Core Services
Oracle FLEXCUBE Corporate Lending 12.1.0.0.0
[April] [2016]

Part No. E74823-01

ORACLE
FINANCIAL SERVICES

ORACLE

ORACLE®

Core Services
[April] [2016]
Version 12.1.0.0.0

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

Table of Contents

ORACLE

ORACLE

ORACLE

ORACLE

1. About this Manual

1.1 Introduction

This manual is designed to help you quickly get acquainted with the Core Services module of Oracle FLEXCUBE.

It provides an overview to the module, and provides information on using the Core Services module of Oracle FLEXCUBE.

Besides this User Manual, you can find answers to specific features and procedures in the Online Help, which can be invoked, by choosing 'Help Contents' from the *Help* Menu of the software. 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 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 Organization

This manual is organized into the following chapters:

Chapter 1	*About this Manual* gives information on the intended audience. It also lists the various chapters covered in this User Manual.
Chapter 2	*Bank Parameters* explains the maintenance of various basic details about your bank.
Chapter 3	*Country Code Maintenance* – Explains the maintenance of details of the countries that will be used as part of processing transactions in Oracle FLEXCUBE.
Chapter 4	*Dealer Maintenance* – Explains how you can capture profiles of dealers involved in buying and selling of foreign exchange.

ORACLE

Chapter 5	*Branch Parameters* – In this chapter, the process of creating and maintaining branches of your bank, with all necessary details, is explained.
Chapter 6	*System Dates Maintenance* — Explains how you can maintain system dates for the branches of your bank.
Chapter 7	*Accounts for inter-branch transactions* – Explains how you can maintain internal accounts for branches involved in inter-branch transactions
Chapter 8	*Currency Maintenance -* This chapter explains the process of maintaining currencies in the system, with all necessary static attributes.
Chapter 9	*Maintaining Currency Denominations* – Explains the maintenance of standard currency denominations for each currency.
Chapter 10	*Defining Currency Pairs* – Explains the maintenance of static attributes for currency pairs for which exchange rate quotes are available.
Chapter 11	*Defining Currency Rate Types* – Explains the maintenance of different types of currency rates applicable to the different transaction categories in your bank.
Chapter 12	*Maintaining Exchange Rates for a Currency Pair* – This chapter explains the maintenance of exchange rates used to buy and sell currencies one for another.
Chapter 13	*Handling the Euro* – This chapter explains the additional currency and settlements related information that would need to be maintained to handle the Euro currency.
Chapter 14	*Currency Re-denomination* – Explains the changes that are made to Oracle FLEXCUBE to cater to the final phase of changing over from usage of IN currencies to Euro.
Chapter 15	*Maintaining Period Codes* – This chapter explains the maintenance of financial periods into which each financial cycle is to be divided.
Chapter 16	*Maintaining Status Codes* – Explains the maintenance of codes that you can assign to the different statuses that a contract or a customer account can attain.
Chapter 17	Transaction Code Maintenance - *Explains the maintenance of codes that you can use to represent different types of transactions.*
Chapter 18	*Accounts Revaluation Maintenance* – Explains the maintenance of parameters for account revaluation.
Chapter 19	*Maintaining Branch Holidays* – Explains the maintenance of the holiday calendar for the different branches of your bank.
Chapter 20	*Maintaining Currency Holidays -* Explains the maintenance of the holiday calendar for the different currencies in which your bank transacts.
Chapter 21	*Maintaining Clearing Holidays -* Explains the maintenance of the holiday calendar for the different clearing houses with which your bank transacts.

ORACLE

Chapter 22	*Anti-Money Laundering Reporting* – Explains the process of guarding against money laundering, which is a facility provided by Oracle FLEXCUBE.
Chapter 23	*Generic Limits Maintenance* – This chapter explains the facility in Oracle FLEXCUBE that helps you track risk that your bank is exposed to for the asset type, broker, counterparty, and issuer and customer MIS class categories.
Chapter 24	*SWIFT Related Maintenance* – This chapter discussed the SWIFT Related Maintenance that needs to be done in Oracle FLEXCUBE.
Chapter 25	*Hold Release Criteria* – This chapter describes the Hold or Release messages based on certain criteria.
Chapter 26	*Maintenance of Account Statement Fields* – This chapter discusses the options available for maintaining customer account statement fields for different modules.
Chapter 27	*Maintaining Confirmation Matching details* – This chapter gives an option to match an incoming confirmation message with an outgoing message.

1.4 Related documents

- The Procedures User Manual
- The Settlements User Manual

ORACLE

2.   Bank Parameters

2.1   Defining Bank Level parameters

In the 'Bank wide Parameters' screen, you maintain certain basic information such as the name of your bank, head office, account number structure, local currency and so on.

The parameters maintained in this screen are applicable across your bank. For instance, the account number structure defined here will be a common format for customer accounts in all branches of your bank.
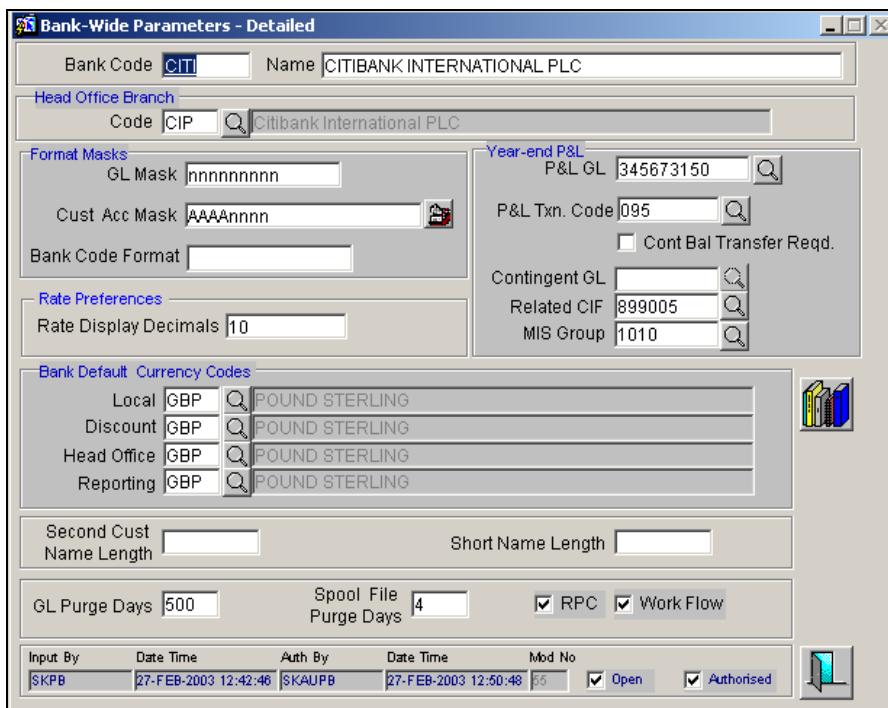
In this table you maintain the following parameters for your bank:

- A code which is used to identify your bank.

- A code, which identifies your HO (selected from the list of branch codes maintained in the 'Branch Parameters table').

- The account number structure for the General Ledger Accounts and the Customer Accounts.

- The year-end profit and loss GL account.

- The transaction Code for posting income and expense accounting entries into the year-end GL.

- The local currency

ORACLE®

- The discount currency in which discount rates are maintained.

- The head office currency.

- Reporting currency.

- Inter-branch accounting scheme to be followed.

- Whether exchange rates are to be maintained at the bank level or for each branch.

- Whether GL has to be updated online or at End Of Day (EOD).

2.1.1 Specifying Bank Details

Identifying your bank

In Oracle FLEXCUBE a bank is identified by a unique four-character code. You can follow your own convention in devising this code. In all inter-bank transactions this code identifies your bank.

You can also specify the detailed name of the bank. This name will always be displayed whenever the bank code is used.

2.1.2 Specifying Details of the Head Office Branch

Now that you have indicated a code to identify your bank, you should specify details of the head office of your bank.

To recall, you have already maintained a list of the branches of your bank. From this list of branches, designate one as your Head Office. The description of the branch designated as Head Office is displayed.

2.1.3 Defining Format Masks

A format mask is a structure that you can you can define for various elements that need to be entered in Oracle FLEXCUBE. You can define format masks for the following elements:

- General Ledgers.

- Customer Identification (CIF) codes

- Customer Accounts numbers.

Once defined, you can modify the structure of a format mask only if no Customer or General Ledger Account or CIF Number has been opened using the mask.

ORACLE®

2.1.3.1 Setting the Account generation parameters at the bank level

Account numbers in your bank are generated in the format of the account mask that you specify through the Account Parameters sub-screen of the Bank-wide Parameters screen. Click [icon] button in the 'Bank-wide Parameters' screen to view the 'Account Parameter' screen.

The screen is as below:
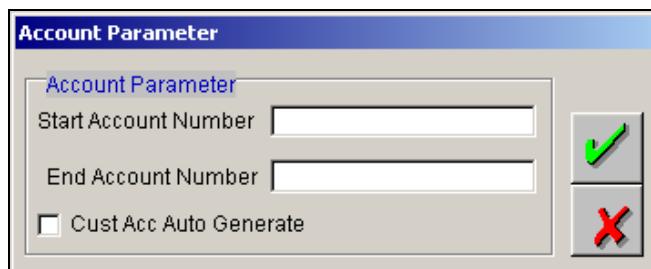
The start account number forms the basis on which customer accounts numbers are generated. Just as you specify a Start Account Number you have to indicate the End Account Number. You will not be allowed to maintain account numbers beyond the End Account Number.

You can choose to auto-generate customer account numbers instead of maintaining them manually only if you have maintained a pure numeric type of customer account mask. Check this box to indicate that Customer Account Numbers should be generated automatically by the system.

If you have indicated that customer account numbers are to be auto generated, the system will sequentially assign account numbers based on the Start Account number. This process will continue till the system reaches the End account number.

You will have to assign account numbers manually if you have indicated that account numbers have to be captured manually.

Let us assume that you have maintained the following details in the Account Parameters screen at your bank:

- Customer Account Mask nnnnn
- Start Account Number   1
- End Account Number   50000
- Cust Acc Auto Generate Yes

While generating a new account number the system automatically generates 00001 corresponding to nnnnn. The next account will be – 00002.

Since you have indicated that account number generation should stop at 50000, the last account number that is generated will be 50000.

ORACLE

🛑 Since account level parameters are defined at the bank-level, by default these parameters will be defaulted to all the branches of your bank. However, individual branches of your bank will be allowed to change these specifications.

2.1.3.2 <u>Defining a Customer Account Mask</u>

Account numbers can either be generated automatically or you can choose to allocate them manually. In Oracle FLEXCUBE you have the option of maintaining three types of account masks. They are as follows:

- Alphanumeric – this type of an account mask is a combination of alphabets and numbers where you can build the mask with components such as the Branch Code, the Account Class, the Currency Code, a check digit, etc

- Numeric - is a numeric type of account mask where the checksum algorithm associated with the account mask is either Modulo 11 or Modulo 97.

- Pure Numeric – is a numeric type of account mask, which does not have a checksum algorithm, associated with it. If you are maintaining a pure numeric mask you have to identify the start and end account number which is to be associated with it.

Defining an Alphanumeric customer account masks

The alphanumeric customer account mask can have a maximum of twenty alphanumeric characters. It can comprise of one or more of the following elements in combination:

- **Account Class —** Use "ACLASS" to indicate that the account class to which the account belongs should be part of the mask.

- **CIF Number —** You can incorporate the nine character CIF code assigned to the customer into the mask. To do so indicate "CIF Number" in the mask.

- **Currency** — To add the currency of the customer account, use "CCY".

- **To indicate an alphabet or number** — Each element used to define the mask would represent a single character. To represent an alphabet of the English language, indicate "a". To represent a number, indicate "n".

- **Punctuation Marks** — When defining the customer account mask you have the option of separating the elements. To do this, you may use the following punctuation marks:
    - Dash (-)
    - Comma (,)
    - Asterisk (*)
    - Full stop (.)
    - Forward slash (/)

For Check Digit - The last character in the customer account mask should always be a 'D' or 'd'. This indicates the check digit, which is generated by the system.

When specified in the mask, the check digit component is generated using either of the following methods:

- Modulo 11

ORACLE®

> ➤ Modulo 97

If you choose Modulo 97, all components of the account mask (for example, the Branch Code, the Account Class, the CIF ID, etc.) should be *numeric*. For example, if you enter 'bbb' in the account mask field (indicating that the branch code should be part of the account number), and choose the Modulo 97 option, ensure that the branch code is a numeric value, such as '000', '123', etc.

🛑 The maximum length of twenty characters for the customer account mask is inclusive of the check digit.

All customer accounts that are entered in any branch of your bank will compulsorily have to conform to the mask.

Example

You want the following elements to be part of the customer account mask:

The currency of the account

The nature of the account (savings, current etc.) and

The Customer Id

Given the above criteria the customer account mask would be:

ACLASSCCYCIFNUMBERn'D'

This corresponds to:

LLLLL$$$CCCCCCCND

All customer accounts entered in any branch of your bank would now comprise of these elements, in the order defined in the mask.

A customer with CIF number 10005 has opened his first USD savings account with your bank, and the Account class for savings accounts is INDSB. His account number would read:

INDSB-USD-10005-01'D'

Similarly, the second GBP current account of a corporate customer with CIF Number 20005, would read

CUCOR-GBP-20005-02'D'

'CUCOR' being the account class representing current accounts of corporate customers.

ORACLE®

2.1.4 Maintaining a GL Mask

You can indicate a mask for the general ledgers that are maintained for your bank. The mask that you define here will be enforced whenever a General Ledger is created through the 'Chart of Accounts' screen.

GL Mask Components

A GL mask can consist of a maximum of nine alphanumeric characters. It can be built using a combination of numbers and letters to indicate for instance, the category of the GL - asset, liability etc, the GLs hierarchical position and so on.

Each element used to define the mask would represent a single character. To represent an alphabet of the English language, indicate "a". To represent a number, indicate "n". The last character would be a D or d, which indicates a check digit generated by the system. For a numeric check digit define it as'd'; for an alphanumeric check digit define it as 'D'.

You may use any of the following punctuation in the GL mask:

Dash (-); Comma (,); Asterisk (*); Full Stop (.); Forward slash (/)

Example

You wish to create a two level GL structure for your bank. You could define the first two characters of the GL to represent the category asset, liability etc., aa; the next two characters, nn, to represent the first level GL; and the next three characters, nnn, to represent the second level GL. A GL based on the given structure would read as AS01001 where AS represents the GL category - asset; 01 represents the first level GL; 001 represents the second level GL.

For creating this structure you would define your GL mask as - aannnnn'd/D'.

If you want to define your second level GL with a 4 digit numeric code instead of 3; other parameters remaining the same your mask would read as aannnnnn 'd'/ 'D'.

2.1.5 Specifying the number of decimal digits for interest and refinance rates

In the Rate Preferences section, you can indicate the maximum numbers of digits that can be entered to the right of the decimal point when interest or refinance rates are specified, at any branch of the bank.

You can specify up to 10 decimal digits, or less. For interest or refinance rates, the maximum number of digits that can be specified, inclusive of both whole number and fractional parts, apart from the decimal point, is 11.

If the number of decimal places specified for an interest or refinance rate is less than the allowed number of decimal places maintained in the Bank Parameters, the remaining decimal places are populated with zeros (right-padding) and displayed.

ORACLE®

Example

The number of decimals designated in the Bank-Wide Parameters is 8. If the interest rate specified is 11.2, the System displays the rate as 11.20000000. If the rate specified is 3.9874, the rate displayed would be 3.89740000.

2.1.6 Identifying the Year-end Profit and Loss GL

At the end of any financial year the balances in the income and expense accounts are posted by Oracle FLEXCUBE into a separate year-end account for the purpose of consolidation of balances and turnovers. This account is called the Year End profit and loss General Ledger Account.

You also specify year-end profit and loss GL for each GL account you maintain in the 'Chart of Accounts' screen. The year-end account specified at the bank level is the default year end profit and loss GL for all GL accounts maintained in the 'Chart of Accounts - GL' screen. If you do not specify the account to which year end balances of a particular GL should be posted, it is posted to the bank's year-end profit and loss account.

You can select a GL code from the option list of all income and expense GLs maintained through the 'Chart of Accounts' screen.

Associating a Transaction Code with the P and L GL

Indicate the transaction code that should be used to post the balances in the income and expense accounts to the year-end GL account.

You can select a transaction code from the list of transaction codes maintained in the 'Transaction Code Maintenance' screen.

Specifying a Customer and MIS Group for posting year-end Profit and Loss

The MIS Group and Related CIF fields allow you to capture details for categorizing the year-end revaluation profit / loss.

Refer to the section on maintaining Branch Parameters in this manual for more details on posting Revaluation profit / loss.

2.1.7 Indicating Bank Currency preferences

You can indicate currency preferences for your bank. You can specify preferences to indicate the default currencies for the following purposes:

- **Local** — The currency that you indicate as the local currency will be taken as the local currency for all branches of your bank and the default currency for all transactions input into Oracle FLEXCUBE. The income and expense balances of your bank will also be maintained in this currency.

- **Discount** — If the discount rate for a particular currency is not maintained the discount rate of the specified discount currency will be picked up for discounting profits on forward foreign exchange contracts.

- **Head Office** — The default currency for the Head Office.

ORACLE®

- **Reporting** — The default currency in which all financial reporting should be done.

You will not have an option to modify the default currencies that you specify after the Bank Parameters record has been stored and authorized.

2.1.8 Defining bank-wide Preferences

Oracle FLEXCUBE supports a four-tier structural hierarchy of branches.
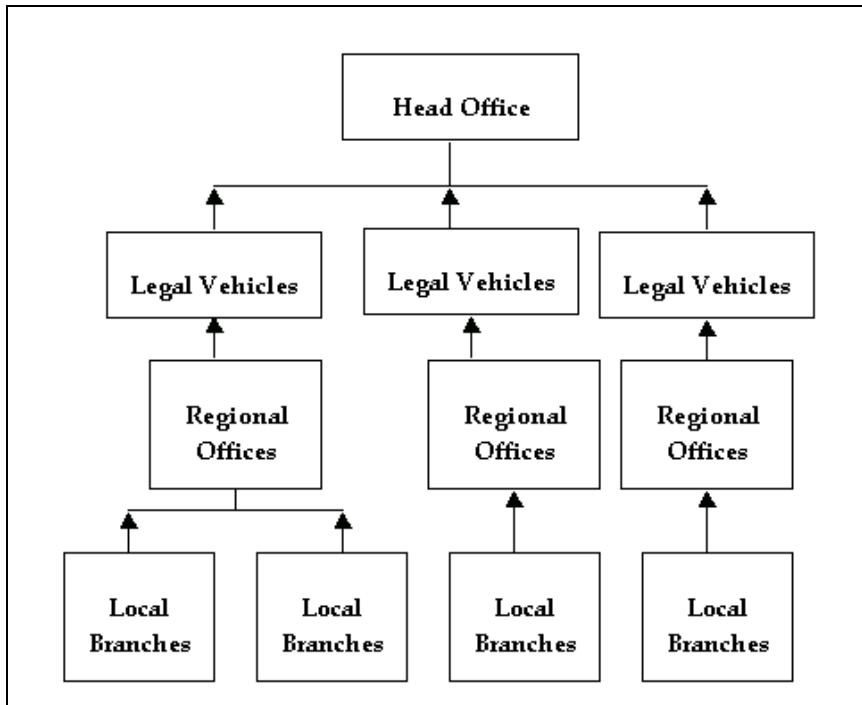
In the 'Bank-Wide Preferences' screen, you specify the following:

- The route of interbranch accounting — through HO, through RO or directly between branches.

- Exchange rate preferences — to be maintained for the bank as a whole or at each branch.

- Preference relating to update of GL balances — on-line or at the End of day.

- Preference relating to Position Accounting.

- Interface details, which include the specification of a short name for the Free Format text given through the Journal Entry screen. You can also indicate the maximum length for the text.

- Preference relating to MIS refinancing.

- The GL into which rounding errors are to be posted while converting branch GL balances into the currency of the legal vehicle.

ORACLE

Click on the ▦ button to invoke the 'Bank Preferences' screen.
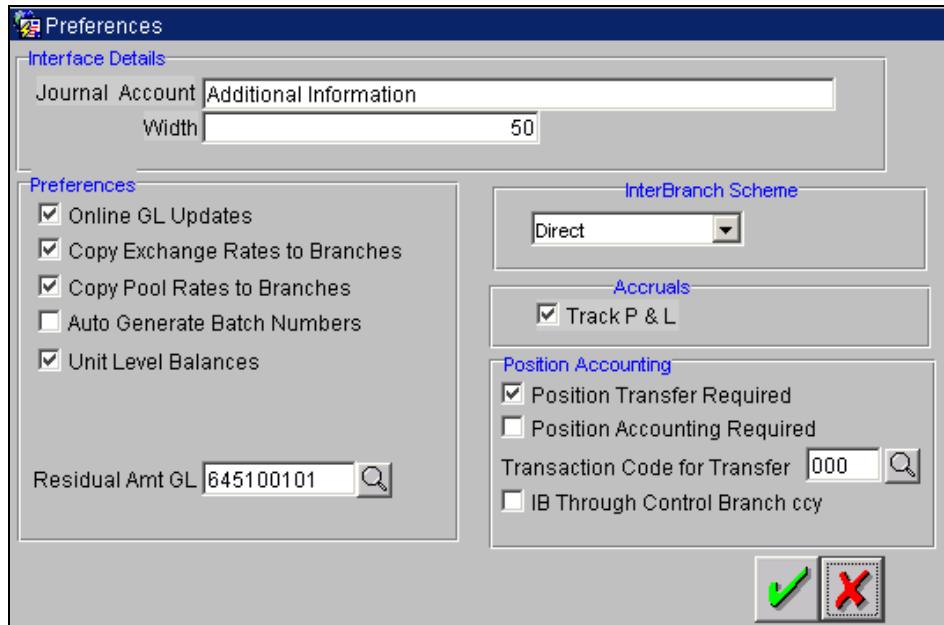
Inter-branch Accounting Scheme (Default Value-'Through HO')

Here you specify how accounting entries are to be routed for inter-branch transactions. This route can be one of the following:

- If you specify **'Through HO'** the accounting entries would be routed through the Head Office.

- If you specify **'Through RO'** the accounting entries would be routed through the regional office. If two branches involved in a transaction do not report to a common regional office, the accounting entry would be routed through the HO.

- If you specify **'Direct'**, each branch would have a direct accounting relationship with every other branch.

Highlight the desired option and click on **OK** to select. The receivable and payable accounts between the branches referred to as **due from** and **due to accounts,** are maintained in the **'Inter-branch parameters 'table**

Example

Suppose the University Savings Bank has the following set up for its head office and branches in Headington, Oxford:

- Roosevelt Avenue Branch, which is also the HO with branch code 000, defined in the 'Branch Parameters' table

- Foxlake Drive Branch (Branch Code 001)

- Mountainwood Road branch (Branch Code 002)

ORACLE

Suppose Ms. Tanya Agnihotri has an account in Branch 002. If she goes to Branch 001 to make cash withdrawal, an inter-branch transaction takes place. Thus Branch 001 will have to recover the money from Branch 002. If the 'preference' specified is 'Through HO' then this inter-branch transaction will be routed through the HO.

In this example the following movement of funds is involved:

- At Branch 001, the cash account is credited for the amount of the transaction and due from head Office account debited.

- At Branch 000, the due from Branch 002 is debited and the due to Branch 001 is credited.

- At Branch 002, the Customer Account is debited and the due to Head Office account credited.

Exchange Rates

Exchange rates are maintained for a currency pair and are used to calculate the equivalent of one currency over the other. These rates are maintained in Oracle FLEXCUBE in the Core Services Module.

You have the option of maintaining exchange rates in the respective branches, or these rates can be maintained from the Head Office for the bank as a whole. To propagate exchange rates from the Head Office to branches, check the Copy Exchange Rates to Branches option.

GL Update On-line

The update of GL balances can take place either on-line or during End of Day. For an on-line update check the field.

Preferences relating to Position Accounting

You can retrieve the position of a foreign currency, any time, by opting for *'Position Accounting'* in your bank. When you opt for position accounting, you maintain a Position GL and a Position Equivalent GL for *every* foreign currency maintained in your bank. The Position GL reflects the current position of the currency.

If you opt for position accounting while defining Bank-Wide Parameters, you *have to* maintain Position GLs and Position Equivalent GLs for every foreign currency that your bank deals in.

When maintaining the GLs in your bank, you can opt to link the different currencies, associated with the GL to:

- The Position GLs that you have specified for the currency (Your specifications in the 'Currency Definition – Detailed' screen will default here), or

- Position GLs of your choice.

Indicating whether Position Transfer is required

For regulatory reasons, some of the branches are not allowed to take foreign currency positions. Hence, it is required to reverse foreign currency positions in such non-control branches and pass the positions to control branches (which are allowed to take foreign currency positions). If you wish to have such position transferring, select the 'Position Transfer Required' option.

If you opt for position transfer, you have to select the transaction code to be used for such transfers as a mandatory requirement. The entries will be tracked against the selected code.

🛑 You cannot select both 'Position Accounting' and 'Position Transfer' options for the bank. However, you are allowed to disable both the options, if required.

Tracing Original FCY Entries

Oracle FLEXCUBE allows you to trace the original FCY entries, in case the source currency transaction happens to be in foreign currency. To ensure this, you must enable the 'Tracing of original FCY entries' option. If you have enabled this option, the transaction code to be used for such tracing entries should also be maintained as mandatory information.

If you have selected this option, the system passes additional accounting entries to trace all FCY transactions in the bank using the transaction code maintained as above.

Indicating whether Daily Refinancing is required

As part of setting up the bank level preferences you can indicate whether MIS refinancing processing is required on a daily basis for the particular branch of your bank.

If you indicate that MIS refinancing should be done on a daily basis, refinance processing will be done on a daily basis for the following modules:

- Loans and Deposits
- Money Market
- Bills and Collections
- Securities
- Securities Repos
- Customer Accounts

🛑 You can indicate the rate type that is to be used for LD, MM, BC, SR and Customer Accounts while processing contracts specific to the respective module.

Specifying maintenance of unit level balances

If you have enabled the Unit Level balances option, balances of GL types 'Contract' and 'Others' will be stored at the Contract or MIS-MAP level. Otherwise, the GL balances will be stored as Normal GLs irrespective of the GL type maintained in the 'Chart of Accounts Maintenance' screen.

Unit level balance option facilitates the revaluation of balances at the contract or Customer MIS-MAP (Unit level instead of GL level Revaluation).

ORACLE

However, such unit-level storage of balances will happen for an individual branch only if this feature is enabled for that branch too.

This option must be checked to enable Refinance Pool Calculation. For more details on Refinance Pool Calculation, please refer the MIS user manual.

Specifying the Residual Amount GL

You may wish to consolidate GL reports across branches and regional offices at the level of the legal vehicle. The branches, whose GL balances are to be consolidated at the legal vehicle level, may have different local currencies. At the time of consolidation, the system will convert these local currency balances into the currency of the legal vehicle. Such conversions may lead to rounding errors, which will be posted into the Residual Amount GL that you specify here.

Maintenance of Legal Vehicles is explained later in this chapter.

Tracking profit and loss history

When a status change or a reversal of accrual occurs due to a schedule being liquidated on a loan issued by the bank, the system recalculates the income and expense for the previous calendar year, current year and the current month. In each case, any outstanding accruals are passed into the corresponding GLs'.

You can indicate, for your bank, that profit and loss must be tracked during status movement of loan contracts. You indicate this by selecting the Track Profit and Loss History box, in the Accruals section of this screen.

In addition to this, you must also maintain the GL's into which the income and expense entries will be passed for the previous and current year. You maintain these GL's in the Profit and Loss History section of the Chart of Accounts screen. The income and expense will be computed by the system each time a schedule is liquidated for each loan contract, which results in a status movement.

The tracking of accruals will only be done for those schedules, the liquidation of which results in a status movement from Normal to Past Due or one Past Due status to another. Such tracking is not done for normal accruals.

Indicating whether the Auto Generation of batch numbers is required

Each time you post journal and multi offset entries, you need to open a batch. As a bank-level preference you can specify that the batch numbers of the journal entry batches opened in your bank should be generated automatically by enabling the Auto Batch option. Consequently, the system automatically generates batch numbers while posting journal and multi offset entries. At the end of the day the batch number is reset to 000 or 001.

ORACLE

2.1.9 Maintaining clearing zone details

As part of the bank parameters, you can capture clearing zones that will be used for check processing. The clearing zone can be maintained in the 'Clearing Zone Maintenance' screen under 'Bank Parameters' in the Application Browser.
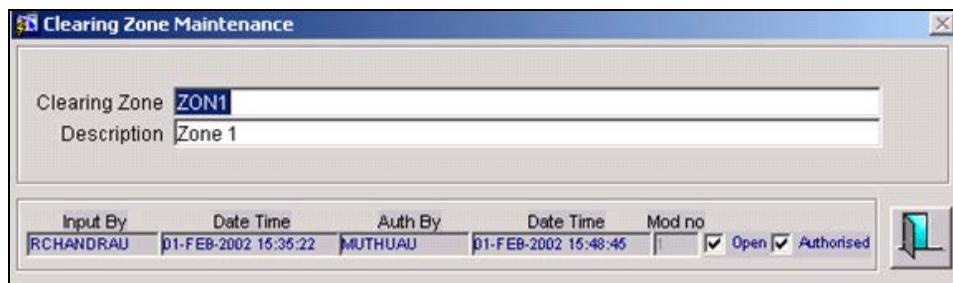
In this screen, you can capture a unique identification code for each clearing zone applicable. A brief description for the zone can also be provided to indicate any specific detail of the zone, if any.

At the time of processing a check, you can choose the clearing zone from the option list which displays all the clearing zone codes you have maintained here.

2.1.10 Maintaining division codes for the bank

In the 'Division Code Maintenance - Detail' screen, you can maintain details of the division code for your bank. Access this screen by clicking on 'Division Maintenance' under 'Bank Parameters' from the Application Browser.
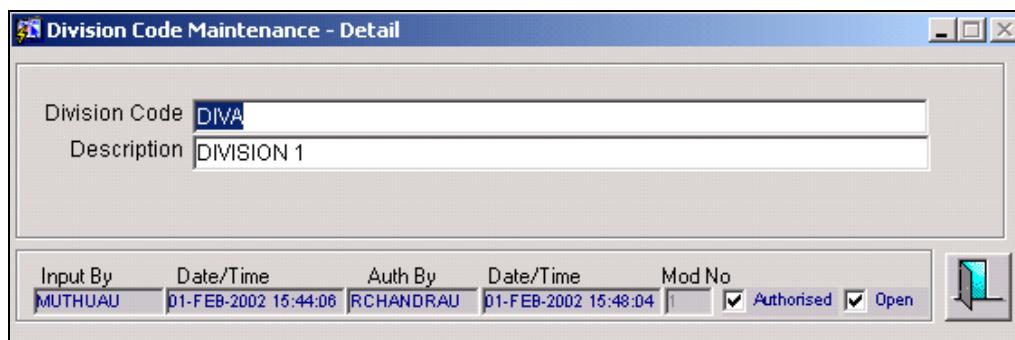
You have to capture division code for your bank along with a brief description for the division. The code you maintain here is a unique number which identifies the division in the system and you can provide a brief description about the division being defined.

ORACLE

2.1.11 Maintaining clearing types

You will have to capture the various clearing types through the 'Clearing Type Maintenance - Detail' screen. You can access this screen under 'Bank Parameters' from the Application Browser.

Apart from capturing a short name to identify the clearing type, you will have to qualify it with a short description as well. For instance, if you are maintaining a clearing type called 'MICR', you can assign **Automated clearing** as the clearing type description.

Though the Clearing Types are maintained at the bank level, the details of all clearing type records will be made available across all the branches of your bank.

2.1.12 Maintaining the clearing division GL details

You can maintain details of the division entry GL in the 'Clearing Division GL Maintenance' screen available under 'Bank Parameters' in the Application Browser.
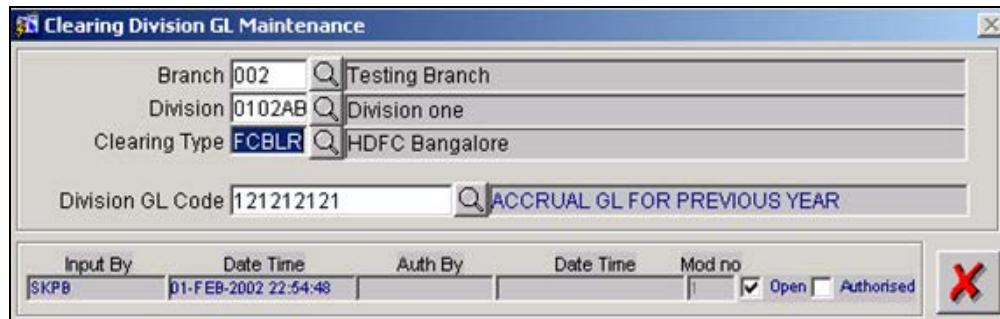
Through this screen you can maintain a GL code for each Branch, Division and Clearing Type combination. For this you need to specify the following details:

Branch

This is the branch code for which you are maintaining the clearing division GL code. Choose the branch code from the option list which displays all the valid branches of your bank.

ORACLE

Division

All the valid division codes that you maintain in the system through the 'Division Code Maintenance' screen will be displayed in the option list provided. Select the appropriate division from the list. Once you select the division, the description maintained for the division will be displayed in the adjacent field.

Clearing Type

This is the clearing type for which you wish to maintain a division GL code. To specify, click on the option list to display all the valid clearing type maintained in the system through the 'Clearing Type Maintenance – Detail'. Choose the appropriate clearing type from the list.

Division GL Code

For each Branch, Division and Clearing Type combination, you can specify a division GL code. Choose the GL code from the option list and the system will display the description maintained for the GL code in the adjacent field.

2.1.13 Indicating preferences for clearing type

You must specify the preferences for the clearing types maintained in the system. You can use the 'Clearing Type Maintenance' screen for this. Invoke this screen from the 'Bank Parameters' menu in the Application Browser.
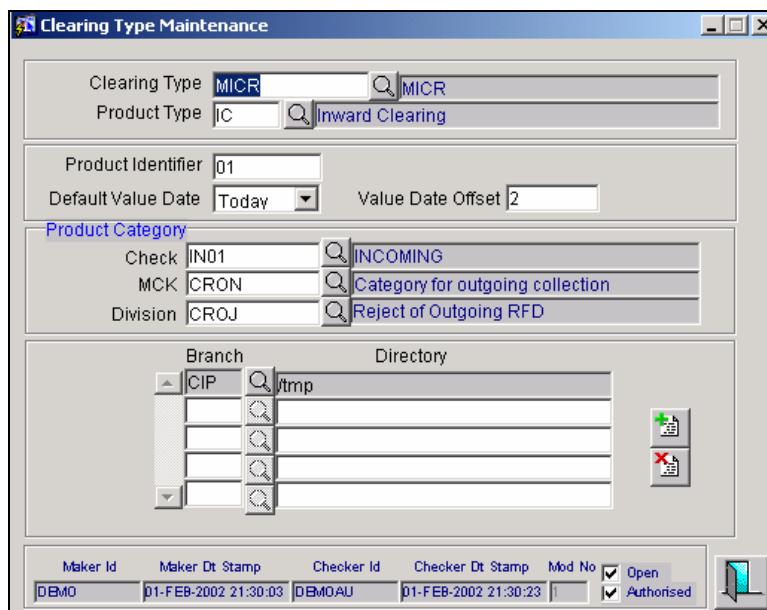
Through this screen you can define the following preferences for a clearing type:

Specifying the clearing type

Choose the clearing type for which you want to maintain the preferences, from the option list provide. The clearing type together with a brief description that you specified for the clearing type in the 'Clearing Type Maintenance' screen will be displayed.

Indicating the product type

You can indicate the type of product that the clearing type can be associated with. From the option list you can choose any of the following:

- **Outward Clearing** – this indicates that the credit instruction is sent to the remitter's bank.

- **Inward Clearing** – this indicates that the debit instruction is received from the beneficiary's bank.

- **Reject of Outward Clearing** – this indicates that a failure notice is received from remitter's bank.

- **Reject of Incoming Clearing** – this indicates that a failure notice is to be sent to the beneficiary's bank.

Specifying the product identifier

In this field you need to specify a unique indicator for the file name. This value will be used to derive the clearing type from the file name.

Indicating the default value date

For each clearing type, you can specify the default booking date for the transactions in the file.

The date you enter can be any one of the following:

- Today or

- Next Working Day

Identifying the offset value date

Enter the number of days for the offset. The number of days you specify here will be added to the booking date and the new date is determined for processing the transaction.

2.1.13.1 <u>Indicating the product category details</u>

Check

For a simple check instrument, you can indicate the product category that will be used in the PC transaction. The option list for Product Category will display only those categories for which the Collection Type is defined as 'Check Clearing'.

MCK

Likewise, for a manager's check instrument, you can indicate the product category that will be used in the PC transaction. The option list for Product Category will display only those category codes for which the Collection Type is defined as 'Check Clearing'.

Division

For a division entry, you can indicate the product category that will be used in the PC transaction. The option list for the Product category will display only those product categories for which the Collection Type is defined as 'Check Clearing'.

ORACLE®

2.1.13.2   Specifying the file format details

For each branch, you can maintain details regarding the file name format and the directory in which the file is stored. For this you need to capture the following:

Branch Code

Select the branch for which the file format details are to be maintained. All the valid branch codes will be available for selection in the given option list.

Directory

Here, you need to specify the path/directory into which the file maintained for the selected clearing type is stored and picked up from.

2.1.14 Maintaining Miscellaneous Bank Parameters

For specifying the BIC for CLS BIC comparison, you have to maintain a value in the Parameter Value for the CLS Bank. The BIC value will then get defaulted based on the value maintained for this string.
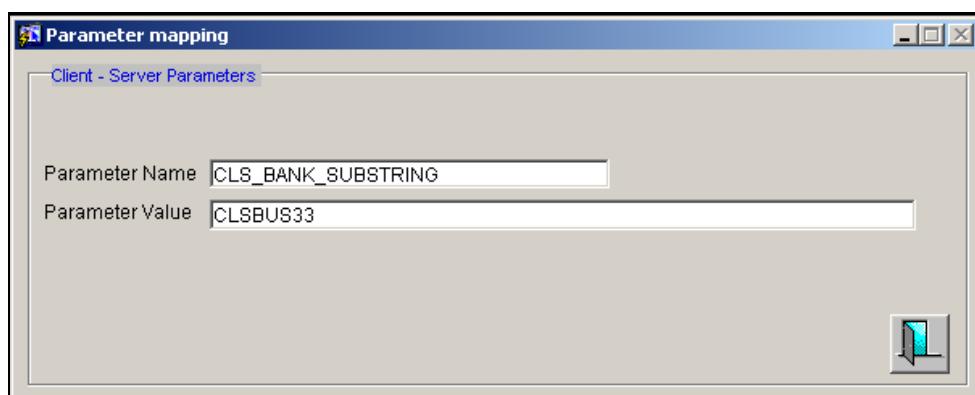
2.1.15 Maintaining Parameter to Display Outgoing Intellect Messages

Based on the value maintained for the parameter 'INCLUDE_ALL_BR' in the 'Parameter Mapping' screen, system displays the outgoing intellect messages for all branches in intellect handoff browser in order to view the handoff status

ORACLE

If the parameter 'INCLUDE_ALL_BR' is maintained as 'Y' for the branch, then system displays the outgoing intellect messages for all branches in Intellect handoff browser in order to view handoff status. If the parameter 'INCLUDE_ALL_BR' is maintained as 'N' for the branch, then system displays outgoing intellect messages for current branch in Intellect handoff browser.

Once the message is populated in Intellect browser, it is handed off to intellect and system receives an acknowledgement message.

2.1.16 Maintaining Parameter for Unique Customer Base Number in Incoming and Outgoing Feeds

Based on the value maintained for the parameter 'PREFIX_BR_CUSTOMER' in the 'Parameter Mapping' screen, you can obtain unique Customer Base Numbers for incoming and outgoing feeds.
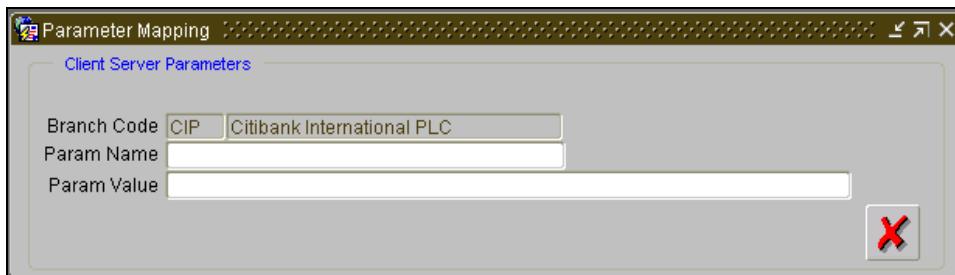
If the parameter 'PREFIX_BR_CUSTOMER' is maintained as 'Y' for the branch, then system does the following:

- For Incoming feeds, system will prefix the branch code to the customer base number

- For Outgoing feeds, system will delete the prefixed branch code from customer base number

If the parameter 'PREFIX_BR_CUSTOMER' is maintained as 'N' for the branch, then system will not prefix or delete the branch code with the customer base number.

2.1.17 Maintaining Nominal Based Yield Computation

Using the CS parameter mapping screen, you can specify whether the yield computation for securities should be based on Nominal Cash Flows. Maintain the parameter COMMON_YLD_ACCR with a parameter value of Y.

ORACLE
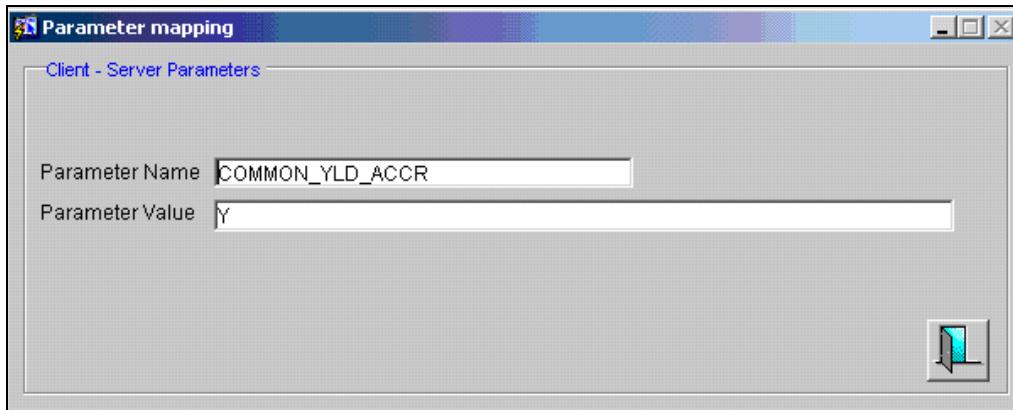
Once this parameter is maintained as Y, the system will compute the yield for Bonds using Nominal based cash flows and NPV. Subsequently, the system triggers the Yield accrual event YACR. The value passed for the event YACR is inclusive of the discount/premium accrual for the deal and the events ACRD and ACRP will not be passed separately.

To compute yield using nominal based cash flows, the following validations are performed in the system:

- Coupon Rate Revision –the system does not allow a coupon rate revision prior to an existing IRR effective date. The IRR record can be a result of a sell deal or an earlier coupon rate change.

- Buy Deal – In case the Security is a Bond and you have specified the bank parameter 'COMMON_YLD_ACCR' then

  ➢ The initial cash flow for yield computation is taken from the net considerations of the deal.

  ➢ Yield is computed based on actual cash flows instead of the face value.

- Securities Batch -

  ➢ *Coupon rate revision* – the system triggers the IRR re-computation prior to ALPL processing. As a result of the revision, the 'CRVN' event for the deal is passed based on the new coupon rate.

  ➢ *Sell deal* – the system triggers an IRR effective on the sale date during processing of a sell deal. In this case the Yield value does not change but the cash flows are recomputed based on the current outstanding amount. Yield is recomputed only if the sell deal is back dated and a rate change has happened subsequent to the DSTL date of the sale deal.

  ➢ *Reversal of Sell Deal –* in case of reversal of a sell deal, the IRR record as of the DSTL date of the sale deal is deleted and an IRR record is created as of the latest IRR re-computation date prior to the reversed sell deal.

ORACLE

2.1.18 Account Number Usage Rule – MT 300/320/330

If the CSTB_PARAM, NEW_SETTLEMENT_FOR_CAT3 value is set to 'Y', then the account number in field 58 will reflect the account line (BIC Code) of field 57. Similarly account number of field 57 is reflected in the account line 56, if the account lines of 57 and 56 do not have sort codes.

Payable by party B(Receive Side)	Payable by party A (Pay side)
:53a:Correspondent of Party B	:53a:Correspondent of Party A
:56a: /account with institution account line Intermediary BIC/name and address	:56a: /account with institution account line Intermediary BIC/name and address
:57a: /Beneficiary account line Account with institution BIC/name and address	:57a: /Beneficiary account line account with institution BIC/name and address

In the receive side, the Beneficiary obtains the following value:

- External account no of the Nostro
- Branch BIC

If the CSTB_PARAM value is set to 'N', then the account number specified in 57 and 58 do not get serviced.

Note the following:

- Flipping of account numbers (58-57 and 57-56) is visible only in the MT 300 series messages. Payment messages do not undergo any change.
- Change relevant to both old and new mode of settlement.

2.1.19 Specifying parameters for customer identification

You can specify the parameters according to which the system must verify whether a customer number belongs to a customer, during the process of generation of payment messages such as MT 103 / 202, in respect of Foreign Exchange (FX) or Money Market (MM) contracts.

You can maintain these parameters in the 'Parameter Mapping' screen. You can set the following parameters:

- Short name of the party
- Whether special processing of the customer account number is to be used for message generation
- Whether confirmation type would get defaulted at the contract level if a CLS eligible deal was received

ORACLE

- Whether confirmation type would get defaulted at the contract level if a Casual Netting (parent) Deal was received

For each of the parameters, you can maintain values according to which the system will validate the purpose of identifying a customer, during message generation.

For the short name parameter, you can maintain the different values (short names) for the parties. If the short name of the party is validated as one of the values maintained for the short name parameter in the system, then the party is identified as a customer.
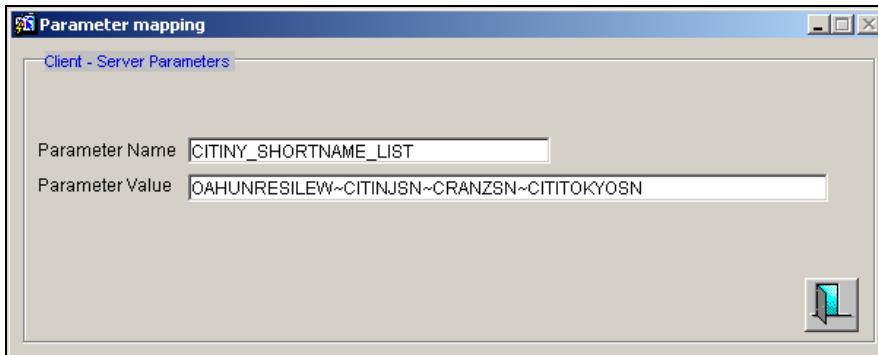
For the processing of customer account number parameter, you can indicate whether processing of the customer account number is required to be used for message generation.
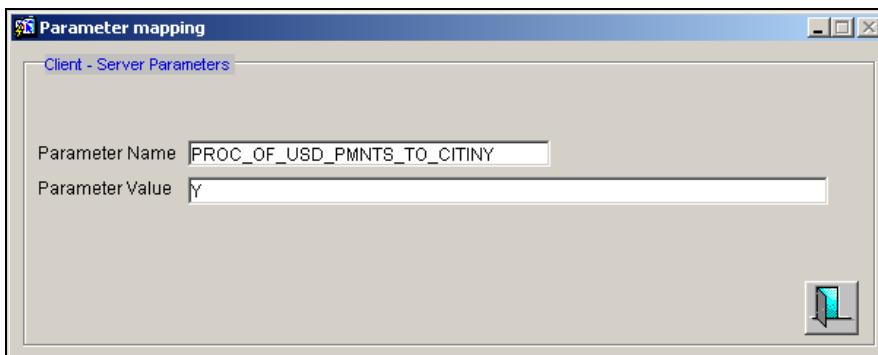
For confirmation type to get defaulted at the contract level if a CLS eligible deal is received, maintain a value in the Parameter Values field for the parameter CLS Confirmation Type. The Confirmation Type would then get defaulted based on the value maintained for this string.

ORACLE
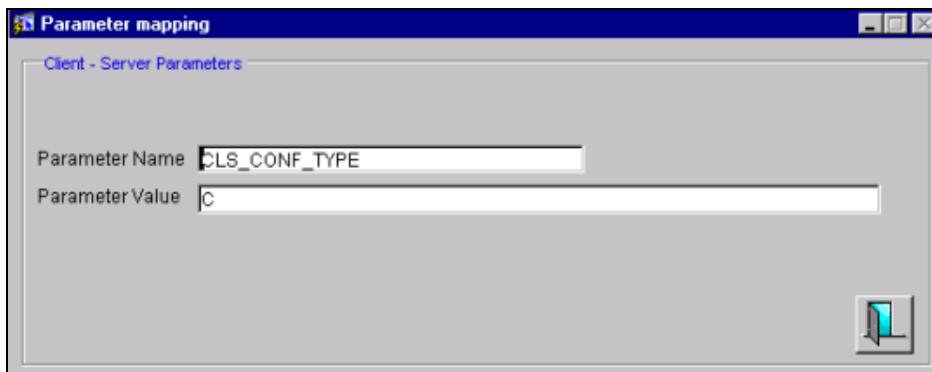
For confirmation type to be defaulted at the contract level if a Casual Netting (parent) Deal is received, maintain a value in the Parameter Value field for the parameter Netting Confirmation Type. The Confirmation Type would then get defaulted based on the value maintained for this string.

Identification of a Customer

If you have indicated (in the Parameter Mapping) that customer account number processing is to be done during message generation, the system identifies a customer as follows:

- The customer's short name, as specified in the CIF details, is compared with the list of short name values specified in the Parameter Mapping, for the short name parameter.

- If the customer's short name is found in the list of short name values specified in the Parameter Mapping, the system will identify the customer will be .

For details about the generation of USD payment messages, involving bank customers, refer the Foreign Exchange and Money Market user manuals.

ORACLE

2.1.20 <u>Maintaining Loans Parameters Details</u>

You can maintain the generic parameters related to Loans, Loan Syndication and Secondary Loan Trading using 'Loans Parameters' screen. You can invoke this screen by clicking **Loans Parameters** under **Bank Parameters** in the Application Browser.
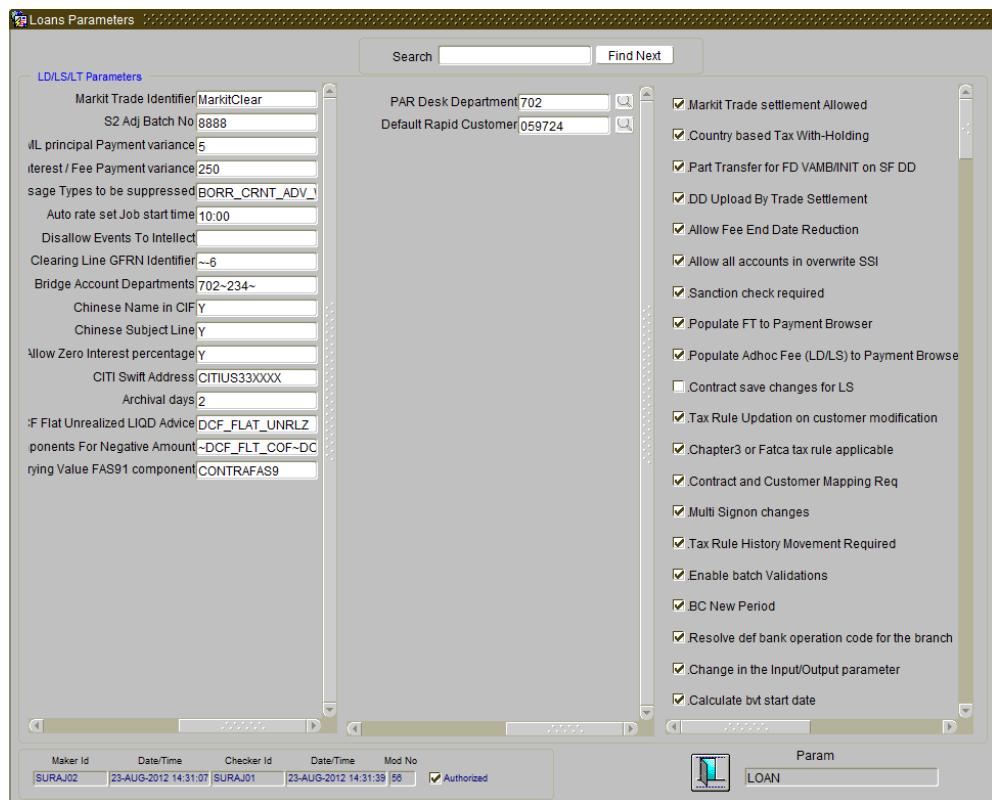
Specify the following details:

Markit Trade Identifier

System displays the value of 'Markit Trade Identifier' as 'MarkitClear'. However, you can edit this value.

If the trade id from the incoming Markit message matches with the 'Markit Identifier', then the trade id value is the Markit Trade id and the other trade id is the LQT ticket id.

S2 Adj Batch No

Specify the batch number for the S2 interface.

FpML Principal Payment Variance

Specify the FpML Principal Payment Variance

FpML Interest Payment Variance

Specify the FpML interest payment variance.

Swift Address

Specify the SWIFT address for for payment transaction. Multiple SWIFT address can be input here using a '~' separated list.

The system checks for the Swift address before performing sanction check for a payment transaction.

Archival Days

Specify the archival days for the payments which are not handed off from Oracle FLEXCUBE.

PAR Desk Department

Select the Par desk department code from the adjoining option list. This list displays all the valid department codes maintained in the system. You can select the appropriate one. This code is used for par desk line trade (Par buying/selling from Origination – PL Trade) booked in the system through the external system Loans QT and is applicable throughout the life cycle of the trade.

For trades uploaded from the Loans QT, the department code is resolved based on the 'PAR Desk Department' code you have maintained here. If the 'PAR Desk Department' code is not maintained here, then the generic department code is defaulted for the trade. This defaulted department code is applicable throughout the life cycle of the trade.

For trades input manually through the 'Secondary Loan Trading – Draft Trade' screen, system validates to check that you have booked a Par desk line trade (PL trade) only with the default department code. Else, system displays the following error message:

> 'User input department code not matching with the 'PAR Desk Department Code' along with the indication of the value maintained for the parameter'.

The Par desk department code, which is used as the department code for trades uploaded from external system Loans QT, is used for this validation.

(STOP) This validation is carried out only if 'PAR Desk Department' is maintained here.

Default Rapid Customer

Select a valid customer from the adjoining option list. The list displays all the valid customers maintained in the system.

Markit Trade Settlement Allowed

Check this box to indicate that Markit messages should be processed in Oracle FLEXCUBE. If this box is checked, then system triggers to process to populate all the Markit messages into a system staging table.

Country based Tax With-Holding

Check this box to indicate that tax withholding should be based on the investor's country. If this box is checked, then system considers the country (domicile) of the investor as maintained in the 'Customer Maintenance' screen. If this box is unchecked, then tax withholding is based on the investor's currency maintained in the 'Currency Maintenance' screen.

For more details on currency based tax withholding and waiver logic, refer the 'Tax' User Manual.

For details on Tax Rule Maintenance, refer section 'Defining Tax Rules' in the 'Tax' User Manual.

Part Transfer for FD VAMB/INIT on SF DD

Check this box in indicate that future dated participant transfer is allowed for sighting funds enabled tranches involving participants who are:

- Completely funded for all the past events, and

- Unfunded for future events for all underlying drawdowns for which 'Cascade Participation' is checked for a tranche.

If this box is unchecked, then system does not allow future dated participant transfer for sighting funds enabled contracts.

For more details on participant transfer, refer section 'Transferring Participant Assets' in chapter 'Loan Syndication Contracts' in the Loan Syndication User Manual.

DD Upload by Trade Settlement

Check this box to indicate that the Drawdown should be automatically created as part of Trade/ Ticket Settlement. You can specify the new drawdown details in 'Agency Input Detail' screen only if you have selected this check box.

For more details on agency input, refer section 'Capturing Agency Details' in chapter 'Processing an SLT Contract' in the Secondary Loan Trade User Manual.

Allow all accounts in Overwrite SSI

Check this box to indicate that all the accounts should be displayed in the 'Overwrite Settlement Instruction Details' screen. If you have not checked this box, only GL accounts will be displayed.

For more information on 'Overwrite Settlement Instruction Details' screen, refer the chapter of 'Disbursing a Loan, in the Loan and Deposits User Manual.

Allow Fee End Date Reduction

Check this box to indicate that the fee end date reduction should be allowed.

Once the Agency Fee component(at facility) end date is changed to a back valued date, then all the accruals that have happened for the Agency Fee from the new Fee End date till the Current business date will be reversed online. On change of the fee end date to back valued date and fee is completely amortized, the component status will be updated as Liquidated.

The system will post the consolidated accrual entry for the adjustment accrual which will have the value date as current business date.

ORACLE

Sanction Check Required

Check this box to indicate that the sanction check is required for LS, SLT, LD, Adhoc Fee and FT payments. If this box is checked, the existing payment messages that are already generated will not be sent to Sanction Check system. Further payments which will be generated in future will undergo the Sanction Check process.

If you have not checked this box, then you need to manually release all the pending payments for which confirmation is required from Sanction Check System.

Populate FT to Payment Browser

Check this box to indicate that the FT payments should be displayed in Forward payment browser. If you have checked this box, the system will display the FT payment messages into forward processing browser.

Populate Adhoc Fee (LD/LS) to Payment Browser

Check this box to indicate that the Adhoc fee payment should be displayed in Forward payment browser. If you have checked this box, the system will display the Adhoc fee payment messages into forward processing browser.

Chapter3 or FATCA Rule Applicable

Check this box to indicate that the Chapter3 or FATCA rule is applicable. This will be used for storing history from 'Tax Rule' and 'Customer Additional Tax Maintenance' screen.

Contract and Customer Mapping Required

Check this box to indicate that the contract and customer mapping is required. The contract reference number at the customer level will be generated only if this box is checked.

Tax Rule Updation on customer modification

Check this box to indicate that the tax rule should be updated based on customer modification. The values from customer screen to Tax Group\Rule screen will be stored only if this box is checked.

Toggle Rule of 25

Keep the check box selected if the toggling of Rule-of-25 is applicable. In this case, the system will allow toggling of Rule-of-25 from 'No' to 'Yes'.

LSTA Average LIBOR

Keep the check box selected for the system to calculate LSTA (Loan Syndication and Trading Association) average LIBOR (London InterBank Offered Rate) for DCF COC.

Uncheck this box if the LSTA average LIBOR calculation is not required to be done for DCF COC.

ORACLE®

DCF COC for FLAT

Keep the check box selected for the system to calculate DCF COC for FLAT quotation.

Uncheck this box if the DCF COC for FLAT calculation is not required to be done.

Relaxing Dual Authorization

Check this box to indicate that the dual authorization is relaxed for contracts. Dual Auth Relaxation is applicable only for Non-Lead type of contracts.

Forward Processing Required

Check this box to indicate that the forward processing can be applied for auto payments going out of the system.

Include Ticket id in SLT ITR

Check this box to indicate that the ticket id should be included in the SLT ITR file for LS/LD records which are linked to LT.

Include Ticket id in trade settl msg

Check this box to indicate that the ticket id should be included in the field 72 (line-1) of ticket/trade settlement payment message

 These options are applicable for trades that are settled using Ticket Settlement and Trade Settlement screens. The changes are limited to only events that are STPed from LT to LS to LD

Auto Commitment Reduction/PIK for new allocations

Keep the check box selected for the system to automatically perform commitment reduction/PIK (Pay in Kind) for subsequent new trade allocations.

Uncheck this box if automatic reduction/PIK is not required to be done for subsequent new trade allocations.

Suppress Required for Participant

Check this flag to indicate that the suppress preference is available for the lenders. You can suppress borrower messages and send lender messages only or vice versa.

Auto rate set Job start time

Specify the valid time maintained for the day, so the Auto Rate Set events will be processed automatically.

 Note that the Auto Rate Set events processes automatically only when valid time is maintained for the day, else events will not be processed and will be in unprocessed status.

ORACLE®

Disallow Events to Intellect

Specify the events for which the system should not send an amend message to Intellect system. You need to maintain the events as a tilde-separated list. By default, the system will display 'LIQD~ROLL' in this field.

You can change it based on your bank's requirement during implementation.

Clearing Line GFRN Identifier

Specify the GFRN identifier that should be suffixed to the GFRN value coming from Rapid system in order for the clearing line to be used in Oracle FLEXCUBE.

Bridge Account Departments

Specify the department codes for which you need to mandatorily maintain bridge customer accounts. You need to maintain the departments as a tilde-separated list.

Amount change allowed during CUSIP\ISIN Amendment

Check this box to indicate that the system allows amendment of CUSIP/ISIN of a trade even if there is a trade amount mismatch between the original and amended trades.

Automatic Rate Setting Allowed

Check this box to automatically process the interest rate fixing for the Drawdown contracts to fix the interest rate of main interest component having Rate Fixing Required.

🛑 If this flag is 'No', then you have to manually input rate and process rate fixing events.

Auth Rate Fixing Events

Check this box to process the rate fixing events automatically. The system authorizes the Maker/Checker id as 'SYSTEM'.

🛑 If this flag is 'No', then Rate fixing events should be manually authorized for those events.

Buy-back for Zero Position Tranche

Check this box to buy back the zero position tranche. If this is unchecked the SLT-LS processing will fail for tranche with zero position.

Autoauth Rapid Contracts

Check this box to automatically authorize the contracts.

🛑 Note the following:

- If the flag is checked then,

ORACLE®

- The Rapid details will be updated into 'Draft Commitment' screen after necessary validation with approval status as 'Approved' and draft commitment will be auto authorized with maker/checker as 'SYSTEM'.

- The commitment booking or Commitment amendment or Value Dated Amendment will be systematically processed and the corresponding commitment events will be auto authorized with maker/checker as 'RAPIDUPLD'.

- If you save the RAPID record after enriching few details in 'Draft commitment' Screen, then the Draft commitment Record will have to be manually authorized. The Auto authorization will not be done for such cases.

- If the flag is not checked then,

- The Rapid details will be auto populated into 'Draft Commitment' screen with approval status as 'Unapproved' and draft commitment will not be auto authorized.

- The system will allow enriching the fields that are allowed to enrich currently. You need to manually approve and authorize the draft commitment details to create or amend commitment contracts.

For further more information on the 'Draft commitment' screen refer the section 'Capturing Commitment Draft Details' in the Loans Module.

SLT Borrower Reclass Required

Check this box to indicate that reclassification functionality is required. If this box is unchecked, the system will always pass the accounting entries with related customer as trade counterparty even if associated tranche exists in agency module.

HFS Transfer and Sale

Check this box to indicate that the system should allow transfer and sale of portfolios held for sale (HFS).

Margin for Lender

Check this box to indicate that the system should allow you to capture margin rates for lender participants in a tranche.

Allow CUSIP/ISIN Swing

Check this box to indicate that CUSIP swing should be allowed in the following tranche operations:

- Associating a new CUSIP on the existing tranche (Re-Allocation)

- Existing CUSIP to be linked by creating a new Tranche (Re-build)

- Distributing one tranche position by creating multiple new tranches (Split)

- Consolidating multiple tranche positions on a new tranche (Consol)

If you check this box, the following options will be available:

- You can maintain records in the 'CUSIP-Tranche Linkage' screen and the system will accrue DCF based on these records.

ORACLE

- You will also be able to liquidate a tranche even if it has interest due on associated drawdown contracts and fee is due on the linked commitment/facility contracts.

- You can perform CUSIP reclass for the commitment and loan contracts.

Refer the section 'Maintaining CUSIP-Tranche Linkage' in the chapter 'Processing an SLT Contract' in the Secondary Loan Trading User Manual.

Enable Rapid Limit

Check this box to indicate that facilities of clearing line type can be utilized by transactions in Oracle FLEXCUBE.

NAM Limit Confirmation

Check this box to indicate that the system should perform clearing line association validation and amount availability validation for Tranche and Drawdown events.

Mnemonic Mapping for New Participant

Check this box to indicate that the system should pick up the applicable default mnemonic for the following entities:

- For a new self participant introduced to the non lead tranche through trade settlement in SLT module, the system should pick up the SSI mnemonic from the internal translation maintenance for currency, branch and department. If internal translation maintenance is not available, the system should pick up mnemonic based on 'All' department code. If no maintenance is available, the system should pick up the SSI mnemonic based on the customer, branch, currency, product and settlement sequence number as zero.

- For an external participant introduced to the non lead tranche (wrapper tranche) or the lead tranche, through settlement of a participation deal type sell trade, the system should pick up the mnemonic based on the 'External Counterparty Mnemonic Details' screen.

- For a silent participant introduced to the lead tranche through participation sell trade settlement, the system should pick up the SSI mnemonic based on the position identifier of the sell trade.

Intellect Feed for UDF Change

Check this box to indicate that the system should send an amendment feed to Intellect system if the following UDF values are changed for a loan contract:

- CUSTOMER RATE

- DEALER LIBOR RATE

- LATE TRADE

- RA COST

Allow Combined Ticket Settlement

Check this box to indicate that the combined ticket settlement is allowed for multiple tickets together with buy and sell trades across CUSIPs with multiple counterparty and currency combination.

DCF Flat Unrealized LIQD Advice

The factory shipped value 'DCF_FLAT_UNRLZ' gets displayed here.

Allow Negative Rate Processing

Check this box to indicate that the negative rate processing is allowed for the Loans.

Disallow Negative Base Rate Processing

Check this box to indicate that the negative base rate processing is not allowed for the Loans. The base rate cannot be captured or processed in negative in both drawdown or loan contracts if this option is selected.

You can check this box only if the 'Allow Negative Rate Processing' option is selected. The system displays the below error if this validation fails:

Disallow Negative Base Rate Processing cannot be checked if Allow Negative Base Rate Processing is Unchecked

The maintenance and processing functionality of negative rates based on the maintenance of the above fields are handled by the system as follows:

Allow Negative Rate Processing	Disallow Negative Base Rate Processing	Screen functionality
Selected	Not Selected	Both Base Rate and Margin rate can be in negative. All in rate will be 0 if Base Rate + Margin is negative, in LS module All in rate will be 0 if Base Rate + Spread is negative, in LD module
Selected	Not Selected	If Base Rate is negative, then base rate will be considered as 0. Margin can be negative. All in rate will be 0 if Base Rate + Margin is negative, in LS module. All in rate will be 0 if Base Rate + Spread is negative, in LD module.
Not Selected	NA	Below listed existing functionalities will continue to work. Both Base Rate and Margin should be positive in LS module. Both Base Rate and Spread should be

ORACLE®

		positive in LD module

For more information on reclassification, refer the section 'Reclassification' in the chapter 'Processing an SLT Contract' of the Secondary Loan Trading User Manual.

ORACLE®

3. Country Code Maintenance

3.1 Maintaining Country Code Details

You can define Country Code through the 'Country Code Maintenance' screen. This screen can be invoked from **Currency Maintenance** in the Application Browser.
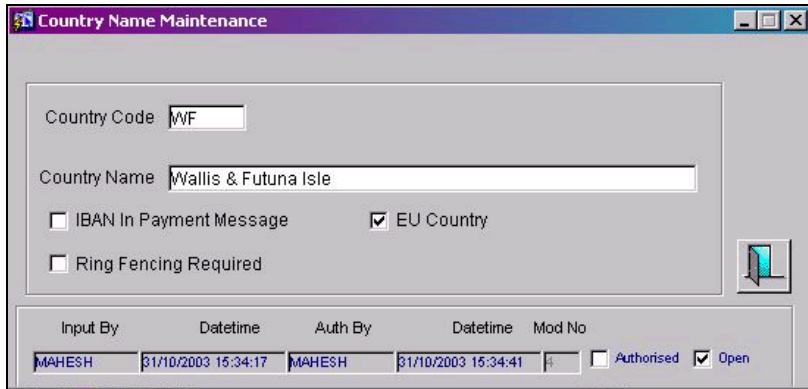
Specifying the Country Code and Country Name

Define an alphanumeric code to identify the country for which you would like to assign a code. Specify the name of the Country in the next text box.

Ring Fencing for countries

Additionally, for each county you have to indicate whether a ring-fencing clause should be included in confirmation advices sent to customers for FX contracts.

If indicated in this field, the ring-fending clause will appear in the confirmation advices for all FX contracts in which the deal currency is associated with the specified country.

IBAN in Payment Message

Indicate whether it is mandatory for the IBAN Number to be present in payment messages sent to customers residing in the particular country. Enabling this option facilitates the identification of country codes for which the IBAN account is required in field 59A in Mt 103 + messages. It also facilitates the population of field 33B in MT103/Mt 103+ messages.

This option has to be checked for the following countries:

- Latvia (LV)
- Estonia (EE)
- Poland (PL)
- Czech Republic (CZ)

ORACLE

The messages affected are MT103 and MT103+.

Intra European Country (EU Country)

Check this option for the following countries:

- Latvia (LV)
- Estonia (EE)
- Poland (PL)
- Czech Republic (CZ)

The messages affected are MT103 and MT103+.

ORACLE®

4. Dealer Maintenance

4.1 <u>Defining a Dealer</u>

The dealers of your bank, who are associated with the buying and selling of foreign exchange, money or securities in the treasury, are each assigned an identification number (ID number).

At the time of inputting details for a foreign exchange or a money market contract, this ID number of the dealer is also captured. This ID identifies the dealer who has struck the deal and you can retrieve dealer-wise information on the treasury contracts entered into by your bank.

The ID number is allotted at the Bank Level, by your Head Office; and maintained in the 'Dealer' screen in Static maintenance.

In this table you maintain the following:

- Dealer ID
- Name of the dealer

4.1.1 <u>Maintaining Dealer ID</u>

The following parameters need to be maintained to define a dealer ID:

Dealer

This is the code identifying the dealer. Enter the dealer's identification number using a maximum of 6 characters, alphanumeric.

Name

This is the name of the dealer. Enter the name using a maximum of 35 characters alphanumeric.

ORACLE®

5.   Branch Parameters

5.1   Creating Branches and Maintaining Branch Level Parameters

In the Branch Parameters – Detail View' screen, you create the various branches of your bank, define their reporting hierarchy and maintain parameters such as their names, their address of location, SWIFT, TELEX and HOST addresses.
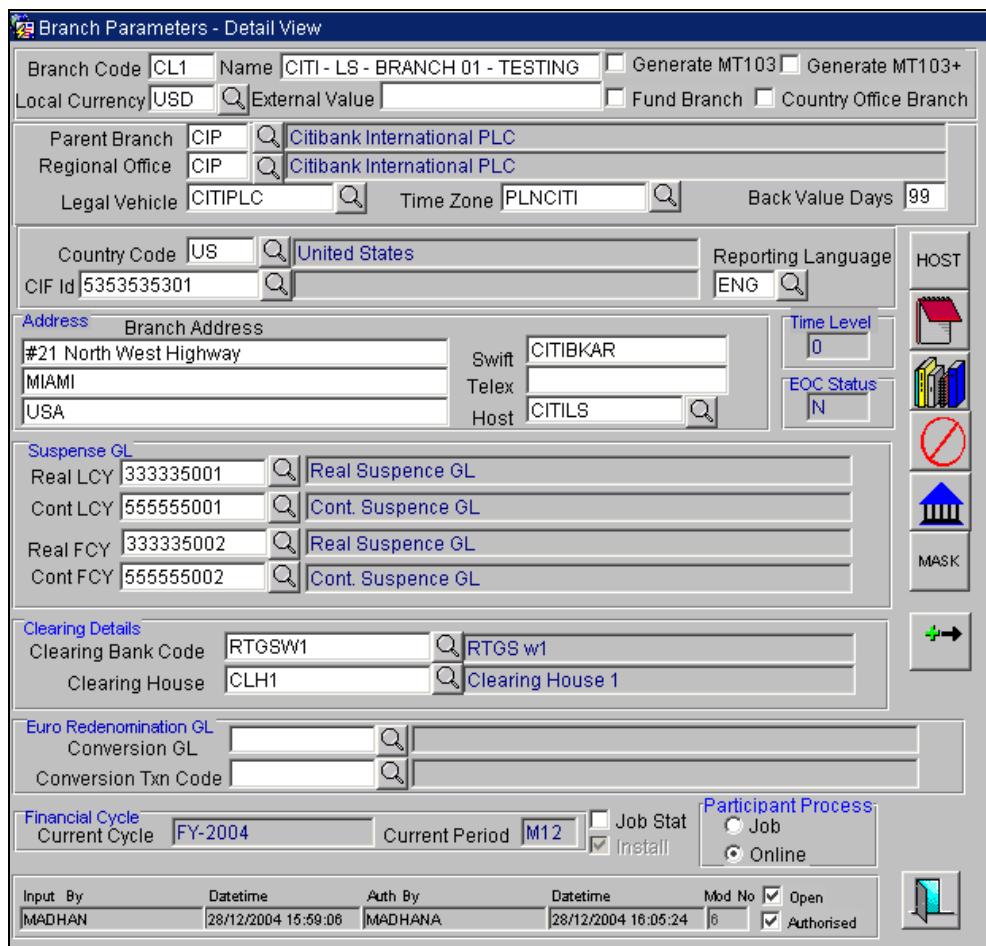
In this table you do the following:

- Create the Regional Offices and branches of your bank by assigning each a unique branch code

- Maintain the address of location of each of the branches and also their SWIFT, TELEX and HOST addresses

- Specify the Suspense GL for posting all those accounting entries for which no GL has been specified or the specified GL has been closed

ORACLE

- Define preferences, such as - the retention duration, a CIF number for walk-in customers and the GL for netting FX contracts

The HO creates the branches at the bank level. All subsequent modifications on the table are done from the respective branches.

5.1.1 <u>System features</u>

The system supports a three level reporting structure.
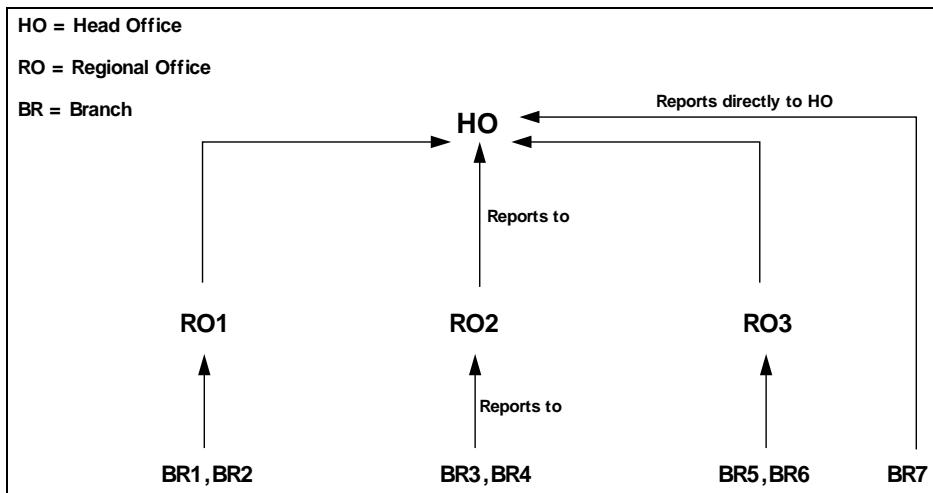
On top stands the Head Office followed by the Regional Offices. At the lowest level are the branches. There can be any number of branches or regional offices.

The branches report to the RO; and the ROs in turn report to the HO. Within this three level structure you can also have a branch reporting independently to the Head office (as branch, BR7 in the diagram).

It is also possible to have a two level reporting structure with only the HO and the branches, where each individual branch reports directly to the HO.

5.1.2 <u>Creating the Reporting Structure</u>

The order in which you create the HO, the ROs and the branches should follow the hierarchy. Hence, the first branch to be created should be the HO, followed by the ROs, and then the branches.

The Head Office of your bank is created during installation. You only have to create the Regional Offices and the various branches.

During installation, the system automatically populates this table with the branch code and name of your Head Office that you have specified to Oracle Financial Services implementer. The 'Parent branch' and the Regional Office fields' also default to this branch code.

ORACLE

To create an RO, invoke the new option. Then, enter the code and name of the RO against 'Branch Code' and 'Name' respectively. You do not need to specify the 'Regional office' because the HO Code is the default for the field. (All ROs report to the HO).

Then create all the branches. If a branch reports to an RO, to specify that RO as the branch's 'Regional Office', click on 🔍 against 'Regional office'. A list of all codes maintained will be displayed in a window. Select the code you want to designate as the RO. But before designating, you should authorize all the RO records you have created; the system will not allow you to use any unauthorized record.

(Diagrammatic Representation)
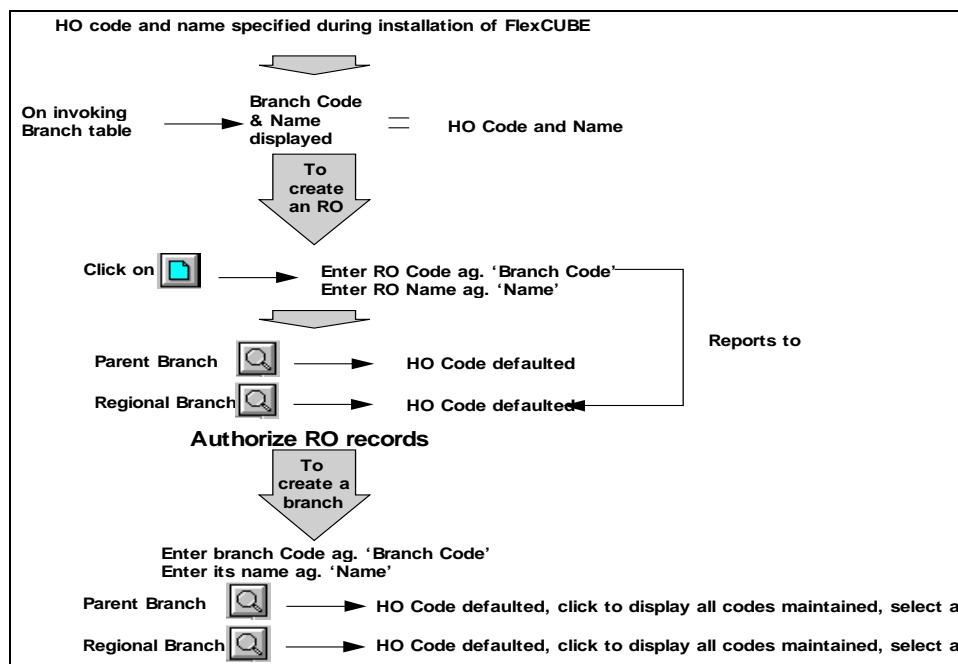
5.1.3 Basic parameters for a branch

In the Oracle FLEXCUBE system the Head Office and the Regional Offices are also defined as branches. Thus for the three -- Head Office, the regional offices and branches, the following basic parameters are maintained. The fourth tier – the Legal Vehicles – is not separately maintained, but is linked to regional offices, which report to them.

Maintenance of Legal Vehicles is explained later in this chapter.

Branch Code

This is the code you assign to the office or branch. The code acts as an identifier in the system for the office/branch.

Input a code using a maximum of 3 characters, alphanumeric.

ORACLE®

Name

This is the name of the office or branch, the code of which is input. Enter the name using a max. Of 35 characters, alphanumeric

Parent Branch

Parent Branch is to define an alternate reporting line, other than the three levels HO-RO-Branch structure. The 'Parent' for all the branches you create is the HO code (default). To specify the Parent, other than the HO, click on 🔍 and select from the options displayed. The name of the parent branch is displayed alongside.

Regional Office

This is the branch code of the Head Office or Regional Office to which the branch reports.

For a Head Office, this code should be the Head Office branch code, which is also the default for this field. For a Regional Office, this code can be that of the Head Office or any other Regional Office.

For the branches, specify that branch as the RO, to which the branch reports to. Click on 🔍 and select from the list of options displayed.

Related CIF and MIS group

You need to specify the CIF and MIS group that is to be used for posting year end financial closure entries. For each branch, you need to maintain the Related CIF and the MIS group.

In order to post the year end entries, the system picks the CIF and MIS group you have maintained at the branch level. In addition to this, if you have opted for 'Post Year End Entries in LCY' in the Preferences screen, the system will post the year end Profit and Loss transfer entries in the local currency of the Branch.

Indicating the language for the report generation

While maintaining the branch information, you can choose the language in which you want to generate the report. Choose the language code from the option list.

Refer to Reports user manual for more details on various reports that you can generate for all the modules of Oracle FLEXCUBE.

5.1.4 <u>Maintaining Addresses</u>

For each branch of your bank you maintain the following parameters:

Branch Address

Input the address of location of the branch. Each line can have a maximum of 35 characters.

ORACLE®

Swift

Input the SWIFT address for a branch using 8 or 11 characters, alphanumeric.

Telex

Specify the branch's TELEX address, using a maximum of 14 characters, alphanumeric.

Host

Against 'HOST' enter the name of the Host server for this branch, in not more than 35 characters, alphanumeric.

5.1.5 Specifying Suspense GL

All accounting entries generated by different applications will be passed into the specified 'Suspense GL' account if:

- The GL into which the entries are to be passed is not defined, or
- If the GL has been closed

Suspense GLs are of two types:

Real Suspense GL

Those accounting entries that belong to asset, liability, income or expense GL categories will be passed to the 'Real suspense GL'. To specify click on [Q] and select the code of the GL (maintained in the Chart of Accounts table, in the GL module).

Contingent Suspense GL

Those accounting entries that belong to contingent asset or contingent liability GL categories will be posted to 'Contingent Suspense GL'.

To specify click on [Q] and select the code of the GL you want to designate as the contingent suspense GL (maintained in the Chart of Accounts table in the GL module)

5.1.6 Specifying Euro Redenomination GL

To facilitate the currency conversion process, you have to maintain a common Conversion GL and a Transaction Code.

The conversion GL that you specify in this screen will be identified as the common suspense GL for all balance conversions while re-denominating the currency of an account either for specific customers or for generic conversions.

In addition to the conversion GL you have to indicate a Transaction Code, which identifies conversion, related entries.

ORACLE

5.1.7 Specifying Back-Value Days

For your branch, you can specify the number of days up to which back-value entries can be posted. The value you enter determines the date up to which a user at your bank can post back-valued entries over the Funds Transfer (FT), Data Entry (DE) and Interest & Charges (IC) modules. If you post an entry with value date beyond this date, back value calculation of interest will occur only from the period in which this date lies.

Example

For instance, assume that the current system date is 31st May 2004 and you have maintained the 'Back Value Days' as 30 days. Now, you post a back dated entry with value date 25th April 2004. In such a case, back valued interest calculation will begin from 1st May '04 onwards only. This is arrived at by deducting 30 days from the current system date.

5.1.8 Associating the Local Branch with a Time Zone

All branches of your bank need to be associated with a time zone. You can associate a branch with a valid time zone maintained in the Time Zone Maintenance screen.

5.1.9 Identifying the Legal Vehicle

Oracle FLEXCUBE allows you to maintain your bank's hierarchy as follows:

- Head Office
- Legal Vehicle
- Regional Office
- Branches

Financial reporting is possible at all levels. Therefore, while capturing the details of a branch you have to associate it with a Legal Vehicle. Identify the Legal Vehicle at which reporting should be done for the particular branch of your bank.

Maintenance of Legal Vehicles is explained later in this chapter.

5.1.10 System Display

The following fields are displayed in the Branch Parameters screen:

Time Level

In this field is displayed the system time level status, represented by a number between 0 and 9.

In Oracle FLEXCUBE, user access to the system can be controlled by assigning each user and the system, a time level. Both the system and the users are set to different time levels. Only those users who have a time level equal to or greater than the system time level can log into the system.

A control clerk does the change in time level status during the EOC process.

EOC Status

Under EOC status one of the following alphabets will be displayed which stand for the following:

- **B** - Beginning of financial input; indicates system transactions in progress

- **I** -- Indicates that user transactions are in progress

- **T**-- End of user transaction input; indicates system transactions in progress

- **F** -- End of financial input; system transactions also completed

- **E** -- End of Day, Branch awaiting date change

The values are updated by EOC process.

Current Cycle

This is the code for the current financial year as defined by you in the 'Period Code' table.

Current Period

Each financial year is divided into accounting periods called 'Period Codes' defined in the 'Period Code Maintenance' Table (for details refer 'period Code table'). The current accounting period of the financial year is displayed in this field.

5.1.11 <u>Specifying participant contract processing mode</u>

This specification is applicable only for contracts processed under the 'LS' Module of Oracle FLEXCUBE. The processing of participant contracts depends on the 'Participant Process' mode you select here. The options are:

- Job: If you choose this option, you have to initiate a Background Job which will pick up the participant contracts created in the system for further processing. In this mode, after you save the borrower side contract, you can proceed with the next contract while the system processes the participant side contracts in the background. However, you can authorize the borrower side contracts only if the corresponding participant side contracts are processed successfully.

- Online: In this mode, you can save and authorize the borrower side contracts (facility, tranche or drawdowns) ONLY if the corresponding participant side contracts are processed successfully.

For more details on this, refer the sections 'Processing in the 'Online' mode' and 'Processing in the 'Job' mode' in the 'Loan Syndication Contracts' chapter of this User Manual.

5.1.12 <u>Applying Revaluation Profit and Loss Split for a branch</u>

Your bank may choose to differentiate between any revaluation of profit or loss arising from daily trading of foreign currency, and that arising from revaluation of the balances in the asset / liability account without daily turnover. In such a case, the profit or loss arising from both sources is to be booked into different accounts.

ORACLE®

You could define GL's to which you would post the profit and loss entries that would arise from revaluation of daily trading turnover.

You can extend this facility to any branch of your bank by

- Indicating the split booking of revaluated profit and loss to be applicable to the branch, in your chart of accounts and the branch parameters

- Maintaining trading profit and trading loss accounts in your chart of accounts, and in the Account Revaluation Maintenance.

Consider the following illustration:

Example

Consider an asset account that is to be revalued on a daily basis. It is an USD account and the local currency is EUR.

The prevailing exchange rates on the 1st, 2nd and 3rd of January 2003 are:

1st January 2003: 1.2

2nd January 2003: 1.3

3rd January 2003: 1.4

1st January 2003

The balances in the asset account before revaluation on 1st January is represented below:

Date	Opening Balance		Daily Turnover		Closing Balance	
	FCY	LCY EQ.	FCY	LCY EQ	FCY	LCY EQ
01-JAN-2003	1000	1100	0	0	1000	1100

Since there are no FCY transactions on 1st January 2003, the opening balance is the same as the closing balance. However, the closing rate on 1st January 2003 is 1.2. When revalued at this rate, the revalued LCY Equivalent on 1st January would be 1000 * 1.2 = 1200 EUR. This represents a gain of 100 EUR.

If no split or breakup in the revalued proceeds is specified for the branch, according to daily turnover and account balance without daily turnover, the accounting entries passed would be as follows:

- Dr. Asset account with 100 EUR

- Cr. Profit and Loss account with 100 EUR.

If a split is required in the proceeds according to daily turnover and balance without daily turnover, the reporting would be done as follows:

- Since there is no daily turnover, the profit and loss due to trading would be zero

- All the profit and loss arising out of the revaluation would be accounted to the Revaluation Profit and Loss account.

ORACLE

The balances in the asset account after revaluation on 1st January is represented below:

Date	Opening Balance		Daily Turnover		Closing Balance	
	FCY	LCY EQ.	FCY	LCY EQ	FCY	LCY EQ
01-JAN-2003	1000	1100	Nil	Nil	1000	1200

2nd January 2003.

The balances in the asset account before revaluation on 2nd January is represented below:

Date	Opening Balance		Daily Turnover		Closing Balance	
	FCY	LCY EQ.	FCY	LCY EQ	FCY	LCY EQ
02-JAN-2003	1000	1200	100	140	1100	1340

The opening balance on 2nd January would be the same as the closing balance on 1st January. There is an FCY transaction on 2nd January with a FCY amount of 100, and LCY Equivalent for this amount 140. Because of this transaction, the closing balance on 2nd January, before revaluation, would be 1100 FCY and 1340 LCY.

However, the prevailing rate on 2nd January is 1.3. When revalued at this rate, the new LCY equivalent would be 1100 * 1.3 = 1430 EUR. This represents a net gain of 90 EUR.

If no split or breakup in the revalued proceeds is specified for the branch, according to daily turnover and account balance without daily turnover, the accounting entries passed would be as follows:

- Dr Asset account with 90 EUR

- Cr Profit and Loss account with 90 EUR

If a split is required in the proceeds according to daily turnover and balance without daily turnover, the reporting would be done as follows:

- Since there is an FCY transaction, the profit and loss arising out of this transaction would be allocated to trading.

- The revaluation of the opening balance is done, using today's rate.

Therefore, the LCY Equivalent of opening balance on 2nd January at the rate prevailing on 2nd January would be 1000 * 1.3 = 1300. This represents a gain of 100 EUR.

The accounting entries passed would be:

- Dr Asset account with 100 EUR

- Cr Profit and Loss account with 100 EUR.

Now, the revaluation of the individual FCY entries is performed. The LCY Equivalent of the FCY entry using the rate on 2nd January would be 100 * 1.3 = 130, which represents a loss of 10 EUR.

The entries passed would be:

- Cr. Asset account with 10 EUR

- Dr. Trading Profit and Loss account with 10 EUR.

The balances in the asset account after revaluation on 2nd January is represented below:

Date	Opening Balance		Daily Turnover		Closing Balance	
	FCY	LCY EQ.	FCY	LCY EQ	FCY	LCY EQ
01-JAN-2001	1000	1200	100	140	1100	1430

Hence the net effect because of the above two revaluation processes is:

- Dr Asset account with 90 EUR

- Cr Profit and Loss account with 100 EUR

- Dr Trading Profit and Loss account with 10 EUR.

To make available the facility of splitting of revaluation of profit and loss to a particular branch, you must specify it in the Branch Parameters. Check the PL Split Required box.

5.1.13 Indicating whether the Small FX check should be performed during STP

During Straight Trough Processing you can choose to automatically authorize FT transactions with the transfer amount falling within the Small FX limit by enabling this parameter for your bank branch. In addition to enabling this option for your bank branch you have to enable it for each BI Code that you maintain.

As a result, while processing FT transactions for your bank branch, involving the specified BI code the system will automatically authorize all transactions whose transfer amount is less than the Small FX limit.

To validate the Small FX limit for the transfer currency involving the transaction the system first checks your specification in the Currency Maintenance screen (Bank level). If you have maintained a small FX limit for a currency the system will use this amount to auto authorize any FT below this amount. If the small FX limit has not been maintained for the transfer currency but if you have maintained it for your branch, as a branch parameter the system will calculate the small FX limit equivalent in the transfer currency and process the transaction accordingly.

5.1.14 Indicating your specifications regarding the generation of MT 103 messages

As a branch level parameter, you have to indicate whether your customers can receive MT 103 as payment messages. Check the box positioned next to the Generate MT103 field to indicate that the customers of your branch are capacitated to receive payment messages in the MT 103 format. If you leave this box unchecked, the system will automatically send all payment messages to the counterparty bank in the MT 100 format.

ORACLE®

Generate MT 103 + option allows you to generate outgoing MT 103 messages in the MT 103 + format. This check box gets enabled only if you have enabled the generation of MT 103 messages as Payment Messages.

🛑 Note the following:

- The system will generate MT 103 messages as payment messages and generate them in the MT 103 + format only if you have specified this option for the counterparty as well. You can enable this option for the counterparty involving the transaction through the 'BIC Details Maintenance' screen.

- The system is also capable of processing incoming MT 103 messages in the MT 103 + format. During the upload process the system considers an MT 103 payment message to be of MT 103 + Format based on the presence of the STP code in the 119 field. Field 119 is present in the third block of the message i.e., {3: {119:STP}}.

5.1.15 Maintaining Preferences

To specify your preferences, click on the 🏢 icon in the 'Branch-wide parameters' screen. The 'Preferences' screen is displayed.

ORACLE®

In this screen, you define the following preferences:

- The netting suspense GL into which settlement entries for netted FX Contracts should be posted

- The CIF Number against which all Walk in customers should be identified.

- Specify the format in which the IBAN Account Number and the Bank Code should be captured.

The respective branches can maintain these details. For a branch you maintain the following, in the 'Preferences' screen:

Netting Suspense GL

All settlement accounting entries related to a netted FX contract is passed into the specified 'Netting suspense GL'. The net amount of the settlement is transferred through the nostro accounts. For instance, let us take the following two outstanding contract entered into by bank A; both settling on January 10, 1998:

- Bought from bank B 1 Million USD in exchange for 35 Million INR

- Sold to bank B 1/2 million USD in exchange for 18 million INR.

The above contracts can be settled in two ways on the settlement date:

- Settle both contracts separately, or

- Net the settlements of the two contracts

If your bank has a netting agreement with the counterparty, the settlement entries are posted to this 'Netting suspense GL' and the net amounts are settled through the nostros.

Re-Price Suspense GL

You have the option of re-pricing fixed rate contracts to floating rate contracts and vice-versa. You can select the suspense GL to be used for a split re-price and merger re-price transactions in the field 'Re-Price Suspense GL'. When you enter a split re-price or merger re-price transaction, the system will display an error message if you have not specified a re-price suspense GL.

Walk-in Customers

For your branch you can create a walk in customer ID against which you track all those customers who do not hold a regular account with your bank but have approached the bank for a transaction, say, for encashment of traveler's checks or for manager's checks.

Specifying the IBAN Masks

The IBAN or International Bank Account Number is a unique account number that is used to identify a customer's account in a financial institution internationally.

International Bank Account Numbers in your bank are generated in the format of the account mask that you specify in the Branch Parameters screen. Therefore, you have to first define IBAN masks.

ORACLE

The IBAN Mask

Since IBANs should be maintained in a particular format you should first define the format in which the IBAN should be captured. You should also indicate the format in which the bank code of the bank in which the account resides should be maintained.

The maximum length of an IBAN should be 34 characters. The IBANK Mask should be a combination of the following parameters:

- An **ISO Country Code**, which has a maximum length of two characters. The identifier that you can use to indicate the country code is DD. The identifier will be replaced by the actual country code while defining the account number. For instance, you will replace DD with PL for Poland, US for the United States and so on.

- A **Check Digit Number** calculated according to an ISO Standard algorithm, using the Country Code, Bank Code and Account Number combination. Since this is a two-digit number you can use the identifier CC to specify this algorithm. The system arrives at and replaces this identifier with the actual check-digit based on the Country Code, Bank Code and Account Number combination.

- The **Bank Code** of the bank where the IBAN resides. This code is assigned to the respective Bank by its national bank. There are no individual restrictions on the length of Bank Code and Account Number. However, the combined length of the Bank Code and Account Number should not exceed 30 characters. You can use the identifiers **a** (for alphabets) and **n** (for numerals) as the identifiers to capture the length of the bank code.

- The **Account Number** of the customer account. The bank in which the customer account resides assigns this number. You can use the identifiers **a** (for alphabets) and **n** (for numerals) as the identifiers to capture the length of the account number.

🛑 Let us suppose that you maintain an IBAN mask in the following format:

<div align="center">

DDCCaaaaaaaaaannnnnnaaaaaannnnnnnnn

</div>

While capturing the IAB number you have to strictly adhere to the format mentioned above.

<div align="center">

USccCHASEBANK000101CBNYLI450000026

</div>

In place of the 'cc's the system will generate the check digit algorithm based on the Country Code, Bank Code and Account Number combination.

The Bank Code Mask

After indicating the IBAN mask you have to specify the mask for the Bank Code. The Bank Code mask is a combination of alphabets and numerals. Therefore you can specify **A** and **N** as the identifiers. Subsequently, while capturing the bank code in the IBAN screen each of these characters will be replaced with the respective alphabet or numeral. For instance, let us assume that you have maintained a 15-character mask for the Bank Code:

A	A	A	A	A	A	A	A	A	N	N	N	N	N	N

You will have to capture the corresponding bank code in the same format:

C	H	A	S	E	B	A	N	K	0	0	0	1	0	1

ORACLE®

🛑 The combined length of the Bank Code and Account Number should not exceed 30 characters.

Specifying the Check Number Mask

For an account, you can reissue new check numbers ranging from 1 to 99,999 after every series of 99,999 checks have been exhausted. However, you cannot reissue a check number that has a 'stop payment' instruction on it. Oracle FLEXCUBE supports alphanumeric check numbers.

You have to indicate the format in which checks in your branch are to be issued.

Specifying the liability maintenance details

In Oracle FLEXCUBE, you can designate a customer as a liability customer. At the time of defining branch parameters, you can indicate that the liability ID should be a valid customer ID (CIF Id). Check against 'Liability is Valid CIF' to enable this feature. The liability ID mask will be same as the CIF mask as maintained in the 'Branch Parameters' screen.

You will be required to indicate the mask for the Liability ID only if you leave this box unchecked. You have to ensure that the Liability ID you specify corresponds to the Liability ID mask as specified in the 'Branch Parameters' screen.

Facilitating the automatic generation of Clearing Account Number

In the Preferences screen, you can indicate that the clearing account number in the system must be generated automatically. Select the 'Clearing Account Number Automatic Generation' option to facilitate the same. When you indicate this, you must also indicate the clearing account number mask for each branch in the next field.

Whenever the system generated clearing account number is overridden, the mask you maintain will be used to validate the Clearing Account Number that you specify.

Clearing Account Number Mask

You can specify the clearing account number mask for validating the Clearing Account Number. This will be used if you override the system generated clearing account number. Click on 🔲 button in the Preference screen to invoke the 'Clearing Account Number' screen.

The screen is as below:

ORACLE®
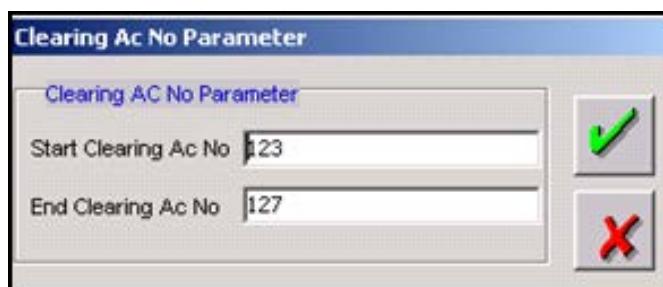
In this screen, you need to maintain:

- **Start Clearing Account Number** – specify the start sequence for generating the clearing account number.

- **End Clearing Account Number** – specify the end sequence for generating the clearing account number.

Indicating facility risk rating and classification for limit tracking

In Oracle FLEXCUBE, you can rate the customers through facility risk rating and classifications. You can maintain facility risk rating and classification rankings according to the requirements of the bank. These details are maintained as part of Limits maintenance of Oracle FLEXCUBE. However, you need to indicate the values FRR and classifications for the branch. Consequently, the system will compare the FRR and classifications maintained in the Limits maintenance with the FRR and classification ratings for the branch during credit line utilization.

The system will display an override if any of the following conditions are satisfied:

- If FRR ranking of the credit line being used > Ranking of FRR maintained as part of Branch parameters AND Classification ranking of credit line being utilized > Ranking of Classification maintained for the branch.

- If FRR ranking of the credit line being utilized > Ranking of FRR maintained for the branch.

- Classification ranking of the credit line being utilized > Ranking of classification maintained for the branch.

Therefore, you need to indicate the Facility Risk Rating and Classification ratings for the branch.

Resetting the statement number

You have the option to reset the statement number annually for account balance statements. If you check this box, only then will you be able to specify your preference for resetting the statement number in the account class maintenance screen otherwise this option will be disabled.

Small FX Currency and Amount

In the 'Branch Parameters' main screen, if you have indicated that you would like to automatically authorize transactions with the transfer amount falling within the Small FX limit you have to specify the small FX currency and amount.

During STP, the system first checks your specification in the Currency Maintenance screen to validate the Small FX limit for the transfer currency involving the transaction. If you have failed to maintain the small FX limit for the transfer currency during Currency Maintenance, the system will calculate the small FX limit equivalent in the transfer currency, based on your specifications in these fields.

Limit Revaluation Rate Type

As a branch parameter, you can select from the option list provided, the rate type to be used for limit revaluation. Oracle FLEXCUBE uses this rate type for limit revaluation during EOD batch process. Online Limit revaluation is done using STANDARD currency rates. If nothing is maintained in the 'Limit Revaluation Rate Type', then, STANDARD currency rates are used for Limit Revaluation. The rate type that you select for the branch is also applicable to any currency conversion that happens at the time of limits processing.

Specifying related customer for booking revaluation profit / loss

Oracle FLEXCUBE tracks revaluation profits/losses for all foreign currency balances. The revaluation profit / loss can be split between Treasury and Operations departments. Trading profit/loss can be tracked online during contract input using the "Online" Revaluation process. You need to indicate the respective related customer (CIF ID) for booking Treasury, Trading, Online and Operations revaluation profit / loss. This will enable you to obtain period-end reports of profit / loss under the respective categories.

For more details on Revaluation, including Online Revaluation, refer to the Account Revaluation Maintenance section in this manual.

ECA System Details

Oracle FLEXCUBE has the capacity to interface with the existing systems within your bank in order to facilitate the successful functioning of all the activities handled within your bank. One of these activities includes the facilitation of Credit Checking by the external system for all Funds Transfers processed in Oracle FLEXCUBE and handed off to the external system or vice versa

To indicate that the External System should perform credit tracking for all FTs processed in that system you have to enable the credit tracking option.

If you indicate that the external system should perform the ECA check, you have to specify the name of the external system in the adjacent field.

🛑 Unless you have maintained the details of the External System with which Oracle FLEXCUBE is interfacing in the 'External System Maintenance' screen, the name of the external system will not be displayed in the option list positioned next to this field.

If ECA check is to be performed for the branch, you will also have to enter the ECA details. Refer to the section titled 'Maintaining ECA Details' later in this document.

Identifying the Revaluation Currency

For your branch you have to identify the currency in which the revaluation of Profit and Loss entries for Income and Expense type of GLs should be performed. As a result, the balances of Income and Expense GLs marked for revaluation will be converted to the specified currency and revalued. This revaluation is done between the total LCY balance of the GL and the LCY balance derived from the revaluation currency balance of the GL. The revaluation currency equivalent of the revaluation amount will be debited/credited to the revaluation currency balance of the same GL and a credit/debit entry will be posted to the Profit/Loss GL that you identify in the 'Account Revaluation' screen.

ORACLE®

The processing for the conversion of balances into the revaluation currency equivalent will be performed as part of the End of Day processes.

This would include the following steps:

1. The opening balances of all P and L GLs is converted to the Revaluation currency equivalent. If the balance conversion has been performed during the previous day's processing, the same would be used for further processing.

2. The balances of transactions involving currencies other than the revaluation currency processed during the day will be converted to the revaluation currency through the LCY and added to the balance computed as part of Step 1.

3. The LCY balances of transactions in the revaluation currency with exchange rate as 1 is converted to the revaluation currency equivalent.

4. For the transactions in the revaluation currency with exchange rate greater than or less than 1, the actual FCY balance will be considered.

5. At this stage, the GL balances for P&L GLs will be available in the revaluation currency. The LCY equivalent of the revaluation currency balance is computed and compared against the actual LCY balance of the GL. The difference is posted as revaluation profit/loss.

Specifying whether Unutilized Limit lines should be tracked

You can choose to track unutilized limit lines for your branch under the limit line categories maintained. Limit line categories are maintained through the Limit Product Definition screen wherein you segregate limit lines belonging to the following categories:

- Lines having no pre-approval
- Lines having pre-approval
- Internal Lines

Specifying Stop Cheque Deferred GL

You need to specify the deferred GL account to which entries must be posted in case of stop payment instructions.

If a stop payment instruction is placed on the day after the Cheque transaction has been processed, the system will reverse the original entry processed during the day using this maintenance.

Specifying Deferred Cheque Transaction Code

You need to specify the transaction code to be used for posting entries to the deferred GL account, in case of stop payment instructions.

If a stop payment instruction is placed on the day after the Cheque transaction has been processed, the system will reverse the original entry processed during the day using this maintenance.

ORACLE®

Specifying maintenance of unit level balances

For Internal GL types 'Contract' and 'Others', you have the option of storing the balances at unit levels. Check the box against the Unit Level Balances field to enable this feature. This facilitates in revaluation of balances at contract and MIS-MAP level.

In order to enable this feature for a particular branch, you first need to do so at the bank level.

An accounting entry generated for a 'Normal' Internal GL Type will be at the GL level. Accounting entry for Internal GL type 'Contract' and 'Others' will be posted to the System Accounts in which Unit level balances are maintained. (Unit level balances parameter in Bank and Branch level must be checked. If the parameters at the Bank and Branch level are not checked then the GL's will be treated as Normal GL's and Accounting entries will be posted to the related GL's)

Refer to the General Ledger user manual for more details on storing unit level balances.

This option must be checked to enable Refinance Pool Calculation. For details on Refinance Pool Calculation, please refer the MIS user manual.

Indicating whether Contract level Revaluation is required

This option is enabled only if the Unit level Balances option is checked in the 'Branch Preferences' screen.

You need to indicate whether revaluation processing has to be done on unit level balances or not.

This option must be checked to enable Refinance Pool Calculation. For details on Refinance Pool Calculation, please refer the MIS user manual.

Indicating whether Refinance Unit Balances is required

This option is enabled only if the Unit level Balances option is checked in the 'Branch Preferences' screen.

You need to indicate whether refinance processing of unit balances is required or not for the branch.

This option must be checked to enable Refinance Pool Calculation. For more details on Refinance Pool Calculation, please refer the MIS user manual.

Marking Pool Revaluation Required

This option is enabled only if the Refinance Unit Balances option is checked in the 'Branch Preferences' screen.

You need to indicate whether revaluation of refinance pool balances is required or not.

This option must be checked to enable Refinance Pool Calculation. For details on Refinance Pool Calculation, please refer the MIS user manual.

Marking BV Pool Required

This option is enabled only if the Refinance Unit Balances option is checked in the 'Branch Preferences' screen.

ORACLE®

You need to indicate whether refinancing is applicable for back value entries that have been posted.

This option must be checked to enable Refinance Pool Calculation. For details on Refinance Pool Calculation, please refer the MIS user manual.

Specifying Account BV Pool Days

This field is enabled only if the BV Pool Required option is enabled in the 'Branch Preferences' screen.

You need to specify the number of days for which the system will compute refinance pool calculation in case of back valued entries for Accounts.

Specifying GL BV Pool Days

This field is enabled only if the BV Pool Required option is enabled in the 'Branch Preferences' screen.

You need to specify the number of days for which the system will compute refinance pool calculation in case of back valued entries for GL's.

MIS Groups

Oracle FLEXCUBE distinguishes between trading and treasury revaluation. Trading revaluation refers to the revaluation of balances posted for the day, whereas Treasury revaluation refers to the revaluation of the opening balances for the day. The revaluation profits/losses for treasury and trading transactions are tracked under separate MIS groups.

Online revaluation profit or loss is booked on the basis of the difference between the contract exchange rate and the Online Revaluation rate when a contract is booked.

You need to specify the MIS groups (Trading, Treasury and Online) under which a particular GL has to be revalued.

These fields must be selected to enable Refinance Pool Calculation. For details on Refinance Pool Calculation, please refer the MIS user manual.

Marking FX contracts for manual liquidation

Oracle FLEXCUBE's interface with Trestel allows foreign exchange (FX) contracts handed over from Trestel to get booked automatically into Oracle FLEXCUBE. If the FX transaction involves the sale of a foreign currency and the counterparty is a corporate, then you may wish to liquidate the contract manually.

Oracle FLEXCUBE gives you the option of specifying at branch and customer level that FX contracts involving certain customers should NOT be picked up for auto liquidation, but be liquidated manually. Check the box against the FX Manual Liquidation field to avail of this option. This, in conjunction with a similar specification being maintained for a customer, ensures that FX contracts with that customer are not picked up for auto liquidation as part of end-of-day processing on liquidation dates. Such contracts have to be liquidated manually.

While uploading from Trestel, the system checks if FX contracts for such customers (who have been marked for manual liquidation of FX contracts) are marked for auto liquidation. If it encounters any such contract, then it raises a configurable override.

Specifying online update of customer account balances

When defining the preferences for your branch, you can opt do an online update of customer account balances. Select the 'Online Update During Batch' option to avail this feature.

However, during online update, there could be cases where multiple processes may try to post balances into the same account, resulting in a contention. To handle such incidents, Oracle FLEXCUBE allows you to update the account balances offline, during batch processing. The 'Online Update During Batch' option, if not selected, will enable you to defer the balance update.

You can do an offline balance update for FX and MM modules only.

For more information on deferring balance update and doing an offline update, refer the 'EOC Operations for FX and MM' chapter of the Operations User Manual.

Specifying online update of GL balances

The system will do an online update of GL balances if you select the 'Online GL Update' option. Just as in the case of customer account balances, you can opt to defer the update of GL balances also. Do not select the 'Online GL Update' option to defer the update process.

In addition to deferring the GL update program at the branch level, you have to defer the program at the individual GL level (in the 'Chart of Accounts' screen) also to avail this feature.

For more information on deferring balance update and doing an offline update, refer the 'EOC Operations for FX and MM' chapter of the Operations User Manual.

Indicating whether the EOD process should be deferred

At the time of maintaining branch parameters, you can indicate that you wish to defer the EOD process for the branch. You have to select the 'Defer EOD Process' option to exercise this feature. All non critical processes that are done during marking of EOD will be processed as a batch which will be triggered during transaction input.

For more information on deferring the EOD process, refer the 'EOC Operations for FX and MM' chapter of the Operations User Manual.

Specifying delinquency tracking for the branch

You can specify whether delinquency tracking should be done for a branch. This option has to be enabled in both 'Accounting Entry Definition' screen as well as Preference screen for the system to track the delinquent at the branch level.

Ignore Account Status validation for A/c to A/c Transfer

You can choose to ignore the status validation performed by the system during account to account transfer of funds for the account for which you have already specified No Debit and Blocked status. If you check this box the system books the transfers for all the accounts of the customer over riding the status check specified for the account.

ORACLE®

The system performs the No debit and Blocked status validation in case this check box is left unchecked.

Specifying whether External Exchange Rate update is required

If you want to indicate that the exchange rate for a cross currency FT contract should be provided by an external source, either user input or uploaded from another system, you have to select the 'External Exchange Rate' option as a preference for the branch.

The exchange rate will be updated by an external source only if the transfer amount exceeds the small FX limits maintained for the customer account. This will result in split processing of cross currency FT contracts i.e. you will be allowed to save the contract without the exchange rate but the system will suppress the liquidation event and the payment message for the contract until you update the exchange rate.

You have to specify the 'External Exchange Rate System' if you opt to update the exchange rate from an external source.

🛑 Note the following:

- You can select the 'External Exchange Rate' option only if you opt to use the small FX feature by choosing the 'Use Small FX' option.

- You can update the exchange rate from an external source only if you select the 'External Exchange Rate' option for both branch and product (in the 'FT Product Preferences' screen).

You will be able to view and update the exchange rate for all cross currency FT transactions in the 'Exchange Rate Queue'.

For details on maintaining Small FX limits for an account and viewing the Exchange Rate Queue, refer the 'Core Entities' and 'Funds Transfer' User Manuals respectively.

Specifying MIS tracking for IC

You can choose whether or not MIS tracking is required for the IC module. Enabling this option ensures that the MIS details are considered for IC processing. You can modify these details at the product level. Subsequently, you will also be able to modify MIS details for the branch, product and account combination.

Defaulting walk-in customer as related customer

You can choose to default walk-in customer specified in the Preference screen as the related customer for all GLs in Teller input, Journal Entry and Multi offset input screens.

Checking this box will default the walk-in customer as the related customer. In case this box is unchecked, it is mandatory to manually specify the related customer for Teller Input, Multi Offset Input and Journal Entries.

ORACLE®

Facilitating overdue debit tracking for the branch

Oracle FLEXCUBE facilitates the tracking of overdue debits for customer accounts. To avail this facility, you have to select the 'Overdue Debit tracking' option as a preference for your branch. Overdue debit tracking will be based on the value dated turnovers of the customer account. When repayments are processed, the credit entries will be matched against the overdue debit entries in the ascending order of the date of creation of the overdue debit entries.

You can apply penalty interest/charge on the overdue amount. The IC module of Oracle FLEXCUBE will be used for interest calculation on the amount due.

If you opt for overdue debit tracking for your branch, you have to specify the debit tracking preferences for the branch. You can achieve this through the 'Overdue Debit Branch Preferences' screen, available under 'Branch Parameters' in the Application Browser. Refer the section titled 'Maintaining Overdue Debit Tracking Preferences for the branch' of this document for details on setting up the preferences.

RTGS Payment

This option indicates whether or not the branch can send and receive RTGS messages. Check this box if the branch can send and receive RTGS messages.

Indicating whether Inter Co Entity Check Required

If this option is checked at branch level, the system validates the Inter Co entity CIF.

You can record Entity Legal Type name and description in this screen. The Entity Legal Type can comprise of six alphanumeric characters.

The screen is as below:
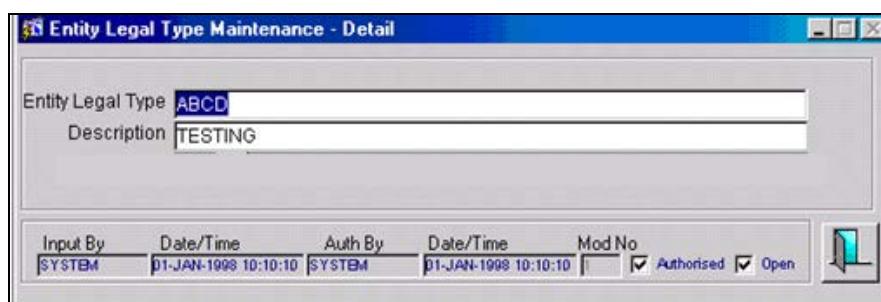
Details of the Entity Legal Type recorded in the previous screen are maintained in the screen below. Click on the button in the Entity Legal Type to choose from the list of values. If an entity legal type is maintained for a SIC code linked to a CIF, it is mandatory to enter an Inter Co Entity Number for the CIF.

🛑 This option appears for use in generation of RTGS messages.

Posting year end entries in the local currency

The system picks the CIF and MIS group you have maintained at the branch level to post the year end financial closure entries. In case you want to post the year end entries in the local currency of the Branch, then click on this option. The system posts all the year end Profit and Loss transfer entries in the local currency of the Branch.

Indicating reversal at current Exchange rate

While reversing a contract, you can choose to use the latest exchange rate. In order to do this, you need to check the box 'Reversal at Current Exchange Rate' in the Preferences screen. The system picks the latest exchange rates whenever a contract is reversed under the specified branch.

Once you have checked this box, the system defaults the next working day in the Reversal Flag Reset Date field. This is only a display field and the system does not allow you to change this date. And only those transactions input on/or after the reset date is considered for 'reversal at current exchange rate'.

The system handles the processing of accounting and reversal in the following manner:

Accounting

In case the entries are netted, the system stores the pre-netted entries while posting the accounting entries.

Depending on the offset amount tag you have maintained for the respective module, the system calculates the local currency equivalent (if both credit and debit legs are in foreign currency) for each accounting entry pair by applying the current exchange rate.

For FT and FX modules, the following offset amount tags are predefined in Oracle FLEXCUBE:

FX	BOTAMT	SOLDAMT
	SETBOTAMT	SETSOLDAMT
FT	TFR_AMT	AMT_EQUIV

ORACLE®

In the absence of an offset amount tag, the system applies the same amount tag for the offset entry also. While processing all the contracts, the following formula is applied for averaging local currency:

Sum of Debit (Dr) local currency (LCY) + Sum of Credit (Cr) local currency/2

Subsequently, the system applies the new exchange rate for accounting entries thus synchronizing both LCY amount and the exchange rate.

🛑 The LCY averaging in FT module is allowed only if you have opted for 'Reversal at Current Exchange Rate' field in this screen.

Reversal

When you opt for reversal at current exchange rate for the branch, the contract will be reversed depending on the maintenance in each individual module:

Module	Event
FT	Reversal (REVR)
FX	Reversal of contract (REVR)
MM/LD & LS	Reversal of contract (REVC) Reversal of payment (REVP) Reversal of up-front fee (FREV) Reversal of ad-hoc fee (HREV)

The system chooses only those entries with transaction date greater than or equal to the reset date for the reversal. In case the entries are netted, the system selects the pre-netted entries and replaces the particular entry with pre-netted accounting entries. Depending on the offset amount tag you have maintained for the respective module, the system calculates the local currency equivalent (in case both credit and debit legs are in foreign currency) for each accounting entry pair by applying the current exchange rate. Thus, the average of the two amounts is computed and this amount is considered as the local currency equivalent of the accounting entry pair. Subsequently, the system applies the new currency equivalent to calculate the exchange rate for each of the entries.

Indicating usage of US clearing network codes for USD payment message generation

You can indicate whether USD clearing system identifiers must be used for generation of USD pay messages for customers at the branch. You can indicate this in the Clearing Code for USD Payments field in the Preferences screen.

If you select this option, the system inserts the appropriate USD Clearing System identifiers, followed by the FEDWIRE, Chips Participant or Universal ID of the customer, in the fields 56a (Intermediary) 57a (Account With Institution) 58a (Beneficiary Institution) and 59a (Beneficiary Customer) in all USD pay messages.

USD Clearing Network processing will be done only if the following criteria are fulfilled:

- The payment currency is USD.

ORACLE

- The Country Code of the Receiver/Receiver of Cover is US.

- You have enabled the USD Payments option as a Branch Parameters.

This processing is applicable only for the funding message which is the payment message (MT103/MT202) for a payment without cover and the cover message for a payment with cover.

The favored option is always 'A'. However if a valid BIC has not been provided the first party after the receiver (56/57) is furnished along with the USD clearing network.

Example

If you are processing a double agent payment without cover, the first party after the receiver is 56.

Case I - Valid BIC is available.

Intermediary is CITIUS33

If the USD clearing network is FW the field will be populated as follows:

: 56A://FW

 CITIUS33

If the USD clearing network is CP then

: 56A: CITIUS33

Case II - Valid BIC is not available

If the USD clearing network is FW

: 56D: //FW1234

Citibank New York

In case the account line is null for the parties that follow the Chips universal ID if available will be populated.

If the receiver of the message is CITI NY and the receivers correspondent (field 56 in the above case) is also CITI NY the CITI NY account number will be populated in the account line of the next party (field 57 in the above case).

How the USD Clearing Network identifiers are used

If the usage of USD clearing codes has been indicated, by selecting the Clearing Code for USD Payments option in the Preferences screen (as explained above), the system inserts the appropriate USD Clearing System identifiers for USD pay messages (MT 103/202) or cover messages (MT 202) as follows:

If the USD Clearing Network used is FEDWIRE,

 ➢ The BIC of the party is identified. If obtained, the first line in the field 57a is populated with the identifier //FW (indicating FEDWIRE) and the second line contains the BIC of the party. For instance, if the BIC of the party is CITIUS33,

 ➢ 57A://FW

ORACLE

> CITIUS33

> If the BIC corresponding to the party is not obtained, the first line in the field 57a is populated with the identifier //FW (indicating FEDWIRE), immediately followed by the FEDWIRE ID of the party, maintained in the CIF Miscellaneous Addresses maintenance. For instance, if the FEDWIRE ID maintained for the party in the CIF Miscellaneous Addresses maintenance is 26008044,

> 57D://FW26008044

> COMMERZBANK AG NEW YORK BRANCH

If the Clearing Network is CHIPS Participant,

The CHIPS Participant ID maintained for the party in the CIF Miscellaneous Address maintenance is inserted in the first line, prefixed with // CP (indicating CHIPS Participant), and the name and address of the party is inserted in the second line. For instance, if the CHIPS Participant ID maintained in the CIF Miscellaneous Address maintenance is CP213547,

> 57D://CP213547
> CITIBANK TOKYO

If the Clearing Network is CHIPS Universal,

The CHIPS Universal ID maintained for the party in the CIF Miscellaneous Address maintenance is inserted in the first line, prefixed with // CH (indicating CHIPS Universal), and the name and address of the party is inserted in the second line. For instance, if the CHIPS Universal ID maintained in the CIF Miscellaneous Address maintenance is CH35157,

> 59:// CH35157
> CITIBANK TOKYO

For details about how the identification of CITI NY customers is used during USD pay message generation, refer the Foreign Exchange and Money Market user manuals.

Facilitating auto generation of cheque numbers for your branch

Oracle FLEXCUBE provides you the option to automatically generate the cheque book numbers for your branch. To enable this, you have to select the 'Auto-Generate Cheque Nos.' as a preference for the branch.

If you opt to auto-generate the cheque numbers, you will also be required to maintain the following:

- A mask/format for the cheque number, and

- The starting number to begin the cheque numbering sequence for your branch which will be validated against the 'Cheque Number Mask' that you maintain.

Specifying OFAC Preferences

Select the option OFAC Validation Required to indicate the branch requires OFAC validations. An incoming MT103 or MT202 will then require a Sanctions Check (SC). The FT transaction will not be processed until the validation is complete. Also indicate the maximum time in seconds that the OFAC system can take to respond to a message. If the time mentioned is exceeded, the message will be timed out.

ORACLE

Specifying the Position Accounting details

If you have opted for 'Position Transfer Required' at the bank level, you will be allowed to select the following options:

- Allow FCY Position, and

- Position Transfer Branch

You can select the 'Allow FCY Position' option to enable the current branch to create FCY positions. If you do not allow FCY positions, then it is mandatory to provide the 'Position Transfer Branch'.

When you select the Position Holding Branch, the option list displays only those branches for which FCY positions have been allowed (that is, 'Allow FCY Positions' has been enabled).

The examples given below illustrate the concept of FCY position transfer and tracing of original FCY currency.

Example – Position Transfer

Let us consider that BR1 & BR2 are branches under the regional office RO1. Further, only RO1 is allowed to take FCY Positions.

Assume that you have maintained the following preferences for position transfer at RO1:

Position Transfer Required	Enabled
Transaction Code	123
Trace Original FCY Entries	Enabled
Transaction Code	987

At the branch level, the specifications are as follows:

Position Accounting Preferences	RO1	BR1
Allow FCY Positions	YES	NO
Position Holding Branch	NA	RO1

Local currency for RO1 and BR1 is INR.

Branch BR1 is under regional office RO1. Only RO1 is allowed to take FCY positions. The transaction in branch BR1 sends an outward remittance of 100 USD to an account in RO1. This transaction creates a position in BR1.

Branch	Account	Dr / Cr	FCY Amount	LCY Amount
BR1	Nostro Account	Debit	100 USD	4600 INR
BR1	InterBranch (BR1-RO1)	Credit		4600 INR

ORACLE

Branch	Account	Dr / Cr	FCY Amount	LCY Amount
RO1	InterBranch (RO1-BR1)	Debit		4600 INR
RO1	Beneficiary Account	Credit		4600 INR

As the Position Transfer Required option has been enabled, the position created in BR1 is transferred to the branch RO1. The accounting entries passed would be as below:

Branch	Account	Dr / Cr	FCY Amount	LCY Amount
BR1	Nostro Account	Debit	100 USD	4600 INR
BR1	InterBranch (BR1-RO1)	Credit		4600 INR
BR1	InterBranch (BR1-RO1)	Debit		4600 INR – Additional
BR1	InterBranch (BR1-RO1)	Credit	100 USD	4600 INR – Additional
RO1	InterBranch (RO1-BR1)	Debit		4600 INR
RO1	Beneficiary Account	Credit		4600 INR
RO1	InterBranch (RO1-BR1)	Debit	100 USD	4600 INR – Additional
RO1	InterBranch (RO1-BR1)	Credit		4600 INR – Additional

All the above entries are posted with the transaction code **123.**

Example - Tracing of Original FCY Currency

Consider the following transaction:

Branch	Account	Dr / Cr	FCY Amount	LCY Amount
RO1	Nostro Account	Debit	100 USD	4600 INR
RO1	InterBranch (RO1-BR1)	Credit		4600 INR
BR1	InterBranch (BR1-RO1)	Debit		4600 INR
BR1	Beneficiary	Credit		4600 INR

This transaction does not create a FCY position in BR1; however, it is required to pass additional entries to trace the source currency (USD) of the transaction.

Hence the accounting entries passed would be as below:

Branch	Account	Dr / Cr	FCY Amount	LCY Amount

ORACLE

Branch	Account	Dr / Cr	FCY Amount	LCY Amount
RO1	Nostro Account	Debit	100 USD	4600 INR- NORMAL
RO1	InterBranch (RO1-BR1)	Credit		4600 INR- NORMAL
RO1	InterBranch (RO1-BR1)	Debit	100 USD	4600 INR– TRACING
RO1	InterBranch (RO1-BR1)	Credit	100 USD	4600 INR– TRACING
BR1	InterBranch (BR1-RO1)	Debit		4600 INR- NORMAL
BR1	Beneficiary	Credit		4600 INR- NORMAL
BR1	InterBranch (RO1-BR1)	Debit	100 USD	4600 INR–TRACING
BR1	InterBranch (RO1-BR1)	Credit	100 USD	4600 INR–TRACING

'Tracing' entries are tracked against the transaction code **987**.

Suppressing generation of payment messages for local currency transactions

The Oracle FLEXCUBE -Trestel interface ensures automatic booking of transactions handed off from Trestel. You can suppress generation of messages for local currency transactions handed off from Trestel.

Click on the ![button] button in the Preferences screen to invoke the 'LCY Message Preference' screen:
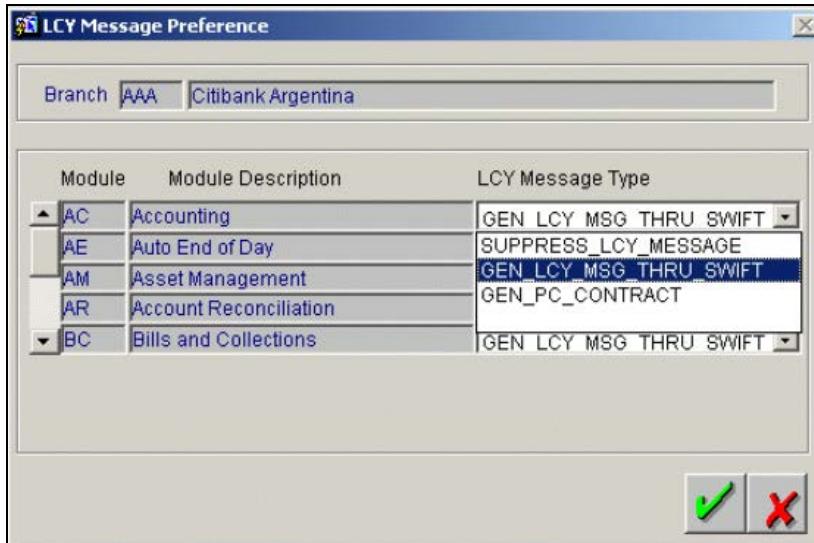
For any module, you have three options to choose from in the LCY Message Type field:

1. SUPPRESS_LCY_MESSAGE

2. GEN_LCY_MSG_THRU_SWIFT

3. GEN_PC_CONTRACT

If you select either of the options 1 or 3 and the settlement is in the local currency of your branch, then the system generates a configurable override during settlement details maintenance if the payment method is not 'clearing'.

Similar conditions generate a similar override when the system performs validations at the time of saving a Funds Transfer contract.

ORACLE®

Specifying RTGS Account Details

RTGS Preferences enables you to capture RTGS Nostro account and Service Identification code

for header information in the Swift message. Click on the [icon] button. The 'RTGS Account Details' screen appears.
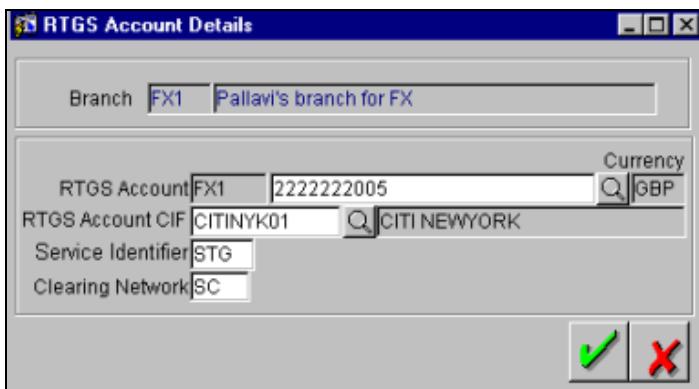
RTGS Account

This field indicates your Nostro Account with the clearinghouse. For London, this is the Nostro corresponding to the 'Bank Of England'. If your 'Pay Agent' account for a deal is maintained in the RTGS Nostro field, then the deal payment is considered as a clearing payment subject to the following validations:

- The RTGS indicator maintained at the product level is checked.

- The sender is an RTGS member: The system will check the RTGS Payments option at the Branch level

- The receiver is the Central Institution:

  - If Cover is not required, then the receiver of the message should be the Central Institution. The Central Institution is identified by the RTGS account CIF maintained in Branch Parameters. If there was an intermediary, then it would have to be an RTGS member. Otherwise, the account with the Institution would have to be an RTGS member

  - If Cover is required, then the receiver of the Cover should be a Central Institution. The Central Institution is identified by the RTGS Account CIF maintained in Branch Parameters. Also, the correspondent/receiver's correspondent has to be an RTGS member

- The currency of payment should be the local currency of the branch.

[STOP icon] This field appears for use only in generation of RTGS messages.

RTGS Account CIF

This field is enabled when you select a GL in the field meant for RTGS Nostro Account. Select the RTGS Account CIF from the option list provided. This is a combination of the GL and the CIF number and is used to identify the Central Institution.

ORACLE

🛑 This field appears only for use in generation of RTGS messages.

Service Identifier

This is used to provide header information pertaining to Block 3 of the outgoing payment message

i.e., {3:{103:<service-identifier>}}

For London NA, this field would be maintained as 'STG'

For London, the delivery channel for CHAPS is MERVA. The message would be sent to MERVA via MQ series after the CHAPS-specific header processing is done. The CHAPS message would be generated with SWIFT header 3 as shown below:

{3: {103: STG}{108: <User Ref. No.>}}

The 'User Ref. No.' could be the Custom Reference Number used in field 20 of the message.

🛑 This field appears only for use in generation of RTGS messages.

Clearing Network

SWIFT standards allow usage of specific 2 character codes to identify National Clearing Systems. A Local Clearing Network Identifier ('SC'') would be preceded by '//' and followed by the Sort Code. For CHAPS, the identifier is 'SC'. Hence, for GBP CHAPS payments, field 56 (in Continuous Pay) and field 57 (in Pay of Single Agent and cover of double agent) would contain the following:

　　　　　//SC<sort code> in line 1.

Line 2 would have the Name and Address of the party.

🛑 This field appears only for use in generation of RTGS messages.

ORACLE®

Specifying the refinancing parameters at the unit level

You can enable refinance processing for a branch at the unit level. To access this screen, click

on the ▮ button. The 'Refinance Unit Level Balances' screen appears. However, to enable this button, the Refinance Unit Balances option should have been checked in the 'Branch Preferences' screen. The screen is as below:
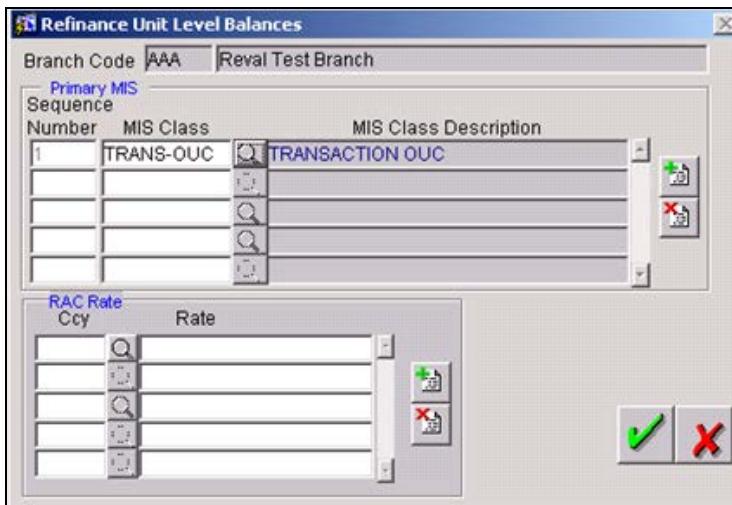
Specifying the primary MIS Classes

For 'Others' type of GLs, the lowest level at which the balances will be stored is Branch+ GL+ Currency+ Related Customer+ MIS-MAP level. The MIS level details will be picked up from the branch level. The list of MIS classes that you maintain at the branch level constitutes the MIS-MAP.

An MIS type helps you classify your reporting based on a customer or a transaction. An MIS Class belonging to customer type will help you generate your profitability for a customer. Similarly, an MIS Class belonging to transaction type will help you in generating profitability report based on transactions.

At the time of specifying the refinancing IC parameters for the branch, you need to specify the MIS class by which you want the balances broken up. The break-up of the balances will be done only for the classes maintained as Primary MIS classes.

🛑 *This parameter is used for Refinance Cost Computation. For details on Refinance Cost Computation, please refer the MIS user manual.*

Refer to the user manual on 'General Ledgers' for more information on the types of unit GLs that will be used for refinancing.

Specifying currency wise Reserve Asset Cost rates

You can specify RAC rates for your branch. This rate will be defaulted as RAC rate for loan contracts. You can however change the rate at the time of contract processing.

ORACLE

🛑 *This parameter is used for Refinance Cost Computation. For details on Refinance Cost Computation, please refer the MIS user manual.*

Indicating whether secondary GL MIS linkage is required for secondary MIS classes

You can instruct the system to consider the MIS classes other than those specified as primary classes for the break up of GL balances.

Setting the Invoice Number generation parameters for your branch

Taxes linked to interest or service charge collection often need invoices that have to be submitted to the authorities with an advice to the customer.

To cater to this requirement you will need to maintain the following parameters in Oracle FLEXCUBE:

- A Mask for generating invoice numbers for your branch.

- A Current and a Waiting range of invoice numbers from which the system generates invoice numbers sequentially.

- Specify whether invoicing is required for a specific Tax Scheme or Tax Class.

- Transaction Codes which will be used to post tax entries as journal entries.

Invoice numbers in your branch are generated in the format of the mask that you specify through the Preferences sub-screen.

You will need to specify an alphanumeric mask. This type of an account mask is a combination of alphabets and numbers. For example you could build a mask with components such as the Branch Code, the Currency Code, etc.

Refer to the heading titled Maintaining an Invoice Range in this document to know more about Invoice Range Maintenance.

Indicating whether multiple Message Delivery channels should be maintained

Messages generated in Oracle FLEXCUBE can be sent to external delivery channels. As a branch level parameter you can indicate whether delivery of messages through multiple channels is required. You must also designate a default delivery channel to which messages would be delivered.

If you enable the Multiple Channels option you can maintain the various delivery channels that would be used through the 'Delivery Channel Maintenance' screen.

For more information on this feature refer the Message Delivery in Oracle FLEXCUBE section (documented in CS07_SWIFT.doc) of this User Manual.

ORACLE®

Enabling the Hold/Release Validations

Specific branches of your bank may require messages to be delivered through delivery channels only during specified timings in the day irrespective of when the message was created or generated. Accordingly such branches may require to Hold or Release messages based on certain criteria. You can enable enforcement of such hold/release criteria using the Apply Hold Release Criteria option.

If you enable this option, you must also ensure that the following maintenances are done:

- Message groups
- Classification of message types under message groups
- Hold/ Release Criteria

5.1.16 Specifying the host parameters

Oracle FLEXCUBE allows you to maintain three different databases:

- The Production Database: The unit level GL balances are updated and the revaluation is done in the Production database.
- The MIS Database: The broken down GL balances will be replicated to an offline database called the MIS database. Revaluation of the pool balances will be done in the MIS database. This is for the purpose of refinance cost computation by IC.
- The Archival Database: This is for archiving contract details from the Funds Transfer module and Accounting details for future reference and queries.

Therefore, you need to specify the Oracle schema and the instance name for production, archival and MIS database for the branch. They are specified in the 'Host Parameters' screen. In the 'Branch Parameters' screen click on the HOST button to invoke the 'Host Parameters' screen.
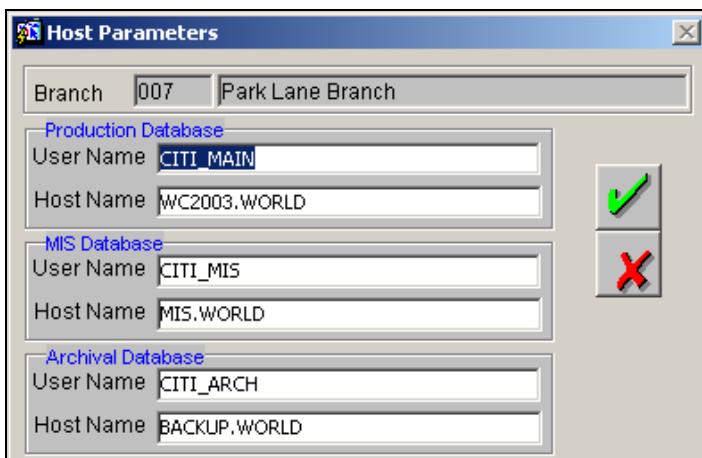
Refer to the 'Management Information System' and 'General Ledgers' user manuals for further details on refinancing by IC and Unit type of GLs.

ORACLE®

5.1.17 Maintaining region-wide Department Restrictions

As part of setting up the branch parameters it is possible to specify department restrictions for all the branches in the country. In the 'Branch Parameters' screen, click on the ⊘ icon.

The 'Department Restrictions' screen is as below:
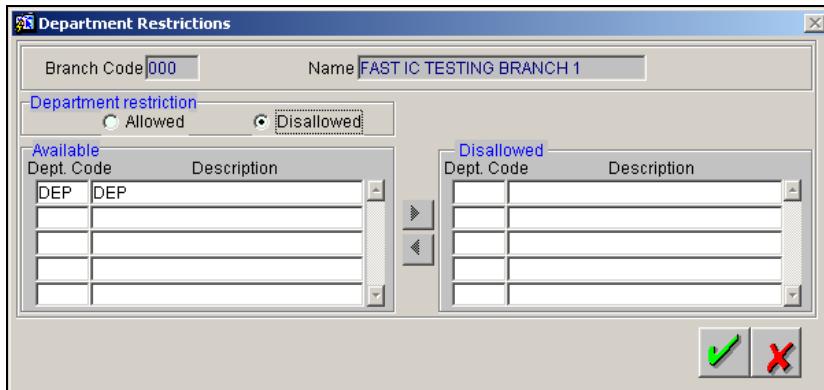
In this screen you can either give or restrict access of individual branches to the various departments that exist within your bank.

The details of all the departments defined for your bank through the 'Department Maintenance' screen will be displayed in the Available column. Firstly you must specify whether you are maintaining an allowed or disallowed list of departments for the particular branch. Under Department Restriction you can indicate this preference.

Moving a department to the Allowed/Disallowed column

In the 'Department Restrictions' screen, two columns are displayed:

- An Available list
- A Disallowed list

In the Available column, all the departments' codes maintained for your bank will be displayed. You can move a branch to the disallowed column by using the keys provided for the same. Click ▶ to move an item from the available to the disallowed list. Click ◀ to move an item back to the available column.

After having indicated your restrictions for an individual branch click ✔ to save the changes. Click ✘ to exit without saving changes. You will be returned to the Branch Parameters screen.

ORACLE

5.1.18 Maintaining multiple Local currencies for a branch

Typically, the local currency maintained for your Head Office Bank will be taken as the local currency for all the branches of your bank. In addition, Oracle FLEXCUBE also allows you to maintain a clearing currency for a branch. You can define multiple clearing currencies for a branch.

A typical scenario where you can associate a clearing currency to a branch is one with 'EURO' as the local currency. All the eleven currencies that fall under the 'EURO' can be maintained as clearing currencies for the branch. In the 'Branch Parameters' screen, click on the [icon] button to maintain multiple clearing currencies for a branch. The 'Clearing Currency List' screen is displayed.
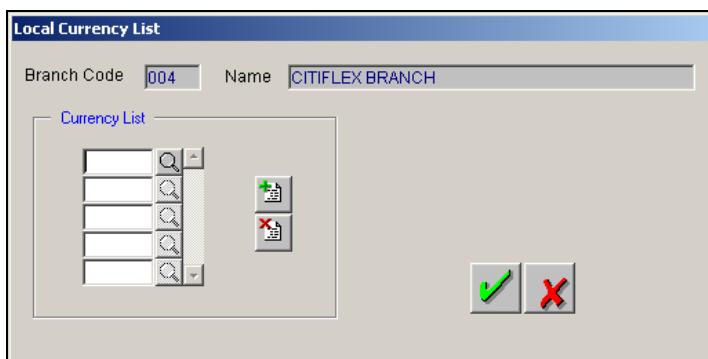
All the currencies maintained in the system are available for selection in the form of an option-list. Select the appropriate currencies from the list.

[STOP icon] At the time of maintaining the Settlement Instructions for the customers of your branch, you can specify the payment method as 'Clearing' only if the payment currency is the local currency or one of the clearing currencies defined for your branch. Ideally, the payment method will be 'Clearing' if you are processing a transaction involving an external counterparty. All transactions associated with the local currency or a clearing currency will be processed as a 'local payment transaction' for the branch.

5.1.19 Maintaining Currency restrictions for your branch

For Single, Multi-offset journal and Teller entries you can choose to maintain Currency Restrictions and make them applicable for your branch. As a result of this maintenance, the system performs the necessary validations and displays only the allowed currencies while processing journal entry transactions. Similar validations are performed during journal entry upload to check for restricted currencies.

ORACLE®

To identify currencies which you would like to restrict for your branch click on the 🏛 button in the 'Branch Parameters' screen.
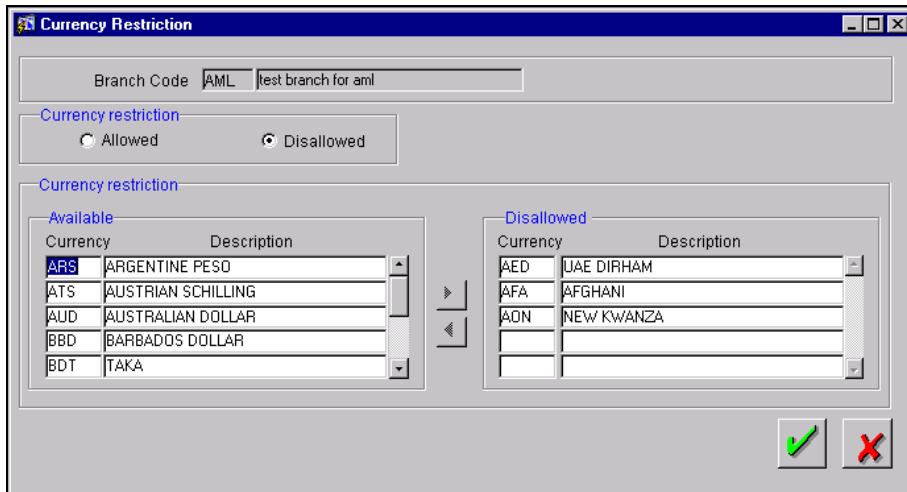
You can maintain currency restrictions in the form of an Allowed or Disallowed list.

If you have opted for external credit approval (ECA) check for the branch, you will need to enter ECA details. Click on the ↵➡ icon in the 'Branch Parameters' screen to invoke the 'ECA Details' sub-screen.
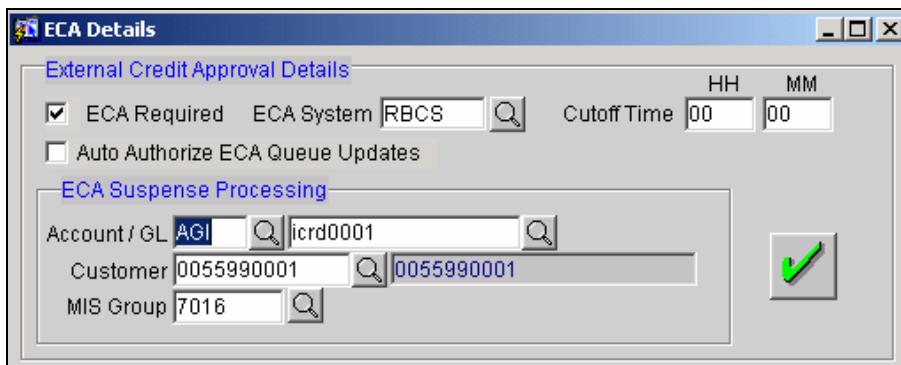
The selection of the 'ECA Required' option, as well as the name of the relevant ECA System for your branch, defaults from your specification in the Preferences sub-screen. The ECA details that you need to maintain here are explained below:

Cutoff Time: This indicates the RBCS (Regional Balance Control System) cutoff time in hours and minutes. If the cutoff time is not present in the ITR file uploaded into Oracle FLEXCUBE, then the cutoff time that you specify here is used to identify late approvals received from RBCS (approvals received after the cutoff time has elapsed).

Auto Authorize ECA Queue Updates: Your selection for this field indicates whether, in the event of manual intervention in the ECA queue, the changes done in ECA Transaction Queue are to apply on saving the transaction or whether a separate authorization is needed for the same.

Suspense GL: This indicates the account to which the original entry needs to be posted in the event of automatic reversal processing on rejects.

Related Customer: This indicates the related customer to be used for the reject reversal processing.

MIS Group: This indicates the MIS group that needs to be used during the reject reversal processing.

5.1.20 <u>Placing branch level Multi GAAP restrictions</u>

After specifying GAAP preferences for GLs of your bank you can place branch level multi-GAAP restrictions by restricting or allowing GAAP indicators that have been defined for specific branches of your bank.

Invoke the 'Multi-GAAP Restrictions' screen by clicking on the 📕 icon in the 'Branch Preferences' screen.
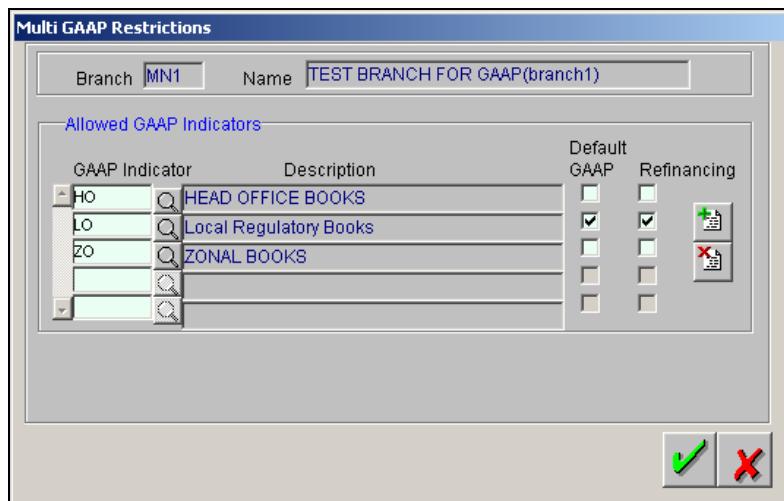
Identifying a list of Allowed GAAP Indicators for posting

From the list of GAAP indicators maintained for your bank, for your branch you can identify a list of allowed GAAP indicators into which entries are to be posted. The restrictions that you specify in this screen are enforced while posting entries.

You must identify at least one 'allowed' GAAP indicator for your branch.

This parameter is used for Refinance Cost Computation. For details on Refinance Cost Computation, please refer the MIS user manual.

Identifying the Default GAAP Indicator

Out of the allowed list of GAAP indicators that you maintain you can identify only *one* indicator as the default indicator for your branch. While generating reports this indicator is defaulted to the report options screen. You can choose to change it while generating the reports.

ORACLE

Identifying the Refinancing indicator

For your branch, you must identify the GAAP indicator against which MIS refinancing entries are to be tracked. You will be allowed to select only one indicator as the Refinancing GAAP. The MIS Refinancing indicator can be the same or different from the default GAAP indicator.

GL Balance Storage in Oracle FLEXCUBE

During GL balance storage for internal GLs the balances contributed by accounting entries posted with the wildcard 'AL' for 'All Books' are tracked separately.

🛑 If accounting entries are posted to the wildcard 'AL' indicator, then in addition to the propagation of GL balances to each of the books maintained for your branch the system also stores the balances separately.

Thus, when Oracle FLEXCUBE is interfacing with an external system, you will be able to get details of balances contributed by the entries posted with the wildcard 'AL' GAAP Indicator and consolidated balances for individual GAAP indicators as well.

For entries reporting to specific indicators, the GL balances are updated only against the book corresponding to the specific indicator.

For further details on processing GAAP Indicators in FLECUBE refer to the chapter on Handling Multi GAAP Accounting in Oracle FLEXCUBE in the General Ledger manual.

5.1.21 Maintaining Department details

Every branch has its own set of departments. As part of capturing Core details necessary for the successful functioning of Oracle FLEXCUBE you are required to maintain details of individual departments that exist within your branch and assign appropriate descriptions to each department code that you maintain. You can do this through the 'Department Maintenance Details' screen.

Consequently every transaction that is processed in the system will be tracked department-wise automatically. The 'Department Maintenance' screen is available under **Bank Parameters** in the Application Browser.

ORACLE
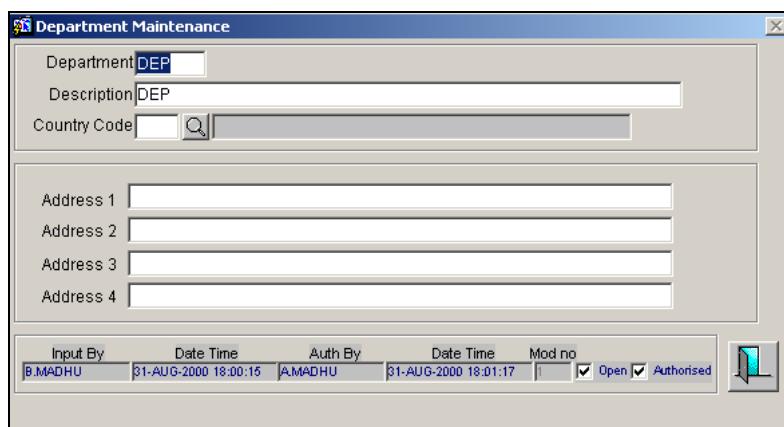
To maintain the details of a new department choose New from the Actions Menu or click ![button] from the toolbar. The 'Department Maintenance' screen will be displayed without any details.

Every new department that you capture will become operational in Oracle FLEXCUBE only after it is authorized. A user bearing a different Login ID can authorize a department definition record that you have created.

5.1.22 Maintaining Legal Vehicles

You can maintain Legal Vehicles of your bank in the 'Legal Vehicle Maintenance' screen. This screen is available under **Bank Parameters** in the Application Browser.
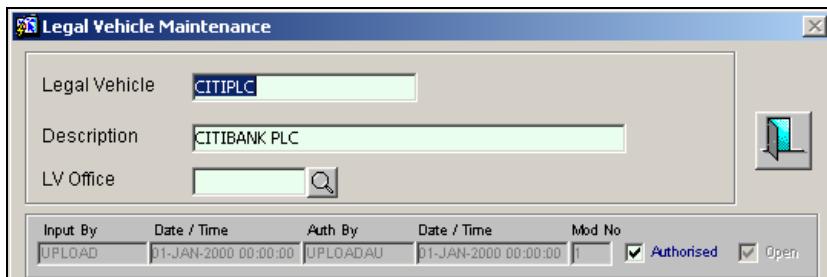
Apart from mentioning a code and description for the legal vehicle, you will also have to specify the branch to which the legal vehicle is linked.

5.1.23 Maintaining the different (world) time zones and the Currency Cut-off Limits

In Oracle FLEXCUBE, to view the Funds Transfers (FT) generated at a branch in the order of the cut-off time defined for a currency, you have to:

- Maintain the different (world) time zones,

- Associate the local branch with a time zone, and

- Maintain the local cut-off time for a Time Zone, BIC Code, and Currency combination.

Time zones are maintained in the 'Time Zones Maintenance' screen invoked from the Application Browser. All branches of your bank are associated with a time zone maintained here.

ORACLE

In this screen, you can maintain the different (world) time zones. The identifier and description you specify in the Time Zone and Description fields respectively identify a time zone.

For a time zone, you can capture the daylight savings start and end dates, and the offset time with respect to GMT. You can also indicate if the time zone is ahead or behind GMT.

🛑 Since all branches of your bank need to be associated with a time zone you can associate a branch with a valid time zone maintained in the Time Zone Maintenance screen through the Branch Parameters screen.

Once you have maintained time zones, and associated your branch with a time zone, you have to specify the local cut-off time for a Time Zone, BIC Code, and Currency combination in the 'Currency Cut-off Time Maintenance' screen invoked from the Application Browser.

The screen is as below:
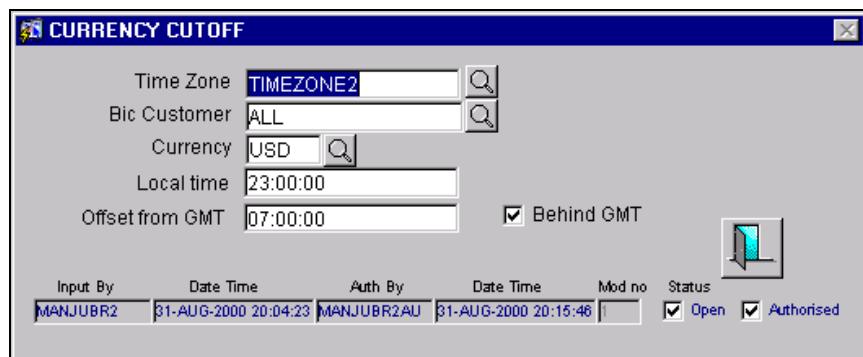
In this screen, for the local time, you can specify the offset time with respect to GMT.

🛑 You can maintain several "cut-off" times for a currency on the basis of BIC Codes. For instance, you can maintain a cut-off time for USD for a BIC Code identifying a customer on the East Coast of the United States, and another for a BIC Code identifying a customer on the West Coast. Maintaining "Cut-off" times for a currency and BIC Code helps you sort the funds transfers you initiate. For instance, if you are located at London, you may want to view the USD funds transfers generated for the east coast first, considering the cut-off time for these FTs would be earlier.

Based on your specifications in these screens, FTs initiated at your branch will be ordered.

Display of local branch time

The audit trail for all transactions initiated in the branch as well as reports generated in the branch will display the local branch time, computed by the system using the offset from GMT that you have maintained for the branch time zone in the Branch Parameters, and the offset from GMT maintained for the server time zone (i.e., the time zone of the geographical location of the server). The local branch time is taken into consideration for release of uncollected funds, expiry of amount blocks and upload of swift messages.

ORACLE

The value date for a Funds Transfer contract which is initiated by either an incoming or outgoing swift message, will be determined by comparing the local branch time during upload with the cutoff time maintained for the currency of the credit leg of the contract.

5.1.24 <u>Maintaining an Invoice Range</u>

The allocation of invoice numbers is done serially from the range that you specify through the 'Invoice Range Maintenance' screen. This screen is available under **Tax Maintenance** in the Application Browser.
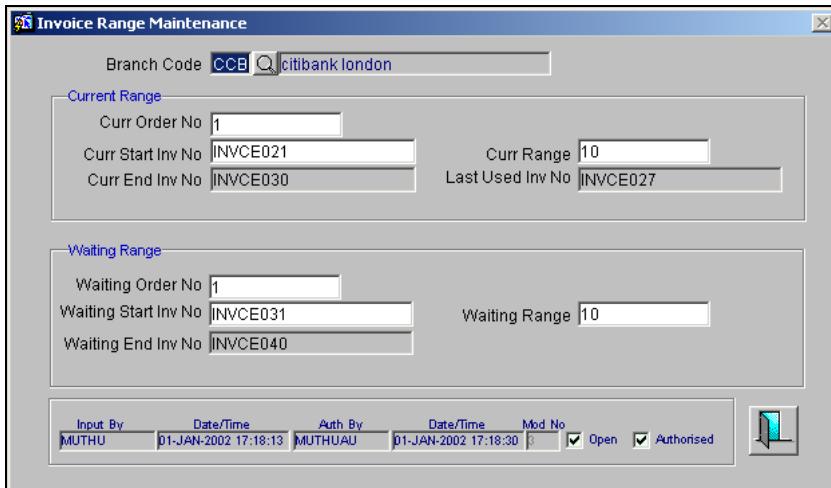
In this screen, you will first need to identify the code assigned to your branch. You will also need to specify a Current and a Waiting range of invoice numbers from which the system generates invoice numbers sequentially

Current Range

The current range is the range from which the invoice numbers are generated. You can specify the current range by indicating the start number and the series of invoices within the range. The system calculates the End Invoice Number based on your entries for the start number and the current range.

For instance, if you indicate SR123001 as the Start Invoice Number and a range of 1000, the End invoice number will be defaulted as SR124000.

Waiting Range

You will also need to specify the Waiting Range which is automatically moved to the current range when the previous current range is utilized. You will need to create a waiting range by specifying the Start Invoice Number and the number of invoices within the range.

Let us assume that the system has generated a tax invoice with the End Number of the Current Range which is SR124000.

The Waiting Range you have maintained is as follows:

ORACLE

- Start Invoice Number – SR125001

- Waiting Range – 100.

- Waiting End Invoice Number - SR125100.

Since the current range has been utilized, the next tax invoice will bear the number SR125001.

STOP Also note, as the system utilizes the Current Range of invoice numbers, the Last Used Invoice number is updated. Therefore each time the current range gets exhausted you can specify a new waiting range.

5.1.25 <u>Maintaining Customer restriction for an offshore branch</u>

An offshore branch can be associated to many onshore branches to establish a relation between the two branches. Doing this will allow you to associate the related customer of the onshore branch during Journal Entry/Multi Offset/Teller entry operations. For all Journal, Multi-offset and Teller entries, the system checks for the relationship between the current branch and the branch of the related customer.

If the current branch exists as an offshore branch in the branch association maintenance, then the system considers the current branch as an offshore branch. If the customer of the onshore branch is not related to that offshore branch, the system will display a configurable override. You can choose to accept the message or reject the message.

ORACLE®

Invoke the 'Branch Associations' screen under **Bank Parameters** in the Application Browser to associate the onshore branches with a particular offshore branch.
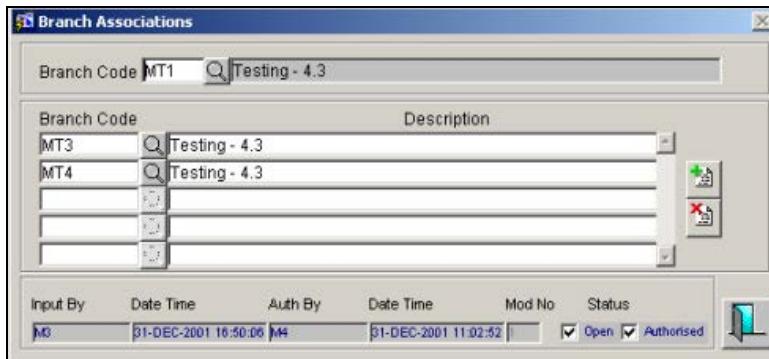
Branch code

This is the branch code of the offshore branch that can be associated with multiple onshore branches.

All the valid branch codes will be displayed in the option list except the ones already maintained as an offshore or onshore. Select the code to establish the branch as the offshore branch.

Once you choose a branch code as an offshore branch you cannot maintain the same branch as an onshore branch anywhere else in the system and vice versa.

Branch code and Description

This is the branch code of the onshore branch. You can associate more than one onshore branch with an offshore branch. The corresponding description will be picked automatically from the 'Branch Parameters Maintenance'.

5.1.26 Maintaining Miscellaneous Branch Parameters

You can invoke this screen from the Application Browser under **Bank Parameters** and then **Miscellaneous Parameters**. The 'Parameters Mapping' screen appears as shown below:

ORACLE
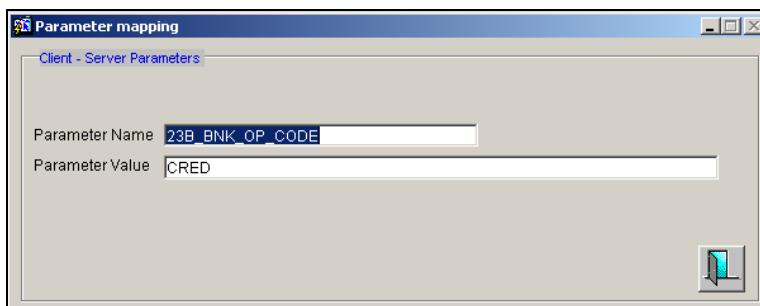
You need to maintain four kinds of parameters here, which will take precedence over Bank Parameters. They are:

- Defaulted to counter party in 50 and 52

- Customer parameter for the bank-specific processing

- Modules that will store new settlements

- Application Date for Back Valued Messages

In case the CIF of the party exists in this CIF list, the party will be considered as the bank customer. In such a case, any processing like defaulting customer account numbers to various parties in payment messages, DD messages and confirmation messages, will be done based on this list. If this parameter value is not maintained, it will mean that no processing is required.

The values you can maintain for the Settlement Modules parameter is a tilde– separated list of modules that will store new settlements.

If this parameter is not maintained, then in MT103 and MT202, the ordering party (if null) will get defaulted to the Counterparty instead of the Branch SWIFT address.

If this parameter is set to 'Y,' then back valued payment messages will have the Application Date as the Value Date.

5.1.27 Maintaining clearing suspense GL

You must also maintain the suspense GL for each branch, product and clearing zone combination. Use the 'Clearing Suspense GL Maintenance' screen to provide this information. Invoke this screen from the 'Branch Parameters' menu in the Application Browser.

The screen is as below:

Selecting the branch

A suspense GL can be defined for each branch, product and clearing zone combination. Select the branch from the list of valid branch codes displayed in the option list. When choosing the clearing suspense GL for a transaction, the system will verify the transaction branch with the branch code maintained here.

ORACLE

Selecting the product

You must specify the code of the clearing product. Choose the product code from the option list provided. The description for the chosen product code will be displayed in the adjacent field.

🛑 Only those PC products which are of 'Check' Collection Type are displayed in the option list provided.

Selecting the clearing zone

You must also select the clearing zone which, along with the selected branch and product, forms the combination for which the outward suspense GL is being maintained. The clearing zones maintained in the system through the 'Clearing Zone Maintenance' screen are displayed in the option list provided. You can make the appropriate choice or choose 'ALL' as your option. The clearing zone of the counterparty bank code is verified against the clearing code you maintain here.

The description of the selected clearing zone will be displayed in the adjacent field.

Identifying the Outward Suspense GL

For each branch, product and clearing zone combination, you can define a separate suspense GL. All the valid GL codes maintained in the system is displayed in the option-list provided. Choose the suspense GL applicable to the selected branch, product and clearing zone combination.

The description of the selected GL will be displayed in the adjacent field.

5.1.28 Indicating clearing days for the branch

You must also maintain the number of days after clearing that the funds will be made available, for each branch, product and clearing zone combination. Use the 'Clearing Days Maintenance' screen to provide this information. Invoke this screen from the 'Branch Parameters' menu in the Application Browser.

The screen is as below:

ORACLE®

Selecting the branch

The clearing days' availability information or float days information is defined for each branch and clearing zone combination. Select the branch from the list of valid branch codes displayed in the option list.

When you select the clearing suspense for a transaction, the branch of input will be compared with this branch code.

Selecting the product

You must specify the code of the clearing product. Choose the product code from the option list provided.

🛑 The PC products displayed in the option list are of the following types:

- Collection Type is '**Check'** and
- Product Type is '**Outward Clearing'**

The description of the selected product will be displayed in the adjacent field.

Selecting the clearing zone

You must also select the clearing zone which, along with the selected branch and product, forms the combination for which the float days information is being provided. The clearing zones maintained in the system through the 'Clearing Zone Maintenance' screen, are displayed in the option list provided. You can make the appropriate choice. The clearing zone of the counterparty bank code is verified against the clearing code you maintain here.

Specifying the clearing float days

When a check is deposited, the number of days after depositing, that must elapse before the funds deposited through the check must be made available in the customer account, is referred to as the float days.

The float days are typically different for each branch and clearing zone combination. Specify the clearing days to be applicable for the selected branch and clearing zone combination.

5.1.29 Maintaining Overdue Debit Tracking preferences for the branch

As stated earlier, if you have opted to track the overdue debits for the accounts in your branch, you have to maintain the debit tracking preferences for the branch. You can maintain the preferences in the 'Overdue Debit Branch Preferences' screen, available under Branch Parameters in the Application Browser.

ORACLE

The screen is as below:
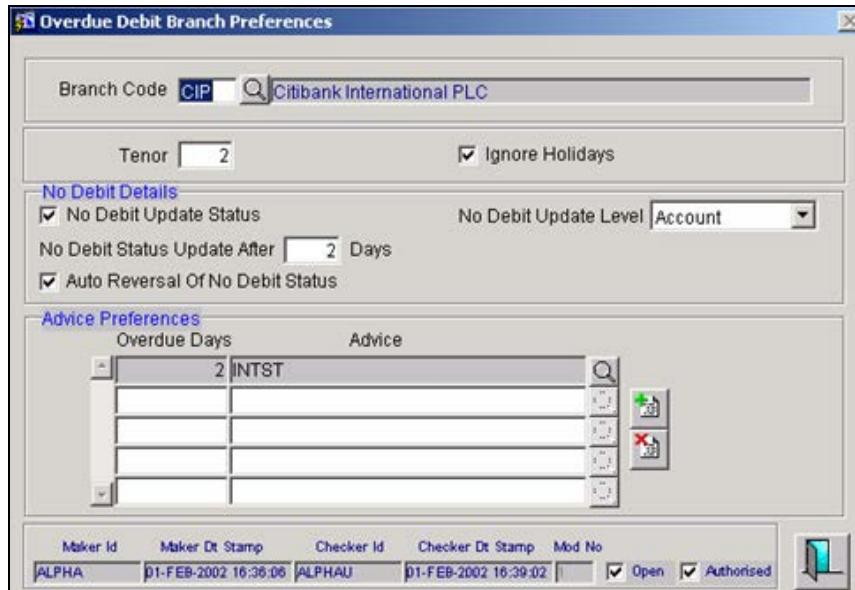
The following preferences have to be maintained:

Branch Code

As the overdue tracking preferences are maintained at the branch level, you have to select the code of the branch for which the preferences have to be maintained. The codes of all the branches of your bank will be available in the option-list. You may select the appropriate code from this list. Upon selection of the code, the name of the branch will be displayed alongside.

Tenor

Specify the number of days after which the system will begin to calculate the penalty interest on the amount overdue. The tenor will be calculated from the value date of the debit entry. Interest will be applicable after the lapse of the tenor maintained.

🛑 For interest calculation, the system will first consider the tenor maintained for the customer (in the 'Customer Information Maintenance' screen), if not found, it will check for the tenor associated with the liability line linked to the customer. The tenor maintained at the branch level will take priority ONLY if the same is not maintained for the customer or the liability line.

Ignore Holidays

You may encounter holidays during the tenor period for interest application on overdue debits. For such instances, you have to specify the holiday handling preference for the branch.

There are two options:

- You can ignore the holidays by selecting the 'Ignore Holidays' option. In this case, penalty interest would commence from the penalty start date irrespective of whether the penalty start date is a holiday or not.

ORACLE

- If the holidays are to be considered, do not select this option. In this case, if the penalty start date happens to be a holiday, then the effective penalty start date will be taken as the next working day.

No Debit Update Status

You have the option of placing the accounts in a 'No Debit' status if the debit continues to be overdue even after the lapse of the grace period (in addition to the normal tenor). The system will not allow you to post debit entries after the account is placed in this status. To avail of this feature, you have to select the 'No Debit Update Status' option as a preference for your branch.

If you select this option, you will be required to maintain the following preferences also:

- The level at which the 'No Debit' update should be exercised.

- The number of days, grace period in other words, after which the update should be triggered.

- Whether the 'No Debit' status should be reversed when a payment is made.

The above options are discussed below.

No Debit Update Level

You can update the 'No Debit' status at the following levels:

- Customer, or

- Account

If you choose to update at the customer level, all the accounts of the customer (across branches) will be considered for 'No Debit' status update. The system will mark the accounts with the 'No Debit' Status if the account continues to be overdue even after the lapse of the grace period. The grace period (days after which the update should be triggered) is in addition to the tenor maintained. If the account level is chosen, only the specific account that goes into delinquency will be marked with the 'No Debit' status.

Days for No Debit Status Update

You have to specify the number of delinquency days (grace period) after which the system should mark the account with the 'No Debit' status. This is in addition to the tenor maintained earlier.

Auto Reversal of No Debit Status

You can opt for this option if you want the system to automatically reverse the 'No Debit' status on payment of the overdue amount. If you do not select auto reversal option, you will be required to manually update the status back to active.

The no debit preferences will be allowed only if you opt for the 'No Debit Update' option.

For generation of customer advices, you have to maintain the following preferences:

ORACLE

Overdue Days

In this field, you have to maintain the number of delinquency days after which the advice is to be generated.

Advice

Select the format of the advice that is to be generated after the lapse of the overdue days, maintained earlier. The advice formats maintained through the 'Format File Maintenance' screen will be available for selection in the option-list provided. You may select the appropriate format for this list.

Refer the 'Messaging System' User Manual for details on maintaining advice formats.

The overdue debit tracking advices will be generated if:

- Advices are maintained for the customer or at the branch level.

- An overdue debit record exists even after the normal tenor and the number of days maintained for advice generation.

The advice will include the following information:

- Start date of the overdue debit

- Outstanding overdue debit amount

- 'No Debit' status

- Level of 'No Debit' status updated

For processing the overdue debit tracking, the system will first consider the preferences maintained for the customer/liability. The branch level preferences will be used only if the same are not maintained for the liability.

Refer the Core Entities (CE) and the Central Liability (CL) User Manuals for more information on maintaining the overdue tracking preferences.

ORACLE

6. System Dates Maintenance

6.1 Introduction

In the 'System Dates Maintenance' screen, you maintain the system dates for your branch, for instance, the business date for your branch, which is the booking, date for all transactions input in the branch.

The dates screen is maintained at the branch level by the respective branches. This screen is available under **System Dates Maintenance** in the Application Browser.
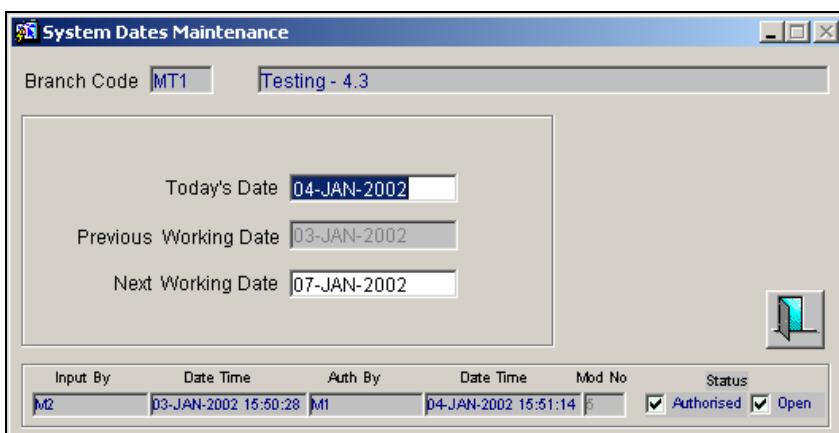
In this table the following fields are maintained for your branch:

- Today's Date
- Previous working date and
- Next working date

6.2 System features

You define today's date, previous working date and next working date, for the first time, during installation of the system (for details refer to the installation manual).

Suppose Oracle FLEXCUBE is installed on the 1st of January 1998, in your bank. In the dates table you would input the following:

Today's date: 01-JAN-1998

Previous working date: 31-DEC-1997

Next working date: 02-JAN-1998

ORACLE®

After EOD for a branch is run, the system will not allow you to run any other operation in the branch, till a date change has been invoked. If you try to run any other application, you will be prompted to invoke a date change first.

Simultaneously two different branches can be running on two different system dates. This may happen when EOD for a branch is delayed for some reason.

Based on 'today's date' (post authorization) the system computes and updates the 'Current financial cycle' and the 'Current period' in the Branch Parameters table.

6.3 <u>Maintaining dates change</u>

For maintaining date change, invoke the 'System dates maintenance' table after EOD for the day is run. Click on unlock in the Action menu or on the toolbar.

The system populates the default dates in the table. For instance, on the first working date i.e., 2nd of January, 1998; the system dates will be updated to:

Today's date = 02-Jan-1998

Previous working date = 01-Jan-1998

Next working date = 03-Jan-1998

'Today's date' is defaulted from 'Next working date' of the old record. 'Previous working date' is defaulted from 'today's date of the old record. The 'Next working date' is picked up from the 'Local branch holiday calendar' as maintained by you.

You can modify 'today's date' and the 'next working date' by either clicking on on the toolbar/selecting unlock from the action menu.' Previous working date' cannot be modified.

Today's date, if modified, should always be greater than the 'previous working date' and less than the 'next working date'. Similarly, 'next working date' if modified should be greater than 'today's date'. On modifying the dates, the system will ask you for an override. On confirmation the change will be effected.

Date change should be immediately authorized because no application of Oracle FLEXCUBE can be run without date change authorization.

- Remember, if you have input any date modification, you cannot authorize it. It should be done by a user with a different ID number.

- For a branch you can have only one system dates record

- Any modification in date, (be it an authorized or unauthorized record), can be done any time after today's EOD and before BOD for the next day is run. You can modify the 'next working date' any time before running the EOD for the current day.

ORACLE

To authorize, click on on the toolbar. If any modifications were made, on the system date, the old and the new values will be displayed. After which an alert box will warn you that the date change will be authorized. You will be prompted to confirm. Click on to confirm. The change will be authorized. Your **user ID**, the date and time at which the authorization was made will be displayed in the **Auth ID** and **Date** and **Time** fields at the bottom of the table. The status of the record will be updated to 'Authorized'. If you do not want to authorize the change, click on the button, you will be returned to the table from where you invoked the authorization function.

To exit, click on the button. You will be returned to the Application Browser.

ORACLE

7. Accounts for Inter-branch Transactions

7.1 Defining Accounts for Inter-branch Transactions

A transaction that takes place in a branch of your bank may involve accounts that are maintained in another branch. For example, a customer has an account in the Head Office branch and approaches another branch of the bank for a cash withdrawal.

The accounting entries for such inter-branch transactions can be routed in one of the following ways:

- **Directly** - where each branch will have a direct accounting relationship with all other branches.

- **Through a Regional Office** -- where two branches involved in a transaction will interact through a common RO.

- **Through the Head Office** -- where the two branches involved in the inter-branch transaction will interact only through the HO.

This route for all transactions is defined in the 'Bank parameters' screen.

In the 'Inter-branch Accounts maintenance' screen you define the internal accounts for pairs of branches that would be involved in any inter-branch accounting.

This screen is maintained at the bank level by the HO branch.

ORACLE

In this screen you maintain the following for each combination of branches that may be involved in an inter-branch transaction:

- Branch code of both the branches involved in the inter-branch transaction (Branch1 and Branch2 in the table)

- Accounts of Branch1

  - ➤ Due to Branch 2

  - ➤ Due from Branch 2

- Accounts for Branch2

  - ➤ Due to Branch 1

  - ➤ Due from Branch1

7.1.1 Systems features

The system generates a set of pairs of branches for which internal accounts should be maintained.

The pairs generated depend upon on two factors:

- The reporting structure for the branches as created in the 'Branch parameters' table and

- The route defined for inter-branch transactions in the 'Bank-wide parameters -- Preferences' table.

Example

Suppose the following represents the reporting structure of your bank:
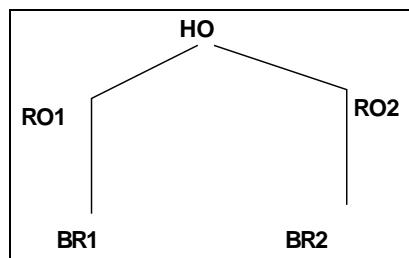
If you have defined a direct inter-branch accounting route then you need to maintain an accounting relationship for each possible combination of

- Branch and branch

- Branch and RO

- RO and HO

- Branch and HO

ORACLE®

For the above-mentioned reporting structure the system will offer the following pairs of branch combinations to be maintained:

1. BR1- BR2

2. BR1- RO1

3. BR2- RO2

4. RO1- HO

5. RO2- HO

6. BR1 - RO2

7. BR2 - RO1

8. BR1 - HO

9. BR2 - HO

10. RO1 - RO2

If you have defined 'through RO' inter-branch accounting route then you need to maintain an accounting relationship for each possible combination of

- Branch and RO/HO

- RO and RO

In the branch and RO pair, the RO should be that RO to which this branch reports. For the above-mentioned reporting structure the system will offer the following branch pairs to be maintained:

1. BR1 - RO1

2. BR2 - RO2

3. RO1 - HO

4. RO2 - HO

5. RO1 - RO2

If you have defined 'through HO' inter-branch accounting route then you need to maintain an accounting relationship for each possible combination of

- Branches and HO

- ROs and HO

For the above-mentioned reporting structure the system will offer the following branch pairs to be maintained:

1. HO - RO1

2. HO - RO2

ORACLE

3. HO - BR1

4. HO - BR2

The system has an in-built auto escalation path for inter-branch accounting transaction, which escalates from Direct to Through RO to Through HO.

Example

Suppose in the 'Bank preferences' table you have defined a 'direct' inter-branch accounting relationship. But in the 'Inter-branch Accounts' maintenance table (where all inter-branch accounts are maintained), you have not maintained an accounting relationship between two branches -- 000 and 002. Then, in case of an inter-branch accounting transaction between 000 and 002, the system will first look for a 'direct relationship' since that has not been maintained it will look for a relationship through RO i.e., if the two branches have a common RO; if that too does not exist then 'through HO' the transaction would take place.

7.1.2 <u>Maintaining internal accounts</u>

To specify the branch pair, click on ⌕ against Branch1, a list of maintainable branch pairs are displayed in a window. Select the pair for which you want to define internal accounts.

The description of branch1 and branch2 are displayed below the respective branch codes.

To maintain internal accounts for the branch pair specified the following parameters should be maintained:

Due To Branch 2

This field identifies the inter-branch General Ledger account in the books of branch1 into which a credit accounting entry is to be passed.

To specify the GL to be used, click on the ⌕ button. A list of all the GIs maintained is displayed in a window. Highlight the GL and click on OK to select it.

The description of this GL account is displayed below.

Due From Branch 2

This field identifies the inter-branch General Ledger account in the books of branch 1 into which a debit accounting entry is to be passed.

To specify the GL to be used, click on the ⌕ button. A list of all the GLs maintained is displayed in a window. Highlight the GL and click on **OK** to select. The description of this GL account is displayed below.

Due to Branch 1

This field identifies the inter-branch General Ledger account in the books of branch 2 into which credit accounting entry is to be passed.

ORACLE®

To specify the General Ledger account to be used, click on the [Q] button. A list of all the GLs maintained is displayed in a window. Highlight the GL and click on OK to select.

The description of this GL account is displayed below:

Due From Branch 1

This field identifies the inter-branch General Ledger account in the books of branch 2 into which debit accounting entry is to be passed.

To specify the General Ledger account to be used, click on the [Q] button. A list of all the GLs maintained is displayed in a window. Highlight the GL and click on OK to select. The description of this GL account is displayed below.

7.1.3 Accounting entries in inter- branch accounting - An example

Suppose the University Savings Bank in Headington, Oxford has three branches:

- Roosevelt Avenue Branch, which is the Head Office branch (Branch code 000)

- Foxlake Drive Branch (Branch Code 001)

- Mountainwood Road branch (Branch Code 002)

Branch 000 has a nostro account with Citibank, USA bearing a balance of USD 1 million. Branch 001 and 002 do not maintain USD nostro accounts, but are authorized to operate the nostro account maintained by the Head Office.

Suppose Ms.Tina Shenoy has an account with branch 001. She makes a request to her branch manager, to pay one Mrs. Tanya Agnihotri, in New York, 1000 USD from her account.

Thus, Branch 001 will instruct Citibank, New York to make the payment to Mrs. Agnihotri and debit the nostro account of its Head Office.

If the 'preference' specified is 'Through HO' then this inter-branch transaction will be routed through the main branch 000.

The following movement of funds will be involved:

- At branch 001, the customer's account will be debited and the 'due to branch 000' account will be credited.

- At branch 000, the nostro account will be credited and the 'due from branch 001' will be debited.

At branch 001	Debit Ms. Shenoy's account Credit 'Due to Branch 000' account
At branch 000	Debit 'Due from Branch 001' account Credit Nostro account

ORACLE

8. Currency Maintenance

8.1 Introduction

In the 'Currency Definition Maintenance' screen, you define the static attributes of the currencies your bank deals in - like the SWIFT currency code, the country to which the currency belongs, the number of decimals, the interest method, the spot days, the settlement days, etc.

The Currency Definition screen is maintained at the bank level, and can be maintained by the Head Office branch only. This screen is available under the 'Currency Maintenance' screen in the Application Browser.
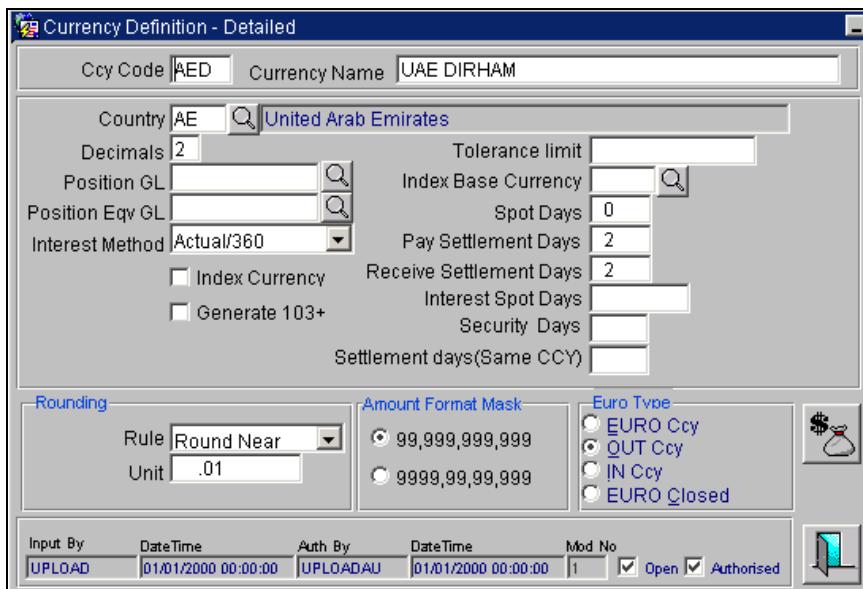
In this table, you maintain the following for each currency:

- The SWIFT currency Code and Currency Name

- Country to which the currency belongs

- The number of decimal places for amounts in the currency

- The default interest method to be followed for interest calculation

- The number of spot days applicable for the currency

- The number of settlement days for the currency

- The rounding off method to be followed

- The nearest unit to which rounding of the currency amount should be done

- The format in which the amounts are to be displayed

ORACLE

8.1.1 <u>Maintaining Currency Details</u>

You should define the following parameters for maintaining currency details:

- Currency Code, Currency Name
- Country, Country Description
- Decimals
- Rounding Rule
- Rounding Unit
- Interest Method
- Spot Days
- Settlement Days
- Amount Format Mask
- Pay/Receive Settlement Days
- Settlement days (Same CCY)

Currency Code, Currency Name

This is the SWIFT currency code for each currency. In all transactions in Oracle FLEXCUBE, the currency of the transaction is identified by this code.

Enter the name of the currency against 'currency name' in not more than 35 characters, alphanumeric.

Country, Country Description

This is the code of the country to which the currency belongs. The country codes are maintained in the 'Country code maintenance' table. To specify the country code, click on the 🔍 button. A list of all codes maintained will be displayed in a window. Select. The name of the country is displayed alongside against 'Description'.

Decimals

The number of decimals allowed for any amount in the currency is entered here.

- 0 - Currency with no decimals
- 2 - Currency with two decimals
- 3 - Currency with three decimals

ORACLE

Rounding Rule

Rounding Rule refers to the method to be followed for rounding off amounts in this currency. You have to specify the rounding rule for this currency. When you click on the ⊞ three options will be displayed:

- Truncate

- Up

- Down

Truncate-- The amount is truncated to the number of decimals specified for the currency.

Round Up to the Nearest Rounding Unit -- The amount is rounded up based on the number of decimals and the nearest rounding unit.

Round Down to the Nearest Rounding Unit – The amount is rounded down based on the number of decimals and the nearest rounding unit. The system defaults to 'Round Up to the Nearest Rounding Unit' method.

Rounding Unit

If you have selected "Round Up to the Nearest Rounding Unit" or Round Down to the Nearest Rounding Unit" in the Rounding Rule field, indicate the nearest unit to which the rounding should take place. The number of units specified here should not be greater than the number of decimals allowed for the currency.

Example 1

Amount before Rounding	Rounding Method	No. of Decimals	Rounding Unit	Amount after Rounding
1234.678	Truncate	2	-	1234.67
1234.678	Round up to the nearest rounding unit	2	.01	1234.68
1234.678	Round down to the nearest rounding unit	2	.01	1234.67

ORACLE®

Example 2

- If Decimal points specified for currency 'A' is 2. Rounding unit is .05

- Amount for transaction is $ 100.326 which will be rounded off depending upon the decimals specified and the rounding rule and rounding unit

- For 'A' specified Rounding Rule is - 'Up', then the amount available for transaction would be $ 100.35

- If specified rounding rule was 'Down' the transaction amount would have been rounded off to 100.30

- If the rounding rule was specified as 'truncate' then, the amount would have rounded off to 100.32 (simply, knock off all decimal points beyond the stated decimals places to be rounded off). Thus whenever you specify a 'truncate' option you need not state the 'Rounding unit'.

Interest Method

The default method in which interest is calculated for contracts in this currency is specified here. When you click on the picklist the following window will be displayed:

Select the interest method you want to use for contracts in this currency.

During contract processing, you can specify a different interest method, if desired. However, if you do not specify any method at the contract level, the method defined here, will be used for the contract.

For details refer to Annexure chapter.

Specifying the Position or Position Equivalent GL for a currency

If you have opted for position accounting in your bank, you should indicate the Position GL and the Position Equivalent GL, when maintaining a foreign currency, in the currency screen (the 'Currency Definition' screen).

When maintaining the GLs in your bank, you can opt to link the different foreign currencies, associated with the GL, to:

- The Position GLs that you specify here (for the corresponding currency), or Position GLs of your choice.

ORACLE

Spot Days

The number of spot working days applicable for the currency is specified here. Payment advises for FX and MM contracts will be generated on a date which is calculated as the number of spot working days before the Maturity Date of the contract.

Example

The tenor of an MM contract is as follows:

Value Date - 01/01/96

Maturity Date - 31/01/96

Contract Currency - USD

Contract Amount - 5000

For USD, the number of Spot Days is specified as: **Spot Days** - 3

For this contract, the payment advices will be sent on 28/01/96.

Settlement Days

In this screen, you can specify the 'Settlement Days' for the currency. Settlement messages for the components of a contract (in the LC, BC, LD, MM, FX, and FT modules) will be generated according to the settlement days specified for the currency of the settlement account. The following example illustrates this.

Example

When maintaining the details of USD in the Currency table, you specify the 'Settlement Days' as '2'. This implies that two working days prior to the settlement of a component through a USD account, a settlement message will be automatically generated (when you run the Settlement Messages function at the end of day), if specified.

The settlement details of a contract are as follows:

- Settlement Date: 06 May 1999
- Settlement Account Currency: USD
- Component: Principal
- Settlement Message: **Yes**
- Component Currency: GBP

When you generate the Settlement Messages function, at the end of day, on 04 May 1999, a settlement message for the Principal component of the contract will be generated.

Amount Format Mask

Specify the format in which amounts in this currency are to be displayed for contracts in this currency. Two options are available:

999,999,999

ORACLE

999,999,999

The system defaults to the 999,999,999 format.

Specifying the 'Currency Type' with relation to the EMU

When maintaining a currency in the Currency Definition screen, you have to specify the 'type' of the currency with relation to transition phase of the European Economic and Monetary Union (EMU). You can do this in the 'Euro Type' field.

Your specifications in this field enable you to handle the *first phase* of the EMU, which commenced on 01 January 1999. (*For a larger picture of the manner in which Oracle FLEXCUBE handles the Euro, please refer to the chapter 'Handling the Euro').*

By choosing the appropriate option, you can indicate if the currency is:

- The Euro
- An 'In' currency
- An 'Out' currency, or
- 'Euro Closed'

National currencies of 'In' countries are referred to as 'In' currencies. When maintaining other currencies, you have to choose the 'Out Ccy' option under Euro Type.

When the transition period ends, the national currencies of the participating countries would cease to exist as valid legal tenders. The Euro would be the only legal tender in the participating countries. Consequently, the Euro changes made to Oracle FLEXCUBE will no longer be required.

You can turn off the changes at the end of the transition period by:

- *Closing* all 'In' currencies, and
- Choosing the 'Euro Closed' option (for the Euro).

Specifying a Tolerance Limit

When you are maintaining an 'In' Currency, or the Euro, in the Currency Definition screen, you can define a 'Tolerance Limit' for it. The limit is expressed as a percentage.

The implication:

During the transition period, settlements of components in 'In' currencies can be made either in the same currency or in the Euro (EUR) *depending on the settlement account(s) maintained*. (Similarly, components in Euro can either be settled in EUR or in an 'In' currency.) In the settlement messages that are generated (MT 100, MT202), the settlement amount would be reported in the Settlement Account Currency. However, you can opt to additionally furnish the value of the component in a Euro Related Information (ERI) currency. You have to manually specify the settlement amount value, in the ERI currency, in the 'Settlement Message Details' screen.

ORACLE

When *generating the message* towards settlement (MT100, MT202), the system ensures that the value you specify as the ERI Amount conforms to the Tolerance Limit defined for the ERI Currency (in the Currency Definition screen). That is, the system computes the ERI equivalent of the settling amount using the pegged rates, and compares the same against the ERI amount input by the user. If the difference is within the tolerance limits defined for the ERI currency, the user specified amount is used.

If the user specified ERI amount breaches the Tolerance Limit defined for the ERI currency, the system calculates and reports the ERI Amount on the basis of the exchange rate defined for the settlement currency vis-à-vis the ERI currency.

The following example illustrates the application of the Tolerance Limit.

Example

In the SWIFT messages (MT 100 and MT 202) that are generated towards settlement, the value of the component can be reported both in Nostro account currency (in Field 32A) and in an ERI currency that you specify (in Field 72). In Oracle FLEXCUBE, this information is captured in the European Related Information (ERI) fields in the Settlement Message Details screen.

Assume the following scenario:

- The settlement account is an EUR account

- You have to settle an amount of DEM 10000

- You have defined the ERI currency for DEM as DEM

- The Tolerance Limit for DEM as 0.05%

- The exchange rate: 1 Euro = 1.30 DEM

The settlement amount in Euro would therefore be 7692.36 (rounded to nearest higher cent). This amount will be reported in Field 32A of the settlement messages.

Now, if you want to furnish the settlement amount in the ERI currency (in this case, DEM) you have to manually enter the DEM value in the ERI Amount field. You may enter DEM 10000. (EUR 7692.36 actually converts into DEM 10000.068.)

The value that you have entered is well within the Tolerance Limit of 0.05% defined for DEM. Therefore, this value will be reported in Field 72 of the settlement messages.

Since the Tolerance Limit for DEM is 0.05%, you can specify an ERI Amount between DEM 9995 and DEM 10005 (DEM 10000 * 0.05/100 = DEM 5). If you enter an ERI value exceeding DEM 10005 or less than DEM 9950, the system recalculates the ERI Amount at the time of generating the settlement messages. The recalculation will be on the basis of the pegged rates between the Settlement Currency and the ERI currency.

🛑 The system validates the ERI amount only when generating the settlement messages. It does not validate the ERI amount at the time of input (in the 'Settlement Message Details' screen).

Enabling the MT 103 + option

You can enable the MT 103 + format option only if you would like to generate outgoing MT 103 messages in the MT 103 + format. If you are enabling this option for a specific currency ensures to enable this option for your branch and Customer as well. You can do through the 'Branch Parameters' and 'BIC Details' maintenance screens respectively.

Consequently, while processing transactions in the specified currency for a customer within your branch, the system will generate outing payment messages in the MT 103 + format.

Since the system is also capable of processing incoming MT 103 messages in the MT 103 + format. Therefore, during the upload process for your branch, the system considers an MT 103 payment message to be of MT 103 + format for the customer and currency combination.

Specifying the Pay/Receive Settlement Days

While defining a currency you can capture the Pay/Receive notice lead-times. These include the following:

- The Pay Settlement Days, which is the number of working days prior to the settlement date, the pay messages need to be generated.

- The Receive Settlement Days, which is the number of working days prior to the settlement date, the receive messages need to be generated.

While generating settlement messages for the currency, the settlement generation process derives the pay/receive notice generation date on the basis of the Pay/Receive settlement days you have specified.

Suppose the notice generation date falls on a holiday the number of working days will be arrived at using the currency calendar.

Settlement Days (Same CCY)

You can enter the settlement days for a settlement in the same currency in this field. This will be used to derive the Credit Value Date for Outgoing Funds Transfer.

8.1.2 Maintaining Spot days for currencies at the branch level

You can maintain spot days for the various currencies at your branch level through the 'Currency Days – Detailed' screen.

ORACLE

```
Currency Days - Detailed                                          [_]

    Branch  CIP    Citibank International PLC
  Ccy Code  NZD   [Q]  NEW ZEALAND DOLLARS

        Spot Days  1              Settlement Days  [    ]
Interest Spot Days  1               Security Days  2
Settlement Recv Days  2    Settlement days(Same CCY)  1

Input By    DateTime       Auth By    DateTime      Mod No
REETESH    31/10/2003 10:13:00                       1   [✓] Open [ ] Authorised
```

Since this maintenance is applicable for a branch, the code of the current branch from which the maintenance is done is defaulted. You cannot change it.

For each currency the various spot days you can maintain are as follows:

- Spot days that are to be considered for FX contracts.

- Spot days that are to be considered for security deals.

- Interest Spot Days used for arriving at the treasury interest rates.

- Pay Settlement Days, which are the number of working days prior to the settlement date, payment messages are to be generated.

- Receive Settlement Days, which are the number of working days prior to the settlement date, receive messages are to be generated.

- Settlement day (Same CCY), used for arriving at the Credit Value Date.

The number of working days is arrived at by using the currency calendar.

If you do not perform this maintenance, the System considers the spot days required for contracts as well as the Pay/Receive settlement message days from the specifications in the Currency Definition for the currency.

8.1.3 Annexure

The treatment for interest calculation varies with each of the interest calculation methods. Each method is dealt with individually below:

Actual/Actual Method;

10,000x10/100x (31/365 + 84/366)

The number of days is calculated thus:

Dec. -31 days (include from date exclude to date)

Jan -31 days

ORACLE

Feb.-29 days (leap year)

March - 24 days (include from date exclude to date)

Total = 31+(31+29+24=84)=115

🛑 When the interest period crosses from a non-leap year to a leap year (or otherwise), the basis of actual days has to be treated separately in each year.

Therefore, the denominator for the 31 days in December is 365 as it is a non-leap year and the denominator for the 84 days in 2000 is 366 as it is a leap year.

Actual /365 Method

10,000x10/100x115/365

The number of days is calculated thus:

Dec. -31 days (include from date exclude to date)

Jan -31 days

Feb.-29 days (leap year)

March - 24 days (include from date exclude to date)

Total=31+31+29+24=115

Actual/360 Method

10,000x10/100x115/360

The number of days is calculated thus:

Dec. -31 days (include from date exclude to date)

Jan -31 days

Feb.-29 days (leap year)

March - 24 days (include from date exclude to date)

Total=31+31+29+24=115

30 Euro/Actual Method

10,000x10/100x (30/365+84/366)

The number of days is calculated thus:

Dec. - 30 days (include from date exclude to date)

Jan - 30 days (In 30 Euro Method, all months have 30 days, February included.)

Feb. - 30 days (In 30 Euro Method, February always has 30 days, leap year or not)

March - 24 days (include from date exclude to date)

ORACLE

Total = 114 days

🛑 When the interest period crosses from a non-leap year to a leap year (or otherwise), the basis of actual days has to be treated separately in each year.

30 Euro/365 Method

10,000x10/100x114/365

The number of days is calculated thus:

Dec. - 30 days (include from date exclude to date)

Jan - 30 days (In 30 Euro Method, all months have 30 days, February included.)

Feb. - 30 days (In 30 Euro Method, February always has 30 days, leap year or not)

March - 24 days (include from date exclude to date)

Total = 114 days

30 Euro/360 Method

10,000x10/100x114/360

The number of days is calculated thus:

Dec. - 30 days (include from date exclude to date)

Jan - 30 days (In 30 Euro Method, all months have 30 days, February included.)

Feb. - 30 days (In 30 Euro Method, February always has 30 days, leap year or not)

March - 24 days (include from date exclude to date)

Total = 114 days

30 US/Actual Method

10,000x10/100x (30/365+83/366)

The number of days is calculated thus:

Dec. - 30 days (include from date exclude to date)

Jan - 30 days (In 30 US Method, all months have 30 days, only for February are the actual number of days calculated.)

Feb. - 29 days (In 30 US Method, actual days are accounted for the leap year.)

March - 24 days (include from date exclude to date)

Total = 113days

🛑 When the interest period crosses from a non-leap year to a leap year (or otherwise), the basis of actual days has to be treated separately in each year.

ORACLE

30US/365 Method

10,000x10/100x113/365

The number of days is calculated thus:

Dec. - 30 days (include from date exclude to date)

Jan - 30 days (In 30 US Method, all months have 30 days, only for February are the actual number of days calculated.)

Feb. - 29 days (In 30 US Method, actual days are accounted for the leap year.)

March - 24 days (include from date exclude to date)

Total = 113 days

30US/360 Method

10,000x10/100x113/360

The number of days is calculated thus:

Dec. - 30 days (include from date exclude to date)

Jan - 30 days (In 30 US Method, all months have 30 days, only for February are the actual number of days calculated.)

Feb. - 29 days (In 30 US Method, actual days are accounted for the leap year.)

March - 24 days (include from date exclude to date)

Total = 113days.

ORACLE

9. Maintaining Currency Denomination

9.1 Introduction

In the Data Entry module, you can specify a break up of a transaction amount for Teller transactions by denomination. The system also maintains a break-up of the till balances by denomination.

In the 'Currency Denomination Definition' screen, you maintain the standard currency denominations for each currency.
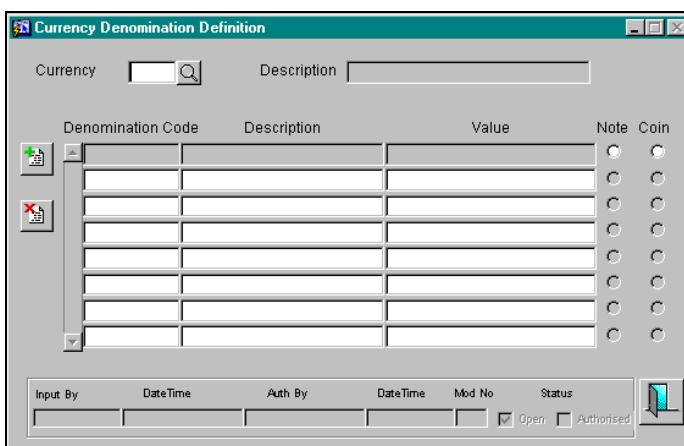
In this table, you define the following for each currency:

- A denomination code and description for each denomination of the currency
- Type of denomination - Note or Coin
- Value of the denominations - this could be a fraction for coins

9.1.1 Currency Denomination Maintenance

To maintain the denominations of a currency, you maintain the following parameters:

Currency Code

This is the SWIFT code of the currency for which you are defining the denominations.

Denomination Code

Each denomination for the currency is assigned a unique code. For example, you can assign D1, D10, D50 for USD 1, 10, 50.

ORACLE

Denomination Description

This is the description for the denomination.

Denomination Type

This indicates whether the denomination is a coin or a note

Value

This is the value of the denomination. It could be a fraction for coins.

For example, for the currency USD you can maintain the denominations as follows:

Currency Code	Denomination Code	Description	Value	Note / Coin
USD	D100	100 dollars	100.00	Note
USD	D50	50 dollars	50.00	Note
USD	D20	20 dollars	20.00	Note
USD	D10	10 dollars	10.00	Note
USD	D5	5 dollars	5.00	Note
USD	D1N	1 dollar Note	1.00	Note
USD	D1C	1 dollar Coin	1.00	Coin
USD	C25	25 cents	0.25	Coin
USD	C10	10 cents	0.10	Coin
USD	C5	5 cents	0.05	Coin
USD	C1	1 cent	0.01	Coin

ORACLE

10. Defining Currency Pairs

10.1 <u>Introduction</u>

In the foreign exchange markets, the exchange rates for some currency pairs such as the USD-GBP or USD-JPY are easily obtainable, since these are frequently traded. The exchange rates of other currencies such as the ZAR-INR (South African Rand - Indian Rupee), which is not so well-traded, is determined through a third currency. This third currency is usually the US dollar, since the US dollar is quoted in all trading centres.

In the Currency pair definition screen, you define the static attributes of currency pairs for which a regular market quote is available, and for which you will maintain the exchange rates in the Rates table on a regular basis.

For other pairs, which do not have a regular market quote, you specify here the third currency through which the system should compute the exchange rate. This table need not be maintained for a currency pair if the third currency is the local currency (as defined in the Bank-wide Parameters table). This is because; in the exchange rate computation the default third currency is assumed to be the local currency.

The currency pair screen is maintained at the bank level by your Head Office branch.

10.1.1 <u>System Features</u>

From among the currencies maintained in the currency screen, the System builds all possible combinations of currencies in pairs. For example, if you have maintained the following currency codes: USD, DEM, and YEN.

The system gives you a choice of defining parameters for the following pairs.

- USD-DEM
- USD-YEN
- DEM-USD
- DEM-YEN
- YEN-USD
- YEN-DEM

It is however, not obligatory to define parameters for all these pairs. A currency pair needs to be maintained only if:

- You want to define a direct exchange rate for the pair: for frequently traded currencies like DEM-USD or USD-GBP or USD-JPY for which market quotes are available.

ORACLE

- You want to define a through currency for the pair: for those currencies, which are not so well traded, market quotes may not be available. Therefore you can route the conversion rate for the pair via a 'through currency'. For example, in the case of GBP-NLG, for which a direct exchange rate may not be available, you can define a through currency say, USD. The exchange rate between GBP-USD and NLG-USD will be picked up by the system to compute the exchange rate between GBP-NLG.

In the absence of a direct exchange rate, the system will look for a through currency to compute the rate. If a 'through currency' has not been maintained then the default local currency will be picked up as the through currency to compute the rate for a currency pair.

The screen is as below:

In this table you maintain the following parameters:

- Currency pair for which parameters are being defined

- 'Through Currency' for a pair for which you do not want to maintain a direct exchange rate

- Quotation method to be used for the exchange rate, direct or indirect

- Method to be followed for defining the spread, points or percentage

- Points multiplier, if you have selected a points system of defining spreads

- Number of units of currency to be used for conversion

10.1.2 Maintaining Parameters for a Currency Pair

The following parameters need to be maintained for a currency pair:

- Currency Pair

- Through Currency

ORACLE

- Quotation Method

- Number of Units

- Spread Definition

- Points Multiplier

Currency Pair

A currency pair (specified as Currency1 and Currency2, in the Currency Pair table) represents the two currencies for which you need to maintain exchange rates.

To specify the pair, click on 🔍 against currency1, a list of currency pairs (generated by the system) will be displayed in a window. Select the pair for which you want to maintain parameters.

The pair should be selected according to the quotation method followed by the market, which could be direct or indirect (for details refer to the field 'quotation method'). Exchange rates can be defined for currency1 against currency2 or currency2 against currency1.

The descriptions of the respective currencies are displayed below.

Through Currency

If the exchange rate for a particular currency pair is not to be maintained, specify the 'Through Currency' via which the exchange rate between the currencies should be calculated.

To maintain a through currency for a currency pair, check against the box 'Through Currency'.

Then, click on 🔍 against Code, to display a list of all currency codes maintained. Select the currency code which you want to specify as the 'through currency'. The exchange rate for the currencies involved in the pair will be calculated using the through currency.

🛑 When maintaining a pair involving an 'In' currency ('In' – 'Out' and 'In' – 'In'), you can *only* specify the Euro as the 'Through Currency'. Please note that you cannot maintain a 'Through Currency' for a pair constituted by an 'In' currency and the Euro.

For relevant information on how Oracle FLEXCUBE handles the Euro, please refer to the chapter 'Handling the Euro' in this manual.

Whenever, you define a through currency for a currency pair, you will not be allowed to specify the following for the pair:

- Number of units

- Spread definition

Quotation Method

This is the method to be followed for quoting the exchange rate. There are two methods direct and indirect.

ORACLE®

In the Direct method, the exchange rate for the currency pair is quoted as follows:

Buy rate = mid rate - buy spread

Sell rate = mid rate + sell spread

Ccy 1 = Rate x Ccy 2

In the Indirect method, the exchange rate for the currency pair is quoted as follows:

Buy rate = mid rate + buy spread

Sell rate = mid rate - sell spread

Ccy 2 = Rate x Ccy 1

Example

The market follows the direct quote convention for the USD-DEM e.g., 1USD=1.6051DEM. To maintain this pair, you would specify currency 1 as USD and currency 2 as DEM, and specify "direct" in this field.

For the USD-GBP, which is quoted indirectly (1 GBP = 1,5021 USD), the USD will be defined as currency 1 and the GBP as currency 2, with the quotation method "indirect".

Number of Units

This indicates the number of units of currency to be used for currency conversion.

Example

Quotation Method	No. Of Units	Formula for calculating conversion rate
Direct	1	1ccy1 = rate x ccy2
Direct	100	100 ccy1 = rate x ccy2
Direct	1000	1000 ccy1= rate x ccy2
Indirect	1	1ccy2 = rate x ccy2
Indirect	100	100ccy2 = rate x ccy1
Indirect	1000	1000ccy2 = rate x ccy1

Spread Definition -- Percentage / Points

This is the method of defining the spread for a currency pair. There are two ways of defining the spread -- in points and in percentage. The effective spread can be calculated using any of the following two methods:

- In points -- spread x points multiplier

ORACLE

- In percentage -- spread / 100 x mid rate

Example

Suppose for the currency pair USD: DEM

Mid rate = 1.6040

Spread = 10

In points the buy rate and sell rate would be calculated as:

Buy rate = Mid rate - spread x points multiplier

Sell rate = Mid rate + spread x points multiplier

If points multiplier = .0001 then

Buy rate would be = 1.6040 - 10 x .0001

Sell rate would be = 1.6040 + 10 x .0001

In percentage the buy rate would be calculated as:

Buy rate = Mid rate - spread x points multiplier

Sell rate = Mid rate + spread x points multiplier

Buy rate would be = 1.6040 - 10/100 x 1.6040

Sell rate would be = 1.6040 + 10/100 x 1.6040

The default-spread definition is through the points method.

Points Multiplier

Points are the smallest unit of measurement in the exchange rate of a currency pair. If you have opted for a points system of defining spread, you should specify the multiplication factor for the points to compute effective spread.

Example

Suppose for the currency pair USD-DEM your rates are as follows:

Mid-Rate: 1.6045

Buy rate: 1.6040

Sell rate:1.6051

The effective buy spread is 0.0005 (1.6045 - 1.6040) and the effective sell spread is 0.0006 (1.6051 - 1.6045).

In the Rates table, where you define rates and spreads for a currency pair, you can specify the buy and sell spreads as 5 and 6 instead of as 0.0005 and 0.0006 (i.e., as spread points), and specify here the points multiplier as 0.0001.

ORACLE

The effective spread, buy and sell rates are then computed as follows:

Effective buy spread = Buy spread x Points multiplier

$\qquad$ = 5 x 0.0001

Buy rate $\qquad$ = Mid rate - Buy spread

$\qquad$ = 1.6045 - 0, 0005

…………………….. = 1.6040

ORACLE

11. Defining Currency Rate Types

11.1 <u>Introduction</u>

Banks quote different exchange rates for different transaction types. For instance, traveler's checks are purchased at a certain rate; a different rate is applicable for buying of foreign currency notes, and so on.

In the 'Currency Rate Type Definition' screen, you define the rate types applicable to the different transaction categories of your bank. Each rate type is assigned a code. For instance, you could define a rate type called CASH, which will be applicable for all cash transactions in foreign currency; TRAV-CHKS for traveler's checks buying and selling, and so on. The buying and selling rates for each rate type are defined in the 'rate definition screen'.

In the front-end-modules, where you define products to cater to the various transaction types of your bank, you can link an appropriate rate type to the product. For instance, you create a product to cater to outgoing cross currency transfer by SWIFT. For this product if you define the rate type to be STANDARD then for all contracts linked to this product the Standard Rate Type would be effected.

The currency rate type definition screen is maintained at the Bank level by your Head office branch.
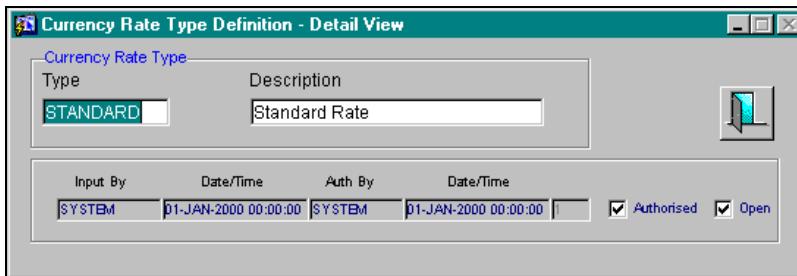
In this table, you maintain the following:

- Different currency rate types, which your bank may be dealing with -- like cash, travelers, check, telegraphic transfer etc.

- Description of the rate type

11.1.1 <u>Expressing amounts in words</u>

You can describe the amounts printed on account statements, messages, advices, etc., *in words*, for the benefit of your customers. To describe 'amounts' in a specific language, you have to maintain the verbal equivalents of numerals in the language. You can maintain verbal equivalents of numerals in the 'Amount Translation Maintenance' screen. This screen is available under **Bank Parameters** in the Application Browser.
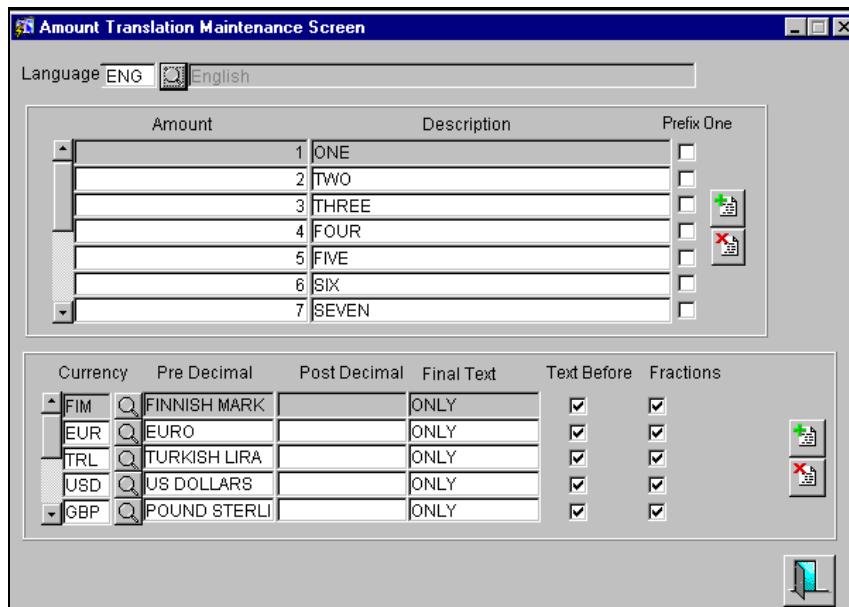
Maintaining amount translation details could be part of the static maintenance in your bank. Once maintained, the amounts printed on account statements, and other messages, will be described according to your specifications in this screen.

Describing amounts in a language

You can maintain verbal equivalents of numerals in any language that Oracle FLEXCUBE supports. This means that you can maintain the verbal equivalents of numerals in as many languages as you generate messages.

You must describe the following numerals in the Description field (in the language that you specify in the Language field):

- 1, 2, 3, upto 10

- 20, 30, 40, 50, 60, 70, 80, and 90

- 100

- 1,000

- 10,000

- 100,000

- 1,000,000

- 10,000,000 etc.

In certain languages, One thousand, One million, and so on are expressed, simply, as 'thousand', and 'million'. If you are defining verbal equivalents of amounts in such a language, *do not* choose the 'Prefix One' option. Statements and messages printed in such a language will describe amounts such as '1000', simply, as 'thousand'.

ORACLE

Choose the 'Prefix One' option, if you would like amounts such as '1000' described as 'One thousand'.

Describing decimal units of a currency

In this screen, you can also describe the pre-decimal and the post-decimal units of a currency in different languages. Enter the verbal equivalent of the 'pre' and 'post' decimal units of a currency in the Pre-Decimal and Post-Decimal fields respectively. For example, if you would like to describe the decimal units of USD, enter:

6. The currency in the Currency field,

7. The pre-decimal description as 'Dollars', and

8. The post-decimal description as 'Cents'.

You can opt to prefix, or suffix, an amount with its currency. If you would like the suffix an amount with its currency, *do not* choose the 'Text Before' option. If you would like to prefix an amount with its currency, choose the 'Text Before' option.

For example, if you would like to describe USD 1000, as *Dollars* One Thousand, choose the 'Text Before' option.

ORACLE®

12. Maintaining Exchange Rates for a Currency Pair

12.1 Introduction

In the 'Currency Rates table', you maintain the exchange rates for a currency pair, the rates at which you buy and sell one currency for another.

A bank determines its buy and sell rate for a currency pair by applying a spread (i.e., its profit margin) to the mid-rate of the currency pair. Mid rate is the basic rate at which a currency pair is exchanged.

The spreads applied for a currency pair vary with the transaction type, while the mid-rate usually remains constant. Consequently, different rates are applicable to different transaction types. For instance dollars in currency are purchased at a certain rate, while USD traveler's checks are bought at a different rate. In the Oracle FLEXCUBE system, you can define a rate type which you would like to associate with a transaction type e.g., 'CASH', 'TRAVCHKS', etc., in the 'Rates table'.

In 'Currency Rates maintenance' table you define the mid-rate, buy and sell spread applicable to each rate type; the buy and sell exchange rates are computed by the system.

Buy rates and sell rates can either be maintained by individual branches or can be input by the HO and propagated to all the branches. If in the 'Bank-wide parameters - Preferences' table you have specified your preference as 'copy exchange rates to branches' then the 'currency rates maintenance' table is maintained at the bank level by your Head Office. These rates are then propagated to the branches. The branches can only view the rates but cannot input a change.

If in the 'Bank-wide preferences' screen you have not specified 'copy exchange rate to branches' then the 'Currency Rate Maintenance' screen is maintained at the branch level by the different branches.

ORACLE®

The screen is as below:
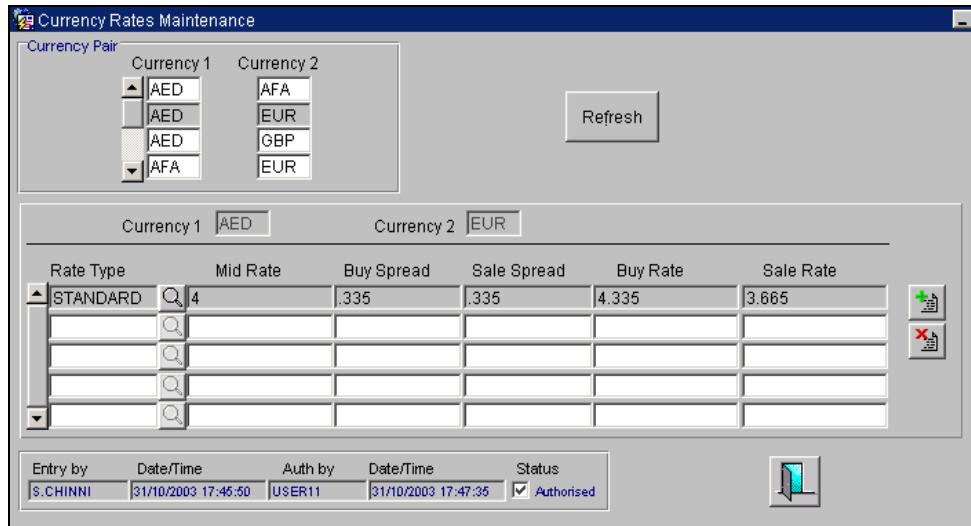
In this table you maintain the following parameters for each rate type of a currency pair:

- Mid rate
- Buy spread and sale spread
- Buy rate and sale rate

12.1.1 <u>Maintaining exchange rates</u>

Specify the currency pair for which you want to compute the exchange rates. The pair should be selected keeping in mind the quotation method for exchange rates as followed by the market. The system offers the choice of maintaining both the currencies as currency1 or currency 2 -- USD against DEM and DEM against USD.

For the pair specified the following parameters need to be maintained to arrive at the buy and sell rate of currencies:

- Rate Type
- Mid Rate
- Buy Spread
- Sale Spread
- Buy Rate
- Sale Rate

ORACLE

Rate Type

This is the rate type for which you are maintaining exchange rates for a currency pair. For different transaction categories your bank would like to maintain different exchange rates. For example, traveler's check is purchased at a certain rate whereas bill of exchange is bought at a different rate.

In the front-end-modules, where you define products to cater to the various transaction types of your bank, you can link an appropriate rate type to the product. For instance, you create a product to cater to outgoing cross currency transfer by SWIFT. For this product if you define the rate type to be STANDARD then for all contracts linked to this product, the Standard Rate Type would be applied.

Mid Rate

Mid rate is an indicative exchange rate for a currency pair. It is the average of the buy and sell rate quoted by the market for a currency pair.

Example

Suppose, currency 1 = USD

Currency 2 = DEM

Buy rate -- 1 USD = 1.7020 DEM

Sell rate -- 1 USD = 1.7040 DEM

Mid-Rate = 1.7030

Buy Spread

This is the buy spread for a currency pair. It can be defined as the profit margin specified over the mid rate when you buy currency 1 for currency2. You can define the buy spread in two ways -- either in points or in percentage. The system computes the effective buy spread for you.

Sale Spread

This is the sell spread for a currency pair. It can be defined as the profit margin specified over the mid rate when you sell currency 1 for currency 2. You can define the sell spread either in points or in percentage. The system computes the effective sell spread for you.

Buy Rate

Buy rate is the rate of exchange for a currency pair, which is computed by the system based upon the mid rate, the spread specified, the spread definition and the quotation method maintained in the 'Currency definition' table.

Sale Rate

Sell rate is the rate of exchange for a currency pair, which is computed by the system based upon the mid rate, the spread specified, the spread definition and the quotation method maintained in the 'Currency definition' table.

ORACLE

You can also input the buy and sell rate for a currency pair. In that case the system will compute the spread for the rate type.

12.1.2 Authorizing the exchange rates

Data maintained in the 'Rates maintenance' screen can be authorised in the 'Currency Rates Authorisation' screen.
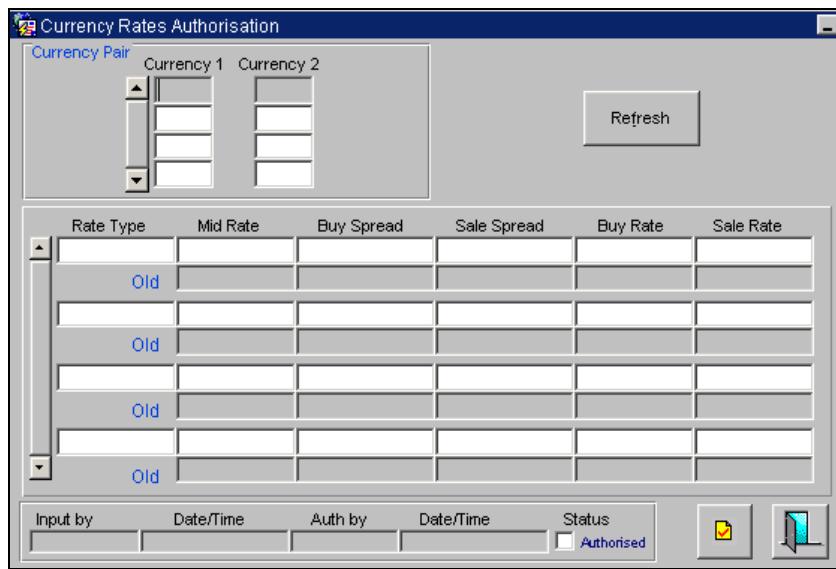
In this table, you authorize the rates input in the Currency Rates Maintenance table. The revised rates along with the previous rates are displayed for all currency pairs. To authorise a record, select the currency pair whose rates you want to authorise. All rate types maintained for this

currency pair along with the mid rate and the spreads are displayed. Click on [icon] to authorize the record.

12.1.3 Revising the exchange rates

For revising the exchange rates for your bank or the branches invoke the 'currency rate maintenance' table. Click on the currency pair whose exchange rate you want to revise and click

[icon] on the toolbar or unlock in the Action menu. Input the new rates for the pair.

12.1.4 Viewing exchange rates

In the Currency View screen you can merely view the exchange rates. You cannot input any values. You also have the option of specifying whether you want to view authorized rates or the unauthorized rates for any currency pair.

ORACLE
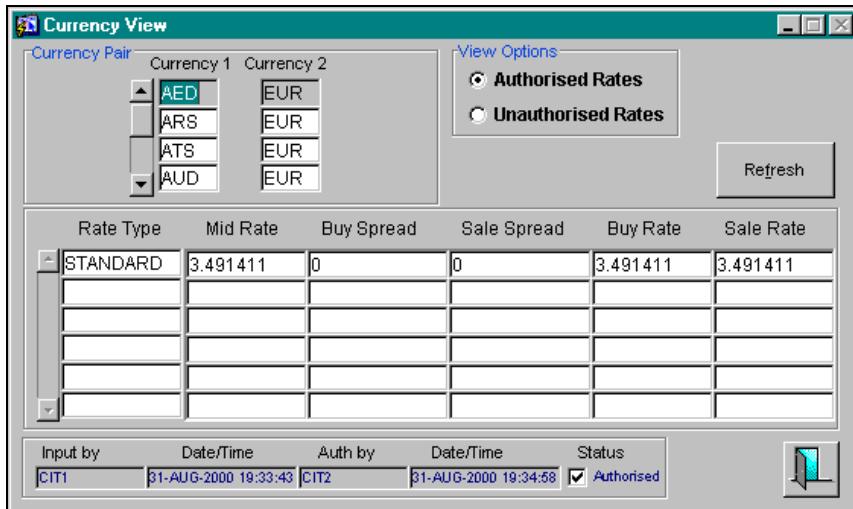
If the branches pick up the exchange rates maintained by the HO, then each time you invoke the 'currency view' table from a branch it is advisable to update this table with the latest rate input, from the HO. To do this, click on 'Refresh'. Refresh updates the table with the last exchange rates input.

12.1.5 Annexure

12.1.6 Computing the Buy and sell spreads

Using the percentage system -- suppose the bank wants to make a profit of 5% over and above the mid rate quoted. Suppose the dealing currencies are USD and AUD. 1USD = 1.4166 AUD for Standard rate type (Mid rate being 1.4166).

Now to arrive at the spread the bank will use the following formula:

Spread = 5 / 100 x Mid rate (1.4166) = 0.07083

Example

Currency Code 1	Currency Code 2	Rate Type	Mid Rate	Buy Spread	Sale Spread
USD	AUD	STD	1.4166	0.07083	0.07083
USD	AUD	TT	1.3666	0.06833	0.06833
USD	AUD	CASH	1.2666	0.06333	0.06333

Using the points system -- suppose the points quoted by the bank are 708.3. The points multiplier in this case would be 0.0001 (depends on the decimal points that the mid rate extends to. Usually it is 4 decimal places).

Spread = Points (708.3) x Points Multiplier (0.0001)

ORACLE

Now coming to the buy and sale rate computing, there are two ways of computing the buy and sale rates -- Direct and Indirect. Depending upon the quotation method you have specified in the Currency pair table, the system computes the spreads.

In the **Direct** method, the buy and sell rates are calculated as follows:

Buy Rate = Mid-Rate - Buy Spread

Sell Rate = Mid-Rate + Sell Spread

For cross currency contracts, the rate for the currency pair is:

1 unit of Ccy 1 = Rate * 1 unit of Ccy 2

In the **Indirect** method, the buy and sell rates are calculated as follows:

Buy Rate = Mid-Rate + Buy Spread

Sell Rate = Mid-Rate - Sell Spread

For cross currency contracts, the rate for the currency pair is:

1 unit of Ccy 2 = Rate * 1 unit of Ccy 2

Example

You have entered into a Buy contract and the currency pair involved is USD/AUD (where 1 USD = 1.4166 AUD). In the Currency Rate Maintenance table, the following details are maintained:

Mid-Rate   - 1.4166 (from the Currency table)

Rate Type - STD

Buy Spread - 0.07083

Sell Spread - 0.07083

You have specified the Quotation method for this currency pair as Direct in the Currency Pair table. In this method, the Buy Rate is calculated as -- Mid-Rate - Buy Spread. So the Buy Rate for this contract is:

 Buy Rate =1.34577 = (1.4166 - 0.07083)

In addition, you have the option of defining the fields that should be computed and those that should be input. You can either input the buy and sale rates and get your spreads computed by the system or define the spreads and let the system compute the rates.

ORACLE

13. Handling the Euro

13.1 <u>Introduction</u>

On 1 January 1999, eleven countries that are part of the European Union embarked on the *first phase* of economic integration, called the 'Economic and Monetary Union' (EMU). In Oracle FLEXCUBE, the eleven countries participating in the first phase of the EMU are referred to as 'In' countries and the respective national currencies as 'In' currencies. All other countries are referred to as 'Out' countries.

The first phase of the EMU, referred to as the 'transition period', ushered in a new, single European currency: the **Euro (EUR)**. During this phase, the National Currency Denominations of 'In' countries would co-exist with the Euro. That is, transactions involving an 'In' currency would, *typically*, be routed through the Euro during this phase. At the end of the transition period, however, the national currencies of the participating countries would cease to exist as valid legal tenders. The Euro would be the only legal tender in 'In' countries.

You can handle the Euro, in Oracle FLEXCUBE, by capturing additional currency and settlements related information. This chapter details how this information is to be captured, and its implications.

13.1.1 <u>Maintaining Euro related information</u>

In Oracle FLEXCUBE, the details that you need to maintain in order to handle the EMU include:

- Maintaining the Euro as a valid currency

- Indicating if a currency is 'In', 'Out, 'Euro', or 'Euro Closed'

- Maintaining a 'Tolerance Limit' for a currency (to check against ERI information)

- Capturing additional settlement details (Euro related information for the MT 100 and MT 202 SWIFT messages)

You can maintain currency related information in the Currency and the Currency Pair Definition screens. 'Settlement' details can be captured in the Settlement Instruction Details screen.

13.1.2 <u>Maintaining Currency details</u>

Your specifications for a currency in the 'Currency Definition' screen determine the manner in which transactions in the currency are handled in Oracle FLEXCUBE.

Specifying the Currency Type

When maintaining a currency in the Currency Definition screen, you have to specify the 'type' of the currency. You can do this in the 'Euro Type' field. By choosing the appropriate option, you can indicate if the currency is:

ORACLE

- The Euro itself

- An 'In' currency

- An 'Out' currency, or

- 'Euro Closed'

National currencies of 'In' countries are referred to as 'In' currencies. When maintaining other currencies, you have to choose the 'Out Ccy' option under Euro Type.

When the transition period ends, the national currencies of the participating countries would cease to exist as valid legal tenders. The Euro would be the only legal tender in the participating countries. Consequently, the Euro changes made to Oracle FLEXCUBE will no longer be required. You can turn off the changes at the end of the transition period by:

- Closing all 'In' currencies, and

- Choosing the 'Euro Closed' option (for the Euro).

Specifying a Tolerance Limit

When you are maintaining an 'In' Currency, or the Euro, in the Currency Definition screen, you can define a 'Tolerance Limit' for it. The limit is expressed as a percentage.

The implication:

During the transition period, settlements of components in 'In' currencies can be made either in the same currency or in the Euro (EUR) *depending on the settlement account(s) maintained*. (Similarly, components in Euro can either be settled in EUR or in an 'In' currency.) In the settlement messages that are generated (MT 100, MT202), the settlement amount would be reported in the Settlement Account Currency. However, you can opt to additionally furnish the value of the component in a Euro Related Information (ERI) currency. You have to manually specify the settlement amount value, in the ERI currency, in the 'Settlement Message Details' screen.

ORACLE®

When *generating the message* towards settlement (MT100, MT202), the system ensures that the value you specify as the ERI Amount conforms to the Tolerance Limit defined for the ERI Currency (in the 'Currency Definition' screen). That is, the system computes the ERI equivalent of the settling amount using the pegged rates, and compares the same against the ERI amount input by the user. If the difference is within the tolerance limits defined for the ERI currency, the user specified amount is used.

If the user specified ERI amount breaches the Tolerance Limit defined for the ERI currency, the system calculates and reports the ERI Amount on the basis of the exchange rate defined for the settlement currency vis-à-vis the ERI currency.

The following example illustrates the application of the Tolerance Limit.

Example

In the SWIFT messages (MT 100 and MT 202) that are generated towards settlement, the value of the component can be reported both in Nostro account currency (in Field 32A) and in an ERI currency that you specify (in Field 72). In Oracle FLEXCUBE, this information is captured in the European Related Information (ERI) fields in the Settlement Message Details screen.

Assume the following scenario:

- The settlement account is an EUR account

- You have to settle an amount of DEM 10000

- You have defined the ERI currency for DEM as DEM

- The Tolerance Limit for DEM as 0.05%

- The exchange rate: 1 Euro = 1.30 DEM

The settlement amount in Euro would therefore be 7692.36 (rounded to nearest higher cent). This amount will be reported in Field 32A of the settlement messages.

Now, if you want to furnish the settlement amount in the ERI currency (in this case, DEM) you have to manually enter the DEM value in the ERI Amount field. You may enter DEM 10000. (EUR 7692.36 actually converts into DEM 10000.068.) The value that you have entered is well within the Tolerance Limit of 0.05% defined for DEM. Therefore, this value will be reported in Field 72 of the settlement messages. Since the Tolerance Limit for DEM is 0.05%, you can specify an ERI Amount between DEM 9995 and DEM 10005 (DEM 10000 * 0.05/100 = DEM 5). If you enter an ERI value exceeding DEM 10005 or less than DEM 9950, the system recalculates the ERI Amount at the time of generating the settlement messages. The recalculation will be on the basis of the pegged rates between the Settlement Currency and the ERI currency.

🛑 The system validates the ERI amount only when generating the settlement messages. It does not validate the ERI amount at the time of input (in the 'Settlement Message Details' screen).

Maintaining Currency pairs

In the 'Currency Pair Definition' screen, you can specify a 'Through Currency'. When maintaining a pair involving an 'In' currency ('In' – 'Out' and 'In' – 'In'), you can *only* specify the Euro as the 'Through Currency'.

ORACLE®

STOP You cannot maintain a 'Through Currency' for a pair constituted by an 'In' currency and the Euro.

13.1.3 Specifying the preferred ERI currency for a counterparty

For a counterparty and currency (combination), you can maintain a preferred ERI currency. You can state this preference in the 'Settlement Instructions' screen.

The implication:

During the transition period, settlements of components in 'In' currencies can be made either in the same currency or in the Euro (EUR) *depending on the settlement account(s) maintained.* (Similarly, components in Euro can either be settled in EUR or in an 'In' currency.) In the settlement messages that are generated (MT 100, MT202), the settlement amount would be reported in the Settlement Account Currency. However, you can opt to *additionally* furnish the value of the component in a Euro Related Information (ERI) currency. You can maintain this ERI currency (for a counterparty and currency combination) in the Settlement Instructions screen.

In the SWIFT messages that are generated towards settlement of a component (involving the counterparty and the currency), the component value will be expressed in this (ERI) currency, by default.
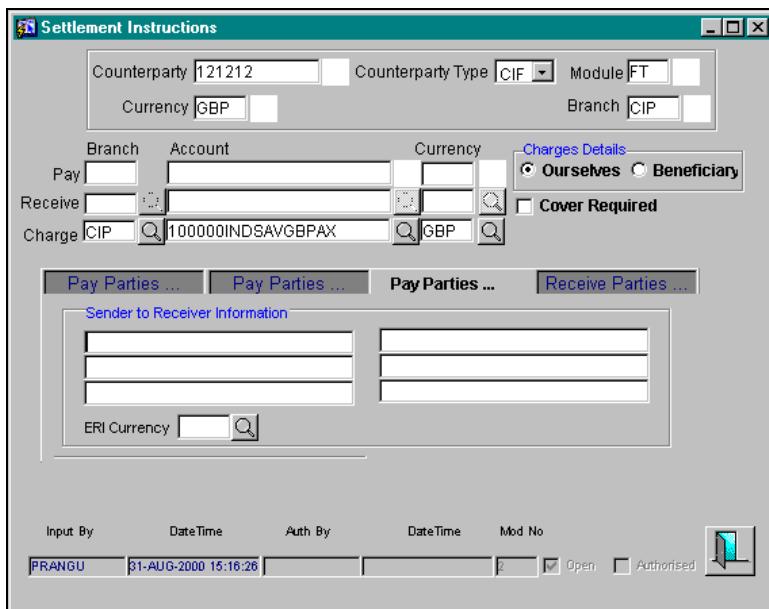
13.1.4 Settlement Message Details

SWIFT messages (MT 100/MT202) 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:

- The ERI currency, and

ORACLE

- The 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.

13.1.5 Settlements of Foreign Exchange deals

Oracle FLEXCUBE allows cross currency settlements of foreign exchange deals that involve an 'In' currency. You can settle the 'In' currency leg in another 'In' currency or in 'Euro'.

Example

Assume you enter into the following Foreign Exchange deal. You sell 1, 00,000 FRF against USD.

The scenario:

You specify the exchange rate: 1 USD = 5.2 FRF

The bought amount is therefore: 19230.769 USD

The settlement account is in EUR

The exchange rate between EUR/FRF: 1 EUR = 6.475 FRF

Since FRF is an 'In' currency, you can settle the *sell* leg of the deal through EUR (in this example). The settlement amount would be EUR 15444.015.

13.1.6 Reports and Advices

The following reports furnish the equivalent Euro values of amounts in an 'In' currency. The 'locked in' exchange rates defined for the Euro against the 'In' currency will be used for currency conversions.

ORACLE

The reports with this feature are the:

- Currency Position report

- Cash Flow report

- FX Maturity report

🛑 These reports will not furnish the 'In' currency and equivalent Euro values when you *close* the 'In' currencies, and choose the 'Euro Closed' option (for the Euro) in the 'Currency Definition' screen.

All advices that provide 'In' currency details will also provide the equivalent Euro values.

Account Statements

Statements provided for accounts in an 'In' currency provide the Euro equivalent values of:

- The opening balance,

- The closing balance, and

- Every transaction.

13.1.7 The Euro related Error Messages

The following table lists the error codes and the corresponding messages:

Error Code	Message
EU-EXH01	'Through Currency' has to be of type 'EUR'
EU-EXH02	LCY cannot be of type 'Euro' or 'In'
EU-EXH03	Duplicate EURO Currency
EU-EXH04	ERI Currency should not differ when Settlement a/c is the same
EU-EXH05	Please delete the maintained rates if 'Through CCY' is to be maintained
EU-EXH06	ERI Currency cannot be the same as Pay A/C CCY
EU-EXH07	Cannot unlock a pair which has a 'Through Currency'

ORACLE®

14. Currency Re-denomination

14.1 <u>Introduction</u>

The European Union has begun using the Euro Currency for settlement of transactions beginning from the first of January this year. The settlement of transactions in Euro is applicable to 'IN' currencies only.

In Oracle FLEXCUBE, the eleven countries participating in the first phase of the Economic and Monetary Union (EMU) are referred to as 'In' countries and the respective national currencies as 'In' currencies. All other countries are referred to as 'Out' countries.

From the first of January 2002, all the participant countries will start using Euro as the legal currency. However till July 2002 both the national currency and the Euro currency will co-exist. The withdrawal process of the national currencies is expected to be complete in the period between January 2002 and July 2002. From July 2002 onwards Euro will be the single currency used in all transactions.

This section explains the changes that are made to Oracle FLEXCUBE to cater to the final phase of the changeover of currencies to the Euro currency in the IN currency.

14.1.1 <u>Maintaining currency re-denomination</u>

The Currency Redenomination Maintenance screen has been designed to enable the currency conversion of the following:

- Customer Accounts
- Collaterals
- Credit lines; and
- Customer limits

To invoke the 'Currency Re-denomination' screen, choose 'Euro Re-denomination' and 'Initiate Conversion' from the Application Browser.

The 'Currency Re-denomination' screen will be displayed.

ORACLE
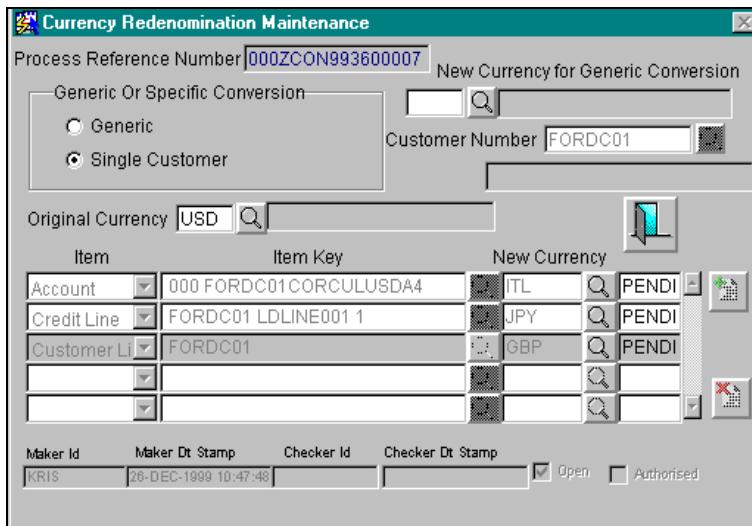
If you are maintaining details of a new conversion choose New from the Actions Menu or click on

 from the toolbar. The 'Currency Re-denomination' screen will be displayed without any details.

14.1.2 <u>Specifying the customer</u>

You can indicate whether the currency re-denomination is for a single customer or generic.

In the case of a single customer you are required to indicate the Customer Number allotted to the particular customer and subsequently specify the item(s) for which re-denomination is to be done.

You are allowed to re-denominate the currency of the following items:

- Account
- Collateral
- Credit Line
- Customer Limits

Before the record is authorized you can add or delete from the number of items for which currency re-denomination is required. To add a new item click and select the item name. To delete an existing item, highlight it and click on the button.

For a generic conversion you have to indicate the new currency of the conversion along with the old currency. The re-denomination from the old to the new currency will be carried out for all the accounts, collaterals, credit lines and customer limits for the current branch.

 Note that at times re-denomination can fail if the account in question contains some uncollected funds or in the case of tanked entries. When this happens, a failure message will be displayed against the respective account.

ORACLE

14.1.3 <u>Implications of Currency Redenomination</u>

14.1.3.1 <u>In the IC Product Accounting Role Definition screen</u>

For the purpose of currency conversion, an accounting role called 'Acquired' is available.

14.1.3.2 <u>End of day processes</u>

Maintaining a Conversion GL and Transaction Code simplifies the End of day process. Basically two important things happen when the End of day processes is run. Firstly interest is liquidated to the Acquired Interest GL and secondly all balances will be reduced to zero.

When you run the Beginning of day processes the next day the change in the currency conversion will be in place. In addition, balances will get restored.

Example

You decide to re-denominate the account 'BOAB001BNKCUFINRA2' of Customer Number 'SP1000' from Deutsche Mark (DEM) to EURO.

You have specified that the liquidation cycle is to be monthly. The currency conversion is carried out on the 17th of the month.

The interest liquidated from the 1st to the 17th will be put in the Acquired Interest GL. On the next liquidation date (i.e. the 30th of the month) the interest liquidated from the 1st to the 17th is converted to Euro and transferred from the Acquired Interest GL to account 'BOAB001BNKCUFINRA2'.

Additionally the interest calculated from the 17th to the 30th is also credited or debited to the account depending upon the type of account.

An example of the EOD/BOD processes

The following example illustrates the accounting entries passed when currency conversion is made.

Account Name   BOAB001BNKCUFINRA2

Account Currency   Deutsche make (DEM)

The Bank's LCY	**USD**
The Standard Exchange Rate between DEM and EURO	2.5

Requirement:

The account currency has to be converted from DEM to EURO.

The Value Dated balances as of the 17th of the month are as follows:

17th **Jan 99**	18th **Jan 99**	19th **Jan 99**
100,000 Cr.	120,000 Cr.	80,000 Cr.

The following are the accounting entries passed as of the 17th for the Account BOAB001BNKCUFINRA2.

Account	CCY	Dr./Cr.	FCY	LCY	Txn Code	Val. Date
BOAB001BNKCUFINRA2	DEM	Dr.	100,000	33333.33	ECV	17th
BOAB001BNKCUFINRA2	DEM	Dr.	20,000	6666.67	ECV	18th
BOAB001BNKCUFINRA2	DEM	Dr.	40,000	13333.33	ECV	19th
CNV GL	DEM	Cr.	80,000	26666.67	ECV	17th

The following are the entries passed on the 18th of the month:

Account	CCY	Dr./Cr.	FCY	LCY	Txn Code	Val. Date
BOAB001BNKCUFINRA2	EURO	Cr.	48000	40000	ECV	18th
BOAB001BNKCUFINRA2	EURO	Dr.	16000	13333.33	ECV	19th
CNV GL	EURO	Dr.	32000	26666.67	ECV	18th

14.1.3.3 Change in field values due to Conversion

The change in currency re-denomination impacts amount based fields pertaining to Accounts, Collaterals, Credit Lines and Customer Limits. The change in the value of these fields is reflected when you run the beginning of day processes.

The amount-based fields, which are affected by the change in currency denomination, will be updated with the equivalent value in the new currency

Accounts

The following fields will reflect the new values:

- Temporary Over Draft limit
- Sublimit
- Uncollected Funds limit
- Offline limit
- Account Currency

These fields can be found in the 'Customer Accounts Maintenance' screen.

Collateral

In the Limits Maintenance Collaterals screen the following fields will be updated:

- Collateral Currency
- Collateral Value

ORACLE

- Limit Contribution

- Issuer Exposure Amount

Credit Lines

In the Limits screen of the Limits Maintenance module the following fields will reflect the new values:

- Credit Line Currency

- Tenor limits

- Tenor utilization

- All Related Amounts

Customer Limits

In the 'Customer Maintenance' screen of the Core Services module, the following fields will be updated at BOD:

- Limit Currency

- Liability Risk Limit

- Customer Risk Limit

Also note that once the conversion process is complete the advices generated for your customer will carry the following information:

- The Old Value

- The New Value

- And the Exchange Rate used for the conversion

14.1.4 An Effect of Currency re-denomination

As a consequence of currency re-denomination you will *not* be able to pass entries where the value date falls before the currency conversion date.

ORACLE

15. Maintaining Period Codes

15.1 Introduction

Banks compute their profits and losses and assess their financial position for a financial year. The financial year could extend from January to December or March to April.

For interim reporting needs, the financial year is further divided into accounting periods, the duration of which is again determined by the bank's accounting requirements. For example, a bank's Board of Directors meet once a month. Therefore, you would divide the financial cycle into monthly periods.

The financial year is referred to in Oracle FLEXCUBE as the 'Financial Cycle' and the accounting periods as 'Financial Periods'. In Oracle FLEXCUBE, each branch of your bank can define financial cycles and periods of its own. This gives the branches of your bank the flexibility to define accounting cycles and periods based on specific requirements.

At the end of each financial period and financial cycle, you can generate profit and loss statements and a balance sheet. The system also offers you the flexibility of keeping a financial period/financial cycle open, allowing you to post adjustments to it and obtain a revised profit or loss statement/balance sheet.

15.1.1 Invoking the Period Code Maintenance table

In the Application Browser, the 'Period Code Maintenance' screen is grouped under the section titled **Accounting Periods** under **Bank Branch Parameters**.

In this screen you can define the following:

- The 'financial cycle' (start and end date of the financial year)

- The 'period group' -- financial periods into which each financial cycle is to be divided.

You can define financial cycles/periods only for the branch into which you have logged in. The relevant branch code is by default displayed on the screen.

In the 'Period Code Maintenance' screen, you define the following details:

Financial Cycle

For each financial cycle you maintain the following parameters:

Cycle

This is a code for the financial cycle. It acts as an identifier for the cycle. For example, while posting adjustments into a previous financial cycle -- you would identify the year through this code.

Input the code using a maximum of 9 characters, alphanumeric.

Example

The financial cycle extends from 1st April to 31st March in India. A bank here could define its code for the year 1996-97 as FY 1996-97.

Description

This describes the financial cycle. Enter description using a maximum of 35 characters, alphanumeric. Taking the above example, you could enter Financial Year - 1996-97.

Start Date

This is the first day of this Financial Cycle.

End Date

This is the last day of this Financial Cycle.

This is a code for the financial cycle. It acts as an identifier for the cycle. For example, while posting adjustments into a previous financial cycle -- you would identify the year through this code.

Input the code using a maximum of 9 characters, alphanumeric.

Example

The financial cycle extends from 1st April to 31st March in India. A bank here could define its code for the year 1996-97 as FY 1996-97.

ORACLE

This is a code for the financial cycle. It acts as an identifier for the cycle. For example, while posting adjustments into a previous financial cycle -- you would identify the year through this code.

Input the code using a maximum of 9 characters, alphanumeric.

Period Group

The financial cycle defined above, can be divided into different accounting periods. To define individual accounting periods click on the first row under period code. A period called 'FIN' is created by the system. This is an open-ended period coinciding with the last day of the financial cycle (for details refer to the section 'System Functions').

You can maintain the following parameters for each accounting period within a financial cycle:

Period Code

This code identifies the accounting period. Enter a code using a maximum of 3 characters, alphanumeric. For example, if your period length is a quarter you can enter - Q1 for the first period; Q2 for the second; Q3 for the third and so on. If your period length is a bimonthly you can enter BM1, BM2. If your period length coincides with a month you can input M1, M2.

🛑 The period codes used across the branches of your bank should be the same.

Start Date

This is the first day of the corresponding period.

End Date

This is the last date of the corresponding period. 'End date' of a period should always end on a month end. Please note:

- The period codes could be of varying lengths but no gaps should be left between periods.

- The duration of two periods should not overlap.

- You can modify the period code of the current or a future period; however, a past period cannot be modified even if it has not been closed

- You can maintain period codes for each branch of your bank through the 'Period Code Maintenance' screen.

- The current financial cycle code and the current period code are displayed in the 'Branch Parameters Screen'.

Status

After authorization, you can view whether a financial period is open or it has been closed.

Branch

Displays the code of the current branch of you bank

ORACLE

Status

Displays the corresponding status of the period code highlighted. The status of a period code can either be:

- Closed, or

- Open

🛑 You can maintain period codes for your bank branch. The status of all periods in the new branch will be open.

15.1.2 <u>System functions</u>

The system offers you the flexibility of posting transactions into a previous accounting period which has passed its due end date. For example, lets assume your bank's financial cycle extends from 1st January to 31st December; the first period starts on 1-01-96 ends on 31-03-96. Even beyond 31-03-96 you can keep the period open to be able to post for example, expense bills you expect to receive in April. After you have posted all adjustments, you can close the period.

Even after you have closed the last accounting period of a year, the system offers you the flexibility of posting adjustments to the financial year.

For each financial year the system generates an open status period called FIN. Its start and end dates coincide with the last date of the financial cycle. Into this one day period you can post the accumulated profits and loss for the financial cycle, general reserves, statutory reserves for the current year after paying off the dividends. After this one day period is closed the status of the financial cycle in the made by field 'status' is displayed as closed. With this the financial year stands closed and no adjustments can be posted to it.

Closure of a period/financial cycle can be invoked through the General Ledger/ Core Services module. The branches of the bank should close this period/financial cycle.

ORACLE

16. Status Code Maintenance

16.1 Introduction

16.1.1 Status of a contract

Loans and bills, which are past their due maturity date of installment re-payment, but remain unpaid, are defaulted contracts. In the Oracle FLEXCUBE system these defaulted contracts can be assigned to different statuses, based on the number of days for which the contract is outstanding.

Each status can be assigned a code. For instance, you can define a status code PDO to represent 'past due obligation', and specify a period of 15 days after which an outstanding contract should be marked as 'PDO'. If they are due for more than 60 days, you could assign a 'doubtful' status; 'sub-standard' if due for 6 months, and so on. Contracts for which no installments are due, or which are regularly paid on their due dates are assigned the status 'Active' by the system. According to the number of days of default defined for each status, a loan would be moved from 'Active' to PDO status, then to doubtful and finally to sub-standard status.

16.1.2 Status of Customer Accounts

The operability of a customer account depends on the status of the account. For instance, when an overdraft occurs on a customer account, or an amount block placed on it, certain operations on the account are curtailed. In the case of an overdraft, inflows may be allowed into the account, but outflows could be curtailed till the shortfall is replenished through an inflow. In the case of an amount block, outflows would be allowed to the extent of the free balance (i.e. that portion of the account balance that is not blocked).

To take another example, when an account holder expires, all outflows on the account are disallowed, till the bank receives instructions.

To each status that you wish to define for a customer account, you can define a status code. For instance, you could define a status code 'OVD' to represent the status of an account on which an overdraft has occurred; 'BLK' to represent the status when an amount block is placed on the account, and so on.

These status are maintained in the 'status code' table. It is maintained at the Bank level by your Head office branch.

ORACLE

16.1.3 <u>Invoking the Status Codes Maintenance screen</u>

The 'Status Codes Maintenance' screen is available under **Bank Branch Parameters** in the Application Browser.
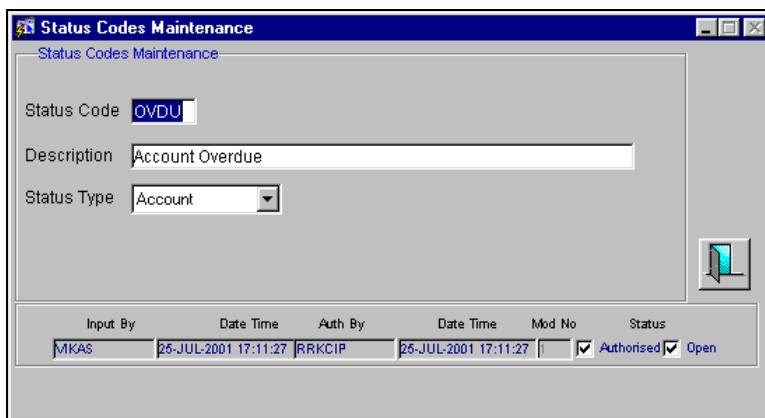
In this table you maintain the following to define a loan or bill status:

- A code for the status

- Description for the status

- Whether the status code is used to represent the status of a contract or a customer account.

16.1.4 <u>Maintaining status codes for contracts</u>

The following parameters need to be maintained for defining a status code:

Status Code

This is the code, which identifies the status to which the contract (or customer account) belongs.

Example

Assign a code using a maximum of 3 characters, alphanumeric. For example, if your contract has past its due obligation status you can input code PD1. PD representing post due obligation. The number 1 stands for stage 1 of the post due obligation status.

Status Description

This is the description of the status, Enter a description using a maximum of 35 SWIFT characters.

Example

Taking the above example, you can input here - Past Due Obligation 1 for Loan if you are maintaining status codes for Loans.

ORACLE®

The Status Type

You can specify whether the status code represents the status of a contract or a customer account. You might wish to define different statuses for a contract, and different statuses for an account.

Example

For instance, you could define a status code 'OVD' to represent the status of a customer account on which an overdraft has occurred; 'BLK' to represent the status when an amount block is placed on the account, and so on.

ORACLE

17. Transaction Code Maintenance

17.1 Introduction

In the 'Transaction Codes Maintenance' screen, you define transaction codes to representing various types of transactions, for example, transfer charges, incoming mail transfer, incoming telex transfer, reserve, incoming clearing transfer etc. All similar transactions can be grouped under a common transaction code with a description. This description will be printed on the account statements, reports and advices generated.

For a transaction type you also maintain other related processing details, which will be applicable to all transactions posted under a common code. Details about availability of funds for liability checking, SWIFT code for the transaction type, preferences regarding charges to be levied on turnovers, payment to be made through cheques etc.

17.1.1 Invoking the Transaction Code screen

To invoke the 'Transaction Codes maintenance' screen, choose 'Bank Branch Parameters' from the Application Browser, then click 'Transaction Codes' and the 'Detail' option under it. The Transaction Codes maintenance screen will be displayed.

ORACLE

In this screen you maintain the following for a transaction:

- A code representing the transaction type.

- The description of the transaction type.

- The MIS Head to which the transaction code is linked.

- The interval after which funds should be made available after the transaction.

- Preferences regarding charges to be levied or not on number of transaction counts and total turnover amounts

- Preference stating whether a transaction booked under this code should cause an account marked as 'dormant' by the system to be re-instated to 'active'

- Preference whether payment for transactions posted under this code should be made through a check.

- Whether a cheque leaf number should be marked as unused if there is a reversal of a transaction.

17.1.2 <u>Maintaining transaction types</u>

The following parameters need to be maintained for a transaction type:

Transaction Code

This is the code you assign to a transaction type. This code identifies the type of transaction.

Enter 3 characters, alphanumeric. For example, for all transfer charges transaction you can give the code as TCT; for incoming telex transfer you can input - ITT. In case, you want to assign numeric codes only, then for ease of operation similar transaction types should be grouped into a range. For example, you can set a range for all Money Market transactions say, A1-A30; a different range for Bills and Collections B1-B30 and so on.

Description

This is the description of the transaction type

Enter the description using a maximum of 35 characters, alphanumeric. For example, for TCT code you can enter 'Transfer Charges Transaction'.

SWIFT Code

This is the SWIFT code to which this transaction code is linked. It is used for posting transaction details on SWIFT format.

ORACLE

Click on 🔍 against SWIFT Code. It will display a list of SWIFT formatted codes representing transaction types. The following list is displayed:

SWIFT CODES	TRANSACTION TYPE
BOE	Bill of Exchange
BRF	Brokerage fee
CHG	Charges and other Expenses
CHK	Cheques
CLR	Cash Letter/Cheque Remittance
COL	Collections
COM	Commission
DCR	Documentary Credit (for Principal Amount)
DIV	Dividends - Warrants
EQA	Equivalent Amount
ECK	Euro checks
FEX	Foreign Exchange
INT	Interest
LBX	Lock Box
LDP	Loan Deposit
MSC	Miscellaneous
RTI	Returned Item
SEC	Securities
STO	Standing Order
TCK	Travelers Cheques
TRF	Transfer
VDA	Value Date Adjustment

The codes COL -Collections, DCR - Documentary Credit and SCC- Securities are used when entering a principal amount.

ORACLE

Specifying the Unit Cost

You can associate each transaction code that you define with the notional cost involved in processing the transaction by specifying the budget Unit Cost.

The Unit Cost has to be maintained at the region level and will be made applicable to all the branches of your bank.

Availability Information

This states the different time intervals after which funds will be available for withdrawal in case of all transactions posted under this transaction code.

The system defaults to immediate, which means that funds will be immediately available for withdrawal. Example: Teller Transaction. For all Clearing transactions you have the option to specify as to when will funds be made available for withdrawal.

You can select the On Value Date option if you want funds to be available on the date the transaction became effective. Example: A loan or a deposit.

Incase you want to specify the number of days after which funds should be available for withdrawal, click on the option After days. Enter the number in the box. It could be any two digit positive integer from 1 to 99. This option will make funds available for all transactions posted under this code, on the specified date from the value date. Example: Demand Draft

When you click on the After days with new value date option and enter the number of days in the box; the original value date of the contract will take a new value date. This new value date = old value date + the number of days input by the user in the box against the option. Example: Future dated funds transfer.

The difference between the third and fourth option being that in the latter case the old value date changes; while in the former the value date does not change.

In Oracle FLEXCUBE, you can identify certain credit transactions as 'Credit Under Reserve' transactions. To identify such transactions you can associate them with a 'Manual' type of Transaction Code by choosing the respective option.

🛑 You will have to clear funds of credit transactions associated with a 'Manual' type of Transaction Code manually. You can do this through the Uncollected Funds screen invoked from the Application Browser. For more details on this, refer to the section titled *Releasing Funds Manually*.

You can also specify a manual release for those credit transactions not associated with a 'Manual' type of code, but for which a float period (that is, funds available after a certain number of days) has been defined. Such transactions can also be manually cleared in the Uncollected Funds Manual Release screen.

ORACLE

In the Transaction Code Maintenance screen, select 'Manually Available' to indicate that those credit transactions associated with a Transaction Code for which a float period has been defined, can also be cleared in the 'Uncollected Funds Manual Release' screen.

For bulk check transactions, you can specify that the float period defined for the bank and clearing house combination specified for each check, must be considered for release of uncollected funds. Select the "Detailed Funcol Available" box to indicate this. The availability information in the Transaction Code Maintenance is then overridden.

Charging for the Usage of Uncollected Funds

In order to charge consumer and corporate customers for the usage of uncollected funds you need to enable the Charge Uncollected Funds Usage option for the transaction code.

STOP In addition to enabling this option you will have to define a product for Consumer Charge processing through the Uncollected Product Definition screen.

For more details about this refer to the Levying Charges on Uncollected Funds for consumer accounts in this chapter.

You will not levy charges on corporate accounts for usage of compensated and non-compensated funds but specify an interest for the same.

Distinguishing between compensated and non-compensated funds

You have to determine the date on which uncollected funds change status from non-compensated to compensated. The basis for computing this date could either be:

- Available Date – the date on which funds are made available; or
- System Date.

The system computes the date on which the status of uncollected funds becomes compensated, based on the compensation basis and days that you specify.

Example

You have selected Available Date as the Compensation Basis and captured 1 in the Compensation Days field.

Mr. James Martin presents a check for clearing on October 9th. The check will get cleared on the 14th of October allowing for clearing time.

Based on your specifications the system arrives at October 13th as the date for status change.

17.1.3 <u>Preferences</u>

This field indicates your preferences regarding transactions booked against this transaction code. The preferences marked relate to the following:

ORACLE

- **I&C Transaction Count** - Every debit or credit entry is passed under a transaction code. If for a transaction code you have checked 'I&C transaction count' then all entries made under that code would be picked up by the system as chargeable transaction counts which would be used by the I&C system to compute charges. Therefore, you should take care not to check for all bank induced transactions like - service charges, interest payment, calculation, brokerage and charges, etc.

Example

Your bank has a policy of limiting savings withdrawals without additional charges to only 8 in a month. Beyond which all withdrawals would be charged. For the ninth and onward withdrawals in the month from any account the system will maintain a count for computing charges. However, care should be taken to exclude all bank-induced transactions from the count.

- **I&C Turnover inclusion** - Every debit or credit entry is passed under a transaction code. If for a transaction code you have checked 'I&C turnover inclusion' then the debit turnover/ credit turnover balance under that code would be picked up by the system as chargeable depending upon the option specified in the I&C module. Therefore you should take care not to check for all bank-induced transactions like - service charges, interest payment, calculation, brokerage and charges, etc.

- **Consider for Accounting activity** - If you check the field 'Consider for A/C activity' for a transaction code, then any debit or credit posted under this code would reinstate the status of an account from dormant to active and accounting activity shall be considered.

- **Cheque payment Mandatory** - If for a transaction code you check 'Cheque Mandatory' then, for all transactions posted under this code, transaction will take place through cheque. For example: Incoming Clearing transfer.

Cheque Mandatory should be checked only for SB cheque withdrawals and Cash Account Cheque withdrawals. If this option is checked, you cannot select either External DD Validation Required option or the External Cheque Validation Required option.

Example

Transaction Code Maintenance Model Table

TRANS CODE	DESCRIPTION	SWIFT CODE	AVAIL INFO	I & C TRANS COUNT	I & C TURN INCL	UPDATE ACTIVITY STATUS	CHEQUE MAND
A01	ACCOUNT TO ACCOUNT TRANSFER	MSC	I	Y	Y	Y	Y
A02	ACCEPTANCE	MSC		Y	Y	Y	Y
B01	BANK WIRE TRANSFER	TRF		Y	Y	Y	Y
B02	BANK WIRE TRF-OWN ACC	TRF		Y	Y	Y	Y
B03	BILL C/ A ENTRY	BOE		Y	Y	Y	Y
B04	BILLS	BOE		Y	Y	Y	Y

ORACLE

TRANS CODE	DESCRIPTION	SWIFT CODE	AVAIL INFO	I & C TRANS COUNT	I & C TURN INCL	UPDATE ACTIVITY STATUS	CHEQUE MAND
	REDISCOUNTED						
C01	CANCEL CLEAN CREDIT	RTI		Y	Y	Y	Y
C02	CANCEL GUARANTEE	RTI		Y	Y	Y	Y
D01	DEBIT INTEREST	MSC		Y	Y	Y	Y
D02	DEMAND DRAFT ISSUED	MSC		Y	Y	Y	Y
E01	ENDORSED BILLS SOLD	BOE		Y	Y	Y	Y
F01	FEES ACCRUAL	BRF		Y	Y	Y	Y
G01	GL CREDIT	MSC		Y	Y	Y	Y
G02	GL DEBIT	MSC		Y	Y	Y	Y

- **Reset Cheque Status** – When a transaction using a valid cheque number is reversed, you can specify that the status of the cheque number should be marked as 'Unused'. This will enable you to reuse the cheque number to process another transaction. The system will identify a transaction reversal by the negative amount that is posted to the account. Therefore, whenever an entry is posted for a reversal transaction (from Journal, Teller, and Funds Transfer modules of Oracle FLEXCUBE), the cheque will be marked as 'Unused'.

  The 'Cheque Details' screen will give you the status of the cheque and also the history of modifications made to the instrument.

  However, you can opt to reset the cheque status only if the 'Cheque Mandatory' field is selected.

- **Ignore BVT Processing** – enabling this option for a transaction code suggests that the accounting entries with this code should not be picked up for BVT processing in the Liquidity Management module.

- **ECA Required** – enabling this option allows transactions bearing this transaction code to be checked for external credit approval.

Refer the 'Branch Parameters' chapter of this User Manual and the ECA Interface User Manuals for more details on External Credit Approval checks.

ORACLE

- **Debit and Credit Advices for Journal Entries:** For journal entries that are passed or uploaded, and multi-offset entries that are passed using a particular transaction code, you can specify the generation of a debit and credit advice. You can also specify when the advice must be generated. When a transaction code is defined, you can indicate this information as part of the preferences for the code.

To specify that the credit and debit advice must be generated for journal and multi-offset entries posted using the transaction code, select the Generate Dr/Cr Advice box in the Preferences section.

To indicate that the advices must be generated on authorization of the entry, select the During Authorization radio button.

To indicate that the advices must be generated during the batch process or End of Day operations, select the During Batch radio button.

Example

Clearing houses would send files of rejected checks to the system. These files are uploaded as exception list items. Reversal entries are passed that would cancel out the entries passed when the checks were issued.

For such entries, advices are generated as specified in the Transaction Code Maintenance, which will contain the reason for rejection of the checks. These advices, along with the rejected check, would be sent to the customer.

External DD Validation Required

You need to indicate whether or not the External DD should be validated in terms of Stop Payment instructions, for any entries posted using the selected Transaction Code. If you select the External DD Validation Required option, you can also select the External Cheque Validation Required option but not the Cheque Mandatory option.

External Cheque Validation Required

You need to indicate whether or not the External Cheque should be validated in terms of stop payment instructions, for any entries posted using the selected Transaction Code. If you select the External Cheque Validation Required option, you can also select the External DD Validation Required option but not the Cheque Mandatory option.

17.1.4 Identifying Transaction Codes for tracking Tax entries passed as Journal entries

To post a tax entry as a Journal entry you will need to identify the transaction code against which the entry is to be passed. You can identify transaction codes which should be used for this purpose by enabling the Use for Tax Entries option.

Whenever a journal entry is passed using such a transaction code the system recognizes this to be a tax entry. During authorization, the system displays an override asking you if invoice generation is required. On confirmation, the Contract Invoice Advice details screen is displayed and you will have to identify the contract for which the tax invoice is to be generated.

ORACLE

For further details on Tax Range Maintenance refer to the section Maintaining an Invoice Range in the Core Services User Manual.

17.1.5 Charging customers for utilization of compensated and non-compensated funds

Uncollected funds booked into Oracle FLEXCUBE prior to the reference date are classified as Compensated Funds; uncollected funds booked on the reference date are Non-compensated Funds.

Oracle FLEXCUBE gives you the option of levying differential charges on the utilization of compensated and non-compensated funds. For retail customers, you may wish to levy same charges for utilization of compensated and non-compensated funds, whereas for corporate customers, you might wish to levy charges on the utilization of non-compensated funds only. Also, you may wish to charge differential rates of interest for the utilization of compensated and non-compensated funds.

17.1.5.1 Levying Charges on Uncollected Funds

Example

Mr. James Martin's current account with your bank has a credit balance of USD 5,000. Out of this, you have blocked USD 3,000, which Mr. Martin has put up as collateral for a housing loan that he has taken. Mr. Martin has also presented checks totaling USD 5,000 for collection – the checks are yet to be cleared. The following checks drawn by Mr. Martin have come for clearing to your bank:

> Checks A with an amount of USD 2,500

> Checks B with an amount of USD 1,500

> Checks C with an amount of USD 4,000

Oracle FLEXCUBE will first arrange the incoming checks in ascending order for utilizing the book balance in Mr. Martin's account.

The utilization takes place as follows:

	Initially	Upon clearing of Check B (USD 1,500)	Upon clearing of Check A (USD 2,500)	Upon clearing of Check C (USD 4,000)
Book Balance	10,000	8,500	6,000	2,000
Uncollected Funds	5,000	5,000	5,000	5,000
Blocked Funds	3,000	3,000	3,000	3,000
Available Funds	2,000	500	-2,000	-6,000

ORACLE®

Check B gets cleared entirely from the available credit balance in Mr. Martin's account, leaving a credit balance of USD 500. The clearing of Check A utilizes this USD 500 and also USD 2,000 out of the uncollected funds. Check C utilizes the remaining USD 3,000 of uncollected funds and needs another USD 1,000 for getting cleared. You can make this additional USD 1,000 available in the form of an overdraft or unblock part of the blocked funds or refuse to honor Check C.

Oracle FLEXCUBE will allow you to impose a flat charge for every check that is cleared by utilizing all or part of the uncollected funds. Here, there will be no charge levied for the clearing of Check B. But the clearing of Check A will carry a charge and so will the clearing of Check C, if that is allowed.

The definition of compensated and non-compensated funds can be maintained through the Transaction Codes maintenance screen where you specify the Compensation details.

Specifying the Compensation details

You have to determine the date on which uncollected funds change status from non-compensated to compensated.

The basis for computing this date could either be:

- Available Date – the date on which funds are made available; or
- System Date

The system will compute the compensation date, based on the compensation basis and days that you specify.

Example

You have selected Available Date as the Compensation Basis and captured 1 in the Compensation Days field.

Mr. James Martin presents a check for clearing on October 9th. The check will get cleared on the 14th of October allowing for clearing time.

Based on your specifications the system arrives at October 13th as the date for status change.

Specifying the Delinquency Product

In case you have specified delinquency tracking for balance check type, you need to specify the delinquency product for which the entry is to be tracked incase the account is overdrawn. This delinquency product is applicable for Journal entry transactions only.

The option list displays all the delinquency product codes maintained in the Oracle FLEXCUBE. Select the appropriate from the option list.

Indicating the balance check in batch

For the customer leg of the accounting entry, you can indicate whether the balance check is required for the batch operations.

ORACLE

The options available are:

- Reject (R) – the transaction is rejected.

- Delinquency Tracking (D) – the transaction is processed. If you have specified delinquency tracking for the accounting entries, the tracking is done according to the parameters you have defined in the Delinquency Product.

- Force Debit (F) – the transaction is processed. However, no delinquency tracking is done even if the account goes into overdraft.

Indicating the balance check in online

You can indicate for the customer leg of an accounting entry whether the balance check is required during online transaction processing. The options are:

- Reject (R) – the transaction will be rejected.

- Delinquency Tracking (D) – the transaction is processed. If you have specified delinquency tracking for the accounting entries, the tracking is done according to the parameters you have defined in the Delinquency Product.

- Force Debit (F) – the transaction is processed. However, no delinquency tracking is done even if the account goes into overdraft.

17.1.6 Releasing uncollected funds at a specified time

When maintaining Transaction Codes for Clearing Transactions at your bank, you can specify the date and *time* at which funds should be made available. In the 'Transaction Code Maintenance' screen, click ⏰ button. This invokes the 'Availability Information' screen.
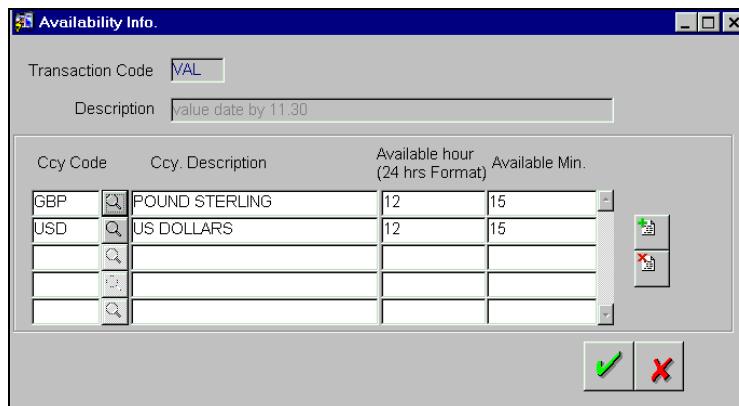
In this screen, you can specify the time at which funds should be available for transactions in a currency.

On the date and at the time you specify for a currency, funds for transactions in the currency will be made available.

ORACLE

17.1.7 Restricting specific branches of your bank from using a transaction code

Since the maintenance of transaction codes is a bank level activity, you have the option of restricting the branches of your bank from using specific transaction codes. Click on Branch button to invoke the 'Branch Restrictions' screen . Here you can specify whether you would like to restrict the transaction code for the selected branch.
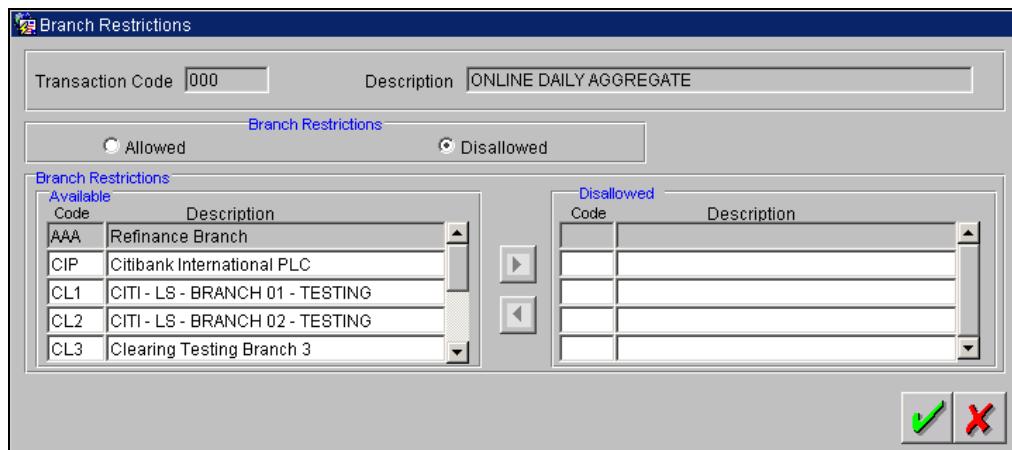
Under Branch Restrictions, two columns are displayed:

- Available list
- Allowed/Disallowed list

The allowed or disallowed column that is displayed would depend on the list type that you choose to maintain. For instance, if you choose to maintain an allowed list of branches, the column would display the branches that you opt to allow.

In the Available columns, the code and description of all the branches maintained at your bank will be displayed. Using the arrow keys, you can move a branch to the corresponding allowed/disallowed column that you have maintained.

The 'Branch Restrictions screen' is enabled only if you have checked Allow Direct Selection as your preference.

17.1.8 Restricting the usage of transaction codes for specific modules in Oracle FLEXCUBE

Similary like the branch restriction, you have the option of restricting specific modules from using certain transaction codes.

To invoke the 'Module Restriction' screen, click on the button. In this screen you can specify the list of modules for which the transaction code is enabled.

ORACLE
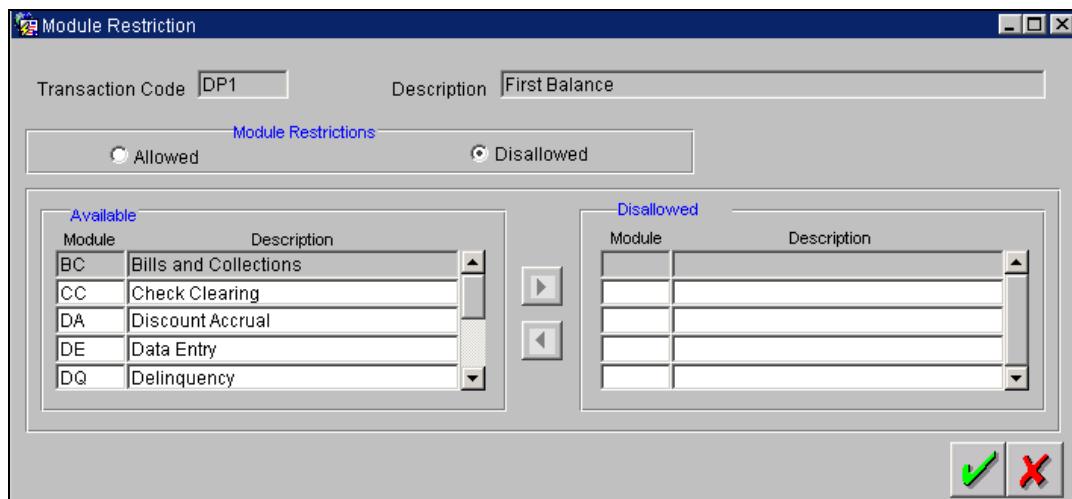
STOP You can restrict transaction codes for only those modules for which you have specified product maintenance as a preference. Only those modules will be shown in the list of branch restrictions available list.

Example

Your bank has a transaction code for incoming mail transfer with a swift code 061.

You would like to use this transaction code for tracking incoming mail transfers originating from the New York branch of your bank. However, you want to restrict other branches from the using this transaction code. To do this, you have to select the code of the New York branch and click on the arrow button to move the branch from available list to the allowed list.

After you have moved the branch to the allowed list, click on the ✔ button to approve the action. All the other branches, which are not selected, will be restricted from using this transaction code.

17.1.9 Releasing Uncollected funds Manually

You have to *manually release* (clear) funds of credit transactions associated with a 'Manual' type of Transaction Code. You can do this in the Uncollected Funds screen invoked from the Application Browser.
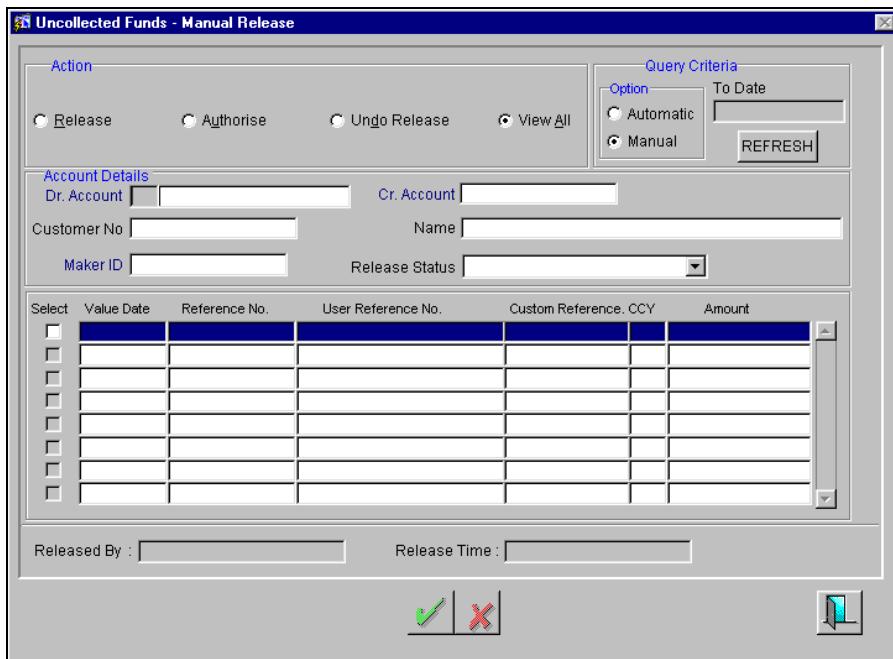
ORACLE

You can also specify a manual release for those credit transactions not associated with a 'Manual' type of code, but for which a float period (that is, funds available after a certain number of days) has been defined. Such transactions can also be manually cleared in the 'Uncollected Funds Manual Release' screen.

In the 'Transaction Code Maintenance' screen, select 'Manually Available' to indicate that those credit transactions associated with a Transaction Code for which a float period has been defined, can also be cleared in the 'Uncollected Funds Manual Release' screen.

For bulk check transactions, you can specify that the float period defined for the bank and clearing house combination specified for each check, must be considered for release of uncollected funds. Select the "Detailed Funcol Available" box to indicate this. The availability information in the Transaction Code Maintenance is then overridden.

In the 'Uncollected Funds Manual Release' screen, you can choose to:

- Release the uncollected funds for a credit transaction for which manual release has been specified, or for which a float period has been specified. The release can be automatic or manual. If automatic, you can specify a To Date, and any transactions whose available date falls between the application date and specified To Date can be released.

- Authorize any previous release of uncollected funds for a transaction

- Reverse any previous release of uncollected funds

- View any credit transactions for which manual release has been specified, or a float period has been specified, or in respect of which funds have been previously released and the release is pending authorization.

The operation you select here is used both to retrieve the transaction in this screen, and for application of the operation when you select a transaction from the retrieved transaction list.

ORACLE

Retrieving a transaction

To perform any of these operations on a credit transaction, you must first retrieve the transaction in this screen. To do so, you can employ any of the following means:

- Select the operation you want to perform, by selecting the appropriate radio button in the Action section.

- Select the release option, either Automatic or Manual, in the Option section. If you specify an automatic release option, specify a To Date.

After you have made your selections, click the REFRESH button. Any transactions that match your selections are displayed in the lower grid portion of the screen.

Using the Account Details section

Alternatively, you can also choose to retrieve transactions of a particular customer, related to a particular customer account, or a particular release status (uncollected funds or released funds pending authorization). You must then use the fields in Account section to make your specifications for retrieval.

In this section, in any of the fields, you must press <F7> to enter a value as a search criterion, and then press <F8> to execute the search. When you use the Account section to retrieve a transaction, the radio buttons in the 'Action' section are disabled and cannot be used. The operation selected in the Release Status field can be performed.

If you are using the fields in the Account section to retrieve transactions, you can specify:

- A debit or credit account

- Customer ID or name

- ID of the user that entered the transaction

- Release Status (either Uncollected Funds or Released Pending Authorization)

Any transactions that match your selections are displayed in the lower grid portion of the screen.

Selecting a transaction for an operation

After you have retrieved the transaction, the following details of the transaction are displayed:

- The Value Date

- Reference Number

- Custom Reference Number

- User Reference Number

- Amount of the transaction.

In the list, check the 'Select' box in the row of the transaction for which you want to perform the selected operation, and then click ✔ button.

ORACLE

Charging customers for utilization of compensated and non-compensated funds

Uncollected funds booked into Oracle FLEXCUBE.

prior to the reference date are classified as Compensated Funds; uncollected funds booked on the reference date are Non-compensated Funds.

Oracle FLEXCUBE gives you the option of levying differential charges on the utilization of compensated and non-compensated funds. For retail customers, you may wish to levy same charges for utilization of compensated and non-compensated funds, whereas for corporate customers, you might wish not to levy charges on the utilization of uncollected funds but apply differential rates of interest for the utilization of compensated and non-compensated funds.

17.1.9.1 Levying Charges on Uncollected Funds in Consumer Accounts

To levy charges on uncollected funds on consumer accounts you will have to define a product for Consumer Charge processing through the 'Uncollected Product Definition' screen.
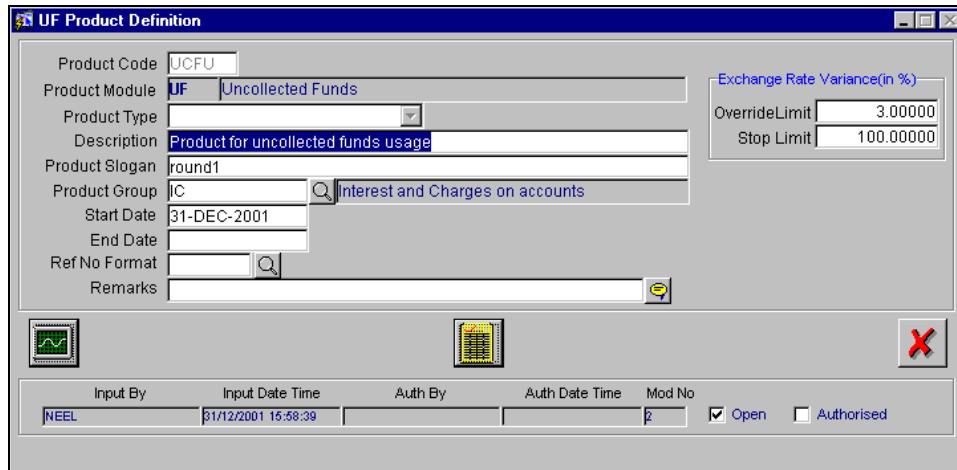
Before building a charge rule which is to be associated with the product, you have to capture the basic information about a product such as the Product Code, the Description, etc.

Building a Charge Rule for the product

For each product that you create you have to build a rule based expression for computing charges. You can use Account Class as the element on which the charge rule expression is built and associate the desired Charge Class (created using the 'Charge Class Maintenance' screen) in the Resultant Charge Component field.

Click on the ▦ button in the 'Uncollected Funds Product Definition' screen. The 'Condition Maintenance' screen is displayed.

ORACLE
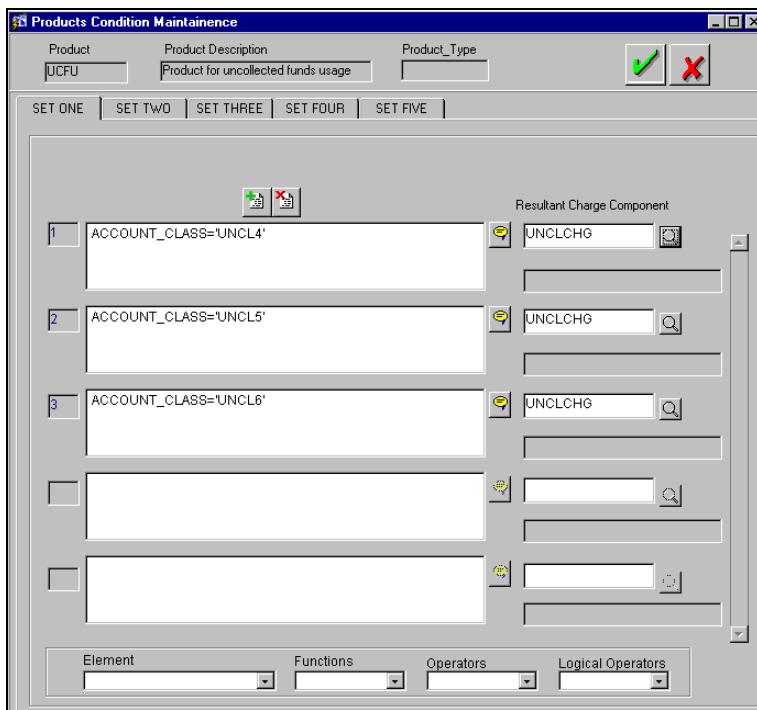
You can define five rules per tab (Set One through to Set Five). While processing usage of uncollected funds the rules maintained here will be applied.

An account will be considered for charging if:

- the available balance in the account has gone negative;

- uncollected funds (compensated or non-compensated) exist for the account;

- there are transactions processed during the day that qualify for charging.

🛑 Also note:

- Each transaction that uses the uncollected fund will be charged

- Accounting Entries are passed separately for each transaction and charge details like the charge component used for charging, the amount and currency of charge is stored separately for each transaction.

- The transactions are considered for processing in the ascending order of amount.

Example

Mr. James Martin's current account with your bank has a credit balance of USD 5,000. Out of this, you have blocked USD 3,000, which Mr. Martin has put up as collateral for a housing loan that he has taken. Mr. Martin has also presented cheques totaling USD 5,000 for collection – the cheques are yet to be cleared. The following cheques drawn by Mr. Martin have come for clearing to your bank:

Cheque A with an amount of USD 2,500

Cheque B with an amount of USD 1,500

ORACLE

Cheque C with an amount of USD 4,000

Oracle FLEXCUBE will first arrange the incoming cheques in ascending order for utilizing the book balance in Mr. Martin's account. The utilization takes place as follows:

	Initially	Upon clearing of Cheque B (USD 1,500)	Upon clearing of Cheque A (USD 2,500)	Upon clearing of Cheque C (USD 4,000)
Book Balance	10,000	8,500	6,000	2,000
Uncollected Funds	5,000	5,000	5,000	5,000
Blocked Funds	3,000	3,000	3,000	3,000
Available Funds	2,000	500	-2,000	-6,000

Cheque B gets cleared entirely from the available credit balance in Mr. Martin's account, leaving a credit balance of USD 500. The clearing of Cheque A utilizes this USD 500 and also USD 2,000 out of the uncollected funds. Cheque C utilizes the remaining USD 3,000 of uncollected funds and needs another USD 1,000 for getting cleared. You can make this additional USD 1,000 available in the form of an overdraft or unblock part of the blocked funds or refuse to honor Cheque C.

Oracle FLEXCUBE allows you to impose a flat charge for every cheque that is cleared by utilizing all or part of the uncollected funds. Here, there will be no charge levied for the clearing of Cheque B. But the clearing of Cheque A will carry a charge and so will the clearing of Cheque C, if that is allowed.

17.1.9.2 <u>Levying Interest on Uncollected Funds in Corporate Accounts</u>

For corporate accounts you will define and link an interest product for the computation of interest for usage of compensated and non-compensated funds. To cater to such accounts you will create an interest product through the Interest and 'Charges Product Definition' screen. The interest is accrued daily and liquidated at month-ends.

ORACLE

18. Account Revaluation Maintenance

18.1 <u>Introduction</u>

Account revaluation is a process by which the LCY equivalent of balances in the FCY accounts are marked to market.

In all foreign currency accounts, the FCY current balance is posted along with the LCY equivalent of the current balance. The LCY equivalent current balance is the aggregate of the LCY equivalent of the various transactions that have been posted to the account. The system revalues the previous day's balances against today's EOD rates and posts the treasury profit or loss to the Profit or Loss GL respectively. Similarly, today's transaction LCY balances will be revalued against the EOD rates and the profit or loss will be posted to the Trading Profit/Loss GL.

In the 'Chart of Accounts - GL Details' table you specify whether a GL should be revalued or not.

In the 'Account Revaluation Maintenance' screen, you specify parameters for account revaluation such as rate type, the GL to which the profit or loss from revaluation should be posted, etc.
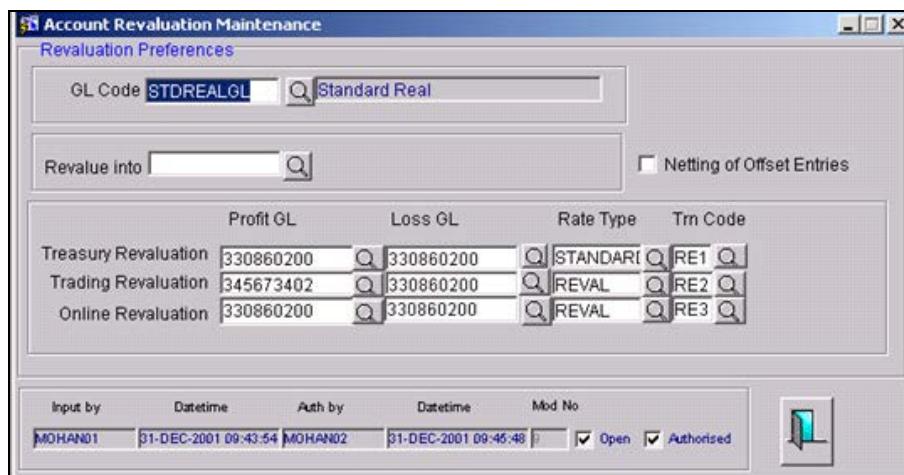
In this screen you maintain the following for a GL:

- The general ledger accounts to which the profit or loss on revaluation is to be posted

- The account to which the revaluation profit is to be debited or loss credited

- The rate type to be used to revalue the GL

- The transaction code for posting the revaluation entries

ORACLE

18.1.1 Defining revaluation parameters for a GL

To define the revaluation parameters for a GL account you need to maintain the following parameters:

GL Code

This is the code of the GL account for which you are specifying revaluation parameters. The system creates the following GL accounts for the purpose of revaluation:

- STDREALGL and STDCONTGL – To define revaluation parameters for all Normal GLs, where specific revaluation setup has not been done. These two GLs themselves have to be of Normal type.

- STDREALAC and STDCONTAC - To define revaluation parameters for all customer accounts and unit type (Contract / Others) GLs.

- STDREALRF - To define revaluation parameters for refinance IC GLs. This revaluation is done in the MIS Database.

- STDPNLGL and STDPNLAC – To define revaluation parameters for all income and expense type of GLs using the unrealized method of revaluation. The STDPNLGL will be used for revaluation of all Normal GL's where specific revaluation setup for a GL has not been done. STDPNLAC will be used for revaluation of all Unit GL's where specific setup for a GL has not been maintained.

- STDREALPL – To post revaluation profit and loss entries generated out of GLs during Offshore revaluation.

The system posts revaluation entries to the Profit and Loss GL for the Internal GL type 'Normal' and posts the revaluation entries to the profit/loss GL for system generated accounts for the Internal GL Type – Contract or Others. , The system performs revaluation only for GLs, for which you have enabled the Revaluation required option in the 'GL Chart of Accounts Maintenance' screen.

Revalue into

This GL account is debited if the result of revaluation is a profit; and credited if the result of revaluation is a loss.

This would typically be the GL code, which is being revalued. For all non-contingent GLs belonging to the asset or liability categories, the system defaults to the GL, which is being revalued.

If you wish to specify a different account for posting these entries, you can do so by selecting from the list of maintained GLs.

Income and Expense GLs are revalued in the same manner as real GLs but the revaluation will be done into the specified Revalue Into GL rather than the GL being revalued. Therefore, if you are maintaining account revaluation details for a GL Code which is of Income or Expense type or if you have selected STDPNLGL/ STDPNLAC, it becomes mandatory for you to identify the Revalue Into GL.

ORACLE

Netting of offset entries

A check against this indicates whether the offset entries for all accounts linked to the GL code need to be netted or not. If checked, a single consolidated entry would be passed (one for profit and one for loss).

Profit GL

Revaluation Profit arising out of online revaluation is booked into this GL. You can maintain an Asset or a Liability category GL as a Profit GL.

Loss GL

Revaluation Loss arising out of online revaluation is booked into this GL. You can maintain an Asset or a Liability category GL as a Profit GL.

Rate Type

This is the Rate type that will be used during online revaluation for conversion to local currency.

Trn Code

This is the transaction code that will be used while passing revaluation entries.

Splitting revaluation proceeds between the Treasury and Operations departments

Let us assume that the Imports department of your branch has a customer with a requirement for USD 100,000 value Spot. The local currency (LCY) of your branch is INR (Indian Rupee).

The Imports department of your branch approaches the Treasury department for a USD/INR quote for this amount. Treasury buys USD 100,000 in the market at INR 47.75 and passes the same to the Imports department at INR 48.00. The Imports department in turn sells this USD 100,000 to the customer at INR 48.50.

You will revalue this transaction either while processing the transaction or during the batch processing function at EOD.

Suppose you revalue the transaction against the market rate prevailing at the time of striking the deal (in the interbank market) which is INR 47.75. The trading MIS Group is credited with the revaluation profit of INR 75,000, which is arrived at as follows:

(100,000* (48.50 – 47.75))

For MIS purposes this profit is split between the Treasury and Operations (Imports) departments in the following manner:

Profit apportioned to Treasury = (100,000 * (48.00 – 47.75)) = INR 25,000

Profit apportioned to Operations = (100,000 * (48.50 – 48.00)) = INR 50,000

ORACLE

Here, you will:

- Debit the account being revalued by INR 75,000

- Credit the Trading MIS Group by INR 75,000

Next, you will:

- Debit the Trading MIS Group by INR 50,000

- Credit the Operations MIS Group by INR 50,000

In the given scenario you have split your bank's revaluation profits between the Treasury and the Imports department on the basis of the Customer spread, charged by the imports department to the customer.

The Customer spread is the difference between the rate charged by the operations department to the customer and the rate provided to the operations department by the treasury department – either for each individual transaction or as a pool rate.

 This segregation is purely for Management Information Purposes. Accounting entries will not be posted.

18.1.2 <u>Specifying Trading Profit and Loss accounts</u>

Your bank may choose to differentiate between any revaluation of profit or loss arising from daily trading of foreign currency, and that arising from revaluation of the balances in the asset / liability account without daily turnover. In such a case, the profit or loss arising from both sources is to be booked into different accounts.

Typically, in your bank's Chart of Accounts, you specify that a splitting of revaluation profit and loss is applicable for asset / liability accounts in the branch. You also maintain the accounts to which the proceeds arising from revaluation of profit and loss due to daily trading of foreign currency must be posted.

In the Account Revaluation Maintenance, you could define GL's to which you would post the profit and loss entries that would arise from revaluation of daily trading turnover.

18.1.3 <u>Revaluing Intra-day FX Spot transactions against a business/Country defined revaluation rate</u>

Oracle FLEXCUBE distinguishes between trading and treasury revaluation. Trading revaluation affects the balances posted on the revaluation date whereas Treasury revaluation affects the opening balances for that date. The revaluation profits/losses for treasury and trading transactions are tracked under separate MIS groups. The operational profit will be reported to the MIS group attached to the product or the account class. The MIS postings of the operational profit or loss happen in Program 05 process and will be done only for Unit type GLs and Customer Accounts.

ORACLE

You will have to identify the MIS groups (Trading and Treasury) for a particular GL to be revalued into.

Splitting revaluation proceeds between the Treasury and Operations departments

Let us assume that the Imports department of your branch has a customer with a requirement for USD 100,000 value Spot. The local currency (LCY) of your branch is INR (Indian Rupee).

The Imports department of your branch approaches the Treasury department for a USD/INR quote for this amount. Treasury buys USD 100,000 in the market at INR 47.75 and passes the same to the Imports department at INR 48.00. The Imports department in turn sells this USD 100,000 to the customer at INR 48.50.

You will revalue this transaction either while processing the transaction or during the batch processing function at EOD.

Suppose you revalue the transaction against the market rate prevailing at the time of striking the deal (in the interbank market) which is INR 47.75. The trading MIS Group is credited with the revaluation profit of INR 75,000, which is arrived at as follows:

(100,000* (48.50 – 47.75))

For MIS purposes this profit is split between the Treasury and Operations (Imports) departments in the following manner:

Profit apportioned to Treasury = (100,000 * (48.00 – 47.75)) = INR 25,000

Profit apportioned to Operations = (100,000 * (48.50 – 48.00)) = INR 50,000.

Here, you will:

- Debit the account being revalued by INR 75,000.
- Credit the Trading MIS Group by INR 75,000

Next, you will:

- Debit the Trading MIS Group by INR 50,000
- Credit the Operations MIS Group by INR 50,000

In the given scenario you have split your bank's revaluation profits between the Treasury and the Imports department on the basis of the Customer spread, charged by the imports department to the customer.

The Customer spread is the difference between the rate charged by the operations department to the customer and the rate provided to the operations department by the treasury department – either for each individual transaction or as a pool rate.

This segregation is purely for Management Information Purposes.

ORACLE

The Operation MIS group is picked up from the account class if a Customer Account is being revalued and from the product involved in the transaction if the GL is being revalued. If you are performing treasury revaluation the Operation MIS group associated with the Account Class linked to the account will be picked up. For revaluation of a GL the Operation MIS group linked to the product of the underlying transaction will be used.

Treasury revaluation affects the opening balances for that date and is reported to the Treasury MIS group that you have identified in the Branch Preferences screen. Trading revaluation affects the balances posted on the revaluation date. This involves a profit or loss made by the operations department and Treasury. This will be reported separately to the Trading MIS group that you identify in the Branch Preferences screen and the Operational MIS group maintained at the Account Class or the Product level. To derive the operations profit or loss component you have to maintain an MIS rate while processing FT, FX, LD and MM transactions.

18.1.4 Online Revaluation

Online Revaluation refers to GL revaluation done o the transaction amount during transaction posting. Online Revaluation Profit or Loss is booked based on the difference between the Contract Exchange Rate and the Online Revaluation Rate.

Online revaluation occurs if the 'Revaluation Required' option is checked in the 'Product Event Accounting Entry Maintenance' screen for each accounting entry.

In such a case, the Revaluation Profit /Loss is booked to the Online Profit or Online Loss GL maintained in the 'Account Revaluation Maintenance' screen for the GL being revalued.

If no specific setup is done for the GL, then the Profit/ Loss will be booked to the corresponding Profit or Loss GLs maintained as under.

STDREALGL	For normal Real GLs and for Contract/Others GLs when Contract Level Reval option is unchecked
STDREALAC	For Real Internal GLs of type Contract / Others and for customer Accounts
STDCONTGL	For normal contingent GLs and for Contract/Others GLs when Contract Level Reval is unchecked.
STDCONTAC	For contingent internal GLs of type contract/Others.

The MIS details for the Online revaluation leg will be taken from the Online MIS Group maintained in Branch Preferences.

When online revaluation is done, based on the MIS rate maintained for the concerned accounting entry, a portion of the online revaluation profit or loss is allotted to Operations. The MIS details for the Operations leg is taken from the Operations MIS group defined in the Account Class for the Customer Account, for entries posted to a Customer Account. For transactions to GLs, the MIS parameters are taken from the Operations MIS group defined in the MIS details for the respective products.

ORACLE

The end-of-day batch process, which allocates part of Trading profit /loss to Operations, does not pick up the entries for which online revaluation is done.

For more details on Online Revaluation, refer to the User Manual on Product Definition.

18.1.5 <u>Validations for Revaluation Setup</u>

The following validations are done for Account Revaluation Maintenance:

- If the Unit Level Balances option is checked in the Bank Preferences screen, the Netting of Revaluation Entries will not be allowed.

- The revaluation setup will also be verified for correctness while marking End of Transaction Input.

- The Treasury Rate type and the Trading Rate type for a GL should be identical.

ORACLE®

19. Maintaining Branch Holidays

19.1 <u>Introduction</u>

For a year, you need to define your weekly holidays and your calendar year annual holidays. This is done in the 'Local Holiday calendar' table.

The system uses the information maintained in this table to do the following:

- To check that the 'value date' of no Data Entry transaction falls on a holiday

- To check that the start date / maturing date and schedule date of a loans and deposit contract does not fall on a holiday

- To effect a date change on the system -- today's date and the next working date

For any schedule / contract maturing at a future date, say, 5 years hence, you can input a future date, only if the calendar for that year has been maintained. It is not necessary to maintain the list of all annual holidays, for future, you can merely define all regular weekly holidays.

This table is maintained for each branch, of your bank, from the respective branches; thus making it possible to have a different set of holidays for different branches of the bank.

19.1.1 <u>Invoking the Local Holiday table</u>

To invoke the Local Holiday Maintenance table choose Holiday Maintenance in the Application Browser. Thereafter click on Local Holidays and the Detail option under it.

The screen is as below:

ORACLE®
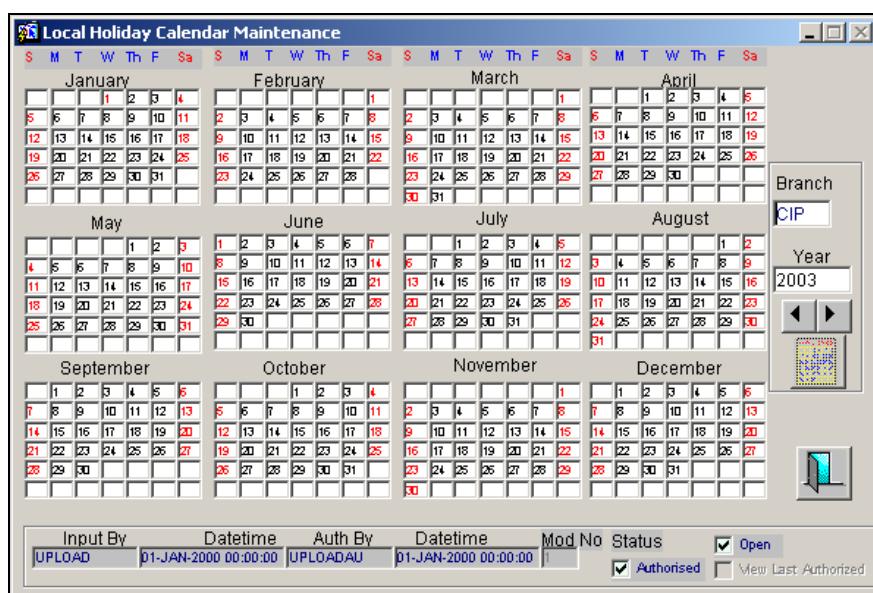
In this table you can specify the weekly and also the annual holidays, for your branch, for any year between 1 AD and 4000 AD.

19.1.2 Steps to define yearly holidays

To define holidays for a year, (for instance, for 2000) you have to do the following:

Building the calendar for the year

Step 1

Click on [image] in the toolbar or New in the Action menu. A blank screen appears and the cursor moves to the field 'Year'.

Step 2

Enter the year -- 2000 or move to the year 2000 using the buttons [image] and [image].

Step 3

To build the calendar for the year, 2000 click on the [image] button. This button is called the 'refresh / build up' button because it builds the calendar for you. Please note:

- On invoking the calendar of any year, you will notice that Saturdays and Sundays are marked as weekly holidays. This is the default setting of the system

- For identification, the working days are marked in black and the holidays in red

- All unauthorised records appear against a blue background. On authorisation of that record, the background is cleared.

19.1.3 Defining holidays

To define any other weekly holiday, other than the default, double click on the day of the week, listed on the top row of the table. For instance, if you double click on 'F', all Fridays in the year would be marked as holidays.

To clear off the default weekly holidays — Saturdays and Sundays, double click on 'sa' and 's' written on the top row.

To specify, other annual holidays, double click on the date — the date would be marked as a holiday.

If you want to unmark a day specified earlier as a holiday, double click on it, once again. You will notice that the day gets marked in black. Because the change is yet unauthorised, it appears against a blue background.

ORACLE

19.1.4 <u>Annual holidays</u>

These are the holidays you have defined for the year calendar on display.

You will observe that all holidays are marked in red, while working days in black. (All unauthorised holiday dates appear against a blue background). To mark a date as a holiday, double click on it. In case you wish to undo a date marked off as a holiday, double click on it once again. It changes back to a working day.

With each modification you make, the **Modification Number** in the made by column below moves up serially.

19.1.5 <u>To view the Last Authorized data</u>

The View last authorized check box is enabled only in the Query mode (F7 and F8). Once you execute the query, the system will display the latest authorized version.

🛑 However, you are not allowed to create, copy, close, reopen or amend a record in the 'View Last Authorized' Mode.

ORACLE®

20. Maintaining Currency Holidays

20.1 Introduction

You need to maintain a yearly list of holidays, for the currencies, defined in the 'currency table'. This is done in the 'Currency Holiday Calendar' table.

The system uses the information maintained in this table to check whether any settlement, involving a foreign currency (in the foreign Exchange, Money market, Funds Transfer, Loans & Deposit modules) falls on that currency's holiday. If yes, then the system will display a message stating so, and ask the user for an override

For any schedule or contract maturing at a future date say, 5 years hence, you can input the future date, only if the calendar for that year has been maintained.

The Head Office maintains the currency holiday table at the Bank Level.

20.1.1 Invoking the Currency Holiday table

To invoke the Currency Holiday Maintenance table choose Holiday Maintenance in the Application Browser. Thereafter click on Currency Holidays and the Detail option under it.
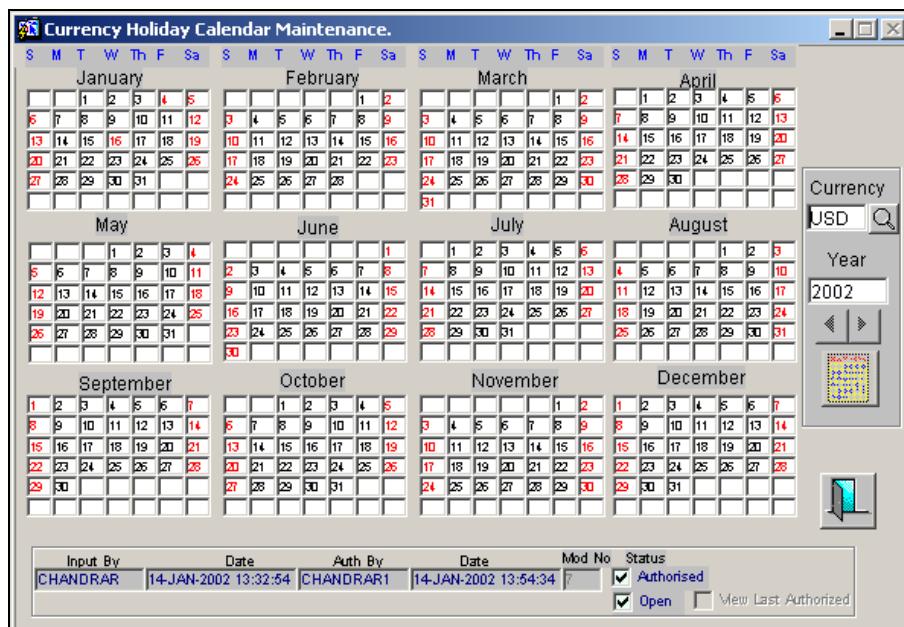
In this table, you can maintain a list of holidays for each of the currencies maintained in the 'currency table', for any year between 1 AD and 4000 AD.

ORACLE

20.1.2 <u>Steps to define currency holidays</u>

To define currency holidays for a year, (for instance, for 2000) you have to do the following:

Building the calendar for the year

Step 1

Click on ⬜ on the toolbar or New in the Action menu. A blank screen appears and the cursor moves to the field 'Year'.

Step 2

Enter the year -- 2000 or move to the year 2000 using ◀ and ▶ buttons.

Step 3

To build the calendar for the year, 2000 click on the 📅 button. This button is called the 'refresh / build up' button because it builds the calendar for you.

Step 4

Specify the currency, by clicking on the 🔍 button. A list of all currencies you have maintained in the 'Currency table' will be displayed. Select the one for which you are defining holidays. Please note:

- On invoking the calendar of any year, you will notice that Saturdays and Sundays are marked as weekly holidays for the currency. This is the default setting of the system.

- For identification, the working days are marked in black and the holidays in red.

- All unauthorised records appear against a blue background. On authorisation of that record the background disappears.

20.1.3 <u>Defining currency holidays</u>

To define any other weekly holiday for the currency, other than the default, double click on the day of the week, listed on the top row of the table. For instance, if you double click on 'F', all Fridays in the year would be marked as holidays.

To clear off the default weekly holidays — Saturdays and Sundays, double click on 'sa' and 's' written on the top row.

To specify, other holidays, double click on that date — the date would be marked as a holiday.

If you want to unmark a day specified earlier as a holiday, double click on it, once again. You will notice that the day gets marked in black. Because the change is yet unauthorised, it appears against a blue background.

ORACLE®

20.1.4 <u>To view the Last Authorized data</u>

The View last authorized check box is enabled only in the Query mode (F7 and F8). Once you execute the query, the system will display the latest authorized version.

🛑 However, you are not allowed to create, copy, close, reopen or amend a record in the 'View Last Authorized' Mode.

ORACLE

21. Maintaining Clearing Holidays

21.1 Introduction

You need to maintain a yearly list of holidays of your Clearing House. This is defined in the 'Clearing House Holiday Calendar' table. This set of holidays is maintained at the bank level, by the Head Office.

21.1.1 Invoking the Clearing House Holiday table

To invoke the Clearing House Maintenance table, choose **Holiday Maintenance** in the Application Browser. Thereafter click on **Clearing House Holidays** and the **Detail** option under it.
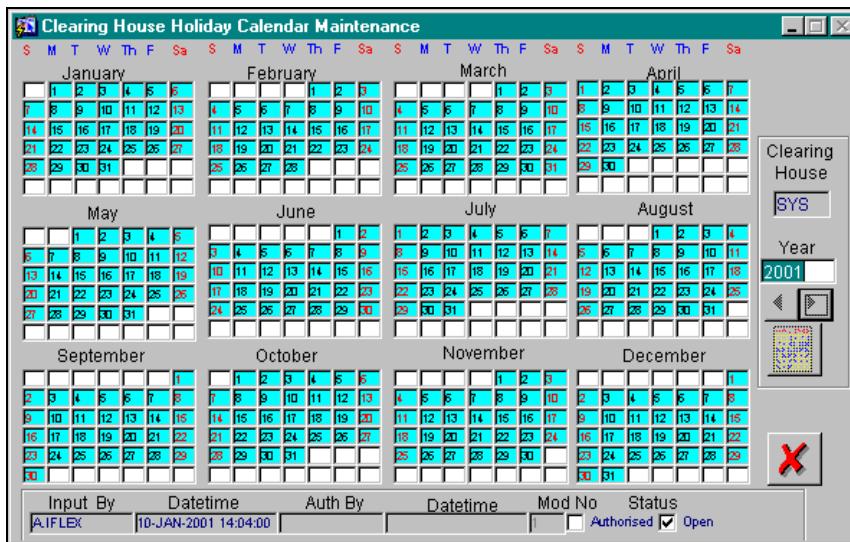
In this table, you maintain a list of holidays of the Clearing House with which your bank is associated.

21.1.2 Steps to define clearing house holidays

To define Clearing House holidays for a year, (for instance, for 2000) you have to do the following:

Building the calendar for the year

Step 1

Click on ⬜ on the toolbar or New in the Action menu. A blank screen appears and the cursor moves to the field 'Year'.

ORACLE

Step 2

Enter the year — 2000 or move to the year 2000 using ◀ and ▶ buttons.

Step 3

To build the calendar for the year, 2000 click on the ▦ button. This button is called the 'refresh / build up' button because it builds the calendar for you. Please note:

- Your clearing house can be identified with the name -- SYS, given to it by the Oracle FLEXCUBE system. This is displayed in the field 'Clearing House'.

- Saturdays and Sundays are marked as weekly holidays for the Clearing House. This is the default setting of the system

- For identification, the working days are marked in black and the holidays in red

- All unauthorised records appear against a blue background. On authorisation of that record the background disappears.

21.1.3 Defining clearing house holidays

To define any other weekly holiday for the Clearing House, other than the default, double click on the day of the week, listed on the top row of the table. For instance, if you double click on 'F', all Fridays in the year would be marked as holidays.

To clear off the default weekly holidays — Saturdays and Sundays, double click on 'sa' and 's' written on the top row.

To specify, other holidays, double click on that date – the date would be marked as a holiday.

If you want to unmark a day specified earlier as a holiday, double click on it, once again. You will notice that the day gets marked in black. Because the change is yet unauthorised, it appears against a blue background.

ORACLE

22. Anti-Money Laundering Reporting

22.1 Guarding against Money Laundering

In Oracle FLEXCUBE you can guard against Money Laundering by using the anti-money laundering option wherein you will be required to maintain certain basic information as a safeguard against Money Laundering activities that customers may indulge in.

The information that you need to maintain includes the maintenance of:

- Product Categories
- Limit Codes
- Customer Groups

22.1.1 Creating Product Categories in Oracle FLEXCUBE

You have to create product categories in Oracle FLEXCUBE, for the purpose of grouping common transactions. A product is a specific service that you offer your customers. Each transaction that you process in Oracle FLEXCUBE should be linked to a product. By maintaining amount limits at the product level, each time you link a transaction with a product the system verifies the amount limit maintained for the product. If the transaction amount exceeds the amount maintained at the product level the system intimates you with an override.

Select the Product Category option under **AML** in the Application Browser. The 'Product Category' screen will be displayed.

ORACLE

Identifying the Product Category

You should identify each product category with an identification code by giving it a unique name.

With each product category you have to associate a brief description. This description is meant for information purposes and will not be used for any processing.

Specifying the Limit Currency

You have to identify the currency in which limits have to be tracked for transactions associated with the product category.

A list of all the currencies maintained in Oracle FLEXCUBE is available in the option list positioned next to this field. You can select the appropriate.

Indicating the Category Type

Transactions grouped under a product can either be cash based or non-cash based. Therefore, you would have created products catering to cash based and non-cash based transactions.

While creating a product category, you have to indicate whether the products grouped under the respective category cater to cash based or non-cash based transactions. You can select the appropriate option.

Specifying the Exchange Rate Code and Rate Type

The rate associated with this rate code will be used to derive the exchange rate when the currency of the transaction is different from the limit currency of the product category.

Similarly, you have to select the Rate Type that is to be associated with the rate code. The options available are as follows:

- Mid
- Buy
- Sell

The rate code along with the rate type will determine the exchange rate that is to be used.

Indicating your specifications for online tracking of limits

You can indicate whether the system should track online the Debit or Credit turnover limits for any of the limit types, for the product category, as part of Anti-Money Laundering monitoring.

You also have the option indicating the debit as well as credit limits should be tracked for any of the limit types, for the product category.

Identifying the Limit Code and Limit Amount

At the product category level, you can specify the limit amount that should be associated with each limit code for a limit type.

ORACLE®

A list of all the limit codes maintained for the specific limit type (Online, Individual, Daily turnover Batch, Daily turnover Online and Monthly turnover), in the Limit Codes Maintenance screen, will be displayed in the option list positioned next to this field. You can select the appropriate limit code and specify the limit amount that is to be linked with the code.

🛑 For a particular product category you have to ensure that you maintain Limit Code and Amount combinations for all the five Limit types. They are:

- The Online transaction limit

- Individual limits

- Daily turnover limits

- Monthly turnover limits

- Online daily turnover limits

The transaction limits that you specify will be tracked online on a daily basis, whenever you process a transaction involving the product category. However, individual, daily and monthly turnover limits will be tracked only when the after the End of Day processes have been run successfully.

22.1.1.1 Maintaining Limit Codes

Before you begin the maintenance of product category records, you should necessarily maintain limit codes through the Limit Code Maintenance screen. While linking a limit amount with a limit code in the product category screen, only valid limit codes that you have maintained through this screen will be made available for mapping.

You can invoke the Anti Money Laundering (AML) Limit Code Maintenance screen through the Application Browser.

Capturing Limit Codes

You can maintain limit codes for the various types of limit types like online tracking limits, individual tracking limits, daily turnover limits and monthly turnover limits.

You have to specify a unique name to identify each Limit Code that you would like to define. Subsequently, you can assign a brief description with each limit code that you define.

ORACLE®

Indicating the Limit Type

Since you can maintain separate limit codes for each limit type, you have to associate a limit code with each limit type. The options available are:

- Online Limit

- Individual Transaction

- Daily Turnover

- Monthly Turnover

- Online Daily Turnover

You can select the appropriate type from the list.

Operations on a Limit Code record

You can perform the following operations on a Limit Code record:

- Enter the details of a new record

- Authorize a record

- Copy the details of a record

- Delete a record

- Amend a record

- Close a record

- Open a closed record

Refer to the manual Common Procedures, for details on these operations.

22.1.2 <u>Maintaining Anti Money Laundering Customer Groups</u>

Since you need to define transaction online, individual, daily and monthly limits for each customer, each product category that you maintain should be linked with a customer. To facilitate this linking, you are required to maintain AML Customer Groups. Consequently, the limits maintained for each product category will be defaulted to the customer group.

ORACLE

You can define product categories applicable to customer groups through the 'AML Customer Group Maintenance' screen.

Creating an AML Customer Group

This is the AML group to which the particular customer belongs. You can select from the available option list and identify the AML group to which the customer belongs.

🛑 In the CIF maintenance screen when you capture the customer code of a customer, the same will be defaulted in the AML Customer Group field since the system recognizes each customer code as a customer group. You can either choose to categorize the customer under the same group or choose another customer group.

You can capture a brief description that should be associated with every AML group.

Specifying the Next Review Date

While maintaining customer group and product category records you can specify the next date on which you would like to review the limits maintained for the various limit types.

Specifying your preferences for tracking

You have to specify whether the AML tracking is required for a customer or for all customers within a group. The system performs a group level tracking if you select Customer group. Conversely if you select Customer, the AML reporting, online tracking and data collection is done only at the customer level.

🛑 If you fail to indicate your preference specifically the system will perform a customer group level tracking by default.

Specifying the Risk Profile details

You can identify the risk profile of the customer group by selecting any one of the following options:

- High – indicating that the limits for the customer group need to be tracked regardless of the amount involved since the customer group is meant for high-risk customers.

ORACLE®

- Low – indicating that the customer group is meant for low risk customers therefore amount limits need not be tracked if the amount involved falls within the limit amount.

You can select the required specification.

Linking a Product Category with a Customer Group

You have the option of selecting and linking as many limit codes as required for each limit type from the product categories maintained in the system. After you select the product category that is to be linked to the customer group, you have to identify the limit code associated with the limit type and in turn link it with the customer group.

Given below is a sample of the Customer Group maintenance record:

The Main details of the record are as follows:

Customer Group	AMLCUS01
Description	AMLCUSTOMER GROUP 1
Next Review Date	10-FEB-2002
Risk Profile	High

The Product Category linkage details are as follows:

Product Category	Description	Online Limit Code	Individual Limit Code	Daily Limit Code	Monthly Limit Code	Online Daily Turnover
PDT01	Product 1	LIM31	LIM01	LIM11	LIM21	LIM41
PDT02	Product 2	LIM36	LIM06	LIM16	LIM26	LIM46

ORACLE

STOP Note the following:

- Consequently, while processing transactions for all customers linked to the Customer Group AMLCUS01, the system does an online verification of transaction limits based on the amount limits maintained for the limit code LIM31 (linked to the product category PDT01) and LIM36 (linked to the product category PDT02) respectively.

- It is mandatory for you to maintain a generic Customer Group called ALL for the customers of your bank. When product categories have not been linked to a specific customer or a customer group, the system picks up the limits maintained at the generic level for AML tracking purposes. Also, any new product category created and associated to the transaction code should be mandatorily associated with the ALL group.

22.1.3 Monitoring AML Accounting

For AML reporting purposes, while maintaining a transaction code you need to indicate whether AML monitoring is required for all accounting entries linked to the transaction code.
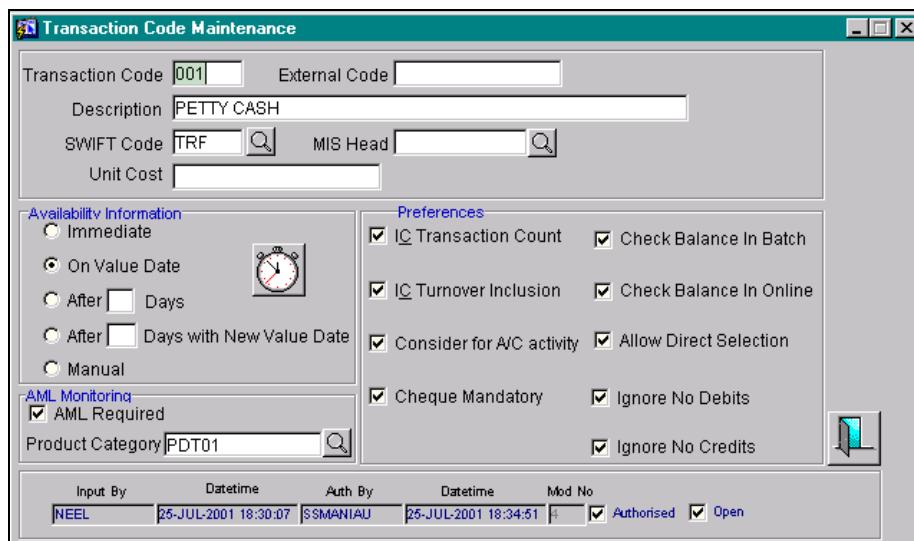
If you indicate that AML tracking is required for transactions linked to the transaction code you have to identify the product category with which the transaction code is to be linked.

Consequently, the system does a check for every accounting entry passed during online processing. The system checks the transaction amount of the entry with the transaction online limit maintained for the specific customer group (of the customer to whose account the entry has been posted) and the product category (for the transaction code of the entry). If the system finds that the limit amount has been exceed an override message informing you of the same will be displayed.

During the End of Day (EOD) processing, the system identifies all accounting entries posted during the day, which have been marked for AML monitoring, and verifies the individual amount limit for the customer group and product category combination and stores this data in the system. You will be able to view this data when you generate an AML report using Business Objects.

ORACLE®

As part of the EOD processes the system also updates the daily turnover limits for the particular customer group and product category combination. Monthly turnovers are updated for the Customer Number, Product Category and Currency combination.

23. Generic Limits Maintenance

23.1 Introduction

The Generic Limits function, which constitutes a part of the Core Services module of Oracle FLEXCUBE, helps you track the risk your bank is exposed to for the following categories:

- Asset Type
- Broker
- Counterparty
- Issuer
- Customer MIS Class

In Oracle FLEXCUBE, limits for any of the above entities can be tracked either as a percentage of the basis amount or as a flat amount. For instance, in the case of Asset management, the limit basis can be the Net Asset Value (NAV) of a fund. Since a fund may have multiple NAV's, the limits basis in this case has to be a valid NAV ID.

Also you have the choice of tracking risk limits on a daily, weekly, monthly or yearly basis or conversely specify that the tracking period be open ended. Tracking can also be done at a single transaction or as accumulated amount for the specified period.

23.1.1 Maintaining Generic Limits

You can capture data for the different categories under which limits need to be tracked through the Limits Maintenance screen. Through this screen you can track risk limits under various Entities and Attributes for a given module.

To invoke this screen choose Generic Limits from the Application Browser, then click **Maintenance** and the **Detailed** option under it. The 'Limits Maintenance' screen gets displayed.

ORACLE®

From this screen choose New from the Actions menu or click on the toolbar. This screen will be displayed with no values in the fields. If you are calling a record that has already been created, click on Summary view. From the summary screen you can choose to open an existing record. The details of the records that you have created will be displayed in a tabular form.

23.1.2 Specifying the categories for which limit tracking is required

You have to specify the category or entity type for which a limit tracking is to be done. The following are the options available:

- Broker
- Counterparty
- Issuer
- Customer MIS Class

Only in the case of the Securities module can you track risk limits for a fifth category called Asset Type.

23.1.3 Indicating the 'Attribute'

The values reflected in the picklist for Attribute' are dependent on the module and entity type that you have selected. The following list reflects what the attribute will be for the various module and entity type combinations:

Module	Entity Type	Attribute
CS/CO	Broker	The Broker Id's of all authorized brokers.
CS/CO	Counterparty	The CIF Id's of all the customers.

ORACLE

Module	Entity Type	Attribute
CS/CO	Issuer	The Issuer Id's or codes of all authorized issuers.
CS/CO	Customer MIS Class	The list of codes maintained for the categorization of customers into various classes.
SE	Asset Type	You have to indicate whether the asset type is a bond, equity, right, warrants or a zero coupon bond.

23.1.4 Specifying the Limit Type

The limit can either be tracked as a fixed amount or as a percentage of the basis amount. For example, in the Asset Management module, the limit basis will be the NAV of a fund.

In addition to specifying the limit type you have to indicate whether the limit tracking has to be done at the Gross or at the Net level. If you indicate that the limit tracking has to be done at the Gross level then the limit utilized stands as it is even when the exposure to that category has been reversed.

23.1.5 Indicating the level at which tracking is to be done

Tracking risk limits for each category can be made at an individual transaction level or as an accumulated amount.

For instance let us assume that there are two deals in the system as of today. The first deal is for one million dollars ($ 1,000,000). The second deal is for five hundred thousand dollars ($ 500,000).

The limit amount is $ 750,000.

If you specify that the tracking is at the transaction level then the system will pass only one entry at the specified period for 1.5 million dollars. Else, two separate entries will be passed for the individual deals for the particular period.

🛑 Tracking limits for the Securities module will be done only at the accumulated level and not at the transaction level.

23.1.6 Specifying whether tracking is to be at the fund level or branch level

If the branch at which you are working is a fund branch then you can indicate whether the risk limit tracking is to be done at the fund level or at the branch level.

If you indicate that limit tracking should be done at the fund level then risk limit will be tracked only for the particular fund. At the branch level, tracking will be done for all the contracts and deals originating from the branch.

ORACLE

23.1.7 <u>Specifying the periodicity</u>

You can specify the periodicity at which risk tracking should be done for each category. It could either be on a daily, weekly, monthly or yearly basis or you can opt to leave it open-ended.

In the case of weekly periodicity you have to specify the day of the week on which the tracking period should start. Similarly if you have specified that tracking is to be done annually you have to indicate the month in which it should commence.

23.1.8 <u>Operation you can perform on a Limits Maintenance record</u>

Apart from tracking a new limit you can perform any of the following operations (if any function under the Actions Menu is disabled, it means that the function is not allowed for the record) on an existing record.

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

Refer to the Oracle FLEXCUBE user manual on Common Procedures for details of these operations.

23.1.9 <u>End of Day Processing for Limits</u>

As part of the End of Cycle process you are required to execute some routine functions in Oracle FLEXCUBE. One such function is the Flexible Limits Automatic Daily program.

This is a mandatory function and will be processed as part of the End of Day operations after the MIS update is complete. To run this program, click **Generic Limits and Batch** in the Application Browser.

ORACLE
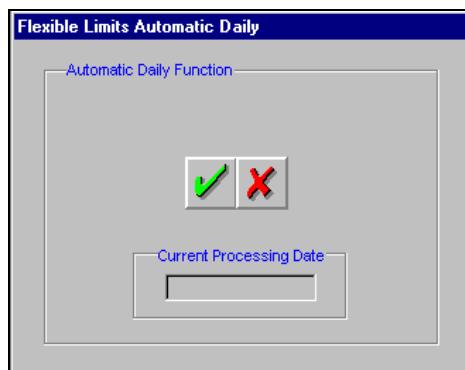
Click on ✔ to run the program. The function scans through all the transactions and tracks limits for each entity of the contracts processed for the day.

Subsequently, the limit basis will be updated with the value of the basis amount at the time of processing. The increase or decrease in the utilization amount will also be reflected as consequence of running this program.

Click on ✖ to exit the program. You will be return to the Application Browser.

Generating the Limits Tracking Report

Once you run the end of day function successfully you can generate the limit tracking report. As the name suggests this report gives you a list of entities of contracts for which limit tracking was done.

23.1.9.1 Selection Options

The report will be generated for all the entities of a contract for which limit tracking was done. However to generate a report that includes certain entities only, you can specify the following:

Entity

You can generate the report for a specific entity or for all the entities defined in the Limits Maintenance screen. To recall these are the only entities or categories available:

- Broker

- Counterparty

- Issuer

- Customer MIS Class

- Asset Type

Choose one entity from the picklist else the generated report will contain details of all the entities.

Attribute

Just as you can generate the report for one entity or all the entities so also you have the choice of specifying whether the report should be generated for all the attributes or for a particular attribute of the chosen entity.

Tracking Period

In the Generic Limits Maintenance screen you had specified the periodicity at which tracking should be done for each entity. You can specify whether the report should be generated depending on the periodicity at which tracking was done for each entity.

ORACLE

Fund Ref No

You can generate the report for a specific fund by way of specifying the fund reference number. If you do not specify a reference number the generated report will contain details of the entity, attribute, tracking period and currency combination for all the specified contracts originating from the branch.

Currency

For the specified entity, attribute and tracking period combination you can choose to generate the report in specific currency.

Date As Of

Indicate the date as of which the report should be generated. It can either be today's date or a date in the past.
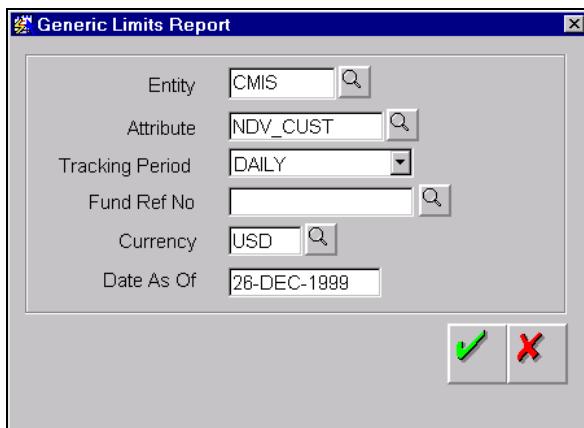
23.1.9.2 Contents of the report

The report options that you selected while generating the report are printed at the beginning of the report.

The report headers for all the reports carry the following information:

Branch	This is the code of the branch for which the report is being generated.
User ID	This is the user ID of the person generating the report.
Date	This indicates the date of generation of the report.
Time	This indicates the time of generation of the report.
Page	The report may run into several pages. Each page of the report is numbered.

ORACLE

23.1.9.3 <u>Body of the report</u>

Apart from the header of the report the following information is provided for each contract:

Entity

This is entity code for which details are being reported.

Attribute

This is the name assigned to the attribute, associated with the entity.

Tracking Period

This is the periodicity at which tracking was done for the specified entity and attribute combination.

Fund Reference No.

If you are tracking limits for a particular fund the reference number assigned to the particular fund is reported in this field.

Period Start

This is the date as of which tracking for the particular entity and attribute combination started.

Ccy

This is the code of the currency in which limits for the entity and attribute combination have been tracked.

Transaction/Accumulated

This indicates whether the limits for the specified combination was tracked at the transaction lever or as an accumulated amount.

Limit Amount

This is the limit amount as of the date of report generation.

Utilized Amount

This is the utilized amount as of the date of report generation.

Percent Utilized

The limit amount is divided by the utilized amount and the percent utilized is reported here.

ORACLE

24. SWIFT Related Maintenances

24.1 Maintaining message confirmation parameters

Through the 'CIF Confirmation Parameters' screen, you can specify the following options to be applicable for all transactions involving a specific Customer and Module combination.

- Suppress the generation of outgoing confirmation messages for transactions.

- Suppress the generation of confirmation messages for all transactions whose details have been modified.

- Waive the receipt of incoming confirmations from the counterparty involved in the transaction. Tracers pertaining to the transaction also need not be sent.

- Indicate whether counterparty confirmation for CLS deals should be sent to the Primary or Secondary address.

- Suppress the generation of outgoing confirmation tracers.

- Indicate whether 94A should be a part of deal confirmation SWIFT messages that are generated by identifying the appropriate confirmation code.

- Indicate whether fields 83a and 87a should be a part of SWIFT messages that are generated to confirm FX deals.

ORACLE®
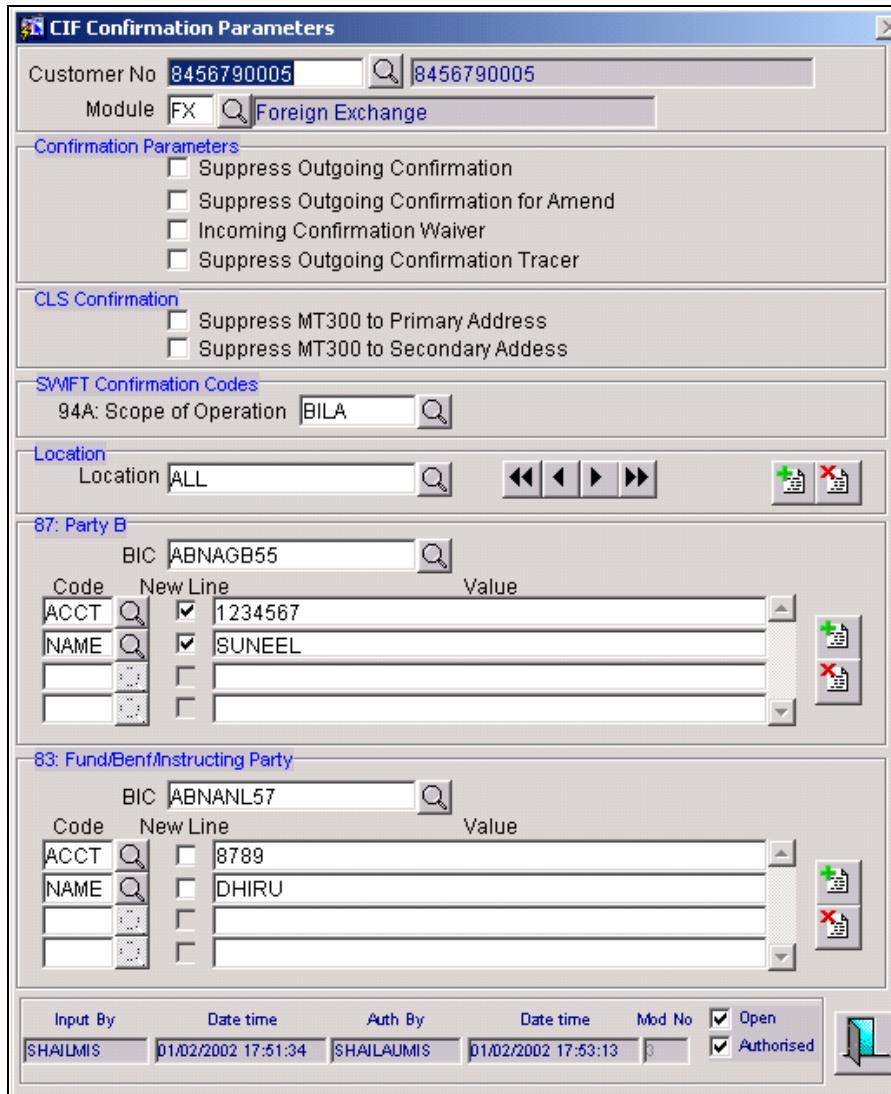
24.1.1 Validations performed in the system

- If you enable the Suppress Outgoing Confirmation messages option, deal confirmation messages will not be sent for the customer and module combination.

- If you enable the Suppress Outgoing Confirmation for Amendment option the deal amendment messages are not generated when an amendment is performed.

- If you choose to waive the Incoming Confirmation messages the confirmation status is marked as 'Waived' for the deals involving the customer for the specific module.

- For a CLS deal the System can send out two types of messages - FX_CONFIRMN and FX_CONFCLS_NEWT for a new deal. If you enable the 'Suppress MT300 to Primary Address' option the normal confirmation message to the Counterparty will not be sent to the Primary address. Similarly. If you enable the 'Suppress MT300 to Secondary Address' the confirmation will not be sent to the Secondary address.

In order to suppress counterparty confirmation messages for CLS deals, you will need to enable both these options.

ORACLE

If you indicate that the media for sending the FX_CONF_CLSNEWT message type is GCN, the system picks up the GCN address of the CLS bank. Thus enabling the routing of CLS confirmation messages automatically to the CLS bank instead of the counterparty.

Field 94A – Scope of Operation

An MT 300, MT320, MT330 is a confirmation/notification message exchanged by or on behalf of institutions or corporates, (Party A and Party B) parties to the transaction.

For a customer and module combination, you can indicate whether the Scope of Operation is to be a part of the FX/MM confirmation messages that are generated in Oracle FLEXCUBE by selecting any one of the following options:

- AGNT – your bank is sending or receiving the message on behalf of your customer

- BILA – Mutual confirmation

- BROK – if your bank is acting as the Broker

The default option is for this field is BILA. 94A will be independent of location block.

Location

ALL is automatically displayed as soon as you enter the customer number details. The button will display all the locations maintained at the Customer Address level for the selected customer apart from ALL. If you wish to maintain details of any specific location from the available list of

locations, you can add that location by clicking on the button.

The CIF Confirmation Parameters available viz. Suppress Out going Confirmation, Suppress Outgoing Confirmation for Amend, Incoming Confirmation Waiver, and Suppress Outgoing Confirmation Tracer will be available for all the additional addresses.

Field 87 (Party B)

If the field 94A is indicated, then the field 87A must also be indicated in the confirmation message.

You will need to specify the BIC of Party B and maintain the following details according to the given sequence:

Codes and Sequence	Validation	Your Entry and Description
/ABIC/	Mandatory, Alphanumeric, 11 Characters	Your specification in this field is validated against the BICs maintained in the System. If the BIC/BEI is not known, it will be substituted with UKWN.
/ACCT/	Optional, Alphanumeric, 34 Characters.	Specify the Account number Party B.

ORACLE®

Codes and Sequence	Validation	Your Entry and Description
/NAME/	Mandatory (if option J is required) Alphanumeric, 34 Characters.	Enter the Name of Party B. For a J option, both the BIC and the NAME will be considered as mandatory.
/ADD1/	Optional, Alphanumeric, 34 Characters.	First line of the mailing address of the Party B.
/ADD2/	Optional, Alphanumeric, 34 Characters.	Second line of the mailing address of the Party B.
/CITY/	Optional, Alphanumeric, 34 characters.	City (and state, country)
/USFW/	Optional, Numeric, 9 Characters.	FEDWIRE Routing Number.
/USCH/	Optional, Numeric, 6 Characters.	CHIPS UID.
/GBSC/	Optional, Numeric, 6 Characters.	CHAPS sort code.
/CLRC/	Optional, Alphanumeric, 34 Characters.	Clearing code.

In order to facilitate Party Identification (Option J in SWIFT) you must specify the values corresponding to the BIC and Name codes. Your entries are also validated against the standard SWIFT character set given below:

a b c d e f g h i j k l m n o p q r s t u v w x y z

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

0 1 2 3 4 5 6 7 8 9

/ - ? : ( ) . , ' +

- Field 87 will be displayed according to your specification.

- Field 87 is location specific.

- Field 87 J can have five lines of maximum 40 characters each. The sequence of the codes will be according what you have defined. The value for the code ABIC is always displayed in a separate line. You can indicate whether the values for the other codes are to be displayed in a new line.

ORACLE

- If you do not specify the values corresponding to the mandatory fields (like the name and details) Option A will be given back with just the BIC in the first line.

- If you fail to perform this maintenance for a particular customer, the receiver's address is given back as the code ABIC for the field 87 with Option A.

Field 83 (Fund or Beneficiary Customer)

This field identifies the Fund or Beneficiary Customer. This is a mandatory field in confirmation message that is sent out. In order to facilitate Option J, in Oracle FLEXCUBE you will need to maintain the following codes in the sequence given below:

Codes and Sequence	Validation	Your Entry and Description
/ABIC/	Mandatory, Alphanumeric, 11 Characters	Your specification in this field is validated against the BICs maintained in the System. If the BIC/BEI is not known, it will be substituted with UKWN.
/ACCT/	Optional, Alphanumeric, 34 Characters.	Specify the Account number of the Beneficiary Customer.
/NAME/	Mandatory Alphanumeric, 34 Characters.	Enter the Name of the Beneficiary Customer. For Option J, both the BIC and Name fields are mandatory.
/ADD1/	Optional, Alphanumeric, 34 Characters.	First line of the mailing address of the Beneficiary Customer.
/ADD2/	Optional, Alphanumeric, 34 Characters.	Second line of the mailing address of the Beneficiary Customer.
/CITY/	Optional, Alphanumeric, 34 Characters.	City (and state, country)
/USFW/	Optional, Numeric, 6 Characters.	FEDWIRE Routing Number
/USCH/	Optional, Numeric, 6 Characters.	CHIPS UID
/GBSC/	Optional, Numeric, 6 Characters.	CHAPS sort code
/CLRC/	Optional, Alphanumeric, 34 Characters.	Clearing code

Your entries are also validated against the standard SWIFT character set given below:

ORACLE

a b c d e f g h i j k l m n o p q r s t u v w x y z

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

0 1 2 3 4 5 6 7 8 9

/ - ? : ( ) . , ' +

🛑 If the field 94A is indicated, then the field 83 and 87A must also be indicated in the confirmation message.

- Field 83 will be displayed according to your specification.
- Field 83 J can have five lines of maximum 40 characters each. The sequence of the codes will be according what you have defined. The value for the code ABIC is always displayed in a separate line. You can indicate whether the values for the other codes are to be displayed in a new line.

If you do not specify the name and details, Option A will be given back with just the BIC in the first line.

24.2 Maintaining Message Types for Field 72 generation

In order to include Sender to Receiver information (field 72) in confirmation messages that are generated in Oracle FLEXCUBE you will need to maintain the Message Types for which field 72 codes can be maintained. You can perform this maintenance through the 'Message Type Maintenance' screen.

You will need to capture the following information in this screen:

Message Type

You must identify the message type for which SWIFT codes can be maintained. The options available are:

- MT 300

ORACLE

- MT320

- MT330

- MT103

- MT202

For MT103 or MT202 you can indicate whether the Message Types are cover messages or payment messages. If you are maintaining SWIFT codes for messages with cover you can enable the Cover option by checking it.

Field Number

This is the field number in the various SWIFT messages for which you are defining SWIFT codes. A list of pre-defined field numbers is displayed in the option list. You must select field 72 as the field number.

Code and Code Type

The code that you specify will be displayed in the confirmation message that is generated. Your specification in this field is validated against the SWIFT character set. Ensure that you key-in only numeric and upper case characters.

You must also indicate whether the code belongs to the Standard set of SWIFT codes or whether it is a Bilateral code.

Usage Type

You can indicate whether the usage of SWIFT codes for the message type and field combination should be Restricted to specific BICs. The default value for this field is 'unrestricted'. If you choose to restrict the usage of SWIFT codes to specific BICs you must maintain the 'allowed' set of codes for the BIC, Message Type and SWIFT Code combination through the Branch-wise BIC Maintenance screen.

24.3 <u>Capturing SWIFT Field Information</u>

After having defined the SWIFT Codes for a Message Type and SWIFT field combination you will need to:

- Specify values for each of the codes, and

- Map the codes to existing products.

You can perform this maintenance through the 'SWIFT Field Information' screen.

ORACLE
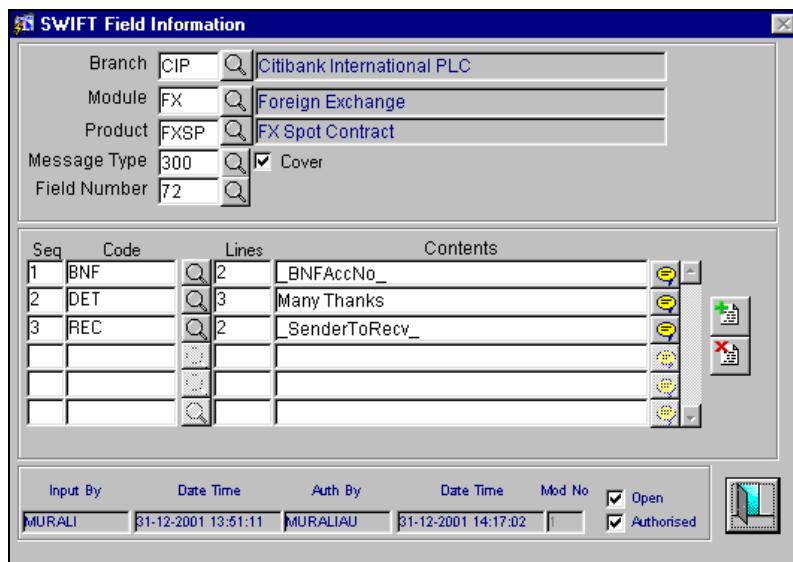
You can maintain SWIFT field Information for a Branch, Module, Product and Message Type combination.

For each SWIFT code you have maintained for a Message Type and Field combination in the Message Type Maintenance screen you will need to identify the sequence in which the codes are to be displayed in field 72 of the confirmation message and the maximum number of lines, the value of each code can run into.

You can specify the actual value of the code in the 'contents' field in the form of data tags in a tilde-separated sequence. Given below is a list of data tags which can be associated with the SWIFT codes that you maintain for Message Type and Field combinations:

Data Tag	Description	Source/screen from which information is replicated in the field
SenderToRecv	Sender to Receiver Information	Contract Settlements screen
BrokerInfo	Name of the Broker	External/Internal Broker Maintenance
BNFAccNo	Account Number of the Beneficiary	Contract Settlements screen
BNFInfo	Name of the Beneficiary	Contract Settlements screen

Text information received for a deal is stored in the 'sender to Receiver' field of the Contract Settlements screen. If the Beneficiary account is also received, it will be saved in the Beneficiary field of the Contract Settlements screen.

24.3.1.1 Examples of maintaining SWIFT Information in Oracle FLEXCUBE

In this section we will see how Message Types and information pertaining to SWIFT Fields can be maintained in Oracle FLEXCUBE.

ORACLE

Requirement

The SendertoReceiver information to be displayed in Field 72 of confirmation messages that are generated in the System. The other requirements are:

- Beneficiary details should be displayed against the code words /REC/ and /BNF/ respectively.

- Beneficiary Account Number is to be displayed against the code word /ACCT/.

- An additional broker code ABC needs to be displayed against the code /BROKER/.

To cater to this information you will need to maintain the following information in Oracle FLEXCUBE.

Message Type Maintenance

Message type	300
Cover	No
Field Number	72

The Codes that you need to define for this record are:

Codes	Type	Usage
REC	Bilateral	Unrestricted
BNF	Bilateral	Unrestricted
ACCT	Bilateral	Unrestricted
BROKER	Bilateral	Unrestricted

External Broker Maintenance

Broker Code	ABC
Description	ABC Brokers Inc

SWIFT Field Information

For your Branch you will need to maintain the following information:

Module		FX	
Product		FX01	
SWIFT Message Type		MT 300	
Cover		No	
Field Number		72	
Sequence	**Code**	**Lines**	**Contents**

ORACLE

Module		FX	
1	REC	2	_SenderToRecv_
2	BNF	2	_BNFInfo_
3	ACCT	1	_BNFAccNo_
4	BROKER	1	_BrokerInfo_

Scenario I

As a result of this maintenance Field 72 in MT300 will be displayed in the following manner:

: 72:/REC/<Sender to Receiver info from contract settlements>

//<Sender to Receiver info from contract settlements>

/BNF/<Beneficiary Name and Address from contract settlements>

//<Beneficiary Name and Address from contract settlements>

/ACCT/<Beneficiary Account Number from contract settlements

/BROKER/ABC Brokers Inc

Here, the broker details are picked up from the External Broker Maintenance screen.

Scenario II

The value of the data tag Beneficiary Account Number is derived as Null.

If the value of a data tag is derived as NULL the code in which the data content appears is removed from the message. Since the value of the beneficiary account number is derived as Null, the code ACCT is removed from the message. Field 72 of the generated message will be displayed as follows:

/REC/<Sender to Receiver information is displayed from the Contract Settlements screen>

//<Sender to Receiver details from contract settlements>

/BNF/<Beneficiary Name and Address from contract settlements>

//<Beneficiary Name and Address from contract settlements>

/BROKER/ABC Brokers Inc

Scenario III

You have 'restricted' the usage of the code ACCT for the receiver BIC through the Branch-wise SWIFT Code restriction screen.

If a code is not allowed, it will not be displayed in the SWIFT field pertaining to the message. Field 72 of the generated message will be as follows:

/REC/<Sender to Receiver details are picked up from contract settlements>

//<Sender to Receiver info from contract settlements>

ORACLE

/BNF/<Beneficiary Name and Address from contract settlements>

//<Beneficiary Name and Address from contract settlements>

/BROKER/ABC Brokers Inc

Scenario IV

If the Sender to Receiver information itself contains some codes, the codes will be validated against the codes maintained at the product level. While generating the message, the value mapped at the product level is removed from the message to avoid duplication.

Therefore if a code 'DET' with the value 'This is a normal debit', has been mapped to a product involving the message, and the Sender to Receiver information specified for the contract is:

/DET/This is a debit for loan reversal

In the message that is generated, the code DET will have the value as 'This is a debit for loan reversal' and not as 'This is a normal debit'.

SWIFT field information can be maintained for a specific branch of your bank or for all the branches of your bank. Similarly, the information can be made specific to all the products within the selected module or to specific products. To make the information generic select the 'All' option in the respective fields.

24.4 Maintaining information specific to Field 20 Suffix

If you have enabled the 'Reference Number Suffix in Field 20' option as a branch level parameter for the FX or MM modules, you will need to specify the suffix details through the 'Field 20 Suffix' screen.
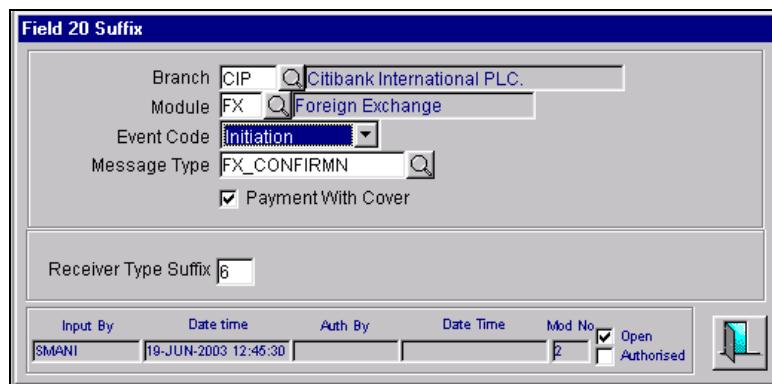
The suffix in field 20 in a SWIFT message can vary between the message type and the event for which the message is being triggered. For the branch and module combination you have to specify the manner in which the suffix is to be derived.

Let us assume a message is generated for an FX contract with the Customer Reference Number as 1234567891 and the Event Sequence Number as 5. Also, assume that the suffix has been maintained as 6. In the SWIFT message that is generated field 20 is displayed as 1234567891/56.

ORACLE

Given below is a typical set up for the FX and MM modules: -

Module	Message /Liquidation Event	Oracle FLEXCUBE Event	Remarks
FX	Confirmation	CONF	If contract message type for FX contract confirmation is any of the following: FX_CONFIRMN FX_AMENDMENT FX_REVERSAL FX_CONF_CLSNEWT FX_CONF_CLSAMND FX_CONF_CLSCANC Field 20 suffix details maintained for the Confirmation event will be used.
FX	Maturity	LIQD	In FX contract, suffix details maintained for the Maturity event will be used up for all Payment Messages.
MM	Confirmation	CONF	If contract message type for MM contract confirmation is any of the following: MM_CONFIRM_NEWT MM_CONFIRM_AMND MM_CONFIRM_CANC Field 20 suffix details maintained for the Confirmation event will be used.
MM	Initiation	INIT	For MM contract, INITIATION maintenance will be used for contracts for which the payment message date is same as the contract value date.
MM	Interim Interest	LIQD	For a MM contract, Interim Interest details will be used if payment message date is less than the contract maturity date.
MM	Maturity	LIQD/ROLL	For a MM contract, details maintained for the 'LIQD' event will be used if payment message date is same as the contract maturity date.

Field 20 generation with suffix logic will be done for the following messages:

ORACLE®

- MT202

- MT103

- MT104

- MT204

- MT210

- MT300

- MT320

- MT330

🛑 If you have not set the Reference Number Suffix in Field 20 option as a branch parameter, field 20 will carry the Custom Reference Number. If maintained, field 20 will be generated as a combination of the custom reference number, the event sequence number and the suffix as explained above.

24.5 **Maintaining Additional SWIFT Addresses**

You can maintain multiple BIC codes for a customer, which would be applicable for a combination of the product, message type and currency involved in a contract.

You can maintain multiple SWIFT addresses through the Additional SWIFT Addresses Maintenance screen. This screen is available under **Additional Addresses Maintenance** under **Customer Maintenance** in the Application Browser.
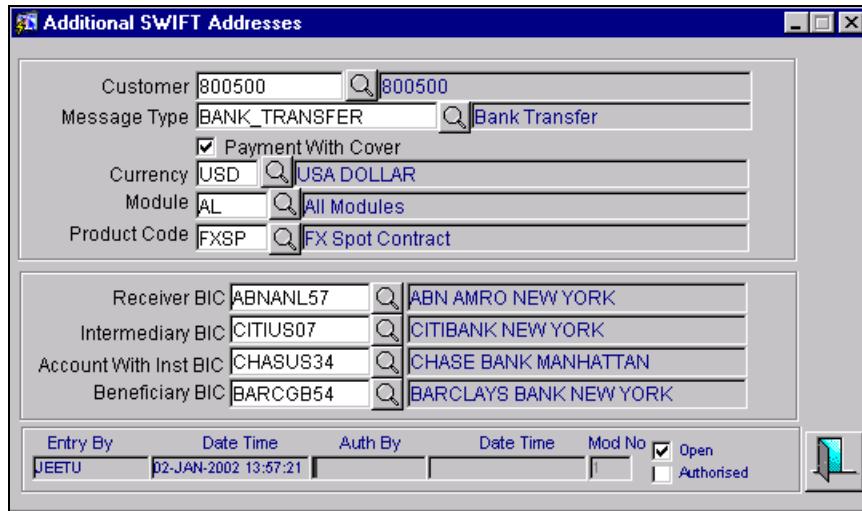
You will need to associate the following information with a customer number:

- Message Type – indicates the message type for which you are maintaining the additional SWIFT address. It could either be BANK_TRANSFER, CUST_TRANSFER, or Reversal Messages.

ORACLE

- The payment currency of the contract.

- Module – the module for which you would like to make this maintenance applicable. You can make the maintenance applicable to all modules by choosing the ALL option.

- Product Code – this is the product for which you would like to make the maintenance applicable.

- The settlement party for which the BIC would be picked up during message generation. You can maintain BIC codes for party types Receiver's Correspondent, Intermediary, Account with Institution and Beneficiary. Based on the party type the corresponding BIC maintained is picked up.

You can maintain BICs for the combination, to be used, for Pay-with-Cover messages from a Pay message of a single agent deal as well as from a continuous pay message of a double agent deal. The possible party types can be as follows:

Party Type	Description
RCR	Receiver's Correspondent
INT	Intermediary
AWI	Account with Institution
BEN	Beneficiary

During message generation, the System resolves the BIC of the settlement party based on the BIC Codes maintained for the combination in the Additional Swift Details, as given below:

Message Type	Party Type	Currency	Module	Product
Specific	Specific	Specific	Specific	Specific
Specific	Specific	Specific	Specific	ALL
Specific	Specific	Specific	ALL	ALL
Specific	Specific	ALL	Specific	Specific
Specific	Specific	ALL	Specific	ALL
Specific	Specific	ALL	ALL	ALL

If a match is not obtained the main BIC maintained in the CIF details (of the settlement party) is used.

BIC resolution is performed while saving loans and deposit contracts, and while generating messages.

ORACLE

24.6 <u>Message Delivery in Oracle FLEXCUBE</u>

Messages generated in Oracle FLEXCUBE can be sent to external delivery channels. As a branch level parameter you can indicate whether delivery of messages through multiple channels is required. You must also designate a default delivery channel to which messages would be delivered.

If you enable the Multiple Channels option, you can maintain the various delivery channels that would be used through the 'Delivery Channel Maintenance' screen.

24.6.1 <u>Sending Messages From Oracle FLEXCUBE to external Delivery Channels</u>

You can send messages from Oracle FLEXCUBE to various external deliver channels. To use this feature, you need to maintain the parameter according to which the System must send these messages in the 'Parameter Mapping' screen.
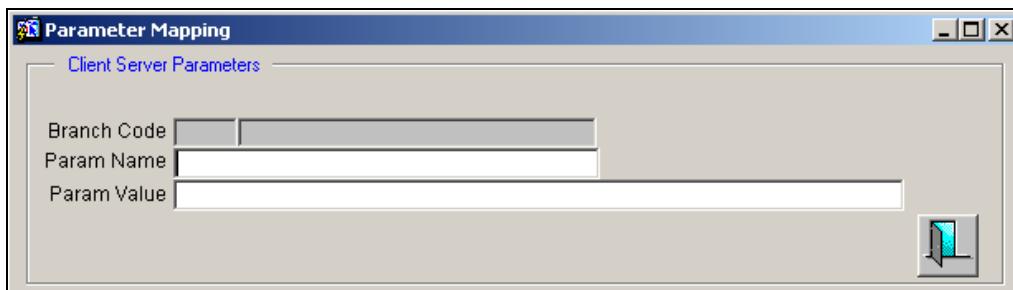
In this screen, you can set the CSS_INSTALLED parameter. The corresponding value for this parameter should be set to Y.

After having set this parameter you must maintain the various delivery channels through which messages should be delivered and also associate the appropriate delivery channel with the required message type.

24.6.1.1 <u>Maintaining Delivery Channels</u>

At the Head Office branch, you can maintain the various Delivery Channels through which messages are delivered from Oracle FLEXCUBE. You can do this through the 'Deliver Channels Maintenance -Detail' screen.

ORACLE

You must specify a unique identifier for the delivery channel and a brief description that represents the channel.

24.6.1.2 <u>Mapping Delivery Channels to Message Types</u>

In order to direct messages to external systems you must associate the different message types to appropriate deliver channels through the 'Message Type and Delivery Channel Mapping' screen.

This mapping can be maintained for each branch. In this screen, the branch for which you are maintaining the mapping (i.e., the current branch) is defaulted.

You can specify the following details for the association:

- The Message Type for which delivery channels are being designated.

- The Delivery Channel through which the messages of the specified type should be delivered for the branch.

The Delivery Channel through which the message is to be delivered is defaulted on the basis of the Delivery Channel Message Type maintenance. You can change the default.

ORACLE

🛑 Messages sent through delivery channels are delivered only if:

- The miscellaneous Bank Parameter CSS_INSTALLED has been maintained and the value has been set to Y.

- The message has been generated successfully and has not been placed on Hold.

- The Global Interdict check has not returned any hits. This check is made applicable only if the Interdict Validation Required branch parameter has been enabled.

ORACLE®

25. Hold Release Criteria

25.1 Introduction

Specific branches of your bank may require messages to be delivered through delivery channels only during specified timings in the day irrespective of when the message was created or generated. Accordingly such branches may require to Hold or Release messages based on certain criteria. You can enable enforcement of such hold/release criteria using the Apply Hold Release Criteria option as a Branch Parameter.

If you enable this option, you must also ensure that the following maintenances are done:

- Message groups

- Classification of message types under message groups

- Criteria for holding or releasing a message

25.2 Maintaining Message Groups

In Oracle FLEXCUBE, you can maintain the various delivery channels and associate them with different message types. Additionally, you can also maintain different message groups and classify message types under message groups for a given module and message group combination.

You can maintain message groups through the 'Message Groups Maintenance - Detail' screen.

You can identify each message group you would like to define with a unique ID, and associate an appropriate description with the group. Message groups can be maintained only at your head office.

Classifying Message Types under Message Groups

You can group the various message types under appropriate message groups, for specific modules in the 'Message Group Linkage Maintenance' screen, for a branch.

ORACLE
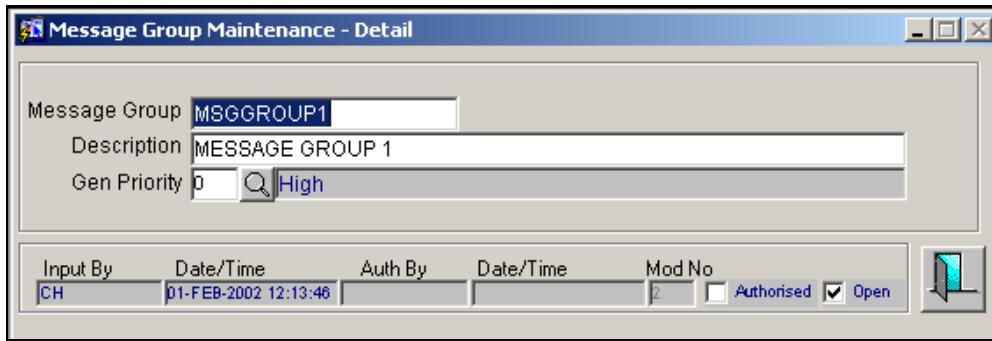
The current branch for which you are maintaining the mapping is defaulted. You will not be allowed to change it. The other details that you need to specify are as follows:

- The module for which the maintenance is being done. If you wish to maintain a generic mapping for both the FX and MM modules you can choose the AL option. If you choose the AL option you cannot select a specific message type. The mapping will be made applicable to all message types.

- The message type being grouped under the message group. If you wish to group all message groups under the message group choose the ANY MSG TYPE option.

- The message group that is linked to the specified branch, module and message type combination.

The table given below represents the sequence in which the message groups are resolved for a given message type.

Branch	Module	Message Type
Specific	Specific	Specific
Specific	Specific	ANY MSG TYPE
Specific	AL	ANY MSG TYPE

25.2.1 Maintaining the Hold criteria

Specific branches of your bank may require messages to be delivered through delivery channels only during specified timings in the day irrespective of when the message was created or generated. Accordingly such branches may require to Hold messages based on certain criteria.

You can maintain the criteria that the System would use to place a message on Hold in the 'Hold Criteria Maintenance' screen available under **Messaging Maintenance** in the Application Browser.

ORACLE

The current branch for which you are maintaining the hold criteria is defaulted. You will not be allowed to change it. The other parameters that you need to specify are as follows:

- The Message Group indicates the group to which the criteria are applicable. If you wish to maintain criteria applicable to all modules you can choose the ALL option.

- The Currency for which the criteria are applicable. If you wish to maintain criteria applicable for all currencies you can choose the ALL option.

- The Receiver for which the criteria are applicable. If you wish to maintain criteria applicable to all Receivers you can choose the ALL option.

- The Counterparty of the transaction, for whom the criteria are applicable. If you wish to maintain criteria applicable to all counterparties you can choose the ALL option.

- The Contract Reference Number of the transaction for which the criteria are applicable. If you wish to maintain criteria applicable to all transactions you can choose the ALL option.

- The date on and following which the criteria become applicable. This is the Effective From Date. You must also indicate the time on the Effective From Date, from when the criteria become applicable.

- The date up to which the criteria should be made applicable. This is the Effective To Date. You must also indicate the time on the Effective To Date, up to when the criteria are to be applicable.

- The Threshold Amount, which indicates the amount up to which the criteria is to be made effective. The criteria will come into effect only for messages with amount greater than the Threshold Amount. If you specify a threshold amount, you must specify the threshold currency in which it is expressed.

The parameters Effective From Date, Effective From Time, Effective To Date, Effective To Time, and Threshold Amount and Currency can be maintained with null values. The table given below illustrates how such null values are taken into account for application of hold criteria:

Effective From Date	Effective From Time	Effective To Date	Effective To Time	Result
Specific	Specific	Specific	Specific	Criteria are made effective from the specified date and time till the

ORACLE

Effective From Date	Effective From Time	Effective To Date	Effective To Time	Result
				specified date and time
Specific	Specific	NULL	NULL	Criteria are made effective from the specified date and time and are open ended
NULL	NULL	Specific	Specific	Criteria are made effective from the time of maintenance till the specified date and time
Specific	NULL	Specific	NULL	Criteria are made effective from the specified date till the specified date including both days
Specific	NULL	NULL	NULL	Criteria are made effective from the specified date and are open ended
NULL	NULL	Specific	NULL	Criteria are made effective from the time of maintenance till the specified date including the To date.
NULL	Specific	NULL	Specific	Criterion are made effective every day from the specified time till the specified time
NULL	Specific	NULL	NULL	Criteria are made effective every day from the specified time till midnight
NULL	NULL	NULL	Specific	Criteria are made effective every day from midnight till the specified time
NULL	NULL	NULL	NULL	Criteria are made effective from the time of maintenance and are open ended

When Threshold amount is not provided, then the criterion maintained would be effective for all the messages that satisfy other conditions.

25.2.2 Maintaining Release criteria

You can maintain the criteria the System would use to release messages placed on hold, through the Release Criteria Maintenance screen. This screen is available under Messaging Maintenance in the Application Browser.

ORACLE

The current branch for which you are maintaining the release criteria is defaulted. You will not be allowed to change it. The other parameters that you need to specify are as follows:

- The Message Group indicates the group to which the criteria are applicable. If you wish to maintain criteria applicable to all modules you can choose the ALL option.

- The Currency for which the criteria are applicable. If you wish to maintain criteria applicable for all currencies you can choose the ALL option.

- The Receiver for which the criteria are applicable. If you wish to maintain criteria applicable to all Receivers you can choose the ALL option.

- The Counterparty of the transaction, for whom the criteria are applicable. If you wish to maintain criteria applicable to all counterparties you can choose the ALL option.

- The Contract Reference Number of the transaction for which the criteria are applicable. If you wish to maintain criteria applicable to all transactions you can choose the ALL option.

- The date on and following which the criteria become applicable. This is the Effective From Date. You must also indicate the time on the Effective From Date, from when the criteria become applicable.

- The date up to which the criteria should be made applicable. This is the Effective To Date. You must also indicate the time on the Effective To Date, up to when the criteria are to be applicable.

- The Threshold Amount, which indicates the amount up to which the criteria is to be made effective. The criteria will come into effect only for messages with amount greater than the Threshold Amount. If you specify a threshold amount, you must specify the threshold currency in which it is expressed.

- The Active option, which indicates whether the criteria should be considered active. Only active criteria are considered when resolving the release criteria.

ORACLE

- The Auto Deactivate option which specifies whether the criteria should be marked as inactive automatically during the EOD processing after the Effective to Date and Effective To time for the Release criteria have expired.

The parameters Effective From Date, Effective From Time, Effective To Date, Effective To Time, and Threshold Amount and Currency can be maintained with null values.

The table given below illustrates how such null values are taken into account for application of release criteria:

Effective From Date	Effective From Time	Effective To Date	Effective To Time	Result
Specific	Specific	Specific	Specific	Criteria are made effective from the specified date and time till the specified date and time
Specific	Specific	NULL	NULL	Criteria are made effective from the specified date and time and open ended
NULL	NULL	Specific	Specific	Criteria are made effective from the time of maintenance till the specified date and time
Specific	NULL	Specific	NULL	Criteria are made effective from the specified date till the specified date including both days
Specific	NULL	NULL	NULL	Criteria are made effective from the specified date and are made open ended
NULL	NULL	Specific	NULL	Criteria are made effective from the time of maintenance till the specified date including the To date.
NULL	Specific	NULL	Specific	Criteria are made effective every day from the specified time till the specified time

ORACLE

Effective From Date	Effective From Time	Effective To Date	Effective To Time	Result
NULL	Specific	NULL	NULL	Criteria are made effective every day from the specified time till midnight
NULL	NULL	NULL	Specific	Criteria are made effective every day from midnight till the specified time
NULL	NULL	NULL	NULL	Criteria are made effective from the time of maintenance and open ended

![stop] When Threshold amount is not provided, then the criterion maintained would be effective for all the messages that satisfy other conditions.

## 25.3 <u>End of day processing for Hold/Release criteria</u>

If you have enabled the Apply Hold/Release criteria option as a branch parameter, messages are created with the default status as Hold. If not, the messages are created with the default status as Release.

A note on Message Generation

Messages created can be generated by any of the following methods:

- Online generation during authorization of the related contract

- Through the Generate option in the Outgoing Message Browser

- Through the Background process for message generation

To trigger the generation of messages as a background process you can use the Message Generation screen. This screen is available under Background Processes and the Outgoing Messages option in the Application Browser.

ORACLE

To release messages placed on hold, you can use the Message Release screen. You can invoke this screen under the Background Processes menu item and the Messages option in the Application Browser.

The message release process validates the messages against the Hold criteria and Release criteria maintained for the branch. The messages are released or remain on hold depending on the Hold and Release criteria.

The System validates the Hold and Release criteria in the following sequence:

- If any Hold criterion satisfying the message parameters is found, the message is kept on hold. This is also true if any generic Hold criterion (made applicable to ALL values in the list) has been maintained; for example, if the criterion has been defined for all currencies, counterparties, and so on.

- If no Hold criterion satisfying the message parameters is found, the Release criteria, if any, are validated

- If any active Release criterion satisfying the message parameters is found the message is released. This is also true if any active generic Release criterion is found; for example, if the criterion has been defined for all currencies, counterparties, and so on.

- If no Release criterion satisfying the message parameters is found, the message is kept on hold.

You can opt to release the messages manually through the Release option in the Outgoing Message Browser. If you do this, the messages are released, and any Hold criteria are overridden.

ORACLE®

Once a message is generated successfully, the message generation application verifies the Hold and Interdict statuses. If the following conditions are met the messages can be handed-off through the delivery channel.

- The Release status has been set

- The Global Interdict check has returned no possible hits

- The message has not been handed off earlier

### 25.3.1 Triggering the Auto Deactivation batch process

If you have selected the Auto Deactivation option for a Release criterion, the auto deactivate batch process can be executed during any part of the EOC processes. You can also use the 'Auto Deactivate' screen to execute the auto deactivate batch process.

This screen is available under **EOC operations** and the **Messages** option in the Application Browser.

25.3.2 Release Criteria Activation Browser

You can view and reactivate release criteria that are inactive or have been deactivated using the Release Criteria Activation Browser. This screen is available under Messaging Processes and the Release Criteria option in the Application Browser.

ORACLE
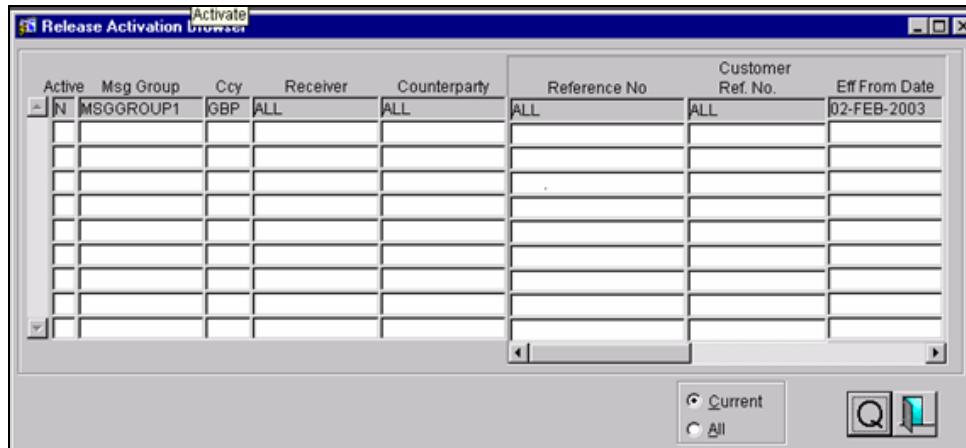
You can view the details for each Release criterion in the browser.

To reactivate a Release criterion, select the Authorize button in the toolbar or from the Actions menu.

25.4 <u>Specifying the Receive Notice parameters for Nostro Accounts</u>

Using the Receive Notice parameters screen you can define the following Receive notice parameters for a Nostro account.

- Indicate whether a receive notice should be generated for Our Receive Agent.

- Indicate whether receive notice generation should be based on the threshold amount limit maintained in this screen.

- Specify the Threshold Amount. As a result the receive notice is generated only if the message amount is above the Threshold.

- The currency in which the threshold amount is to be expressed. The default currency will be the currency of the Nostro.

You can maintain these parameters for the following combination:

- The current branch for which you are maintaining the receive notice instructions. If you wish to maintain instructions applicable for all branches you can choose the ALL option.

- The currency for which the receive notice instructions are to be made applicable. If you wish to maintain instructions applicable for all currencies you can choose the ALL option.

- The branch code of the branch in which the nostro account resides. You can also select the ALL option if required.

- The customer name of the customer involved in the account. If you wish to maintain instructions applicable to all customers you can choose the ALL option.

ORACLE

- The account number of the nostro account. Select the ALL option if this is to be made applicable to ALL

- The module for which you are maintaining the receive notice instructions.

- The product code of the product for which you are maintaining the instructions.

This screen is available under **Receive Notice** in the Application Browser.

In Oracle FLEXCUBE, the receive notice generation instructions are resolved in the following sequence:

Account Branch	Account CIF	Branch	Currency	Account	Module	Product
Specific	Specific	Specific	Specific	Specific	Specific	Specific
Specific	Specific	Specific	Specific	Specific	Specific	ALL
Specific	Specific	Specific	Specific	Specific	ALL	ALL
ALL	ALL	Specific	Specific	ALL	Specific	Specific
ALL	ALL	Specific	Specific	ALL	Specific	ALL
ALL	ALL	Specific	Specific	ALL	ALL	ALL
ALL	ALL	Specific	ALL	ALL	Specific	Specific
ALL	ALL	Specific	ALL	ALL	Specific	ALL
ALL	ALL	Specific	ALL	ALL	ALL	ALL
ALL	ALL	ALL	ALL	ALL	Specific	Specific
ALL	ALL	ALL	ALL	ALL	Specific	ALL
ALL	ALL	ALL	ALL	ALL	ALL	ALL

ORACLE

During contract processing receive notices are generated as per the above maintenance and if the following conditions are satisfied:

- The Generate Receive Notice option in the Contract Settlements screen has been enabled.

- The Receive Notice Threshold option is disabled or if the settlement amount in the threshold amount equivalent is greater than or equal to the threshold amount.

ORACLE

26. Maintaining Account Statement Field details

26.1 Introduction

Customer account statements generated in Oracle FLEXCUBE will contain a set of pre-defined fields depending on the module, along with the user defined fields (UDFs) that you specify.

For each of the following modules, you can specify which pre-defined fields and which UDFs are to be included in detailed customer account statements:

- Loans and Deposits (LD)
- Money markets (MM)
- Funds Transfers (FT)
- Foreign Exchange (FX)
- Standing Instructions (SI)
- Letters of Credit (LC)
- Bills and Collections (BC)
- Payments (PC)
- Data Entry (DE)

26.2 Maintaining Account Statement fields

You can specify a maximum of fifteen fields, including both pre-defined fields and UDFs, to be included in the detailed account statements for each module.

If you do not maintain account statement fields for a particular module, then, by default, the pre-defined fields are used to generate the account statements for that module.

From the Application Browser, select **Messaging Processes** and invoke the 'Account Statement Fields' screen:

ORACLE

Select the module ID for which you wish to specify the account statement fields. Using the button, go on adding fields by selecting them from the drop down list in each row. The drop down list contains all pre-defined fields and UDFs for the particular module chosen by you. If you wish to delete a field that you have selected, you can do so by using the button.

A list of pre-defined fields for each module follows.

Field Names	Field Descriptions
Module: Loans and Deposits / Money Markets / Overdrafts	
EVENT	EVENT CODE
USER_REF_NO	USER REFERENCE NO
VALUE_DATE	VALUE DATE
MATURITY_DATE	MATURITY DATE
CONT_AMOUNT	CONTRACT AMOUNT
INT_RATE	INTEREST RATE
CHARGE_COMPONENT1	CHARGE COMPONENT
CHARGE_AMT1	CHARGE AMOUNT

ORACLE

Field Names	Field Descriptions
CHARGE_COMPONENT2	CHARGE COMPONENT
CHARGE_AMT2	CHARGE AMOUNT
CHARGE_COMPONENT3	CHARGE COMPONENT
CHARGE_AMT3	CHARGE AMOUNT
CHARGE_COMPONENT4	CHARGE COMPONENT
CHARGE_AMT4	CHARGE AMOUNT
BROKER_CODE	BROKER CODE
UDF_PRINCIPAL_CODE	Principal Code
UDF_INTEREST_CODE	Interest Code
Module: Funds Transfer	
EVENT	EVENT CODE DESC
USER_REF_NO	USER REFERENCE NO
BY_ORDER_OF1	BY ORDER OF1
ULT_BENEFICIARY_1	ULTIMATE BENEFICIARY
PAYMENT_DETAILS1	PAYMENT DETAILS
PAYMENT_DETAILS2	PAYMENT DETAILS
PAYMENT_DETAILS3	PAYMENT DETAILS
PAYMENT_DETAILS4	PAYMENT DETAILS
TRANSFER_AMOUNT	ORIGINAL TRANSFER AMOUNT
EXRATECCY	EXCHANGE RATE CURRENCY PAIR
MCK_NUMBER	MCK NUMBER
CHECK_NUMBER	CHECK NUMBER
CHARGE_COMPONENT1	CHARGE COMPONENT
CHARGE_AMT1	CHARGE AMOUNT
CHARGE_COMPONENT2	CHARGE COMPONENT

ORACLE

Field Names	Field Descriptions
CHARGE_AMT2	CHARGE AMOUNT
UDF_REJECT_CODE	Reject Code

Module: Foreign Exchange	
Field Names	**Field Descriptions**
EVENT	EVENT CODE
USER_REF_NO	USER REFERENCE NO
COUNTERPARTY	COUNTERPARTY OF CONTRACT
BOT_CCY	BOUGHT CURRENCY
BOT_AMT	BOUGHT AMOUNT
EX_RATE	EXCHANGE RATE
SOLD_CCY	SOLD CURRENCY
SOLD_AMOUNT	CSOLD AMOUNT
BROKER_NAME	BROKER NAME
CHARGE_COMPONENT1	CHARGE COMPONENT
CHARGE_AMT1	CHARGE AMOUNT
CHARGE_COMPONENT2	CHARGE COMPONENT
CHARGE_AMT2	CHARGE AMOUNT
CHARGE_COMPONENT3	CHARGE COMPONENT
CHARGE_AMT3	CHARGE AMOUNT
UDF_ACCSTM	Account Statement
Module: SI	
CONTRACT_REF_NO	CONTRACT REFERENCE NO
USER_REF_NUMBER	USER REFERENCE NO
SI_EXPIRY_DATE	SI EXPIRY DATE

Module: Foreign Exchange	
ACTION_CODE_AMT	ACTION CODE AMOUNT
INSTRUCTION_NO	INSTRUCTION NO
DR_ACC_BR	DEBIT ACCOUNT BRANCH
DR_ACCOUNT	DEBIT ACCOUNT NO
DR_ACC_CCY	DEBIT ACCOUNT CURRENCY
SI_AMT_CCY	SI AMOUNT CURRENCY
SI_AMT	SI AMOUNT
CR_ACC_BR	CREDIT ACCOUNT BRANCH
CR_ACCOUNT	CREDIT ACCOUNT
CR_ACC_CCY	CREDIT ACCOUNT CURRENCY
INTERNAL_REMARKS	INTERNAL REMARKS
UDF_REJECT_CODE	Reject Code
Module: Letters of Credit	
EVENT	EVENT_CODE
USER_REF_NO	USER REFERENCE NO
CONTRACT_AMT	CONTRACT AMOUNT
APP_CUST_NAME	CUSTOMER NAME FOR APPLICANT
BEN_CUST_NAME	CUSTOMER NAME FOR BENEFICIARY
COLLATERAL_AMT	COLLATERAL AMOUNT
CHARGE_COMPONENT1	CHARGE COMPONENT
CHARGE_AMT1	CHARGE AMOUNT
CHARGE_COMPONENT2	CHARGE COMPONENT
Field Names	**Field Descriptions**
CHARGE_AMT2	CHARGE AMOUNT
COMMISSION_COMP1	COMMISSION COMPONENT

ORACLE

Module: Foreign Exchange	
COMMISSION_AMT1	COMMISSION AMOUNT
COMMISSION_COMP2	COMMISSION COMPONENT
COMMISSION_AMT2	COMMISSION AMOUNT
Module: Bills and Collections/PC	
Field Names	**Field Descriptions**
EVENT	EVENT CODE
USER_REF_NO	USER REFERENCE NUMBER
MATURITY_DATE	MATURITY DATE
BILL_AMOUNT	BILLING AMOUNT
INT_RATE	INTEREST RATE
CHARGE_COMPONENT1	CHARGE COMPONENT1
CHARGE_AMT1	CHARGE AMOUNT1
CHARGE_COMPONENT2	CHARGE COMPONENT2
CHARGE_AMT2	CHARGE AMOUNT2
CHARGE_COMPONENT3	CHARGE COMPONENT3
CHARGE_AMT3	CHARGE AMOUNT3
CHARGE_COMPONENT4	CHARGE COMPONENT4
CHARGE_AMT4	CHARGE AMOUNT4
CHARGE_COMPONENT5	CHARGE COMPONENT5
CHARGE_AMT5	CHARGE AMOUNT5
EXRATECCY	EXCHANGE RATE CURRENCY PAIR
Module: Data Entry	
Field Names	**Field Descriptions**
TXN_CCY	Transaction Currency
TXN_AMT	Transaction Amount

ORACLE

Module: Foreign Exchange	
TXN_EX_RATE	Transaction Exchange Rate
UDF_CS	Constant Symbol (maintained as an UDF)
UDF_SS)	Specific Symbol (maintained as an UDF)
UDF_VS	Variable Symbol (maintained as an UDF)
CHG_CCY	Charge Currency
CHG_AMT	Charge Amount

You can also maintain the field description in different languages through the 'Narratives Maintenance' screen available under the 'Bank/Branch Parameters' menu in the Application Browser.

Refer the 'Maintaining Mandatory Information' chapter (section titled 'Maintaining Narratives') of the 'Core Entities' User Manual for details.

ORACLE

27. Maintaining Confirmation Matching details

27.1 Introduction

Oracle FLEXCUBE provides you with the option of matching an incoming confirmation messages with an outgoing message. You can perform confirmation matching for MT 300, MT 320 and MT 518 SWIFT messages. Confirmation matching can be done for messages with events - NEWT, AMND, CANC and NEWM (only for Securities). The system also allows you to match incoming confirmation message with event DUPL (duplicate) with an outgoing confirmation message with NEWT/AMND event.

For successful confirmation matching you need to maintain specific information pertaining to the incoming confirmation messages. The information that you need to capture includes:

Rule maintenance:

User can select the fields which have to be used to match the incoming message against the outgoing one. The rules can be for full match and partial match.

Class maintenance:

The class defines the sequence at which the rules have to be applied during the matching process for the confirmation message pertaining to a particular module.

27.1.1 Indicating confirmation matching preference for the customer

Through the Customer Address Maintenance screen, you can indicate the message types which need confirmation message. This field is enabled only if you have maintained the media for the message as SWIFT. The system allows only one location for a counterparty for marking confirmation.

For further details on 'Customer Address Maintenance Screen' refer to the Messaging System user manual under the section 'Maintaining Addresses for a Customer'.

27.1.2 Capturing message details for matching

You need to capture the details of the outgoing and incoming confirmation messages to an internal table before the actual confirmation matching takes place.

The internal capture process which collects the details of the outgoing confirmation is automatically triggered during the message handoff.

Invoke the 'External Capture of Messages' screen to manually capture external messages for a specific module.

ORACLE
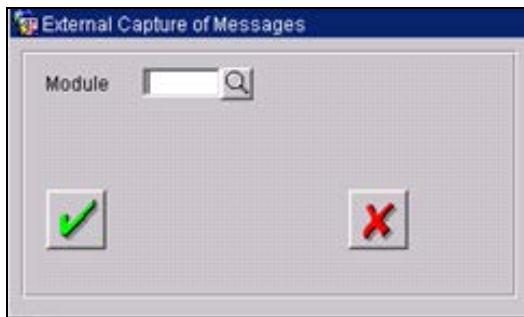
You have to manually capture external messages for the modules which need confirmation processing. In case you select the module as FX, the details of incoming MT300 messages will be picked up and populated to the confirmation matching tables.

27.1.3 Manual matching for incoming messages

This screen is used to manually match incoming messages/unmatch an already matched message and also to indicate the incoming message is waived for confirmation.

To perform manual matching, use the Manual Matching screen, which you can invoke from the Application Browser. In this screen, those messages that have been marked with 'Confirmation Matching Required' status are displayed, sorted according to message type.

There may be instances wherein the system has been unsuccessful in finding either complete or partial matches for the messages that have been uploaded. In such cases, you can match the unmatched messages with existing messages through the 'Manual Matching of Messages' screen.

ORACLE

In this screen, you need to select the Module, Counterparty and the Sender's BIC Code for the message which you want to match the confirmation.

The module description will be defaulted along with the full name of the customer involved in the uploaded message and the name of the customer's bank will be defaulted in the respective fields.

You can indicate whether you want to view the details of messages that are yet to be Matched, Partially Matched, Fully Matched or Waived for confirmation matching by clicking on the respective check box. After having made your specification, click on the ⬚Fetch button. The system will retrieve all messages that fall under the selected criteria for the particular module and customer number combination and display the relevant records. The external reference number of the message along with the DCN, Event of the external message, Event of the internal message, and Event sequence number of the internal message and Status of that message is displayed.

Confirmation matching can be done for messages with following events - NEWT, AMND, CANC and NEWM (only for Securities).

All the messages that are partially matched are displayed along with contract reference number, Event sequence number, event of the message, the rule id and the rule description for the message. To enter a format using the format editor, click ⬚ positioned next to the text of the message.

The following actions are allowed in this screen:

- If you are trying to match an unmatched message, click on the Unmatched check box in the screen. A list of all the unmatched messages for the particular module and customer combination will be displayed. You can select the incoming message that is to be matched along with the contract reference number of the outgoing message and click on ⬚Match button.

- You can query for partially matched records and match the incoming message with the relevant outgoing message.

- In case you want to unmatch the messages that are already matched, you need to click on Completely Matched check box in the screen. A list of all matched messages for the particular module and customer combination will be displayed. You can select the message that is to be unmatched and click on ⬚UnMatch button.

- In case you want to waive confirmation matching for an external message, you have to click on the ⬚Waive button after identifying the external messages.

27.1.4 Defining confirmation waiver for external messages (Outgoing message)

You can manually indicate whether a message's confirmation should be waived. For this you need to invoke the 'Confirmation Waiver – Outgoing messages'screen from the Application Browser.
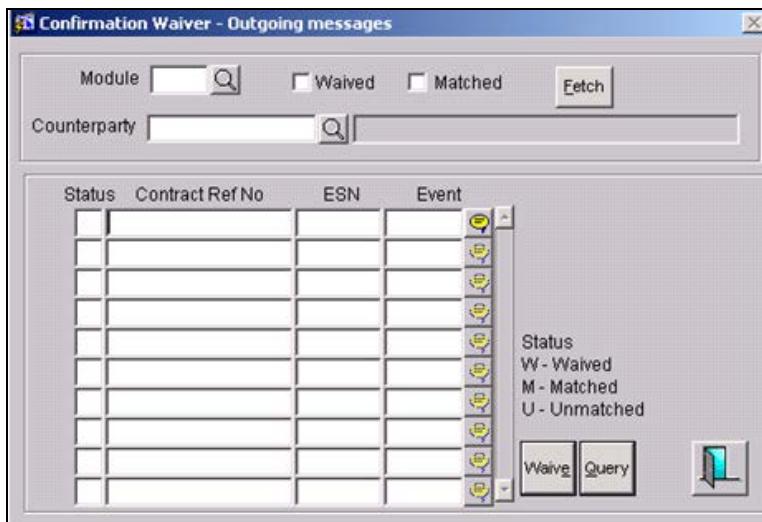
ORACLE

Through this screen you can waive confirmation for a generated message. In this screen, you need to select the module and counterparty for the message which you want to waive the confirmation.

Each module in Oracle FLEXCUBE is assigned a unique code. You have to identify the module code for which you would like to perform a confirmation matching.

In addition to identifying the module for which you would like to perform a confirmation matching, you have to identify the counterparty specified for the outgoing message. Select the counterparty from the option list. Subsequently, the full name of the counterparty will be defaulted in the adjoining field.

Now you have to indicate whether you would like to view the details of messages that are yet to be Waived or Matched with existing messages. You can indicate your specification by checking the box provided next to the respective fields.

After having made your specification, click on the [Fetch] button. The system retrieves all outgoing messages that are Waived or Matched with existing messages for the particular module and counterparty combination and display the relevant records for your verification:

- Status – the status of the external message whether it is waived (W), matched (M) or unmatched (U) is displayed.

- Contract Ref No – this is the reference number of the contract.

- ESN – this is the system generated sequence number for the event for which the message is generated.

- Event – this is the event (NEWT/AMND/CANC) mentioned in the message and should match the one in the contract.

After identifying the external messages for which you would like to waive confirmation matching, you can click on the Waive button.

ORACLE

You have the option of querying on the Counterparty because there might be a situation when a sender is not a Oracle FLEXCUBE customer.

In the Wavier screen which is a query screen, you can query for records for the counterparty and select the relevant event for which confirmation is not required and press Waive. Automatically the status will change to 'W'.

On marking the confirmation message as 'waived', you cannot unwaive the confirmation message.

27.1.5 <u>Processing confirmation matching in Oracle FLEXCUBE</u>

During contract authorization, you can capture Oracle FLEXCUBE generated messages for the specific module and message type combination for which CIF confirmation matching is specified. However you can capture the messages for which the event is identified as DUPL. When the message is handed off, the system updates the confirmation details.

🛑 While capturing the system generated messages make sure you do not run the batch process.

On the other hand if you are capturing incoming messages, the system identifies the duplicate messages based on the event (NEWT/AMND/CANC) specified in the field 22A and the reference number in field 20.

Additional, the system also captures the status of the message matching.

In case of automatic matching, all incoming messages for which the status is unmatched will be taken up for matching. For incoming messages with event DUPL, the system will match with event NEWT or AMND. However, the event DUPL will not be matched with CANC.

During automatic matching for full match, the system handles the scenario in two different ways:

- If there is just one corresponding message generated by the system, then external message status is matched. Message generated by the system is marked as confirmed.

- If there are multiple corresponding messages generated by the system, then external message status is marked as matched. The system DCN will be blank.

ORACLE®