [Dropdown], Start Month [Dropdown], Start Date [Text Field]
- Tenor:** Minimum [Text Field] 1, Default [Text Field] 90, Maximum [Text Field] 365, Unit [Dropdown] Days
- Rate Variance:** Normal [Text Field], Maximum [Text Field]
- Authorization Rekey Fields:** Currency, Value Date, Contract Amount, Maturity Date (all unchecked)
- Holiday Treatment:** Cascade Schedules (unchecked), Holiday Currency: Ignore Holidays (unchecked), Move Across Month (unchecked), Schedule Movement: Move Forward (checked), Move Backward (unchecked)

At the bottom, there are tabs for Rollover Details, Schedules, Liquidation Order, and Grace Days, and buttons for Ok and Exit.

## 5.2.2 Specifying the 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
- 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 MMM 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.

- 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 profit, 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.

For example, seals can be initiated as of today, as of a date in the future or as of a date in the past.

Suppose that today's date is October 15. You initiate today a borrowing of 15,000 USD with the Value Date (the date on which the deal comes into effect) as September 15. The system will pass accounting entries for initiation as of September 15.

But if there had been a profit payment schedule for September 30, for 500 USD, 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 borrowing is initiated.

If you specify that back dated schedules are not to be liquidated then only accrual entries will be passed till today.

---

#### **NoteT**

he 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.

---

## 5.2.4 Specifying the Payment Method

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

### **Bearing**

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

### **Discounted**

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

### **True Discounted**

In this profit payment method, the profit is calculated on the principal in a manner differing slightly from the 'Discounted' method. The profit 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. You can invoke the screen by clicking on the 'Schedules' button in the Product Preferences screen.

## 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. All deals, involving the product, will acquire these attributes.

This section contains the following topics:

- [Section 5.3.1, "Specifying the Component"](#)
- [Section 5.3.2, "Setting the Reference Date"](#)
- [Section 5.3.3, "Specifying the Frequency of Schedules"](#)
- [Section 5.3.4, "Specifying the Frequency Unit"](#)
- [Section 5.3.5, "Specifying the Start Date"](#)

### 5.3.1 Specifying the 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 form of an option list. You will have to define schedules for each of them.

When defining repayment schedules for specific deals, the amounts for components like profit, 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 profit, you will also have to provide the profit amount.

### **5.3.2 Setting the Reference Date**

You should indicate in this screen 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 finance), 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 and so on) 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.

### **5.3.3 Specifying the Frequency of Schedules**

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

- Daily
- Weekly
- Quarterly
- 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.

### **5.3.4 Specifying the Frequency Unit**

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

### **5.3.5 Specifying the Start Date**

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.

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

## 5.4 Defining Repayment Schedules

The payment schedules defined for a *Murabaha* 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 Contract Schedules screen.

You can redo the schedules defined for the product, by clicking 'Schedules' button in this 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.

## 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)

Through a set of fields in the Contract Preferences screen, you can specify the following additional set of schedule-related attributes for the deal:

- 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 On-line screens are available under 'Islamic Money Market' in the Application Browser.

### 5.5.0.1 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
- It cannot be beyond the Maturity Date

### 5.5.1 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.

#### 5.5.1.1 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
- 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.

For example, a daily profit repayment schedule date for Cavillieri and Barrett Finance Corporation's borrowing of USD 100,000 (for one week at 16% profit) falls on October 31, a holiday.

If you have said Ignore Holidays by clicking this field, the schedule date will remain on October 31 when the schedules are fixed. The processing of this is determined by your holiday handling specifications in the Branch Parameters screen:

If you specified that processing has to be done today (on System date) for automatic events up to the day before the next working day, then, on October 30 itself, the schedule of October 31 will be liquidated during the EOD run of the Automatic Contract Update function.

If you have specified that processing has to be done only up to the System Date, then, on October 30, only the events scheduled for that date will be processed. This means that since the schedule date is October 31, which is a holiday, the schedule will be processed on 1 November (the next working day), during the BOD run of the Automatic Contract Update function.

### 5.5.1.2 **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, 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.

For example, for a borrowing, you have defined weekly schedules falling due on the following dates:

- March 31
- April 7
- April 14

April 7 is a holiday. You have the following options in fixing the date for that schedule:

You can *ignore* the holiday. The schedule date will still be on April 7, despite the holiday. The liquidation of the schedule will be done as per your specifications in the Branch Parameters screen.

You can move the schedule date *forward* to the next working day, which happens to be April 8. The schedule will be liquidated during Beginning of Day (BOD) processes on this date, as it is a working day. The across-the-month movement discussed subsequently comes into the picture here.

You can move the schedule date backward. The schedule date will be April 6, the last working day before the holiday. The schedule will be liquidated during BOD processes on this date, as it is a working day.

### **5.5.1.3 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.

### **5.5.1.4 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.

### **5.5.1.5 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.

### **5.5.1.6 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
- 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 profit calculation days may vary from those of previous schedules, as the case may be.

### **5.5.1.7 Ascertaining the Availability of Funds**

When the customer's repayment account is debited automatically by the system, you can specify that the availability of funds for liquidation of the various components of a borrowing has to be ascertained before the liquidation is done.

This feature is of significance when:

- The components have the same schedule dates, and are serviced by a single repayment account
- The funds in the repayment account are insufficient

If the availability of funds has to be ascertained:

- All the components which are due will be liquidated only if funds are available in the repayment account

- If there are insufficient funds, a partial liquidation of components will be done to the extent of funds in the account. If this is the case:
  - The payment schedules for those components, which have not been liquidated, or which have been partly liquidated, will be left outstanding. Aging analysis on such borrowings will be carried out as specified for the product and an appropriate compensation applied.
  - The component(s) for which funds are available will be liquidated in the order you specified in the Liquidation Order screen. Here in, you may have allotted priority to the recovery of certain components. (For example, you may have specified that you would like to recover the profit, commission and fees first, and then, the principal). If the liquidation order is not specified for the components, then, it will be liquidated in the following order:
    - Compensation Profit (if this has been applied)
    - Profit
    - Principal

If availability of funds need not be ascertained and the liquidation results in the account going into a debit balance:

- All the components will be liquidated only if you have allowed overdraft for the repayment account. The schedules for the components will be liquidated to the extent of the debit balance that you have allowed. If the overdraft exceeds the debit balance allowed, the liquidation will be done with an overdraft override that is automatically recorded.
- On the repayment account that has a debit balance, the debit profit as specified for the type of accounts (current or savings) will be applied.
- No liquidation will be done (even for a partial amount) if the account has not been defined for overdraft

Borrowings with payments, which have not been processed, due to non-availability of funds, will appear in the Exception Report generated by the Automatic Contract Update function for the day.

---

**Note**

For the final principal payment on maturity, the availability of funds in the payment account will always be verified.

---

## **5.6 Invoking the Contract Schedules Screen**

When you are in the Contract On-line screens, you will see sections in the screen saying Preferences, Schedules and Rollover and so on. When you click on any of these, the

respective section, the screen will be displayed. To go to the Contract Schedules screen, click on 'Schedules'.

## 5.7 Revision and Repayment Schedules

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

- Schedules for the revision of profit rates for a deal with floating profit rates
- Schedules for repayment of the various components

This section contains the following topics:

- [Section 5.7.1, "Profit Rate Revision Schedule"](#)
- [Section 5.7.2, "Specifying the Rate Revision Frequency"](#)

### 5.7.1 Profit 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 *Murabaha* Money Market deals, floating rates are applied, that is, the latest market rate is applied (see the section on Specifying Rate Code Usage in the chapter 'Processing Profit, 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 profit 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 profit 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 Profit that has to be applied at periodic intervals, you can specify the following:

- Frequency at which the periodic rate change has to be applied
- Dates on which the periodic rate change has to be applied

## **5.7.2 Specifying the Rate Revision Frequency**

In the IMM Contract Schedules screen, select the component, for which the Rate Revision frequency has to be, defined (say PROFIT1). Check the 'Rev box' (Revision Box) to indicate that it is a rate revision schedule. Next, enter your specifications in the frequency (it could be daily, weekly, and so on), 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.

### **5.7.2.1 Rate Revision Dates**

Revision frequency has to be defined (say PROFIT1). Check the 'Rev box' (Revision box) to indicate that it is a rate revision schedule.

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.

For example, a borrowing of USD 200,000 by Cavillieri and Barrett Finance Corporation has been initiated on December 10 and is to be repaid at Maturity on December 16. It has been defined with rate revisions and they are to be performed on the dates December 12, December 14 and December 16.

Select the component, INT1, indicate rate revision by checking the Rev box and give the date in the Start Date field as December 12. Then select the same component, INT1 and specify the date as December 14. Repeat the process for the same component for December 16.

The rates applicable on the specified dates will be applied on the borrowing at the time of calculating profit.

### **5.7.2.2 Repayment Schedule**

For a repayment schedule, the amount of repayment needs to be specified only for the Principal. The profit, commission and fee components will be calculated by the system automatically, depending on the repayment date and amount of the principal. However, if the profit type is Special, you should specify the profit 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.

### **5.7.2.3 Profit Repayment Schedules as Different from Rate Revision Schedules**

For a deal on which floating profit has to be applied at periodic intervals, you may have to define both the following:

- Profit rate revision schedule for the profit component
- Repayment schedule

The following example shows how this is achieved.

For example, you have a deal where for the component profit; you have to define a profit rate revision schedule for revisions every week as well as a fortnightly profit repayment schedule. The Start Date of the deal is October 1, 1997 and the End Date is October 31, 1997.

The deal has been defined with a periodic rate and the rates in the floating rate table change in the following manner:

Date	Rate
October 1, 1997	12
October 12, 1997	11.5
October 25, 1997	11
November 15, 1997	12
November 30, 1997	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 (by checking the Rev box) and specify the component, say PROFIT, from the picklist. Give the frequency at which the profit rate has to be refreshed, say weekly. Give the Start Date, say October 8. 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 – October 7, October 15 and October 23 – for the rate revision to happen, then, through the Contract Schedules screen, mark the component as a revision schedule (by checking the Rev box) and specify the component, say PROFIT, from the picklist. Specify the date on which the rate revision is to be done, in the Start Date field, as October 7. Similarly, define the other dates, but by picking up the same component PROFIT from the picklist each time.

### Defining a repayment schedule for the same component

Now to define a repayment schedule for the same component, PROFIT, do not check the Rev box. Choose the same component profit from the picklist. Now draw up a repayment schedule for this component. Give a value in the Start Date field, say October 15, 1997. The first profit liquidation will be done on this date.

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

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

From	To	Rate
October 1	October 8	12
October 9	October 15	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
October 7	12
October 15	11.5
October 23	11.5

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

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

#### 5.7.2.4 Specifying Schedules for a Deal with a Fixed Profit Rate

For components of deals with a fixed rate of profit, you will not have to define profit rate revision schedules. That is, you will have to keep the 'Rev' box unchecked while you define the schedules for each component.

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 profit. But in the case of Murabaha Money Market deals, the principal is usually repaid at Maturity and rarely has repayment schedules.

The amount for profit, 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 profit only if the Profit Calculation Method has been defined as Special. The fee amount can be input only if it is a flat fee.

For finance, you can define repayment schedules that:

- fall due at regular intervals
- 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 finance (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 profit revisions fall due.

For example, consider the following details for a deal:

A borrowing of USD 100,000 comes into effect on January 1, 1998 and matures on October 31, 1998. Suppose you want to have 10 monthly schedules for principal repayment, you have to specify the Start Date as January 31, 1998, the frequency as monthly, the unit as 1, and the principal amount as 10,000. The schedules would be spread out over 10 months and would fall due every month-end.

Now, you have a 15 month borrowing beginning January 1, 1998 and ending March 31, 1999. Suppose, you want to define four quarterly schedules and three monthly schedules for profit repayment of this finance, these are irregular schedules and the 'Number' field assumes importance here.

Here, for the component profit, you have to give the Start Date as March 31, 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:

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

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

- January 31, 1999
- February 28, 1999
- March 31, 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 compensation 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 (profit, 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 (profit, 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 (profit, 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.

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

There may be some situations wherein you would want to redefine the schedules, that is; 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 '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 make the changes and click add button. 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 add button. To delete a schedule (before authorization) click delete button.

### 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 'Schedules' tab on the 'Contract On-line Schedule Definition' screen, you will see the 'Payment Schedule Details' screen. Here you can view the details of the schedules for a particular deal.

The screenshot shows the 'Islamic Money Market Contract Input' application window. The window title is 'Islamic Money Market Contract Input'. The main area is divided into several sections:

- Product Information:** Fields for Product Code \*, Product Description, Source, Dealer, and Broker.
- Version Information:** Version Number, Of, and a navigation arrow.
- Reference Numbers:** Contract Reference Number \*, User Reference Number, External Reference Number, Reversal Reference Number, Outstanding Amount, and Reject Reason.
- Navigation:** Contract, Schedules (selected), Rollover, and Preferences tabs. Below these are 'Default' and 'Explode' buttons.
- Contract Schedules Table:** A table with columns: Type, Component, Start Date, Number, Frequency, Unit, and A. The table shows 1 of 1 records.
- Bottom Bar:** A navigation bar with links for Holiday Currency, Events, Brokerage, Effective Interest Rate, Change Log, Revision Details, Settlement, Messages, Profit, and Charges. Below this bar are fields for Input By, Checker, Contract Status, and Authorization Status, along with an 'Exit' button.

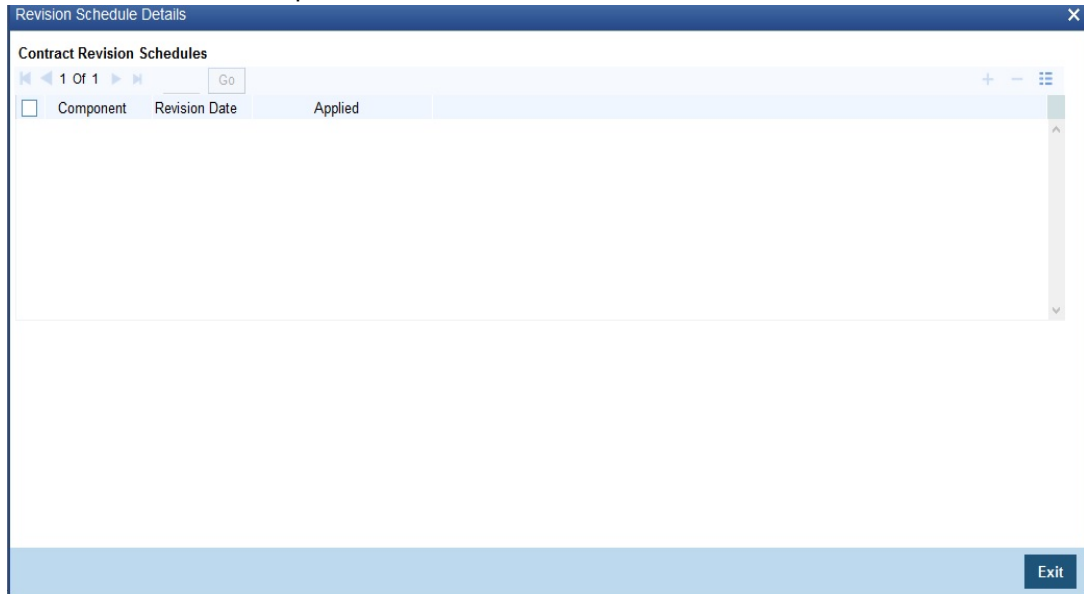
In this screen you can see the following details for the component:

- Due date of the Schedule

- Amount Due as of the due date
- Amount liquidated against the schedule

## 5.10 Viewing Revision Schedule Details

When you click 'Revision Details' button in the Contract On-line Schedule Definition 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
- Whether it has been applied

## 5.11 Making Manual Payments

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'.

## 5.12 Invoking the Contract Schedule Payments Screen

You can invoke 'Islamic Money Market Payment Input' screen by typing 'MCDPAMNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button. The screen is displayed below.

Islamic Money Market Payment Input

Enter Query

Contract Reference\*  D

Syndication Reference

Counterparty

Status

Currency

Outstanding Principal Amount

Outstanding Amount for Payment

Effective From

Date and Amounts for Population of Components Due

Value Date  YYYYMMDD

Limit Date  YYYYMMDD

Limit Amount

Local Currency Equivalent

Populate

Allocation of Amounts Paid

Total Paid

Local Currency Equivalent

Total Pre-paid

Local Currency Equivalent

Allocate

Other Details

Liquidated Nominal

Tax | Message | Events | MIS | Charges | Fields | Settlement

Ok Exit

## 5.13 Features of the Contract Schedule Payments Screen

You can do the following operations the manual payments function:

- Input of manual payments
- Deletion of manual payments
- Reversal of manual payments

The manual payments made through this function can be:

- 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.

### 5.13.1 Input of Manual Payments

Once you enter the deal reference number in the 'Murabaha Money Market Schedule Payment' screen, you will see the following details displayed on the screen:

- Counterparty (customer) code
- Currency of the deal

- Status of the borrowing
- 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.

For example, for a particular deal, there are two profit schedules pending on Cavillieri and Barrett Finance Corporation's borrowing – one on October 1, 1997 and the other on October 15, 1997. The third schedule is due on October 30, 1997.

If you give the Limit date as October 25, (today's date) the system will show you the amounts due for the profit component on the schedule dates of 1 October, and October 15.

If you give the limit date as November 1, 1997, the system will show you the schedules falling on October 1, October 15 and October 30, and you can liquidate them accordingly.

Since today's date is October 25, if you liquidate the schedule due on October 30, it amounts to a pre-payment. You can charge a prepayment compensation rate or an amount, which you enter in this screen.

---

**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.

For example, consider the following details:

System date: June 1:

Payment schedules for a deal are as follows:

Sch Date	June 30	July 31	August 30
Principal	1000	1000	1000
Profit	100	100	100
Commission	50	50	50

Fee	20	20	20
-----	----	----	----

For the above schedule, if a prepayment is made as of an amount, the system validates it in the following manner:

Suppose the amount paid is USD 1000. The next available schedule is as of June 30 and the total amount due is USD 1170. This schedule will be picked up for processing and you can make the payments.

If the amount paid is USD 1170, which is equal to the schedule amount of June 30, again only the schedule for June 30 will be picked up for processing.

If the amount paid is USD 1270, which is more than the amount due for the schedule of June 30, the schedule of July 31 will be picked up by the system for processing. After completely liquidating the schedule of June 30, you can liquidate the profit schedule as of July 31, which is the next schedule.

If the amount paid is USD 1300, the schedule for July 31 will be picked up for processing. The complete schedule of June 30 can be liquidated along with the profit component of July 31. The remaining USD 30 can be used to partially liquidate the commission component for July 31.

You have to enter in the Amount Paid field the actual amount being paid. 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 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 profit type of components, the amount will be allocated for liquidation in the following order:

- Compensation profit (if one has been applied)
- Profit
- 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.

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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.

## 5.14 Navigating to Other Screens

In the Contract Schedule payment screen, you have a set of icons using which you can use as following:

Buttons	Descriptions
Settlement	Click to go to the 'Settlement Message Details' screen
Advices	Click to see the 'Advices' screen. You can suppress advices using this screen.
Events	Click to view the 'Events' screen

Tax	Click to see the 'Tax Details' screen
Breakup	Click to view the 'Schedule Breakup' screen

## 5.15 Paying Tax

When there are taxes charged on the profit, principal and so on, 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 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.

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

## 5.16 Settlements Screen Details

- [Section 5.16.1, "Maintaining the Settlements Screen"](#)
- [Section 5.16.2, "Furnishing the ERI Value in Messages"](#)
- [Section 5.16.3, "Suppressing Messages"](#)
- [Section 5.16.4, "Viewing the Schedule Breakup Details"](#)
- [Section 5.16.5, "Schedule Payment Component"](#)
- [Section 5.16.6, "Schedule Payment Due Date"](#)
- [Section 5.16.7, "Basis Amount"](#)
- [Section 5.16.8, "Schedule payment Amount Paid"](#)

### 5.16.1 Maintaining the Settlements Screen

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 example, 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.

To invoke the Settlements service from the payments function, click 'Settlement' button in the 'Contract Schedule Payments' screen.

In this screen,

- 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
- You can capture the ERI Currency
- You can capture the ERI Amount

### 5.16.2 Furnishing the ERI Value in Messages

SWIFT messages (MT 100/MT 202) generated towards settlement can furnish the value of the settlement amount in both the settlement account currency, and an 'ERI' currency. If you opt to furnish the ERI value of the amount, you have to enter the following in the Settlement Message Details screen:

- ERI currency
- ERI Amount

The system defaults to the ERI currency specified for the customer and currency combination. You can change the default ERI currency. The ERI amount that you specify will be validated against the Tolerance Limit specified for the ERI currency.

For example, on January 1, 1999, eleven countries that are part of the European Union embarked on the first phase of economic integration, called the 'Economic and Monetary Union' (EMU). The EMU ushered in a new, single European currency: the Euro (EUR). You can handle the Euro, in Oracle Banking Treasury Management, by capturing information such as the ERI information in this screen.

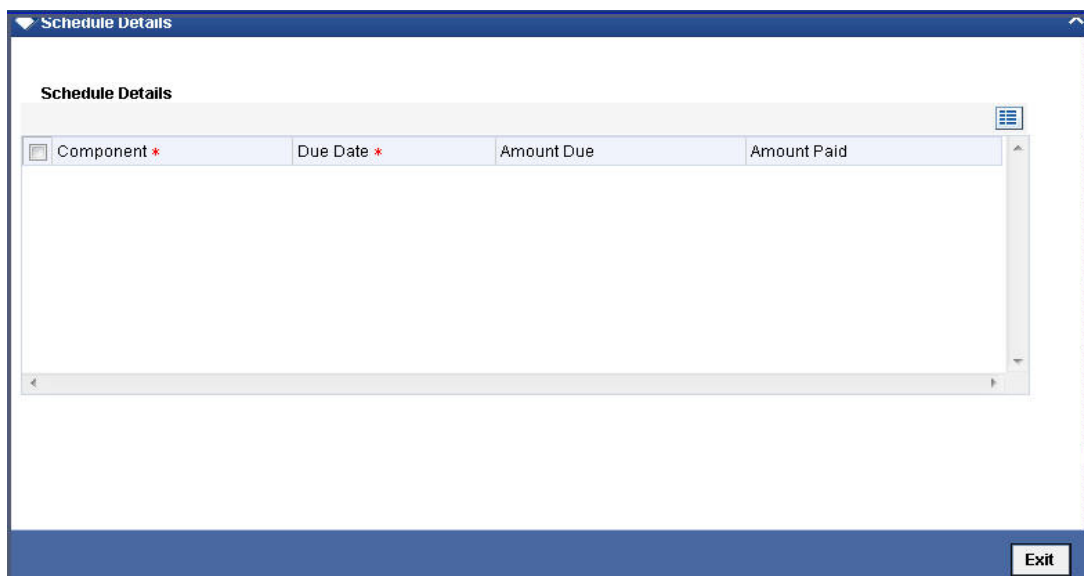
*For further details on the manner in which Oracle Banking Treasury Management handles the Euro, please refer to the chapter 'Handling the Euro' in the user manual of the Core Services module.*

### 5.16.3 Suppressing Messages

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.

### 5.16.4 Viewing the Schedule Breakup Details

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:

### 5.16.5 Schedule Payment 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.

### 5.16.6 Schedule Payment Due Date

The due date of the component being liquidated is displayed.

For example, consider the borrowing by Cavillieri and Barrett Finance Corporation. A Profit payment of USD 10,000 was due on October 1, 1997. Another payment of USD 15000 was due on October 15, 1997.

Now, the bank repays USD 12500 on October 20, 1997. Since there was no schedule due on this date, you decide to do a manual payment.

Now, since you have indicated the amount paid as USD 12500 in an earlier field in this screen, the system will display against the October 1 schedule as USD 10000 in the Amount Paid column.



Against the October 15 schedule, you the system will display the amount as USD 2500 in this column. You can also see the Amounts, which are due on a particular date.

Component	Due Date	Basis Amount	Amount Paid
Profit	October 1	10000	10000
	October 15	15000	2500

### 5.16.7 Basis Amount

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

### 5.16.8 Schedule payment Amount Paid

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

## 5.17 Deleting Manual Payments

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 Application toolbar, choose Delete or click 'Delete' icon 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.

## 5.18 Reversing Manual Payments

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

- A principal payment can be reversed only if the payment date is equal to, or later than, the last profit and commission schedule due date
- An profit 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 Application toolbar.

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'.

## **5.19 Authorizing Manual Payments**

You have to invoke this function from the Application Browser. 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.

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## 6. Making Profit Rate Changes

Any change to the terms of a *Murabaha* Money Market deal, which affects its financial details and the accounting entries, can be made through the Value Dated Changes function of Oracle Banking Treasury Management. 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 profit 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 disbursement 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.

You can invoke 'Islamic Money Market Value Dated Changes Input' screen by typing 'MCDVAMND' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button. In the displayed screen, 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"](#)

## 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 'Murabaha Money Market – Value Added Amendments' screen. For example, if the schedule change has come about following a change in the maturity date, or the profit rate, you have to do this through this screen. Click on 'Schedules' in this screen.

### **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
- 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.

### **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.

### **Making Changes in Profit**

If you want to make value dated changes in the profit rate, the rate code, the spread or the profit amount you have to invoke the Contract Profit, 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:

#### **Profit Rate**

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

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

#### **Rate code**

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

#### **Spread**

Enter the new spread here.

#### **Profit Amount**

Enter the new profit amount.

#### **Acquired Profit**

If the deal was already initiated when it was input, the profit 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 profit through this screen.

#### **Waiver**

The attributes of a profit 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 profit component for the deal you are processing, you can do so by checking this field. The profit will be calculated but it will not be applied on the deal.

---

#### **Note**

For back valued changes in profit rate, the system takes 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.

Contract Reference \*  Component

Account Details | Payment Details | Parties | Parties | Other Details

Settlement Details

1 Of 1

<input type="checkbox"/>	Component	Currency	Debit or Credit	Account	Account Description	Account Branch	Acco
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Ok Exit

## 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
- In case of a future value dated change, the change has not yet been effected

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 'Delete' icon on the toolbar. The value-dated changes will be deleted.

## 6.4 Uploading the Contracts for Amendment

From an external system, you can upload contracts that require amendment in Oracle Banking Treasury Management. 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 Banking Treasury Management 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 'Murabaha MM Contract Online' screen.

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

- Verify Funds For Principal
- Verify Funds For Profit
- Verify Funds For Compensation Amount
- Verify Funds
- Holiday Currency
- Holiday Months
- Move Forward
- Move Payment Schedules
- Move Revision Schedules
- Move Disbursement Schedules
- Receivable tracking Parameters
- Liquidation – Auto/Manual
- Status Control – Auto/Manual
- Exposure Category
- Risk Free Exposure Amount
- 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
  - 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 require 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).
- 

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

## 6.5 Authorization of Changes

To authorize the value dated changes; you have to invoke the authorization screen.

Islamic Money Market Value Dated Changes Input

Enter Query

Contract Reference \_\_\_\_\_ Product \_\_\_\_\_

Latest Version Number \_\_\_\_\_ Product Description \_\_\_\_\_

Counterparty \_\_\_\_\_ Amounts And Dates YYYY-MM-DD \_\_\_\_\_

Customer Name \_\_\_\_\_ Value Date YYYY-MM-DD \_\_\_\_\_

Currency \_\_\_\_\_

Amendment **Schedules**

Contract Schedules

1 Of 1 Go + -

Type	Component	Start Date	Number	Frequency	U
------	-----------	------------	--------	-----------	---

Interest | Charges | Tax | Settlement | Messages | Brokerage | MIS | Fields | CIF Breakup | Payment Details | Revision details

Ok Exit



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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 profit outstanding on it. When a deal is rolled over (renewed), it is processed in the following manner:

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

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

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

- The attributes defined for the ICCF components (profit, charges and fees) from the product
- 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 profit
- The profit 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 profit
- Tax has to be applied on the rolled over deal
- The principal of the rolled over profit 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 profit
- If a special amount is to be rolled over. (If a part of the principal and profit from the old deal has been liquidated and only the outstanding principal – with or without profit – is rolled over, it is called a special amount)

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### Note

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

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This chapter contains the following sections:

- [Section 7.1, "Specifying Rollover for a Murabaha Product"](#)
- [Section 7.2, "Features of the Murabaha Product Rollover Details Screen"](#)
- [Section 7.3, "Specifying Contract Rollover Details"](#)
- [Section 7.4, "Features of the Contract Rollover Screen"](#)

- [Section 7.5, "Processing of Rolled Over MM Contract"](#)
- [Section 7.6, "Rolling Over a Deal Manually"](#)
- [Section 7.7, "Advices for a Rolled Over Deal"](#)
- [Section 7.8, "Authorizing a Manual Rollover"](#)

## 7.1 Specifying Rollover for a Murabaha 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.

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### 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.

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This section contains the following topics:

- [Section 7.1.1, "Mode of Rollover – Manual or Automatic"](#)
- [Section 7.1.2, "Impact of Liquidation Mode on Rollover"](#)

### 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	<p>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.</p> <p>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.</p> <p>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.</p>

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.
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 profit, charge or fee components, it can assume the attributes of the:

- Product involving the deal being rolled over
- Old deal itself

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

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

## 7.2 Features of the Murabaha Product Rollover Details Screen

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

- [Section 7.2.1, "Rollover of Profit, Charge and Fee Components"](#)
- [Section 7.2.2, "Updating Credit Limit Utilization"](#)
- [Section 7.2.3, "Applying Tax on Rollover"](#)
- [Section 7.2.4, "Applying Brokerage"](#)
- [Section 7.2.5, "Rolling Over with Profit"](#)

- [Section 7.2.6, "Liquidating Tax on Principal upon Rollover"](#)
- [Section 7.2.7, "Specifying the Rollover Mechanism"](#)
- [Section 7.2.8, "Capturing the Rollover Method"](#)

### **7.2.1 Rollover of Profit, Charge and Fee Components**

The profit, 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.

The following example illustrates this point:

When defining a placement product you specified that all placements involving it will have profit schedules every month and a processing fee.

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

- Profit payment only on Maturity Date
- No fees

When rolling over this placement, you have two options:

You can indicate that the profit 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 profit payment schedules every month and a processing fee.

You can specify that the profit 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 profit 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:

### **7.2.2 Updating Credit Limit Utilization**

The credit limit utilization is to be updated when a placement is rolled over. That is, the profit 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.

---

#### **Note**

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

---

### **7.2.3 Applying Tax on Rollover**

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.

### **7.2.4 Applying Brokerage**

Brokerage cannot be applied on a rolled over deal.

## 7.2.5 Rolling Over with Profit

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

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

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

## 7.2.6 Liquidating Tax on Principal upon 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 profit or only the outstanding principal depending on your specifications), of the new deal
- 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 profit 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 profit.

This field assumes importance, only if:

- Tax (for principal as well as profit) 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 + Profit) and P+I-T (Principal + Profit - Tax), then the tag 32H in MT 320 is populated with a value 0 (Zero).
  - If Rollover Type is Special Amt the tag 32H will be populated with difference in Principal+/- Profit liquidated in the same cash flow.
- 

## 7.2.7 Specifying the 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
- Spawn Contract
- Linked Contract

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

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

## 7.3 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 Details' screen.

In the 'Contract Online' screen, click on the 'Rollover' tab to view the 'Rollover Details' screen.

The screenshot shows the 'Islamic Money Market Contract Input' application window. The 'Rollover' tab is selected. The interface includes the following elements:

- Product Code \***: A text input field.
- Version Number**: A field with left and right navigation arrows and the text 'Of'.
- Product Description**: A large text area.
- Contract Reference Number \***: A text input field.
- User Reference Number**: A text input field.
- External Reference Number**: A text input field.
- Reversal Reference Number**: A text input field.
- Outstanding Amount**: A text input field.
- Reject Reason**: A text input field.
- Source**: A text input field.
- Dealer**: A text input field.
- Broker**: A text input field.
- Rollover Amounts**: Radio buttons for **Principal**, **Principal + Interest**, and **Principal + (Interest-Tax)**.
- Special Amount**: A text input field.
- Treat Special Amount As**: Radio buttons for **Rollover Amount** and **Liquidation Amount**.
- Maturity**: **Roll By** (Days), **Method** (Normal), **Mechanism** (New Version), and **Mode** (Auto, Manual).
- Navigation Bar**: Links for Holiday Currency, Events, Brokerage, Effective Interest Rate, Change Log, Revision Details, Settlement, Messages, Profit, and Charges.
- Footer**: Fields for Input By (Date Time), Checker (Date Time), Contract Status, and Authorization Status, with an **Exit** button.

## 7.4 Features of the Contract Rollover Screen

The following are the features of the contract rollover screen:

- [Section 7.4.1, "Specifying Rollover Details of Profit, Charge and Fee"](#)
- [Section 7.4.2, "Updating Credit Limit Utilization"](#)
- [Section 7.4.3, "Applying Tax"](#)
- [Section 7.4.4, "Indicating the Rollover Tenor"](#)

- [Section 7.4.5, "Specifying the Rollover Mechanism"](#)
- [Section 7.4.6, "Capturing the Rollover Method"](#)
- [Section 7.4.7, "Rolling Over a Deal with Profit or without Profit"](#)
- [Section 7.4.8, "Deduct Tax on Rollover"](#)
- [Section 7.4.9, "Automatic Rollover of a Contract "](#)
- [Section 7.4.10, "Rolling Over a Contract Manually"](#)
- [Section 7.4.11, "Special Rollover Amount"](#)
- [Section 7.4.12, "Specifying the Maturity Type"](#)

### **7.4.1 Specifying Rollover Details of Profit, Charge and Fee**

While specifying the rollover details for the product, you may have indicated one of the following:

- Rollover details should be picked up from the product, for the deal being renewed
- Rollover details should be picked up from the old deal

For example, assume that while defining a product, you specified that all placements involving it will have profit schedules every month and a processing fee. You have processed a placement involving this product and that placement has been defined with profit payment only on Maturity Date. No fee has been specified.

Now, at the time of rollover of this specific placement, you have two options:

- You can indicate that the profit, charge, and fee details specified for the product should apply to the new (rolled over placement). In such a case the new placement will have profit payment schedules every month and a processing fee.
- You can specify that the profit, charge, and fee details defined for the placement being rolled over (old placement), should apply to the new one. In such a case, the new placement will have only one profit payment schedule on Maturity and will have no processing fee.

If, by default, according to your specifications, they are to be picked up from the product details and applied to the new deal (rolled over deal), you can indicate here that they are to be taken from the old deal itself, and not the product, and vice versa.

### **7.4.2 Updating Credit Limit Utilization**

When creating a product, you can indicate if credit limit utilization is to be updated at the time of rollover. Your specifications for the product will default to all placements involving the product. (When you specify that the credit limit utilization has to be tracked, the profit that has been accrued on a placement will also be considered as a part of the 'utilized amount' for the purpose of risk tracking.)

While creating a product, you can choose not to update the credit limit utilization at the time of rolling over deals involving the product. However, note that if you if you have disallowed the updation of utilization for a product, you cannot choose to update utilization when you rollover deals involving the product.

### **7.4.3 Applying Tax**

When you define a product, you can specify if tax has to be applied on rolled over placements (involving the product). 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

If you have said it is to be applicable to the rolled over deal, through this screen, you can waive it for the rolled over contract.

#### **7.4.4 Indicating the Rollover Tenor**

This indicates 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 '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.

#### **7.4.5 Specifying the 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
- Spawn Contract
- Linked Contract

If you select the 'Linked Contract' option, the system will not create a new contract or a new version of the old contract during rollover. Instead it will post the accounting entries to liquidate the contract. The amount will be liquidated into a ROLL\_WASH GL.

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

#### **7.4.6 Capturing the 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.

#### **7.4.7 Rolling Over a Deal with Profit or without Profit**

If you have indicated for the product that a deal is to be rolled over with profit, at the time of deal processing, you can specify that only the outstanding principal has to be rolled over.

The deal is renewed without the profit only when all the outstanding profit is paid out by manual or automatic liquidation. Hence, if you have specified for the product that only the outstanding principal of the deal should be rolled over, and you find that the outstanding profit has not been liquidated on this particular deal under process, you can specify through this screen that the rollover be made along with the outstanding profit. This can be illustrated with the help of an example.

#### **7.4.8 Deduct Tax on Rollover**

When creating a product, you can specify that tax on the principal of rolled over deals (involving the product) should be liquidated.

However, through this screen, you can specify that tax (on the entire principal) should *not* be liquidated for a particular rolled over deal. In this case, if the principal of the rolled over deal



consists of the outstanding principal as well as the outstanding profit from the old deal, tax will be liquidated only on the portion that forms the outstanding profit.

For a product, if you specified that tax on the principal of a rolled over deal should be not liquidated, it would apply to all the deals involving the product. However, when rolling over a deal, you can choose to apply tax on the principal of the rolled over deal.

### **7.4.9 Automatic Rollover of a Contract**

You can roll over a deal automatically or manually.

The Automatic Contract Update function automatically rolls over a deal on its maturity date if you have:

- allowed rollover for the deal at the time of defining the product which involves the deal
- specified 'auto' in the contract details screen

If you have marked a deal for auto liquidation and auto rollover, the system liquidates the original deal and creates a new rolled over deal on the maturity date of the original deal. This is done by the Automatic Contract Update function during its Beginning of Day run.

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 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 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 falling on the holiday will be processed on the immediate working day after the holiday, during beginning of day processing.

If the holiday is a month end, then the liquidation and rollover will not cross the month. It will be done in the same month, irrespective of the specifications in the Branch Parameters screen.

---

#### **Note**

Since a rolled over deal is initiated automatically, it will also be authorized automatically. The Maker and Authorizer fields of the new contract will show 'Auto.'

---

The Activity Journal for the day will report the details of deals that were rolled over automatically during the day. If a deal that had to be rolled over (with a Maturity Date that came under the purview of either the BOD or the EOD run of the function) was not rolled over for some reason, it will be reported in the Exception Report for the day. The reason for the contract not being rolled over will also be reported in the Exception Report. This report is generated every day by the Automatic Contract Update function during its EOD run.

### **7.4.10 Rolling Over a Contract 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
- It should not have been liquidated

Two activities take place when a deal is rolled over:

- The original deal is liquidated
- 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.

#### **7.4.11 Special Rollover Amount**

When you roll over a deal you can roll over:

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

The 'special' amount is:

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

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

#### **7.4.12 Specifying the Maturity Type**

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:

<b>Maturity Type</b>	
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).

## 7.5 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.

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 than 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 than 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.

## 7.6 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
- 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 profit, 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
- 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.

## **7.7 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:

- When the deal is rolled over with profit (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.

## **7.8 Authorizing a Manual Rollover**

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 two authorizations:

- One, for the liquidation of the original deal
- Two, for the 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.

---

## 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 Life Cycle of a Deal"](#)
- [Section 8.2, "Specifying Branch Parameters"](#)
- [Section 8.3, "Invoking the Batch Process"](#)
- [Section 8.4, "Initiating the Automatic Contract Update Function"](#)
- [Section 8.5, "Initiating a Future Value Dated Deal"](#)
- [Section 8.6, "Processing an Automatic Repayment"](#)
- [Section 8.7, "Generation of Billing Advices"](#)
- [Section 8.9, "Accrual of ICCF Components"](#)
- [Section 8.10, "Profit Rate Revision on a Deal"](#)
- [Section 8.11, "Value Dated Changes"](#)
- [Section 8.12, "Triggering the Year-end Batch Process for Collecting Contract-Wise Data"](#)
- [Section 8.13, "Commodity Upload"](#)

### 8.1 Automatic Events in the Life Cycle 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:

- Initiation of a deal with a Value Date in the future
- Application of the appropriate profit rates for deals with Floating Profit
- Application of rate changes with a Value Date in the future
- Generation of a Billing Notice as a reminder of a payment for a placement
- 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:**

- 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.

### **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.

Assume today is October 20, 1997, and October 21, 1997 and 22 October 1997 are holidays. If you specify that processing has to be done till the system date, during the Automatic Batch Update function run, the system will process only the events scheduled for October 20, 1997.

The events scheduled for the holidays, that is, October 21, 1997 and October 22, 1997 will be processed during the Automatic Batch Update function run during beginning of day operations on October 23, 1997.

### **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.

Assume that today is October 20, 1997, and October 21, 1997 and October 22, 1997 are holidays. If you specify that processing has to be done till the day before the next working day, when you run the Automatic Batch Update function during end of day processing on October 20, 1997, all the events scheduled for October 21, 1997 and October 22, 1997 will be processed.

### **Tax Basis**

On a deal, you may have to pay tax to the Government on the profit earned. The tax can be paid on the basis of the following:

- On the liquidated amount
- On the schedule amount

For your branch, you can specify the amount on which tax has to be applied, in the Branch Parameters screen. The following example illustrates how this works.

### **Accrual Level**

To recall, at the time of creating a product, you specify

- whether accrual of profit 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

A Murabaha 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 profit 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.

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#### **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.

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## **Residual Amount**

The value that you specify (as the residual amount) indicates the limit for the residual balance when a placement with zero principal balance, but with other outstanding components can be automatically liquidated.

The residual amount (profit, commission, or fees) will be checked against the amount that you specify. The placement will be liquidated only if the pending components are individually less than or equal to the amount specified.

---

### **Note**

The amount that you specify as the residual amount is expressed in local currency. For placements in foreign currencies, the standard exchange rate will be picked up from the Exchange Rate Table. The exchange rate that is used for conversion is defined for the product the deal involves.

---

While automatically liquidating the placement, the outstanding amounts will be reversed to the accounts to which the accruals have been booked. These amounts are however retained in the corresponding fields for information purposes.

The following are the maximum limits accepted:

- For an amount with two decimals - 99.99
- For an amount with three decimals - 9.999
- For an amount with no decimals - 99,999

Enter '0' if you do not wish to allow residual amounts. This means that all the components should have zero balances for the placement to be marked as liquidated.

When this amount is increased or decreased, all placement meeting the conditions will be liquidated during the next Automatic Batch Update.

### **Residual TXN Cd**

This is the transaction code for the accounting entries to be passed when the residual amount is liquidated.

### **User Ref. No. 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.

## **8.2.1 Confirmation Messages**

### **SWIFT**

- Field22A - If the event is BOOK and the parent Oracle Banking Treasury Management 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.

### **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 Oracle Banking Treasury Management 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'.

### 8.2.2 Account Statement

If the 'User Ref No. in messages' option is checked in the 'MM Branch Parameter' screen then in the Field 61(statement line) the user ref no would be populated in sub field 8 account servicing institution's ref no. If it is left unchecked, then it will be picked up from the child contract reference number.

## 8.3 Invoking the Batch Process

Batches are run automatically. In the mandatory programs, all batches whichever are required will be maintained in sequence and that is triggered automatically as based on the maintenance in the 'Mandatory Batch Program Maintenance' screen. You can invoke this screen by typing 'EIDMANPE' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

The screenshot shows the 'Mandatory Batch Program Maintenance' window. It features a top navigation bar with 'New' and 'Enter Query' options. The main area contains several sections:
 

- Branch \* 000** and **Module \*** text boxes.
- Function \*** text box.
- Sequence Number** and **Description** text boxes.
- End of Cycle Group \*** with radio buttons for: Txn Input, End of Txn Input, End of Fin Input, End of Day, Beginning of Day, and End of Previous Day.
- Error Handling** with radio buttons for: Stop Automatic End of Day and Run Emergency Program (selected) and Continue with Automatic End of Day.
- Frequency** dropdown menu set to 'Daily'.
- Holiday Rule** dropdown menu set to 'Do Not Execute'.
- Execution Layer** with radio buttons for Database and Application.
- Sub Stage** dropdown menu set to '1'.
- Number Of Days** text box.
- Run Date** text box with placeholder 'YYYY-MM-DD'.
- Job Code** text box.
- Description** text box.

 At the bottom, there is a 'Predecessors' section and a 'Fields' section containing:
 

- Maker** and **Checker** text boxes.
- Date Time:** text boxes.
- Mod No** text box.
- Record Status** and **Authorization Status** text boxes.
- An **Exit** button.

#### Module

Choose the module code from the adjoining option list.

#### Function Identification

Choose the function ID of batch that you wish to run. The adjoining option list displays all batch processes available for the module. Select the appropriate one.

You can configure the batch to be run at various stages of day like EOD, EOTI and so on.

For further details about this screen, refer the chapter 'Setting- up Mandatory Programs for EOD' in the AEOD User Manual.

## 8.4 Initiating the Automatic Contract Update Function

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.

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### 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:

- [Section 8.4.1, "Processing During Beginning of Day"](#)
- [Section 8.4.2, "Processing During End of Day"](#)
- [Section 8.4.3, "Processing for Holidays"](#)

### 8.4.1 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.

### 8.4.2 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 profit rates, and so on) that were done during the day with a Value Date as the current system date
- 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, and so on. The details of an event that could not be initiated, along with the reason, will be reported in the Exception Report.

### 8.4.3 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.

## 8.5 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 profit amounts are also recalculated for the schedules.

## 8.6 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 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 profit 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 profit (or profit type of components) first and then the principal.

If the deal has been defined with Floating profit, and a profit revision falls due today, the revised rate will be applied before the repayment is processed.

### **8.6.1 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.

## **8.7 Generation of Billing Advices**

A billing notice or advice can be generated, for the benefit of the customer, as a reminder that a payment on a placement is due. When defining a product, you can specify the number of working days before the repayment date when a billing notice is to be generated.

The notice is generated as part of the Automatic Contract Update function when you run it at the beginning of day. The billing advice is generated for the mail medium. This notice will be generated for repayment of all components.

If you have specified that a notice is to be generated on a certain day and it happens to be a holiday, then the notice is generated depending on your holiday handling specifications in the Branch Parameters screen:

- If you have specified that automatic processes are to be carried out up to the next working day, the notices slated for generation on the holiday will be generated 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), notices slated for generation on the holiday will be generated on the next working day immediately after the holiday, during beginning of day processing.

If the number of days is increased, the system checks for deal with a payment date between the old and the new number of days and will send a billing notice.

If the number of days is decreased, the system will check to see if a notice has been sent already, to avoid duplication. If not, it will send the notice.

## **8.8 Automatic Rollover of a Deal**

A 'Rollover' is renewal of a deal. For a deal to be rolled over, it should:

- Be past its Maturity Date
- 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 profit, commission, charge or fee components, it can assume the attributes of the:

- Product involving the deal being rolled over
- Original deal itself

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

This section contains the following topics:

- [Section 8.8.1, "Advices for Rollover"](#)
- [Section 8.8.2, "Automatic Status Changes"](#)
- [Section 8.8.3, "Automatic Status Change"](#)
- [Section 8.8.4, "Advices to be Generated for a Status Change"](#)

### **8.8.1 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.

### **8.8.2 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.

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.

### 8.8.3 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 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.

#### **8.8.4 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.

### **8.9 Accrual of ICCF Components**

When you are defining the profit, commission, charge or fee components (ICCF components) for a *Murabaha* 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 profit, 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'.

This section contains the following topics:

- [Section 8.9.1, "Contents of the Accrual Control Journal"](#)
- [Section 8.9.2, "Intra Day Accruals"](#)

### **8.9.1 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 profit, commission, charge or fee) that are due on each deal as of the current system date.

### **8.9.2 Intra Day Accruals**

The Intra Day Accruals is a batch process that computes accruals for different kinds of investments made by funds. This batch includes processing of fixed asset depreciation. The intraday accruals / depreciation are performed only for those products for which accruals / depreciation cycle is due for the day. In case of inter-fund subscriptions, the system does not calculate the profit for the investing fund.

This is an intra day process that is applicable only to fund branches.

Intra Day Accruals work in line with the normal end of day accruals. Intra day accrual will process in the same manner as an End of Day (EOD) batch. However, there are some exceptions as listed below:

- In case of components linked to floating rates, the intraday accruals are processed at the prevailing rates while the EOD accruals are processed at revised rates.
- If there are any payment schedules due, which are not liquidated, then compensation accruals are processed during intraday accruals. On manual liquidation of the schedule after the intraday accruals, excess compensation accrued is reversed. If the finance is in PDO status, the accrual entries are posted to the corresponding GL maintained for the product. After manual liquidation, if the status returns to normal then accrual is reversed from GL to PDO status.
- If any back dated rate change or principal increase occurs, the system performs catch accruals till the last working day. If such an operation is performed after the intra day batch is processed the catch up accrual occurs till system date or (next working day -1), depending on the branch parameter settings for accruals.

## **8.10 Profit Rate Revision on a Deal**

The type of profit that is applicable on a deal depends on the definition of the product that it involves. If floating profit rates are applicable for a product, the frequency at which the changing profit rates should be applied on deals involving it will also be defined for the product.

The Profit Rate Type of a product can be one of the following: fixed, floating, or special.

The floating profit 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 profit 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 profit 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.

## **8.11 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 profit, charge, or fee amounts; collections of additional fees; and so on.

Such changes indicated for a deal (through the Value Dated Changes function), falling due today (that is, 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.

---

### **8.11.1 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 profit, tax on principal, and so on) 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.

## 8.12 Triggering the Year-end Batch Process for Collecting Contract-Wise Data

The year-end batch process can be triggered to collect data pertaining to the unrealized income booked for each contract during the year. You will be allowed to trigger this process only if you have enabled the Track PY PnL Adjustment option for your branch through the Preferences section of the Branch Parameters screen. During liquidation the information that is collected using the batch process is used to post adjustment entries to the previous year adjustment GL.

You must ensure that you execute this batch process prior to executing the Year-end P and L balance transfer batch. The balances pertaining to the unrealized income booked for each contract during the year will be stored at the Contract, Component and Status level. If a contract spans over multiple years, the accrual balances will reflect the total accrual balance for all previous years.

For example, the status of two contracts entered in the System is as follows:

Contract Ref Number	Component	Amount accrued after liquidation
C1	LDML-INT	USD 100
C2	LDML-INT	USD 100

During the next year, C1 is liquidated and C2 is not liquidated. After liquidation, C1 has accrued USD 50 and C2 has accrued USD 100.

As a result, the details reflected after running the year-end data collection batch will be as follows.

Contract Ref number	Component	Amt accrued after liquidation
C1	LDML-INT	USD 50
C2	LDML-INT	USD 200

While liquidating a contract/schedule the system liquidates the unrealized accruals for the previous year before liquidating the unrealized accruals for the current year.

For discounted *Murabaha* MM contracts, the transfer of balance from the unrealized GL to the realized income/expense GL is performed only during maturity of the contract.

## 8.13 Commodity Upload

Oracle Banking Treasury Management allows you to upload commodity while performing a commodity tracking operation.

Specify the module code and source code. The system will upload the unprocessed data and validates them. After validation, it posts the entries into the contract table. You can verify the uploaded data in Oracle Banking Treasury Management by accessing 'Commodity Tracking' screen.

---

## 9. Customer Correspondence

Transfer of funds between parties is always confirmed and corroborated with the exchange of messages, advices or receipts. The MMM 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 MMM 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, "Payment Messages"](#)

### 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 Banking Treasury Management is shipped to you.

---

In the MMM 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"](#)
- [Section 9.1.6, "Liquidation Advice for a Placement"](#)
- [Section 9.1.7, "Advices Generated During Contract Confirmation"](#)
- [Section 9.1.8, "Advice Generated for the Roll-Over of a Placement"](#)
- [Section 9.1.9, "Advice Generated for the Roll-Over of a Borrowing"](#)
- [Section 9.1.10, "Advice Generated for the Initiation of a Borrowing "](#)
- [Section 9.1.11, "Advice Generated for the Initiation of a Placement "](#)
- [Section 9.1.12, "Advice for Liquidation of 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).

### **9.1.6 Liquidation Advice for a Placement**

You can generate this advice to inform the customer when a payment is due. The format of the generated advices varies depending upon the data entered. The sample advices for each of these are given in the following sections.

### **9.1.7 Advices Generated During Contract Confirmation**

MONEY MARKET FINANCE 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

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

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

**9.1.8 Advice Generated for the Roll-Over of a Placement**

ROLLOVER ADVICE FOR A PLACEMENT

MM PLACEMENT 04

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

PROFIT/FEE DETAILS

Description	Amount	CCY	Rate	Profit Basis
-------------	--------	-----	------	--------------

-----  
PROFIT - AUD 13.5\* Actual/365  
-----

\*SUBJECT TO CHANGE

Transaction on Initiation

-----



Component	Value Date	Account	Amount	CCY
-----				
Component Description	Account Branch			
-----				
PROFIT	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

PROFIT	13,315.50	AUD
PRINCIPAL	12,000,000.00	AUD

SETTLEMENT DETAILS

Component	Dr/Cr	Br	Account	CCY
-----				
PROFIT	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

### 9.1.9 Advice Generated for the Roll-Over of a Borrowing

ROLLOVER ADVICE FOR A BORROWING

Money market borrowing - 08

Transaction Date : 31-JAN-98

Our Reference No : 000MB08980010001

User Reference No : TC51

GB1003

Endsleigh Court

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

PROFIT/FEE DETAILS

Description	Amount	CCY	Rate	Profit Basis
-------------	--------	-----	------	--------------

-----

PROFIT - 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

PROFIT 53,331.75 GBP

PRINCIPAL 10,046,916.25 GBP

-----

SETTLEMENT DETAILS

-----

Component	Dr/Cr	Br	Account	CCY
-----------	-------	----	---------	-----

-----

PROFIT 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

-----

**9.1.10 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

PROFIT/FEE DETAILS

Description	Amount	CCY	Rate	Profit Basis
PROFIT - DEM	10	30	[Euro]/Actual	

Transaction on Initiation

Component	Value Date	Account	Amount	CCY
PROFIT	29-DEC-97	CORCUL-GE1000-011	1,436.25	USD

Profit 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		
PROFIT	2,433.00	DEM
PRINCIPAL	99,999.00	DEM

SETTLEMENT DETAILS

-----  
Component      Dr/Cr Br      Account    CCY  
-----  
PROFIT      P      000      CORCUL-GE1000-011    USD  
MMR003\_AMT    R      000      CORCUL-GE1000-011    USD  
PRINCIPAL      R      000      CORCUL-GE1000-011    USD  
PRINCIPAL\_LIQD P      000      CORCUL-GE1000-011    USD  
-----

**9.1.11 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

PROFIT/FEE DETAILS

Description Amount CCY Rate Profit Basis

-----  
PROFIT - AUD 12.5\* Actual/365  
-----

\*SUBJECT TO CHANGE

Transaction on Initiation

-----  
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

PROFIT 12,329.00 AUD

PRINCIPAL 12,000,000.00 AUD  
-----

SETTLEMENT DETAILS

-----  
Component Dr/Cr Br Account CCY

-----  
PROFIT 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

-----

**9.1.12 Advice for Liquidation of Placement**

FINANCE BILLING NOTICE Date : 31-DEC-97

Reference No. : 0003P02973630001

AU1002

AU1002SW

Jayanagar 4th Block

Bangalore

India

The Details of the Schedules falling Due as follows :

~~~~~

=====

| COMPONENT | DUE DATE | AMOUNT |
|-----------|----------|--------|
|-----------|----------|--------|

=====

|                   |           |            |
|-------------------|-----------|------------|
| MM INT PLACEMENTS | 31-JAN-98 | 271.50 AUD |
|-------------------|-----------|------------|

|           |           |               |
|-----------|-----------|---------------|
| PRINCIPAL | 31-JAN-98 | 21,560.00 AUD |
|-----------|-----------|---------------|

=====

THIS IS A COMPUTER GENERATED ADVICE

NO AUTHORIZED SIGNATURE IS REQUIRED

**9.2 Payment Messages**

Payment messages or SWIFT messages are generated at takedown for placements, and at the time of contract maturity and profit 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:F01ANBKUSWAXXX111111111}

{2:I324RU1000SWXXXXN}

{4:

:20:000MB05993630002

:21:000MB05993630002

:22:MATURITY/ANBKWA0015RU10SW

:30:991229

:32R:000101GBP10000000,

:34P:000215GBP177610,5

:37F:15,/ADVANCE



---

## 10. Annexure A - Accounting Entries and Advices for the Murabaha MM Module

This section contains details of the suggested accounting entries that can be set up, for the *Murabaha* MM module of Oracle Banking Treasury Management. The details of the suggested accounting entries are listed event-wise in the following sections:

- [Section 10.1, "MMM Events"](#)
- [Section 10.2, "Amount Tags"](#)
- [Section 10.3, "Accounting Roles"](#)
- [Section 10.4, "Event-wise Accounting Entries and Advices"](#)
- [Section 10.5, "Entries for contracts liquidated with Previous Year Adjustment option"](#)

### 10.1 MMM Events

The following is an exhaustive list of events that can take place during the lifecycle of an MMM contract. In the subsequent paragraphs we shall examine the accounting entries and advices for each of the events listed below.

| Event Code | Event Description                                              | Remarks    |
|------------|----------------------------------------------------------------|------------|
| BOOK       | Booking a contract (Mandatory)                                 | All Types  |
| INIT       | Takedown or Initiation (Mandatory)                             | All Types  |
| ACCR       | Accrual (Mandatory for products with profit payment frequency) | All Types  |
| LIQD       | Liquidation (Mandatory)                                        | All Types  |
| CONF       | Confirmation of contract                                       | All Types  |
| CAMD       | Amendment                                                      | All Types  |
| NOTC       | Billing Notice Generation                                      | Placements |
| ROLL       | Rollover execution (treated as a liquidation + new booking)    | All Types  |
| REVC       | Reversal (Mandatory)                                           | All Types  |
| REAS       | Reassign User                                                  | All Types  |
| RESA       | Reversal of Residual Accrual                                   | All Types  |
| REVC       | Contract Reversal                                              | All Types  |
| REVN       | Rate Revision                                                  | All Types  |
| REVP       | Reversal of Payment                                            | All Types  |
| STCH       | Status Change                                                  | Placements |
| VAMB       | Value Dated Amendment Booking                                  | All Types  |
| VAMI       | Value Dated Amendment Initiation                               | All Types  |

|      |                            |           |
|------|----------------------------|-----------|
| OFFR | Offer sent or accepted     | All Types |
| GRNT | Guarantee sent or received | All Types |
| UIDB | Upfront Profit Booking     | All Types |
| YACR | Yield Accrual              | All Types |

## 10.2 Amount Tags

The amount tags listed below are hard-coded in Oracle Banking Treasury Management.

| 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                                                                                                       |
| PRINCIPAL_XFWD          | Principal Amount Reclassified                                                                                                      |
| PRINCIPAL_XREV          | Principal Amount Unclassified                                                                                                      |
| ROLLOVER_AMT            | Rollover Amount                                                                                                                    |
| PRINCIPAL_ADDL          | Additional Principal                                                                                                               |
| component_LIQD_CY       | Current year Unrealized accrual amount for a component                                                                             |
| component_LIQD_PY       | Previous year Unrealized accrual amount for a component.                                                                           |
| <PROFIT_COMPONENT>_ROLL | The outstanding profit 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 <PROFIT_COMPONENT>_ROLL.         |
| PRINCIPAL_ADDL          | The incremental Principal amount that has to be paid to borrower in a Finance rollover                                             |
| Component_UINT          | Total profit amount for the contract for each component. It would also be used to book unearned profit amount adjustments, if any. |

In addition to these you can define amount tags as per your requirements for profit and charges that will be attached to the product.

## 10.3 Accounting Roles

| Accounting Role | Description                                               |
|-----------------|-----------------------------------------------------------|
| EIMDISCINC      | Effc Int Based Disc Accrued Till Dt                       |
| EIMDISCRIA      | Effec Int Discount to be Accrued                          |
| EIMPREMEXP      | Effective Int Premium Expense                             |
| EIMINTADJPAY    | Effective Int Par Payable                                 |
| EIMINTADJEXP    | Effective Int Par Expense                                 |
| EIMDISCPIA      | Effective Int Discount Paid In Adva                       |
| EIMDISCEXP      | Effective Int Discount Expense                            |
| EIMPREMRIA      | Effective Int Premium to be Accrued                       |
| EIMPREMINC      | Effective Int Premium Income                              |
| EIMINTADJREC    | Effective Int Par Receivable                              |
| CUSTOMER        | Customer                                                  |
| Component_UID   | Deferred income GL for booking the unearned profit amount |

Below, 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.

### 10.3.1 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 Profit Rate                                                                       | Income               |
| INTERRIA        | Fixed Profit 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                |
| ComponentUID    | The unearned profit amount for a profit component (Deferred Income GL).                 | Income               |

### 10.3.2 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 Profit Rate                  | Expense              |
| INTERPIA        | Fixed Profit Rate                  | Asset                |
| INTERPAY        | Fixed Profit Payable               | Liability            |
| CHARGEEXP       | Common Flat Amt W/o Slab           | Expense              |
| FRTAX1_PAY      | Tax payable role for FRTAX1        | Liability            |
| FRTAXS_PAY      | Tax payable role for FRTAXS        | Liability            |
| ComponentREAL*  | Realized Income                    | Income               |

\* The 'component' is the ICCF component that you have created.

---

**Note**

In the accounting roles listed above the prefixes INTER (Profit), PENL (Compensation), BROK (brokerage), CHARG (Charge) FRTAX1 (Tax) and FRTAXS are ICCF components.

---

The suffixes stand for:

|            |                                |
|------------|--------------------------------|
| <b>AQP</b> | <b>Acquired profit payable</b> |
| AQR        | Acquired profit receivable     |
| EXP        | Expense                        |
| PAY        | Payable                        |
| PIA        | Payable in advance             |
| REC        | Receivable                     |
| RIA        | Received in advance            |

## **10.4 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 MMM deal. Samples of accounting entries, advices, and events have been given for four different types of MMM deals. They are:

- MMM Placement with True Discount Profit
- MMM Borrowing with Fixed Discounted Profit
- MMM Placement with Fixed Bearing Profit
- MMM Borrowing with Fixed Bearing Profit

---

**Note**

Also note that some of the Amount Tag's linked to the Accounting Roles are user defined.

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### **10.4.1 MMM Placement with True Discounted Profit**

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

### 10.4.1.1 **BOOK: Booking**

#### **Accounting Entries**

| <b>Accounting Role</b> | <b>Amount Tag</b>  | <b>Dr./Cr. Indicator</b> |
|------------------------|--------------------|--------------------------|
| CHARGINC               | CHARG              | Credit                   |
| CUSTOMER               | CHARG              | Debit                    |
| FWDASSETOFF            | PRINCI-<br>PAL_FWD | Credit                   |
| FWDASSETGL             | PRINCI-<br>PAL_FWD | Debit                    |

#### **Advices**

| <b>Advice Name</b> | <b>Description</b>            |
|--------------------|-------------------------------|
| MM_DEAL_SLIP       | Deal Slip                     |
| SWIFT_MESSAGE      | MT320, MT330, MT335,<br>MT350 |
| PAYMENT_MESSAGE    | Payment Message               |
| MMCONPLA           | MM Placement Confirmation     |

### 10.4.1.2 **INIT: Initiation**

#### **Accounting Entries**

| <b>Accounting Role</b> | <b>Amount Tag</b> | <b>Dr./Cr. Indicator</b> |
|------------------------|-------------------|--------------------------|
| 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 |

**10.4.1.3 ACCR: Profit 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.

**10.4.1.4 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            |

**10.4.1.5 VAMB: Value Dated Amendment Booking****Accounting Entries**

Nil

**Advices**

| Advice Name | Description      |
|-------------|------------------|
| MMAMDADV    | Amendment Advice |

#### 10.4.1.6 VAMI: Value Dated Amendment Initiation

##### Accounting Entries

Nil

##### Advices

| Advice Name   | Description                |
|---------------|----------------------------|
| SWIFT_MESSAGE | MT320, MT330, MT335, MT350 |

#### 10.4.1.7 CAMD: Contract Amendment

##### Accounting Entries

Nil

##### Advices

| Advice Name   | Description                |
|---------------|----------------------------|
| SWIFT_MESSAGE | MT320, MT330, MT335, MT350 |

#### 10.4.1.8 NOTC: Billing Notice Generation

##### Accounting Entries

No accounting entries allowed for this event.

##### Advices

| Advice Name   | Description                |
|---------------|----------------------------|
| BILLNOTC      | Billing Notice             |
| SWIFT_MESSAGE | MT320, MT330, MT335, MT350 |

#### 10.4.1.9 REVN: Rate Revision

##### Accounting Entries

No accounting entries allowed for this event.

##### Advices

Nil

#### 10.4.1.10 REVC: Reversal

##### Accounting Entries

No accounting entries allowed for this event.

##### Advices

| Advice Name   | Description                |
|---------------|----------------------------|
| SWIFT_MESSAGE | MT320, MT330, MT335, MT350 |



#### 10.4.1.11 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              | <Profit_Component>_LIQD | Debit             |
| Interest_componentREC | <Profit_Component>_LIQD | Credit            |
| ROLL_WASH             | PRINCIPAL_ROLL          | Debit             |
| ASSETGL               | PRINCIPAL_ROLL          | Credit            |
| ROLL_WASH             | <Profit_Component>_ROLL | Debit             |
| Interest_componentREC | <Profit_Component>_ROLL | Credit            |

##### Advices

| Advice Name   | Description                |
|---------------|----------------------------|
| MM_ROLL_ADV   | Rollover Advice            |
| SWIFT_MESSAGE | MT320, MT330, MT335, MT350 |

#### 10.4.2 MMM Borrowing with Fixed Discounted Profit

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

#### 10.4.2.1 **BOOK: Booking a Borrowing with fixed discounted profit**

##### Accounting Entries

| Accounting Role | Amount Tag    | Dr./Cr. Indicator |
|-----------------|---------------|-------------------|
| CHARGEEXP       | 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  |

#### 10.4.2.2 **INIT: Initiation of a Borrowing with fixed discounted profit**

##### 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 |

**10.4.2.3 ACCR: Accrual of Profit****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.

**10.4.2.4 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         |

**10.4.2.5 VABM: Value Dated Amendment Booking****Accounting Entries**

Nil

**Advices**

| Advice Name | Description      |
|-------------|------------------|
| MMAMDADV    | Amendment Advice |

**10.4.2.6 VAMI: Value Dated Amendment Initiation****Accounting Entries**

Nil

**Advices**

| Advice Name   | Description                |
|---------------|----------------------------|
| SWIFT_MESSAGE | MT320, MT330, MT335, MT350 |

**10.4.2.7 CAMD: Amendment****Accounting Entries**

Nil

**Advices**

| Advice Name   | Description                |
|---------------|----------------------------|
| SWIFT_MESSAGE | MT320, MT330, MT335, MT350 |

**10.4.2.8 NOTC: Billing notice generation****Accounting Entries**

No accounting entries allowed for this event.

**Advices**

| Advice Name   | Description                |
|---------------|----------------------------|
| BILLNOTC      | Billing Notice             |
| SWIFT_MESSAGE | MT320, MT330, MT335, MT350 |

**10.4.2.9 REVN: Rate Revision****Accounting Entries**

No accounting entries allowed for this event.

**Advices**

Nil

#### 10.4.2.10 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            |

##### Advices

| Advice Name   | Description                |
|---------------|----------------------------|
| SWIFT_MESSAGE | MT320, MT330, MT335, MT350 |
| MM_ROLL_ADV   | Rollover Advice            |

#### 10.4.3 MMM Placement – Fixed Bearing Profit

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

##### 10.4.3.1 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 |

### 10.4.3.2 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 |

### 10.4.3.3 ACCR: Profit 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             |

#### Advices

No advices allowed for this event.

#### 10.4.3.4 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             |

##### Advices

| Advice Name     | Description                |
|-----------------|----------------------------|
| SWIFT_MESSAGE   | MT320, MT330, MT335, MT350 |
| PAYMENT_MESSAGE | Payment Message            |

#### 10.4.3.5 VAMB: Value Dated Amendment Booking

##### Accounting Entries

Nil

##### Advices

| Advice Name | Description      |
|-------------|------------------|
| MMAMDADV    | Amendment Advice |

#### 10.4.3.6 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 |

**10.4.3.7 CAMD: Contract Amendment****Accounting Entries**

Nil

**Advices**

| Advice Name   | Description                |
|---------------|----------------------------|
| SWIFT_MESSAGE | MT320, MT330, MT335, MT350 |

**10.4.3.8 NOTC: Billing Notice Generation****Accounting Entries**

No accounting entries allowed for this event.

**Advices**

| Advice Name   | Description                |
|---------------|----------------------------|
| BILLNOTC      | Billing Notice             |
| SWIFT_MESSAGE | MT320, MT330, MT335, MT350 |

**10.4.3.9 REVC: Reversal****Accounting Entries**

No accounting entries allowed for this event.

**Advices**

| Advice Name   | Description                |
|---------------|----------------------------|
| SWIFT_MESSAGE | MT320, MT330, MT335, MT350 |

**10.4.3.10 REVN: Rate Revision****Accounting Entries**

No accounting entries allowed for this event.

**Advices**

Nil



### 10.4.3.11 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              | <Profit_Component>_LIQD | Debit             |
| Interest_componentREC | <Profit_Component>_LIQD | Credit            |
| ROLL_WASH             | PRINCIPAL_ROLL          | Debit             |
| ASSETGL               | PRINCIPAL_ROLL          | Credit            |
| ROLL_WASH             | <Profit_Component>_ROLL | Debit             |
| Interest_componentREC | <Profit_Component>_ROLL | Credit            |

#### Advices

| Advice Name     | Description        |
|-----------------|--------------------|
| LD_ROLL_AD<br>V | Rollover<br>Advice |

### 10.4.4 MMM Borrowing with Fixed Bearing Profit

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

#### 10.4.4.1 BOOK: Booking a Borrowing with fixed bearing profit

#### 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            |

**10.4.4.2 INIT: Initiation of a Borrowing with fixed bearing profit****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            |

**Advices**

| Advice Name | Description     |
|-------------|-----------------|
| MM_CONT_ADV | Contract Advice |

**10.4.4.3 ACCR: Accrual of profit****Accounting Entries**

| Accounting Role | Amount Tag | Dr./Cr. Indicator |
|-----------------|------------|-------------------|
| INTEREXP        | INTER_ACCR | Debit             |
| INTERPAY        | INTER_ACCR | Credit            |

**Advices**

No advices allowed for this event.

#### 10.4.4.4 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             |

##### Advices

| Advice Name     | Description                |
|-----------------|----------------------------|
| SWIFT_MESSAGE   | MT320, MT330, MT335, MT350 |
| PAYMENT_MESSAGE | Payment Message            |

#### 10.4.4.5 VABM: Value Dated Amendment Booking

##### Accounting Entries

Nil

##### Advices

| Advice Name | Description      |
|-------------|------------------|
| MMAMDADV    | Amendment Advice |

#### 10.4.4.6 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 |

#### 10.4.4.7 CAMD: Amendment

##### Accounting Entries

Nil

**Advices**

| Advice Name   | Description                |
|---------------|----------------------------|
| SWIFT_MESSAGE | MT320, MT330, MT335, MT350 |

**10.4.4.8 NOTC: Billing notice generation****Accounting Entries**

No accounting entries allowed for this event.

**Advices**

| Advice Name   | Description                |
|---------------|----------------------------|
| BILLNOTC      | Billing Notice             |
| SWIFT_MESSAGE | MT320, MT330, MT335, MT350 |

**10.4.4.9 REVN: Rate Revision****Accounting Entries**

No accounting entries allowed for this event.

**Advices**

Nil

**10.4.4.10 ROLL: Rollover****Accounting entries**

| Accounting Role | Amount Tag     | Dr./Cr. Indicator |
|-----------------|----------------|-------------------|
| CUSTOMER        | INTER_LIQD     | Credit            |
| INTER_PAY       | INTER_LIQD     | Debit             |
| ASSET GL        | INTER_ROLL     | Credit            |
| INTER_PAY       | INTER_ROLL     | Debit             |
| ASSET GL        | PRINCIPAL_LIQD | Debit             |
| CUSTOMER        | PRINCIPAL_LIQD | Credit            |

**Advices**

| Advice Name | Description     |
|-------------|-----------------|
| LD_ROLL_ADV | Rollover advice |

## 10.5 Entries for contracts liquidated with Previous Year Adjustment option

You will need to maintain the following accounting entry set-up when an MMM contract is liquidated with previous year adjustment option.

During liquidation of a schedule/contract the unrealized accruals for the previous year are liquidated before liquidation of unrealized accruals for the current year.

For liquidating the profit 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             |
| ComponentINC    | Component_LIQD_PY | Credit            |
| ComponentUNRL   | Component_LIQD_CY | Debit             |
| ComponentINC    | Component_LIQD_CY | Credit            |

If the profit 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, back dated booking of contract, and so on) 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.

---

This movement of balance is applicable only for components that require accruals.

### 10.5.1 OFFR: Offer/Acceptance of Offer

#### Accounting Entries

Nil

**Advices**

| <b>Advice Name</b> | <b>Description</b>                 |
|--------------------|------------------------------------|
| MM_OFFER           | MT199 (for MM Borrow contracts)    |
| MM_ACPT_OFFER      | MT199 (for MM Placement contracts) |

# 11. Reports

The report programs available under the Islamic Money Market module are explained in this chapter. The details that you have maintained under this module are stored by the system. You can extract such details in the form of meaningful reports when you require them.

The following reports can be generated:

- [Section 11.1, "Accrual Control Report"](#)
- [Section 11.2, "Broker Confirmation Pending Report"](#)
- [Section 11.3, "Islamic Money Market Brokerage Details Report"](#)
- [Section 11.4, "Islamic Money Market Profit Calculation Report"](#)
- [Section 11.5, "Islamic Money Market Counterparty Confirmation Pending Journal"](#)
- [Section 11.6, "Contract Event Details Report"](#)
- [Section 11.7, "Islamic Money Market Forward Contracts Report"](#)
- [Section 11.8, "Islamic Money Market Forward Changes Report"](#)
- [Section 11.9, "Maturity Report"](#)
- [Section 11.10, "Overdue Schedules Report"](#)
- [Section 11.11, "Contract Retrieval Report"](#)
- [Section 11.12, "Rate Revision Report"](#)

## 11.1 Accrual Control Report

This report provides a summary of the accrual control as of a selected accrual processing date. To invoke the 'Accrual Control Report' screen, type 'MCRPACCR' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

Accrual Control Report

Accrual Processing Date

Accrual Processing Date YYYY-MM-DD

Report Format PDF

Report Output View

Printer At Client

Printer

Ok Cancel

Specify the following:

### **Accrual Processing Date**

You can generate the accrual control report for a specific accrual processing date. Select the accrual processing date. Click the adjoining calendar button to choose a date from the calendar.

Click 'OK' to generate the report.

### 11.1.1 Contents of the Report

The selection options that you specified while generating the report are printed at the beginning of the report. The contents of the report have been discussed under the following heads:

#### Header

The Header carries the title of the report, branch code, branch date, user ID, module name, date and time at which the report was generated and the page number.

#### Body

| Field                          | Description                                    |
|--------------------------------|------------------------------------------------|
| Contract Reference Number      | The reference number of the contract           |
| Status                         | The status of the component                    |
| Component                      | The component                                  |
| Currency                       | Currency of the accrual                        |
| Accrual (Y/N)                  | Whether accrual has taken place or not         |
| Current Accrual                | Current Accrual of the contract                |
| Outstanding Accrual            | Outstanding Accrual of the contract            |
| Product                        | The product associated with the accrual        |
| Cumulative Current Accrual     | Cumulative current accrual for the product     |
| Cumulative Outstanding Accrual | Cumulative outstanding accrual for the product |
| Accrual Reference Number       | The reference number of the accrual            |

### 11.2 Broker Confirmation Pending Report

This report provides the details of the contracts pending broker confirmation. To invoke the 'Broker Confirmation Pending Report' screen, type 'MCRPBRCF' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

Broker Confirmation Pending Report

Report Format PDF  
Report Output View

Printer At Client  
Printer

Ok Cancel



Specify the print options. Click 'OK' to generate the report.

### 11.2.1 Contents of the Report

The selection options that you specified while generating the report are printed at the beginning of the report. The contents of the report have been discussed under the following heads:

#### Header

The Header carries the title of the report, branch code, branch date, user ID, module name, date and time at which the report was generated and the page number.

#### Contents of the report

| Field              | Description                          |
|--------------------|--------------------------------------|
| Contract Reference | The reference number of the contract |
| Broker             | The Broker ID                        |
| Name               | Name of the broker                   |
| Elapsed Days       | The number of days elapsed           |
| Amount             | The contract amount                  |
| Currency           | The contract currency                |
| Maturity           | The maturity date of the contract    |

## 11.3 Islamic Money Market Brokerage Details Report

This report provides the brokerage details. To invoke the 'Islamic Money Market Brokerage Details Report' screen, type 'MCRPBRDT' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

Specify the following details.

**Report For**

Specify whether you want to generate the report for a selected broker or all the brokers. If you select 'Specific Brokers', you need to specify the broker ID in the space provided below.

**Include Liquidated Contract**

Check this box to include the liquidated contracts in the report.

**From Date**

Specify the start date of the report date range.

**To Date**

Specify the end date of the report date range.

**Broker**

If you wish to generate the report for one or more selected brokers, you need to specify the broker ID here. This is mandatory if you have selected 'Specific Brokers' against 'Report'.

Click 'OK' to generate the report.

### **11.3.1 Contents of the Report**

The selection options that you specified while generating the report are printed at the beginning of the report. The contents of the report have been discussed under the following heads:

**Header**

The Header carries the title of the report, branch code, branch date, user ID, module name, date and time at which the report was generated and the page number.

### Contents of the report

| Field                        | Description                                                                    |
|------------------------------|--------------------------------------------------------------------------------|
| Broker                       | The code that identifies the broker                                            |
| Name                         | This is the full name of the broker                                            |
| Contract Reference           | This is the reference number of the contract                                   |
| Product Type                 | This is the product type, whether 'Borrow' or 'Placement'                      |
| Value Date                   | This is the date of initiation of the contract                                 |
| Maturity Date                | This is the maturity date of the contract                                      |
| Currency                     | This is the currency in which the brokerage amount is processed                |
| Brokerage Amount             | This is the amount of brokerage in terms of brokerage currency                 |
| Method                       | This is the method of brokerage payment                                        |
| Status                       | This is the status of the contract, which may be 'Liquidated' or 'Outstanding' |
| <b>Total for each broker</b> |                                                                                |
| Number of Deals              | This is the total number of deals                                              |
| Total Liquidated             | This is the total liquidated amount in terms of brokerage currency             |
| Total Outstanding            | This is the total outstanding amount in terms of brokerage currency            |

## 11.4 Islamic Money Market Profit Calculation Report

This report provides the profit details for one or more contracts for a selected date range. To invoke the 'Islamic Money Market Profit Calculation Report' screen, type 'MCRPCALC' in the

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

The screenshot shows a software window titled "Islamic Money Market Profit Calculation Report". The window contains several sections: "Contract Selection" with a "Single Contract" input field and a search icon; a "Report" section with navigation buttons (back, forward, 1 Of 1, Go, zoom in, zoom out, list) and a large empty report area; and a bottom section with "Report Format" (PDF), "Report Output" (View), "Printer At" (Client), and "Printer" with a search icon. "Ok" and "Cancel" buttons are located in the bottom right corner.

Specify the following details.

### **Contract**

Specify whether you want to generate the report for one or more or all contracts. If you select 'Single contract', you need to specify the contract reference number ID in the space provided below. If you select 'Multiple Contract', you need to specify the contract reference numbers whose details you need.

### **From Date**

Specify the start date of the report date range.

### **To Date**

Specify the end date of the report date range.

### **Single Contract**

If you are generating the report for a single contract, you need to specify the contract reference number. Select the appropriate contract reference number from the option list.

### **Report**

If you are generating the report for multiple selected contracts, you need to specify the contracts here.

## **11.4.1 Contents of the Report**

The selection options that you specified while generating the report are printed at the beginning of the report. The contents of the report have been discussed under the following heads:

### **Header**

The Header carries the title of the report, branch code, branch date, user ID, module name, date and time at which the report was generated and the page number.

### Contents of the report

| Field            | Description                                     |
|------------------|-------------------------------------------------|
| Reference Number | The contract reference number                   |
| Counterparty     | The counterparty identification                 |
| Name             | The name of the counterparty                    |
| Component        | The ICCF component                              |
| Profit Method    | The profit calculation method                   |
| Currency         | The contract currency                           |
| Start Date       | The start date of the profit calculation        |
| End Date         | The end date of the profit calculation          |
| Basis Amount     | The basis amount                                |
| Rate             | The rate of profit                              |
| Number of days   | The number of days of the schedule              |
| Profit Amount    | The total profit amount for the specific period |
| Maturity Date    | The maturity date of the contract               |
| Value Date       | The value date of the contract                  |

## 11.5 Islamic Money Market Counterparty Confirmation Pending Journal

You can generate Islamic Money Market Counterparty Confirmation Pending Journal report. To invoke the this screen, type 'MCRPCPCN' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

Islamic Money Market Counterparty Confirmation Pending Journal

Report Format PDF  
Report Output View

Printer At Client  
Printer

Ok Cancel

Specify the report options and click 'OK' to generate the report.

## 11.5.1 Contents of the Report

The selection options that you specified while generating the report are printed at the beginning of the report. The contents of the report have been discussed under the following heads:

### Header

The Header carries the title of the report, branch code, branch date, user ID, module name, date and time at which the report was generated and the page number.

### Contents of the report

| Field              | Description                          |
|--------------------|--------------------------------------|
| Contract Reference | The reference number of the contract |
| Counterparty       | The identification of counterparty   |
| Name               | The name of the counterparty         |
| Contract Status    | The status of the contract           |
| Elapsed Days       | The number of days elapsed           |
| Currency           | The currency of the contract         |
| Amount             | The total amount                     |
| Maturity Date      | The maturity date of the contract    |

## 11.6 Contract Event Details Report

This report provides the event details contracts associated with a specific product or all products. To invoke the 'Contract Event Details Report' screen, type 'MCRPEVNT' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

Contract Event Details Report

Event Details \_\_\_\_\_ Date \_\_\_\_\_

Product Code \_\_\_\_\_ From Date YYYY-MM-DD [calendar icon]

All Product Codes To Date YYYY-MM-DD [calendar icon]

Specific Product

Reference Number \_\_\_\_\_

                  From \_\_\_\_\_ [calendar icon]

                  To \_\_\_\_\_ [calendar icon]

Report Format PDF [dropdown]

Report Output View [dropdown]

Printer At Client [dropdown]

Printer \_\_\_\_\_ [calendar icon]

Ok Cancel

Specify the following details.

**Product Code**

Specify whether you want to generate the report for one product or all the products. If you select 'Specific Product', you need to specify the product code in the space provided below. If you select 'All Product Codes', the system will generate the report for all the products.

**From Date**

Specify the start date of the report date range.

**To Date**

Specify the end date of the report date range.

**From (Reference Number)**

Specify the starting reference number in the reference number range to be included in the report.

**To (Reference Number)**

Specify the ending reference number in the reference number range to be included in the report.

Click 'OK' to generate the report.

**11.6.1 Contents of the Report**

The selection options that you specified while generating the report are printed at the beginning of the report. The contents of the report have been discussed under the following heads:

**Header**

The Header carries the title of the report, branch code, branch date, user ID, module name, date and time at which the report was generated and the page number.

### Contents of the report

| Field                 | Description                      |
|-----------------------|----------------------------------|
| Product Code          | The MC product code              |
| Contract Reference    | The contract reference number    |
| Counterparty          | The counterparty identification  |
| Currency              | The currency of the contract     |
| Event Code            | The event code                   |
| Event Description     | The description of the event     |
| Event Sequence Number | The sequence number of the event |
| Event Date            | The date of the event            |
| Item Name             | The name of the item             |
| Item Value            | The value of the item            |

## 11.7 Islamic Money Market Forward Contracts Report

This report provides the details of Islamic money market forward contracts. To invoke the 'Islamic Money Market Forward Contracts Report' screen, type 'MCRPFRWD' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

Specify the following details.

### Product Type

Specify product type for which you want to generate the report. You can select the required product types from the following:

- Placement
- Borrow
- Commitment



**From Date**

Specify the start date of the report date range.

**To Date**

Specify the end date of the report date range.

Click 'OK' to generate the report.

**11.7.1 Contents of the Report**

The selection options that you specified while generating the report are printed at the beginning of the report. The contents of the report have been discussed under the following heads:

**Header**

The Header carries the title of the report, branch code, branch date, user ID, module name, date and time at which the report was generated and the page number.

### Contents of the report

| Field              | Description                                   |
|--------------------|-----------------------------------------------|
| Product Type       | The MC product type                           |
| Contract Reference | The reference number of the contract          |
| Counter Party      | The ID of the counterparty                    |
| Counterparty Name  | The name of the counterparty                  |
| Currency           | The currency in which the amount is displayed |
| Amount             | The amount                                    |
| Euro Equivalent    | The amount in terms of Euro                   |
| Value Date         | The value date of the contract                |
| Notice Days        | The number of notice days                     |
| Maturity Type      | The maturity type                             |
| Maturity Date      | The maturity date                             |
| Profit Details     |                                               |
| Component          | The profit component                          |
| Amount             | The profit amount                             |
| Euro Equivalent    | The profit amount in terms of Euro            |
| Rate               | The profit rate                               |
| Rate Code          | The profit rate code                          |
| Spread             | The spread                                    |
| Waiver             | Indicates if waiver is applicable             |
| Charges            |                                               |
| Component          | The charge component                          |
| Amount             | The charge amount                             |
| Euro Equivalent    | The charge amount in terms of Euro            |
| Waiver             | Indicates in waiver is applicable in charge   |

## 11.8 Islamic Money Market Forward Changes Report

This report provides the details of Islamic money market forward changes. To invoke the 'Islamic Money Market Forward Changes Report' screen, type 'MCRPFWCH' in the field at

the top right corner of the Application tool bar and click the adjoining arrow button.

Islamic Money Market Forward Changes Report

Product Type

Placement  
 Borrow  
 Commitment

Report Period

From Date YYYY-MM-DD

To Date YYYY-MM-DD

Sort Criteria

Transaction Date  
 Reference Number

Report Format PDF

Report Output View

Printer At Client

Printer

Ok Cancel

Specify the following details.

### **Product Type**

Specify product type for which you want to generate the report. You can select the required product types from the following:

- Placement
- Borrow
- Commitment

### **From Date**

Specify the start date of the report date range.

### **To Date**

Specify the end date of the report date range.

### **Sort Criteria**

You can sort the records in the report based on the following:

- Transaction date
- Reference number

Select the appropriate one.

Click 'OK' to generate the report.

## **11.8.1 Contents of the Report**

The selection options that you specified while generating the report are printed at the beginning of the report. The contents of the report have been discussed under the following heads:

### **Header**

The Header carries the title of the report, branch code, branch date, user ID, module name, date and time at which the report was generated and the page number.

### Body of the report

| Field               | Description                                   |
|---------------------|-----------------------------------------------|
| Contract Reference  | The reference number of the contract          |
| Counterparty        | The identification of counterparty            |
| Counterparty Name   | The name of the counterparty                  |
| Maturity Date       | The maturity date of the contract             |
| Value Date          | The value date of the contract                |
| Amount              | The total amount                              |
| Currency            | The currency in which the amount is displayed |
| Transaction Date    | The date of transaction                       |
| Amendment Date      | The date of amendment                         |
| New Maturity Date   | The new maturity date of the contract         |
| Differential Amount | The difference in the amount                  |
| Currency            | The revolving flag                            |
| Component           | The component name                            |
| New Rate            | The new rate applicable                       |
| Old Rate            | This indicates the old rate                   |
| New Rate Code       | The rate code of the new rate                 |
| Old Rate Code       | The rate code of the old rate                 |
| New Spread          | The new spread                                |
| Old Spread          | The details of the old spread                 |
| New Amount          | This is the new amount                        |
| Old Amount          | This indicates the old amount                 |

## 11.9 Maturity Report

This report provides the maturity details of Islamic money market contracts. To invoke the 'Maturity Report' screen, type 'MCRPMATR' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

The screenshot shows a window titled "Maturity Report" with the following fields and options:

- Selection Criteria**
  - Product Type:** Borrowing (dropdown)
  - Value Date:** From Value Date (YYYYMM-DD), To Value Date (YYYYMM-DD) (date pickers)
  - Liquidation Mode:** Manual (dropdown)
  - Product Code:** (text field)
  - Maturity Type:** Call (dropdown)
  - Non Maturity Schedule:** Yes (radio), No (radio)
  - Contract Currency:** (text field)
  - Schedule Date:** From Date (YYYYMM-DD), To Date (YYYYMM-DD) (date pickers)
  - Customer:** (text field)
  - Report Format:** PDF (dropdown)
  - Report Output:** View (dropdown)
  - Printer At:** Client (dropdown)
  - Printer:** (text field)

Buttons: Ok, Cancel

Specify the following details.

### Product Type

Specify product type for which you want to generate the report. You can select the required product types from the following:

- Placement
- Borrowing

### Product Code

Specify product type for which you want to generate the report.

### Contract Currency

Specify the contract currency of the contracts that you need to include in the report.

### Customer

Specify the customer number whose contracts you need to include in the report.

### From Value Date

Specify the start date of the value date range.

### To Value Date

Specify the end date of the value date range.

### Maturity Type

Select the maturity type from the drop-down list.

### From Schedule Date

Specify the start date of the schedule date range.

### To Schedule Date

Specify the end date of the schedule date range.

### Liquidation Mode

Specify the liquidation mode. The system will generate the report based on the liquidation mode maintained.

### Non Maturity Schedule

Specify whether to include non maturity schedule or not.

Click 'OK' to generate the report.

### **11.9.1 Contents of the Report**

The selection options that you specified while generating the report are printed at the beginning of the report. The contents of the report have been discussed under the following heads:

#### **Header**

The Header carries the title of the report, branch code, branch date, user ID, module name, date and time at which the report was generated and the page number.

### Body of the Report

| Field                    | Description                                   |
|--------------------------|-----------------------------------------------|
| Call Contracts           |                                               |
| Customer                 | The ID of the customer                        |
| Contract Reference       | The reference number of the contract          |
| Currency                 | The currency of the contract                  |
| Contract Amount          | The amount of contract                        |
| Euro equivalent          | The amount in Euro                            |
| Outstanding Amount       | The outstanding amount                        |
| Euro equivalent          | The outstanding amount in Euro                |
| Notice Contracts         |                                               |
| Notice Days              | The number of notice days                     |
| Currency                 | The currency                                  |
| Contract Amount          | The contract amount                           |
| Euro Equivalent          | The contract amount in Euro                   |
| Outstanding Amount       | The outstanding amount                        |
| Euro equivalent          | The outstanding amount in Euro                |
| Fixed Maturity Contracts |                                               |
| Due Date                 | The due date                                  |
| Customer                 | The ID of the customer                        |
| Contract Reference       | The reference number of the contract          |
| Maturity Date            | The maturity date of the contract             |
| Component                | The component                                 |
| Currency                 | The currency in which the amount is displayed |
| Due Amount               | The due amount                                |
| Euro Equivalent          | The amount in terms of Euro                   |
| Outstanding Amount       | The outstanding amount                        |
| Euro Equivalent          | The outstanding amount in Euro                |

## 11.10 Overdue Schedules Report

This report provides the schedule overdue details of Islamic money market contracts. To invoke the 'Overdue Schedule Report' screen, type 'MCRPOSCH' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

Specify the following details.

### Product Type

Specify product type for which you want to generate the report. You can select the required product types from the following:

- Placement
- Borrowing

### Product Code

Specify product type for which you want to generate the report.

### Contract Currency

Specify the contract currency of the contracts that you need to include in the report.

### Customer

Specify the customer number whose contracts you need to include in the report.

### From Value Date

Specify the start date of the value date range.

### To Value Date

Specify the end date of the value date range.

### From Schedule Date

Specify the start date of the schedule date range.

### To Schedule Date

Specify the end date of the schedule date range.

Click 'OK' to generate the report.

## 11.10.1 Contents of the Report

The selection options that you specified while generating the report are printed at the beginning of the report. The contents of the report have been discussed under the following heads:



## Header

The Header carries the title of the report, branch code, branch date, user ID, module name, date and time at which the report was generated and the page number.

## Contents of the report

| Field              | Description                                   |
|--------------------|-----------------------------------------------|
| Due Date           | The schedule due date                         |
| Overdue Days       | The number of overdue days                    |
| Customer           | The identification of the customer            |
| Contract Reference | The reference number of the contract          |
| Status             | The status of the contract                    |
| Component          | The component                                 |
| Currency           | The currency in which the mount is displayed  |
| Overdue Amount     | The overdue amount                            |
| Euro Equivalent    | The overdue amount in Euro                    |
| Overdue Summary    |                                               |
| Due Date           | The due date                                  |
| Overdue Days       | The number of overdue days                    |
| Product            | The MC product code                           |
| Status             | The status                                    |
| Comp               | The component                                 |
| Currency           | The currency in which the amount is displayed |
| Overdue Amount     | The amount that is overdue                    |
| Euro Equivalent    | The amount in terms of Euro                   |

## 11.11 Contract Retrieval Report

This report provides the retrieval details of Islamic money market contracts. To invoke the 'Maturity Report' screen, type 'MCRPRETR' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

Specify the following details.

### Product Type

Specify product type for which you want to generate the report. You can select the required product types from the following:

- Placement
- Borrowing

### Product Code

Specify product type for which you want to generate the report.

### Contract Currency

Specify the contract currency of the contracts that you need to include in the report.

### Customer

Specify the customer number whose contracts you need to include in the report.

### From Value Date

Specify the start date of the value date range.

### To Value Date

Specify the end date of the value date range.

### Maturity Type

Select the maturity type from the drop-down list.

### From Maturity Date

Specify the start date of the schedule date range.

### To Maturity Date

Specify the end date of the schedule date range.

### Contract Status

Specify the contract status. The system will generate the report based on the contract status.

**Authorization Status**

Specify the contract authorization status. The system will generate the report based on the authorization status.

Click 'OK' to generate the report.

**11.11.1 Contents of the Report**

The selection options that you specified while generating the report are printed at the beginning of the report. The contents of the report have been discussed under the following heads:

**Header**

The Header carries the title of the report, branch code, branch date, user ID, module name, date and time at which the report was generated and the page number.

## Contents of the report

| Field               | Description                              |
|---------------------|------------------------------------------|
| Product             | The product code of the MC product       |
| Description         | The description of the product           |
| Product Type        | The type of the MC product               |
| Payment Method      | The method of payment                    |
| Contract Reference  | The reference number of the contract     |
| Contract Status     | The status of the contract               |
| Outstanding Amount  | The outstanding amount                   |
| User Reference      | The user reference number                |
| Customer            | The identification of the customer       |
| Related Ref No      | The related reference number             |
| Contract Currency   | The currency of the contract             |
| Contract Amount     | The amount of the contract               |
| Original Start Date | The original contract start date         |
| Booking Date        | The contract booking date                |
| Value Date          | The contract value date                  |
| Maturity Type       | The maturity type of the contract        |
| Maturity Date       | The maturity date of the contract        |
| Notice Days         | The number of notice days                |
| Tenor               | The tenor                                |
| User Defined Status | The user defined status of the contract  |
| Auth Status         | The authorization status of the contract |
| Broker              | The broker identification                |
| Cluster Id          | The cluster identification               |
| Cluster Size        | The size of the cluster                  |
| Credit Line         | The credit line                          |
| Tax Scheme          | The tax scheme applied                   |
| Commitment Type     | The type of commitment                   |
| Schedule Type       | The type of the schedule                 |
| Amortization Type   | The type of amortization                 |
| Liquidation Mode    | The mode of contract liquidation         |

|                  |                                      |
|------------------|--------------------------------------|
| Rollover Allowed | Whether rollover is allowed or not   |
| Rollover Mode    | The mode of rollover, if allowed     |
| Rollover Count   | The count of rollover                |
| Status Control   | Status control                       |
| Template Status  | The status of the template           |
| Component        | The component                        |
| Currency         | The currency                         |
| Rate Type        | The type of rate applied             |
| Code Usage       | The rate code used                   |
| Interest Basis   | The basis of interest                |
| Rate Code        | The rate code                        |
| Current Rate (%) | The current interest rate percentage |
| Current Spread   | The current spread                   |
| Flat Amount      | The flat amount                      |

## 11.12 Rate Revision Report

This report provides the retrieval details of Islamic money market contracts. To invoke the 'Maturity Report' screen, type 'MCRPREVN' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

The screenshot shows the 'Rate Revision Report' application window. The window title is 'Rate Revision Report'. The interface includes the following fields and controls:

- Product Type:** A dropdown menu with 'Borrowing' selected.
- Value Date:** Two date pickers labeled 'From Value Date' and 'To Value Date', both showing 'YYYY-MM-DD'.
- Product Code:** A text input field with a magnifying glass icon.
- Contract Currency:** A text input field with a magnifying glass icon.
- Customer:** A text input field with a magnifying glass icon.
- Maturity Type:** A dropdown menu with 'Call' selected.
- Revision Date:** Two date pickers labeled 'From Date' and 'To Date', both showing 'YYYY-MM-DD'.
- Report Format:** A dropdown menu with 'PDF' selected.
- Report Output:** A dropdown menu with 'View' selected.
- Printer At:** A dropdown menu with 'Client' selected.
- Printer:** A text input field with a magnifying glass icon.
- Buttons:** 'Ok' and 'Cancel' buttons at the bottom right.

Specify the following details.

### Product Type

Specify product type for which you want to generate the report. You can select the required product types from the following:

- Placement

- Borrowing

**Product Code**

Specify product type for which you want to generate the report.

**Contract Currency**

Specify the contract currency of the contracts that you need to include in the report.

**Customer**

Specify the customer number whose contracts you need to include in the report.

**From Revision Date**

Specify the start date of the value date range.

**To Revision Date**

Specify the end date of the value date range.

**Maturity Type**

Select the maturity type from the drop-down list.

**From Maturity Date**

Specify the start date of the schedule date range.

**To Maturity Date**

Specify the end date of the schedule date range.

**Contract Status**

Specify the contract status. The system will generate the report based on the contract status.

**Authorization Status**

Specify the contract authorization status. The system will generate the report based on the authorization status.

Click 'OK' to generate the report.

### **11.12.1 Contents of the Report**

The selection options that you specified while generating the report are printed at the beginning of the report. The contents of the report have been discussed under the following heads:

**Header**

The Header carries the title of the report, branch code, branch date, user ID, module name, date and time at which the report was generated and the page number.

**Contents of the report**

| <b>Field</b>       | <b>Description</b>                   |
|--------------------|--------------------------------------|
| Revision Rate      | The rate of revision                 |
| Rate Code          | The rate code applied                |
| Customer           | The identification of the customer   |
| Contract Reference | The reference number of the contract |
| Currency           | The currency of the contract         |
| Contract Amount    | The total amount of the contract     |
| Component          | The component                        |
| Currency           | The currency                         |
| Current Rate       | The current rate applied             |
| Current Spread     | The current spread                   |

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## 12. Function ID Glossary

### E

EIDMANPE ..... 8-5

### M

MCDTRONL ..... 4-2

MCDCOTRK ..... 4-20

MCDPAMNT ..... 5-20

MCDPRMNT ..... 3-1

MCDREAS ..... 4-26

MCDTRONL ..... 4-2

MCDVAMND ..... 6-1

MCRPACCR ..... 11-1

MCRPBRCF ..... 11-3

MCRPBRDT ..... 11-4

MCRPCALC ..... 11-6

MCRPCPCN ..... 11-8

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MCRPFRWD ..... 11-11

MCRPFWCH ..... 11-13

MCRPMATR ..... 11-15

MCRPOSCH ..... 11-18

MCRPRETR ..... 11-20

MCRPREVN ..... 11-24

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