Product Catalogue – OT Options Module

Oracle Banking Treasury Management

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Product Catalogue – OT Options Module

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Safe Harbor Statement

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1.1. Product Code - IROP

IROP – INTEREST RATE OPTIONS TRADE CASH SETTLED

1.1.1. Business Scenario

The financial product IROP that is, **Interest Rate Options Trade Cash Settled** helps corporates/banks to provide the buyer with speculation or protection of underlying assets against an adverse movement in interest rates while providing the potential for profit in case of favorable movement of rates.

Targeted Customer Segment: Corporates/Banks who seek speculation/protection against adverse interest rate movement.

1.1.2. Introduction

Product IROP covers the interest rate options of cash settled trade type deals. Product IROP holds good for all the interest rate option types of both buy and sell with European expiry style, the exception being the swaptions which has three expiration styles like European, American and Bermudan.

1.1.3. Synopsis

- Covers all the IRO types of Yield-Based
- Payment\Settlement is done on schedule basis based on the arrear\advance method of payment type.
- All IRO types covered uses only European style of expiry. Additionally American and Bermudan style are used by Swaptions.
- Amortization and Revaluation setup is done with daily frequency.

1.1.4. Detailed Coverage

Interest Rate Options can be cash settled as well as physically settled. Product IROP is meant for cash settled interest rate options. Product IROP covers the following features:

Features	Type
Types of the Deal Covered	• Buy Deal • Sell Deal
Types of the Contract Covered	• Trade Deal
Delivery Type	• Cash
Interest Rate Option Types Covered	• Caps • Floors

	• Collars • Corridors and • Swaptions
Expiry Style's Covered	• European for Caps, Floors, Collars, Corridors • European\American\Bermudan for Swaptions
Payment Method Covered	• Actual/365 – Per Annum Basis • Arrears • Rate Fixing is setup on the each Schedule End Date and Reset Days is 0
Amortization and Revaluation Covered	• Amortization of Deferred Inception Gain for trade deals. • Fair Value Revaluation

1.1.5. Events Covered

Product IROP has the Life Cycle as listed below:

Events Covered	Description
AMDG	Amortization of Deferred Gains-Hedg
AMND	Amendment Option Deal Contract
AMRT	Amortization Of Deferred Inception Gain
BOOK	Booking of the deal Contract
EXER	Exercise Of Option
EXPR	Expiry Of Option
EXST	Exercise Settlement Of Option
PRPT	Premium Payment\Premium Collection
REVL	Revaluation Of Option
REVR	Reversal Of Deal
RTFX	Rate Fixing
TERM	Termination of Option Contract

1.1.6. Advices Supported

Product IROP is setup with the following list of Advices:

Advices	Description
OT_IRO_AMND	IRO Amendment Advice
OT_IRO_CANC	IRO Cancellation
OT_IRO_CONF	IRO Confirmation
OT_IRO_DEAL_TKT	IRO Deal Ticket
OT_IRO_TERM	IRO Termination Advice
PAYMENT_MESSAGE	Payment Message
REVSWIFT	Cancellation of Contract

1.1.7. Messages

Product IROP is setup with the following list of SWIFT Messages:

SWIFT Messages	Contract Field
MT 360	IRO Confirmation Message
MT 360	IRO Amendment Message
MT 364	IRO Termination Message
MT 360	IRO Cancellation Advice
MT 362	Rate Reset Message
MT 202	Bank Transfer
MT 205	Bank Institutional Transfer

1.1.8. Premium/Charges/Brokerage

Premium

Product IROP enables the Premium Collection or Premium Payment through:

- **Option Premium** is expressed as a percentage of the notional principal / contract amount.
- **Option Premium** can be a flat amount as well.

Charges

In IROP product following Charge Component is parameterized

- Component - OTBOOKCHG - OT Options Booking Charge

- Rule - OTBKCHG - OT Options Booking Charge Rule
- Flat Amount GBP 125

Brokerage

IROP product is parameterized to handle Brokerage feature. The details are available below:

- Broker Identification\Code
- Rule Code: OTBROK

1.1.9. Special/Other Features

Product IROP covers the following special features:

- Limit Tracking Methods through which customer exposures are tracked,
  - Fair Value Limit Tracking
  - Notional Limit Tracking
  - Risk Weighted Limit Tracking
- Product IROP covers all the three types of expiry styles like
  - American
  - European (Default)
  - Bermudan.
- Revaluation is done on basis of the Confirmed Fair Value and ignored if it is Unconfirmed.

1.1.10. Reports Covered

OT Options module covers the following reports:

- Rate fixing Report
- Contract Revaluation Report

1.1.11. Additional information (UDF) and other Special Maintenance

In case the Bank wants to capture any additional information regarding the agreement/customer, the Bank can capture the same by defining the User Defined Fields (UDF).

1.1.12. OT Options Module Maintenance

OT Options module has to be setup with the following furnished maintenances,

- Option Branch Parameter Maintenance

- Role To Head mapping Class Maintenance
- Accounting Event Class Maintenance
- OT Product Maintenance
- Floating Rate Source Maintenance
- DV Rate Type Maintenance
- DV Float Rate Code Maintenance
- Floating Rate Maintenance
- Advice Format Maintenance

1.2. Product Code - IRSW

IRSW – INTEREST RATE OPTIONS TRADE PHYSICALLY SETTLED SWAPTION.

1.2.1. Business Scenario

The financial product IRSW that is, **Interest Rate Options Trade Physically Settled Swaptions** helps corporate/banks to provide the buyer with speculation or protection against adverse movement in floating interest rates compared to fixed interest rates while providing potential for profit in case of favorable movement of rates.

Targeted Customer Segment: Corporates/Banks who seek speculation or protection against adverse interest rate movement.

1.2.2. Introduction

Product IRSW covers the interest rate swaptions of physically settled trade type deals. Product IRSW holds good for all the swaptions types of both buy and sell with European, American as well as Bermudan style of expiry. Using the product IRSW an underlying Single Currency Interest Rate Swap gets initiated on the exercise of the swaptions which is to be physically settled.

1.2.3. Synopsis

- Product IRSW is setup by linking with the underlying Single Currency Interest Rate Swap (IRS) derivative product.
- Covers Interest Rate Swaptions of **Price-Based**.
- Payment\Settlement is done on schedule basis based on the arrear method of payment type.
- Expiry Styles covered by swaptions are European, American and Bermudan.
- Amortization and Revaluation setup is done with daily frequency.

1.2.4. Detailed Coverage

Interest Rate Swaptions can be cash settled as well as physically settled. Product IRSW is meant for physically settled interest rate swaptions. Product IRSW covers the following features:

Features	Type
Types of the Deal Covered	• Buy Deal • Sell Deal
Types of the Contract Covered	• Trade Deal

	• Hedge Deal
Delivery Type	• Physical
Interest Rate Option Types Covered	• Swaptions
Expiry Style's Covered	• European • American • Bermudan
Payment Method Covered	• Actual/365 – Per Annum Basis • Arrears
Amortization and Revaluation Covered	• Amortization of Deferred Inception Gain for trade deals. • Fair Value Revaluation.

1.2.5. Events Covered

Product IRSW has the Life Cycle as listed below:

Events Covered	Terminology
AMDG	Amortization of Deferred Gains-Hedg
AMND	Amendment Option Deal Contract
AMRT	Amortization Of Deferred Inception Gain
BOOK	Booking of the deal Contract
EXER	Exercise Of Option
EXPR	Expiry Of Option
EXST	Exercise Settlement Of Option
PRPT	Premium Payment\Premium Collection
REVL	Revaluation Of Option
REVR	Reversal Of Deal
RTFX	Rate Fixing
TERM	Termination of Option Contract

1.2.6. Advices Supported

Product IRSW is setup with the following list of Advices,

Advices	Description
OT_IRO_AMND	IRO Amendment Advice
OT_IRO_CANC	IRO Cancellation
OT_IRO_CONF	IRO Confirmation
OT_IRO_DEAL_TKT	IRO Deal Ticket
OT_IRO_TERM	IRO Termination Advice
PAYMENT_MESSAGE	Payment Message
REVSWIFT	Cancellation of Contract

1.2.7. Messages

Product IRSW is setup with the following list of SWIFT Messages:

SWIFT Messages	Contract Field
MT 360	IRO Confirmation Message
MT 360	IRO Amendment Message
MT 364	IRO Termination Message
MT 360	IRO Cancellation Advice
MT 362	Rate Reset Message

1.2.8. Calculation of Premium/Charges/Brokerage

Premium

Product IRSW enables the Premium Collection or Premium Payment through:

- **Option Premium** is expressed as a percentage of the notional principal / contract amount.
- **Option Premium** can be a flat amount as well.

Charges

In IRSW product following Charge Component is parameterized

- Component - OTBOOKCHG - OT Options Booking Charge
- Rule - OTBKCHG - OT Options Booking Charge Rule
- Flat Amount GBP 125

1.2.9. Special/Other Features

Product IRSW covers the following special features:

- Product IRSW covers all the three types of expiry styles like:
  - American
  - European (Default)
  - Bermudan
- Revaluation is done on basis of the Confirmed Fair Value and ignored if it is Unconfirmed.

1.2.10. Reports Covered

OT Options module covers the following reports:

- Rate fixing Report
- Contract Revaluation Report

1.2.11. Additional information (UDF) and other Special Maintenance

In case the Bank wants to capture any additional information regarding the agreement/customer, the Bank can capture the same by defining the User Defined Fields (UDF).

1.2.12. OT Options Module Maintenance

OT Options module has to be setup with the following furnished maintenances,

- Option Branch Parameter Maintenance
- Role To Head mapping Class Maintenance
- Accounting Event Class Maintenance
- OT Product Maintenance
- Floating Rate Source Maintenance
- DV Rate Type Maintenance
- DV Float Rate Code Maintenance
- Floating Rate Maintenance
- Advice Format Maintenance
- Other General Maintenance Needed For Branch

1.3. Product Code - COCS

COCS – CURRENCY OPTIONS TRADE CASH SETTLED

1.3.1. Business Scenario

The financial product COCS that is **Currency Options Trade Cash Settled** helps Corporate/Banks to speculate or hedge against adverse movements in exchange rates.

Targeted Customer Segment: Corporates/Banks who seek speculation/hedging against foreign currency risk.

1.3.2. Introduction

Product (COCS) covers the currency options of cash-settled trade type deals. Product (COCS) holds good for all the currency options types of both buy and sell with European, American as well as Bermudan style of expiry. The product covers the various kinds of exotic options (options with barriers).

1.3.3. Synopsis

- Covers all the CO types of **Yield-Based**.
- Payment\Settlement is done on the maturity date or exercise date provided the option is **In the Money**.
- European, American and Bermudan Expiry styles covered for CO’s.
- Amortization and Revaluation setup is done with daily frequency.
- All the Option Styles like
  - Plain Vanilla (Default)
  - Binary
  - Digital
  - No-Touch are covered.

1.3.4. Detailed Coverage

Currency Options can be cash settled as well as physically settled. Product COCS is meant for cash settled currency options.

Product COCS covers the following features:

Features	Type
Types of the Deal Covered	• Buy Deal • Sell Deal
Types of the Contract Covered	• Trade Deal • Hedge Deal
Delivery Type	• Cash
Currency Option Types Covered	• Call • Put
Option Styles Covered	• Plain Vanilla • Binary • Digital • No Touch
Expiry Style's covered	• European • American • Bermudan
Exotic Options covered	• Single Knock In (SKIN) • Single Knock Out (SKOT) • Double Knock In (DKIN) • Double Knock Out (DKOT)
Payment Method Covered	• Actual/365 – Per Annum Basis
Other Features Covered	• Amortization of Deferred Inception Gain for trade deals • Fair Value Revaluation

1.3.5. Events Covered

Product COCS has the Life Cycle as listed below:

Events Covered	Terminology
AMDG	Amortization of Deferred Gains-Hedg
AMND	Amendment Option Deal Contract

AMRT	Amortization Of Deferred Inception Gain
BOOK	Booking of the deal Contract
EXER	Exercise Of Option
EXPR	Expiry Of Option
EXST	Exercise Settlement Of Option
PRPT	Premium Payment\Premium Collection
REVL	Revaluation Of Option
REVR	Reversal Of Deal
RTFX	Rate Fixing
TERM	Termination of Option Contract

1.3.6. Advices Supported

Product COCS is setup with the following Advices:

Advices	Description
OT_CO_TRIG	Currency Options Barrier Event
OT_CO_CANC	Currency Options Cancellation
OT_CO_CONF	Currency Options Confirmation
OT_CO_DEAL_TKT	Currency Options Deal Ticket
OT_CO_TERM	Currency Options Termination Advice
OT_CO_TRIG	Currency Options Barrier Event
PAYMENT_MESSAGE	Payment Message
REVSWIFT	Cancellation of Contract

1.3.7. Messages

Product COCS is setup with the following list of SWIFT Messages:

SWIFT Messages	Contract Field
MT 306/MT305	CO Confirmation Message
MT 306/MT305	CO Amendment Message
MT 306/MT305	CO Termination Message
MT 306/MT305	CO Cancellation Message
MT 306/MT305	Currency Options Barrier Hit Message

1.3.8. Calculation of Premium/Charges/Brokerage

Premium

Product COCS enables the Premium Collection or Premium Payment through:

- **Option Premium** is expressed as a percentage of the notional principal / contract amount.
- **Option Premium** can be a flat amount as well.

Charges

In COCS product following Charge Component is parameterized

- Component - OTBOOKCHG - OT Options Booking Charge
- Rule - OTBKCHG - OT Options Booking Charge Rule
- Flat Amount GBP 125

Brokerage

COCS product is parameterized to handle Brokerage feature. The details are available below:

- Broker Identification\Code
- Rule Code: OTBROK

1.3.9. Special/Other Features

Product COCS covers the following special features:

- Limit Tracking Methods through which customer exposures are tracked,
  - Fair Value Limit Tracking
  - Notional Limit Tracking
  - Risk Weighted Limit Tracking
- Exotic Options (Options with barriers) are covered.
- Payment of Rebate Amount is covered on Knock out Of Options either at Hit or Maturity.

1.3.10. Reports Covered

OT Options module covers the following reports:

- Contract Revaluation Report
- Amortization Report

1.3.11. Additional information (UDF) and other Special Maintenance

In case the Bank wants to capture any additional information regarding the agreement/customer, Bank can capture the same by defining the User Defined Fields (UDF).

1.3.12. OT Options Module Maintenance

OT Options module has to be setup with the following furnished maintenances,

- Option Branch Parameter Maintenance
- Role To Head mapping Class Maintenance
- Accounting Event Class Maintenance
- OT Product Maintenance
- Currency Definition Maintenance
- Currency Pair Maintenance
- Currency Exchange Rate Maintenance
- Floating Rate Source Maintenance
- DV Rate Type Maintenance
- DV Float Rate Code Maintenance
- Floating Rate Maintenance
- Advice Format Maintenance
- Other General Maintenance Needed For Branch

1.4. Product Code - COPH

COPH – CURRENCY OPTIONS TRADE PHYSICALLY SETTLED

1.4.1. Business Scenario

The financial product COPH that is, **Currency Options Trade Physically Settled** helps Corporate/Banks to own or sell the underlying asset (underlying currency) when the options are exercised and hedge against adverse movements in exchange rates.

Targeted Customer Segment: Corporate/Banks who seeks hedging against foreign currency risk and thereby providing the opportunity to exchange the currencies if the option is found worth exchanging.

1.4.2. Introduction

Product COPH covers the currency options of physically settled trade type deals. Product COPH holds good for all the currency option types of both buy and sell with European, American as well as Bermudan style of expiry. Product covers the various kinds of exotic options (options with barriers). Using the product COPH an underlying Forex Spot Contract gets initiated on the exercise of the options which is to be physically settled.

1.4.3. Synopsis

- Covers all the CO types of **Price-Based**.
- Exchange of currency\Settlement is done on the maturity date or exercise date provided the option is **In the Money**.
- European, American and Bermudan Expiry styles covered for CO's.
- Amortization and Revaluation setup is done with daily frequency.
- Delta Accounting is covered in this product.

1.4.4. Detailed Coverage

Currency Options can be cash settled as well as physically settled. Product COPH is meant for physically settled currency options.

Product COPH covers the following features:

Features	Type
Types of the Deal Covered	• Buy Deal • Sell Deal
Types of the Contract Covered	• Trade Deal • Hedge Deal
Delivery Type	• Cash
Currency Option Types Covered	• Call • Put
Option Styles Covered	• Plain Vanilla • Binary • Digital • No Touch
Expiry Styles covered	• European • American • Bermudan

Other Features Covered	• Amortization of Deferred Inception Gain for trade deals • Fair Value Revaluation • Delta Accounting

1.4.5. Events Covered

Product COPH has the Life Cycle as listed below:

Events Covered	Terminology
BOOK	Booking of the deal
AMND	Amendment Of Option Deal
PRPT	Premium Payment\Premium Collection
KNIN	Knock In of Currency Options
KIST	Knock In Settlement
KNOT	Knock Out of Currency Options
KNST	Knock Out Settlement
DLTA	Delta Accounting For Options
EXER	Exercise Of Option
EXST	Exercise Settlement Of Option
AMRT	Amortization Of Deferred Inception Gain
REVL	Revaluation Of Option
EXPR	Expiry Of Option
REVR	Reversal Of Deal
TERM	Termination of Option Contract

1.4.6. Advices Supported

Product COPH is setup with the following Advices:

Advices	Description
OT_CO_TRIG	Currency Options Barrier Event
OT_CO_CANC	Currency Options Cancellation
OT_CO_CONF	Currency Options Confirmation
OT_CO_DEAL_TKT	Currency Options Deal Ticket
OT_CO_TERM	Currency Options Termination Advice
OT_CO_TRIG	Currency Options Barrier Event
PAYMENT_MESSAGE	Payment Message

REVSWIFT	Cancellation of Contract

1.4.7. Messages

Product COPH is setup with the following list of SWIFT Messages:

SWIFT Messages	Contract Field
MT 306/MT305	CO Confirmation Message
MT 306/MT305	CO Amendment Message
MT 306/MT305	CO Termination Message
MT 306/MT305	CO Cancellation Message
MT 306/MT305	Currency Options Barrier Hit Message

1.4.8. Calculation of Premium/Charges/Brokerage

Premium

Product COPH enables the Premium Collection or Premium Payment through:

- **Option Premium** is expressed as a percentage of the notional principal or contract amount.
- **Option Premium** can be a flat amount as well.

Charges

In COPH product following Charge Component is parameterized

- Component - OTBOOKCHG - OT Options Booking Charge
- Rule - OTBKCHG - OT Options Booking Charge Rule
- Flat Amount GBP 125

1.4.9. Special/Other Features

Product COPH covers the following special features:

- Exotic Options (Options with barriers) are covered.
- Auto Exercise as well as Manual Exercise is supported.
- Money will be settled through the foreign exchange spot deal (on exercise of the option).

1.4.10. Reports Covered

OT Options module covers the following reports:

- Contract Revaluation Report
- Amortization Report

1.4.11. Additional information (UDF) and other Special Maintenance

In case the Bank wants to capture any additional information regarding the agreement/customer, Bank can capture the same by defining the User Defined Fields (UDF).

1.4.12. OT Options Module Maintenance

OT Options module has to be setup with the following furnished maintenances,

- Option Branch Parameter Maintenance
- Role To Head mapping Class Maintenance
- Accounting Event Class Maintenance
- OT Product Maintenance
- Currency Definition Maintenance
- Currency Pair Maintenance
- Currency Exchange Rate Maintenance
- Floating Rate Source Maintenance
- DV Rate Type Maintenance
- DV Float Rate Code Maintenance
- Floating Rate Maintenance
- Advice Format Maintenance
- Foreign Exchange Related Maintenances
- Other General Maintenance Needed For Branch

1.5. Product Code - IRCH

IRCH – INTEREST RATE OPTIONS HEDGE CASH SETTLED

1.5.1. Business Scenario

The financial product IRCH that is, **Interest Rate Options Hedge Cash Settled** helps corporates/banks to provide the buyer with speculation or protection of underlying assets against an adverse movement in interest rates while providing the potential for profit in case of favorable movement of rates..

Targeted Customer Segment: Corporates/Banks who seek speculation/protection against adverse interest rate movement.

1.5.2. Introduction

Product IRCH covers the interest rate options of cash settled hedge type deals. Product IRCH holds good for all the interest rate option types of both buy and sell with European expiry style, the exception being the swaptions which has three expiration styles like European, American and Bermudan.

1.5.3. Synopsis

- Covers all the CO types of **Yield-Based**.
- Payment/Settlement is done on schedule basis based on the arrear/advance method of payment type.
- All IRO types covered uses only European style of expiry. Additionally American and Bermudan style are used by Swaptions.
- Amortization setup is done with daily frequency.

1.5.4. Detailed Coverage

Interest Rate Options can be cash settled as well as physically settled. Product IRCH is meant for cash settled interest rate options.

Product IRCH covers the following features:

Features	Type
Types of the Deal Covered	• Buy Deal
Types of the Contract Covered	• Trade Deal • Hedge Deal
Interest Rate Option Types Covered	• Caps • Floors

	• Collars • Corridors • Swaptions
Expiry Styles covered	• European for Caps, Floors, Collars, and Corridors • European/ American/ Bermudan for Swaptions
Payment Method Covered	• Actual/365 – Per Annum Basis • Arrears • Rate Fixing is Setup on the each Schedule and Reset Days is 0.
Amortization Covered	• Amortization of Deferred Inception Gain for Hedge deals. • Amortization of Deferred Time Value for Hedge deals.

1.5.5. Events Covered

Product IRCH has the Life Cycle as listed below:

Events Covered	Terminology
BOOK	Booking of the deal
AMND	Amendment Of Option Deal
PRPT	Premium Payment\Premium Collection
RTFX	Rate Fixing
EXER	Exercise Of Option
EXST	Exercise Settlement Of Option
AMDG	Amortization Of Deferred Termination Gain(For Hedge Deals)
REVL	Amortization Of Deferred Time Value Of Option Premium(For Hedge Deals)
EXPR	Expiry Of Option
REVR	Reversal Of Deal
TERM	Termination of Option Contract

1.5.6. Advices Supported

Product IRCH is setup with the following Advices:

Advices	Description
OT_IRO_AMND	IRO Amendment Advice
OT_IRO_CANC	IRO Cancellation
OT_IRO_CONF	IRO Confirmation
OT_IRO_DEAL_TKT	IRO Deal Ticket
OT_IRO_TERM	IRO Termination Advice
PAYMENT_MESSAGE	Payment Message
REVSWIFT	Cancellation of Contract

1.5.7. Messages

Product IRCH is setup with the following list of SWIFT Messages:

SWIFT Messages	Contract Field
MT 360	IRO Confirmation Message
MT 360	IRO Amendment Message
MT 364	IRO Termination Message
MT 360	IRO Cancellation Advice
MT 362	Rate Rest Message

1.5.8. Calculation of Premium/Charges/Brokerage

Premium

Product IRCH enables the Premium Collection or Premium Payment through:

- Option Premium is expressed as a percentage of the notional principal / contract amount.
- Option Premium can be a flat amount as well.

Charges

In IRCH product following Charge Component is parameterized

- Component - OTBOOKCHG - OT Options Booking Charge
- Rule - OTBKCHG - OT Options Booking Charge Rule
- Flat Amount GBP 125

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1.5.9. Special/Other Features

Product IRCH covers the special features:

Only Manual Exercise is supported for all IRO types except Swaptions which is Auto as well as Manual Exercisable.

1.5.10. Reports Covered

OT Options module covers the following reports:

- Contract Revaluation Report
- Rate Fixing Report

1.5.11. Additional information (UDF) and other Special Maintenance

In case the Bank wants to capture any additional information regarding the agreement\customer, the same could be captured by defining the User Defined Fields (UDF).

1.5.12. OT Options Module Maintenance

OT Options module has to be setup with the following furnished maintenances,

- Option Branch Parameter Maintenance
- Role To Head mapping Class Maintenance
- Accounting Event Class Maintenance
- OT Product Maintenance
- Floating Rate Source Maintenance
- DV Rate Type Maintenance
- DV Float Rate Code Maintenance
- Floating Rate Maintenance
- Advice Format Maintenance
- Other General Maintenance Needed For Branch

1.6. Product Code - COCH

COCH – CURRENCY OPTIONS HEDGE CASH SETTLED

1.6.1. Business Scenario

The financial product COCH that is, **Currency Options Hedge Cash Settled** helps Corporate/Banks to speculate or hedge against adverse movements in exchange rates.

Targeted Customer Segment: Corporate/Banks who seeks speculation/hedging against foreign currency risk.

1.6.2. Introduction

Product COCH covers the currency options of cash-settled hedge type deals. Product COCH holds good for all the currency options types of both buy and sell with European, American as well as Bermudan style of expiry. The product covers the various kinds of exotic options (options with barriers).

1.6.3. Synopsis

- Covers all the CO types of **Yield-Based**.
- Payment\Settlement is done on the maturity date or exercise date provided the option is **In the Money**.
- European, American and Bermudan Expiry styles covered for CO's.
- Amortization setup is done with daily frequency.
- All the Option Styles like
- Plain Vanilla (Default)
- Binary
- Digital
- No Touch are covered.

1.6.4. Detailed Coverage

Currency Options can be cash settled as well as physically settled. Product COCH is meant for cash settled currency options.

Product COCH covers the following features:

Features	Type
Types of the Deal Covered	• Buy Deal
Types of the Contract Covered	• Trade Deal

	• Hedge Deal
Currency Option Types Covered	• Call • Put
Option Styles Covered	• Plain Vanilla • Binary • Digital • No Touch
Expiry Styles covered	• European • American • Bermudan
Exotic Options covered	• Single Knock In (SKIN) • Single Knock Out (SKOT) • Double Knock In (DKIN) • Double Knock Out (DKOT)
Payment Method Covered	• Actual/365 – Per Annum Basis
Other Features Covered	• Amortization of Deferred Termination gain for hedge deals • Amortization of Deferred Time Value for hedge deals

1.6.5. Events Covered

Product COCH has the Life Cycle as listed below:

Events Covered	Terminology
BOOK	Booking of the deal
AMND	Amendment Of Option Deal
PRPT	Premium Payment/Premium Collection
KNIN	Knock In of Currency Options
KIST	Knock In Settlement
KNOT	Knock Out of Currency Options
KNST	Knock Out Settlement
EXER	Exercise Of Option
EXST	Exercise Settlement Of Option
AMDG	Amortization Of Deferred Termination Gain(For Hedge Deals)
REVL	Amortization Of Deferred Time Value Of Option Premium(For Hedge Deals)

EXPR	Expiry Of Option
REVR	Reversal Of Deal
TERM	Termination of Option Contract

1.6.6. Advices Supported

Product COCH is setup with the following Advices:

Advices	Description
OT_CO_TRIG	Currency Options Barrier Event
OT_CO_CANC	Currency Options Cancellation
OT_CO_CONF	Currency Options Confirmation
OT_CO_DEAL_TKT	Currency Options Deal Ticket
OT_CO_TERM	Currency Options Termination Advice
OT_CO_TRIG	Currency Options Barrier Event
PAYMENT_MESSAGE	Payment Message
REVSWIFT	Cancellation of Contract

1.6.7. Messages

Product COCH is setup with the following list of SWIFT Messages:

SWIFT Messages	Contract Field
MT 306/MT305	CO Confirmation Message
MT 306/MT305	CO Amendment Message
MT 306/MT305	CO Termination Message
MT 306/MT305	CO Cancellation Message
MT 306/MT305	Currency Options Barrier Hit Message

1.6.8. Calculation of Premium/Charges/Brokerage

Premium

Product COCH enables the Premium Collection or Premium Payment through:

- **Option Premium** is expressed as a percentage of the notional principal / contract amount.
- **Option Premium** can be a flat amount as well.

Charges

In COCH product following Charge Component is parameterized

- Component - OTBOOKCHG - OT Options Booking Charge
- Rule - OTBKCHG - OT Options Booking Charge Rule
- Flat Amount GBP 125

1.6.9. Special/Other Features

Product COCH covers the following special features:

- Exotic Options (Options with barriers) are covered.
- Payment of Rebate Amount is covered on Knock out Of Options either at Hit or Maturity.

1.6.10. Reports Covered

OT Options module covers the following reports:

- Contract Revaluation Report
- Amortization Report

1.6.11. Additional information (UDF) and other Special Maintenance

In case the Bank wants to capture any additional information regarding the agreement/customer, Bank can capture the same by defining the User Defined Fields (UDF).

1.6.12. OT Options Module Maintenance

OT Options module has to be setup with the following furnished maintenances,

- Option Branch Parameter Maintenance
- Role To Head mapping Class Maintenance
- Accounting Event Class Maintenance
- OT Product Maintenance
- Currency Definition Maintenance
- Currency Pair Maintenance
- Currency Exchange Rate Maintenance
- Floating Rate Source Maintenance
- DV Rate Type Maintenance
- DV Float Rate Code Maintenance
- Floating Rate Maintenance
- Advice Format Maintenance
- Other General Maintenance Needed For Branch

1.7. Product Code - COHH

COHH – CURRENCY OPTIONS HEDGE PHYSICALLY SETTLED

1.7.1. Business Scenario

The financial product COHH that is **Currency Options Hedge Physically Settled** helps Corporate/Banks to own or sell the underlying asset (underlying currency) when the options are exercised and hedge against adverse movements in exchange rates.

Targeted Customer Segment: Corporate/Banks who seeks hedging against foreign currency risk and thereby providing the opportunity to exchange the currencies if the option is found worth exchanging.

1.7.2. Introduction

Product COHH covers the currency options of physically settled hedge type deals. Product COHH holds good for all the currency options types of both buy and sell with European, American as well as Bermudan style of expiry. The product covers the various kinds of exotic options (options with barriers). Using the product COHH, an underlying Forex Spot Contract gets initiated on the exercise of the options which is to be settled physically.

1.7.3. Synopsis

- Covers all the CO types of **Price-Based**.
- Exchange of currency\Settlement is done on the maturity date or exercise date provided the option is **In the Money**.
- European, American and Bermudan Expiry styles covered for CO's.
- Amortization setup is done with daily frequency.
- Delta Accounting is covered in this product.

1.7.4. Detailed Coverage

Currency Options can be cash settled as well as physically settled. Product COHH is meant for cash settled currency options.

Product COHH covers the following features:

Features	Type
Types of the Deal Covered	• Buy Deal
Types of the Contract Covered	• Trade Deal

	• Hedge Deal
Currency Option Types Covered	• Call • Put
Option Styles Covered	• Plain Vanilla • Binary • Digital • No Touch
Expiry Styles covered	• European • American • Bermudan
Payment Method Covered	• Actual/365 – Per Annum Basis
Other Features Covered	• Amortization of Deferred Termination gain for hedge deals • Amortization of Deferred Time Value for hedge deals • Delta Accounting

1.7.5. Events Covered

Product COHH has the Life Cycle as listed below:

Events Covered	Terminology
BOOK	Booking of the deal
AMND	Amendment Of Option Deal
PRPT	Premium Payment/Premium Collection
KNIN	Knock In of Currency Options
KIST	Knock In Settlement
KNOT	Knock Out of Currency Options
KNST	Knock Out Settlement
DLTA	Delta Accounting For Options
EXER	Exercise Of Option
EXST	Exercise Settlement Of Option
AMDG	Amortization Of Deferred Termination Gain(For Hedge Deals)
REVL	Amortization Of Deferred Time Value Of Option Premium(For Hedge Deals)
EXPR	Expiry Of Option

REVR	Reversal Of Deal
TERM	Termination of Option Contract

1.7.6. Advices Supported

Product COHH is setup with the following Advices:

Advices	Description
OT_CO_TRIG	Currency Options Barrier Event
OT_CO_CANC	Currency Options Cancellation
OT_CO_CONF	Currency Options Confirmation
OT_CO_DEAL_TKT	Currency Options Deal Ticket
OT_CO_TERM	Currency Options Termination Advice
OT_CO_TRIG	Currency Options Barrier Event
PAYMENT_MESSAGE	Payment Message
REVSWIFT	Cancellation of Contract

1.7.7. Messages

Product COHH is setup with the following list of SWIFT Messages:

SWIFT Messages	Contract Field
MT 306/MT305	CO Confirmation Message
MT 306/MT305	CO Amendment Message
MT 306/MT305	CO Termination Message
MT 306/MT305	CO Cancellation Message
MT 306/MT305	Currency Options Barrier Hit Message

1.7.8. Calculation of Premium/Charges/Brokerage

Premium

Product COHH enables the Premium Collection or Premium Payment through:

- **Option Premium** is expressed as a percentage of the notional principal / contract amount.
- **Option Premium** can be a flat amount as well.

Charges

In COHH product following Charge Component is parameterized

- Component - OTBOOKCHG - OT Options Booking Charge
- Rule - OTBKCHG - OT Options Booking Charge Rule
- Flat Amount GBP 125

1.7.9. Special/Other Features

Product COHH covers the following special features:

- Exotic Options (Options with barriers) are covered.
- Payment of Rebate Amount is covered on Knock out Of Options either at Hit or Maturity.

1.7.10. Reports Covered

OT Options module covers the following reports:

- Contract Revaluation Report
- Amortization Report

1.7.11. Additional information (UDF) and other Special Maintenance

In case the Bank wants to capture any additional information regarding the agreement/customer, Bank can capture the same by defining the User Defined Fields (UDF).

1.7.12. OT Options Module Maintenance

OT Options module has to be setup with the following furnished maintenances,

- Option Branch Parameter Maintenance
- Role To Head mapping Class Maintenance
- Accounting Event Class Maintenance
- OT Product Maintenance
- Currency Definition Maintenance
- Currency Pair Maintenance
- Currency Exchange Rate Maintenance
- Floating Rate Source Maintenance
- DV Rate Type Maintenance
- DV Float Rate Code Maintenance
- Floating Rate Maintenance
- Advice Format Maintenance
- Other General Maintenance Needed For Branch

1.8. Product Code - COET

COET – CURRENCY OPTIONS TRADE EXTERNAL DELIVERY

1.8.1. Business Scenario

The financial product COET that is **Currency Options External Settled** helps Corporate/Banks to speculate or hedge against adverse movements in exchange rates.

Targeted Customer Segment: Corporates/Banks who seek speculation/hedging against foreign currency risk.

1.8.2. Introduction

Product (COET) covers the currency options of external-settled trade type deals. It holds good for all the currency options types of both buy and sell with European, American as well as Bermudan style of expiry. The product covers the various kinds of exotic options (options with barriers).

1.8.3. Synopsis

- Covers all the CO types of **Yield-Based**.
- Payment\Settlement is done on the maturity date or exercise date provided the option is **In the Money**.
- European, American and Bermudan Expiry styles covered for CO's.
- Amortization and Revaluation setup is done with daily frequency.
- All the Option Styles like
    - Plain Vanilla (Default)
    - Binary
    - Digital
    - No-Touch are covered.

1.8.4. Detailed Coverage

Currency Options can be external settled as well as physically settled. COET is meant for external settled currency options.

Product COET covers the following features:

Features	Type
Types of the Deal Covered	• Buy Deal • Sell Deal
Types of the Contract Covered	• Trade Deal

	• Hedge Deal
Delivery Type	• Cash
Currency Option Types Covered	• Call • Put
Option Styles Covered	• Plain Vanilla • Binary • Digital • No Touch
Expiry Style's covered	• European • American • Bermudan
Exotic Options covered	• Single Knock In (SKIN) • Single Knock Out (SKOT) • Double Knock In (DKIN) • Double Knock Out (DKOT)
Payment Method Covered	• Actual/365 – Per Annum Basis
Other Features Covered	• Amortization of Deferred Inception Gain for trade deals • Fair Value Revaluation

1.8.5. Events Covered

Product COET has the Life Cycle as listed below:

Events Covered	Terminology
AMDG	Amortization of Deferred Gains-Hedg
AMND	Amendment Option Deal Contract
AMRT	Amortization Of Deferred Inception Gain
BOOK	Booking of the deal Contract
EXER	Exercise Of Option
EXPR	Expiry Of Option
EXST	Exercise Settlement Of Option
PRPT	Premium Payment\Premium Collection
REVL	Revaluation Of Option
REVR	Reversal Of Deal
RTFX	Rate Fixing
TERM	Termination of Option Contract

1.8.6. Advices Supported

Product COET is setup with the following Advices:

Advices	Description
OT_CO_TRIG	Currency Options Barrier Event
OT_CO_CANC	Currency Options Cancellation
OT_CO_CONF	Currency Options Confirmation
OT_CO_DEAL_TKT	Currency Options Deal Ticket
OT_CO_TERM	Currency Options Termination Advice
OT_CO_TRIG	Currency Options Barrier Event
PAYMENT_MESSAGE	Payment Message
REVSWIFT	Cancellation of Contract

1.8.7. Messages

Product COET is setup with the following list of SWIFT Messages:

SWIFT Messages	Contract Field
MT 306/MT305	CO Confirmation Message
MT 306/MT305	CO Amendment Message
MT 306/MT305	CO Termination Message
MT 306/MT305	CO Cancellation Message
MT 306/MT305	Currency Options Barrier Hit Message

1.8.8. Calculation of Premium/Charges/Brokerage

Premium

Product COET enables the Premium Collection or Premium Payment through:

- **Option Premium** is expressed as a percentage of the notional principal / contract amount.
- **Option Premium** can be a flat amount as well.

Charges

In COET product, the following Charge Component is parameterized

- Component - OT_CHARGE - OT Options Booking Charge
- Rule - OTBKCHG - OT Options Booking Charge Rule
- Flat Amount GBP 125

Brokerage

COCS product is parameterized to handle Brokerage feature. The details are available below:

- Broker Identification\Code
- Rule Code: OTBROK

1.8.9. Special/Other Features

Product COCS covers the following special features:

- Limit Tracking Methods through which customer exposures are tracked,
    - Fair Value Limit Tracking
    - Notional Limit Tracking
    - Risk Weighted Limit Tracking
- Exotic Options (Options with barriers) are covered.
- Payment of Rebate Amount is covered on Knock out Of Options either at Hit or Maturity.

1.8.10. Reports Covered

OT Options module covers the following reports:

- Contract Revaluation Report
- Amortization Report

1.8.11. Additional information (UDF) and other Special Maintenance

In case the Bank wants to capture any additional information regarding the agreement/customer, Bank can capture the same by defining the User Defined Fields (UDF).

1.8.12. OT Options Module Maintenance

OT Options module has to be setup with the following furnished maintenances,

- Option Branch Parameter Maintenance
- Role To Head mapping Class Maintenance

- Accounting Event Class Maintenance
- OT Product Maintenance
- Currency Definition Maintenance
- Currency Pair Maintenance
- Currency Exchange Rate Maintenance
- Floating Rate Source Maintenance
- DV Rate Type Maintenance
- DV Float Rate Code Maintenance
- Floating Rate Maintenance
- Advice Format Maintenance
- Other General Maintenance Needed For Branch

1.9. Product Code - IRFR

IRFR – INTEREST RATE OPTIONS TRADE CASH SETTLED

1.9.1. Business Scenario

The financial product IRFR that is, **Interest Rate Options Trade Cash Settled** helps corporates/banks to provide the buyer with speculation or protection of underlying assets against an adverse movement in interest rates while providing the potential for profit in case of favorable movement of rates.

Targeted Customer Segment: Corporates/Banks who seek speculation/protection against adverse interest rate movement.

1.9.2. Introduction

Product IRFR covers the interest rate options of cash settled trade type deals. Product IRFR holds good for all the interest rate option types of both buy and sell with European expiry style, the exception being the swaptions which has three expiration styles like European, American and Bermudan.

1.9.3. Synopsis

- Covers all the IRO types of Yield-Based
- Payment\Settlement is done on schedule basis based on the arrear\advance method of payment type.

- All IRO types covered uses only European style of expiry. Additionally American and Bermudan style are used by Swaptions.
- Amortization and Revaluation setup is done with daily frequency.
- This instrument product supports risk free rates and supports all arrear Methods.
- Issued by a large banks and corporations
- IRFR product is configured with Alternate Risk Free Rate preference as Plain Method but it can be changed to any of the arrear method and also the below combination methods:
    - Lookback and Lockout
    - Lookback, Lockout, and Payment Delay

1.9.4. Detailed Coverage

Interest Rate Options can be cash settled as well as physically settled. Product IRFR is meant for cash settled interest rate options. Product IRFR covers the following features:

Features	Type
Types of the Deal Covered	• Buy Deal • Sell Deal
Types of the Contract Covered	• Trade Deal
Delivery Type	• Cash
Interest Rate Option Types Covered	• Caps • Floors • Collars • Corridors and • Swaptions
Expiry Style's Covered	• European for Caps, Floors, Collars, Corridors • European\American\Bermudan for Swaptions
Payment Method Covered	• Actual/365 – Per Annum Basis • Arrears • Rate Fixing is setup on the each Schedule End Date and Reset Days is 0

1.9.5. Events Covered

Product IRFR has the Life Cycle as listed below:

Events Covered	Description
AMDG	Amortization of Deferred Gains-Hedg
AMND	Amendment Option Deal Contract
AMRT	Amortization Of Deferred Inception Gain
BOOK	Booking of the deal Contract
EXER	Exercise Of Option
EXPR	Expiry Of Option
EXST	Exercise Settlement Of Option
PRPT	Premium Payment\Premium Collection
REVL	Revaluation Of Option
REVR	Reversal Of Deal
RTFX	Rate Fixing
TERM	Termination of Option Contract

1.9.6. Advices Supported

Product IRFR is setup with the following list of Advices:

Advices	Description
OT_IRO_AMND	IRO Amendment Advice
OT_IRO_CANC	IRO Cancellation
OT_IRO_CONF	IRO Confirmation
OT_IRO_DEAL_TKT	IRO Deal Ticket
OT_IRO_TERM	IRO Termination Advice
PAYMENT_MESSAGE	Payment Message
REVSWIFT	Cancellation of Contract

1.9.7. Messages

Product IRFR is setup with the following list of SWIFT Messages:

SWIFT Messages	Contract Field
MT 360	IRO Confirmation Message

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MT 360	IRO Amendment Message
MT 364	IRO Termination Message
MT 360	IRO Cancellation Advice
MT 362	Rate Reset Message
MT 202	Bank Transfer
MT 205	Bank Institutional Transfer

1.9.8. Premium/Charges/Brokerage

Premium

Product IRFR enables the Premium Collection or Premium Payment through:

- **Option Premium** is expressed as a percentage of the notional principal / contract amount.
- **Option Premium** can be a flat amount as well.

1.9.9. OT Options Module Maintenance

OT Options module has to be setup with the following furnished maintenances,

- Option Branch Parameter Maintenance
- Role To Head mapping Class Maintenance
- Accounting Event Class Maintenance
- OT Product Maintenance
- Floating Rate Source Maintenance
- DV Rate Type Maintenance
- DV Float Rate Code Maintenance
- Floating Rate Maintenance
- Advice Format Maintenance

1.10. Product Code - IRFS

IRFS – INTEREST RATE OPTIONS TRADE CASH SETTLED

1.10.1. Business Scenario

The financial product IRFS that is, **Interest Rate Options Trade Cash Settled** helps corporates/banks to provide the buyer with speculation or protection of underlying assets against an adverse movement in interest rates while providing the potential for profit in case of favorable movement of rates.

Targeted Customer Segment: Corporates/Banks who seek speculation/protection against adverse interest rate movement.

1.10.2. Introduction

Product IRFS covers the interest rate options of cash settled trade type deals. Product IRFS holds good for all the interest rate option types of both buy and sell with European expiry style, the exception being the swaptions which has three expiration styles like European, American and Bermudan.

1.10.3. Synopsis

- Covers all the IRO types of Yield-Based
- Payment\Settlement is done on schedule basis based on the advance method of payment type.
- All IRO types covered uses only European style of expiry. Additionally American and Bermudan style are used by Swaptions.
- Amortization and Revaluation setup is done with daily frequency.
- This instrument product supports risk free rates and supports all arrear Methods.
- Issued by a large banks and corporations
- IRFS product is configured with Alternate Risk Free Rate preference as Plain Method but it can be changed to any of the arrear method and also the below combination methods:
    - Lookback and Lockout
    - Lookback, Lockout, and Payment Delay

1.10.4. Detailed Coverage

Interest Rate Options can be cash settled as well as physically settled. Product IRFR is meant for cash settled interest rate options. Product IRFR covers the following features:

Features	Type
Types of the Deal Covered	• Buy Deal • Sell Deal
Types of the Contract Covered	• Trade Deal
Delivery Type	• Cash

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Interest Rate Option Types Covered	• Caps • Floors • Collars • Corridors and • Swaptions
Expiry Style's Covered	• European for Caps, Floors, Collars, Corridors • European\American\Bermudan for Swaptions
Payment Method Covered	• Actual/365 – Per Annum Basis • Arrears • Rate Fixing is setup on the each Schedule End Date and Reset Days is 0

1.10.5. Events Covered

Product IRFR has the Life Cycle as listed below:

Events Covered	Description
AMDG	Amortization of Deferred Gains-Hedg
AMND	Amendment Option Deal Contract
AMRT	Amortization Of Deferred Inception Gain
BOOK	Booking of the deal Contract
EXER	Exercise Of Option
EXPR	Expiry Of Option
EXST	Exercise Settlement Of Option
PRPT	Premium Payment\Premium Collection
REVL	Revaluation Of Option
REVR	Reversal Of Deal
RTFX	Rate Fixing
TERM	Termination of Option Contract

1.10.6. Advices Supported

Product IRFR is setup with the following list of Advices:

Advices	Description
OT_IRO_AMND	IRO Amendment Advice
OT_IRO_CANC	IRO Cancellation
OT_IRO_CONF	IRO Confirmation
OT_IRO_DEAL_TKT	IRO Deal Ticket
OT_IRO_TERM	IRO Termination Advice
PAYMENT_MESSAGE	Payment Message
REVSWIFT	Cancellation of Contract

1.10.7. Messages

Product IRFR is setup with the following list of SWIFT Messages:

SWIFT Messages	Contract Field
MT 360	IRO Confirmation Message
MT 360	IRO Amendment Message
MT 364	IRO Termination Message
MT 360	IRO Cancellation Advice
MT 362	Rate Reset Message
MT 202	Bank Transfer
MT 205	Bank Institutional Transfer

1.10.8. Premium/Charges/Brokerage

Premium

Product IRFR enables the Premium Collection or Premium Payment through:

- **Option Premium** is expressed as a percentage of the notional principal / contract amount.
- **Option Premium** can be a flat amount as well.

1.10.9. OT Options Module Maintenance

OT Options module has to be setup with the following furnished maintenances,

- Option Branch Parameter Maintenance
- Role To Head mapping Class Maintenance

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- Accounting Event Class Maintenance
- OT Product Maintenance
- Floating Rate Source Maintenance
- DV Rate Type Maintenance
- DV Float Rate Code Maintenance
- Floating Rate Maintenance
- Advice Format Maintenance

1.11. General Maintenance Needed For Branch

The following the following furnished maintenances are required for Branch maintenance:

- Branch Parameters Maintenance
- Contract Fair Values Maintenance
- Limit Tracking (other) Details Maintenance