

Product Catalogue – Islamic Derivatives Module

# Oracle Banking Treasury Management

Accelerator Pack 14.6.0.0.0

Part No. F56497-01

The Oracle Financial Services logo is centered on the page. It features the word "ORACLE" in a large, bold, red, sans-serif font. A horizontal red line is positioned directly beneath the "ORACLE" text. Below this line, the words "FINANCIAL SERVICES" are written in a smaller, black, sans-serif font. The background of the page is a light blue and grey geometric pattern consisting of overlapping, semi-transparent shapes that create a sense of depth and movement.

## Product Catalogue – Islamic Derivatives Module

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# 1. Product Catalogue - Treasury – Islamic Derivatives

This chapter describes the product of this module in the following sections:

## 1.1. Product Code - IDRS

**IDRS – Islamic Rate Derivatives Swap**

### 1.1.1. Business Scenario

Profit Rate Derivatives Swap is parameterized with below mentioned features.

### 1.1.2. Synopsis (ex. high level features etc.)

- It is an Islamic Derivative swap.
- Perform Trade operation of CCS.
- Banks, Dealers and Financial Institutions are the main participants.
- Two legs of the swap are denominated in different currencies.
- Exchange of Principal at the prevailing spot exchange rate with an agreement to reverse the exchange of currencies, at the same spot exchange rate, at a fixed date in the future.
- Interest payments happen on maturity of Swap.

### 1.1.3. Detailed Coverage

IDRS Derivative Instrument is meant for Islamic Derivative Swap Trade Deal. Product covers the following features:

Features	Type
Types of the Deal Covered	Buy Deal
Types of the Contract Covered	Trade Deal
Payment Method Covered	Actual/365 – Per Annum Basis
Revaluation Covered	Fair Value Revaluation of deal
Amortization	Amortization of Termination Gain/Loss
Limit Tracking	<ul style="list-style-type: none"><li>• Notional Limit Tracking</li><li>• Fair Value Limit Tracking</li><li>• Risk Weighted Limit Tracking</li></ul>
Interest Settlement	Net Interest Settlement
Termination of Deal	Pre - Termination
Interest Rate details	<ul style="list-style-type: none"><li>• Floating Rate Interest</li><li>• Fixed Rate Interest</li></ul>

#### 1.1.4. Events covered (including brief info. on accounting)

To meet the Life Cycle of Cross Currency Swap following events are parameterized in IDRS product.

Events Covered	Terminology
DAMN	Derivative Contract Amendment
DBOK	Derivative Deal Booking
DIAC	Contract Profit Accrual
DIAM	Derivative Contract Inception Amortization
DINT	Derivative Deal Initiation
DILQ	Contract Profit Liquidation
DPLQ	Contract Principal Liquidation
DRRL	Derivative Revaluation Reversal
DRVL	Derivative Contract Revaluation
DRVN	Derivative Contract Rate Revision
DRVS	Derivative Contract Reversal
DTAM	Contract Termination Amortization
DTRB	Booking of Termination Date
DTER	Derivative Contract Termination

#### 1.1.5. Advices Supported

Following Advices setup done in the IDRS Product as part of Product Life Cycle.

Advices	
IRS_AMEND	IRS Amendment
IRS_CONFR	IRS Contract Confirmation
IRS_TERMN	IRS Termination
DV_ASSIGN_1	Assignment Adv to Deal Party
DV_ASSIGN_2	Assignment Adv to Assigning Party
DV_ASSUME_1	Assumption Adv to Deal Party
DV_ASSUME_2	Assumption Adv to Assigning Party

#### 1.1.6. Messages

Following SWIFT Messages setup done in the IDRS product as part of product life cycle.

SWIFT Messages	Contract Field
MT 361	CCS Contract Confirmation
MT 361	CCS Amendment
MT 362	DV Rate Reset
MT 365	CCS Termination
MT 900	Debit Message
MT 910	Credit Message
MT 202	Bank Transfer

### 1.1.7. Interest / Charges / Commission and Fees

#### Interest

In IDRS product two Interest components are parameterized

- DV\_INT\_IN - Derivative In Leg Interest Component Floating
- DV\_IT\_OUT - Derivative Out Leg Interest Component Fixed

#### Charges

In IDRS product following Charge components are parameterized

- DV\_BK\_CHRG - Derivative Booking Charge
- DV\_AM\_CHRG - Derivative Amendment Charge
- DV\_TM\_CHRG - Derivative Termination Charge

### 1.1.8. Special/Other Features

#### Other Features

Apart from the above mentioned features, following features can be parameterized.

Features	Parameters
Revaluation	<ul style="list-style-type: none"><li>• Contract Rate</li><li>• Branch Rate</li></ul>
Interest Calculation Basis	Numerator <ul style="list-style-type: none"><li>• 30-Euro</li><li>• 30-US</li><li>• Actual</li><li>• 30-ISDA</li><li>• 30-PSA</li><li>• Actual-Japanese</li></ul>
Denominator	<ul style="list-style-type: none"><li>• 360</li><li>• 365</li><li>• Actual</li></ul>

### 1.1.9. Reports Availability

Following are the pre-defined BIP Reports available in OBTR as part of Derivative IDRS Deal.

- Back Dated Contracts Report
- Contract Activity Report
- Contract Revaluation Report
- Deal Cust Detailed Report
- Deal Cust Summary Report
- Exception Report

- Interest Accrual Report
- Settled Contracts Report

### **1.1.10. Additional information (ex. UDF and other Special Maintenance)**

#### **Other Special Maintenance**

Following are the Maintenance Required in OBTR to use the IDRS product for Derivative Forward Deals.

- Derivative Branch Parameter
- General Ledger Parameter
- Interest and Charges Parameter
- Journal Entry Parameter
- Messaging Parameter
- Local Holidays
- Derivative Batch Maintenance
- Derivative Type Maintenance
- Master Agreement
- Messaging Party Maintenance
- Limit Processing
- Charge Class
- Tax Scheme Class

## **1.2. Product Code - IDVR**

**IDVR – Islamic Rate Derivatives Swap**

### **1.2.1. Business Scenario**

Profit Rate Derivatives Swap is parameterized with below mentioned features.

### **1.2.2. Synopsis (ex. high level features etc.)**

- It is an Islamic Derivative swap.
- Perform Trade operation of CCS.
- Banks, Dealers and Financial Institutions are the main participants.
- Two legs of the swap are denominated in different currencies.
- Exchange of Principal at the prevailing spot exchange rate with an agreement to reverse the exchange of currencies, at the same spot exchange rate, at a fixed date in the future.



- Interest payments happen on maturity of Swap.

### 1.2.3. Detailed Coverage

IDVR Derivative Instrument is meant for Islamic Derivative Swap Trade Deal. Product covers the following features:

Features	Type
Types of the Deal Covered	Buy Deal
Types of the Contract Covered	Trade Deal
Payment Method Covered	Actual/365 – Per Annum Basis
Revaluation Covered	Fair Value Revaluation of deal
Amortization	Amortization of Termination Gain/Loss
Limit Tracking	<ul style="list-style-type: none"> <li>• Notional Limit Tracking</li> <li>• Fair Value Limit Tracking</li> <li>• Risk Weighted Limit Tracking</li> </ul>
Interest Settlement	Net Interest Settlement
Termination of Deal	Pre - Termination
Interest Rate details	<ul style="list-style-type: none"> <li>• Floating Rate Interest</li> <li>• Fixed Rate Interest</li> </ul>

### 1.2.4. Events covered (including brief info. on accounting)

To meet the Life Cycle of Cross Currency Swap following events are parameterized in IDVR product.

Events Covered	Terminology
DAMN	Derivative Contract Amendment
DBOK	Derivative Deal Booking
DIAC	Contract Profit Accrual
DIAM	Derivative Contract Inception Amortization
DINT	Derivative Deal Initiation
DILQ	Contract Profit Liquidation
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DTAM	Contract Termination Amortization
DTRB	Booking of Termination Date
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### 1.2.5. Advices Supported

Following Advices setup done in the IDVR Product as part of Product Life Cycle.

Advices	
IRS_AMEND	IRS Amendment
IRS_CONFR	IRS Contract Confirmation
IRS_TERMN	IRS Termination

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### 1.2.7. Interest / Charges / Commission and Fees

#### Interest

In IDVR product two Interest components are parameterized

- DV\_INT\_IN - Derivative In Leg Interest Component Floating
- DV\_IT\_OUT - Derivative Out Leg Interest Component Fixed

### 1.2.8. Special/Other Features

#### Other Features

Apart from the above mentioned features, following features can be parameterized.

Features	Parameters
Revaluation	<ul style="list-style-type: none"> <li>• Contract Rate</li> <li>• Branch Rate</li> </ul>
Interest Calculation Basis	Numerator <ul style="list-style-type: none"> <li>• 30-Euro</li> <li>• 30-US</li> <li>• Actual</li> <li>• 30-ISDA</li> <li>• 30-PSA</li> <li>• Actual-Japanese</li> </ul>
Denominator	<ul style="list-style-type: none"> <li>• 360</li> <li>• 365</li> <li>• Actual</li> </ul>

### 1.2.9. Reports Availability

Following are the pre-defined BIP Reports available in OBTR as part of Derivative IDVR Deal.

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- Contract Activity Report
- Contract Revaluation Report
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- Deal Cust Summary Report
- Exception Report
- Interest Accrual Report
- Settled Contracts Report

#### **1.2.10. Additional information (ex. UDF and other Special Maintenance)**

##### **Other Special Maintenance**

Following are the Maintenance Required in OBTR to use the IDRS product for Derivative Forward Deals.

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- General Ledger Parameter
- Interest and Charges Parameter
- Journal Entry Parameter
- Messaging Parameter
- Local Holidays
- Derivative Batch Maintenance
- Derivative Type Maintenance
- Master Agreement
- Messaging Party Maintenance
- Limit Processing
- Charge Class
- Tax Scheme Class

## **2. ANNEXURE**

Refer to the attached Event Accounting Excel.