



Collateral Margin & Settlement Netting User Guide

Oracle Banking Treasury Management

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1. Preface

1.1 Introduction

This manual is intended as a guide to help you maintain and process collateral margin and settlement netting that are applicable to a transaction involving a product in Oracle Banking Treasury Management.

You can further obtain information specific to a field by placing the cursor on the relevant field and striking <F1> on the keyboard.

1.2 Audience

This manual is intended for the back-office operations staff in charge of setting up collateral and netting agreements with other parties, agreeing the collateral margining and settlement netting arrangements for trades, verifying margin calls and net settling collateral and cashflows with the respective parties.

1.3 Documentation Accessibility

For information about Oracle's commitment to accessibility, visit the Oracle Accessibility Program website at: <http://www.oracle.com/pls/topic/lookup?ctx=acc&id=docacc>

1.4 Abbreviations

This User Manual uses the following abbreviations.

Table 1.1: Abbreviations

Acronym	Abbreviation
BBBS	Bank Buy Bank Sell
BBCS	Bank Buy Customer Sell
CBBS	Customer Buy Bank Sell
CCP	Central Counterparty
COLL	Collateral
CP	Counterparty
CSAX	Credit Support Annex
DBV	Deliveries By Value
DVP	Delivery Versus Payment
FX	Foreign Exchange
GL	General Ledger
HO	Head Office branch
ID	Identifier
ISDA	International Swaps and Derivatives Association

Acronym	Abbreviation
MIS	Management Information System
MTA	Minimum Transfer Amount
MTM	Marking to Market
NETS	Net Settlement
OBTM	Oracle Banking Treasury Management
PF	Portfolio
RVP	Receive Versus Payment
SICA	Security financial Collateral Arrangement
SIUR	Security financial Collateral Arrangement with right-of-use
SK	Safe Keeping
SKL	Safe Keeping Location
SKA	Safe Keeping Account
TPC	Third-Party Calculator
TTCA	Title Transfer financial Collateral Arrangement
IA	Independent Amount
IM	Initial Margin
UDF	User Defined Field
VM	Variation Margin

1.5 Related Documents

For further information on procedures discussed in the manual, refer to the Oracle Banking Treasury Management manuals on:

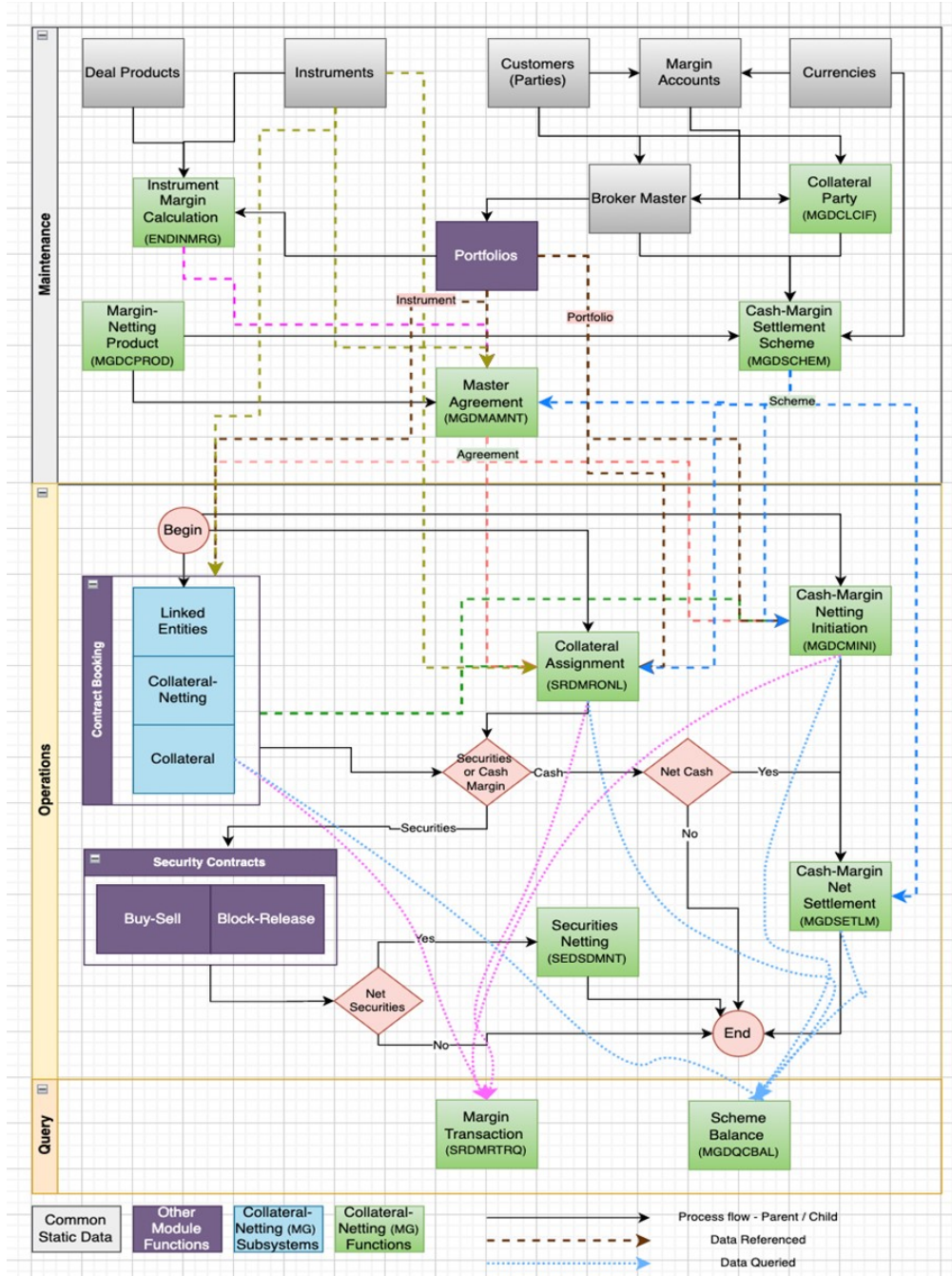
- Common Procedures
- Core Entities and Services
- Products
- Settlements
- Messaging System
- End of Day
- Brokerage
- Charges and Fees
- Tax

- User Defined Fields

2. Overview of Collateral Margining and Settlement Netting

2.1 Collateral-Netting Process Flow

Figure 2.1: Collateral-Netting Process Flow



2.1.1 Functions and Processes

Function / Process	Description
Maintenance:	Following are the description for Maintenance function/ process.
Collateral (MGDCLCIF) Party	<p>Any treasury customer can be configured as a collateral party using 'Collateral Party Maintenance' function. These preferences defined for the customer are used for collateral margining for the transactions booked with this customer as collateral party.</p> <p>The details that can be captured for Collateral Party include,</p> <ul style="list-style-type: none"> • Mapping customer accounts that can be used for tracking margin for different modules, margin types and currencies
Instrument Calculation (ENDINMRG) Margin Setup	<p>Margin calculation setup can be defined for a Module, product or an instrument using 'Instrument Margin Calculation Maintenance' function. These preferences are used for the applicable transactions for calculating margin required for different margin types allowed.</p> <p>The details that can be captured for Margin Calculation Setup include,</p> <ul style="list-style-type: none"> • A unique reference for the setup • Details about the branch, module, product, instrument, portfolio for which this setup is used • Details about the type of transactions and the purpose for which these preferences are applied • Configuring the calculation parameters for each margin type applicable for this setup
Margin-Netting (MGDCPROD) Product	<p>Products can be defined with default preferences for Collateral Margining and Settlement Netting using 'Margin-Netting Product Maintenance' function. The advantage of defining a margin-netting product is that it allows to create a broad framework for margining and netting processes followed by the bank. These preferences defined for a product are applied by default on all settlement schemes and master agreements linked to the product.</p> <p>The details that can be captured for Margin-Netting Product include,</p> <ul style="list-style-type: none"> • A unique code and a brief description for the Product • Basic details about the type of the product, validity, exchange rate to be used, etc. • Mapping Accounting roles to chart of accounts • Configuring Events applicable with mapping to accounting roles and amount tags • Specific preferences for margining and netting processes • Configuring MIS details • Details about Charges and Tax applicable for different events

Function / Process	Description
Cash-Margin Settlement Scheme (MGDSCHEM)	<p>Cash Settlement Schemes can be defined with default preferences for Cash Collateral Margining and Cash Settlement Netting using 'Cash-Margin Settlement Scheme Maintenance' function. These preferences defined for a scheme are applied by default on all cash settlements using this scheme. The details that can be captured for Cash-Margin Settlement Scheme include,</p> <ul style="list-style-type: none"> • A unique code and a brief description for the Scheme • Details of the Customer for whom this scheme is used for settlement • Specific preferences for settlement and netting processes, including currency and GL • Mapping customer accounts that can be settled using this scheme • Holiday preferences to be applied for the settlements using this scheme
Master Agreement (MGDMAMNT)	<p>Master Agreements can be defined with default preferences for Collateral Margining and Settlement Netting using 'Treasury Master Agreement Maintenance' function. These preferences defined for a master agreement are applied by default on all transactions linked to the same agreement. The advantage of defining a master agreement is that it allows to create a broad framework for margining and netting for all transactions with a counterparty. The details that can be captured for Master Agreements include,</p> <ul style="list-style-type: none"> • A unique code and a brief description for the Agreement • Basic details about the agreement party, type of the agreement and purposes for which the agreement can be used, etc. • Details about the linked sub agreements, document type and version used, validity, exchange rate to be used, etc. • Configuring margin codes for different margin types applicable for the agreement with specific preferences for collateral types allowed, calculation, settlement, securities eligible, etc. for each margin code • Specific preferences for settlement netting purposes
Operations:	Following are the description for Operation function/ process.

Function / Process	Description
Linked Entities (Contract subsystem)	<p>While capturing the details for a contract, user can select any number of customers as Linked Entities for the contract. These are the parties that play different roles during the life cycle processing of the contract.</p> <p>These parties can be,</p> <ul style="list-style-type: none"> • the Actual customer with whom the contract was agreed, if the party selected as counterparty in the contract details is different for any specific reason • a Trading or Execution Venue, in which the contract was executed • a Clearing House, CCP or a Clearing broker, through whom the contract is cleared for the bank • any Intermediary who is involved in the arrangement, execution or clearing of the contract • any Intermediary who is involved in reporting or recording the contract for regulatory purposes
Collateral-Netting (Contract subsystem)	<p>While capturing the details for a contract, user can additionally capture the preferences for Collateral Margining and/or Settlement Netting, if applicable for the contract. These preferences can be captured individually for the contract if there are no existing agreements with the parties and the preferences are negotiated at the time of booking. Otherwise, agreements applicable for the contract are selected and only specific preferences were captured as override at the contract level.</p> <p>The details that can be captured for Collateral-Netting include,</p> <ul style="list-style-type: none"> • Collateral and/or Netting Agreements applicable for the contract • Contract specific preferences for the Netting Agreement(s) selected • Contract specific preferences for the Collateral Agreement selected • Contract preferences for Collateral and Netting if there are no existing agreements • List of securities eligible as collateral for the contract, if securities collateral is applicable and there are no existing agreements with the parties

Function / Process	Description
Collateral Assignment (SRDMRONL)	<p>Collateral Margin transfer can be performed using 'Collateral Assignment Process' function, available specifically for transferring different types of Collateral as margin for different purposes for positions on different types of instruments.</p> <p>Both Cash and Securities can be transferred as collateral using this function. Collateral can be assigned for,</p> <ul style="list-style-type: none"> • an Agreement, if collateral assignment is for the net collateral required to be exchanged for all the contracts linked to the same agreement • a Portfolio, if collateral assignment is for the net collateral required to be exchanged for all the contracts booked in the same portfolio • a Contract, if collateral assignment is for the collateral required to be exchanged for a specific contract <p>The details that can be captured for Collateral Assignment Process include,</p> <ul style="list-style-type: none"> • Collateral party, Margin process and Settlement date for the collateral assignment • Agreement, Portfolio, or a specific Contract for which collateral would be assigned • Collateral type and purpose (Margin type) of the collateral assignment transaction • For Cash collateral, <ul style="list-style-type: none"> • Margin currency, Margin Account, Collateral Amount, and netting details (if applicable) • Settlement details to be used for funds transfer, as agreed with the party • For Securities collateral,

Function / Process	Description
	<ul style="list-style-type: none"> • Details about Securities transferred, price applied for valuation, hair cut (if applicable) and portfolio • Custodian and settlement party details as applicable for securities transfer • User Defined Fields configured for collateral assignment process <p>User can view the details for,</p> <ul style="list-style-type: none"> • Margin preferences applicable for the Agreement, Portfolio or a specific Contract selected • Margin available and required to be transferred as Cash or Securities • List of contracts linked to the Agreement or Portfolio selected with individual exposures considered
<p>Cash-Margin Netting Initiation (MGDCMINI)</p>	<p>Net settlement of Cash components can be initiated by performing pre-netting for all transactions linked to an Agreement or Portfolio, using 'Cash-Margin Netting Initiation' function.</p> <p>All uninitiated cash margin transfers and unsettled deal cashflows of the contracts linked to the same Agreement or Portfolio are eligible for pre-netting can be netted based on the applicable preferences configured for the respective Agreement or Portfolio. Pre-netting operations can be initiated for,</p> <ul style="list-style-type: none"> • Initial Margin to be provided for the net margin required for all the deals with the Initial Margin accounts linked to the selected scheme • Variation Margin to be provided for the net profit loss to be settled from all the deals with the Variation Margin accounts linked to the selected scheme • Deal cashflows to be settled for the net amount of the Cash components for all the deals linked to the selected scheme <p>The details that can be captured for Cash-Margin Netting Initiation include,</p> <ul style="list-style-type: none"> • Party, Settlement Scheme, Currency, Module and Agreement or Portfolio for which pre-netting is initiated • Type of operation as pre-netting for Deal cashflows, Initial or Variation Margin • Margin Type and Margin Account for cash margin transfer • Component type and Due date for deal cashflows • Settlement Amount to be net settled • User Defined Fields configured for cash-margin netting initiation process

Function / Process	Description
	<p>User can view the details for,</p> <ul style="list-style-type: none"> • List of deals, linked to the Agreement or Portfolio selected, that are available for pre-netting for the selected operation • Events triggered for the pre-netting transaction along with accounting entries posted and advice(s) generated for each event
<p>Cash-Margin Net Settlement (MGDSETLM)</p>	<p>Net settlement of Cash components can be performed using 'Cash-Margin Net Settlement' function. All cashflows that are marked for netting, including cash margin transfers, can be settled together for the net amount.</p> <ul style="list-style-type: none"> • All pre-netting transactions initiated using 'Cash-Margin Netting Initiation (MGDCMINI)' function are available for Net Settlement <p>The details that can be captured for Cash Net Settlement include,</p> <ul style="list-style-type: none"> • Settlement Scheme, Party, Currency, Amount and Value date for the net settlement • Optionally can filter the pre-netting transactions for the selected Agreement or Portfolio • Settlement details to be used for funds transfer, as agreed with the party and applicable for the scheme selected • User Defined Fields configured for cash net settlement process <p>User can view the details for,</p> <ul style="list-style-type: none"> • Pre-netting transactions for Initial Margin, Variation Margin and Deal cash-flows considered for net settlement using the selected scheme • Events triggered for the net settlement transaction along with accounting entries posted and advice(s) generated for each event
<p>Securities Netting (SEDSMNT)</p>	<p>Net settlement of Securities can be performed using 'Securities Netting' function. All security contracts that are marked for netting, including security contracts created for margin transfers, can be settled together for the net quantity. The details that can be captured for Securities Netting include,</p> <ul style="list-style-type: none"> • SK Location, Account, Agreement or Counterparty, Security and Settlement date • Optionally can filter the contracts for the selected Module or Portfolio • Select the contracts to be included for netting
<p>Queries:</p>	<p>Following are the description for Queries function/ process.</p>

Function / Process	Description
Margin Transaction Query (SRDMRTRQ)	<p>All margin transactions that are authorized, including cash and securities margin transfers can be queried and viewed, using 'Margin Transaction Query' function.</p> <p>The filters that can be captured for querying margin transactions include,</p> <ul style="list-style-type: none"> • Collateral type, Margin event type and Agreement or Portfolio or Contract • Margin transaction Date range <p>User can view the details for,</p> <ul style="list-style-type: none"> • All authorized margin transactions for the selected Agreement or Portfolio or Contract
Settlement Scheme Balance Query (MGDQCBAL)	<p>Net amount of cash that need to be settled for the selected settlement scheme can be queried and viewed, using 'Settlement Scheme Balance Query' function.</p> <p>User can view the details for,</p> <ul style="list-style-type: none"> • Current balance in the scheme that need to be settled as of date • Balances as of each value date for settlement • Cash-Margin Netting transactions for each value date that resulted in the balance for that date

3. Maintaining Products and Static Data

3.1 Introduction

This chapter explains the various static data that need to be maintained in Oracle Banking Treasury Management application to enable Collateral Margining and Settlement Netting processes.

Products and other static data are required for deciding the preferences to be used for processing any transaction event. Some of these preferences are used for defaulting the values and can be overridden at the transaction level.

Products and static data can be defined for the Head-office branch and used by other branches. They can also be defined specific to a branch.

3.1.1 Defining a new product and static data

This topic provides the systematic instructions to define a new product and static data.

CONTEXT:

To define a new product and static data, on the respective **Maintenance** function.

1. Click **New** button at the top of the screen.
2. Enter the values for all the required fields.
3. Click on the **Save** button to create the product with the new details.
4. Click on the **Hold** button to save as draft.

3.1.2 Maintaining an existing product and static data

This topic provides the systematic instructions to maintain an existing product and static data.

CONTEXT:

To maintain an existing product and static data or to revisit the data saved as draft

1. Click **Enter Query** button at the top of the respective **Maintenance** screen.
2. Enter the unique **Code** or **Id** of the product or static to be maintained.
3. Click the **Execute Query** button to view the existing details of the product or static.
4. Click the **Unlock** button to enable the screen for editing the details.
5. Review the existing values saved or kept on hold.
6. Enter new values for the fields to be modified.
7. Click on the **Save** button to update the product and static data with the new details.

3.1.3 Discard, disable and print details of product and static data

This topic provides the systematic instructions to discard, disable and print details of the product and static data.

1. Click on the **Delete** button to discard the product and static data saved before first authorization.
2. Click on the **Close** button to disable the use of authorized product and static data.
3. Click on the **Print** button to print the details of the product and static data.

Actions available depends on the static data defined in a maintenance function. Some of these actions may not be available, if not allowed or not applicable for that function.

If preferences for an existing setup is amended, the new value for the field amended is used only for the subsequent margin calculations using this setup and not applied on the existing margin balances and transfers in retrospective. User to operationally manage any adjustments.

This chapter contains the following sections:

- 1) [Collateral Party](#)
- 2) [Instrument Margin Calculation Setup](#)
- 3) [Margin-Netting Product](#)
- 4) [Cash-Margin Settlement Scheme](#)
- 5) [Master Agreement](#)

3.2 Collateral Party

Any treasury customer can be configured as a collateral party using 'Collateral Party Maintenance' function. These preferences defined for the customer are used for collateral margining for the transactions booked with this customer as collateral party.

The details that can be captured for Collateral Party include,

- Mapping customer accounts that can be used for tracking margin for different modules, margin types and currencies

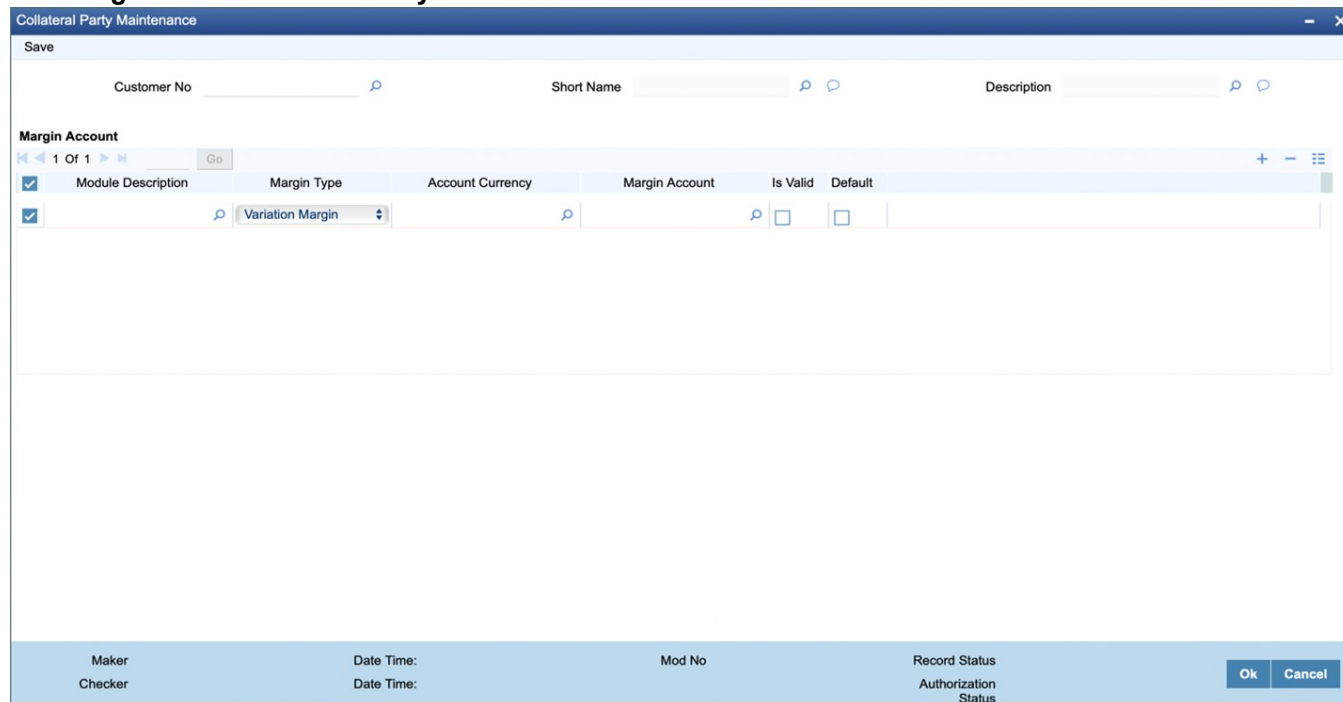
Collateral parties can be defined at the HO branch as well as specific to any branch.

- All the modifications to the setup are logged for audit trail purposes
- Auto authorization can be enabled for this function

User can define a new or maintain an existing margin calculation setup for a product in this **Instrument Margin Calculation Maintenance** function. User can invoke this screen by navigating through the menu button at the top

left corner of the Application tool or by typing **MGDCLCIF** in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Figure 3.1: Collateral Party Maintenance



The following table describes the fields captured as preferences for collateral party maintenance.

* indicates mandatory fields.

Table 3.1: Collateral Party Maintenance

Field	Description
Customer No	User can select the treasury customer who is defined as a collateral party. <ul style="list-style-type: none"> • This field cannot be amended after saving • Customers having 'Broker' party role are not displayed here and 'Broker Master Maintenance' function should be used for the same
Short Name	Displays the short name of the treasury customer selected.
Description	Displays the description of the treasury customer selected.

Field	Description
Margin Accounts	<p>User to select the list of margin accounts to be used for transferring cash collateral, for this collateral party.</p> <ul style="list-style-type: none"> • Multiple margin accounts can be configured, by clicking on the '+' button • The selected margin account can be deleted by clicking on the '-' button before authorization <ul style="list-style-type: none"> • However, margin account cannot be deleted after subsequent authorization of collateral party • But, the selected account can be invalidated by unchecking 'Is Valid'
Module	<p>User to select the module of the contracts, for which the selected margin account is used for cash margin transfer.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the collateral party • Only those modules for which collateral is enabled are displayed for selection for this field
Margin Type	<p>User to select the Margin Type for which the selected margin account is used.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the collateral party • Can select Initial Margin (IM), Independent Amount (IA), Variation Margin (VM) or Funding (DF) or Any Margin (AL) • At least one default account should be mandatorily selected for Variation Margin (VM) or Any Margin (AL) • Can be set to Any Margin (AL) by default, if not specified
Account Currency	<p>User to select the currency in which margin is calculated and tracked, for the selected module, margin type and customer.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the collateral party • Only those currencies in which accounts are available for the selected customer are displayed for selection for this field

Field	Description
Margin Account	<p>User to select the customer account that is used to track cash collateral transferred for the margin calculated in the account currency, for the selected module, margin type and customer.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the collateral party • Only those customer accounts with the same account currency and belonging to the customer selected is displayed for selection • Same customer account can be selected for multiple modules and margin types <ul style="list-style-type: none"> • However, all cash collateral linked to the same margin account is tracked together irrespective of the module or margin type of the linked transactions • Interest is calculated on this cash collateral according to the configuration in the margin account
Is Valid	<p>User to indicate whether the selected margin account can still be used for tracking margin calculated in the account currency, for the selected module, margin type and customer.</p> <ul style="list-style-type: none"> • If unchecked, 'Default' is automatically unchecked for this record • If unchecked and if the margin account has any balances, then system displays an override message <ul style="list-style-type: none"> • However, the balance in the margin account is not automatically returned and should be operationally handled
Default	<p>User to indicate whether the selected margin account is used as default account, for tracking margin calculated in the account currency, for the selected module, margin type and customer.</p> <ul style="list-style-type: none"> • Can be checked, only if 'Is Valid' is checked for this record • Only one margin account can be defaulted at any time, for the customer, module, margin type and account currency combination selected

3.2.1 Collateral Party Summary

User can view the list of collateral parties maintained using 'Collateral Party Summary' function.

- User can select the values for different fields available for filtering / searching the products
- User can Reset and Clear all the values selected for the search fields

- User can specify values for additional fields for refining the search by clicking on Advanced Search button

User can view the list of collateral parties maintained in this **Collateral Party Summary** function. User can invoke this screen by navigating through the menu button at the top left corner of the Application tool or by typing **MGSCLCIF** in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Figure 3.2: Collateral Party - Summary

The screenshot shows a web application window titled "Collateral Party Maintenance Summary". At the top, there is a search bar with buttons for "Search", "Advanced Search", "Reset", and "Clear All". Below the search bar, there are several input fields and dropdown menus: "Case Sensitive" (a dropdown), "Authorization Status" (a dropdown), "Record Status" (a dropdown), and "Customer No" (a text input field). Below these fields, there is a pagination control showing "Records per page" set to 15, "1 Of 1" records, and a "Go" button. There is also a "Lock Columns" control set to 0. The main area of the window is a table with three columns: "Authorization Status", "Record Status", and "Customer No". The table is currently empty. At the bottom right of the window, there is an "Exit" button.

3.3 Instrument Margin Calculation Setup

Margin calculation setup can be defined for a Module, product or an instrument using 'Instrument Margin Calculation Maintenance' function. These preferences are used for the applicable transactions for calculating margin required for different margin types allowed.

The details that can be captured for Margin Calculation Setup include,

- A unique reference for the setup
- Details about the branch, module, product, instrument, portfolio for which this setup is used
- Details about the type of transactions and the purpose for which these preferences are applied

Configuring the calculation parameters for each margin type applicable for this setup

Margin calculation setup can be defined at the HO branch as well as specific to any branch.

- All the modifications to the calculation setup are logged for audit trail purposes
- Auto authorization can be enabled for this function

If preferences for an existing margin calculation setup is amended, the new value for the field amended is used only for the subsequent margin calculations using this setup and not be applied on the existing margin balances and

transfers in retrospective. User have to operationally manage recalculation of margin requirements using the amended setup and initiate margin transactions manually for any adjustments.

User can define a new or maintain an existing margin calculation setup for a product in this **Instrument Margin Calculation Maintenance** function. User can invoke this screen by navigating through the menu button at the top

left corner of the Application tool or by typing **ENDINMRG** in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Figure 3.3: Instrument Margin Calculation Maintenance

The following table describes the fields captured as preferences for instrument margin calculation setup.

* indicates mandatory fields.

Table 3.2: Instrument Margin Calculation Maintenance

Field	Description
Module	User to select the Module for which this setup is applicable. <ul style="list-style-type: none"> This field cannot be amended after saving the setup
Product	User to select the Product, in the selected Module, for which this setup is applicable. <ul style="list-style-type: none"> This field cannot be amended after saving the setup 'Instrument Products' are listed for the modules, in which instruments can be defined separately. These modules are: Securities, Exchange Traded Derivatives and Credit Derivatives 'Deal Products' are listed for all the other modules
Branch	Displays the current branch code to which the user has logged in. <ul style="list-style-type: none"> Calculation setup defined for HO branch can be used for transactions booked in any of the other branches However, calculation setup defined for a specific branch can used only for the transactions booked in that branch

Field	Description
Instrument Id	<p>User to select a specific Instrument from the list of instruments defined for the selected Product.</p> <ul style="list-style-type: none"> • This field is enabled only for the modules, in which instruments can be defined separately. These modules are: Securities, Exchange Traded Derivatives and Credit Derivatives • This field cannot be amended after first authorization of the setup • 'ALL' is set by default, if not specified • If any setup that is specific to the instrument is available, then it is used for the transactions booked with that instrument. Otherwise the setup available for the module and instrument product is used
Instrument Description	Displays the description of the Instrument selected.
Portfolio Id	<p>User to select a specific Portfolio from the list of portfolios defined for the selected Module.</p> <ul style="list-style-type: none"> • This field is enabled only for the modules, in which portfolios can be defined separately. These modules are: Securities, Exchange Traded Derivatives and Credit Derivatives • This field cannot be amended after first authorization of the setup • 'ALL' is set by default, if not specified • If any setup that is specific to the portfolio is available, then it is used for the transactions booked in that portfolio. Otherwise the setup available for the module and instrument product is used
Portfolio Description	Displays the description of the Portfolio selected.
Reference	<p>Displays a unique reference number for the setup.</p> <ul style="list-style-type: none"> • Automatically generated when the user clicks on 'P' button, after selecting values for the mandatory fields

Field	Description
Trade Type	<p>User to select the type of transactions for which this calculation setup is used, based on where the transaction is traded.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the setup • This field is set to 'Exchange Traded' by default and disabled, if the module selected is 'Exchange Traded Derivatives' • For other modules, 'Over the Counter' is set by default but user can select 'Exchange Traded' if applicable for the product • If 'Exchange Traded' is selected, this calculation setup is used for transactions which are 'Traded On' an Execution Venue (or Exchange) • If 'Over the Counter' is selected, this calculation setup is used for transactions which are 'Traded On' Over the Counter markets
Clear Type	<p>User to select the type of transactions for which this calculation setup is used, based on how the transaction is settled.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the setup • This field is set to 'Cleared' by default and disabled, if the Trade Type selected is 'Exchange Traded' • For other modules, 'Uncleared' is set by default but user can select 'Cleared' if applicable for the product • If 'Cleared' is selected, this calculation setup is used for transactions which have 'To Be Cleared' checked • If 'Uncleared' is selected, this calculation setup is used for transactions which have 'To Be Cleared' unchecked

Field	Description
Rule Type	<p>User to select the type of this calculation rule setup, based on the type of the publisher of the rule.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the setup • Can select 'Exchange', if the calculation rule is published by an Exchange or Clearing House and Trade Type selected is 'Exchange Traded' • Can select 'Regulatory', if the calculation rule is published by a Regulator or the margin calculation is for regulatory reporting purposes • Can select 'Counter party' if the rule is published by an external party or for calculating margin calls with a counter party • Can select 'Internal' if the rule setup is defined by the bank for internal use • This field is set to 'Exchange' by default if the Trade Type selected is 'Exchange Traded' • This field is set to 'Counter party' by default if the Trade Type selected is 'Over the Counter'
Rule Purpose	<p>User to select the purpose for which this calculation rule setup is used.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the setup • Can select 'Margin Call', if this rule is used for calculating the margin calls with an external counter party • Can select 'Internal', if this rule is used for calculating notional margin calls for an internal exposure • Can select 'Others' if this rule is used for other purposes • This field is set to 'Margin Call' by default if the Rule Type selected is 'Exchange' or 'Regulatory' or 'Counter party' • This field is set to 'Internal' by default if the Rule Type selected is 'Internal'
Risk Type	<p>User to select the default Risk Type for the setup, if applicable</p> <ul style="list-style-type: none"> • Can be one of the standard risk types maintained using 'Treasury Static Type Maintenance' function with type as 'CRIF_RISK_TYPE', applicable for the module selected • Risk type selected is defaulted for grouping contracts using this setup for Risk calculation purposes

Field	Description
Risk Bucket	<p>User to select the Risk Bucket for the setup, if applicable</p> <ul style="list-style-type: none"> • Can be one of the standard risk buckets maintained using 'Treasury Static Type Maintenance' function with type as 'CRIF_RISK_BUCKET', applicable for the risk type selected • Risk bucket selected is defaulted for grouping contracts using this setup for Risk calculation purposes
Margin Type	<p>User to select the Margin Type applicable for this calculation setup.</p> <ul style="list-style-type: none"> • Multiple margin types can be configured for the setup, by clicking on the '+' button. However, the same margin type cannot be selected more than once for the setup • Margin type cannot be amended after first authorization of the setup. However, a margin type can be deleted from the setup by clicking on '-' button • User can configure separate calculation parameters for 'Initial Margin', 'Independent Amount', 'Variation Margin' and 'Funding' types in the same setup • At least one margin type should be configured for the setup, otherwise the setup cannot be saved • This field is set to 'Variation Margin' by default

Field	Description
Approach	<p>User to select the approach to be followed for posting margin call for this margin type.</p> <ul style="list-style-type: none"> • Can select 'Segregated' or 'Un-segregated' approaches only if Margin Type selected is not 'Independent Amount' • Can select 'Distinct', 'Allocated' or 'Greater' approaches only if Margin Type selected is 'Independent Amount' • If 'Un-segregated' is selected, then margin call for this margin type can be combined and transferred together with another margin type for the same transaction or party • If 'Segregated' is selected, then margin call for this margin type is not combined with another margin type and tracked separately from other margin types for the same transaction or party • If 'Distinct' is selected, then IA is calculated separately from IM • If 'Allocated' is selected, then only IA required in excess of IM is transferred <ul style="list-style-type: none"> • $\text{Excess IA} = \text{Maximum}(0, \text{IA Calculated} - \text{IM Transferred})$ • Example: If IA Calculated = 140,000 and IM Transferred = 115,000, Excess IA = $\text{MAX}(0, (140,000 - 115,000)) = 25,000$ • If 'Greater' is selected, then only one of either IA Calculated or IM Calculated, whichever is greater is transferred for the combined margin call <ul style="list-style-type: none"> • $\text{Margin Transferred} = \text{Maximum}(\text{IM Calculated}, \text{IA Calculated})$ • Example: If IA Calculated = 140,000 and IM Transferred = 115,000, Margin Transferred = $\text{MAX}(115,000, 140,000) = 140,000$ • This field is set to 'Un-segregated' by default, if Margin Type selected is not 'Independent Amount' • This field is set to 'Distinct' by default, if Margin Type selected is 'Independent Amount'

Field	Description
Calculation Level	<p>User to select the level at which the exposure should be aggregated for margin calculation, for this margin type.</p> <ul style="list-style-type: none"> • This field is disabled and not applicable, if Margin Type selected is 'Variation Margin' • If 'Trade' is selected, then margin is calculated for exposure from each transaction individually • If 'Portfolio / Product' is selected, then margin is calculated on the total exposure from all transactions in a portfolio <ul style="list-style-type: none"> • For the modules, in which portfolios can be defined separately, total exposure is calculated for each portfolio • For the modules, in which portfolios are not used, total exposure is calculated for all transactions booked with a deal product • This field is set to 'Trade' by default
Calculation Type	<p>User to select where the margin required is calculated, for this margin type.</p> <ul style="list-style-type: none"> • This field is disabled and not applicable, if Margin Type selected is 'Variation Margin' • If 'Internal' is selected, then margin is calculated internally in Oracle Banking Treasury Management • If 'External' is selected, then margin required is calculated and received from an external system • This field is set to 'External' by default

Field	Description
Calculation Method	<p>User can select the method that is used for margin calculation for this margin type.</p> <ul style="list-style-type: none"> • This field is disabled and not applicable, if Margin Type selected is 'Variation Margin' • Can select 'Standard Rate(%)' or 'Flat Amount' if Calculation Type is 'Internal' <ul style="list-style-type: none"> • Details about how OBTR calculates margin using these methods is explained in the description for 'Margin Applicable' field below • Can select 'SPAN', 'SIMM', 'GRID', 'Standard Rate(%)' or 'Flat Amount' if Calculation Type is 'External' <ul style="list-style-type: none"> • If Calculation Type is 'External', Calculation Method selected is only for information and reporting purposes and OBTR is not calculating margin using these methods • This field is set to 'Standard Rate(%)' by default
Applied From	<p>User to select the date from which margin call is triggered for this margin type, for the transactions in scope of this calculation setup.</p> <ul style="list-style-type: none"> • If 'Trade Date' is selected, then margin required is re-calculated and margin call is triggered from the trade date of the transaction itself • If 'TD + 1' is selected, then margin required is re-calculated and margin call is triggered from the next day after the trade date of the transaction • If 'Value Date' is selected, then margin required is re-calculated and margin call is triggered from the value date of the transaction after it is initiated • If 'VD + 1' is selected, then margin required is re-calculated and margin call is triggered from the next day after the value date of the transaction after it is initiated • If the transaction is back dated, then the margin call is triggered from the booking date of the transaction • 'Trade Date' is set by default, if not specified

Field	Description
Exposure Type	<p>User to select the amount to be considered as exposure for this margin type for the transactions in scope of this calculation setup.</p> <ul style="list-style-type: none">• This field is disabled and not applicable, if Margin Type selected is 'Variation Margin' or if Calculation Method selected is 'Flat Amount'• If 'Market Value' is selected, then current market value or market price * quantity or contract fair value of the transaction (as applicable) is considered as the exposure• If 'Principal' is selected, then the current principal or notional or deal value or deal nominal amount of the transaction (as applicable) is considered as the exposure• If 'Maturity Amount' is selected, then the settlement amount or principal + interest or notional + interest as on the maturity date of the transaction (as applicable) is considered as the exposure• If 'Contract Value' is selected, then the principal or net consideration or deal price * quantity or deal premium of the transaction (as applicable) is considered as the exposure• 'Principal' is set by default, if not specified

Field	Description
Offsetting Allowed	<p>User to select whether exposure booked in opposite directions within the same group can be offset, to arrive at the net exposure for margin calculation purposes for this margin type.</p> <ul style="list-style-type: none"> • This field is disabled and not applicable, if Margin Type selected is 'Variation Margin' or if Calculation Method selected is 'Flat Amount' or if Calculation Level selected is 'Trade' • If 'Not Allowed' is selected, then the exposure in opposite directions is considered as absolute exposures and added together without considering the direction <ul style="list-style-type: none"> • Example: For a Long 10,000 and Short 7,000, Net Exposure = 17,000 • If 'Product' is selected, then exposures from all the transactions in a Product is netted together considering the direction <ul style="list-style-type: none"> • Example: For a Long 10,000 and Short 7,000 in the same product, Net Exposure = 3,000 • If 'Position' is selected, then exposures from all the transactions with the same Instrument and Portfolio is netted together considering the direction • If 'Risk Type' is selected, then exposures from all the transactions with the same Risk type is netted together considering the direction • If 'Module' is selected, then exposures from all the transactions in the same Module is netted together considering the direction • 'Product' is set by default, if not specified
Multiplication Factor	<p>User to specify the multiplication factor (if applicable) to be used for arriving at the adjusted exposure considered for margin calculation purposes for this margin type.</p> <ul style="list-style-type: none"> • This field is disabled and not applicable, if Margin Type selected is 'Variation Margin' or if Calculation Method selected is 'Flat Amount' • Factor may depend on many parameters like the risk type of the exposure, etc. • Adjusted Exposure = Net Exposure (after offsetting) * Multiplication Factor <ul style="list-style-type: none"> • Example: For a Long 1,000,000 and Short 700,000 with offsetting allowed, with multiplication factor 0.65, Adjusted Exposure = $300,000 * 0.65 = 195,000$ • '1' is set by default, if not specified

Field	Description
Currency	<p>User to specify the currency in which the margin required is calculated for this margin type.</p> <ul style="list-style-type: none"> • This field is mandatory if Calculation Level selected is 'Portfolio / Product' • This field is set to Contract Currency 'CCY' by default, if Calculation Level selected is 'Trade' • Exposure in different currencies are converted to the margin currency equivalent for arriving at the final exposure for margin calculation purposes
Margin Applicable	<p>User to specify the applicable margin as flat amount or % of the final exposure to calculate the margin required for this margin type.</p> <ul style="list-style-type: none"> • This field is disabled and not applicable, if Margin Type selected is 'Variation Margin' or if Calculation Type selected is 'External' • If Calculation Method selected is 'Standard Rate(%)', then Margin Required = Adjusted Exposure * Margin Applicable /100 <ul style="list-style-type: none"> • Example: If Adjusted Exposure = 115,000 and with margin applicable = 35%, Margin Required = 115,000 * 35/100 = 40,250 • If Calculation Method selected is 'Flat Amount', then Margin Required = Margin Applicable <ul style="list-style-type: none"> • Example: If Margin Applicable = 35,000, Margin Required = 35,000 • if not specified, '0' is set by default resulting in no margin required
Threshold Amount	<p>User to specify the maximum amount that can be excluded from the margin required before margin call should be mandatorily triggered for this margin type.</p> <ul style="list-style-type: none"> • This field is disabled and not applicable, if Margin Type selected is 'Variation Margin' or if Calculation Method selected is 'Flat Amount' or if Calculation Type selected is 'External' • Margin Calculated = Maximum(0, (Margin Required – Threshold Amount)) <ul style="list-style-type: none"> • Example: If Margin Required = 40,250 and threshold = 25,000 then Margin Calculated = Max(0, (40,250 – 25,000)) = 15,250 • If not specified, '0' is set by default resulting in margin required to be fully transferred without any exclusion

Field	Description
Minimum Transfer amount	User to specify the minimum amount that should be transferred for each margin call for this margin type, even if the calculated margin amount is lesser. <ul style="list-style-type: none"> • This field is disabled and not applicable, if Margin Type selected is 'Variation Margin' • Margin Transferred = Maximum(Margin Calculated, Minimum Transfer Amount) <ul style="list-style-type: none"> • Example: If Margin Calculated = 15,250 and MTA = 20,000, Margin Transferred = MAX(15,250, 20,000) = 20,000 • if not specified, '0' is set by default resulting in the calculated margin required to be transferred as is

On click of **P** button, after selecting the values for mandatory fields, system automatically generates a unique 'Reference' for the calculation setup.

3.3.1 Fields

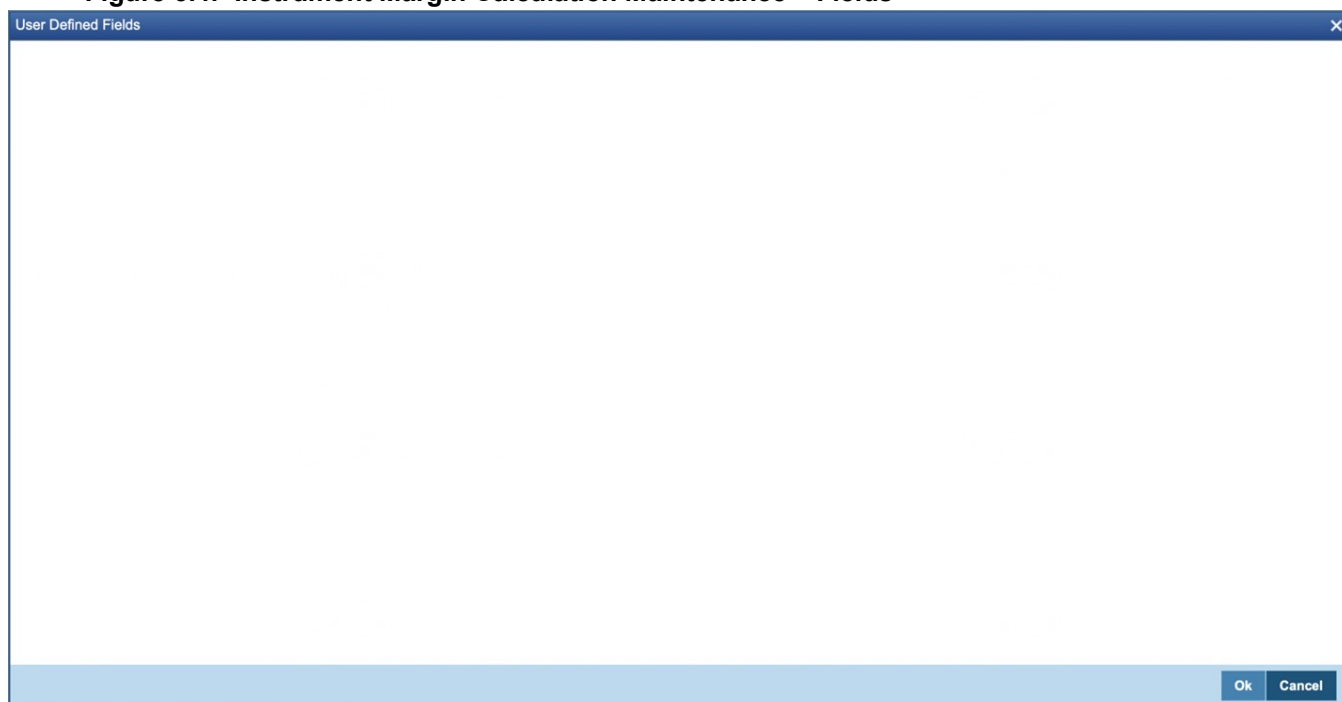
User can define values for UDF associated with Instrument Margin Calculation Maintenance function.

- These fields can be referred while applying or reporting the calculation setup.

Click the **Fields** button at the bottom of the **Instrument Margin Calculation Maintenance** screen to open this screen.

'User Defined Fields' user guide can be referred for more details on the steps involved in configuring and using UDF applicable for the function.

Figure 3.4: Instrument Margin Calculation Maintenance – Fields



3.3.2 Instrument Margin Calculation Setup Summary

User can view the list of margin calculation setups maintained using 'Instrument Margin Calculation Setup Summary' function.

- User can select the values for different fields available for filtering / searching the products
- User can Reset and Clear all the values selected for the search fields
- User can specify values for additional fields for refining the search by clicking on Advanced Search button

User can view the list of margin calculation setups maintained in this **Instrument Margin Calculation Setup Summary** function. User can invoke this screen by navigating through the menu button at the top left corner of the Application tool or by typing **ENSINMRG** in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Figure 3.5: Instrument Margin Calculation Setup – Summary

The screenshot shows the 'Instrument Margin Calculation Setup Summary' application window. The interface includes a search bar with buttons for 'Search', 'Advanced Search', 'Reset', and 'Clear All'. Below the search bar, there are several filter fields: 'Case Sensitive', 'Authorization Status', 'Instrument Id', 'Reference', 'Record Status', and 'Portfolio Id'. A table is displayed below the filters, showing columns for 'Authorization Status', 'Record Status', 'Branch', 'Instrument Id', 'Portfolio Id', 'Initial Margin Level(%)', 'Maintenance Margin Level(%)', and 'Reference'. The table currently shows 1 record. At the bottom right, there is an 'Exit' button.

3.4 Margin-Netting Product

Products can be defined with default preferences for Collateral Margining and Settlement Netting using 'Margin-Netting Product Maintenance' function. The advantage of defining a margin-netting product is that it allows to create a broad framework for margining and netting processes followed by the bank. These preferences defined for a product is applied by default on all settlement schemes and master agreements linked to the product.

The details that can be captured for Margin-Netting Product include,

- A unique code and a brief description for the Product
- Basic details about the type of the product, validity, exchange rate to be used, etc.
- Mapping Accounting roles to chart of accounts
- Configuring Events applicable with mapping to accounting roles and amount tags
- Specific preferences for margining and netting processes

- Configuring MIS details
- Details about Charges and Tax applicable for different events

Products are defined at the HO branch by the product control team and made available to all branches.

- All the modifications to the product configuration is logged for audit trail purposes
- Auto authorization can be enabled for this function

User can define a new or maintain an existing margin-netting product in this **Margin-Netting Product Maintenance** function. User can invoke this screen by navigating through the menu button at the top left corner of the Application tool or by typing **MGDCPROD** in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Figure 3.6: Margin-Netting Product Maintenance

The following table describes the fields captured for margin-netting products created.

* indicates mandatory fields.

Table 3.3: Margin-Netting Product Maintenance

Field	Description
Product Code	User to enter a product code that identifies a product throughout Oracle Banking Treasury Management. <ul style="list-style-type: none"> • This code should be 4 characters in length • This code should be unique across modules and across all product maintenance functions • This field cannot be amended after saving the product

Field	Description
Product Description	User to enter a description for the product to identify easily. This description is displayed along with the code throughout Oracle Banking Treasury Management. <ul style="list-style-type: none"> • A minimum of 10 and maximum of 100 chars can be entered for description
Product Type	User to select a specific type to which the product belongs. <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the product
Type Description	Displays the description of the product type selected.
Product Group	User to select a group to which the product is associated with. <ul style="list-style-type: none"> • Products can be categorized into groups based on the common elements that they share.
Group Description	Displays the description of the product group selected.
Start Date	User can specify the date from which the product can be used. <ul style="list-style-type: none"> • If not specified, the branch date is displayed as the Start Date. • If amended, the value for this field cannot be greater than the previous value for this field
End Date	User can specify the date up to which the product can be used. <ul style="list-style-type: none"> • End date cannot be less than the Start Date of the product • If End Date is not specified, then the product can be used for an indefinite period. • If amended, the value for this field cannot be less than the previous value for this field
Slogan	User can enter a marketing punch line for the product. This information can be printed on any correspondence with the customer. <ul style="list-style-type: none"> • A maximum of 250 chars can be entered
Remarks	User can enter information about the product intended for bank's internal reference. <ul style="list-style-type: none"> • This information is not printed on any correspondence with the customer. • A maximum of 250 chars can be entered
Exchange Rate Preferences	Group of fields used to control the Foreign Exchange rates used for margining-netting transactions using this product.

Field	Description
FX Rate Type	<p>User to select the exchange rate type for getting the exchange rate to be used for converting the amounts from one currency to another for a transaction using this product.</p> <ul style="list-style-type: none"> • If specified, this rate type is used to get the prevailing exchange rate for calculating the variance. • If not specified, the latest available exchange rate for the applicable date, irrespective of rate type, is used for calculating the variance
FX Rate Code	<p>User to select the exchange rate code for getting the exchange rate to be used.</p> <ul style="list-style-type: none"> • If 'Buy/Sell Rate' is selected, then Buy Rate is used for transactions where bank is receiving, and Sell Rate is used for transactions where bank is paying • If 'Mid-Rate' is selected, then Mid-Rate is used for all transactions where bank is either receiving or paying • 'Mid-Rate' is set by default, if not specified
Override Limit	<p>User can specify the normal variance (as %) allowed for the exchange rate used for the transaction.</p> <ul style="list-style-type: none"> • A minimum of 0 and maximum of 100 can be entered as limit • In case the variance calculated (as %), between the prevailing exchange rate (for the selected rate code) and the rate captured for the transaction, exceeds the value specified for this field, the system displays an overriding (warning) message while saving the transaction but allows the transaction to be saved with the specified rate • For back valued transactions, the system uses the rate prevailing at that time form exchange rate history, to calculate the variance • If not specified, variance is not checked and overriding messages are not displayed

Field	Description
Stop Limit	<p>User can specify the maximum variance (as %) allowed for the exchange rate used for the transaction.</p> <ul style="list-style-type: none"> • A minimum of 0 and maximum of 100 can be entered as limit • Value for this field is mandatory, if 'Override Limit' is defined • Value for this field should be greater than the 'Override Limit' defined • In case the variance calculated (as %) exceeds the value specified for this field, the system displays an error message while saving the transaction and not allow the transaction to be saved with the specified rate • If not specified, variance will not be checked, and error message will not be displayed

3.4.1 Accounting Roles

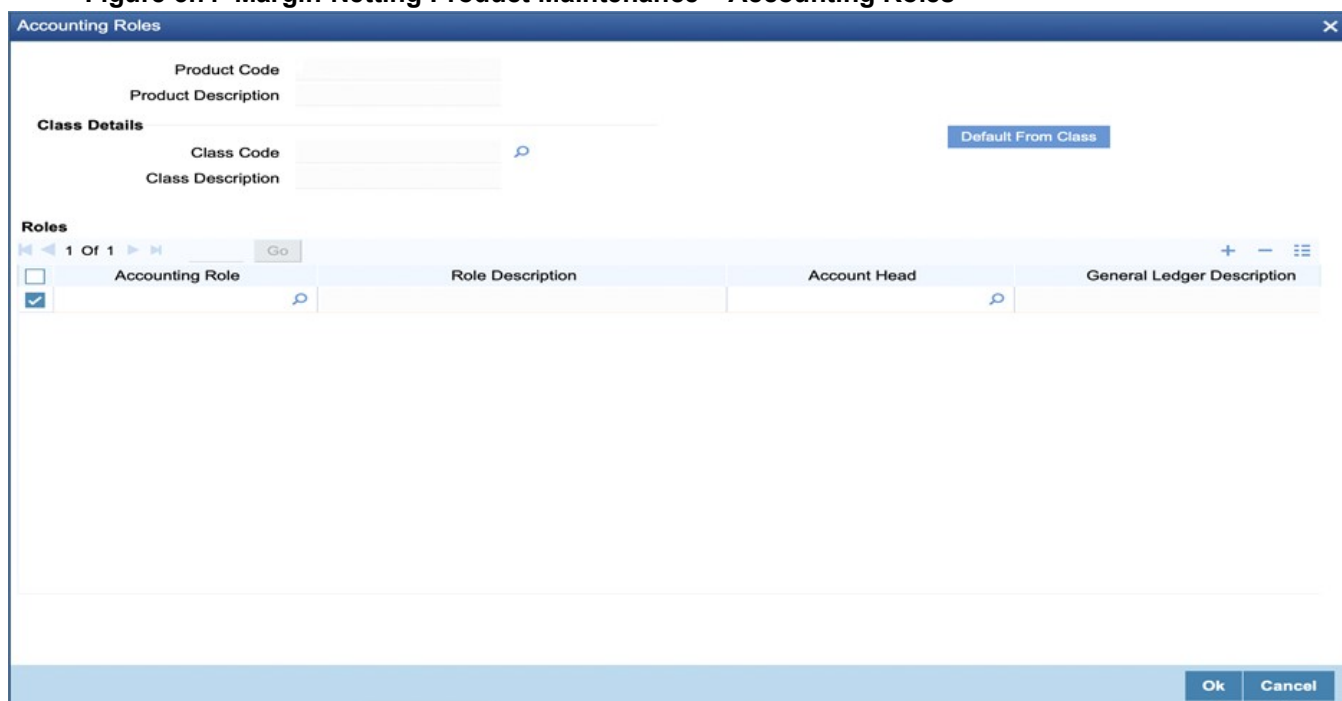
User can configure the Accounting roles applicable for the product and map to the chart of accounts available.

Click the **Accounting Roles** button at the bottom of the **Product Maintenance** screen to open this screen.

'Products' user guide can be referred for more details on the fields and steps involved in configuring accounting roles for a product.

Please refer [List of Accounting Roles](#) for more details about the accounting roles applicable for collateral margining and settlement netting processes.

Figure 3.7: Margin-Netting Product Maintenance – Accounting Roles



3.4.2 Events

User can configure the Events applicable for the product.

- Can configure the Accounting Entries for each event by mapping the accounting roles and amount tags available
- Can select the Advice(s) to be generated for each event

User can open this screen by clicking **Events** button at the bottom of the Product Maintenance screen. 'Products' user guide can be referred for more details on the fields and steps involved in configuring events for a product and configuring accounting entries and advices for each event.

Please refer [Events and Accounting Entries](#) for more details about the list of events and accounting entries applicable for collateral margining and settlement netting processes.

Figure 3.8: Margin-Netting Product Maintenance – Events

The screenshot shows the 'Events' configuration window. It includes fields for 'Product Code', 'Product Description', 'Class Code', and 'Class Description'. A 'Default From Class' button is present. The 'Event Details' section features a table with columns for 'Event Code' and 'Description', and a 'Go' button. The table contains one row with a checked checkbox. At the bottom, there are tabs for 'Accounting Entries' and 'Advices', and 'Ok' and 'Cancel' buttons.

3.4.3 Preferences

User can define specific preferences for the product to be used during margining and netting processes. User can,

- indicate whether the product can be used for collateral margining or settlement netting or both processes
- indicate whether the product can be used for settlement of cash or securities or both
- define the preferences for margining and netting as applicable
- define the fields to be used for Rekey during authorization

- define product restrictions

Click the **Preferences** button at the bottom of the **Product Maintenance** screen to open this screen.

Figure 3.9: Margin-Netting Product Maintenance - Preferences

The following table describes the fields captured for margin-netting product preferences.

* indicates mandatory fields.

Table 3.4: Margin-Netting Product Maintenance - Preferences

Field	Description
Product	Displays the code of the product selected.
Product Description	Displays the description of the product selected.
Applicable For	Fields to indicate whether the product can be used for settlement of cash and/or securities. <ul style="list-style-type: none"> • At least one of the fields either 'Cash' or 'Securities' should be mandatorily checked for the product • At least one of the fields either 'Collateral Product' or 'Netting Product' should be mandatorily checked for the product
Cash	User to indicate whether the product is applicable for Cash Settlement. <ul style="list-style-type: none"> • This field cannot be unchecked after authorization of the product
Securities	User to indicate whether the product is applicable for Securities Settlement. <ul style="list-style-type: none"> • This field cannot be unchecked after authorization of the product
Collateral Product	User to indicate whether the product is enabled for Collateral Margining. <ul style="list-style-type: none"> • This field cannot be unchecked after authorization of the product

Field	Description
Netting Product	User to indicate whether the product is enabled for Settlement Netting. <ul style="list-style-type: none"> This field cannot be unchecked after authorization of the product
Collateral Preferences	Group of fields to capture the preferences to be used when the product is applicable for collateral margining.
Securities Deliver Product	User to select the securities combination (CBBS) product to be used to create securities sale transaction for the bank to transfer the securities to the counter party. <ul style="list-style-type: none"> This field is enabled only for collateral products This field is mandatory, if 'Securities' field is checked
Securities Receive Product	User to select the securities combination (BBCS) product to be used to create securities purchase transaction for the bank to receive the securities from the counter party. <ul style="list-style-type: none"> This field is enabled only for collateral products This field is mandatory, if 'Securities' field is checked
Block Product	User to select the securities block product to be used to block (and release) the securities given as collateral, in the bank's portfolio. <ul style="list-style-type: none"> This field is enabled only for collateral products This field is mandatory, if 'Securities' field is checked
Internal Product	User to select the securities combination (BBBS) product to be used to transfer securities internally from one portfolio to another portfolio. <ul style="list-style-type: none"> This field is enabled only for collateral products
Cash Netting	Group of fields to capture the preferences to be used when the product is applicable for cash settlement netting.
Net Cash	User to select the default preference for netting cash components of a contract with other contracts with the same party. <ul style="list-style-type: none"> This field is enabled only for netting products This field is mandatory, if 'Cash' and 'Netting Product' fields are checked If 'Net' is selected, then both cashflows paid and received are netted together, for the same component across multiple contracts linked to the same netting scheme If 'Aggregate' is selected, then cashflows paid are netted and cashflows received are netted separately, for the same component across multiple contracts linked to the same netting scheme 'Net' is set by default, if not specified

Field	Description
Netting Tenor	<p>User to select the default preference for netting cash components of the contract with other contracts having any tenor or same tenor.</p> <ul style="list-style-type: none"> • This field is enabled only if 'Cash' and 'Netting Product' fields are checked and Net Cash is 'Net' or 'Aggregate' • If 'All' is selected, then the cash components is netted across contracts having any tenor • If 'Same Tenor' is selected, then the cash components is netted only across contracts having same tenor • If 'Same Deal' is selected, then only cash components of the same contract is netted • 'All' is set by default, if not specified
FX Netting Type	<p>User to select the default preference for netting cash components of Foreign Exchange (FX) contracts.</p> <ul style="list-style-type: none"> • This field is enabled only if 'Cash' and 'Netting Product' fields are checked and Net Cash is 'Net' or 'Aggregate' • If 'Pair-Wise' is selected, then cash flows of only those FX contracts traded with the same currency pair is netted together • If 'Currency-Wise' is selected, then cash flows in the same currency is netted across all the FX contracts, even if they are not booked with the same currency pair • 'Currency-Wise' is set by default, if not specified
Rekey Fields	<p>Group of fields for which the authorizer, of a transaction event using this product, re-enter the values while authorizing the transaction event.</p> <ul style="list-style-type: none"> • Multiple fields can be selected for Rekey • However, from the selected Rekey fields, only those fields that are applicable for a transaction event is available for Rekey during authorization of that event

Field	Description
Rekey Required	<p>User to indicate whether the authorizer, of a transaction event using this product, re-enter the values for selected fields while authorizing a transaction event, as a mechanism for cross-checking that correct transaction event is getting authorized.</p> <ul style="list-style-type: none"> For the fields selected for Rekey, values are not displayed in the authorization screen The values re-entered by the Authorizer is verified against the values available for these fields in the transaction event <ul style="list-style-type: none"> If multiple values are available for a field, the value re-entered is verified against any one of the values available for this field For the fields not selected for Rekey, values from the event is displayed in the authorization screen
Party ID	User to indicate whether Party ID should be rekeyed by the authorizer of a transaction event using this product.
Scheme ID	User to indicate whether Scheme ID should be rekeyed by the authorizer of a transaction event using this product.
Scheme Event	User to indicate whether margining or netting Event code should be rekeyed by the authorizer of a transaction event using this product.
Agreement Code	User to indicate whether Agreement Code should be rekeyed by the authorizer of a transaction event using this product.
Settlement Amount	<p>User to indicate whether Settlement Amount should be rekeyed by the authorizer of a transaction event using this product.</p> <ul style="list-style-type: none"> Applicable only if 'Cash' field is checked
Settlement Currency	<p>User to indicate whether Settlement Currency should be rekeyed by the authorizer of a transaction event using this product.</p> <ul style="list-style-type: none"> Applicable only if 'Cash' field is checked
Settlement Date	User to indicate whether Settlement Date should be rekeyed by the authorizer of a transaction event using this product.
Margin Code	<p>User to indicate whether Margin Code should be rekeyed by the authorizer of a transaction event using this product.</p> <ul style="list-style-type: none"> Applicable only if 'Collateral' field is checked
Margin Account	<p>User to indicate whether Margin Account number should be rekeyed by the authorizer of a transaction event using this product.</p> <ul style="list-style-type: none"> Applicable only if 'Collateral' and 'Cash' field is checked
Transfer Action	User to indicate whether Transfer Action should be rekeyed by the authorizer of a transaction event using this product.

Field	Description
Component	User to indicate whether the Component code, of the cashflow settled, should be rekeyed by the authorizer of a transaction event using this product. <ul style="list-style-type: none"> • Applicable only if 'Netting' and 'Cash' field is checked
Security ID	User to indicate whether Security ID should be rekeyed by the authorizer of a transaction event using this product. <ul style="list-style-type: none"> • Applicable only if 'Securities' field is checked
Portfolio ID	User to indicate whether Portfolio ID should be rekeyed by the authorizer of a transaction event using this product. <ul style="list-style-type: none"> • Applicable only if 'Securities' field is checked
Nominal / Units	User to indicate whether / Quantity (units), of the security transferred, should be rekeyed by the authorizer of a transaction event using this product. <ul style="list-style-type: none"> • Applicable only if 'Securities' field is checked
Product Restriction	Group of fields to indicate how the restriction should be applied for the list of party categories or currencies selected for the product. <ul style="list-style-type: none"> • Product restrictions (CSDTRPDR) function can be used to select the list of party categories or currencies to be restricted for the product
Categories List	User to indicate whether the list of party categories selected should be Allowed or Disallowed for this product.
Currency Restrictions	User to indicate whether the list of currencies selected should be Allowed or Disallowed for this product.
Holiday Check Required	Group of fields to indicate the default types of holidays to be considered for the transaction events using this product
Local Holiday	User to indicate whether local holidays is considered by default for the transaction events using this product
Currency Holiday	User to indicate whether currency holidays is considered by default for the transaction events using this product
Financial Center Holiday	User to indicate whether financial center holidays is considered by default for the transaction events using this product

3.4.4 MIS

User can configure the MIS details applicable for the product.

Click the **MIS** button at the bottom of the **Product Maintenance** screen to open this screen.

'MIS' user guide can be referred for more details on the fields and steps involved in configuring MIS details applicable for the product.

Figure 3.10: Margin-Netting Product Maintenance – MIS

The screenshot shows the 'MIS Details' window. At the top, there are three input fields: 'Product Code', 'MIS Group', and 'Pool Code'. The 'MIS Group' and 'Pool Code' fields have a magnifying glass icon. To the right of these fields is a blue button labeled 'Default From MIS Group'. Below these fields is a 'MIS Classes' section with a table header 'MIS Class' and 'MIS Code', and a 'Cost Code' section with four input fields, each with a magnifying glass icon. At the bottom right are 'Ok' and 'Cancel' buttons.

3.4.5 Charges

User can configure the applicable Charge components for the product.

- These charge components are applied on the transactions using this product.

Click the **Charges** button at the bottom of the **Product Maintenance** screen to open this screen.

'Charges and Fees' user guide can be referred for more details on the fields and steps involved in configuring Charge components applicable for the product.

Figure 3.11: Margin-Netting Product Maintenance – Charges

The screenshot shows the 'Charge Details' window with the following sections and fields:

- Component Details:**
 - Component * (text field)
 - Description (text field)
 - Charge Type (dropdown menu with options: Net Consideration, Advice Charge)
 - Debit/Credit (dropdown menu)
 - Add/Subtract (dropdown menu)
 - SWIFT Qualifier (text field)
 - Stop Association (checkbox)
 - Propagation Required (checkbox)
 - Default From Class (checkbox)
- Event Details:**
 - Event For Association (text field)
 - Description (text field)
 - Event For Liquidation (text field)
 - Description (text field)
 - Event For Application (text field)
 - Description (text field)
 - Basis Amount Tag (text field)
 - Description (text field)
- Rule Details:**
 - Settlement Currency (text field)
 - Rule (text field)
 - Description (text field)
 - Default Waiver (checkbox)
 - Capitalize (checkbox)
- Other Details:**
 - Allow Rule Amendment (checkbox)
 - Amend After Association (checkbox)
 - Allow Amount Amendment (checkbox)
 - Accrual Required (checkbox)
 - Amend After Application (checkbox)
 - Consider as Discount (checkbox)
 - Discount Basis (dropdown menu)

At the bottom right, there are 'Ok' and 'Cancel' buttons.

3.4.6 Tax

User can configure the applicable Tax components for the product.

- These tax components are applied on the transactions using this product.

Click the **Tax** button at the bottom of the **Product Maintenance** screen to open this screen.

'Tax' user guide can be referred for more details on the fields and steps involved in configuring Tax components applicable for the product.

Figure 3.12: Margin-Netting Product Maintenance – Tax

3.4.7 Fields

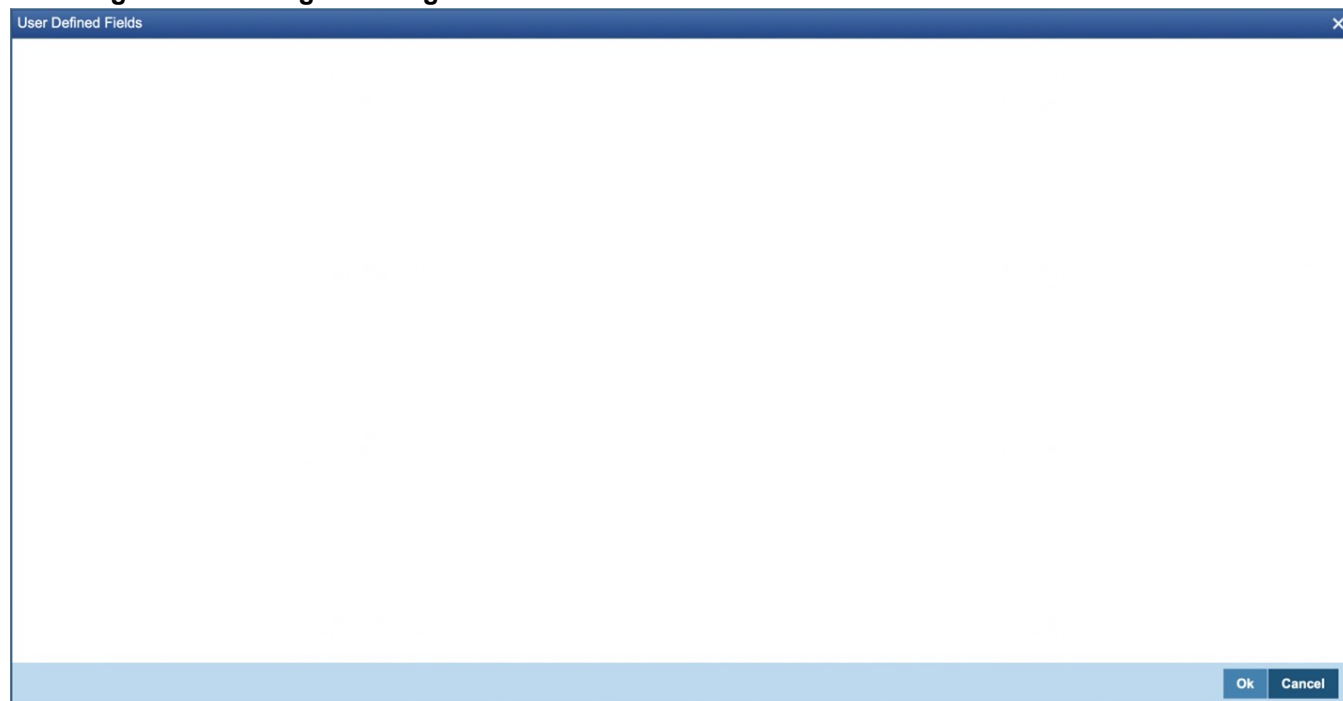
User can define values for UDF associated with Margin-Netting Product Maintenance function.

- These fields can be referred while applying or reporting the product.

Click the **Fields** button at the bottom of the Product Maintenance screen to open this screen.

'User Defined Fields' user guide can be referred for more details on the steps involved in configuring and using UDF applicable for the function.

Figure 3.13: Margin-Netting Product Maintenance – Fields



3.4.8 Margin-Netting Product Summary

User can view the list of products maintained for margining and netting processes using 'Margin-Netting Product Summary' function.

- User can select the values for different fields available for filtering / searching the products
- User can Reset and Clear all the values selected for the search fields
- User can specify values for additional fields for refining the search by clicking on Advanced Search button

User can view the list of margin-netting products maintained in this **Margin-Netting Product Summary** function. User can invoke this screen by navigating through the menu button at the top left corner of the Application tool or

by typing **MGSCPROD** in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Figure 3.14: Margin-Netting Product – Summary

3.5 Cash-Margin Settlement Scheme

Cash Settlement Schemes can be defined with default preferences for Cash Collateral Margining and Cash Settlement Netting using 'Cash-Margin Settlement Scheme Maintenance' function. These preferences defined for a scheme is applied by default on all cash settlements using this scheme.

The details that can be captured for Cash-Margin Settlement Scheme include,

- A unique code and a brief description for the Scheme
- Details of the Customer for whom this scheme is used for settlement
- Specific preferences for settlement and netting processes, including currency and GL
- Mapping customer accounts that can be settled using this scheme
- Holiday preferences to be applied for the settlements using this scheme

Cash Settlement Schemes can be defined at the HO branch as well as specific to any branch.

- All the modifications to the scheme setup is logged for audit trail purposes
- Auto authorization can be enabled for this function

User can define a new or maintain an existing settlement scheme in this **Cash-Margin Settlement Scheme Maintenance** function. User can invoke this screen by navigating through the menu button at the top left corner of the

Application tool or by typing **MGDSCHEM** in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Figure 3.15: Cash-Margin Settlement Scheme Maintenance

The following table describes the fields captured as preferences for cash settlement schemes.

* indicates mandatory fields.

Table 3.5: Cash-Margin Settlement Scheme Maintenance

Field	Description
Product	User to select the Margin-Netting Product, to which this scheme is linked. <ul style="list-style-type: none"> This field cannot be amended after saving the scheme
Product Description	Displays the description of the Product selected.
Branch	Displays the current branch code to which the user has logged in. <ul style="list-style-type: none"> Settlement Schemes defined for HO branch can be used for transactions booked in any of the other branches However, schemes defined for a specific branch can used only for the transactions booked in that branch

Field	Description
Scheme ID	User to enter a unique code that identifies the scheme throughout Oracle Banking Treasury Management. <ul style="list-style-type: none"> • This field cannot be amended after saving the scheme • This ID should be unique and cannot be used to identify any other scheme • This code should be minimum 10 characters in length and can be a maximum of 16 characters • If not specified, 'Scheme Reference' is set as 'Scheme ID' by default
Scheme Description	User to enter a description for the scheme to identify easily. This description is displayed along with the code throughout Oracle Banking Treasury Management. <ul style="list-style-type: none"> • A minimum of 10 and maximum of 100 characters can be entered for description
Scheme Reference	Displays a unique reference number for the scheme. <ul style="list-style-type: none"> • Automatically generated when the user clicks on 'P' button, after selecting the product
Customer Details	Group of fields used to specify the details about the customer for whom this scheme is used.
Customer No	User to select the customer for whom this scheme is used for settlement. <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the scheme • This scheme is used only for cash settlement with the customer selected
Customer Description	Displays the short name of the Customer selected.
Fund ID	User to select the fund id for which this scheme is used for settlement.
Settlement Preferences	Group of fields used to specify the default settlement preferences for the transactions using this scheme.
Settlement Currency	User to select the currency in which the transactions using this scheme is settled. <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the scheme • If the amount to be settled is in a different currency for the transaction using this scheme, the settlement amount is calculated by converting this amount to the scheme settlement currency equivalent
Settlement Days	User to enter the number of days to be considered for arriving at the default value date for the settlement transaction using this scheme in 'Cash-Margin Net Settlement' function. <ul style="list-style-type: none"> • '0' is set by default, if not specified

Field	Description
FX Rate Type	<p>User to select the exchange rate type for getting the exchange rate to be used for converting the settlement amount in any other currency to the scheme currency for a transaction using this scheme for settlement.</p> <ul style="list-style-type: none"> • If specified, this rate type is used to get the prevailing exchange rate for calculating the settlement amount in scheme currency • If not specified, the latest available exchange rate for the applicable date, irrespective of rate type, is used for calculating the settlement amount in scheme currency
FX Rate Code	<p>User to select the exchange rate code for getting the exchange rate to be used.</p> <ul style="list-style-type: none"> • If 'Buy/Sell Rate' is selected, then Buy Rate is used for transactions where bank is receiving, and Sell Rate is used for transactions where bank is paying • If 'Mid-Rate' is selected, then Mid-Rate is used for all transactions where bank is receiving or paying • 'Mid-Rate' is set by default, if not specified
Netting Preferences	<p>Group of fields used to specify the default netting preferences for the transactions using this scheme.</p>
Net Settlement-Bridge GL	<p>User to select the General Ledger to be used as the bridge for netting the settlement across multiple transactions.</p> <ul style="list-style-type: none"> • This GL is used as the 'Scheme GL' for posting accounting entries for cash net settlement events using this scheme • The same GL can be configured for multiple schemes
GL Description	<p>Displays the description of the Net Settlement-Bridge GL selected.</p>
Override Limit %	<p>User can specify the normal variance (as %) allowed for the actual 'Settlement Amount' against the 'Net Amount' calculated, for the transaction using this scheme in 'Cash-Margin Net Settlement' function.</p> <ul style="list-style-type: none"> • A minimum of 0 and maximum of 100 can be entered as limit • In case the variance calculated (as %) exceeds the value specified for this field, the system displays an overriding (warning) message while saving the transaction but allows the transaction • If not specified, variances are not checked and overriding messages are not be displayed

Field	Description
Stop Limit %	<p>User can specify the maximum variance (as %) allowed for the actual 'Settlement Amount' against the 'Net Amount' calculated, for the transaction using this scheme in 'Cash-Margin Net Settlement' function.</p> <ul style="list-style-type: none">• A minimum of 0 and maximum of 100 can be entered as limit• Value for this field should be greater than the 'Override Limit' defined• In case the variance calculated (as %) exceeds the value specified for this field, the system displays an error message while saving the transaction and will not allow the transaction to be saved• If not specified, variance will not be checked, and error message will not be displayed

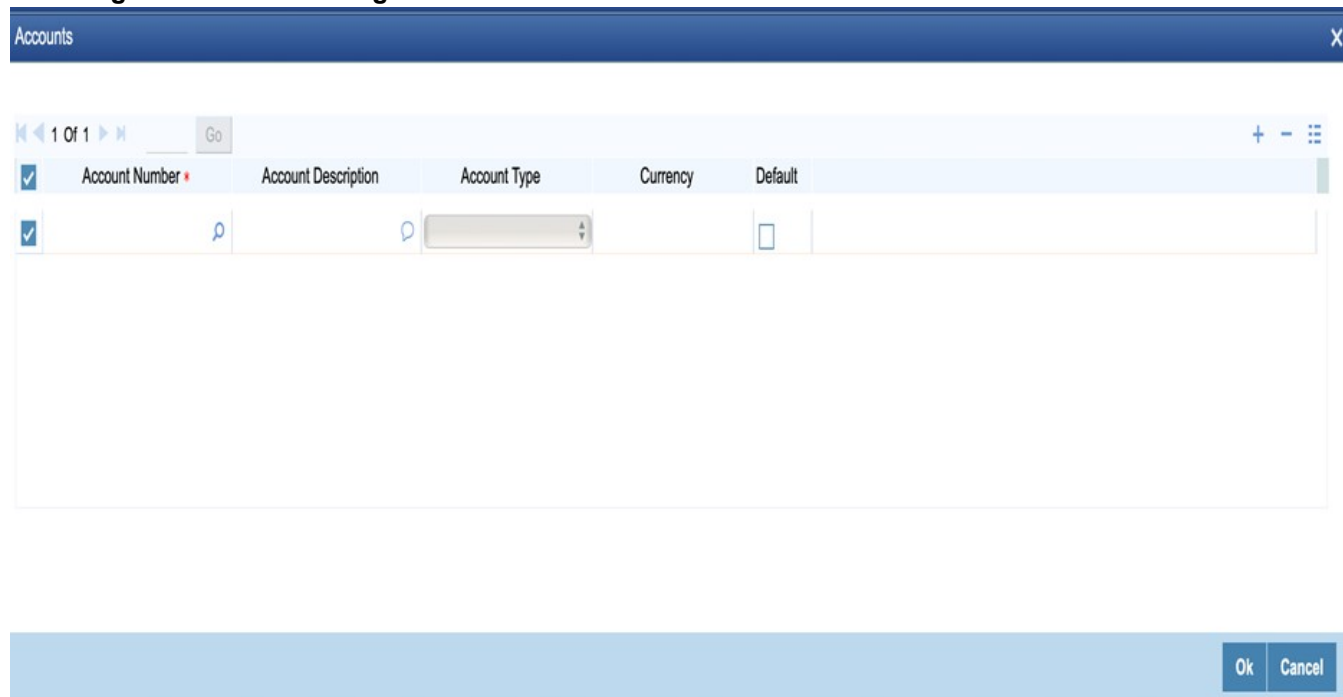
On click of **P** button, after selecting the values for mandatory fields, system automatically generates a unique 'Reference' for the scheme.

3.5.1 Accounts

User can select the margin accounts that can be settled using this scheme.

Click the **Accounts** button at the bottom of the **Cash-Margin Settlement Scheme Maintenance** screen to open this screen.

Figure 3.16: Cash-Margin Settlement Scheme Maintenance – Accounts



The following table describes the fields captured for the accounts mapped.

* indicates mandatory fields.

Table 3.6: Cash-Margin Settlement Scheme Maintenance - Accounts

Field	Description
Scheme ID	Displays the ID of the scheme selected.
Scheme Description	Displays the description of the scheme selected.

Field	Description
Account Number	User to select the Margin Account that can be settled using this scheme. <ul style="list-style-type: none">• Only those customer accounts that are mapped as margin accounts for a collateral party or broker is displayed for selection• Currency of this account can be different from the settlement currency the scheme• Customer of this account can be different from the customer of the scheme• Multiple margin accounts can be mapped, by clicking on the '+' button• The selected margin account can be un-mapped by clicking on the '-' button
Account Description	Displays the description of the Account selected.
Account Type	Displays the type of the Account selected.
Currency	Displays the amount currency of the Account selected.
Default	User to mark an account to be used as the default margin account for the contracts linked to the scheme. <ul style="list-style-type: none">• Only one account can be marked as default for an account currency

3.5.2 Fields

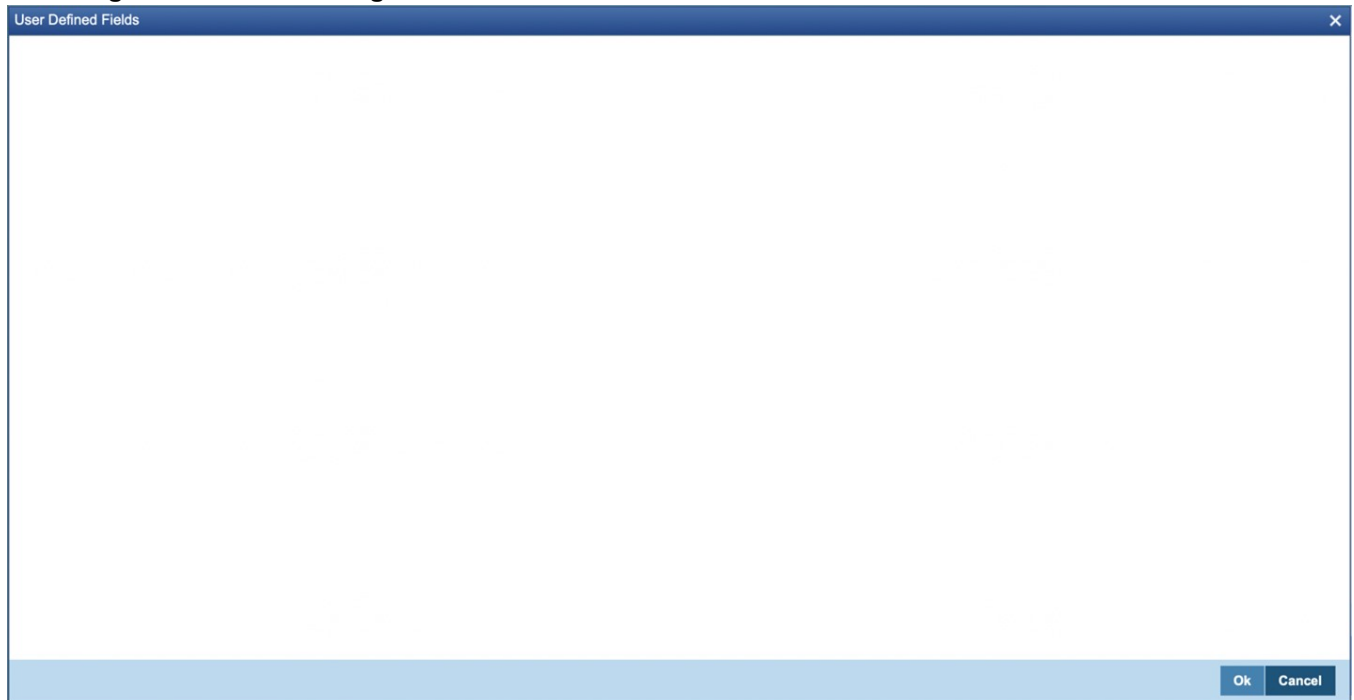
User can define values for UDF associated with Cash-Margin Settlement Scheme Maintenance function.

- These fields can be referred while applying or reporting the scheme.

Click the **Fields** button at the bottom of the **Cash-Margin Settlement Scheme Maintenance** screen to open this screen.

'User Defined Fields' user guide can be referred for more details on the steps involved in configuring and using UDF applicable for the function.

Figure 3.17: Cash-Margin Settlement Scheme Maintenance – Fields

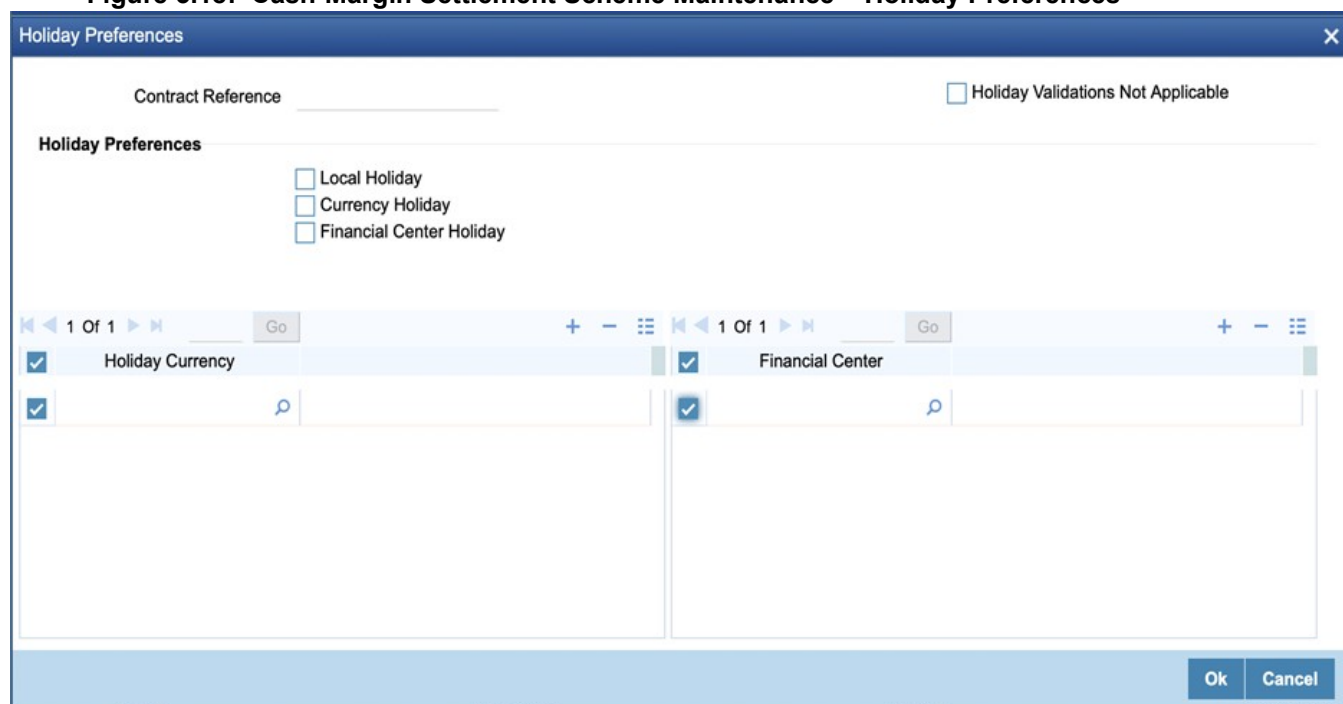


3.5.3 Holiday Preferences

User can define the preferences for validating holidays for the settlement date of the net settlement transactions using this scheme.

Click the **Holiday Preferences** button at the bottom of the **Cash-Margin Settlement Scheme Maintenance** screen to open this screen.

Figure 3.18: Cash-Margin Settlement Scheme Maintenance – Holiday Preferences



The following table describes the fields captured for the holiday preferences defined for the scheme.

* indicates mandatory fields.

Table 3.7: Cash-Margin Settlement Scheme Maintenance – Holiday Preferences

Field	Description
Reference	Displays the Reference of the scheme selected.
Ignore Holidays	User to indicate whether the settlement date, of the net settlement transaction using this scheme, is validated for holidays. <ul style="list-style-type: none"> • If checked, settlement date will not be validated for holidays • If unchecked, settlement date is validated for holidays based on the holiday preferences configured for this scheme • Unchecked by default, if not specified.
Holiday Preferences	Group of fields to define the preferences that decides the holiday calendars to be used for this scheme. <ul style="list-style-type: none"> • Applicable only if 'Ignore Holidays' is unchecked • If applicable, at least one of 'Local Holiday', 'Currency Holiday' or 'Financial Center Holiday' should be checked

Field	Description
Local Holiday	User to indicate whether the settlement date is validated using holiday calendar of the transaction branch. <ul style="list-style-type: none"> Defaulted from the preferences defined for Margin-Netting product selected for this scheme
Currency Holiday	User to indicate whether the settlement date is validated using holiday calendars of the holiday currencies selected for this scheme. <ul style="list-style-type: none"> Defaulted from the preferences defined for Margin-Netting product selected for this scheme
Financial Center Holiday	User to indicate whether the settlement date is validated using holiday calendars of the financial centers selected for this scheme. <ul style="list-style-type: none"> Defaulted from the preferences defined for Margin-Netting product selected for this scheme
Holiday Currency	User to select the currencies whose calendars should be used for validating holidays for the settlement date of the net settlement transactions using this scheme. <ul style="list-style-type: none"> Applicable only if 'Currency Holiday' is checked for this scheme Multiple holiday currencies can be selected, by clicking on the '+' button The selected holiday currency can be removed by clicking on the '-' button
Financial Center	User to select the financial centers whose calendars should be used for validating holidays for the settlement date of the net settlement transactions using this scheme. <ul style="list-style-type: none"> Applicable only if 'Financial Center Holiday' is checked for this scheme Multiple financial centers can be selected, by clicking on the '+' button The selected financial center can be removed by clicking on the '-' button

3.5.4 Cash-Margin Settlement Scheme Summary

User can view the list of settlement schemes maintained using 'Cash-Margin Settlement Scheme Summary' function.

- User can select the values for different fields available for filtering / searching the products
- User can Reset and Clear all the values selected for the search fields
- User can specify values for additional fields for refining the search by clicking on Advanced Search button

User can view the list of settlement schemes maintained in this **Cash-Margin Settlement Scheme Summary** function. User can invoke this screen by navigating through the menu button at the top left corner of the Application tool

or by typing **MGSSCHEM** in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Figure 3.19: Cash-Margin Settlement Scheme Maintenance – Summary

3.6 Master Agreement

Master Agreements can be defined with default preferences for Collateral Margining and Settlement Netting using 'Treasury Master Agreement Maintenance' function. These preferences defined for a master agreement is applied by default on all transactions linked to the same agreement.

The advantage of defining a master agreement is that it allows to create a broad framework for margining and netting for all transactions with a counter party.

The details that can be captured for Master Agreements include,

- A unique code and a brief description for the Product
- Basic details about the agreement party, type of the agreement and purposes for which the agreement can be used, etc.
- Details about the linked sub agreements, document type and version used, validity, exchange rate to be used, etc.
- Configuring margin codes for different margin types applicable for the agreement with specific preferences for collateral types allowed, calculation, settlement, securities eligible, etc. for each margin code
- Specific preferences for settlement netting purposes

Master Agreement can be defined at the HO branch as well as specific to any branch.

- All the modifications to the master agreement is logged for audit trail purposes

- Auto authorization can be enabled for this function

User can define a new or maintain an existing master agreement in this **Treasury Master Agreement Maintenance** function. User can invoke this screen by navigating through the menu button at the top left corner of the Application tool or by typing **MGDMAMNT** in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Figure 3.20: Treasury Master Agreement Maintenance

The screenshot displays the 'Master Agreement Maintenance' application window. At the top, there is a 'Save' button. The main form area is organized into several sections:

- Main:** Includes tabs for 'Agreement Details', 'Collateral', and 'Netting'. Under 'Agreement Details', there are fields for 'Branch', 'Agreement Reference *' (with a 'P' button), 'Agreement Code *', 'Agreement Description *', 'Agreement Date *' (YYYY-MM-DD), and 'Last Updated On' (YYYY-MM-DD).
- Party Information:** Contains fields for 'Party ID *', 'Party Description', 'Party Role *' (dropdown menu showing 'Counterparty / Customer'), 'Internal Remarks', and 'Agreement type' (dropdown menu showing 'Bilateral').
- Agreement Purpose:** Features two checkboxes: 'Collateral Margining' (checked) and 'Settlement Netting'.
- Modules:** A table with columns 'Module *' and 'Description'. One module is listed and checked.
- Fields:** A bottom section with labels for 'Maker', 'Checker', 'Date Time', 'Mod No', 'Record Status', and 'Authorization Status'. A 'Cancel' button is located in the bottom right corner.

The following table describes the fields captured for master agreement preferences.

* indicates mandatory fields.

Table 3.8: Treasury Master Agreement Maintenance

Field	Description
Branch	Displays the current branch code to which the user has logged in. <ul style="list-style-type: none"> • Agreement defined for HO branch can be used for transactions booked in all the other branches • However, if any agreement is defined specific to a branch then it is used only for the transactions booked in that branch
Agreement Reference	Displays a unique reference number for the agreement. <ul style="list-style-type: none"> • Automatically generated when the user clicks on 'P' button, after selecting the branch
Agreement Code	User to enter a unique code that identifies the agreement throughout Oracle Banking Treasury Management. <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the agreement • This code should be unique and cannot be used to identify any other agreement • This code should be minimum 10 characters in length and can enter a maximum of 16 characters • If not specified, 'Agreement Reference' is set as 'Agreement Code' by default
Agreement Description	User to enter a description for the agreement to identify easily. This description is displayed along with the code throughout Oracle Banking Treasury Management. <ul style="list-style-type: none"> • A minimum of 10 and maximum of 100 characters can be entered for description
Agreement Date	User can specify the date from which the agreement can be used. <ul style="list-style-type: none"> • If not specified, the branch date is set by default • If amended, the value for this field cannot be greater than the previous value for this field
Last Updated On	Displays the date on which the preferences for the current version of the agreement was last updated.

On click of **P** button, system automatically generates a unique 'Reference' for the agreement.

3.6.1 Treasury Master Agreement Maintenance - Main

User can define the basic details about the agreement party, type of the agreement and purposes for which the agreement can be used.

Click the **Main** tab in the **Treasury Master Agreement Maintenance** screen to open this screen.

The following table describes the fields captured for master agreement preferences.

* indicates mandatory fields.

Table 3.9: Treasury Master Agreement Maintenance - Main

Field	Description
Party ID	User to select the counter party to this agreement. <ul style="list-style-type: none"> This field cannot be amended after first authorization of the agreement
Party Role	User to select the role played by the counter party, for the purposes of this agreement. <ul style="list-style-type: none"> This field cannot be amended after first authorization of the agreement Only those roles selected for the party in 'Treasury Customer Additional Details Maintenance (STDTRCIF)' function is displayed for this field Can select 'Clearing House / CCP', if the agreement is for clearing the contract and the party selected is a designated clearing house or CCP Can select 'Trading Venue', if the agreement is for executing the contract and the party selected is a designated exchange or any trading venue Can select 'Broker', if the party selected is a Broker for execution or clearing of a contract Can select 'Triparty Agent / Custodian', if the agreement is for holding the collateral margin on behalf of the bank and the party selected is a Triparty Agent or a Custodian Can select 'Counterparty / Customer', if the agreement is directly with the counterparty or customer of the bank Can select 'Intermediary', if the agreement is with any other third party that can act as an intermediary for any transaction If not specified, 'Counterparty / Customer' is set by default
Party Description	Displays the description of the Party selected.
Internal Remarks	User can enter any additional comments about the agreement. <ul style="list-style-type: none"> A maximum of 250 characters can be entered for remarks
Agreement Type	User can select the type of the agreement. <ul style="list-style-type: none"> This field cannot be amended after first authorization of the agreement Can select 'Clearing', if the agreement is for clearing the contract and party role selected is 'Clearing House / CCP' Can select 'Triparty', if the agreement is for managing the collateral margining process on behalf of the bank and party role selected is 'Triparty Agent / Custodian' Can select 'Bilateral' if the agreement is for any other purpose or party role If not specified, 'Bilateral' is set by default
Agreement Purpose	Fields to indicate the purposes for which this agreement can be used. <ul style="list-style-type: none"> At least one of the purpose fields should be mandatorily checked for the agreement
Collateral Margining	User to indicate whether the agreement can be used for Collateral Margining. <ul style="list-style-type: none"> If selected, this field cannot be unchecked after subsequent authorization of the agreement

Field	Description
Settlement Netting	User to indicate whether the agreement can be used for Settlement Netting. <ul style="list-style-type: none">• If selected, this field cannot be unchecked after subsequent authorization of the agreement
Modules	List of modules for which this agreement can be used. <ul style="list-style-type: none">• At least one module should be mandatorily selected for the agreement• Multiple modules can be mapped, by clicking on the '+' button• The selected module can be un-mapped by clicking on the '-' button
Module	User to select the module for which this agreement can be used.
Description	Displays the description of the Module selected.

3.6.2 Agreement Details

User can define the details of the agreement including document type and expiry.

- Details about the linked sub-agreements can be captured.

Click the **Agreement Details** tab in the **Treasury Master Agreement Maintenance** screen to open this screen.

Figure 3.21: Treasury Master Agreement Maintenance - Agreement Details

The following table describes the fields captured for agreement details.

* indicates mandatory fields.

Table 3.10: Treasury Master Agreement Maintenance – Agreement Details

Field	Description
Master Document Type	User to select the standard document type used for this master agreement. <ul style="list-style-type: none"> • Can be one of the standard document types maintained using 'Treasury Static Type Maintenance' function with type as 'AG_TYPE' <ul style="list-style-type: none"> • Example: ISDA, GMRA, CNBR, CAR, etc. • Can select 'Others' if the agreement did not use any standard document types

Field	Description
Agreement Details	User can enter any additional details about the document used for this agreement. <ul style="list-style-type: none"> • This field is mandatory if the Master Document Type selected is 'Others' • A maximum of 30 characters can be entered for agreement details
Master Document Version	User to enter the details about the version of the standard document type used for this agreement. <ul style="list-style-type: none"> • Example: 2019/2.0 • A maximum of 30 characters can be entered for version
Expiry Date	User can specify the date up to which the agreement is valid. <ul style="list-style-type: none"> • Expiry date cannot be less than the Agreement Date • If Expiry Date is not specified, then the agreement is valid for an indefinite period. • If amended, the value for this field cannot be less than the previous value for this field after subsequent authorization of the agreement
FX Rate Type	User to select the exchange rate type for getting the exchange rate to be used for converting the exposure amount in any other currency to the margin currency for a transaction using this agreement for collateral margining. <ul style="list-style-type: none"> • If specified, this rate type is used to get the prevailing exchange rate for calculating the margin amount in margin currency • If not specified, the latest available exchange rate for the applicable date, irrespective of rate type, is used for calculating the margin amount in margin currency
FX Rate Code	User to select the exchange rate code for getting the exchange rate to be used. <ul style="list-style-type: none"> • If 'Buy/Sell Rate' is selected, then Buy Rate is used for transactions where bank is receiving, and Sell Rate is used for transactions where bank is paying • If 'Mid-Rate' is selected, then Mid-Rate is used for all transactions where bank is receiving or paying • 'Mid-Rate' is set by default, if not specified
Sub Agreement	Group of fields to capture the details about the sub agreements linked to this master agreement. <ul style="list-style-type: none"> • At least one sub agreement should be defined for each purpose selected for this master agreement
Sub-Agreement Code	User to enter a unique code that identifies the sub agreement within the master agreement. <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the agreement • This code should be unique and cannot be used to identify any other sub agreement, within the same master agreement • This code should be minimum 10 characters in length and can enter a maximum of 16 characters

Field	Description
Purpose	<p>User to select the purpose which this sub agreement is used.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the agreement • Can select Collateral (COLL) or Credit Support Annex (CSAX), if the sub agreement is for collateral margining purposes • Can select Settlement Netting (NETS), if the sub agreement is for net settlement of either cash or securities or both for a transaction
Margin Type	<p>User to select the Margin Type for which the sub agreement can be used.</p> <ul style="list-style-type: none"> • This field is applicable only if the purpose selected is COLL or CSAX • Can select Initial Margin (IM), Independent Amount (IA), Variation Margin (VM) or Funding (DF) • A sub agreement should be defined for each margin type applicable for this master agreement • If the same sub agreement is used for multiple margin types, then margin type can be selected as Any Margin (AL) • A sub agreement should be mandatorily defined for Variation Margin (VM) or Any Margin (AL), if 'Collateral Margining' is selected as a purpose of the master agreement • This field is set to VM by default, if the purpose selected is COLL or CSAX • This field is set to 'Netting (NT)' and disabled, if the purpose selected is NETS
Document Type	<p>User to select the standard document type used for this sub agreement.</p> <ul style="list-style-type: none"> • Can be one of the standard document types maintained using 'Treasury Static Type Maintenance' function with type as 'AG_TYPE' <ul style="list-style-type: none"> • Example: ISDA, GMRA, CNBR, CAR, etc. • Can select 'Others' if the sub agreement did not use any standard document types
Document Version	<p>User to enter the details about the version of the standard document type used for this sub agreement.</p> <ul style="list-style-type: none"> • Example: 2019/2.0 • A maximum of 30 characters can be entered for version
Agreement Details	<p>User can enter any additional details about the document used for this SUB agreement.</p> <ul style="list-style-type: none"> • This field is mandatory if the Document Type selected is 'Others' • A maximum of 30 characters can be entered for details

Field	Description
Agreement Date	<p>User can specify the date from which this sub agreement can be used.</p> <ul style="list-style-type: none"> • Should be greater than or equal to the Agreement Date specified for the Master Agreement • If not specified, the branch date is set by default • If amended, the value for this field cannot be greater than the previous value for this field after subsequent authorization of the agreement • If two sub agreements are defined for the same Purpose and Margin Type, the Expiry Date of the first sub agreement should be less than or equal to the Agreement Date of the second sub agreement
Expiry Date	<p>User can specify the date up to which this sub agreement is valid.</p> <ul style="list-style-type: none"> • Expiry date cannot be less than the Agreement Date for the sub agreement • If Expiry Date is not specified, then the sub agreement is valid till it is marked as inactive • If amended, the value for this field cannot be less than the previous value for this field after subsequent authorization of the agreement
Active	<p>User can indicate whether this sub agreement can be used for the transactions.</p> <ul style="list-style-type: none"> • Only sub agreement can be active at any point in time, for the selected Purpose and Margin Type • At least one sub agreement should be active for each purpose selected for this master agreement

3.6.3 Collateral Preferences

User can define the collateral preferences for the agreement if the agreement is used for Collateral Margining purposes. Collateral tab is enabled only if 'Collateral Margining' is checked for Agreement Purpose in **Main** tab, for this agreement.

- Can define different margin codes for different margin types applicable for the agreement
- Can define the allowed collateral types and other preferences for each margin code
- Can define the calculation and settlement preferences for each margin code

- Can define the securities eligible to be given as collateral for each margin code

Click the **Collateral** tab in the **Treasury Master Agreement Maintenance** screen to open this screen.

Figure 3.22: Treasury Master Agreement Maintenance - Collateral

The following table describes the fields captured for collateral preferences for the agreement.

* indicates mandatory fields.

Table 3.11: Treasury Master Agreement Maintenance - Collateral

Field	Description
Margin Product	User to select the Margin-Netting Product, to which this agreement is linked. <ul style="list-style-type: none"> • Only products enabled for Collateral Margining is displayed for selection
Product Description	Displays the description of the Product selected.

Field	Description
Margin Calculation Agent	<p>User to select the party that is responsible for margin calculation for this agreement.</p> <ul style="list-style-type: none"> • Can select 'Bank' if bank is responsible for margin calculation • Can select 'Counterparty' if counterparty is responsible for margin calculation • Can select 'Joint', if both parties are jointly responsible for margin calculation and must agree on the margin calculated • Can select 'Clearing House / CCP', if a clearing house / ccp is responsible for margin calculation and the party role selected for the agreement is not 'Clearing House / CCP' <ul style="list-style-type: none"> • Example, when the agreement is with clearing broker and margin calculation is done by the clearing house of the exchange • Can select 'ThirdParty', if a third party is responsible for margin calculation <ul style="list-style-type: none"> • 'ThirdParty' can be a calculation service provider, regulator, clearing house/CCP, etc. • If not specified, this field is set to 'Counter party' by default
Third-Party Calculator	<p>User to select the third-party calculator that is responsible for margin calculation for this agreement.</p> <ul style="list-style-type: none"> • This field is applicable and mandatory only when the Margin Calculation Agent selected is 'ThirdParty' • Can be one of the Third-Party Calculators maintained using 'Treasury Static Type Maintenance' function with type as 'MARGIN_TPC' <ul style="list-style-type: none"> • Example: ISDA, etc.
Margins Applicable	<p>Group of fields to capture the details about the margins applicable for this master agreement.</p> <ul style="list-style-type: none"> • At least one margin code should be defined with margin type as Variation Margin (VM) or Any Margin (AL) • Multiple Margin Codes can be defined, by clicking on the '+' button • However, Margin Code cannot be deleted by clicking on the '-' button, after subsequent authorization of the agreement
Margin Code	<p>User to enter a unique code that identifies the margin applied for this agreement.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the agreement • This code should be unique and cannot be used to identify any other margin for the same agreement • This code should be minimum 5 characters in length and can enter a maximum of 10 characters
Margin Description	<p>User to enter a description for the margin code.</p> <ul style="list-style-type: none"> • A minimum of 10 and maximum of 100 characters can be entered for description

Field	Description
Margin Type	User to select the Margin Type for the margin code is defined. <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the agreement • Can select 'Initial Margin' (IM), if this margin code is for transferring initial margin for the exposure from the transactions linked to this agreement • Can select 'Independent Amount' (IA), if this margin code is for transferring additional margin, independent from initial margin, for the exposure from the transactions linked to this agreement • Can select 'Variation Margin' (VM), if this margin code is for transferring margin due to revaluation (MTM) of the exposure from the transactions linked to this agreement • Can select 'Funding' (DF), if this margin code is for transferring margin for the purposes of creating a trading limit or contributing to the default fund applicable for this agreement • Can select 'Any Margin' (AL), if the same margin would be used for transferring any type of margin for this agreement • More than one Margin code can be defined for the same Margin Type • If not specified, this field is set to 'Any Margin (AL)' by default
Margin CCY	User to specify the currency in which the margin required is calculated for this margin code. <ul style="list-style-type: none"> • Exposure in different currencies is converted to the margin currency equivalent for arriving at the final exposure for margin calculation purposes • Set to branch currency by default, if not specified
Cash & Deposit	User to indicate whether collateral can be provided in Cash or Deposits, for this margin code. <ul style="list-style-type: none"> • Defaulted from the Margin product linked to the agreement <ul style="list-style-type: none"> • Can be checked only if 'Cash' is checked for the margin product • However, can be unchecked even if 'Cash' is checked for the margin product • Mandatory if 'Securities' is unchecked
Securities	User to indicate whether collateral can be provided as Securities, for this margin code. <ul style="list-style-type: none"> • Defaulted from the Margin product linked to the agreement <ul style="list-style-type: none"> • Can be checked only if 'Securities' is checked for the margin product • However, can be unchecked even if 'Securities' is checked for the margin product • Mandatory if 'Cash' is unchecked for the Margin Product

Field	Description
Allow Reuse	User to indicate whether the collateral received for this margin code can be reused for settling or replying for other contracts or margins, by the receiver of the collateral. <ul style="list-style-type: none"> • Unchecked by default
Net Settle	User to indicate whether the collateral exchanged for this margin code can be net settled with other margins or components or contracts or agreements with the same party. <ul style="list-style-type: none"> • Unchecked by default
Margin Calculation	User to select the reference for the margin calculation preferences to be used, for this margin code. <ul style="list-style-type: none"> • If 'Agreement' is selected, then calculation preferences is separately defined for the margin code • If 'Instrument' is selected, then calculation preferences defined for the instrument product is used and preferences will not be separately defined for the margin code <ul style="list-style-type: none"> • 'Calculation' button at the bottom of the 'Collateral' tab is disabled • If 'External' is selected, then margin calculation is received from an external system or provider <ul style="list-style-type: none"> • 'External' is set by default, when the Margin Calculation Agent selected is 'Clearing House / CCP' or 'ThirdParty' • 'Calculation' button at the bottom of the 'Collateral' tab is disabled • This field is set to 'External' by default

3.6.4 Collateral – Calculation Preferences

User can define the collateral calculation preferences for each margin code defined for the agreement. These preferences need to be defined only if Margin Calculation selected for the margin code is 'Agreement'.

- Can select multiple products and transaction types for which the margin code is applicable

- Can define the calculation preferences applicable for each product and transaction type selected

Click the **Calculation** button at the bottom of the **Collateral** tab in the **Treasury Master Agreement Maintenance** screen to open this screen.

Figure 3.23: Treasury Master Agreement Maintenance - Collateral Calculation

The following table describes the fields captured for collateral calculation preferences for the agreement.

* indicates mandatory fields.

Table 3.12: Treasury Master Agreement Maintenance – Collateral Calculation

Field	Description
Agreement Code	Displays the code of the Agreement selected.
Margin Type	Displays the margin type of the Margin code selected.
Margin Code	Displays the code of the Margin selected.
Calculation Rules	<p>Group of fields to capture the rules to be used for calculating margin required, for different products and transaction types for which the margin code is applicable.</p> <ul style="list-style-type: none"> • Multiple products and transaction types can be selected, by clicking on the '+' button • The selected product and transaction type record can be removed by clicking on the '-' button

Field	Description
Module Code	<p>User to select the Module for which this calculation rule setup is applicable, for the margin code.</p> <ul style="list-style-type: none"> • This field cannot be amended after authorization of the agreement • Only those modules, that are selected for the agreement is displayed • If 'Agreement' is selected for Margin Calculation, then at least one default calculation rule should be defined for each module selected for the agreement
Product	<p>User to select the Product, in the selected Module, for which this calculation rule setup is applicable, for the margin code.</p> <ul style="list-style-type: none"> • This field cannot be amended after authorization of the agreement • 'Instrument Products' is listed for the modules, in which instruments can be defined separately. These modules are: Securities, Exchange Traded Derivatives and Credit Derivatives • 'Deal Products' is listed for all the other modules • One default setup with 'ALL' should be defined for each module selected for the agreement • One default setup with Product as 'ALL' should be defined for each module selected for the agreement • This field is set to 'ALL' by default
Trade Type	<p>User to select the type of transactions for which this calculation rule setup is used, for the margin code, based on where the transaction is traded.</p> <ul style="list-style-type: none"> • This field cannot be amended after authorization of the agreement • This field is set to 'Exchange Traded' by default and disabled, if the module selected is 'Exchange Traded Derivatives' • For other modules, 'Over the Counter' is set by default but user can select 'Exchange Traded' if applicable for the product
Clear Type	<p>User to select the type of transactions for which this calculation rule setup is used, for the margin code, based on how the transaction is settled.</p> <ul style="list-style-type: none"> • This field cannot be amended after authorization of the agreement • This field is set to 'Cleared' by default and disabled, if the Trade Type selected is 'Exchange Traded' • For other Trade Types, 'Uncleared' is set by default but user can select 'Cleared' if applicable for the product
Rule Type	<p>User to select the type of this calculation rule setup, based on the type of the publisher of the rule, for the margin code.</p> <ul style="list-style-type: none"> • This field cannot be amended after authorization of the agreement • This field is set to 'Counter party' by default if the Trade Type selected is 'Over the Counter'

Field	Description
Rule Purpose	<p>User to select the purpose for which this calculation rule setup is used, for the margin code.</p> <ul style="list-style-type: none"> • This field cannot be amended after authorization of the agreement • This field is set to 'Margin Call' by default if the Rule Type selected is not 'Internal'
Calculation Preferences	<p>Group of fields to capture the preferences to be used for calculating margin required for this margin code, for the transactions in scope of this calculation rule.</p> <ul style="list-style-type: none"> • Amendments to the value of any of these fields is applied only for the subsequent margin calls for the selected margin code and transaction type • Any adjustments to margin calls already exchanged would need to be operationally handled by the bank
Approach	<p>User to select the approach to be followed for posting margin call for this margin code, for the transactions in scope of this calculation rule.</p> <ul style="list-style-type: none"> • User can select 'Segregated' or 'Un-segregated' approaches only if Margin Type of the margin code is not 'Independent Amount (IA)' • User can select 'Distinct', 'Allocated' or 'Greater' approaches only if Margin Type is 'Independent Amount (IA)' • This field is set to 'Distinct' by default, if margin type is IA for the margin code selected • This field is set to 'Un-segregated' by default, for other margin types
Calculation Level	<p>User to select the level at which the exposure should be aggregated for margin calculation for this margin code, for the transactions in scope of this calculation rule.</p> <ul style="list-style-type: none"> • This field is disabled and not applicable, if Margin Type of the margin code is 'Variation Margin' • This field is set to 'Agreement' by default
Calculation Type	<p>User to select where the margin required is calculated for this margin code, for the transactions in scope of this calculation rule.</p> <ul style="list-style-type: none"> • This field is disabled and not applicable, if Margin Type of the margin code is 'Variation Margin' • This field is set to 'External' by default
Calculation Method	<p>User can select the method that is used for calculating margin for this margin code, for the transactions in scope of this calculation rule.</p> <ul style="list-style-type: none"> • This field is disabled and not applicable, if Margin Type of the margin code is 'Variation Margin' • This field is set to 'Standard Rate(%)' by default
Applied From	<p>User to select the date from which margin call is triggered for this margin code, for the transactions in scope of this calculation rule.</p> <ul style="list-style-type: none"> • 'Trade Date' is set by default, if not specified

Field	Description
Exposure Type	<p>User to select the amount to be considered as exposure for this margin code for the transactions in scope of this calculation rule.</p> <ul style="list-style-type: none"> • This field is disabled and not applicable, if Margin Type of the margin code is 'Variation Margin' or if Calculation Method selected is 'Flat Amount' • 'Principal' is set by default, if not specified
Offsetting Allowed	<p>User to select whether exposure booked in opposite directions within the same group can be offset, to arrive at the net exposure for margin calculation purposes for this margin code.</p> <ul style="list-style-type: none"> • This field is disabled and not applicable, if Margin Type of this margin code is 'Variation Margin' or if Calculation Method selected is 'Flat Amount' or if Calculation Level selected is 'Trade' • 'Module' is set by default, if not specified
Multiplication Factor	<p>User to specify the multiplication factor (if applicable) to be used for arriving at the adjusted exposure considered for margin calculation purposes for this margin code.</p> <ul style="list-style-type: none"> • This field is disabled and not applicable, if Margin Type of this margin code is 'Variation Margin' or if Calculation Method selected is 'Flat Amount' • Factor may depend on many parameters like the risk type of the exposure, etc. • '1' is set by default, if not specified
Margin Applicable	<p>User to specify the applicable margin as flat amount or % of the final exposure to calculate the margin required for this margin code.</p> <ul style="list-style-type: none"> • This field is disabled and not applicable, if Margin Type of this margin code is 'Variation Margin' or if Calculation Type selected is 'External' • if not specified, '0' is set by default resulting in no margin required
Threshold Amount	<p>User to specify the maximum amount for margin required above which margin call would be mandatorily triggered for this margin code.</p> <ul style="list-style-type: none"> • This field is disabled and not applicable, if Margin Type of this margin code is 'Variation Margin' or if Calculation Method selected is 'Flat Amount' or if Calculation Type selected is 'External' • If not specified, '0' is set by default implying margin call would be triggered always irrespective of the Margin Required amount
Minimum Transfer Amount	<p>User to specify the minimum amount that should be transferred for each margin call for this margin code, even if the calculated margin amount is lesser.</p> <ul style="list-style-type: none"> • This field is disabled and not applicable, if Margin Type of this margin code is 'Variation Margin' • If not specified, '0' is set by default resulting in Margin Transferred = Margin Required

Field	Description
Minimum Cash %	<p>User to specify the minimum % of the margin required that should be provided as cash or deposits, for this margin code.</p> <ul style="list-style-type: none"> • Can be ≥ 0 and < 100 • If not specified, '0' is set by default • $(100 - \text{Minimum Cash}\%)$ is considered as the maximum % of the margin required that can be provided as Securities
Maximum Cash %	<p>User to specify the maximum % of the margin required that can be provided as cash or deposits, for this margin code.</p> <ul style="list-style-type: none"> • Can be > 0 and ≤ 100 • If not specified, '100' is set by default • $(100 - \text{Maximum Cash}\%)$ is considered as the minimum % of the margin required that should be provided as Securities

Please refer [Glossary of Margin Calculation Fields](#) for more details about the fields used for Margin Calculation in various functions applicable for collateral assignment processes.

3.6.5 Collateral – Settlement Preferences

User can define the collateral settlement preferences for each margin code defined for the agreement.

- Can define the preferences for Securities collateral transfer if applicable for the selected margin code

- Can select multiple settlement schemes for Cash collateral if applicable for the selected margin code

Click the **Settlement** button at the bottom of the **Collateral** tab in the **Treasury Master Agreement Maintenance** screen to open this screen.

Figure 3.24: Treasury Master Agreement Maintenance - Collateral Settlement

The following table describes the fields captured for collateral settlement preferences for the agreement.

* indicates mandatory fields.

Table 3.13: Treasury Master Agreement Maintenance – Collateral Settlement

Field	Description
Agreement Code	Displays the code of the Agreement selected.
Margin Type	Displays the margin type of the Margin code selected.
Margin Code	Displays the Margin code selected.
Securities Collateral	Group of fields to capture the preferences to be used for deciding the actions for securities collateral, for this margin code. <ul style="list-style-type: none"> • These fields are applicable only if “Securities” collateral is allowed for this margin code

Field	Description
General Collateral	<p>User to indicate whether any securities can be assigned from a general collateral pool of eligible securities provided by the pledger, for this margin code</p> <ul style="list-style-type: none"> • This field cannot be amended after authorization of the agreement • If checked, then the securities decided by the agreement party are assigned, at the end of the day, to the extent of the margin required for the transactions linked to the agreement <ul style="list-style-type: none"> • Need not assign any specific securities, while booking the transactions • If unchecked, then specific securities should be assigned separately while booking the transaction linked to this agreement • Checked by default if the agreement type selected is 'Triparty' • Unchecked by default, for other agreement types
Deliveries By Value	<p>User to indicate whether any securities can be assigned by the Triparty Agent/Third party on behalf of the pledger, from a general collateral pool of eligible securities provided by the pledger, for this margin code</p> <ul style="list-style-type: none"> • Applicable only if the agreement type selected is 'Triparty' and General Collateral is checked for this margin code • This field cannot be amended after authorization of the agreement • If checked, then the collateral securities assigned by the Third-party custodian at the end of the day, is automatically returned at the beginning of the next day • If unchecked, then collateral assigned will not be automatically returned the next day • Unchecked by default, if not specified

Field	Description
Collateral Method	<ul style="list-style-type: none"> • User to select the method applied for transferring securities collateral, for this margin code • Can be “Title Transfer financial Collateral Arrangement (TTCA)” <ul style="list-style-type: none"> • indicates that the ownership of the securities provided as collateral are fully transferred to the receiver • hence appears in the books of the receiver as asset • receiver, as holder of the securities, is entitled to collect the coupon and cannot be claimed by the pledgor • securities provided as collateral can be reused or repledged by the receiver, as ownership is fully transferred • Can be “Security financial Collateral Arrangement (SICA)” <ul style="list-style-type: none"> • indicates that the ownership of the securities provided as collateral continues to be with the pledgor • hence appears in the books of the pledgor as asset • receiver, as holder of the securities, is entitled to collect the coupon from the issuer. However, coupon is claimed by the pledgor from the receiver • securities provided as collateral cannot be reused or repledged by the receiver • Can be “Security financial Collateral Arrangement with right-of-use (SIUR)” <ul style="list-style-type: none"> • Same as SICA • In addition, the receiver has the “right to reuse” the securities provided as collateral (according to agreed terms) • When the receiver exercises the right to reuse, the ownership of these securities are considered as fully transferred and appears as asset in the books of the receiver (and not in the books of the pledgor) • “Security financial Collateral Arrangement (SICA)” is set by default, if not specified • If this field is amended after authorization, any changes to the management of collateral already transferred should be operationally handled and will not be automatically modified by the system

Field	Description
Maximum Distinct Securities	<p>User to enter the maximum number distinct securities that can be provided as collateral, for this margin code</p> <ul style="list-style-type: none"> If not specified, then any number of different securities can be provided as collateral
Default Concentration Limit%	<p>User to enter the maximum limit as % of the total collateral value, that can be contributed by each distinct security provided as collateral, for this margin code</p> <ul style="list-style-type: none"> If not specified, set to '100' by default indicating that only one security can be provided for 100% of the total collateral value
Generate Dvp/Rvp	<p>User to indicate whether Dvp/Rvp messages (where applicable) should be generated for securities collateral transfer, for this margin code</p> <ul style="list-style-type: none"> If checked, then DVP/RVP messages are generated for initial margin transfer during booking and liquidation of a transaction <ul style="list-style-type: none"> Example: Securities collateral transferred while booking a Repo contract If unchecked, then Deliver Free / Receive Free messages are generated for initial margin transfer during booking and liquidation of a transaction During independent margin calls, always Deliver Free / Receive Free messages are generated, irrespective of whether this field is checked or not If 'Deliveries By Value' is checked and this field is checked, then DVP/RVP messages are generated for both collateral transfer before EOD and automatic return during BOD Unchecked by default, if not specified
Claim Coupon from CP	<p>User to indicate whether coupon on securities transferred as collateral, for this margin code, to be claimed (where applicable) from agreement party.</p> <ul style="list-style-type: none"> Applicable only if "Securities" collateral is allowed for this margin code and collateral method selected is 'SICA' or 'SIUR' If checked, then coupon is claimed from the receiver of the securities collateral If unchecked, then coupon cannot be claimed from the receiver of the securities collateral Checked by default if collateral method selected is 'SICA' or 'SIUR' Unchecked by default for other collateral methods
MT54x for Rate Revision	<p>User to indicate whether Securities Delivery messages should be regenerated (and sent), for this margin code, when the Interest Rate for the parent (Repo) contract is revised.</p> <ul style="list-style-type: none"> If checked, then a 'CANC' MT54x message with the old rate and 'NEW' MT54x message with the new rate (for the Repo) is generated for all the Securities provided as collateral, for every Rate revision of the parent contract If unchecked, then MT54x message will not be generated for Rate revision of the parent contract Unchecked by default, if not specified

Field	Description
Securities Transfer	<p>Group of fields to capture the preferences to be used for transferring securities collateral, for this margin code.</p> <ul style="list-style-type: none"> • These fields are applicable only if “Securities” collateral is allowed for this margin code • If any of these fields are amended after authorization, any changes to the management of collateral already transferred should be operationally handled and will not be automatically modified by the system
Securities Pledged	<p>User to select how the securities pledged as collateral by the bank is treated, for this margin code.</p> <ul style="list-style-type: none"> • If ‘Block in Trading PF’ is selected, then the securities pledged is blocked in the bank portfolio <ul style="list-style-type: none"> • Continue to be tracked as asset in the same bank portfolio • But excluded from available holdings for selling • Applicable if collateral method selected is ‘SICA’ or ‘SIUR’ • A block deal is created using the Block Product selected for this margin code • If ‘Move to Collateral PF’ is selected, then securities pledged is transferred from the bank portfolio to the collateral portfolio linked to the agreement and blocked in the collateral portfolio for pledging <ul style="list-style-type: none"> • Securities is internally transferred from bank portfolio to collateral portfolio using Internal Product selected and blocked in the collateral portfolio using Block Product selected • Set to ‘Move to Collateral PF’ by default, if collateral method selected is ‘TTCA’ else set to ‘Block in Trading PF’ by default
Block Product	<p>User to select the securities block product to be used to block (and release) the securities pledged as collateral by the bank, for this margin code.</p> <ul style="list-style-type: none"> • Block product selected for the Margin product linked to the agreement is set by default
Internal Product	<p>User to select the securities combination (BBBS) product to be used to transfer securities internally from one portfolio to another portfolio, for this margin code.</p> <ul style="list-style-type: none"> • Internal product selected for the Margin product linked to the agreement is set by default
Margin Pay Product	<p>User to select the securities combination (CBBS) product to be used to create securities sale transaction for the bank to transfer the securities collateral to the counterparty, for this margin code.</p> <ul style="list-style-type: none"> • Securities Deliver product selected for the Margin product linked to the agreement is set by default

Field	Description
Margin Receive Product	User to select the securities combination (BBCS) product to be used to create securities purchase transaction for the bank to receive the securities collateral from the counterparty, for this margin code. <ul style="list-style-type: none"> Securities Receive product selected for the Margin product linked to the agreement is set by default
Receive Portfolio	User to select the collateral portfolio to be used to track the securities collateral received from the counterparty, for this margin code. <ul style="list-style-type: none"> This field is mandatory if "Securities" collateral is allowed for this margin code
Pledge PF same as Receive PF	User to indicate whether the collateral portfolio to be used to track the securities collateral pledged to the counterparty is same as the collateral portfolio to be used to track the securities collateral received from the counterparty, for this margin code. <ul style="list-style-type: none"> Unchecked by default
Pledge Portfolio	User to select the collateral portfolio to be used to track the securities collateral pledged to the counterparty, for this margin code. <ul style="list-style-type: none"> This field is mandatory only if "Securities" collateral is allowed, value for Securities Pledged field is 'Move to Collateral PF' and 'Pledge PF same as Receive PF' is unchecked, for this margin code
Cash Collateral Schemes	User to select the list of settlement schemes to be used for transferring cash collateral, for this margin code. <ul style="list-style-type: none"> These fields are applicable only if "Cash & Deposits" are allowed as collateral, for this margin code Multiple schemes can be configured for different Exposure currencies, by clicking on the '+' button. The setup for an Exposure Currency can be removed by clicking on '-' button At least one default scheme should be defined with Exposure Currency selected as 'ALL' and with Pledgor/Receiver separately selected as 'Pledgor' and 'Receiver' or selected as 'Both'
Exposure Currency	User to select the currency in which exposure is calculated for this margin code. <ul style="list-style-type: none"> If not specified, 'ALL' is set by default
Pledgor/Receiver	User to indicate whether this scheme should be used for settlement when the bank acts as the collateral provider (pledgor) or receiver for the exposure in the currency selected, for this margin code. <ul style="list-style-type: none"> If not specified, 'Both' is set by default

Field	Description
Settlement Scheme	<p>User to select the settlement scheme through which the cash collateral is exchanged for the exposure in the selected exposure currency, for this margin code.</p> <ul style="list-style-type: none"> • Same settlement scheme can be used for multiple margin accounts, margin codes and agreements with the same party • If the Currency of the selected Scheme is different from the Account Currency, then the cash collateral amount to be exchanged is converted into Scheme Currency equivalent, using the exchange rate preferences configured for the Settlement Scheme • If this field is amended after authorization, any changes to the management of collateral already transferred should be operationally handled and will not be automatically modified by the system
Scheme Description	Displays the description of the scheme selected.
Margin Currency	<p>User to select the currency of the margin account in which cash margin required is tracked for the exposure in the selected exposure currency, for this margin code.</p> <ul style="list-style-type: none"> • Normally same as the margin currency selected for the margin code • If the Account Currency is different from the Exposure Currency selected, then for the purposes of calculating the margin required, the exposure is converted into Account Currency equivalent, using the exchange rate preferences configured for the agreement
Margin Account	<p>User to select the cash margin account, linked to the selected settlement scheme, in which the cash collateral is tracked for the exposure in the selected exposure currency, for this margin code.</p> <ul style="list-style-type: none"> • Interest is calculated on this cash collateral balance, according to the configuration in the margin account • If this field is amended after authorization, any changes to the management of collateral already transferred should be operationally handled and will not be automatically modified by the system
Account Description	Displays the description of the margin account selected.
Account Type	Displays the type of the margin account selected.
Default	<p>User to indicate whether the selected scheme and margin account is used by default tracking the cash collateral for any exposure in the selected exposure currency, for this margin code.</p> <ul style="list-style-type: none"> • Multiple schemes and margin accounts can be configured for the same exposure currency • However, only one of them can be marked as default for that exposure currency

3.6.6 Collateral – Eligible Securities

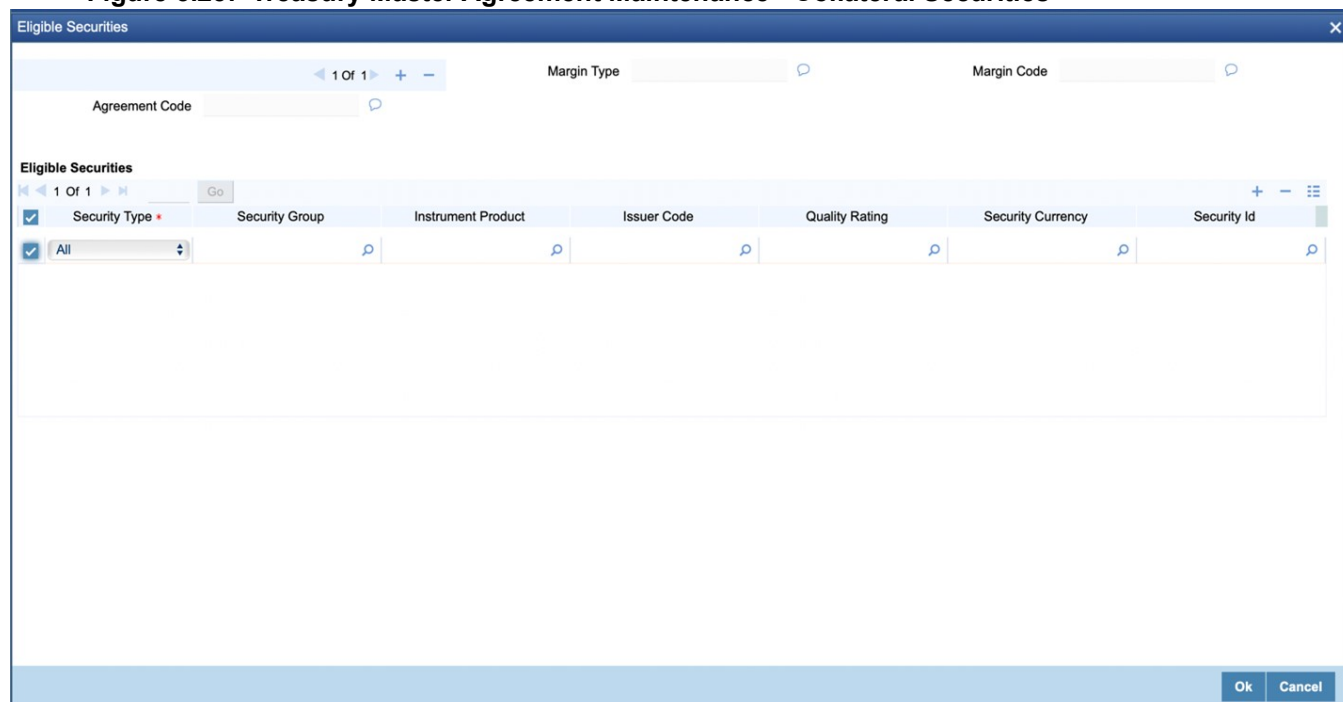
User can define the preferences for securities eligible to be provided as collateral for each margin code defined for the agreement.

These preferences need to be defined only if “Securities” collateral is allowed for the selected margin code.

- Can define multiple combinations of criteria to identify the securities that can be provided as collateral for the selected margin code by clicking ‘+’ button
- A combination defined earlier cannot be removed after subsequent authorization. However, can be omitted by unchecking ‘Approved’ field for that record.

Click the **Securities** button at the bottom of the **Collateral** tab in the **Treasury Master Agreement Maintenance** screen to open this screen.

Figure 3.25: Treasury Master Agreement Maintenance - Collateral Securities



The following table describes the fields captured for collateral eligible securities for the agreement.

* indicates mandatory fields.

Table 3.14: Treasury Master Agreement Maintenance – Collateral Securities

Field	Description
Agreement Code	Displays the code of the Agreement selected.
Margin Type	Displays the margin type of the Margin code selected.
Margin Code	Displays the Margin code selected.

Field	Description
Security Type	<p>User to select the Type of the Security instrument that can be provided as collateral, for this margin code.</p> <ul style="list-style-type: none"> • If not specified, 'ALL' is set by default indicating that all types of securities can be provided as collateral • If specific type is selected, all securities of the selected type is considered as eligible for transferring as collateral
Security Group	<p>User to select the Group of the Security instrument that can be provided as collateral, for this margin code.</p> <ul style="list-style-type: none"> • If not specified, 'ALL' is set by default indicating that all groups of securities can be provided as collateral • If specific group is selected, all securities classified to belong to the selected group is considered as eligible for transferring as collateral
Instrument Product	<p>User to select the Product of the Security instrument that can be provided as collateral, for this margin code.</p> <ul style="list-style-type: none"> • If not specified, 'ALL' is set by default indicating that all securities defined with any instrument product but belonging to the selected type, group, issuer, rating, and currency can be provided as collateral • If specific product is selected, all securities defined with the selected product is considered as eligible for transferring as collateral
Issuer Code	<p>User to select the Issuer of the Security instrument that can be provided as collateral, for this margin code.</p> <ul style="list-style-type: none"> • If not specified, 'ALL' is set by default indicating that all securities issued by any issuer but belonging to the selected type, group, product, rating, and currency can be provided as collateral • If specific issuer is selected, all securities issued by the selected issuer is considered as eligible for transferring as collateral
Quality Rating	<p>User to select the Rating of the Security instrument that can be provided as collateral, for this margin code.</p> <ul style="list-style-type: none"> • If not specified, 'ALL' is set by default indicating that all securities with any rating but belonging to the selected type, group, product, issuer, and currency can be provided as collateral • If specific rating is selected, all securities having a rating above the selected rating is considered as eligible for transferring as collateral

Field	Description
Security Currency	<p>User to select the Currency of the Security instrument that can be provided as collateral, for this margin code.</p> <ul style="list-style-type: none"> • If not specified, 'ALL' is set by default indicating that all securities issued with any currency but belonging to the selected type, group, product, issuer, and rating can be provided as collateral • If specific currency is selected, all securities issued with the selected currency is considered as eligible for transferring as collateral
Security Id	<p>User to select specific Security instrument that can be provided as collateral, for this margin code.</p> <ul style="list-style-type: none"> • If not specified, 'ALL' is set by default indicating that any security belonging to the selected type, group, product, issuer, rating, and currency can be provided as collateral
Security Description	<p>Displays description of the specific security instrument selected.</p> <ul style="list-style-type: none"> • Displays 'ALL', if 'ALL' is selected for Security Id
Haircut %	<p>User to enter the Haircut applicable for the selected security or securities belonging to the criteria selected, for this margin code.</p> <ul style="list-style-type: none"> • This is the % of the total value of the security transferred, that can be considered for the purposes of calculating the value of collateral transferred • Can be ≥ 0 and < 100 • Collateral Value (of the security) = Total Value * (100-Haircut%)/100 • Total Value (of the security) = Market Value + Accrued Interest (if applicable) • If not specified, is set to '0' by default indicating that Total Value of the security is considered as Collateral Value
Concentration %	<p>User to enter the Concentration applicable for the selected security or securities belonging to the criteria selected, for this margin code.</p> <ul style="list-style-type: none"> • This is the maximum limit as % of the total collateral value, that can be contributed by each distinct security provided as collateral • Can be > 0 and ≤ 100 • Maximum Collateral Value (of the security) = Total Collateral Required * Concentration% / 100 • If not specified, is set to '100' by default indicating that only one security can be provided for 100% of the total collateral value

Field	Description
Approved	<p>User to indicate whether the selected security or securities belonging to the criteria selected are eligible to be provided as collateral, for this margin code.</p> <ul style="list-style-type: none"> • If checked, then eligible to be provided as collateral • If unchecked, then not eligible to be provided as collateral any more <ul style="list-style-type: none"> • Any securities, belonging to the selected criteria, that are already transferred as collateral would not be automatically returned by the system and should be operationally handled

3.6.7 Netting Preferences

User can define the settlement netting preferences for the agreement if the agreement is used for Settlement Netting purposes. Netting tab is enabled only if 'Settlement Netting' is checked for Agreement purpose in **Main** tab, for this agreement.

- Can define the preferences for netting securities transferred for the transactions linked to the agreement
- Can define the preferences for netting cash components of the transactions linked to the agreement
- Can select multiple schemes for net settlement of different cash components applicable for the modules linked to the agreement

Click the **Netting** tab in the **Treasury Master Agreement Maintenance** screen to open this screen.

Figure 3.26: Treasury Master Agreement Maintenance - Netting

The following table describes the fields captured for netting preferences for the agreement.

* indicates mandatory fields.

Table 3.15: Treasury Master Agreement Maintenance - Netting

Field	Description
Netting Product	User to select the Margin-Netting Product, to which this agreement is linked. <ul style="list-style-type: none"> • Only products enabled for Settlement Netting is displayed for selection
Product Description	Displays the description of the netting product selected.
Cash Netting	Group of fields to capture the preferences to be used for netting cash components of the transactions linked to this agreement. <ul style="list-style-type: none"> • Applicable, only if "Cash" is checked for the Netting product selected
Net Cash	User to select the default preference for netting cash components of the transactions linked to this agreement. <ul style="list-style-type: none"> • Defaulted to the value selected for this preference in the Netting product selected • If not selected (""), then cashflows will not be netted for the transactions linked to the agreement • If 'Net' is selected, then both cashflows paid and received is netted together, for the same component across multiple transactions linked to the same cash netting scheme • If 'Aggregate' is selected, then cashflows paid is netted and cashflows received is netted separately, for the same component across multiple transactions linked to the same cash netting scheme
Netting Tenor	User to select the default preference for netting cash components of the transactions linked to this agreement, having any tenor or same tenor. <ul style="list-style-type: none"> • Applicable and mandatory only if Net Cash selected is 'Net' or 'Aggregate' • Defaulted to the value selected for this preference in the Netting product selected • If 'All' is selected, then the cash components is netted across transactions having any tenor • If 'Same Tenor' is selected, then the cash components is netted only across transactions having same tenor • If 'Same Deal' is selected, then only cash components of the same transaction is netted
FX Netting Type	User to select the default preference for netting Foreign Exchange (FX) transactions linked to this agreement. <ul style="list-style-type: none"> • Applicable and mandatory only if Net Cash selected is 'Net' or 'Aggregate' and modules selected for the agreement include 'FX' • Defaulted to the value selected for this preference in the Netting product selected • If 'Pair-Wise' is selected, then cash flows of only those FX transactions, linked to this agreement and traded with the same currency pair is netted together • If 'Currency-Wise' is selected, then cash flows in the same currency is netted across all the FX transactions linked to this agreement, even if they are not booked with the same currency pair

Field	Description
Cash Netting Schemes	<p>User to select the list of settlement schemes to be used for netting cash components, for the transactions linked to this agreement.</p> <ul style="list-style-type: none"> • Schemes can be defined for multiple combinations of the criteria for different cash components, by clicking the '+' button • A combination defined earlier can be removed by clicking on '-' button • At least one default scheme should be defined separately with all the criteria selected as 'ALL', for each module selected for the agreement
Module	<p>User to select the Module for which this netting scheme is applicable, for the transactions linked to this agreement.</p> <ul style="list-style-type: none"> • This field cannot be amended after authorization of the agreement • Only those modules, that are selected for the agreement is displayed
Settlement Currency	<p>User to select the currency of settlement of the cash component(s) of the transactions linked to this agreement, for which this netting scheme is applicable.</p> <ul style="list-style-type: none"> • This field cannot be amended after authorization of the agreement • All components with the selected settlement currency is netted together • If not specified, 'ALL' is set by default indicating that all cash components is netted together, irrespective of the currency of settlement
Deal Type	<p>User to select the standard deal type of the transactions linked to this agreement, for which this netting scheme is applicable.</p> <ul style="list-style-type: none"> • Can be one of the standard deal types maintained using 'Treasury Static Type Maintenance' function with type as 'DEAL_TYPE' • This field cannot be amended after authorization of the agreement • All components for the transactions with the selected deal type are netted together • If not specified, 'ALL' is set by default indicating that all cash components are netted together, irrespective of the deal type of the transactions
Product Code	<p>User to select the product belonging to the selected module, for which this netting scheme is applicable.</p> <ul style="list-style-type: none"> • This field cannot be amended after authorization of the agreement • All components for the transactions with the selected product is netted together • If not specified, 'ALL' is set by default indicating that all cash components is netted together, irrespective of the product of the transactions
Component Type	<p>User to select the type of cash components, for which this netting scheme is applicable.</p> <ul style="list-style-type: none"> • This field cannot be amended after authorization of the agreement • All components belonging to the selected type is netted together • If not specified, 'ALL' is set by default indicating that all cash components is netted together, irrespective of the type of the components

Field	Description
Component	<p>User to select the cash component belonging to the selected component type, for which this netting scheme is applicable.</p> <ul style="list-style-type: none"> • This field cannot be amended after subsequent authorization of the agreement • All cashflows for the transactions with the selected component is netted together • If not specified, 'ALL' is set by default indicating that all cashflows is netted together, irrespective of the component
Settlement Scheme	<p>User to select the settlement scheme through which the cash components is netted, for the transactions linked to this agreement and satisfying the criteria defined for this netting scheme.</p> <ul style="list-style-type: none"> • All cash components across all the transactions linked to the same agreement and satisfying the criteria defined is netted together, based on Net Cash, Netting Tenor, and FX Netting Type preferences • Settlement happens in the scheme currency for the net amount calculated • Same settlement scheme can be used for multiple combinations of the criteria for different cash components • If this field is amended after authorization, the changes are applied only for the subsequent netting and not applied to the past netting in retrospection
Scheme Currency	<p>Displays the currency of the settlement scheme, in which the settlement happens.</p> <ul style="list-style-type: none"> • If the Scheme Currency is different from the Settlement Currency, then the cash component amount to be settled is converted into Scheme Currency equivalent, using the exchange rate preferences configured for the Settlement Scheme selected
Ignore Due Date	<p>User to indicate whether due date of the cash component can be ignored for netting the cash flows.</p> <ul style="list-style-type: none"> • If checked, then all cashflows are netted together, irrespective of the due date of the cash components • If unchecked, then only those cash flows having the same due date are netted together
Include Unconfirmed Flows	<p>User to indicate whether confirmation status of the cash component should be considered for netting the cash flows.</p> <ul style="list-style-type: none"> • If unchecked, then all cashflows are netted together, irrespective of the whether the cashflow amount is confirmed or unconfirmed • If checked, then only those cash flows that are confirmed are considered for netting

3.6.8 Fields

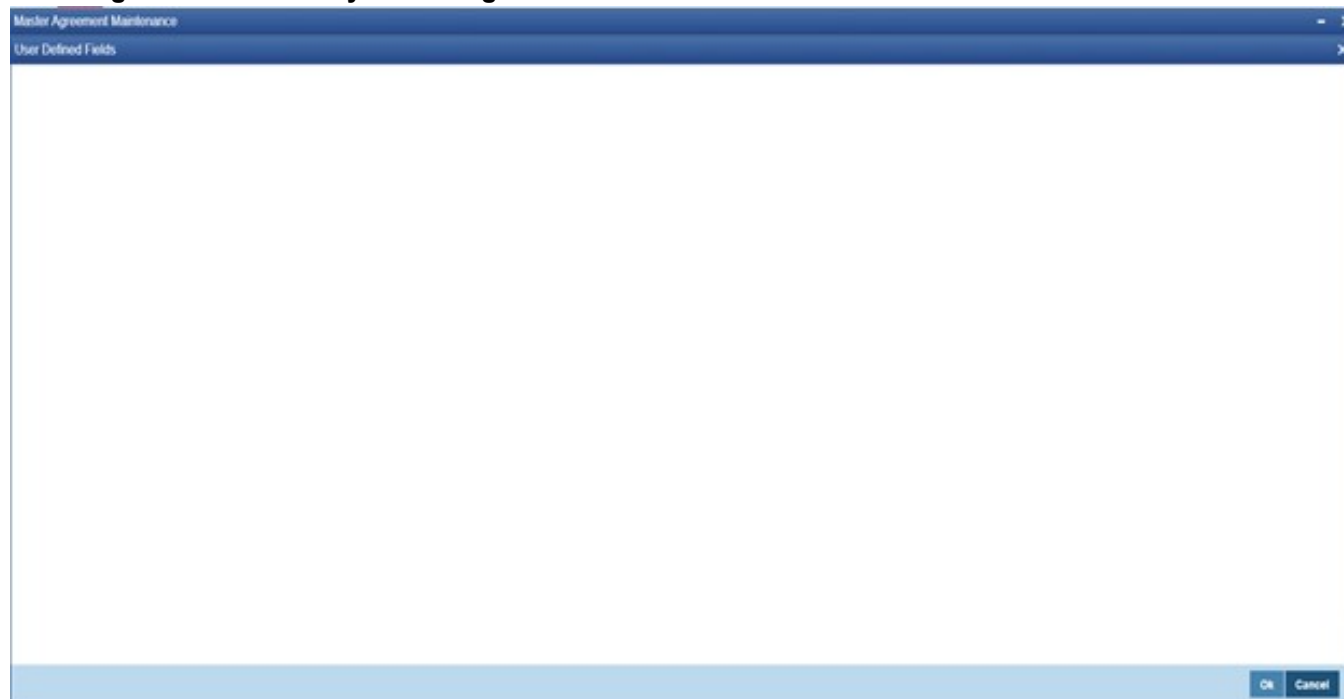
User can define values for UDF associated with Treasury Master Agreement Maintenance function.

- These fields can be referred while applying or reporting the scheme.

Click the **Fields** button at the bottom of the **Treasury Master Agreement Maintenance** screen to open this screen.

'User Defined Fields' user guide can be referred for more details on the steps involved in configuring and using UDF applicable for the function.

Figure 3.27: Treasury Master Agreement Maintenance – Fields



3.6.9 Treasury Master Agreement Summary

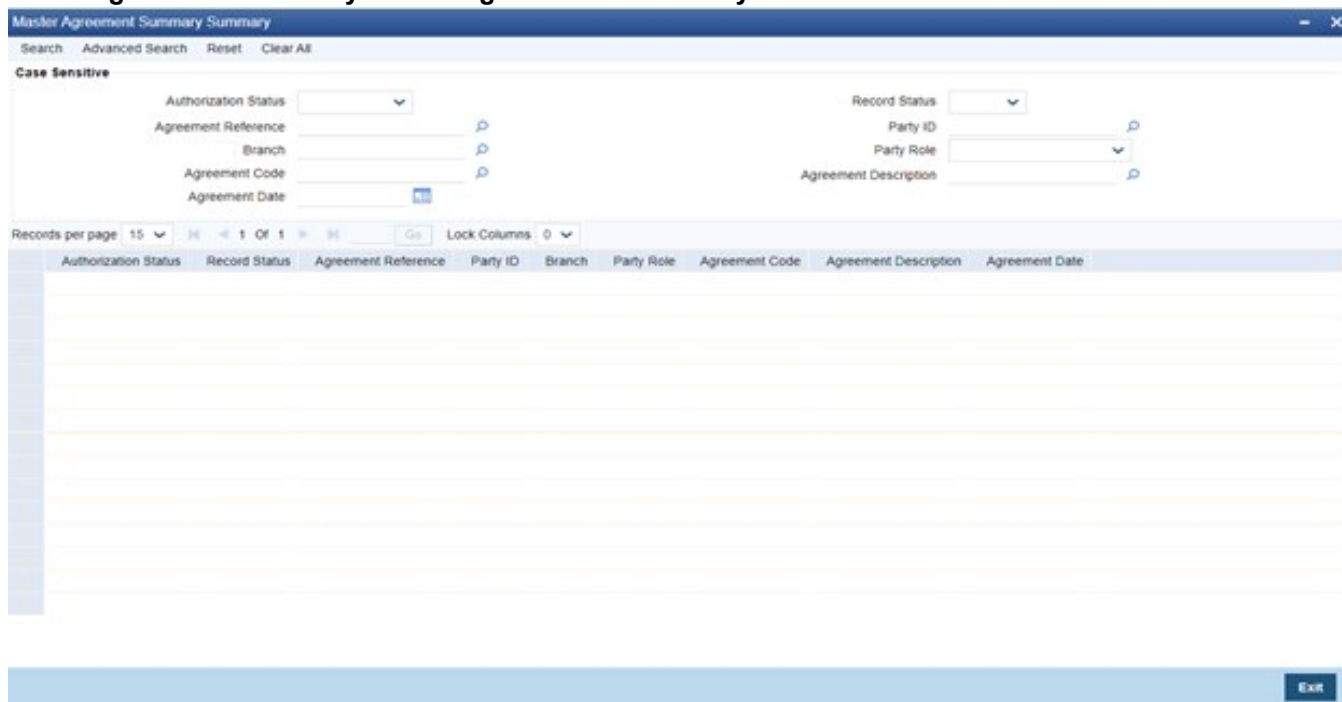
User can view the list of master agreements maintained using 'Treasury Master Agreement Summary' function.

- User can select the values for different fields available for filtering / searching the products
- User can Reset and Clear all the values selected for the search fields
- User can specify values for additional fields for refining the search by clicking on Advanced Search button

User can view the list of master agreements maintained in this **Treasury Master Agreement Summary** function. User can invoke this screen by navigating through the menu button at the top left corner of the Application tool or

by typing **MGSAMMNT** in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Figure 3.28: Treasury Master Agreement – Summary



4. Collateral and Netting Preferences for the Contract

4.1 Introduction

This chapter explains the various preferences that can be captured for the contracts booked in Oracle Banking Treasury Management application to enable Collateral Margining and Settlement Netting processes.

This chapter contains following sections:

- 1) [Linked Entities for a Contract](#)
- 2) [Collateral-Netting details for a Contract](#)

4.2 Linked Entities for a Contract

While capturing the details for a contract, user can select any number of customers as Linked Entities for the contract. These are the parties that play different roles during the life cycle processing of the contract. These parties can be,

- the Actual customer with whom the contract was agreed, if the party selected as counterparty in the contract details is different for any specific reason
- a Trading or Execution Venue, in which the contract was executed
- a Clearing House, CCP or a Clearing broker, through whom the contract is cleared for the bank
- any Intermediary who is involved in the arrangement, execution or clearing of the contract

- any Intermediary who is involved in reporting or recording the contract for regulatory purposes

If Linked Entities for an existing contract are amended, the new value for the field amended is used only for the subsequent operations and events on this contract and will not be applied on the past events automatically. Any adjustments to the past events should be operationally handled.

Click the **Linked Entities** button at the bottom of the contract screen to open this screen.

Figure 1: Linked Entities for a Contract

The following table describes the fields captured for Linked Entities for a Contract.

* Indicates mandatory fields.

Table 4.1: Linked Entities for a Contract

Field	Description
Branch	Displays the Branch in which contract is booked.
Counterparty	Displays Counterparty selected for the contract, in the main contract details. <ul style="list-style-type: none"> At least one of the main parties involved in 'Execution' or 'Clearing' should be same as the Counterparty
User Reference	Displays User Reference number of the Contract for which the Linked Entities are being captured.
Version	Displays current Version of the contract.
Module	Displays Treasury Module of the contract.

Field	Description
Portfolio Customer	<p>Displays Customer of the Portfolio selected for the contract, if applicable.</p> <ul style="list-style-type: none"> • Applicable only for the contracts booked in the modules, in which portfolios can be defined separately. These modules are Securities, Credit Derivatives and Exchange Traded Derivatives • Not applicable for contracts booked in bank's own portfolio
Execution	<p>Group of fields to capture the main parties involved in the execution of the contract.</p>
Traded On	<p>User to select the type of the contract, based on where the contract is traded.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • This field is set to 'Execution Venue' by default and disabled, if the module of the contract is 'Exchange Traded Derivatives' • For other modules, 'Over the Counter' is set by default, but user can select 'Execution Venue' if applicable for the product
Original Customer	<p>User to select the actual customer for the contract, for/with whom this contract was executed.</p> <ul style="list-style-type: none"> • For contracts booked by an Agent for his Client, <ul style="list-style-type: none"> • Counterparty can be the Agent with whom the contract is settled • Original Customer can be the Client who is the final beneficiary • For OTC contracts that are novated with a Clearing House/CCP, <ul style="list-style-type: none"> • Counterparty can be the Clearing House/CCP through whom the contract is cleared and settled • Original Customer can be the actual party with whom this contract is executed • There can be other scenarios, where the Original Customer can be different from the Counterparty captured for the contract • Counterparty selected for the contract is set by default • All treasury customers are displayed for selection

Field	Description
Execution Broker	<p>User to select the broker, who executes the contract on behalf of the Bank, if applicable.</p> <ul style="list-style-type: none"> • Execution Broker selected can be <ul style="list-style-type: none"> • a member of the Trading / Execution Venue in which the contract is executed • a sub broker who executed the contract on behalf of the bank in the Trading / Execution Venue • a sub broker, who arranged the OTC contract with the counterparty, etc. • By default, this field is disabled and set to the 'Broker' selected in main details of the contract for all modules <ul style="list-style-type: none"> • Broker should be selected in the 'Main' tab of the contract, if applicable and cannot be amended in the Linked Entities, except for 'Exchange Traded Derivatives' module • If the contract module is 'Exchange Traded Derivatives', Execution Broker can be selected in Linked Entities, if applicable <ul style="list-style-type: none"> • But this field cannot be amended after the broker commission for the contract is liquidated for this broker • Only those treasury customers having 'Broker' party role and having broker setup with 'Execution Broker' checked and enabled for the module of the contract is displayed for selection
Trading Venue	<p>User to select the venue through which the contract was executed, if applicable.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • Mandatory for contracts with Traded on selected as 'Execution Venue' <ul style="list-style-type: none"> • Can be selected for OTC contracts as well, if applicable • Can be any party classified as Trading Venue according to MiFID regulation <ul style="list-style-type: none"> • Same as Execution Venue, if executed directly in a Regulated Exchange • Can be a Multilateral Trading Facility (MTF), Organized Trading Facility (OTF), Systematic Internaliser (SI), etc. • Only those treasury customers having 'Trading/Execution Venue' party role is displayed for selection • If not specified, then Execution Venue if selected is set to this field, for contracts with 'Traded On' selected as 'Execution Venue'

Field	Description
Execution Venue	<p>User to select the Regulated Exchange in which the contract was finally executed, if applicable</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • Applicable and mandatory only for contracts with Traded on selected as 'Execution Venue' • If the contract module is 'Exchange Traded Derivatives', by default this field is disabled and set to the exchange if defined for the instrument of the contract <ul style="list-style-type: none"> • If exchange is not defined for the instrument, then this field is enabled, and user can select any execution venue • Only those treasury customers having 'Trading/Execution Venue' party role is displayed for selection
Clearing	Group of fields to capture the main parties involved in the clearing of the contract.
To be Cleared	<p>User to indicate whether the contract is cleared through a Third party, if applicable.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • Checked by default and disabled, for all contracts with Traded on selected as 'Execution Venue' • Can be checked for OTC contracts if agreed to be cleared through a Third party
Clearing House/CCP	<p>User to select the Clearing House/CCP through which the contract is cleared, if applicable.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • Applicable only for contracts with 'To be Cleared' checked • Mandatory for contracts with Execution Venue selected • Can be a designated Clearing House if the contract is traded on an Execution Venue • Can be a Central Counter Party (CCP), International Central Securities Depository (ICSD), Regional Custodian or any Third Party as agreed with the counterparty, for OTC contracts • If the contract module is 'Exchange Traded Derivatives', by default this field is disabled and set to the clearing house if defined for the instrument of the contract <ul style="list-style-type: none"> • If clearing house is not defined for the instrument, then this field is enabled, and user can select any clearing house or CCP • Only those treasury customers having 'Clearing House/CCP' party role is displayed for selection

Field	Description
Clearing Member/Broker	<p>User to select the broker, who clears the contract on behalf of the Bank, if applicable.</p> <ul style="list-style-type: none"> • Applicable only for contracts with 'To be Cleared' checked • Mandatory for contracts for which Clearing House/CCP is not selected, but 'To be Cleared' is checked • Clearing Broker selected can be <ul style="list-style-type: none"> • a member of the Clearing House/CCP through which the contract is cleared, etc. • Can be same as the Execution Broker • By default, this field is disabled and set to the 'Broker' selected in main details of the contract, if the module of the contract is 'Exchange Traded Derivatives' <ul style="list-style-type: none"> • Broker should be selected in the 'Main' tab of the contract and cannot be amended in the Linked Entities • For contracts in other modules, Clearing Broker can be selected in Linked Entities, if applicable <ul style="list-style-type: none"> • But this field cannot be amended after the broker commission for the contract is liquidated for this broker • Only those treasury customers having 'Broker' party role and having broker setup with 'Clearing Broker' checked and enabled for the module of the contract is displayed for selection
Netting Required	<p>User to indicate whether any components of the contract is Net settled with other contracts, if applicable.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • Checked by default, for all contracts with 'To be Cleared' checked <ul style="list-style-type: none"> • but user can uncheck Netting Required if not applicable for these contracts
Netting Party	<p>User to select the party with whom the main components of the contract is net settled.</p> <ul style="list-style-type: none"> • Applicable and mandatory only for contracts with 'Netting Required' checked • Only one party with whom the main components are to be settled can be selected as netting party for the contract, though netting for different components can be with different parties/intermediaries selected for the contract • If the contract module is 'Foreign Exchange', by default this field is set to the 'FX Netting Customer' if defined for the counterparty of the contract • Otherwise, user can select any one of the Original Customer, Execution Broker, Trading Venue, Clearing House/CCP, Clearing Broker or any other intermediary selected with 'Netting' checked
Collateral	<p>Group of fields to capture the main parties involved in exchanging collateral for the contract.</p>

Field	Description
Tri/Third-Party	User to indicate whether a Triparty Agent or a Third-Party is used for holding the collateral for the contract.
Triparty Agent/Custodian	<p>User to select the Triparty Agent or Third-Party custodian, if applicable, who is holding the collateral for the contract.</p> <ul style="list-style-type: none"> • Applicable and mandatory only for contracts with 'Tri/Third-Party' checked • Can be same as Clearing House / CCP or Clearing Broker, if the same party holds the collateral on behalf of the bank and the counterparty • Can be an International Central Securities Depository (ICSD), Regional Custodian or any Third Party as agreed with the counterparty, for OTC contracts • Only those treasury customers having 'Triparty Agent/Custodian' party role and having SKL setup is displayed for selection
Collateral Required	<p>User to indicate whether collateral is exchanged for this contract, if applicable.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • Checked by default and disabled, for all contracts with 'Tri/Third-Party' checked • Checked by default, for all contracts with 'To be Cleared' checked <ul style="list-style-type: none"> • but user can uncheck Collateral Required if collateral is not applicable for these contracts • Collateral Required can be checked for any contract if agreed with the counterparty, even if 'Tri/Third-Party' and 'To be Cleared' are unchecked
Collateral Party	<p>User to select the Party with whom the collateral is exchanged for the contract.</p> <ul style="list-style-type: none"> • Applicable and mandatory only for contracts with 'Collateral Required' checked • Only one party can be selected as collateral party for the contract • Disabled and set to Triparty Agent/Custodian selected, for those contracts with 'Tri/Third-Party' checked • Disabled and set to the Intermediary selected with 'Collateral' checked • Otherwise, user can select any one of the Original Customer, Trading Venue, Clearing House/CCP or Clearing Broker for the contract as Collateral Party • If the collateral party is amended for the contract, all subsequent events for collateral margining process for the contract is triggered with the new collateral party selected <ul style="list-style-type: none"> • Returning any collateral with the pervious collateral party should be operationally handled

Field	Description
Pledgor / Receiver	<p>User to indicate whether the Bank is the Collateral Provider (Pledgor) or Receiver for the contract.</p> <ul style="list-style-type: none"> • Applicable and mandatory only for contracts with 'Collateral Required' checked • This field cannot be amended after first authorization of the contract • Set to 'Pledgor' by default and disabled, if Execution Venue is selected for the contract • Set to 'Pledgor' by default and disabled, if the module is 'Securities Repo' and the product type is 'Borrowing' for the contract • Set to 'Receiver' by default and disabled, if the module is 'Securities Repo' and the product type is 'Lending' for the contract • For other modules, user can select 'Pledgor' or 'Receiver' • If not specified, 'Pledgor' is set by default
Intermediaries	<p>Group of fields to capture the other intermediaries involved in processing the contract.</p> <ul style="list-style-type: none"> • Intermediaries selected cannot be deleted, if any component is already settled or any contract event is already processed using the intermediary
Customer	<p>User to select any other Intermediary linked to the contract.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • Multiple Intermediaries can be selected for the contract • All treasury customers are displayed for selection • Party selected as one of the main parties can also be selected as an Intermediary, if they play multiple roles for the same contract <ul style="list-style-type: none"> • But same party cannot be selected multiple times with the same relationship
Description	Displays description of the Customer selected.
Relationship	<p>User to select the role played by this Intermediary for the contract.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • Use can select one of the Standard relationships maintained using 'Relationships' function <ul style="list-style-type: none"> • Example: Sub Broker, Sub Custodian, Agent Lender, etc. • Only those relationships that are not selected for the same intermediary are displayed for selection • Cannot be one of the main relationships namely Original Customer, Execution Broker, Trading Venue, Execution Venue, Clearing House/CCP, Clearing Broker, Triparty Agent, Custodian
Execution	<p>User to indicate whether this Intermediary is involved in the execution of the contract.</p> <ul style="list-style-type: none"> • Can be checked for any number of intermediaries selected • This field is checked by default, if the Relationship selected is 'Sub Broker' and a broker setup enabled for the module of the contract with 'Execution Broker' checked is available for the selected intermediary

Field	Description
Clearing	User to indicate whether this Intermediary is involved in the clearing the contract. <ul style="list-style-type: none"> • Can be checked for any number of intermediaries selected • This field is checked by default, if the Relationship selected is 'Sub Broker' and a broker setup enabled for the module of the contract with 'Execution Broker' unchecked is available for the selected intermediary
Brokerage / Charge	User to indicate whether Brokerage or any other Charges are to be paid to this Intermediary. <ul style="list-style-type: none"> • Can be checked for any number of intermediaries
Collateral	User to indicate whether collateral is exchanged with this Intermediary for this contract. <ul style="list-style-type: none"> • Can be checked for only one of the Intermediaries selected • This intermediary is set as the 'Collateral Party' for the contract
Netting	User to indicate whether netting is applicable for the components to be settled with this intermediary. <ul style="list-style-type: none"> • Can be checked for any number of intermediaries selected

4.3 Collateral-Netting details for a Contract

While capturing the details for a contract, user can additionally capture the preferences for Collateral Margining and/or Settlement Netting, if applicable for the contract. These preferences can be captured individually for the contract if there are no existing agreements with the contract parties and the preferences are negotiated at the time of booking. Otherwise, agreements applicable for the contract are selected and only specific preferences were captured as override at the contract level.

The details that can be captured for Collateral-Netting include,

- Collateral and/or Netting Agreements applicable for the Contract
- Contract specific preferences for the Netting Agreement(s) selected
- Contract specific preferences for the Collateral Agreement selected
- Contract preferences for Collateral and Netting if there are no existing agreements

- List of securities eligible as collateral for the contract, if collateral is applicable and there are no existing agreements

Click the **Collateral-Netting** button at the bottom of the contract screen to open this screen.

Figure 4.1: Collateral-Netting details for a Contract

The following table describes the fields captured for Collateral-Netting preferences for a Contract.

* Indicates mandatory fields.

Table 4.2: Collateral-Netting details for a Contract

Field	Description
Module	Displays Treasury Module of the contract.
User Reference	Displays User Reference number of the Contract for which the Collateral-Netting preferences are being captured.
Version	Displays current Version of the contract.
Deal Product	Displays the Product selected for the contract.
Portfolio	Displays the Portfolio selected for the contract. <ul style="list-style-type: none"> • Applicable only for the contracts booked in the modules, in which portfolios can be defined separately. These modules are Securities, Credit Derivatives and Exchange Traded Derivatives
Portfolio Customer	Displays Customer of the Portfolio selected for the contract, if applicable. <ul style="list-style-type: none"> • Not applicable for contracts booked in bank's own portfolio
Collateral Party	Displays the Party with whom the collateral is exchanged for the contract, as selected in the Linked Entities sub system.

Field	Description
Netting Party	Displays the Party with whom the main components of the contract is net settled, as selected in the Linked Entities sub system.
Contract Currency	Displays the Currency selected for the contract. <ul style="list-style-type: none"> For contracts where a currency pair or multiple currencies are selected, base currency selected for the contract is considered as the contract currency
Use Collateral Agreement	User to indicate whether the contract use an existing agreement with the collateral party, for Collateral Margining.
Use Netting Agreement(s)	User to indicate whether the contract use an existing agreements with the contract parties, for Settlement Netting.
Deal Type	User to select the standard Deal Type applicable for the contract <ul style="list-style-type: none"> This field cannot be amended after first authorization of the contract Can be one of the standard deal types maintained using 'Treasury Static Type Maintenance' function with type as 'DEAL_TYPE', applicable for the module and product type of the contract Defaulted based on the module and product type, however the user can change before authorization Deal type selected is used for grouping contracts during Netting and Reporting
Std. Tenor	User to select the Standard Tenor applicable for the contract <ul style="list-style-type: none"> This field cannot be amended after first authorization of the contract Can be one of the standard tenors maintained using 'Treasury Static Type Maintenance' function with type as 'RISK_TENOR', applicable for the module of the contract and deal type selected Defaulted based on the module and deal type, however the user can change before authorization Tenor selected is used for grouping contracts during Netting and Reporting
Lendable Margin (%)	User to enter the% of margin applicable for the contract. <ul style="list-style-type: none"> Applicable only if collateral is applicable for the contract and when 'Calculate Amount' is unchecked Defaulted to 0%, if not entered
Calculate Amount	User to indicate whether Contract Amount (borrowed/lent) is calculated based on the value of the collateral provided by applying the margin% entered. <ul style="list-style-type: none"> Applicable only if collateral is applicable for the contract If this field is checked, then calculate and set Contract Amount = Collateral Value / (1+Margin%) If this field is unchecked, then calculate and set Lendable Margin (%) = (Collateral Value - Contract Amount) * 100 / Contract Amount

Field	Description
Risk Type	<p>User to select the Risk Type for the contract, if applicable</p> <ul style="list-style-type: none"> • Can be one of the standard risk types maintained using 'Treasury Static Type Maintenance' function with type as 'CRIF_RISK_TYPE', applicable for the module of the contract • Risk type selected is used for grouping contracts for Risk calculation purposes
Risk Bucket	<p>User to select the Risk Bucket for the contract, if applicable</p> <ul style="list-style-type: none"> • Can be one of the standard risk buckets maintained using 'Treasury Static Type Maintenance' function with type as 'CRIF_RISK_BUCKET', applicable for the risk type selected • Risk bucket selected is used for grouping contracts for Risk calculation purposes
Assign Collateral Later	<p>User to indicate whether collateral details is captured during deal booking or later.</p> <ul style="list-style-type: none"> • If this field is unchecked, then collateral details should be mandatorily captured in Repo / Reverse Repo tabs, while booking the contract • If this field is checked, then collateral details need not be captured in Repo / Reverse Repo tabs, while booking the contract <ul style="list-style-type: none"> • However, collateral details need to be captured before initiation of the contract using 'Collateral Assignment Process (SRDMRONL)' function

4.3.1 Agreements applicable for the Contract

User can select the agreements applicable for the contract. These agreements can be for,

- Collateral Margining purposes if collateral is required for the contract.
 - Agreement selected should be with the collateral party as selected in the Linked Entities sub system
- Settlement Netting purposes if netting is required for the contract
 - One agreement can be selected for each contract party, selected in Linked entities sub system, with whom Net Settlement of components is required

- Collateral or Netting preferences defined for the selected agreements are applied by default for the contract as applicable

The following table describes the fields captured for Agreements applicable for a Contract.

* Indicates mandatory fields.

Table 4.3: Agreements applicable for the Contract

Field	Description
Agreement Purpose	User to select the purpose for which this agreement is used. <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • Can select Collateral (COLL) or Credit Support Annex (CSAX), if the sub agreement is for collateral margining purposes • Can select Settlement Netting (NETS), if the sub agreement is for net settlement of either cash or securities or both for a transaction
Party	User to select the contract party of the agreement for the selected purpose. <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • If the purpose is for Collateral Margining (COLL or CSAX), then the party is set to Collateral Party and cannot be changed • If the purpose is for Settlement Netting (NETS), then any of the contract parties can be selected
Agreement Code	User to select the Agreement available for the selected purpose, with the selected party and for the module of the contract. <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • Agreement should be active and expiry date of the agreement should be > trade date
Margin Type	User to select the Margin Type for which the selected agreement is used. <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • If the purpose is for Settlement Netting (NETS), then this field is set to Net Settlement (NT) and cannot be changed • Can select Initial Margin (IM), Independent Amount (IA), Variation Margin (VM) or Any Margin (AL), if the purpose is for Collateral Margining (COLL or CSAX) • Only one agreement can be selected for each Margin type for the contract • At least one Agreement for Variation Margin (VM) or Any Margin (AL) should be selected mandatorily if collateral is required for the contract • Set to Any Margin (AL) by default, if defined for the Agreement
Margin Code	User to select the Margin Code defined for the selected Agreement and Margin Type. <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • This field is mandatory only if the purpose is for Collateral Margining (COLL or CSAX) • Defaulted to the active Margin Code defined for the margin type in the agreement

Field	Description
Margin CCY	User to select the Currency in which margin is calculated for the selected Agreement and Margin Type. <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • This field is mandatory only if the purpose is for Collateral Margining (COLL or CSAX) • Defaulted to the Margin Ccy defined for the margin code in the agreement
Sub Agreement	User to select the Sub Agreement defined for the selected Purpose, Agreement and Margin Type. <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • Defaulted to the active Sub agreement defined for the purpose and margin type in the agreement
Is Valid	User to indicate whether the selected Sub Agreement is valid for the contract. <ul style="list-style-type: none"> • At any point in time, only one sub agreement can be valid for the contract for a margin type and contract party
Agreement Description	Displays the description of the agreement.
Document Type	Displays the document type used for the Sub Agreement selected. <ul style="list-style-type: none"> • Example: ISDA, GMRA, CNBR, CAR, etc.
Document Version	Displays the version of the document type used for the Sub Agreement selected.
Expiry Date	Displays the expiry date of the document used for the Sub Agreement selected.

4.3.2 Netting Agreement preferences

User can override some of the specific preferences for the Netting Agreement(s) at the contract level. Click the **Netting** button at the bottom of the Collateral-Netting screen to open this screen.

Figure 4.2: Netting Agreement preferences

The following table describes the fields captured for Netting agreement preferences for a Contract.

* Indicates mandatory fields.

Table 4.4: Netting Agreement preferences

Field	Description
Module	Displays Treasury Module of the contract.
User Reference	Displays User Reference number of the Contract for which the Collateral-Netting preferences are being captured.
Version	Displays current Version of the contract.
Deal Product	Displays the Product selected for the contract.
Deal Type	Displays the Deal Type selected for the contract.
Portfolio	Displays the Portfolio selected for the contract.
Agreement	Displays the selected Agreement.
Netting Party	Displays the contract party of the agreement.
Contract Currency	Displays the booking currency of the Contract.
Securities Netting	Group of fields to capture the contract level overrides for the preferences to be used for netting securities.

Field	Description
Net Securities	<p>User to select the preference for netting securities for the contract.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • Defaulted to the value selected for this preference in the agreement • If 'Net' is selected, then both securities delivered and received are netted together, across multiple transactions linked to the same agreement • If 'Aggregate' is selected, then securities delivered are netted and securities received are netted separately, across multiple transactions linked to the same agreement • If not selected (""), then securities for the contract are not netted
Netting Tenor	<p>User to select the preference for netting securities for the contract with other transactions linked to the same agreement, having any tenor or same tenor.</p> <ul style="list-style-type: none"> • Applicable only if Net Securities selected is 'Net' or 'Aggregate' • Defaulted to the value selected for this preference in the agreement • If 'All' is selected, then securities for this contract are netted with transactions having any tenor • If 'Same Tenor' is selected, then securities for this contract are netted only with transactions having same tenor • If 'Same Deal' is selected, then only securities for this contract are netted • 'All' is set by default, if not specified
Netting Level	<p>User to select the preference for netting securities for the contract with other transactions linked to the same agreement, having same SK Location, Clearing House or Position/Basket.</p> <ul style="list-style-type: none"> • Applicable only if Net Securities selected is 'Net' or 'Aggregate' • Defaulted to the value selected for this preference in the agreement • If 'SK Location' is selected, then securities for this contract are netted with transactions settled through the same SK Location • If 'Clearing House' is selected, then securities for this contract are netted with transactions settled through the same Clearing House • If 'Position/Basket' is selected, then securities for this contract are netted only with transactions belonging to the same Position or Basket • 'SK Location' is set by default, if not specified
Cash Netting	<p>Group of fields to capture the contract level overrides for the preferences to be used for netting cash components.</p>
Net Cash	<p>User to select the preference for netting cash components of the contract.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • Defaulted to the value selected for this preference in the agreement • If 'Net' is selected, then both cashflows paid and received are netted together, for the same component across multiple transactions linked to the same cash netting scheme • If 'Aggregate' is selected, then cashflows paid are netted and cashflows received are netted separately, for the same component across multiple transactions linked to the same cash netting scheme • If not selected (""), then cashflows of the contract are not netted for the components linked to the agreement

Field	Description
FX Netting Type	<p>User to select the preference for netting cash components of the contract with other transactions linked to the same agreement, Pair-wise or Currency-wise.</p> <ul style="list-style-type: none"> • Applicable only if the contract is a FX contract and Net Cash selected is 'Net' or 'Aggregate' • Defaulted to the value selected for this preference in the agreement • If 'Pair-Wise' is selected, then cash flows of this contract are netted with only those FX transactions, linked to this agreement and traded with the same currency pair • If 'Currency-Wise' is selected, then cash flows of this contract are netted with cash flows in the same currency for other FX transactions linked to this agreement, even if they are not booked with the same currency pair • For transactions belonging to other modules. 'Currency-Wise' is set by default and cannot be changed
Cash Netting Schemes	<p>User to select the list of settlement schemes to be used for netting cash components of this contract.</p> <ul style="list-style-type: none"> • Defaulted from the agreement for the currencies and component types of the cashflows of this contract • Schemes can be defined for different cash component types and currencies • At least one default scheme should be defined separately with the criteria selected as 'ALL'
Settlement Currency	<p>User to select the currency of the cash flow component(s) of the contract to be netted.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • Can be defined for each cashflow currency individually • If not specified, 'ALL' is set by default indicating that all cash components are netted together, irrespective of the currency and settled through the same netting scheme in the scheme currency
Component Type	<p>User to select the type of the cash flow component of the contract to be netted.</p> <ul style="list-style-type: none"> • If not specified, 'ALL' is set by default indicating that all types of components are netted together
Component	<p>User to select the cash flow component of the contract to be netted.</p> <ul style="list-style-type: none"> • If not specified, 'ALL' is set by default indicating that all cashflow components are netted together
Settlement Scheme	<p>User to select the scheme through which the selected cash component(s) in the selected settlement currency, are net settled.</p> <ul style="list-style-type: none"> • All cashflows across contracts linked to the same settlement scheme are netted together, based on Net Cash, Netting Tenor and FX Netting Type preferences
Scheme Description	<p>Displays the description of the Settlement scheme.</p>

Field	Description
Scheme Currency	Displays the currency of the settlement scheme, in which the settlement happens. <ul style="list-style-type: none">• If the Scheme Currency is different from the Settlement Currency, then the component amount to be settled is converted into Scheme Currency equivalent, using the prevailing FX rates, as configured for the Settlement Scheme

On click of the **Default** button, the settlement schemes defined in the selected Agreement for the currencies and component types of the cashflows of this contract are populated as Cash Netting Schemes.

4.3.3 Collateral Agreement preferences

User can override some of the specific preferences for the Collateral Agreement at the contract level.

Click the **Collateral** button at the bottom of the Collateral-Netting screen to open this screen.

Figure 4.3: Collateral Agreement preferences

The following table describes the fields captured for Collateral agreement preferences for a Contract.

* Indicates mandatory fields.

Table 4.5: Collateral Agreement preferences

Field	Description
Module	Displays Treasury Module of the contract.
User Reference	Displays User Reference number of the Contract for which the Collateral-Netting preferences are being captured.
Version	Displays current Version of the contract.
Agreement	Displays the selected Agreement.
Margin Type	Displays the Margin type selected.
Margin Code	Displays the Margin code selected.
Margin Currency	Displays the margin currency selected.
Collateral Party	Displays the contract party of the agreement.

Field	Description
Pledgor/Receiver	Displays Pledgor/Receiver as selected in Linked Entities sub system for this contract.
Margin Preferences	Group of fields to capture the contract level overrides for the preferences to be used for collateral margining.
Offset Exposure	<p>User to indicate whether exposure of this contract can be offset against exposure of other transactions linked to the same agreement, to arrive at the net exposure for margin calculation purposes for this margin code.</p> <ul style="list-style-type: none"> This field cannot be amended after first authorization of the contract
Collateral Reuse Allowed	<p>User to indicate whether the collateral exchanged for this contract can be reused for settling or repledging for other contracts booked by the receiver.</p> <ul style="list-style-type: none"> This field cannot be amended after first authorization of the contract
Net Settle Collateral	User to indicate whether the collateral exchanged for the contract is net settled with other components or with other contracts.
Securities Collateral	Group of fields to capture the contract level overrides for the preferences to be used for securities collateral provided.
General Collateral	<p>User to indicate whether the securities can be assigned from a general collateral pool of eligible securities provided by the pledgor, for this margin code</p> <ul style="list-style-type: none"> Applicable only if “Securities” collateral is allowed for this margin code in the Agreement This field cannot be amended after first authorization of the contract If checked, then the securities decided by the agreement party are assigned, at the end of the day, to the extent of the margin required for the transactions linked to the agreement <ul style="list-style-type: none"> Need not assign any specific securities, while booking the transactions If unchecked, then specific securities should be assigned separately while booking the contract
Deliveries By Value	<p>User to indicate whether the securities can be assigned by the Triparty Agent/Third party from a general collateral pool of eligible securities provided by the pledgor, for this margin code</p> <ul style="list-style-type: none"> Applicable only if agreement type selected is ‘Triparty’, ‘Securities’ collateral is allowed, and General Collateral is checked for this margin code in the Agreement This field cannot be amended after first authorization of the contract If checked, then the collateral securities assigned by the Third-party custodian at the end of the day, automatically returns at the beginning of the next day If unchecked, then collateral assigned will not be automatically returned the next day

Field	Description
Cash Settlement Schemes	<p>User to select the list of settlement schemes to be used for transferring cash collateral, for this margin code.</p> <ul style="list-style-type: none"> • These fields are applicable only if “Cash & Deposits” are allowed as collateral, for this margin code in the Agreement • At least one default scheme should be defined with Exposure Currency selected as ‘ALL’
Exposure Currency	<p>User to select the currency in which exposure is calculated for the contract for this margin code.</p> <ul style="list-style-type: none"> • Normally same as the contract currency selected for the contract • If not specified, ‘ALL’ is set by default
Settlement Scheme	<p>User to select the settlement scheme through which the cash collateral is exchanged for the exposure in the selected exposure currency, for this margin code.</p> <ul style="list-style-type: none"> • Same settlement scheme can be used for multiple contracts, margin accounts and margin codes • If this field is amended after authorization, any changes to the management of collateral already transferred should be operationally handled and will not be automatically modified by the system
Scheme Description	Displays the description of the Settlement scheme.
Scheme Currency	<p>Displays the currency of the settlement scheme, in which the settlement happens.</p> <ul style="list-style-type: none"> • If the Scheme Currency is different from the Margin (Account) Currency, then the component amount to be settled is converted into Scheme Currency equivalent, using the prevailing FX rates, as configured for the Settlement Scheme
Margin Account	<p>User to select the cash margin account, linked to the selected settlement scheme, in which the cash collateral is tracked for the margin calculated in the account currency, for the exposure in the selected exposure currency, for this margin code</p> <ul style="list-style-type: none"> • All cash collateral linked to the same cash margin account is tracked together • Interest is calculated on this cash collateral according to the configuration in the margin account
Account Description	Displays the description of the cash margin account.
Account Currency	<p>Displays the currency of the cash margin account, in which cash margin is tracked.</p> <ul style="list-style-type: none"> • Normally same as the margin currency selected for the margin code • If the Account Currency is different from the Exposure Currency, then for the purposes of calculating the margin required (or available), the exposure is converted into Account Currency equivalent, using the prevailing FX rates, as configured for the agreement

Field	Description
Account Type	Displays the type of the cash margin account. <ul style="list-style-type: none"> • Can be a Current Account maintained by the customer with the bank • Can be a Nostro Account maintained by the bank with the collateral party • Can be a Deposit Account defined for this purpose • Can be a General Leger (GL) defined for this purpose
Default	User to indicate the default settlement scheme and margin account to be used, for the exposure calculated in currencies not setup separately.

On click of the **Default** button, the settlement schemes and margin accounts defined in the selected Agreement for the exposure currencies of this contract are populated as Cash Settlement Schemes.

4.3.4 Contract Collateral & Netting preferences

User can define specific preferences for Collateral and Netting if agreements are not used for the contract.

Click the **Contract Preferences** button to open this screen.

Figure 4.4: Contract Collateral & Netting preferences

The following table describes the fields captured for Collateral-Netting preferences for a Contract.

* Indicates mandatory fields.

Table 4.6: Contract Collateral & Netting preferences

Field	Description
Module	Displays Treasury Module of the contract.

Field	Description
Contract Currency	Displays the Currency selected for the contract. <ul style="list-style-type: none"> For contracts where a currency pair or multiple currencies are selected, base currency selected for the contract is considered as the contract currency
User Reference	Displays User Reference number of the Contract for which the Collateral-Netting preferences are being captured.
Version	Displays current Version of the contract.
Collateral Party	Displays the Party with whom the collateral is exchanged for the contract, as selected in the Linked Entities sub system.
Netting Party	Displays the Party with whom the main components of the contract are net settled, as selected in the Linked Entities sub system.
Margin Preferences	Group of fields to capture the preferences to be used for collateral margining for the contract. <ul style="list-style-type: none"> Applicable only if Collateral Required is checked and collateral party is selected for the contract in Linked entities sub system
Cash & Deposit	User to indicate whether collateral can be provided in Cash or Deposits, for this margin code. <ul style="list-style-type: none"> Defaulted from the deal product of the contract and is checked by default, if not defined for the deal product If unchecked after authorization, any cash collateral exchanged earlier will not be automatically returned and should be operationally handled
Securities	User to indicate whether collateral can be provided as Securities, for this margin code. <ul style="list-style-type: none"> Defaulted from the deal product of the contract and is checked by default, if not defined for the deal product If unchecked after authorization, any securities collateral exchanged earlier will not be automatically returned and should be operationally handled
Margin Calculation	User to select the reference to be used for calculating margin required for the contract. <ul style="list-style-type: none"> If 'Instrument' is selected, then calculation preferences defined for the instrument product is used If 'External' is selected, then margin calculation is received from an external system or provider If not specified, this field is set to 'External' by default

Field	Description
Calculation Agent	<p>User to select the party that is responsible for margin calculation for this contract.</p> <ul style="list-style-type: none"> • Can select 'Bank' if bank is responsible for margin calculation • Can select 'Counterparty' if counterparty is responsible for margin calculation • Can select 'Joint', if both parties are jointly responsible for margin calculation and must agree on the margin calculated • Can select 'Clearing House / CCP', if a clearing house / ccp is responsible for margin calculation <ul style="list-style-type: none"> • Applicable only if Clearing House / CCP is selected for the contract in Linked Entities subsystem • Can select 'Third Party', if a third party is responsible for margin calculation <ul style="list-style-type: none"> • 'Third Party' can be a calculation service provider, regulator, etc. • If not specified, this field is set to 'Counterparty' by default
Third-Party Calculator	<p>User to select the third-party calculator that is responsible for margin calculation for this contract.</p> <ul style="list-style-type: none"> • This field is applicable and mandatory only when the Margin Calculation Agent selected is 'Third Party' • Can be one of the Third-Party Calculators maintained using 'Treasury Static Type Maintenance' function with type as 'MARGIN_TPC' <ul style="list-style-type: none"> • Example: ISDA, etc
Collateral Reuse Allowed	<p>User to indicate whether the collateral received for this margin code can be reused for settling or pledging for other contracts or margins, by the receiver of the collateral.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • If 'Collateral Method' selected is 'TTCA' or 'SIUR', then this field is checked by default and cannot be changed • If 'Collateral Method' selected is 'SICA', then this field is unchecked by default and cannot be changed • If 'Collateral Method' is selected is none of the above or not specified, then this field is defaulted from the deal product of the contract and unchecked by default, if not defined for the deal product. However, user is allowed to change
Net Settle Collateral	<p>User to indicate whether the collateral exchanged for this contract can be net settled with other margins or components or contracts with the same party.</p> <ul style="list-style-type: none"> • Defaulted from the deal product of the contract and is unchecked by default, if not defined for the deal product
Cash Collateral	<p>Group of fields to capture the preferences to be used for cash collateral for the contract.</p> <ul style="list-style-type: none"> • Applicable only if Cash & Deposits is checked for the margin preferences

Field	Description
Margin Currency	<p>User to select the currency in which the margin required is calculated for this contract.</p> <ul style="list-style-type: none"> • Set to contract currency by default • If the Margin Currency is different from the Contract Currency, then for the purposes of calculating the margin required (or available), the exposure is converted into margin currency equivalent, using the prevailing FX rates, as configured for the Margin Scheme (if selected) or for the Margin Product (if margin scheme is not selected) • If amended after authorization, any cash collateral exchanged earlier will not be automatically returned and should be operationally handled
IM Account	<p>User to select the cash margin account, with the collateral party, in which the cash collateral exchanged as Initial Margin is tracked for the contract</p> <ul style="list-style-type: none"> • Account currency is same as the Margin currency selected • Interest is calculated on this cash collateral according to the configuration in the margin account • Defaulted from the Initial Margin accounts maintained for the collateral party for the margin currency • If amended after authorization, any cash collateral exchanged earlier will not be automatically returned and should be operationally handled
VM Account	<p>User to select the cash margin account, with the collateral party, in which the cash collateral exchanged as Variation Margin is tracked for the contract</p> <ul style="list-style-type: none"> • Account currency is same as the Margin currency selected • Interest is calculated on this cash collateral according to the configuration in the margin account • Defaulted from the Variation Margin accounts maintained for the collateral party for the margin currency • If amended after authorization, any cash collateral exchanged earlier will not be automatically returned and should be operationally handled
Margin Scheme	<p>User to select the margin scheme through which the cash collateral is exchanged for the contract.</p> <ul style="list-style-type: none"> • If the Scheme Currency is different from the Margin Currency, then the cash collateral amount to be exchanged is converted into Scheme Currency equivalent, using the prevailing FX rates, as configured for the Margin Scheme • Defaulted from the Scheme to which the Variation Margin account is linked
Securities Collateral	<p>Group of fields to capture the preferences to be used for securities collateral for the contract.</p> <ul style="list-style-type: none"> • Applicable only if Securities is checked for the margin preferences

Field	Description
General Collateral	<p>User to indicate whether the securities can be assigned from a general collateral pool of eligible securities provided by the pledgor, for this contract</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • If checked, then the securities are assigned, at the end of the day, to the extent of the margin required for the contract <ul style="list-style-type: none"> • Need not assign any specific securities, while booking the contract • If unchecked, then specific securities should be assigned separately while booking the contract • Defaulted from the deal product of the contract and unchecked by default, if not defined for the deal product
Deliveries By Value	<p>User to indicate whether the securities can be assigned by the Triparty Agent/Third party from a general collateral pool of eligible securities provided by the pledgor, for this contract</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • If checked, then the collateral securities assigned by the Third-party custodian at the end of the day, automatically returns at the beginning of the next day • If unchecked, then collateral assigned will not be automatically returned the next day • Defaulted from the deal product of the contract and unchecked by default, if not defined for the deal product

Field	Description
Collateral Method	<p>User to select the method applied for transferring securities collateral.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • Can be “Title Transfer financial Collateral Arrangement (TTCA)” <ul style="list-style-type: none"> • indicates that the ownership of the securities provided as collateral are fully transferred to the receiver • hence appears in the books of the receiver as asset • receiver, as holder of the securities, is entitled to collect the coupon and cannot be claimed by the pledgor • securities provided as collateral can be reused or repledged by the receiver, as ownership is fully transferred • Can be “Security financial Collateral Arrangement (SICA)” <ul style="list-style-type: none"> • indicates that the ownership of the securities provided as collateral continues to be with the pledgor • hence appears in the books of the pledgor as asset • receiver, as holder of the securities, is entitled to collect the coupon. However, coupon is claimed by the pledgor from the receiver • securities provided as collateral cannot be reused or repledged by the receiver • Can be “Security financial Collateral Arrangement with right-of-use (SIUR)” <ul style="list-style-type: none"> • Same as SICA • In addition, the receiver has the “right to reuse” the securities provided as collateral (according to agreed terms) • When the receiver exercises the right to reuse, the ownership of these securities are considered as fully transferred and appears as asset in the books of the receiver (and not in the books of the pledgor) <ul style="list-style-type: none"> – Defaulted from the deal product of the contract – “Security financial Collateral Arrangement (SICA)” is set by default, if not defined for the deal product
Maximum Distinct Securities	<p>User to enter the maximum number distinct securities that can be provided as collateral, for this contract</p> <ul style="list-style-type: none"> • Defaulted from the deal product of the contract • If not specified, then any number of different securities can be provided as collateral

Field	Description
Generate Dvp/Rvp	<p>User to indicate whether Dvp/Rvp messages (where applicable) should be generated for securities collateral transfer, for this contract</p> <ul style="list-style-type: none"> • If checked, then DVP/RVP messages are generated for initial margin transfer during booking and liquidation the contract <ul style="list-style-type: none"> • Example: Securities collateral transferred while booking a Repo contract • If unchecked, then Deliver Free / Receive Free messages are generated for initial margin transfer during booking and liquidation of the contract • During independent margin calls, always Deliver Free / Receive Free messages are generated, irrespective of whether this field is checked or not • If 'Deliveries By Value' is checked and this field is checked, then DVP/RVP messages are generated for both collateral transfer before EOD and automatic return during BOD • Defaulted from the deal product of the contract and is unchecked by default, if not defined for the deal product
Claim Coupon from CP	<p>User to indicate whether coupon on securities transferred as collateral, for this contract, to be claimed (where applicable) from collateral party.</p> <ul style="list-style-type: none"> • Applicable only if collateral method selected is 'SICA' or 'SIUR' • If checked, then coupon is claimed from the receiver of the securities collateral • If unchecked, then coupon cannot be claimed from the receiver of the securities collateral • Defaulted from the deal product of the contract and is unchecked by default, if not defined for the deal product
MT54x For Rate Revision	<p>User to indicate whether Securities Delivery messages should be regenerated (and sent), for this contract, when the Interest Rate for the parent (Repo) contract is revised.</p> <ul style="list-style-type: none"> • If checked, then a 'CANC' MT54x message with the old rate and 'NEW' MT54x message with the new rate (for the Repo) is generated for all the Securities provided as collateral, for every Rate revision of the parent contract • If unchecked, then MT54x message is not generated for Rate revision of the parent contract • Defaulted from the deal product of the contract and is unchecked by default, if not defined for the deal product
Cash Netting	<p>Group of fields to capture the preferences to be used for netting cash components of the contract.</p> <ul style="list-style-type: none"> • Applicable only if Netting required is checked and Netting party is selected for the contract

Field	Description
Net Cash	<p>User to select the preference for netting cash components of the contract.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • If 'Net' is selected, then both cashflows paid and received are netted together, for the same component across multiple transactions linked to the same cash netting scheme • If 'Aggregate' is selected, then cashflows paid are netted and cashflows received are netted separately, for the same component across multiple transactions linked to the same cash netting scheme • If not selected (""), then cashflows of the contract are not netted for the components linked to the agreement • Defaulted from the deal product of the contract and not selected by default, if not defined for the deal product
Netting Tenor	<p>User to select the preference for netting cash components of the contract with other transactions with the same counter party, having any tenor or same tenor.</p> <ul style="list-style-type: none"> • Applicable only if Net Cash selected is 'Net' or 'Aggregate' • If 'All' is selected, then the cash components of this contract is netted with transactions having any tenor • If 'Same Tenor' is selected, then the cash components of this contract is netted only with transactions having same tenor • If 'Same Deal' is selected, then only cash components of this contract is netted • Defaulted from the deal product of the contract, and 'All' is set by default, if not defined for the deal product
FX Netting Type	<p>User to select the preference for netting cash components of the contract with other transactions with the same counter party, Pair-wise or Currency-wise.</p> <ul style="list-style-type: none"> • Applicable only if the contract is a FX contract and Net Cash selected is 'Net' or 'Aggregate' • If 'Pair-Wise' is selected, then cash flows of this contract are netted with only those FX transactions, with the same counter party and traded with the same currency pair • If 'Currency-Wise' is selected, then cash flows of this contract are netted with cash flows in the same currency for other FX transactions with the same counter party, even if they are not booked with the same currency pair • For contracts belonging to other modules. 'Currency-Wise' are set by default and cannot be changed • Defaulted from the deal product of the contract, and 'Currency-Wise' are set by default, if not defined for the deal product
Netting Scheme	<p>User to select the settlement scheme to be used for netting cash components of this contract.</p> <ul style="list-style-type: none"> • All cashflows across contracts linked to the same settlement scheme are netted together, based on Net Cash, Netting Tenor and FX Netting Type preferences • Defaulted to the Scheme defined for the counterparty for the contract currency

Field	Description
Securities Netting	<p>Group of fields to capture the preferences to be used for netting securities transferred for the contract</p> <ul style="list-style-type: none"> • Applicable only if Netting required is checked and Netting party is selected for the contract
Net Securities	<p>User to select the preference for netting securities for the contract.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the contract • If 'Net' is selected, then both securities delivered and received are netted together, across multiple transactions linked with the same counter party • If 'Aggregate' is selected, then securities delivered are netted and securities received are netted separately, across multiple transactions with the same counter party • If not selected (""), then securities for the contract are not netted • Defaulted from the deal product of the contract and not selected by default, if not defined for the deal product
Netting Tenor	<p>User to select the preference for netting securities for the contract with other transactions having any tenor or same tenor.</p> <ul style="list-style-type: none"> • Applicable only if Net Securities selected is 'Net' or 'Aggregate' • If 'All' is selected, then securities for this contract are netted with transactions having any tenor • If 'Same Tenor' is selected, then securities for this contract are netted only with transactions having same tenor • If 'Same Deal' is selected, then only securities for this contract are netted • Defaulted from the deal product of the contract, and 'All' is set by default, if not defined for the deal product
Netting Level	<p>User to select the preference for netting securities for the contract with other transactions having same SK Location, Clearing House or Position/Basket.</p> <ul style="list-style-type: none"> • Applicable only if Net Securities selected is 'Net' or 'Aggregate' • If 'SK Location' is selected, then securities for this contract are netted with transactions settled through the same SK Location • If 'Clearing House' is selected, then securities for this contract are netted with transactions settled through the same Clearing House • If 'Position/Basket' is selected, then securities for this contract are netted only with transactions belonging to the same Position or Basket • Defaulted from the deal product of the contract, and 'SK Location' is set by default, if not defined for the deal product

4.3.5 Collateral Eligible Securities for the Contract

User can define the preferences for the securities that can be provided as collateral for the contract.

- Applicable only if collateral required is checked, collateral party is selected, collateral agreement is not used, and securities collateral is allowed for the contract

- If specific preferences were not defined, all securities are assumed to be eligible to be provided as collateral for this contract

Click the **Eligible Securities** button at the bottom of the Collateral-Netting screen to open this screen.

Figure 4.5: Collateral Eligible Securities for the Contract

The following table describes the fields captured for Collateral eligible securities for a Contract.

* Indicates mandatory fields.

Table 4.7: Collateral Eligible Securities for the Contract

Field	Description
Contract Reference	Displays Reference number of the Contract for which the Collateral-Netting preferences are being captured.
Contract Currency	Displays the booking currency of the Contract.
Security Type	User to select the Type of the Security instrument that can be provided as collateral. <ul style="list-style-type: none"> • Can select 'ALL' if all types of securities can be provided as collateral.
Security Group	User to select the Group of the Security instrument that can be provided as collateral. <ul style="list-style-type: none"> • Can select 'ALL' if all groups of securities can be provided as collateral. • If a specific group is selected, all securities classified to belong to the selected group are considered eligible for transfer as collateral.

Field	Description
Instrument Product	User to select the Product of the Security instrument that can be provided as collateral. <ul style="list-style-type: none"> • Can select 'ALL' if securities defined with any instrument product can be provided as collateral. • If a specific product is selected, all securities defined with the selected product are considered eligible for transfer as collateral.
Issuer Code	User to select the Issuer of the Security instrument that can be provided as collateral. <ul style="list-style-type: none"> • Can select 'ALL' if all securities issued by any issuer can be provided as collateral. • If a specific issuer is selected, all securities issued by that issuer are considered eligible for transfer as collateral.
Quality Rating	User to select the Rating of the Security instrument that can be provided as collateral. <ul style="list-style-type: none"> • Can select 'ALL' if all securities with any rating can be provided as collateral. • If specific rating is selected, all securities having a rating above the selected rating are considered eligible for transfer as collateral
Security Currency	User to select the Currency of the Security instrument that can be provided as collateral. <ul style="list-style-type: none"> • Can select 'ALL' if all securities issued with any currency can be provided as collateral. • If a specific currency is chosen, all securities issued in that currency are considered transferable as collateral.
Security Id	User to select specific Security instrument that can be provided as collateral. <ul style="list-style-type: none"> • Can select 'ALL', if any security belonging to the selected type, group, product, issuer, rating, and currency can be provided as collateral
Security Description	Displays description of the Security if selected.
Haircut%	User to enter the Haircut applicable for the selected security or securities belonging to the criteria selected. <ul style="list-style-type: none"> • Applicable only if "Approved" flag is checked • Can be ≥ 0 and < 100 • Collateral Value = Total Amount * (100-Haircut%)/100 • Total Amount = Market Value + Accrued Interest (if applicable)
Concentration%	User to enter the Concentration applicable for the selected security or securities belonging to the criteria selected. <ul style="list-style-type: none"> • Applicable only if "Approved" flag is checked • Can be > 0 and ≤ 100 • Maximum Collateral Value (of the security) = Total Collateral Required * Concentration% / 100

Field	Description
Approved	User to indicate whether the selected security or securities belonging to the criteria selected are eligible to be provided as collateral <ul style="list-style-type: none">• If checked, then eligible to be provided as collateral• If unchecked, then not eligible to be provided as collateral

5. Processing Collateral Margin

5.1 Introduction

This chapter explains processing Collateral Margin transfer in Oracle Banking Treasury Management application.

Collateral Margin can be assigned and exchanged with the counterparty for different purposes, at different stages during the life cycle of a contract and from different functions in Oracle Banking Treasury Management application.

- Collateral can be assigned for the purpose of
 - Initial Margin while taking a position
 - as an Independent Amount for additional collateral
 - as Variation Margin to compensate for changes in the value of the collateral due to Marking to Market or
 - for funding as required before taking a position or for initiating settlement
- Collateral can be exchanged with any party eligible for collateral including,
 - Counterparty of the contract
 - Exchange or Execution Broker through which a position is taken
 - Clearing House or CCP or Clearing Broker through whom a trade is cleared and settled
 - Custodian or Triparty Agent or any Third party intermediary designated for calculating and maintaining eligible collateral on behalf of the trading parties
- Collateral can be assigned during the life cycle of the contract
 - for booking a new contract
 - for margin calls due to change in the value of collateral or position while Marking to Market
 - for substituting or replacing the collateral given earlier with another collateral of same or different type
 - for returning the collateral during Maturity or Liquidation of the contract
 - for returning and reassigning of collateral every day for DBV contracts
- Collateral margin processing can be performed from the functions
 - used for contract booking while booking contracts
 - used specifically for collateral assignment, substitution and margin calls processing
 - used for manual payments and liquidation of contracts, for returning the collaterals received
 - can be automatically triggered when the contract is initiated, liquidated or rolled over through a batch process - during the day, End of Day or Beginning of the Day

5.2 Collateral Assignment

Collateral Margin transfer can be performed using 'Collateral Assignment Process' function, available specifically for transferring different types of Collateral as margin for different purposes for positions on different types of instruments.

Both Cash and Securities can be transferred as collateral using this function. Collateral can be assigned for,

- an Agreement, if collateral assignment is for the net collateral required to be exchanged for all the contracts linked to the same agreement
- a Portfolio, if collateral assignment is for the net collateral required to be exchanged for all the contracts booked in the same portfolio
- a Contract, if collateral assignment is for the collateral required to be exchanged for a specific contract

The details that can be captured for Collateral Assignment Process include,

- Collateral party, Margin process and Settlement date for the collateral assignment
- Agreement, Portfolio, or a specific Contract for which collateral are assigned
- Collateral type and purpose (Margin type) of the collateral assignment transaction
- For Cash collateral,
 - Margin currency, Margin Account, Collateral Amount, and netting details (if applicable)
 - Settlement details to be used for funds transfer, as agreed with the party
- For Securities collateral,
 - Details about Securities transferred, price applied for valuation, hair cut (if applicable) and portfolio
 - Custodian and settlement party details as applicable for securities transfer
- User Defined Fields configured for collateral assignment process

User can view the details for,

- Margin preferences applicable for the Agreement, Portfolio or a specific Contract selected
- Margin available and required to be transferred as Cash or Securities
- List of contracts linked to the Agreement or Portfolio selected with individual exposures considered

Collateral Assignment transactions can be initiated only for the branch to which user has access.

5.2.1 Process to initiate a new transaction

This topic provides the systematic instructions to initiate a new transaction.

CONTEXT:

To initiate a new transaction

1. Click the **New** button at the top of the screen.
2. Enter the values for all the required fields.

3. Click on the **Save** button to initiate the transaction and send for authorization.
4. Click on the **Hold** button to save as draft.

5.2.2 Process to view the details of an existing transaction

This topic provides the systematic instructions to view the details of an existing transaction.

CONTEXT:

To view the details of an existing transaction

1. Click the **Enter Query** button at the top of the screen.
2. Enter the **Margin Reference** of the transaction.
3. Click the **Execute Query** button.

5.2.3 Modifying an existing transaction

This topic provides the systematic instructions to modify an existing transaction.

CONTEXT:

To modify an existing transaction or to revisit the data saved as draft

1. Enter the **Margin reference** of the transaction and query the existing transaction.
2. Click the **Unlock** button to enable the screen for editing the details.
3. Review the existing values saved or kept on hold.
4. Enter the new values for the fields to be modified. Please refer the table of fields to know whether the field can be modified after first authorization of the transaction.
5. Click on the **Save** button to modify the transaction and send for authorization.

5.2.4 Discard, reverse and print transactions

This topic provides the systematic instructions to discard and reverse transactions and print details of the transactions.

1. Click on the **Delete** button to discard the transaction before first authorization.
2. Click on **Reverse** button to reverse the transaction after first authorization.
3. Click on the **Print** button to print the details of the transaction.

User can initiate collateral assignment and transfer for an agreement or a contract in this **Collateral Assignment Process** function. User can invoke this screen by navigating through the menu button at the top left corner of the

Application tool or by typing **SRDMRONL** in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Figure 5.1: Collateral Assignment

The following table describes the fields required to initiate a Collateral Assignment.

* Indicates mandatory fields.

Table 5.1: Collateral Assignment

Field	Description
Branch	Displays the current branch code to which the user has logged in. <ul style="list-style-type: none"> Only those agreements associated to this branch and contracts booked in this branch can be selected for collateral assignment
Party	User to select the party with whom the collateral is exchanged. <ul style="list-style-type: none"> This field cannot be amended after saving the collateral assignment Only those agreements with the selected party and contracts booked with the selected party as collateral party is available for collateral assignment

Field	Description
Margin Process	<p>User to select the contract workflow process for which collateral is assigned.</p> <ul style="list-style-type: none"> • This field cannot be amended after saving the collateral assignment • Can select 'Booking' (D), if collateral assigned is for the purposes of Initial Margin (or Base collateral) provided at the time of booking the contract • Can select 'Liquidation' (L), if collateral assignment is for the purposes of returning the collateral exchanged during the life of the contract, at maturity or termination of the contract • Can select 'Reversal' (R), if collateral assignment is for the purposes of returning the collateral when the contract is reversed • Can select 'Substitution' (S), if collateral assignment is for the purposes of returning the collateral provided earlier and replacing with different type of collateral for the same contract or agreement or portfolio • Can select 'Margin Call' (M), if collateral assignment is for the purposes of providing additional collateral or returning excess collateral for a contract or agreement or portfolio • If not specified, this field is set to 'Margin Call' by default
Margin For	<p>User can select whether the collateral is assigned for an agreement or portfolio or a specific contract</p> <ul style="list-style-type: none"> • This field cannot be amended after saving the collateral assignment • Can select 'Agreement' (A), if collateral assignment is for the net collateral required to be exchanged for all the contracts linked to the same agreement • Can select 'Portfolio' (P), if collateral assignment is for the net collateral required to be exchanged for all the contracts booked in the same portfolio • Can select 'Contract' (C), if collateral assignment is for the collateral required to be exchanged for a specific contract • If not specified, this field is set to 'Contract' by default
Margin Reference	<p>Displays a unique reference number for the collateral assignment transaction.</p> <ul style="list-style-type: none"> • Automatically generated when the user clicks on 'P' button in the 'Main' tab

Field	Description
Settlement Date	<p>User can specify the date on which the collateral is exchanged.</p> <ul style="list-style-type: none">• If not specified, the branch date is set by default• Settlement date specified can be a future date<ul style="list-style-type: none">• In that case, the Settlement messages for Cash or Securities delivery is generated (and sent) before the settlement date, according to the applicable set• Settlement date specified can be backdated<ul style="list-style-type: none">• In that case, the Settlement messages for Cash or Securities delivery are not generated (suppressed) and only relevant accounting entries are posted

5.2.5 Main Criteria

User can select the Agreement, Portfolio or a specific Contract for which collateral is assigned.

- Can specify details for the collateral type and purpose (Margin type) of the collateral assignment transaction

Click the Main tab of the **Collateral Assignment Process (SRDMRONL)** function to open this screen

The following table describes the fields captured for the type and purpose of collateral assignment.

* Indicates mandatory fields.

Table 5.2: Collateral Assignment - Main

Field	Description
Module	<p>User to select the module of the contract(s) for which collateral are assigned.</p> <ul style="list-style-type: none"> • This field cannot be amended after saving the collateral assignment • Only those agreements / portfolios associated to and contracts booked in the selected module are available for collateral assignment • When 'Portfolio' is selected for 'Margin For' field, then only those modules in which portfolios can be defined separately, is displayed for this field <ul style="list-style-type: none"> • These modules are - Securities, Exchange Traded Derivatives and Credit Derivatives • If not specified, then this field is set to <ul style="list-style-type: none"> • the Module to which the contract selected belongs to, when 'Margin For' selected is 'Contract' • otherwise set to 'All', when 'Agreement' or 'Portfolio' is selected for 'Margin For' field
Deal Type	<p>User to select the deal type of the contract for which collateral is assigned.</p> <ul style="list-style-type: none"> • This field cannot be amended after saving the collateral assignment • Applicable only when Margin For selected is 'Contract' • Can be one of the standard deal types maintained using 'Treasury Static Type Maintenance' function with type as 'DEAL_TYPE', applicable for the module and product type of the contract • Only those Contracts of the selected deal type is available for collateral assignment • If not specified, then this field is set to <ul style="list-style-type: none"> • the Deal Type to which the contract selected belongs to, when 'Margin For' selected is 'Contract' • otherwise set to 'All', when 'Agreement' or 'Portfolio' is selected for 'Margin For' field

Field	Description
Agreement / Portfolio	<p>User to select the Agreement or Portfolio for which collateral is assigned.</p> <ul style="list-style-type: none"> • This field cannot be amended after saving the collateral assignment • Mandatory when 'Agreement' or 'Portfolio' is selected for 'Margin For' field • When 'Agreement' is selected for 'Margin For' field, only those active agreements for Collateral purpose, with Branch as Head Office branch or current branch where user has logged in, with Collateral Party same as Party selected, enabled for the Module selected and having Expiry Date >= Settlement date of the collateral assignment, is displayed for selection <ul style="list-style-type: none"> • If only one collateral agreement is available for the selected criteria, then that agreement is set by default to this field • When 'Portfolio' is selected for 'Margin For' field, only those active portfolios for the selected module, available to the current branch where user has logged in and customer portfolios for the selected Party (if available), are displayed for selection <ul style="list-style-type: none"> • Applicable only for Securities, Exchange Traded Derivatives and Credit Derivatives modules in which portfolios can be defined separately
Contract	<p>User to select the Contract for which collateral is assigned.</p> <ul style="list-style-type: none"> • This field cannot be amended after saving the collateral assignment • Mandatory when 'Contract' is selected for 'Margin For' field • Only those active contracts eligible for Collateral assignment, having branch same as current branch where user has logged in, Collateral Party same as Party selected, module and deal type same as those selected, is displayed for selection
Event Date	<p>Displays the date on which the Collateral Assignment transaction was saved.</p> <ul style="list-style-type: none"> • Branch date is set by default
Remarks	<p>User can enter any additional comments for the Collateral Assignment transaction.</p> <ul style="list-style-type: none"> • A maximum of 250 characters can be entered for remarks

Field	Description
Collateral Type	<p>User to indicate the type of collateral that would be assigned for this transaction.</p> <ul style="list-style-type: none"> • This field cannot be amended after saving the collateral assignment • Can select Cash, when the collateral assigned is Cash or Deposits and when cash collateral is allowed for the selected Agreement or Portfolio or Contract • Can select Securities, when the collateral assigned is one or more Securities, eligible to be provided as collateral for the selected Agreement or Portfolio or Contract
Pledgor / Receiver	<p>User to indicate whether bank acts as the collateral provider or collateral taker for the selected Agreement, Portfolio or Contract</p> <ul style="list-style-type: none"> • This field cannot be amended after saving the collateral assignment • Can select Pledgor, when the bank is the collateral provider • Can select Receiver, when the bank is the collateral taker • Set to 'Receiver' by default when Margin For selected is 'Contract' and Module-Deal Type of the Contract selected is one of the below <ul style="list-style-type: none"> • Reverse Repo in Securities Repo module • Set to 'Pledgor' by default when Margin For selected is 'Contract' and Module-Deal Type of the Contract selected is not in the above list. For example, <ul style="list-style-type: none"> • Repo in Securities Repo module • Both Long and Short in Exchange Traded Derivatives module • Set to 'Pledgor' by default when Margin For selected is 'Agreement' or 'Portfolio' <ul style="list-style-type: none"> • However, user can change to 'Receiver' before saving the collateral assignment

Field	Description
Margin Type	<p>User to select the Margin Type for which the collateral is assigned, for the selected Agreement, Portfolio or Contract</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the collateral assignment • Can select 'Initial Margin' (IM), if this collateral assignment is for transferring initial margin for the exposure from the transactions linked to selected Agreement, Portfolio or Contract • Can select 'Independent Amount' (IA), if this collateral assignment is for transferring additional margin, independent from initial margin • Can select 'Variation Margin' (VM), if this collateral assignment is for transferring margin due to revaluation or marking to market (MTM) of the exposure from the transactions linked to selected Agreement, Portfolio or Contract • Can select 'Netted Margin' (NM), if this collateral assignment is for transferring net amount of all types of margin applicable for the transactions linked to selected Agreement, Portfolio or Contract • Can select 'Funding' (DF), if this collateral assignment is for transferring margin for the purposes of creating a trading limit or contributing to the default fund <ul style="list-style-type: none"> • Applicable only when Margin For selected is 'Agreement' • If not specified, it is set to Variation Margin (VM) by default
Margin Code	<p>User to select the Margin Code defined for the selected Agreement and Margin Type.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the collateral assignment • Mandatory only when Margin For selected is 'Agreement' • Defaulted to the active Margin Code defined for the selected Margin type in the selected Agreement

Field	Description
Margin Currency	<p>Displays the currency in which Margin is calculated for the selected Agreement, Portfolio or Contract, for which the collateral is assigned.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the collateral assignment • When Margin For selected is 'Agreement', displays the Margin Currency defined for the Margin Code selected • When Margin For selected is 'Contract', displays the Margin Currency applicable for the contract selected <ul style="list-style-type: none"> • When Margin Currency is not specifically defined for the Contract, displays the Contract Currency • When Margin For selected is 'Portfolio', displays the Portfolio Currency of the portfolio selected
Margin Product	<p>Displays the Margin Product to be used for collateral assignment event.</p> <ul style="list-style-type: none"> • When Collateral Type is 'Cash & Deposits' and Net Cash is checked, displays the Margin Product linked to the Settlement Scheme selected • When Margin For selected is 'Agreement', displays the Margin Product linked to the selected agreement • When Margin For selected is 'Contract', displays the Margin Product linked to the Deal Product of the selected contract • When Margin For selected is 'Portfolio', displays the Margin Product linked to the selected portfolio • When there are no Margin products linked to the selected Agreement, Portfolio or Contract, displays the default Margin product defined for the bank
Parent Status	<p>Displays the current status of the Agreement or Portfolio or Contract selected for collateral assignment.</p>
Exposure Currency	<p>User to select the currency of Exposure of the transactions linked to selected Agreement or Portfolio, for which the collateral is assigned.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the collateral assignment • When Margin For selected is 'Contract', displays the Contract Currency and cannot be changed • When Margin For selected is 'Agreement' or 'Portfolio', Exposure Currency is set by default same as Margin Currency, if not specified

On click of **P** button, system automatically generates and displays a unique 'Margin Reference' for the collateral assignment transaction.

5.2.6 Margin Details

User can default and view the margin preferences applicable for the Agreement, Portfolio or a specific Contract selected for which collateral is assigned.

- Displays the Collateral preferences defined for the Agreement, If Agreement is selected.
- Displays the Collateral preferences defined for the applicable Portfolio or Product, If Portfolio is selected.
- Displays the Collateral preferences defined for the contract, If Contract is selected.
 - Displays the preferences from the linked agreement, if the contract uses Collateral Agreement
- If the preference for calculation type is 'Internal', can view the details about the margin calculated by Oracle Banking Treasury Management

- If the preference for calculation type is 'External', calculation fields value are not displayed

Click the **Margin Details** tab of the **Collateral Assignment Process (SRDMRONL)** function to open this screen.

Figure 5.2: Collateral Assignment – Margin Details

The following table describes the fields captured for processing securities margin for an agreement or contract.

* indicates mandatory fields.

Field	Description
Calculation Preferences	Group of fields to display the margin calculation preferences applicable for the Contract selected for Collateral Assignment, for the selected Margin Type. <ul style="list-style-type: none"> • If Margin Type selected is 'Netted Margin', preferences are not displayed
Calculation Setup	Displays the margin calculation setup to be used, for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type. <ul style="list-style-type: none"> • Blank and not applicable, if no calculation setup is defined for the selected Contract in Oracle Banking Treasury Management
Calculation Level	Displays the level at which the exposure would be aggregated for margin calculation purposes for the Contract selected for Collateral Assignment, for the selected Margin Type. <ul style="list-style-type: none"> • Displays 'Trade' by default

Field	Description
Calculation Type	<p>Displays where the margin required is calculated for the Contract selected for Collateral Assignment, for the selected Margin Type.</p> <ul style="list-style-type: none"> • Displays 'External' by default, if no margin calculation rule is defined for the selected Contract or if Calculation Setup is 'External' • Blank and not applicable, if Margin For selected is 'Agreement' or 'Portfolio'
Source	<p>Displays the system from which the collateral assignment is initiated.</p>
Calculation Method	<p>Displays the method that is used for calculating margin required for the Contract selected for Collateral Assignment, for the selected Margin Type.</p> <ul style="list-style-type: none"> • Blank and not applicable, if Margin Type selected is 'Variation Margin' or if Calculation Type is 'External' or if Margin For selected is 'Agreement' or 'Portfolio'
Exposure Type	<p>Displays the amount to be considered as exposure for calculating margin required for the Contract selected for Collateral Assignment, for the selected Margin Type.</p> <ul style="list-style-type: none"> • Displays 'Principal' by default, if no margin calculation rule is defined for the selected Contract • Blank and not applicable, if Margin Type selected is 'Variation Margin' or if Calculation Type is 'External' or if Margin For selected is 'Agreement' or 'Portfolio'
Offsetting Allowed	<p>Displays whether exposure booked in opposite directions within the same group can be offset, to arrive at the net exposure for margin calculation purposes for the Contract selected for Collateral Assignment, for the selected Margin Type.</p> <ul style="list-style-type: none"> • Blank and not applicable
Margin Calculation	<p>Group of fields to display the calculated margin required as on the Event Date for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type.</p>
Margin Currency	<p>Displays the currency in which the margin required is calculated for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type.</p> <ul style="list-style-type: none"> • Displays the Portfolio Currency or Contract Currency by default, if no margin calculation rule is defined for the selected Portfolio or Contract
Margin Required	<p>Displays the calculated Margin Required in Margin currency for the exposure determined as of the Event Date, for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type.</p> <ul style="list-style-type: none"> • Blank and not applicable, if Calculation Type is 'External'

Field	Description
Margin Available	<p>Displays the Margin already transferred and available in Margin Currency equivalent as of the Event Date, for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type.</p> <ul style="list-style-type: none"> • Displays total of balance in both Cash Margin and Security Collateral available for the selected Agreement or Portfolio or Contract
Excess	<p>Displays the additional Margin already available in excess of the Margin required as of the Event Date, for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type.</p>
Shortfall	<p>Displays the additional Margin to be transferred to meet the net Margin required as of the Event Date, for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type.</p>
Cash Margin Adjustment	<p>Group of fields to display the cash margin allowed based on the calculated margin required as on the Event Date for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type.</p>
Cash Margin Allowed	<p>Indicates whether collateral can be provided in Cash or Deposits, for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type.</p> <ul style="list-style-type: none"> • Checked by default, if no margin calculation rule is defined for the selected Portfolio or Contract
Cash Margin Balance	<p>Displays the Cash Margin already transferred and available as of the Event Date, for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type.</p> <ul style="list-style-type: none"> • Example: Cash Margin Balance = 5,250 • Should display '0', if Cash Margin Allowed is unchecked <ul style="list-style-type: none"> • Otherwise, returning any available balance in Cash Margin should be operationally taken care by the bank
Minimum Cash %	<p>Displays the Minimum Cash % configured for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type.</p> <ul style="list-style-type: none"> • Displays '0%' by default, if Cash Margin Allowed is unchecked or if Calculation Type is 'External' or if no margin calculation rule is defined for the selected Portfolio or Contract
Minimum Cash	<p>Displays the Minimum Cash Margin required based on the total margin required as of the Event Date, for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type.</p> <ul style="list-style-type: none"> • Minimum Cash = Margin Required * Minimum Cash % <ul style="list-style-type: none"> • Example: If Margin Required = 40,250 and with Minimum Cash % = 5%, Minimum Cash = 40,250 * 5/100 = 2,012.50

Field	Description
Maximum Cash	<p>Displays the Maximum Cash Margin allowed based on the total margin required as of the Event Date, for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type.</p> <ul style="list-style-type: none"> Maximum Cash = Margin Required * (1 - Minimum Securities %) Example: If Margin Required = 40,250 and with Minimum Securities % = 15%, Maximum Cash = 40,250 * (100-15)/100 = 34,212.50
Security Margin Adjustment	<p>Group of fields to display the securities collateral allowed based on the calculated margin required as on the Event Date for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type.</p>
Securities Collateral Allowed	<p>Indicates whether collateral can be provided in Securities, for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type.</p> <ul style="list-style-type: none"> Checked by default, if no margin calculation rule is defined for the selected Portfolio or Contract
Securities Collateral Value	<p>Displays the value of Securities Collateral already transferred and available as of the Event Date, for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type.</p> <ul style="list-style-type: none"> Example: Securities Collateral Value = 28,500 Displays '0', if Securities Margin Allowed is unchecked Otherwise, returning any available balance in Securities Collateral should be operationally taken care by the bank
Minimum Securities %	<p>Displays the Minimum Securities % configured for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type.</p> <ul style="list-style-type: none"> Display '0%' by default, if Securities Collateral Allowed is unchecked or if Calculation Type is 'External' or if no margin calculation rule is defined for the selected Portfolio or Contract
Minimum Security	<p>Displays the Minimum Securities Collateral required based on the total margin required as of the Event Date, for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type.</p> <ul style="list-style-type: none"> Minimum Security = Margin Required * Minimum Securities % Example: If Margin Required = 40,250 and with Minimum Securities % = 15%, Minimum Security = 40,250 * 15/100 = 6,037.50
Maximum Security	<p>Displays the Maximum Securities Collateral allowed based on the total margin required as of the Event Date, for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type.</p> <ul style="list-style-type: none"> Maximum Security = Margin Required * (1 - Minimum Cash %) Example: If Margin Required = 40,250 and with Minimum Cash % = 5%, Maximum Security = 40,250 * (100-5)/100 = 38,237.5

On click of **Default** button, system automatically calculates and displays the margin details applicable for the collateral assignment transaction.

5.2.7 Linked Deals

User can view the details for the list of contracts linked to the selected Agreement or Portfolio for which collateral are assigned.

- Enabled only when Margin For selected is 'Agreement' or 'Portfolio'
- Can view the margin calculated, individually for each group of transactions

- Margin calculated by Oracle Banking Treasury Management, only if the preference for calculation type is 'Internal'

Click the **Linked Deals** button at the bottom of the **Collateral Assignment Process (SRDMRONL)** function to open this screen.

Figure 5.3: Collateral Assignment – Linked Deals

The following table describes the fields displayed for the list of contracts linked to the agreement or portfolio selected for the Collateral Assignment.

* Indicates mandatory fields.

Table 5.3: Collateral Assignment – Linked Deals

Field	Description
Agreement Code	Displays the selected Agreement or Portfolio for which collateral is assigned.
Margin Reference Number	Displays the unique reference number generated for the collateral assignment transaction.
Linked Deals	Group of fields to display the details of the linked deals and margin required for each deal.
Agreement Code	Displays the selected Agreement or Portfolio for which collateral is assigned.
Module	Displays the Module of the contract.

Field	Description
Product	Displays the Product of the contract. <ul style="list-style-type: none"> • 'Instrument Product' is displayed for the modules, in which instruments can be defined separately. These modules are: Securities, Exchange Traded Derivatives and Credit Derivatives • 'Deal Product' is displayed for all the other modules
Instrument	Displays the Instrument of the contract. <ul style="list-style-type: none"> • Displayed only for the modules, in which instruments can be defined separately. • Blank for all the other modules.
Contract Reference	Displays the User Reference of the contract.
Value Date	Displays the Value Date of the contract.
Contract Value	Displays the Contract amount in contract ccy.
Collateral Value	Displays the calculated Margin Required for the exposure determined for the contract as of the Event Date, for the selected Margin Type. <ul style="list-style-type: none"> • Blank and not applicable, if Calculation Type is 'External'
Difference Amount	Displays the difference between the Contract Value and the Collateral Value.

Please refer [Glossary of Margin Calculation Fields](#) for more details about the fields used for Margin Calculation in various functions.

5.2.8 Events

User can view the list of Lifecycle Events triggered for the collateral assignment transaction.

- Can view the Accounting Entries posted for each event

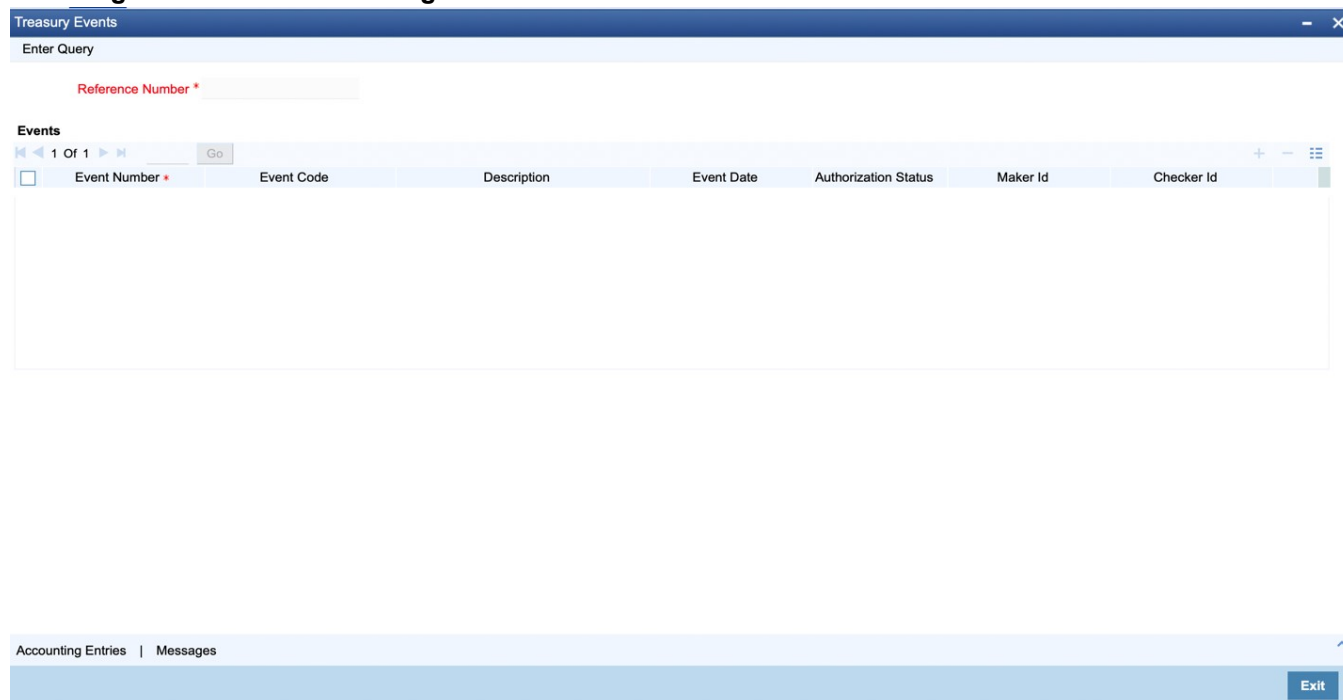
- Can view the Advice(s) and Messages generated for each event

Click the **Events** button at the bottom of the **Collateral Assignment Process (SRDMRONL)** function to open this screen.

'User Defined Events' user guide can be referred for more details on Treasury Events for a transaction.

Please refer [Events and Accounting Entries](#) for more details about the list of events and accounting entries applicable for collateral assignment processes.

Figure 5.4: Collateral Assignment – Events



5.2.9 Fields

User can enter values for the UDF associated with the Collateral Assignment Process function.

- These fields can be referred while reporting the collateral assignment transactions.

Click the **Fields** button at the bottom of the **Collateral Assignment Process (SRDMRONL)** function to open this screen.

'User Defined Fields' user guide can be referred for more details on the steps involved in configuring and using UDF applicable for the function.

Figure 5.5: Collateral Assignment – Fields

The screenshot shows a 'Fields' dialog box. At the top, there is a text input field labeled 'Contract Reference Number'. Below this is a section titled 'Fields' which contains a 'Go' button and a table. The table has the following columns: 'Field Name', 'Value', 'Mandatory', and 'Value Description'. The table is currently empty. At the bottom right of the dialog, there are 'Ok' and 'Cancel' buttons.

5.3 Cash Collateral Assignment

Cash Collateral can be transferred using **Collateral Assignment Process** function.

- This function is used for stand-alone cash margin transfer for the selected Agreement, Portfolio or Contract
- Applicable only when Cash Collateral is allowed for the selected Agreement, Portfolio or Contract

The details that can be captured for processing Cash Collateral Assignment include,

- Margin currency, Margin Account, Margin amount to be transferred and whether it is paid or received by the bank
- Can indicate whether the cash transferred as collateral should be net settled with other cash components to be settled with the same party
- If netting is applicable, can capture the Settlement scheme for netting, settlement amount and FX rate used for converting the margin amount in margin currency to Settlement amount in settlement currency

- Settlement details (SSI) to be used for funds transfer, as agreed with the collateral party

User can view the details for,

- Margin Account currency and branch

- Margin calculated and the current balance in the Margin account

Click the **Cash** tab of the **Collateral Assignment Process (SRDMRONL)** function to initiate cash collateral assignment

Figure 5.6: Collateral Assignment - Cash

The following table describes the fields captured to initiate a Cash Collateral Assignment.

* Indicates mandatory fields.

Table 5.4: Collateral Assignment - Cash

Field	Description
Margin Currency	Displays the currency in which the margin required is calculated for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type. <ul style="list-style-type: none"> • Displays the Portfolio Currency or Contract Currency by default, if no margin calculation rule is defined for the selected Portfolio or Contract
Margin Calculated	Displays the maximum cash Margin calculated in Margin Currency, for the exposure determined as of the Process Date, for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type. <ul style="list-style-type: none"> • Example: Margin Calculated = USD 34,212.50 • Applicable, only if Margin Calculation is performed internally in OBTR <ul style="list-style-type: none"> • Otherwise, this field is blank

Field	Description
Margin Account	<p>User to select the Margin Account to which the cash margin is transferred, for the selected Margin Type.</p> <ul style="list-style-type: none"> • This field is mandatory for cash collateral assignment transaction • This field cannot be amended after saving the collateral assignment transaction • Only those Margin Accounts configured for the selected Margin Type and Agreement or Portfolio or Contract is displayed for selection
Account Branch	<p>Displays the branch to which the selected Margin Account belongs to.</p> <ul style="list-style-type: none"> • Can be different from the branch to which the user has logged in
Account Balance	<p>Displays the current balance in the Margin Account before this collateral assignment transaction.</p> <ul style="list-style-type: none"> • Amount displayed is positive when the account has a Debit balance, implying that the bank has deposited the margin with the collateral party <ul style="list-style-type: none"> • Example: Margin Balance (Dr) = USD 38,000 • Amount displayed is negative when the account has a Credit balance, implying that the collateral party has deposited the margin with the bank <ul style="list-style-type: none"> • Example: Margin Balance (Cr) = USD -16,000 • User can click on 'Refresh Balance' button to update the current balance displayed
Settlement Details	<p>Group of fields to capture the details for cash margin amount to be settled.</p>
Account Currency	<p>Displays the currency of the selected Margin Account.</p> <ul style="list-style-type: none"> • Example: Account CCY = 'USD'
Margin Transferred	<p>User to enter the Margin Call amount in Account CCY to be transferred as of the Settlement Date, for the selected Margin Type.</p> <ul style="list-style-type: none"> • This field is mandatory for cash collateral assignment transaction • Displays the absolute value of the difference between the Margin Calculated and Account Balance, by default • Example: Margin Transferred = ABS(Account Balance - Margin Calculated) = ABS(38,000 - 34,212.50) = USD 3,787.50 • However, User can edit the amount for margin transferred if required to match the margin call amount agreed with the collateral party • This field cannot be modified after first authorization of the collateral assignment transaction

Field	Description
Pay / Receive	<p>User to select the direction of the Margin Call to be transferred.</p> <ul style="list-style-type: none"> • This field is mandatory for cash collateral assignment transaction • Based on sign of the difference between the Margin Calculated and Account Balance <ul style="list-style-type: none"> • Set to 'Pay', if Account Balance > Margin Calculated • Set to 'Receive', if Account Balance < Margin Calculated • Example: When Account Balance = 38,000 and Margin Calculated = 34,212.50, then Pay / Receive is set to 'Receive' • However, User can select 'Pay' or 'Receive' based on the margin amount transferred as agreed with the collateral party • This field cannot be modified after first authorization of the collateral assignment transaction
Net Cash	<p>User to indicate whether the cash margin transferred should be net settled with other cash components to be settled with the same party.</p> <ul style="list-style-type: none"> • If checked, then cash margin transferred would be marked for net settlement <ul style="list-style-type: none"> • Margin Account is debited / credited against the Scheme GL configured for the settlement scheme • If checked, then cash margin transferred is settled individually <ul style="list-style-type: none"> • Margin Account is debited / credited against the Nostro account configured for the SSI selected • This field cannot be modified after first authorization of the collateral assignment transaction • By default, displays the preference defined for the selected Margin Type and Agreement or Portfolio or Contract
Settlement Scheme	<p>User to select the Settlement Scheme for which pre-netting is initiated.</p> <ul style="list-style-type: none"> • Applicable and mandatory, only if 'Net Cash' is checked • Only those active schemes with the selected party and available for the current branch, is displayed for selection • This field cannot be modified after first authorization of the collateral assignment transaction
Settlement Currency	<p>Displays the currency of the settlement scheme selected, in which the settlement happens.</p> <ul style="list-style-type: none"> • Set to Account Currency, if 'Net Cash' is unchecked

Field	Description
Settlement Amount	Displays the Margin Call amount to be transferred in Settlement Currency. <ul style="list-style-type: none"> • This field is mandatory for cash collateral assignment transaction • When Account Currency is different from the Settlement Currency, then Margin Transferred is converted to Settlement Amount using the Fx Rate • Example: Settlement Amount = Margin Transferred * Fx Rate = 3,787.50 * 0.79 = GBP 2,992.13 • When Account Currency is same as the Settlement Currency, then Settlement Amount = Margin Transferred
Fx Rate	User to enter the exchange rate to be used when Account Currency is different from the Settlement Currency of the Scheme. <ul style="list-style-type: none"> • This field is mandatory for cash collateral assignment transaction • Example: If Account currency = 'USD' and Settlement currency = 'GBP', then Fx Rate = 0.79 • When Account currency is same as the Settlement Currency, then Fx Rate = 1 • This field cannot be modified after first authorization of the collateral assignment transaction

On click of **Refresh Balance** button, system automatically updates the current balance displayed for the margin account balance in the **Cash** tab.

5.3.1 Settlement

User can view the SSI used for settling cash margin transferred for the collateral assignment transaction.

- Can view the settlement Account and Party details for each cash component associated with the transaction

- Applicable, only when 'Net Cash' is unchecked and cash margin transferred for this transaction is individually settled using the SSI selected

SWIFT messages for settlement can be generated few days in advance according to the settlement days configured for the currency of settlement and the configuration for the events in the margin product.

Click the **Settlement** button at the bottom of the **Collateral Assignment Process (SRDMRONL)** function to open this screen.

'Settlements' user guide can be referred for more details on Settlement details and SGEN event.

Figure 5.7: Collateral Assignment – Settlement

The screenshot displays the 'Settlement Details' window. At the top, there is a title bar with the text 'Settlement Details' and a close button. Below the title bar, there are two input fields: 'Contract Reference *' and 'Component'. A navigation bar contains tabs for 'Account Details', 'Payment Details', 'Parties', 'Parties', and 'Other Details'. The main content area is a table with the following columns: Component, Currency, Debit or Credit, Account, Account Description, Account Branch, and Account Curr. The table is currently empty. At the bottom right of the window, there are 'Ok' and 'Cancel' buttons.

5.4 Securities Collateral Assignment

Securities Collateral can be transferred using 'Collateral Assignment Process' function.

- This function is used for stand-alone securities margin transfer for the selected Agreement, Portfolio or Contract
- Applicable only when Securities Collateral is allowed for the selected Agreement, Portfolio or Contract

The details that can be captured for processing Securities Collateral Assignment include,

- Securities that are transferred as part of this collateral transaction
- Quantity of each security, the price considered for valuing the security and Haircut applied
- Portfolio and Custodial (SKL) details for transferring the security
- Can specify whether the securities collateral assigned as part of this transaction should be transferred individually or netted with other securities collateral or market transactions

- Settlement Parties to be used as intermediaries for delivery Securities, as agreed with the collateral party

The following details are displayed for each security transferred.

- Accrued interest, Nominal, Premium / Discount automatically calculated using quantity and price input for the security
- Collateral value calculated after applying hair cut applicable for the security
- Important attributes and quotation preferences defined for the security master

User can view the details for,

- Margin currency, Margin calculated and current balance of security collateral already available for the selected Agreement or Portfolio or Contract
- Value of security collateral transferred as part this transaction

- Block deal or Security deal created for transferring the security provided as collateral, while querying the collateral assignment transaction

Click the **Securities** tab of the **Collateral Assignment Process (SRDMRONL)** function to initiate securities collateral assignment

Figure 5.8: Collateral Assignment - Securities

The following table describes the fields captured to initiate a Securities Collateral Assignment.

* Indicates mandatory fields.

Table 5.5: Collateral Assignment - Securities

Field	Description
Margin Currency	<p>Displays the currency in which the margin required is calculated for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type.</p> <ul style="list-style-type: none"> • Displays the Portfolio Currency or Contract Currency by default, if no margin calculation rule is defined for the selected Portfolio or Contract
Margin Calculated	<p>Displays the maximum securities Margin calculated in Margin Currency, for the exposure determined as of the Process Date, for the Agreement or Portfolio or Contract selected for Collateral Assignment, for the selected Margin Type.</p> <ul style="list-style-type: none"> • Example: Margin Calculated = USD 38,237.50 • Applicable, only if Margin Calculation is performed internally in OBTR <ul style="list-style-type: none"> • Otherwise, this field is blank

Field	Description
Collateral Balance	<p>Displays the balance of security collateral already available for the selected Agreement or Portfolio or Contract, before this collateral assignment transaction.</p> <ul style="list-style-type: none"> • Amount displayed is positive when the bank has deposited the securities as collateral <ul style="list-style-type: none"> • Example: Collateral Balance = USD 32,000 • Amount displayed is negative when the collateral party has deposited the securities as collateral <ul style="list-style-type: none"> • Example: Collateral Balance = USD -28,000 • User can click on 'Refresh Balance' button to update the current balance displayed
Collateral Transferred	<p>Displays the value of all the securities assigned as collateral for this transaction.</p> <ul style="list-style-type: none"> • Displays the net value of the Collateral Value calculated for each security transferred for this transaction
Net Securities	<p>User to indicate whether the securities transferred as collateral should be net settled with other securities to be settled with the same party through the same SK Location.</p> <ul style="list-style-type: none"> • If checked, then securities transactions created for collateral transfer are marked for net settlement <ul style="list-style-type: none"> • One securities delivery instruction is generated for the net quantity of the same security across multiple transactions • If checked, then securities transactions created for collateral transfer are settled individually <ul style="list-style-type: none"> • Securities delivery instruction is generated individually for each securities transaction created • This field cannot be modified after first authorization of the collateral assignment transaction • By default, displays the preference defined for the selected Margin Type and Agreement or Portfolio or Contract
Collateral Details	<p>Group of fields to capture the details for securities to be transferred as collateral.</p>

Field	Description
Pay / Receive	<p>User to select the direction of the Securities collateral transfer.</p> <ul style="list-style-type: none"> • Can select 'Pay', <ul style="list-style-type: none"> • when bank is transferring collateral to counterparty as 'Pledgor' • when bank is returning collateral given by counterparty as 'Receiver' • Can select 'Receive', <ul style="list-style-type: none"> • when bank is receiving back the collateral transferred earlier to counterparty as 'Pledgor' • when bank is receiving collateral from counterparty as 'Receiver' • This field cannot be modified after saving the collateral assignment transaction
Security Id	<p>User to select the Security to be transferred as collateral.</p> <ul style="list-style-type: none"> • Only those Securities approved as eligible for the selected Margin Type and Agreement or Portfolio or Contract is displayed for selection • When the transaction is for returning the collateral, only those Securities transferred earlier as collateral is displayed for selection
Quote By	<p>Displays the Quantity quotation method followed for the security.</p> <ul style="list-style-type: none"> • Can be 'Nominal', indicating that the value entered by user for 'Quantity' = Unit Face Value * Number of Units of the Security transferred • Can be 'Units', indicating that the value entered by user for 'Quantity' = Number of Units of the Security transferred • Method configured for the Security instrument is set by default
Quantity	<p>User to enter the quantum of the selected Security to be transferred as collateral.</p> <ul style="list-style-type: none"> • Entered as the total Nominal Value or Number of Units based on the 'Quote By' displayed • Example: USD 100,000, when Quote By is 'Nominal'

Field	Description
Price Quotation	<p>Displays the Price quotation method followed for the security.</p> <ul style="list-style-type: none"> • Can be 'Price', indicating that the value entered for 'Input Price' = Unit Face Value \pm Premium or Discount + Accrued Interest (if the Interest Quotation method is Flat) • Can be 'Percentage Price', indicating that the value entered for 'Input Price' = $(\text{Market price} / \text{Face value}) * 100$ • Can be 'Premium', indicating that the value entered for 'Input Price' = $(\text{Market Price} - \text{Face Value})$ • Can be 'Percentage Premium', indicating that the value entered for 'Input Price' = $(\text{Market Price} - \text{Face Value}) * 100 / \text{Face Value}$ • Can be 'Yield to Maturity', indicating that the value entered for 'Input Price' = Yield calculated using Market Price • Method configured for the Security instrument is set by default
Input Price	<p>User to enter the price used for calculating the value of the selected Security to be transferred as collateral.</p> <ul style="list-style-type: none"> • Entered based on the 'Price Quotation' displayed • Example: 98.25 %, when Price Quotation is '% Price'
Accrued Interest	<p>Displays the interest accrued for the Security, from the previous coupon date till the settlement date of the collateral assignment transaction.</p> <ul style="list-style-type: none"> • Blank and not applicable for Zero coupon securities • Example: USD 17,500
Total Amount	<p>Displays the total market value of the of the selected Security to be transferred as collateral.</p> <ul style="list-style-type: none"> • Includes 'Accrued Interest', 'Include Interest' is checked • Example: Total Amount = $(\text{Quantity} * \text{Input Price}) + \text{Accrued Interest} = (100,000 * (98.25 / 100)) + 17,500 = \text{USD } 1,15,750$
Hair Cut % *	<p>User to enter the Hair cut to be applied on the market value to arrive at the collateral value of the selected Security.</p> <ul style="list-style-type: none"> • Captured as a % reduction of the market value of the Security • By default, displays the preference defined for the selected Margin Type, Security and Agreement or Portfolio or Contract • Example: 5%
Include Interest	<p>User to indicate whether Accrued Interest should be considered for calculating the collateral value for the selected Security to be transferred as collateral.</p> <ul style="list-style-type: none"> • Unchecked by default

Field	Description
Collateral Value	<p>Displays the Collateral value calculated by applying the Hair cut specified on the market value of the selected Security.</p> <ul style="list-style-type: none"> Example: Collateral Value = Total Amount * (100-Hair Cut %) / 100 = 1,15,750 * (100-5) / 100 = USD 1,09,962.50
Portfolio Id	<p>User to select the Market Portfolio from which the selected Security is transferred as collateral.</p> <ul style="list-style-type: none"> Applicable and Mandatory only, <ul style="list-style-type: none"> when bank, as 'Pledgor', is transferring collateral to counterparty when bank, as 'Receiver', prefers to reuse the collateral given by counterparty
SK Location	<p>User to select the SK Location linked to the selected Market Portfolio, from where the selected Security is transferred as collateral.</p> <ul style="list-style-type: none"> Applicable and mandatory, only when the Portfolio is selected
SK Account	<p>User to select the SK Account of the selected SK Location and linked to the selected Market Portfolio, from where the selected Security is transferred as collateral.</p> <ul style="list-style-type: none"> Applicable and mandatory, only when Portfolio and SK Location are selected
Settlement SKL	<p>User to select the Settlement SKL through which selected collateral security would be settled.</p> <ul style="list-style-type: none"> By default, is set to the Settlement SKL linked to the market of issue of the selected Security
Collateral Portfolio	<p>User to select the Collateral Portfolio in which the security transferred as collateral is tracked.</p> <ul style="list-style-type: none"> Applicable and Mandatory only, <ul style="list-style-type: none"> when bank, as 'Pledgor', prefers to track the collateral transferred to counterparty in a separate collateral portfolio when bank, as 'Receiver', tracks the collateral given by counterparty in a separate collateral portfolio Only those Collateral portfolios applicable for the selected Margin Type and Agreement or Portfolio or Contract is displayed for selection
Collateral SK Location	<p>User to select the Collateral SK Location linked to the selected Collateral Portfolio, where the Security transferred as collateral is tracked.</p> <ul style="list-style-type: none"> Applicable and mandatory, only when the Collateral Portfolio is selected

Field	Description
Collateral SK Account	User to select the Collateral SK Account of the selected Collateral SK Location and linked to the selected Collateral Portfolio, where the Security transferred as collateral would be tracked. <ul style="list-style-type: none"> • Applicable and mandatory, only when Collateral Portfolio and Collateral SK Location are selected
Available Position	Displays the position available for transfer in the selected security, portfolio and SK location.
Deal Type	Displays the type of the security deal created for transferring the selected security as collateral with the collateral party. <ul style="list-style-type: none"> • Can be 'BLCK', when the collateral security is just blocked in the bank's portfolio and continue to appear in bank's books • Can be 'BBCS', when the collateral security is received by the and tracked in a collateral portfolio • Can be 'BSCB', when the collateral security is returned by the and transferred out of collateral portfolio
Deal Reference	Displays the contract reference of the security deal created for transferring the selected security as collateral with the collateral party.
Internal Deal Type	Displays the type of the internal security deal created for transferring the selected security from market portfolio to collateral portfolio.
Internal Deal Reference	Displays the contract reference of the internal security deal created for transferring the selected security from market portfolio to collateral portfolio.
Deal Version	Displays the current version of the Security deal created for transferring the selected Security as collateral.
Series	User to select the Series of the Security to be transferred as collateral. <ul style="list-style-type: none"> • When series are not defined for the security or any series of the selected security can be delivered as collateral, is blank.
Security Form	Displays the format in which security is issued and traded.
Interest Quotation	Displays the Interest quotation method followed for the security. <ul style="list-style-type: none"> • Can be 'Flat', indicating that the value entered by user for 'Input Price' is Dirty price and includes accrued interest per unit • Can be 'Plus Accrued', indicating that the value entered by user for 'Input Price' is Clean price and does not include accrued interest per unit • Method configured for the selected Security instrument is set by default
Security Currency	Displays the currency of the selected Security.
Face Value	Displays the current face value of the selected Security.

Field	Description
Deal Quantity	Displays the number of units of the selected Security that is transferred as collateral.
Nominal Amount	Displays the total Nominal Value, in Security Currency, of the selected Security that is transferred as collateral.
Premium	Displays the Premium amount, in Security Currency, considered in addition to the nominal amount, to arrive at the market value of the selected Security.
Discount	Displays the Discount amount, in Security Currency, considered as rebate from the nominal amount, to arrive at the market value of the selected Security.
Fx Rate	<p>Displays the exchange rate to be used for calculating the Collateral value, when Security Currency is different from the Margin Currency.</p> <ul style="list-style-type: none"> • Example: If Security ccy = 'USD' and Margin currency = 'GBP', then Fx Rate = 0.79 • When Account CCY is same as the Settlement Currency, then Fx Rate = 1

On click of **Check Availability** button, system automatically checks the available balance in the Security as of the Settlement Date in the selected Portfolio and SK Location.

5.4.1 Parties

User can view the different intermediary parties that are used for a securities collateral assignment transaction, to deliver the security collateral.

Click the **Parties** button at the bottom of the **Collateral Assignment Process (SRDMRONL)** function to open this screen.

'Securities' user guide can be referred for more details on securities delivery Parties for a transaction.

Figure 5.9: Collateral Assignment – Parties

The screenshot shows a 'Party Details' window with the following components:

- Input Fields:** Contract Reference Number, Counterparty, Security Id, Portfolio Id, SK Location, Settlement SKL.
- Messages Table:**

Advice Code	Advice Description	Party Id	Party Name	Address 1	Address 2	Address 3
<input checked="" type="checkbox"/>						
- Party Details Table:**

Party Type	Description	Party ID	Counterparty Account	Address 1	Address 2	Address 3
<input checked="" type="checkbox"/>						
- Buttons:** Ok, Cancel.

5.5 Authorization

For the collateral assignment transactions initiated or modified, another user (checker) different from the user who initiated (maker) should verify the details, as a cross-checking mechanism, and click Authorize button at the top of the screen.

- Auto authorization can be enabled for this function

Figure 5.10: Collateral Assignment – Authorization

Checker should enter the correct values for the Rekey fields to ensure that the user is authorizing the intended transaction. Re-key fields applicable for the Collateral Assignment transaction are configured for the margin product.

The following table describes the fields available as Re-key fields for Collateral Assignment transaction. For those fields that are not configured for re-key in the margin product, the respective value selected for the fields are displayed.

Table 5.6: Collateral Assignment - Authorization

Fields	Description
Contract/Agreement	User to enter the Agreement or Portfolio or Contract for which the collateral is assigned through this transaction.
Margin Code	User to enter the Margin code selected for the collateral assignment transaction.
Party Id	User to enter the Party to whom the collateral is assigned through this transaction.
Security Id	User to enter the Security transferred as collateral for this transaction. <ul style="list-style-type: none"> When multiple securities are transferred, any one of the security ids should be entered
Portfolio Id	User to enter the Market Portfolio from which the security is transferred as collateral for this transaction. <ul style="list-style-type: none"> When multiple securities are transferred using different portfolios, user should enter the portfolio used for the security id entered as re-key

Fields	Description
Nominal / Units	User to enter the quantum of the Security transferred as collateral for this transaction. <ul style="list-style-type: none"> When multiple securities are transferred, user should enter the quantum of the security id entered as re-key Value entered can be 'Nominal' or 'Quantity' based on the Quote type selected while booking the transaction
Margin Account	User to enter the Margin Account to which the collateral is transferred through this transaction.
Account Currency	User to enter the currency of the Margin Account selected for the transaction.
Settlement Amount	User to enter the collateral amount settled for the transaction.

5.6 Collateral Assignment Summary

User can view the list of Collateral Assignment transactions created so far, using 'Collateral Assignment Summary' function.

- User can select the values for different fields available for filtering / searching the transactions.
- User can Reset and Clear all the values selected for the search fields.
- User can specify values for additional fields for refining the search by clicking on Advanced Search button.

User can view the list of collateral assignment transactions created in this **Collateral Assignment Summary** function. User can invoke this screen by navigating through the menu button at the top left corner of the Application tool

or by typing **SRSMRONL** in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Figure 5.11: Collateral Assignment Summary

Collateral Assignment Summary

Search Advanced Search Reset Clear All

Case Sensitive

Authorization Status

Margin Reference

Agreement Code

Booking Date

Margin Type

Collateral type

Status

Module

Contract Reference

Settlement Date

Pay/Receive

Records per page 15 1 Of 1 Lock Columns 0

Authorization Status	Status	Margin Reference	Module	Agreement Code	Contract Reference	Booking Date	Settlement Date	Pledger/Receiver	Margin Type

6. Processing Settlement Netting

6.1 Introduction

This chapter explains processing Net Settlement of Cash and Securities in Oracle Banking Treasury Management application.

Bank can trade in listed derivative deals through multiple brokers and maintains multiple settlement accounts with each broker. Daily statement for each account is received from the Broker on the next business day. Back-office user verifies the statement and initiates the broker settlement process.

Collateral Margin to be transferred can be netted with other components to be settled with the same counterparty, based on the netting preferences applicable for the transaction. Settlement can be initiated for the net value as agreed with the party.

Net settlement of Cash or Securities can be performed across contracts belonging to,

- same or different modules, products or deal types
- same or different agreements or portfolios
- same or different components

Components can be marked for Netting from the functions used for,

- contract booking, manual payments and liquidation of contracts
- collateral assignment, substitution and margin calls processing

6.2 Cash-Margin Netting Initiation

Net settlement of Cash components can be initiated by performing pre-netting for all transactions linked to an Agreement or Portfolio, using 'Cash-Margin Netting Initiation' function.

All uninitiated cash margin transfers and unsettled deal cashflows of the contracts linked to the same Agreement or Portfolio are eligible for pre-netting can be netted based on the applicable preferences configured for the respective Agreement or Portfolio. Pre-netting operations can be initiated for,

- Initial Margin to be provided for the net margin required for all the deals with the Initial Margin accounts linked to the selected scheme
- Variation Margin to be provided for the net profit loss to be settled from all the deals with the Variation Margin accounts linked to the selected scheme
- Deal cashflows to be settled for the net amount of the Cash components for all the deals linked to the selected scheme

The details that can be captured for Cash-Margin Netting Initiation include,

- Party, Settlement Scheme, Currency, Module and Agreement or Portfolio for which pre-netting would be initiated
- Type of operation as pre-netting for Deal cashflows, Initial or Variation Margin
- Margin Type and Margin Account for cash margin transfer
- Component type and Due date for deal cashflows

-
- Settlement Amount to be net settled
 - User Defined Fields configured for cash-margin netting initiation process

User can view the details for,

- List of deals, linked to the Agreement or Portfolio selected, that are available for pre-netting for the selected operation
- Events triggered for the pre-netting transaction along with accounting entries posted and advice(s) generated for each event

Cash-Margin pre-netting transactions can be initiated only for the branch to which user has access.

6.2.1 Process to initiate a new transaction

This topic provides the systematic instructions to initiate a new transaction.

CONTEXT:

To initiate a new transaction

1. Click the **New** button at the top of the screen.
2. Enter the values for all the required fields.
3. Click on the **Save** button to initiate the transaction and send for authorization.
4. Click on the **Hold** button to save as draft.

6.2.2 Process to query and view the details of an existing transaction

This topic provides the systematic instructions to query and view the details of an existing transaction.

CONTEXT:

To query and view the details of an existing transaction

1. Click the **Enter Query** button at the top of the screen.
2. Enter the **Netting Reference** of the transaction.
3. Click the **Execute Query** button.

6.2.3 Modifying an existing transaction

This topic provides the systematic instructions to modify an existing transaction.

CONTEXT:

To modify an existing transaction or to revisit the data saved as draft

1. Enter the **Netting reference** of the transaction and query the existing transaction.
2. Click the **Unlock** button to enable the screen for editing the details.
3. Review the existing values saved or kept on hold.

4. Enter the new values for the fields to be modified. Please refer the table of fields to know whether the field can be modified after first authorization of the transaction.
5. Click on the **Save** button to modify the transaction and send for authorization.

Discard, reverse and print transactions

This topic provides the systematic instructions to discard and reverse transactions and print details of the transactions.

1. Click on the **Delete** button to discard the transaction before first authorization.
2. Click on **Reverse** button to reverse the transaction after first authorization.
3. Click on the **Print** button to print the details of the transaction.

User can initiate pre-netting of the cash-margin components linked to the scheme in this **Cash-Margin Netting Initiation** function. User can invoke this screen by navigating through the menu button at the top left corner of the Appli-

cation tool or by typing **MGDCMINI** in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Figure 6.1: Cash-Margin Netting Initiation

The following table describes the fields captured for cash-margin pre-netting initiation transaction.

* Indicates mandatory fields.

Table 6.1: Cash-Margin Netting Initiation

Field	Description
Branch	Displays the current branch code to which the user has logged in.
Party	User to select the party with whom the pre-netting is initiated. <ul style="list-style-type: none"> This field cannot be amended after saving the pre-netting transaction
Settlement Scheme	User to select the Settlement Scheme for which pre-netting is initiated. <ul style="list-style-type: none"> This field cannot be amended after saving the pre-netting transaction Only those active schemes with the selected party and available for the current branch, is displayed for selection Both Margin Schemes and Cash Netting Schemes is displayed for selection, based on the selected 'Operation'
Settlement Currency	Displays the currency of the settlement scheme selected, in which the settlement happens.

Field	Description
Operation	<p>User to select the cashflow type for which pre-netting operation is initiated.</p> <ul style="list-style-type: none"> • This field cannot be amended after saving the pre-netting transaction • Can select 'Initial Margin', if pre-netting to be initiated is for the purposes of Initial Margin to be provided for the net margin required for all the deals with the Initial Margin accounts linked to the selected scheme <ul style="list-style-type: none"> • Can be used for pre-netting of Independent Amount, or any margin other than variation margin, for all the deals with the respective margin accounts linked to the selected scheme • Can select 'Variation Margin', if pre-netting to be initiated is for the purposes of Variation Margin to be provided for the net profit loss to be settled from all the deals with the Variation Margin accounts linked to the selected scheme • Can select 'Deal Cashflows', if pre-netting to be initiated is for the net amount to be settled for the Cash components for all the deals linked to the selected scheme • If not specified, this field is set to 'Initial Margin' by default
Agreement/Portfolio	<p>User to select the Agreement or Portfolio for which pre-netting is initiated for the deals linked.</p> <ul style="list-style-type: none"> • This field cannot be amended after saving the pre-netting transaction • Only those active Agreements with the selected party, available for the current branch, enabled for the Module (if selected) and having Expiry Date >= Process date of the pre-netting, is displayed for selection • Only those active portfolios for the Module (if selected), available for the current branch and customer portfolios for the selected Party (if available), is displayed for selection <ul style="list-style-type: none"> • Applicable only for Securities, Exchange Traded Derivatives and Credit Derivatives modules in which portfolios can be defined separately
Module	<p>User to select the module of the deal(s) for which pre-netting of cash-margin is initiated.</p> <ul style="list-style-type: none"> • This field cannot be amended after saving the pre-netting transaction
Netting Reference	<p>Displays a unique reference number for the pre-netting transaction.</p> <ul style="list-style-type: none"> • Automatically generated when the user clicks on 'P' button
Process Date	<p>Displays the date on which the pre-netting transaction was saved.</p> <ul style="list-style-type: none"> • Branch date is set by default

Field	Description
Remarks	User can enter any additional comments for the pre-netting transaction. <ul style="list-style-type: none"> A maximum of 250 characters can be entered for remarks

On click of **P** button, system automatically generates and displays a unique 'Netting Reference' for the transaction. Also, according to the selected 'Operation', the associated Tabs are enabled or disabled.

On click of **Load All Accounts** button, system automatically identifies all margin accounts or cash flow components linked to the selected scheme, based on the operation. And populates details for the net margin required for the deals linked to each Margin account identified or the net amount to be settled for each Component identified.

On click of **Refresh Balances** button, system automatically updates the current balance displayed for each margin account available in the **Initial Margin** or **Variation Margin** tabs.

On click of **Clear** button, system automatically clears the values selected for the fields and the details populated in the tabs.

6.2.4 Pre-Netting for Initial Margin

User can select the list of Margin accounts, linked to the selected scheme, for which net margin transaction is initiated for the purposes of Initial Margin, Independent Amount, or any margin other than variation margin.

The details that can be captured for Initial Margin pre-netting include,

- Module, Agreement or Portfolio and Margin Type for which pre-netting is initiated
- Margin Accounts linked to the selected Scheme and Agreement or Portfolio
- Margin as per the Collateral Party's statement
- Settlement Amount to be transferred as net margin call

User can view the details for,

- Account currency and Current balance in the Margin account
- Exchange rate to be used when Account currency is different from the Settlement Currency
- Transfer Amount and Transfer Action as Pay or Receive

On click of **Load All Accounts** button, all margin accounts linked to the selected scheme, module and Agreement or Portfolio (as selected) would be automatically identified. The details for the net margin required for the deals linked to each Margin account identified are automatically populated in **Initial Margin** tab.

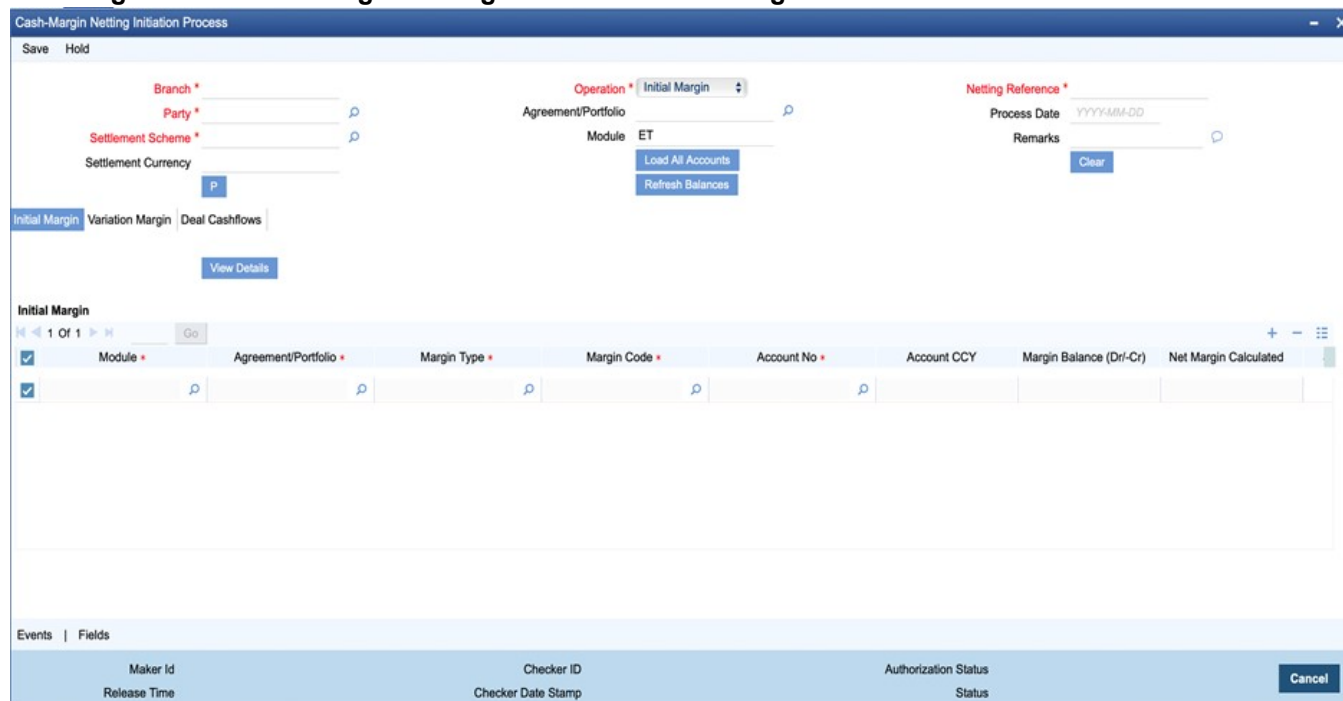
- User can choose to remove the Margin accounts for which pre-netting need not be initiated as part of this transaction

- Can edit the Statement Margin for each record

User can open this screen by clicking 'Initial Margin' tab of the 'Cash-Margin Netting Initiation Process (MGDCMINI)' function

Click the **Initial Margin** tab of the **Cash-Margin Netting Initiation Process (MGDCMINI)** function

Figure 6.2: Cash-Margin Netting Initiation – Initial Margin



The following table describes the fields captured for initiating net margin transaction for Initial Margin.

* Indicates mandatory fields.

Table 6.2: Cash-Margin Netting Initiation – Initial Margin

Field	Description
Module	Displays the module of the deal(s) for which pre-netting of margin is initiated. <ul style="list-style-type: none"> • Same as the Module (if) selected in the header • This field cannot be amended after saving the pre-netting transaction

Field	Description
Agreement/Portfolio	<p>Displays the Agreement or Portfolio for which pre-netting is initiated for the net margin required for the deals linked.</p> <ul style="list-style-type: none"> • Same as the Agreement or Portfolio (if) selected in the header • This field cannot be amended after saving the pre-netting transaction • Only those active Agreements with the selected party, available for the current branch, enabled for the Module and having Expiry Date >= Process date of the pre-netting, is displayed for selection • Only those active portfolios for the Module, available for the current branch and customer portfolios for the selected Party (if available), are displayed for selection <ul style="list-style-type: none"> • Applicable only for Securities, Exchange Traded Derivatives and Credit Derivatives modules in which portfolios can be defined separately
Margin Type	<p>Displays the Margin Type for which pre-netting is initiated for the net margin required for the exposure from the deals linked to the selected Agreement or Portfolio.</p> <ul style="list-style-type: none"> • This field cannot be amended after saving the pre-netting transaction • Only those Margin Types configured for the selected Agreement or Portfolio is displayed for selection • Can be 'Initial Margin' (IM), for transferring net initial margin required • Can be 'Independent Amount' (IA), for transferring additional margin, independent of the initial margin • Can be 'Netted Margin' (NM), for transferring net amount of all types of margin applicable for the deals linked to the selected Agreement or Portfolio • Can be 'Funding' (DF), for transferring margin for the purposes of creating a trading limit or contributing to the default fund • If not specified, sets to Initial Margin (IM) by default
Margin Code	<p>Displays the Margin Code defined for the selected Agreement and Margin Type.</p> <ul style="list-style-type: none"> • This field cannot be amended after saving the pre-netting transaction • Defaulted to the active Margin Code defined for the selected Margin type in the selected Agreement • When Portfolio is selected, sets to same value as Margin Type

Field	Description
Account No	<p>Displays the Margin Account for which pre-netting is initiated for the net margin required for the deals linked.</p> <ul style="list-style-type: none"> • This field cannot be amended after saving the pre-netting transaction • Only those Margin Accounts Linked to the selected Scheme and configured for the selected Margin Type and Agreement or Portfolio is displayed for selection
Account CCY	<p>Displays the currency of the selected Margin Account.</p> <ul style="list-style-type: none"> • Example: Account CCY = 'USD'
Margin Balance (Dr/-Cr)	<p>Displays the current balance in the Margin Account before this pre-netting transaction.</p> <ul style="list-style-type: none"> • Amount displayed is positive when the account has a Debit balance, implying that the bank has deposited the margin with the collateral party <ul style="list-style-type: none"> • Example: Margin Balance (Dr) = USD 38,000 • Amount displayed is negative when the account has a Credit balance, implying that the collateral party has deposited the margin with the bank <ul style="list-style-type: none"> • Example: Margin Balance (Cr) = USD -16,000 • User can click on 'Refresh Balances' button to update the current balance displayed for all the margin accounts available in the 'Initial Margin' tab.
Net Margin Calculated	<p>Displays the calculated Margin Required in Account CCY, for the exposure determined as of the Process Date, for the selected Margin Type.</p> <ul style="list-style-type: none"> • Displays Net Margin Required, netted for all Linked Deals having the same Initial Margin Account and linked to the selected Agreement or Portfolio <ul style="list-style-type: none"> • Example: Net Margin Calculated = USD 42,670 • Applicable, only if Margin Calculation is performed internally in OBTR • Otherwise, it is blank
Statement Margin	<p>User to enter the net margin required in Account CCY as mentioned in the Collateral Party's statement, for the selected Margin Type and Margin Account applicable for the selected Agreement or Portfolio.</p> <ul style="list-style-type: none"> • Example: Statement Margin = USD 42,700 • If not specified, then Net Margin Calculated is set by default when Margin Calculation is performed internally in OBTR • Otherwise, it is set to Zero

Field	Description
Settlement Amount	<p>Displays the Net Margin Call amount in Account CCY to be transferred as of the Process Date, for the selected Margin Type.</p> <ul style="list-style-type: none"> Displays the difference between the Statement Margin and (Current) Margin Balance, by default <ul style="list-style-type: none"> Example: Settlement Amount = Margin Balance - Statement Margin = 38,000 - 42,700 = USD - 4,700 However, User can edit the settlement amount if required to match the margin call amount as per the statement If the amount displayed is negative, then bank needs to pay the margin shortfall If the amount displayed is positive, then bank needs to receive the excess margin available
Fx Rate	<p>Displays the exchange rate to be used when Account CCY is different from the Settlement Currency of the Scheme.</p> <ul style="list-style-type: none"> Example: If Account ccy = 'USD' and Settlement currency = 'GBP', then Fx Rate = 0.79 When Account CCY is same as the Settlement Currency, then Fx Rate = 1
Transfer Amount	<p>Displays the Net Margin Call amount to be transferred in Settlement Currency.</p> <ul style="list-style-type: none"> Transfer Amount is displayed as an absolute value without sign When Account CCY is different from the Settlement Currency, then Settlement Amount is converted to Transfer Amount using the Fx Rate <ul style="list-style-type: none"> Example: Transfer Amount = ABS(Settlement Amount) * Fx Rate = ABS(- 4,700) * 0.79 = GBP 3,713 When Account CCY is same as the Settlement Currency, then Transfer Amount = Settlement Amount
Transfer Action	<p>Displays the direction of the Net Margin Call to be transferred.</p> <ul style="list-style-type: none"> If the Settlement amount displayed is negative, then Transfer Action is set to 'Pay' <ul style="list-style-type: none"> Example: If Settlement Amount = -4,700 then Transfer Action = 'Pay' If the Settlement amount displayed is positive, then Transfer Action is set to 'Receive'
User Comments	<p>User can enter any additional comments for the net margin transfer for the selected Margin Account.</p> <ul style="list-style-type: none"> A maximum of 100 characters can be entered

Field	Description
Netting ESN	Displays the accounting event sequence number for the accounting entries posted for the net margin transfer.

6.2.4.1 View Linked Deals for Initial Margin

User can view the list of all Linked Deals having the same Initial Margin Account and linked to the selected Agreement or Portfolio.

The details that can be viewed for the Linked Deals include,

- Contract Reference, Deal Type and Value date
- Exposure and Margin details for each deal when Margin Calculation is performed internally in OBTR

Click the **View Details** button in **Initial Margin** tab of the **Cash-Margin Netting Initiation Process (MGDCMINI)** function to open this screen.

Figure 6.3: Cash-Margin Netting Initiation – Initial Margin – View Details

Contract Reference	Value Date	Deal Type	Exposure Type	Exposure Amount	Calculation Level	Calculation Type	Calculation Method	Margin CCY	Margin Calculated
	YYYY-MM-DD				Trade	Internal			

The following table describes the fields displayed for the deals linked to the selected margin account in Initial Margin tab.

* Indicates mandatory fields.

Table 6.3: Cash-Margin Netting Initiation – Initial Margin – View Details

Field	Description
Contract Reference	Displays the Contract Reference of the linked deal.
Value Date	Displays the Value Date of the deal.
Deal Type	Displays the Deal Type of the deal.

Field	Description
Exposure Type	Displays the type of the deal amount considered as exposure for calculating margin required for the deal. <ul style="list-style-type: none"> • Can be 'Contract Value', 'Market Value', 'Principal' or 'Maturity Amount'
Exposure Amount	Displays the deal amount considered as exposure for calculating margin required for the deal.
Calculation Level	Displays the level at which the exposure would be aggregated for margin calculation purposes for the selected Margin Type. <ul style="list-style-type: none"> • Can be 'Agreement', 'Portfolio / Product' or 'Trade'
Calculation Type	Displays where the margin required was calculated for the deal. <ul style="list-style-type: none"> • Can be 'Internal' or 'External'
Calculation Method	Displays the method that is used for calculating margin required for the deal. <ul style="list-style-type: none"> • Can be 'SPAN', 'SIMM', 'GRID', 'Standard Rate(%)' or 'Flat Amount'
Margin CCY	Displays the currency in which the margin required is calculated for the deal.
Margin Calculated	Displays the Margin Calculated for the deal in Margin currency for the exposure determined as of the process date. <ul style="list-style-type: none"> • Applicable, only if Calculation Level is 'Trade' and Calculation Type is 'Internal' • Otherwise, it is blank
Margin Required	Displays the Margin Required for the deal in Account ccy of the linked Margin Account. <ul style="list-style-type: none"> • Same as Margin Calculated if Account ccy is same as Margin Ccy • Applicable, only if Calculation Level is 'Trade' and Calculation Type is 'Internal' • Otherwise, it is blank
Apply	Indicates whether the deal is included in the net margin calculation as of the process date for the Margin Account. <ul style="list-style-type: none"> • Checked by default

6.2.5 Pre-Netting for Variation Margin

User can select the list of Margin accounts, linked to the selected scheme, for which net margin transaction is initiated for the purposes of Variation Margin.

The details that can be captured for Variation Margin pre-netting include,

- Module, Agreement or Portfolio and Margin Code for which pre-netting would be initiated
- Margin Accounts linked to the selected Scheme and Agreement or Portfolio
- Profit-Loss balance as per the Counterparty's statement

- Settlement Amount to be transferred as net variation margin

User can view the details for,

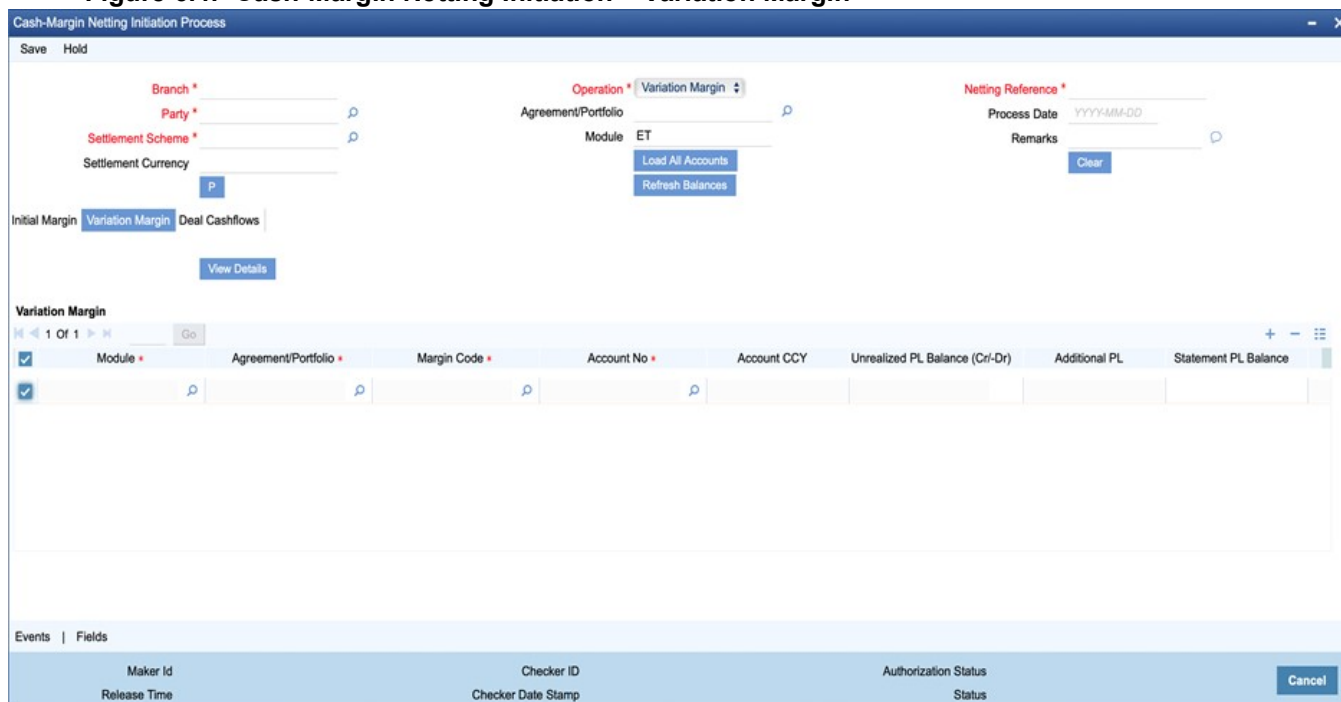
- Account currency and Current Unrealized PL balance in the Margin account
- Exchange rate to be used when Account currency is different from the Settlement Currency
- Transfer Amount and Transfer Action as Pay or Receive

On click of **Load All Accounts** button, all variation margin accounts linked to the selected scheme, module and Agreement or Portfolio (as selected) would be automatically identified. The details for the net margin required for the deals linked to each Margin account identified are automatically populated in 'Variation Margin' tab.

- User can choose to remove the Margin accounts for which pre-netting need not be initiated as part of this transaction
- Can edit the Statement PL Balance for each record

Click the **Variation Margin** tab of the **Cash-Margin Netting Initiation Process (MGDCMINI)** function to open this screen.

Figure 6.4: Cash-Margin Netting Initiation – Variation Margin



The following table describes the fields captured for initiating pre-netting transaction for Variation Margin.

* Indicates mandatory fields.

Table 6.4: Cash-Margin Netting Initiation – Variation Margin

Field	Description
Module	Displays the module of the deal(s) for which pre-netting of margin is initiated. <ul style="list-style-type: none"> • Same as the Module (if) selected in the header • This field cannot be amended after saving the pre-netting transaction

Field	Description
Agreement/Portfolio	<p>Displays the Agreement or Portfolio for which pre-netting is initiated for the net margin required for the deals linked.</p> <ul style="list-style-type: none"> • Same as the Agreement or Portfolio (if) selected in the header • This field cannot be amended after saving the pre-netting transaction • Only those active Agreements with the selected party, available for the current branch, enabled for the Module and having Expiry Date >= Process date of the pre-netting, is displayed for selection • Only those active portfolios for the Module, available for the current branch and customer portfolios for the selected Party (if available), is displayed for selection <ul style="list-style-type: none"> • Applicable only for Securities, Exchange Traded Derivatives and Credit Derivatives modules in which portfolios can be defined separately
Margin Code	<p>Displays the Margin Code defined for the selected Agreement and Variation Margin Type.</p> <ul style="list-style-type: none"> • This field cannot be amended after saving the pre-netting transaction • Defaulted to the active Margin Code defined for Variation Margin type in the selected Agreement • When Portfolio is selected, set to 'Variation Margin' by default
Account No	<p>Displays the Margin Account for which pre-netting is initiated for the net variation margin required for the deals linked.</p> <ul style="list-style-type: none"> • This field cannot be amended after saving the pre-netting transaction • Only those Margin Accounts Linked to the selected Scheme and configured for Variation Margin Type and Agreement or Portfolio is displayed for selection
Account CCY	<p>Displays the currency of the selected Margin Account.</p> <ul style="list-style-type: none"> • Example: Account CCY = 'USD'

Field	Description
Unrealized PL Balance (Cr/-Dr)	<p>Displays the current Unrealized PL balance in the Margin Account before this pre-netting transaction.</p> <ul style="list-style-type: none"> • Amount displayed is positive when the account has a Credit balance, implying that the bank has Unrealized Profit receivable from the counterparty <ul style="list-style-type: none"> • Example: Unrealized PL Balance (Cr) = USD 5,000 • Amount displayed is negative when the account has a Debit balance, implying that the bank has Unrealized Loss payable to the counterparty <ul style="list-style-type: none"> • Example: Unrealized PL Balance (Dr) = USD -3,000 • User can click on 'Refresh Balances' button to update the current PL balance displayed for all the margin accounts available in the 'Variation Margin' tab.
Additional PL	<p>Displays the net movement in Profit-Loss, in Account CCY, posted for all the Linked Deals as of the Process Date.</p> <ul style="list-style-type: none"> • Both Revaluation and Realized PL entries posted for that date are netted for all Linked Deals having the same Variation Margin Account and linked to the selected Agreement or Portfolio <ul style="list-style-type: none"> • Example: Additional PL = USD - 8,000
Statement PL Balance	<p>User to enter the net MTM PL balance in Account CCY as mentioned in the Counterparty's statement, for the selected Variation Margin Account applicable for the selected Agreement or Portfolio.</p> <ul style="list-style-type: none"> • Example: Statement PL = USD - 8,500 • If not specified, then Sum of Unrealized PL Balance and Additional PL is set by default

Field	Description
Settlement Amount	<p>Displays the Net amount in Account CCY to be transferred for Variation Margin, as of the Process Date.</p> <ul style="list-style-type: none"> Displays the difference between the Statement PL Balance and (Current) Unrealized PL Balance, by default <ul style="list-style-type: none"> Example: Settlement Amount = Statement PL Balance - Unrealized PL Balance, = -8,500 - 5000 = USD - 13,500 However, User can edit the settlement amount if required to match the margin call amount as per the statement If the amount displayed is negative, then bank needs to pay the additional loss If the amount displayed is positive, then bank needs to receive the additional profit
Fx Rate	<p>Displays the exchange rate to be used when Account CCY is different from the Settlement Currency of the Scheme.</p> <ul style="list-style-type: none"> Example: If Account ccy = 'USD' and Settlement currency = 'GBP', then Fx Rate = 0.79 When Account CCY is same as the Settlement Currency, then Fx Rate = 1
Transfer Amount	<p>Displays the Net Variation Margin to be transferred in Settlement Currency.</p> <ul style="list-style-type: none"> Transfer Amount is displayed as an absolute value without sign When Account CCY is different from the Settlement Currency, then Settlement Amount is converted to Transfer Amount using the Fx Rate <ul style="list-style-type: none"> Example: Transfer Amount = ABS(Settlement Amount) * Fx Rate = ABS(- 13,500) * 0.79 = GBP 10,665 When Account CCY is same as the Settlement Currency, then Transfer Amount = Settlement Amount
Transfer Action	<p>Displays the direction of the Net Variation Margin to be transferred.</p> <ul style="list-style-type: none"> If the Settlement amount displayed is negative, then Transfer Action is set to 'Pay' <ul style="list-style-type: none"> Example: If Settlement Amount = -13,500 then Transfer Action = 'Pay' If the Settlement amount displayed is positive, then Transfer Action is set to 'Receive'
User Comments	<p>User can enter any additional comments for the net variation margin transfer for the selected Margin Account.</p> <ul style="list-style-type: none"> A maximum of 100 characters can be entered

Field	Description
Netting ESN	Displays the accounting event sequence number for the accounting entries posted for the net variation margin transfer.

6.2.5.1 View Linked Deals for Variation Margin

User can view the list of all Linked Deals having the same Variation Margin Account and linked to the selected Agreement or Portfolio.

The details that can be viewed for the Linked Deals include,

- Contract Reference, Deal Type and Value date
- Exposure and Margin details for each deal when Margin Calculation is performed internally in OBTR

Click the **View Details** button in **Variation Margin** tab of the **Cash-Margin Netting Initiation Process (MGDCMINI)** function to open this screen.

Figure 6.5: Cash-Margin Netting Initiation – Variation Margin – View Details

The following table describes the fields displayed for the deals linked to the selected margin account in Variation Margin tab.

* Indicates mandatory fields.

Table 6.5: Cash-Margin Netting Initiation – Variation Margin – View Details

Field	Description
Portfolio/Product	Displays the Portfolio in which the linked deal is booked. <ul style="list-style-type: none"> • Applicable only for Securities, Exchange Traded Derivatives and Credit Derivatives modules • Displays Deal Product of the linked deal for other modules

Field	Description
Instrument	Displays the Instrument-series of the linked deal is booked. <ul style="list-style-type: none"> • Applicable only for Securities, Exchange Traded Derivatives and Credit Derivatives modules • Blank for other modules
Contract Reference	Displays the Contract Reference of the linked deal.
Value Date	Displays the Value Date of the deal.
Currency	Displays the Contract currency of the deal.
Event	Displays the Accounting event which posted Profit-Loss posted for the deal.
Profit-Loss	Displays the Profit-Loss amount posted for the deal in Margin currency as of the process date.
Margin CCY	Displays the currency in which the Profit-Loss is posted for the deal.
Fx Rate	Displays the exchange rate to be used when Account CCY is different from the Margin CCY. <ul style="list-style-type: none"> • Example: If Margin ccy = 'EUR' and Account ccy = 'USD', then Fx Rate = 1.15 • When Account CCY is same as the Settlement Currency, then Fx Rate = 1
Margin Required	Displays the Variation Margin Required for the deal in Account ccy of the linked Margin Account. <ul style="list-style-type: none"> • Same as Profit-Loss if Account ccy is same as Margin Ccy
Apply	Indicates whether the deal is included in the net margin calculation as of the process date for the Margin Account. <ul style="list-style-type: none"> • Checked by default

6.2.6 Pre-Netting for Deal Cashflows

User can select the list of Cashflow Components to be net settled for the deals linked to the selected Scheme and Agreement or Portfolio.

The details that can be captured for Deal Cashflows pre-netting include,

- Module, Agreement or Portfolio and Deal Product for which pre-netting is initiated
- Component type, Component, Currency, and Due date of the Cashflows to be netted
- Tenor and Netting Type for calculating the net amount
- Settlement Amount to be transferred after netting the cashflows

User can view the details for,

- Net Amount calculated for the component
- Exchange rate to be used when Cashflow currency is different from the Settlement Currency

- Transfer Amount and Transfer Action as Pay or Receive

On click of **Load All Accounts** button, all cashflow Components marked for net settled for the deals linked to the selected Scheme and Agreement or Portfolio are automatically identified. The details for the net amount to be settled would be automatically populated in **Deal Cashflows** tab.

- User can choose to remove the Components for which pre-netting need not be initiated as part of this transaction
- Can edit the Settlement Amount for each record

Click the **Deal Cashflows** tab of the **Cash-Margin Netting Initiation Process (MGDCMINI)** function to open this screen.

Figure 6.6: Cash-Margin Netting Initiation – Deal Cashflows



The following table describes the fields captured for initiating pre-netting transaction for Deal Cashflows.

* Indicates mandatory fields.

Table 6.6: Cash-Margin Netting Initiation – Deal Cashflows

Field	Description
Module	Displays the module of the deal(s) for which pre-netting of cashflows are initiated. <ul style="list-style-type: none"> • Same as the Module (if) selected in the header • This field cannot be amended after saving the pre-netting transaction

Field	Description
Agreement/Portfolio	<p>Displays the Agreement or Portfolio for which pre-netting is initiated for the components to be netted for the deals linked.</p> <ul style="list-style-type: none"> • Same as the Agreement or Portfolio (if) selected in the header • This field cannot be amended after saving the pre-netting transaction • Only those active Agreements with the selected party, available for the current branch, enabled for the Module and having Expiry Date >= Process date of the pre-netting, is displayed for selection • Only those active portfolios for the Module, available for the current branch and customer portfolios for the selected Party (if available), is displayed for selection <ul style="list-style-type: none"> • Applicable only for Securities, Exchange Traded Derivatives and Credit Derivatives modules in which portfolios can be defined separately
Cashflow CCY	<p>Displays the currency of the Cashflows netted.</p> <ul style="list-style-type: none"> • Example: Cashflow CCY = 'USD' • Only those cashflows in the same Currency can be netted together
Netting Deal Type	<p>Displays the Deal Type for which pre-netting is initiated for the deals linked to the selected Agreement or Portfolio.</p> <ul style="list-style-type: none"> • Only those Deal Types configured for netting for the selected Agreement or Portfolio is displayed for selection • Only those cashflows of deals having the same Deal type can be netted together
Product	<p>Displays the Deal Products for which pre-netting is initiated for the deals linked to the selected Agreement or Portfolio.</p> <ul style="list-style-type: none"> • Only those Deal Products configured for netting for the selected Agreement or Portfolio is displayed for selection • Only those cashflows of deals having the same Product can be netted together
Component Type	<p>Displays the cashflow Component Type for which pre-netting is initiated for the deals linked to the selected Agreement or Portfolio.</p> <ul style="list-style-type: none"> • Only those Component Types configured for netting for the selected Agreement or Portfolio is displayed for selection • Only those cashflows of the same Component Type can be netted together

Field	Description
Component	<p>Displays the cashflow Component for which pre-netting is initiated for the net amount for the deals linked.</p> <ul style="list-style-type: none"> • Only those Components configured for netting for the selected Agreement or Portfolio is displayed for selection • Only those cashflows of the same Component can be netted together
Flow Type	<p>Indicates whether both cashflows paid and received are netted together or aggregated separately.</p> <ul style="list-style-type: none"> • Can be 'Net', implying that both cashflows paid and received are netted together • Can be 'Aggregate', implying that cashflows paid are netted and cashflows received are netted separately, for the same component
Tenor	<p>Indicates whether cashflows are netted across deals having different tenors or only same tenor.</p>
Cashflow Due Date	<p>Displays the maximum Due date of the cashflows netted together for the deals linked.</p>
Net Amount	<p>Displays the net cashflow amount calculated for the linked deals for the selected component and currency.</p> <ul style="list-style-type: none"> • Amount displayed is positive when the net amount is receivable by the bank <ul style="list-style-type: none"> • Example: Net Amount = USD 258,150 • Amount displayed is negative when the net amount is payable by the bank <ul style="list-style-type: none"> • Example: Net Amount = USD -400,000
Settlement Amount	<p>User to enter the Settlement Amount, in Cashflow CCY, as agreed with the Counterparty, for the selected Component for the selected Agreement or Portfolio.</p> <ul style="list-style-type: none"> • Example: Settlement Amount = USD 258,000 • Net Amount is set by default
Adjustment	<p>Displays the amount to be adjusted after netting for the selected cashflow component for the linked deals.</p> <ul style="list-style-type: none"> • Displays the difference between the Settlement Amount and Net Amount, if they are different <ul style="list-style-type: none"> • Example: Adjustment = Settlement Amount – Net Amount = 258,000 – 258,150 = USD - 150 • Adjustment entries are posted to write back this amount against net payable or receivable calculated for the component

Field	Description
Fx Rate	<p>Displays the exchange rate to be used when Cashflow CCY is different from the Settlement Currency of the Scheme.</p> <ul style="list-style-type: none"> • Example: If Cashflow ccy = 'USD' and Settlement currency = 'GBP', then Fx Rate = 0.79 • When Cashflow CCY is same as the Settlement Currency, then Fx Rate = 1
Transfer Amount	<p>Displays the Net Cashflow Amount to be transferred in Settlement Currency.</p> <ul style="list-style-type: none"> • Transfer Amount is displayed as an absolute value without sign • When Cashflow CCY is different from the Settlement Currency, then Settlement Amount is converted to Transfer Amount using the Fx Rate <ul style="list-style-type: none"> • Example: Transfer Amount = ABS(Settlement Amount) * Fx Rate = ABS(258,000) * 0.79 = GBP 203,820 • When Cashflow CCY is same as the Settlement Currency, then Transfer Amount = Settlement Amount
Transfer Action	<p>Displays the direction of the Net Cashflow Amount to be transferred.</p> <ul style="list-style-type: none"> • If the Settlement amount displayed is negative, then Transfer Action is set to 'Pay' <ul style="list-style-type: none"> • Example: If Settlement Amount = -13,500 then Transfer Action = 'Pay' • If the Settlement amount displayed is positive, then Transfer Action is set to 'Receive'
User Comments	<p>User can enter any additional comments for the net cashflow transfer for the selected Component.</p> <ul style="list-style-type: none"> • A maximum of 100 characters can be entered
Netting ESN	<p>Displays the accounting event sequence number for the accounting entries posted for the net cashflow transfer.</p>

6.2.6.1 View Linked Deals for Deal Cashflows

User can view the list of all Linked Deals having the same Cashflow Component and linked to the selected Agreement or Portfolio.

User can enter any Adjustment to be made against the Due amount for each deal individually, if applicable.

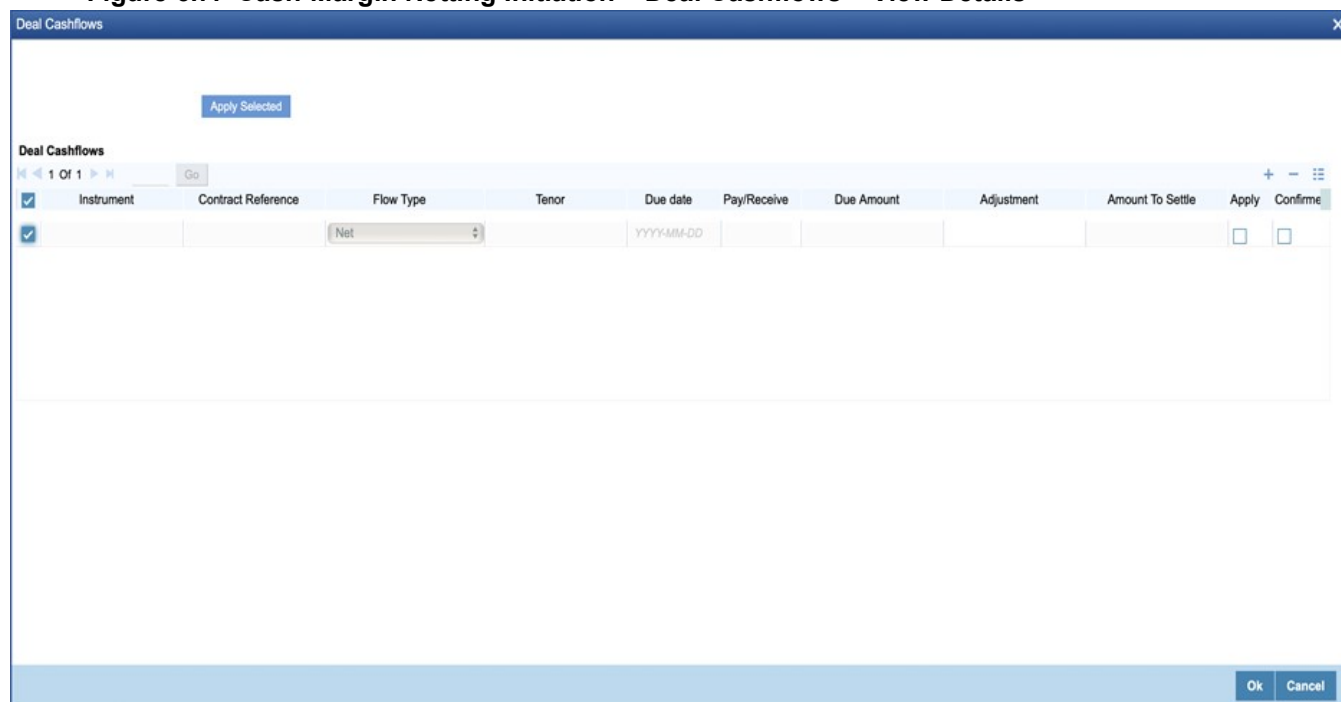
The details that can be viewed for the Linked Deals include,

- Contract Reference, Instrument, Flow Type, Tenor, and Value date
- Cashflow Due Amount and Date

- Amount to Settle after adjustment

Click the **View Details** button in **Deal Cashflows** tab of the **Cash-Margin Netting Initiation Process (MGDCMINI)** function to open this screen.

Figure 6.7: Cash-Margin Netting Initiation – Deal Cashflows – View Details



The following table describes the fields displayed for the deals linked to the selected cashflow component in Deal Cashflows tab.

* Indicates mandatory fields.

Table 6.7: Cash-Margin Netting Initiation – Deal Cashflows – View Details

Field	Description
Instrument	Displays the Instrument-series of the linked deal. <ul style="list-style-type: none"> • Applicable only for Securities, Exchange Traded Derivatives and Credit Derivatives modules • Blank for other modules
Contract Reference	Displays the Contract Reference of the linked deal.
Flow Type	Displays the preference applicable for the deal for netting payable and receivable cashflows. <ul style="list-style-type: none"> • Can be 'Net', implying that both cashflows paid and received are netted together • Can be 'Aggregate', implying that cashflows paid are netted and cashflows received are netted separately, for the same component
Tenor	Displays the standard tenor captured for the deal.

Field	Description
Due Date	Displays the actual Due Date of the cashflow.
Pay/Receive	Displays whether the cashflow is payable or receivable for the bank.
Due Amount	Displays the actual amount due for the cashflow. <ul style="list-style-type: none"> • Example: Due Amount = 7,205
Adjustment	User to enter any adjustment to the cashflow as agreed with the counterparty. <ul style="list-style-type: none"> • Can be due to rounding off or any discount provided • Example: Adjustment = -5 • Adjustment entries are posted to write back this amount against payable or receivable for the deal
Amount To Settle	Displays the Amount to be settled after adjustment. <ul style="list-style-type: none"> • Displays the difference between the Settlement Amount and Net Amount, if they are different • Example: Amount To Settle = Due Amount + Adjustment = 7,205 – 5 = 7,200 • User can click on 'Apply' button to calculate and update the Amount to Settle for all cashflows included for this netting.
Apply	User to indicate whether the cashflow should be included for this netting. <ul style="list-style-type: none"> • Checked by default
Confirmed	Indicates whether the cashflow for the deal is confirmed with the counterparty. <ul style="list-style-type: none"> • Unchecked by default

On click of **Apply** button, system automatically updates the Amount To Settle by considering the adjustment entered for each cashflow selected for including in this netting

6.2.7 Events

User can view the list of Lifecycle Events triggered for the cash-margin netting initiation transaction.

- Can view the Accounting Entries posted for each event

- Can view the Advice(s) and Messages generated for each event

Click the **Events** button at the bottom of the **Cash-Margin Netting Initiation Process (MGDCMINI)** function to open this screen.

'User Defined Events' user guide can be referred for more details on Treasury Events for a transaction.

Please refer [Events and Accounting Entries](#) for more details about the list of events and accounting entries applicable for cash-margin netting initiation processes.

Figure 6.8: Cash-Margin Netting Initiation – Events

The screenshot shows the 'Treasury Events' window. At the top, there is an 'Enter Query' section with a text input field labeled 'Reference Number *'. Below this is the 'Events' section, which contains a table with the following columns: Event Number *, Event Code, Description, Event Date, Authorization Status, Maker Id, and Checker Id. The table is currently empty. At the bottom of the window, there are tabs for 'Accounting Entries' and 'Messages', and an 'Exit' button in the bottom right corner.

6.2.8 Fields

User can enter values for the UDF associated with the Cash-Margin Netting Initiation Process function.

- These fields can be referred while reporting the cash-margin netting initiation transactions.

Click the **Fields** button at the bottom of the **Cash-Margin Netting Initiation Process (MGDCMINI)** function to open this screen.

'User Defined Fields' user guide can be referred for more details on the steps involved in configuring and using UDF applicable for the function.

Figure 6.9: Cash-Margin Netting Initiation – Fields

The screenshot shows a 'Fields' dialog box. At the top, there is a 'Contract Reference Number' text input field. Below this is a section titled 'Fields' which contains a table. The table has four columns: 'Field Name', 'Value', 'Mandatory', and 'Value Description'. The table is currently empty. Above the table, there are navigation arrows and a 'Go' button. At the bottom right of the dialog, there are 'Ok' and 'Cancel' buttons.

6.2.9 Authorization

For the cash-margin pre-netting transactions initiated or modified, another user (checker) different from the user who initiated (maker) should verify the details, as a cross-checking mechanism, and click Authorize button at the top of the screen.

- Auto authorization can be enabled for this function

Figure 6.10: Cash-Margin Netting Initiation - Authorization

The screenshot shows a web-based form titled "Cash-Margin Netting Initiation Authorization". The form is organized into several sections:

- Top Section:** Contains input fields for "Event Date", "Internal Reference", "Maker Id", and "Event Code". A "Generate Message" button is located to the right of the "Event Code" field.
- Rekey Fields Section:** A group of input fields for "Scheme ID", "Broker ID", "Agreement", "Margin Code", "Transfer Action", "Settlement Currency" (with a red asterisk), "Settlement Amount", and "Settlement Date".
- Change Log Section:** A table with a header row containing "Field Description", "New Value", and "Old Value". The table body is currently empty. Navigation controls like "Go" and "1 Of 1" are visible above the table.
- Footer:** An "Exit" button is located in the bottom right corner of the form.

Checker should enter the correct values for the Rekey fields to ensure that the user is authorizing the intended transaction. Re-key fields applicable for the Cash-Margin pre-netting transaction are configured for the margin product.

The following table describes the fields available as Re-key fields for Cash-Margin pre-netting transaction. For those fields that are not configured for re-key in the margin product, the respective values selected for the fields are displayed.

Table 6.8: Cash-Margin Netting Initiation – Authorization

Field	Description
Scheme Id	User to enter the Settlement Scheme for which the pre-netting transaction is initiated.
Broker Id	User to enter the Party for whom the pre-netting transaction is initiated.
Agreement	User to enter the Agreement or Portfolio for which the pre-netting transaction is initiated.
Margin Code	User to enter the Margin code selected for the margin pre-netting transaction. <ul style="list-style-type: none"> When pre-netting is initiated for multiple margin codes together, any one of the margin codes should be entered
Transfer Action	User to enter the pre-netting transaction is initiated to pay or receive from the party. <ul style="list-style-type: none"> When pre-netting is initiated for multiple margin codes or cashflow components together, user should enter the transfer action for the margin code or component entered as re-key
Settlement Currency	User to enter the currency of the Scheme selected for the transaction.

Field	Description
Settlement Amount	User to enter the transfer amount for the pre-netting transaction. <ul style="list-style-type: none"> When pre-netting is initiated for multiple margin codes or cashflow components together, user should enter the settlement amount for the margin code or component entered as re-key
Settlement Date	User to enter the process date on which the pre-netting transaction is initiated.

6.2.10 Cash-Margin Netting Initiation Summary

User can view the list of pre-netting transactions processed so far, using 'Cash-Margin Netting Initiation Summary' function.

- User can select the values for different fields available for filtering / searching the transactions
- User can Reset and Clear all the values selected for the search fields
- User can specify values for additional fields for refining the search by clicking on Advanced Search button

User can view the list of pre-netting transactions in this **Cash-Margin Netting Initiation Summary** function. User can invoke this screen by navigating through the menu button at the top left corner of the Application tool or by typing **MGSCMINI** in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Figure 6.11: Cash-Margin Netting Initiation - Summary

6.3 Cash-Margin Net Settlement

Net settlement of Cash components can be performed using 'Cash-Margin Net Settlement' function.

All cashflows that are marked for netting, including cash margin transfers, can be settled together for the net amount.

- All pre-netting transactions initiated using 'Cash-Margin Netting Initiation (MGDCMINI)' function are available for Net Settlement

The details that can be captured for Cash Net Settlement include,

- Settlement Scheme, Party, Currency, Amount and Value date for the net settlement
- Optionally can filter the pre-netting transactions for the selected Agreement or Portfolio
- Settlement details to be used for funds transfer, as agreed with the party and applicable for the scheme selected
- User Defined Fields configured for cash net settlement process

User can view the details for,

- Pre-netting transactions for Initial Margin, Variation Margin and Deal cashflows considered for net settlement using the selected scheme
- Events triggered for the net settlement transaction along with accounting entries posted and advice(s) generated for each event

Cash-Margin Net settlement transactions can be initiated only for the branch to which user has access.

6.3.1 Process to initiate a new transaction

This topic provides the systematic instructions to initiate a new transaction.

CONTEXT:

To initiate a new transaction

1. Click the **New** button at the top of the screen.
2. Enter the values for all the required fields.
3. Click on the **Save** button to initiate the transaction and send for authorization.
4. Click on the **Hold** button to save as draft.

6.3.2 Process to query and view the details of an existing transaction

This topic provides the systematic instructions to query and view the details of an existing transaction.

CONTEXT:

To query and view the details of an existing transaction

1. Click the **Enter Query** button at the top of the screen.
2. Enter the **Settlement Reference** of the transaction.
3. Click the **Execute Query** button.

6.3.3 Modifying an existing transaction

This topic provides the systematic instructions to modify an existing transaction.

CONTEXT:

To modify an existing transaction or to revisit the data saved as draft

1. Enter the **Settlement reference** of the transaction and query the existing transaction.
2. Click the **Unlock** button to enable the screen for editing the details.
3. Review the existing values saved or kept on hold.
4. Enter the new values for the fields to be modified. Please refer the table of fields to know whether the field can be modified after first authorization of the transaction.
5. Click on the **Save** button to modify the transaction and send for authorization.

6.3.4 Discard, reverse and print transactions

This topic provides the systematic instructions to discard and reverse transactions and print details of the transactions.

1. Click on the **Delete** button to discard the transaction before first authorization.
2. Click on **Reverse** button to reverse the transaction after first authorization.
3. Click on the **Print** button to print the details of the transaction.

User can initiate net settlement for the cash components linked to the scheme in this **Cash-Margin Net Settlement** function. User can invoke this screen by navigating through the menu button at the top left corner of the Application

tool or by typing **MGDSETLM** in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Figure 6.12: Cash-Margin Net Settlement

The following table describes the fields captured for cash-margin net settlement transaction.

* Indicates mandatory fields.

Table 6.9: Cash-Margin Net Settlement

Field	Description
Settlement Scheme	User to select the Settlement Scheme for which net settlement is performed. <ul style="list-style-type: none"> This field cannot be amended after saving the net settlement transaction Only those active schemes with the selected party and available for the current branch, is displayed for selection
Scheme Description	Displays the Description of the settlement scheme selected.
Party	User to select the party with whom the net settlement is performed. <ul style="list-style-type: none"> This field cannot be amended after saving the net settlement transaction
Party Description	Displays the Description of the party selected.
Branch	Displays the current branch code to which the user has logged in.

Field	Description
Agreement Code	<p>User to select the Agreement or Portfolio to filter the transaction for net settlement.</p> <ul style="list-style-type: none"> • This field cannot be amended after saving the net settlement transaction • Only those active Agreements with the selected party, available for the current branch and having Expiry Date >= Transaction date of the net settlement, is displayed for selection • Only those active portfolios available for the current branch and customer portfolios for the selected Party (if available), are displayed for selection <ul style="list-style-type: none"> • Applicable only for Securities, Exchange Traded Derivatives and Credit Derivatives modules in which portfolios can be defined separately
Net Settlement Details	Group of fields to capture the details for net settlement transaction.
Settlement Currency	Displays the currency of the settlement scheme selected, in which the net settlement happens.
Settlement Event	<p>Displays the direction of the Net Settlement transaction.</p> <ul style="list-style-type: none"> • Can be 'Net Receivable' or 'Net Payable' for the bank
Settlement Reference	<p>Displays a unique reference number for the net settlement transaction.</p> <ul style="list-style-type: none"> • Automatically generated when the user clicks on 'Fetch' button
User Reference	<p>User to enter a unique reference for the net settlement transaction, which is used in payment message generated for this transaction.</p> <ul style="list-style-type: none"> • If not specified, defaulted to Settlement Reference.
Net Amount	<p>Displays the net amount, in Settlement currency, of the net payable/receivable balances for the selected settlement type, component type and agreement or portfolio from the scheme balances summary for the selected settlement scheme.</p> <ul style="list-style-type: none"> • Includes pending net settlement for Initial Margin, Variation Margin and Deal Cashflows settlement types
Settlement Amount	<p>User to enter the Settlement Amount, in Settlement Currency, to be transferred for this net settlement.</p> <ul style="list-style-type: none"> • Set to same as Net Amount by default • An override message is displayed, if the difference between Settlement Amount and Net Amount is greater than the 'Override Limit %' defined for the scheme • An error message is displayed, if the difference between Settlement Amount and Net Amount is greater than the 'Stop Limit %' defined for the scheme and the transaction is not allowed to be saved

Field	Description
Transaction Date	Displays the date on which the net settlement transaction was saved. <ul style="list-style-type: none"> Branch date is set by default
Value Date	User to enter the value date for the settlement. <ul style="list-style-type: none"> Set by default to Branch date + Settlement Days defined for the scheme <ul style="list-style-type: none"> Settlement Days considered is working days Value date can be same as branch date or future dated or back dated Validated for working day using the Holiday preferences defined for the scheme When Value date < Branch date, payment message generation can be suppressed
Remarks	User can enter any additional comments for the net settlement transaction. <ul style="list-style-type: none"> A maximum of 250 characters can be entered for remarks
Settlement Status	Displays the status of the settlement transaction in the external settlement system. <ul style="list-style-type: none"> Set to 'Pending' by default User can update the status to 'Success' or 'Failed' later
Failure Reason	Displays the reason for settlement failure in the external settlement. <ul style="list-style-type: none"> User should update the reason when Settlement Status is updated to 'Failed'

6.3.5 Scheme Balance Summary

User can verify the Scheme balances for each group of transactions linked to the selected settlement scheme and select the group of transactions to be included in this net settlement transaction.

- Scheme balances are displayed as net payable or receivable calculated for all transactions grouped based on the Settlement Type, Agreement or Portfolio, Margin Code and Component Type
- Includes all pre-netting transactions and other cash transfers marked for netting, that are selected to be included in this net settlement transaction

Field	Description
Settlement Type	Displays the Cashflow Type of the group of transactions selected for the net settlement. <ul style="list-style-type: none"> Can be 'Initial Margin', 'Variation Margin' or 'Deal Cashflows'
Agreement/Portfolio	Displays the Agreement or Portfolio of the group of transactions selected for the net settlement. <ul style="list-style-type: none"> This field cannot be blank

Field	Description
Margin Code	<p>Displays the Margin Code defined for the selected Agreement and applicable for the group of transactions selected for the net settlement.</p> <ul style="list-style-type: none"> • Displays the 'Margin Type' when the value displayed for Agreement/Portfolio field is a Portfolio • This field is not applicable and is blank, when the Settlement Type is 'Deal Cashflows'
Component Type	<p>Displays the Component Type of the group of transactions selected for the net settlement.</p> <ul style="list-style-type: none"> • This field is not applicable and is blank, when the Settlement Type is 'Initial Margin' or 'Variation Margin'
Net Payable Amount	<p>Displays the Net Amount Payable by the bank, in Settlement Currency, calculated for the group of transactions based on the selected Settlement Type, Agreement or Portfolio and Margin Code or Component Type.</p> <ul style="list-style-type: none"> • Blank, if the Net Amount calculated is receivable by the Bank
Net Receivable Amount	<p>Displays the Net Amount Receivable by the bank, in Settlement Currency, calculated for the group of transactions based on the selected Settlement Type, Agreement or Portfolio and Margin Code or Component Type.</p> <ul style="list-style-type: none"> • Blank, if the Net Amount calculated is payable by the Bank

6.3.6 Initial Margin

User can view the list of those pre-netting transactions and cash transfers for Initial Margin, linked to the selected scheme and considered for this net settlement.

Click the **Initial Margin** button at the bottom of the **Cash-Margin Net Settlement Process (MGDSETLM)** function to open this screen.

Figure 6.13: Cash-Margin Net Settlement – Initial Margin

The following table describes the fields displayed for Initial Margin transactions included for this Net settlement.

* Indicates mandatory fields.

Table 6.10: Cash-Margin Net Settlement – Initial Margin

Field	Description
Settlement Scheme	Displays the Settlement Scheme of the net settlement transaction.
Settlement Reference	Displays a unique reference number of the net settlement transaction.
Initial Margin Details	Group of fields to display the details about the Initial Margin transaction to be net settled.
RecSeq#	Running sequence number of the transactions displayed.
Account No	Displays the Margin Account of the Initial Margin transaction to be net settled.
Currency	Displays the currency of the selected Margin Account.
Net Margin Calculated	Displays the calculated Margin Required, in Account CCY, as captured for the Initial Margin transaction to be net settled.
Statement Margin	Displays the net margin, in Account CCY, as mentioned in the Collateral Party's statement, as captured for the Initial Margin transaction to be net settled.

Field	Description
Settlement Amount	Displays the Net Margin Call amount, in Account CCY, to be transferred for the Initial Margin transaction to be net settled.
Transfer Amount	Displays the Net Margin Call amount, in Settlement scheme CCY, to be transferred for the Variation Margin transaction to be net settled.
Transfer Action	Displays the direction of the Net Margin Call, to be transferred for the Initial Margin transaction to be net settled.
User Comments	Displays the additional comments captured for the Initial Margin transaction to be net settled.
Netting Reference	Displays a unique reference number for the Initial Margin transaction to be net settled.
Netting ESN	Displays the accounting event sequence number for the accounting entries posted for the Initial Margin pre-netting transaction to be net settled. <ul style="list-style-type: none"> • Otherwise, it is blank

6.3.7 Variation Margin

User can view the list of those pre-netting transactions and cash transfers for Variation Margin, linked to the selected scheme and considered for this net settlement.

Click the **Variation Margin** button at the bottom of the **Cash-Margin Net Settlement Process (MGDSETLM)** function to open this screen.

Figure 6.14: Cash-Margin Net Settlement – Variation Margin

The following table describes the fields displayed for Variation Margin transactions included for this Net settlement.

* Indicates mandatory fields.

Table 6.11: Cash-Margin Net Settlement – Variation Margin

Field	Description
Settlement Scheme	Displays the Settlement Scheme of the net settlement transaction.
Settlement Reference	Displays a unique reference number of the net settlement transaction.
Variation Margin Details	Group of fields to display the details about the Variation Margin transaction to be net settled.
RecSeq#	Running sequence number of the transactions displayed.
Account No	Displays the Margin Account of the Variation Margin transaction to be net settled.
Currency	Displays the currency of the selected Margin Account.
Net Profit-Loss	Displays the net movement in Profit-Loss, in Account CCY, as captured for the Variation Margin transaction to be net settled.

Field	Description
Statement PL	Displays the net MTM PL balance, in Account CCY, as mentioned in the Collateral Party's statement, as captured for the Variation Margin transaction to be net settled.
Settlement Amount	Displays the Net amount, in Account CCY, to be transferred for the Variation Margin transaction to be net settled.
Transfer Amount	Displays the Net amount, in Settlement scheme CCY, to be transferred for the Variation Margin transaction to be net settled.
Transfer Action	Displays the direction of the Net amount, to be transferred for the Variation Margin transaction to be net settled.
User Comments	Displays the additional comments captured for the Variation Margin transaction to be net settled.
Netting Reference	Displays a unique reference number for the Variation Margin transaction to be net settled.
Netting ESN	Displays the accounting event sequence number for the accounting entries posted for the Variation Margin pre-netting transaction to be net settled. <ul style="list-style-type: none"> • Otherwise, it is blank

6.3.8 Deal Cashflows

User can view the list of those Pre-netting transactions and cash transfers for Deal Cashflows, linked to the selected scheme and considered for this net settlement.

Click the **Deal Cashflows** button at the bottom of the **Cash-Margin Net Settlement Process (MGDSETLM)** function to open this screen.

Figure 6.15: Cash-Margin Net Settlement – Deal Cashflows

The following table describes the fields displayed for Deal Cashflows transactions included for this Net settlement.

* Indicates mandatory fields.

Table 6.12: Cash-Margin Net Settlement – Deal Cashflows

Field	Description
Settlement Scheme	Displays the Settlement Scheme of the net settlement transaction.
Settlement Reference	Displays a unique reference number of the net settlement transaction.
Deal Cashflow Details	Group of fields to display the details about the Deal Cashflow transaction to be net settled.
RecSeq#	Running sequence number of the transactions displayed.
Module	Displays the module of the Deal Cashflows transaction to be net settled.
Product	Displays the product of the Deal Cashflows transaction to be net settled.
Component	Displays the cashflow component of the Deal Cashflows transaction to be net settled.
Currency	Displays the currency of the Deal Cashflows transaction to be net settled.

Field	Description
Due Date	Displays the due date of the Deal Cashflows transaction to be net settled.
Net Amount	Displays Net amount calculated by the system, in Cashflow CCY, as captured for the Deal Cashflows transaction to be net settled.
Settlement Amount	Displays the Net amount entered by the user, in Cashflow CCY, to be transferred for the Deal Cashflows transaction to be net settled.
Adjustment	Displays the adjustment amount, in Cashflow CCY, as captured for the Deal Cashflows transaction to be net settled.
Transfer Amount	Displays the Net amount, in Settlement scheme CCY, to be transferred for the Deal Cashflows transaction to be net settled.
Transfer Action	Displays the direction of the Net amount, to be transferred for the Deal Cashflows transaction to be net settled.
User Comments	Displays the additional comments captured for the Deal Cashflows transaction to be net settled.
Netting Reference	Displays a unique reference number for the Deal Cashflows transaction to be net settled.
Netting ESN	Displays the accounting event sequence number for the accounting entries posted for the Deal Cashflows pre-netting transaction to be net settled. <ul style="list-style-type: none"> • Otherwise, it is blank

6.3.9 Settlements

User can view the SSI used for settling the net settlement transaction.

- Can view the settlement Account and Party details for each cash component associated with the transaction

SWIFT messages for settlement can be generated few days in advance according to the settlement days configured for the currency of settlement and the configuration for the events in the margin product.

Click the **Settlement** button at the bottom of the **Cash-Margin Net Settlement Process (MGDSETLM)** function to open this screen.

'Settlements' user guide can be referred for more details on Settlement details and SGEN event.

Figure 6.16: Cash-Margin Net Settlement – Settlements

The screenshot shows a software window titled "Settlement Details". At the top, there are input fields for "Contract Reference *" and "Component". Below these are several tabs: "Account Details", "Payment Details", "Parties", "Parties", and "Other Details". The "Account Details" tab is selected. Underneath the tabs, there is a "Settlement Details" section with a "Go" button and a "1 Of 1" indicator. Below this is a table with the following headers: Component, Currency, Debit or Credit, Account, Account Description, Account Branch, and Account Curre. The table body is empty. At the bottom right of the window, there are "Ok" and "Cancel" buttons.

6.3.10 Events

User can view the list of Lifecycle Events triggered for the cash-margin net settlement transaction.

- Can view the Accounting Entries posted for each event

- Can view the Advice(s) and Messages generated for each event

Click the **Events** button at the bottom of the **Cash-Margin Net Settlement Process (MGDSETLM)** function to open this screen.

'User Defined Events' user guide can be referred for more details on Treasury Events for a transaction.

Please refer [Events and Accounting Entries](#) for more details about the list of events and accounting entries applicable for cash-margin netting initiation processes.

Figure 6.17: Cash-Margin Net Settlement – Events

The screenshot displays the 'Treasury Events' window. At the top, there is an 'Enter Query' section with a text input field labeled 'Reference Number *'. Below this is the 'Events' section, which contains a table with the following columns: Event Number *, Event Code, Description, Event Date, Authorization Status, Maker Id, and Checker Id. The table is currently empty. At the bottom of the window, there are tabs for 'Accounting Entries' and 'Messages', and an 'Exit' button in the bottom right corner.

6.3.11 Fields

User can enter values for the UDF associated with the Cash-Margin Net Settlement Process function.

- These fields can be referred while reporting the cash-margin net settlement transactions.

Click the **Fields** button at the bottom of the **Cash-Margin Net Settlement Process (MGDSETLM)** function to open this screen.

'User Defined Fields' user guide can be referred for more details on the steps involved in configuring and using UDF applicable for the function.

Figure 6.18: Cash-Margin Net Settlement – Fields

The screenshot shows a 'Fields' dialog box. At the top, there is a text input field labeled 'Contract Reference Number'. Below this is a section titled 'Fields' which contains a 'Go' button and a table. The table has the following columns: 'Field Name', 'Value', 'Mandatory', and 'Value Description'. The table is currently empty. At the bottom right of the dialog, there are 'Ok' and 'Cancel' buttons.

6.3.12 Authorization

For the cash-margin net settlement transactions initiated or modified, another user (checker) different from the user who initiated (maker) should verify the details, as a cross-checking mechanism, and click Authorize button at the top of the screen.

- Auto authorization can be enabled for this function

Figure 6.19: Cash-Margin Net Settlement - Authorization

Checker should enter the correct values for the Rekey fields to ensure that the user is authorizing the intended transaction. Re-key fields applicable for the Cash-Margin net settlement transaction are configured for the margin product.

The following table describes the fields available as Re-key fields for Cash-Margin net settlement transaction. For those fields that are not configured for re-key in the margin product, the respective value selected for the fields are displayed.

Table 6.13: Cash-Margin Netting Initiation – Authorization

Field	Description
Scheme Id	Enter the Settlement Scheme for which the net settlement transaction is initiated.
Party Id	Enter the Party for whom the net settlement transaction is initiated.
Agreement	Enter the Agreement or Portfolio for which the net settlement transaction is initiated.
Margin Code / Component	Enter the Margin code or cashflow component selected for the net settlement transaction. <ul style="list-style-type: none"> When net settlement is initiated for multiple margin codes or components together, any one of the margin codes or components should be entered
Margin Account	Enter the margin account selected for the linked margin transaction. <ul style="list-style-type: none"> When net settlement is initiated for multiple margin accounts together, user should enter the margin account linked to the margin code entered as re-key
Settlement Currency	Enter the currency of the Scheme selected for the transaction.

Field	Description
Settlement Amount	Enter the net amount settled for the transaction.
Settlement Date	Enter the value date on which the net settlement transaction is settled.

6.3.13 Cash-Margin Net Settlement Summary

User can view the list of Net Settlement transactions processed so far, using 'Cash-Margin Net Settlement Summary' function.

- User can select the values for different fields available for filtering / searching the transactions
- User can Reset and Clear all the values selected for the search fields
- User can specify values for additional fields for refining the search by clicking on Advanced Search button

User can view the list of net settlement transaction in this **Cash-Margin Net Settlement Summary** function. User can invoke this screen by navigating through the menu button at the top left corner of the Application tool or by typing **MGSSETLM** in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Figure 6.20: Cash-Margin Net Settlement - Summary

6.4 Securities Netting

Net settlement of Securities can be performed using 'Securities Netting' function.

All security contracts that are marked for netting, including security contracts created for margin transfers, can be settled together for the net quantity.

The details that can be captured for Securities Netting include,

- SK Location, Account, Agreement or Counterparty, Security and Settlement date
- Optionally can filter the contracts for the selected Module or Portfolio

-
- Select the contracts to be included for netting

User can view the details for,

- List of contracts, that are to be settled through the selected Security, SK Location and Account and linked to the selected Agreement or done with the same Counterparty
- Events triggered for the securities netting transaction along with the advice(s) generated for each event

Securities Netting transactions can be initiated only for the branch to which user has access.

6.4.1 Process to initiate a new transaction

This topic provides the systematic instructions to initiate a new transaction.

CONTEXT:

To initiate a new transaction

1. Click the **New** button at the top of the screen.
2. Enter the values for all the required fields.
3. Click on the **Save** button to initiate the transaction and send for authorization.
4. Click on the **Hold** button to save as draft.

6.4.2 Process to query and view the details of an existing transaction

This topic provides the systematic instructions to query and view the details of an existing transaction.

CONTEXT:

To query and view the details of an existing transaction

1. Click the **Enter Query** button at the top of the screen.
2. Enter the **Netting Reference** of the transaction.
3. Click the **Execute Query** button.

6.4.3 Modifying an existing transaction

This topic provides the systematic instructions to modify an existing transaction.

CONTEXT:

To modify an existing transaction or to revisit the data saved as draft

1. Enter the **Netting reference** of the transaction and query the existing transaction.
2. Click the **Unlock** button to enable the screen for editing the details.
3. Review the existing values saved or kept on hold.
4. Enter the new values for the fields to be modified. Please refer the table of fields to know whether the field can be modified after first authorization of the transaction.
5. Click on the **Save** button to modify the transaction and send for authorization.

6.4.4 Discard, reverse and print transactions

This topic provides the systematic instructions to discard and reverse transactions and print details of the transactions.

1. Click on the **Delete** button to discard the transaction before first authorization.
2. Click on **Reverse** button to reverse the transaction after first authorization.
3. Click on the **Print** button to print the details of the transaction.

User can initiate net settlement for the securities in this **Securities Netting** function. User can invoke this screen by navigating through the menu button at the top left corner of the Application tool or by typing **SEDSMNNT** in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Figure 6.21: Securities Netting

The following table describes the fields captured for securities netting transaction.

* Indicates mandatory fields.

Table 6.14: Securities Netting

Field	Description
Branch	Displays the current branch code to which the user has logged in.
Safe Keeping Location	User to select the Safe Keeping Location (Custodian) through whom the Security is net settled. <ul style="list-style-type: none"> • This field cannot be amended after saving the securities netting • All active SK Locations are displayed for selection
Customer Name	Displays the description of the Customer linked to the SK Location selected.
SKL Description	Displays the description of the SK Location selected.

Field	Description
Netting Reference	Displays a unique reference number for the securities netting transaction. <ul style="list-style-type: none"> Automatically generated when the user clicks on 'P' button
Process Date	Displays the date on which the securities netting transaction was saved. <ul style="list-style-type: none"> Branch date is set by default
Settlement Date	User to enter the value date for the settlement. <ul style="list-style-type: none"> Set by default to Branch date

6.4.5 Main

The following table describes the main fields captured for Securities Netting transactions.

* Indicates mandatory fields.

Table 6.15: Securities Netting - Main

Field	Description
Safe Keeping Account	User to select the Safe Keeping Account, linked to the selected SK Location, where the Security is maintained. <ul style="list-style-type: none"> This field cannot be amended after saving the securities netting All active SK Accounts, linked to the selected SK Location, are displayed for selection
SKL Type	Displays the SK Location Type. <ul style="list-style-type: none"> Can be Internal or External
Remarks	User can enter any additional comments for the Securities Netting transaction. <ul style="list-style-type: none"> A maximum of 250 characters can be entered for remarks
Agreement / Counterparty	User to select the Agreement or Counterparty for the securities netting transaction. <ul style="list-style-type: none"> This field cannot be amended after saving the securities netting Only those active Netting Agreements available for the current branch, with Expiry Date >= Process date and having linked security deals not yet settled, are displayed for selection Only those active portfolios for the selected module (if applicable) of the parent deals and available to the current branch where user has logged in, are displayed for selection <ul style="list-style-type: none"> Applicable only for Exchange Traded Derivatives and Credit Derivatives modules in which portfolios can be defined separately Only those active treasury Customers having linked security deals not yet settled, are displayed for selection

Field	Description
Module	<p>User to select Securities module to filter only market security deals or the module of the parent deals (if applicable) having linked security deals to be listed for netting.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the netting transaction • If not specified, then this field is set to 'All', by default
Portfolio Id	<p>User to select the Securities Portfolio having the security deals to be listed for netting.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the netting transaction • Only those active portfolios in Securities module, available to the current branch where user has logged in, are displayed for selection • If not specified, then this field is set to 'All', by default
Settlement SKL	<p>User to select the Settlement SKL through which selected security is settled.</p> <ul style="list-style-type: none"> • By default, is set to the Settlement SKL linked to the market of issue of the selected Security
Security Code	<p>User to select the Security to be net settled.</p> <ul style="list-style-type: none"> • This field cannot be amended after saving the securities netting • All active Securities, having a position linked to the selected SK Location, are displayed for selection
Process Type	<p>User to select the process during which the security deals, to be listed for netting, are created.</p> <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the netting transaction • Can select 'Market Deal', to net only the security deals booked in the market for trading or investment purposes • Can select 'Margin Call', to net only the security deals created for collateral assignment or margin call purposes • If not specified, this field is set to 'All' by default

Field	Description
Deal Type	User to select the type of the security deals to be listed for netting. <ul style="list-style-type: none"> • This field cannot be amended after first authorization of the netting transaction • Can select 'Buy / Sell', to net only the deals booked for buying or selling or transferring the security to counterparty • Can select 'Block', to net only the deals booked for blocking the securities provided as collateral to counterparty • If not specified, this field is set to 'All' by default
Dstl Date	User to enter the Dstl Date of the security deals to be listed for netting. <ul style="list-style-type: none"> • User to enter the Dstl Date of the security deals to be listed for netting. • This field cannot be amended after first authorization of the netting transaction
Message Details	Group of fields to display the netting details that is used in the securities delivery messages.
Net Quantity	Displays the net quantity to be settled, calculated by considering the deals selected for netting in 'Deals' tab. <ul style="list-style-type: none"> • Value for this field is automatically set, when the user clicks on 'Apply Netting' button 'Deals' tab, after selecting the deals for netting
Verified	User to indicate whether he has verified the calculation of net quantity and agrees to the value displayed. <ul style="list-style-type: none"> • Able to save the netting transaction only after 'Verified' is checked

6.4.6 Details

Figure 6.22: Cash-Margin Net Settlement – Initial Margin

The following table describes the fields displayed for Securities transactions included for this Netting.

* Indicates mandatory fields.

Table 6.16: Securities Netting – Deals

Field	Description
Deal Reference	Displays the contract reference of the security deal.
Leg Reference	Displays the leg reference of security leg of the deal.
DSTL Date	Displays the securities delivery date of the deal.
Buy/Sell/Block	Displays the type of the security leg of the deal. <ul style="list-style-type: none"> • Can be Buy, Sell or Block
Portfolio Id	Displays the securities portfolio in which the deal is booked.
Deal Quantity	Displays the quantity or nominal of the security to be settled for the deal.
Quantity Quotation	Displays the Quantity quotation method followed for the security deal. <ul style="list-style-type: none"> • Can be 'Nominal', indicating that the value displayed for 'Deal Quantity' = Unit Face Value * Number of Units of the Security transferred • Can be 'Units', indicating that the value displayed for 'Deal Quantity' = Number of Units of the Security transferred
Settlement SKL	Displays the Settlement SKL selected for the deal.

Field	Description
Deal Type	Displays the deal type of the security deal. <ul style="list-style-type: none"> • Can be Buy / Sell or Block

6.4.7 Events

User can view the list of Lifecycle Events triggered for the cash-margin net settlement transaction.

- Can view the Accounting Entries posted for each event
- Can view the Advice(s) and Messages generated for each event

Click the **Events** button at the bottom of the **Cash-Margin Net Settlement Process (MGDSETLM)** function to open this screen.

'User Defined Events' user guide can be referred for more details on Treasury Events for a transaction.

Please refer [Events and Accounting Entries](#) for more details about the list of events and accounting entries applicable for cash-margin netting initiation processes.

Figure 6.23: Securities Netting – Events

The screenshot shows the 'Treasury Events' application window. At the top, there is a search bar labeled 'Enter Query' with a 'Reference Number *' field. Below the search bar, there is a table titled 'Events'. The table has a header row with the following columns: 'Event Number *', 'Event Code', 'Description', 'Event Date', 'Authorization Status', 'Maker Id', and 'Checker Id'. The table body is currently empty. At the bottom of the window, there are two tabs: 'Accounting Entries' and 'Messages'. An 'Exit' button is located in the bottom right corner.

6.4.8 Authorization

For the securities netting transactions initiated or modified, another user (checker) different from the user who initiated (maker) should verify the details, as a cross-checking mechanism, and click Authorize button at the top of the screen.

- Auto authorization can be enabled for this function

Re-key feature is not enabled for Securities Netting function. Therefore, user have to query the right transaction and verify the details in the main function before authorising.

6.4.9 Securities Netting Summary

User can view the list of Securities Netting transactions processed so far, using 'Securities Netting Summary' function.

- User can select the values for different fields available for filtering / searching the transactions
- User can Reset and Clear all the values selected for the search fields
- User can specify values for additional fields for refining the search by clicking on Advanced Search button

User can view the list of securities netting transactions in this **Securities Netting Summary** function. User can invoke this screen by navigating through the menu button at the top left corner of the Application tool or by typing **SESSDMNT** in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Figure 6.24: Securities Netting - Summary

7. Querying Collateral and Netting Transactions

7.1 Introduction

This chapter explains querying for Collateral and Netting transactions in Oracle Banking Treasury Management application.

User can query and view,

- All margin transactions that are authorized, including cash and securities margin transfers
- Net cash balance in the settlement scheme that need to be settled with the counterparty

7.2 Margin Transaction Query

All margin transactions that are authorized, including cash and securities margin transfers can be queried and viewed, using 'Margin Transaction Query' function.

The filters that can be captured for querying margin transactions include,

- Collateral type, Margin event type and Agreement or Portfolio or Contract
- Margin transaction Date range

User can view the details for,

- All authorized margin transactions for the selected Agreement or Portfolio or Contract

Margin transactions can be queried only for the branch to which user has access.

7.2.1 Process to query and view the details of margin transaction

This topic provides the systematic instructions to view the details of margin transaction.

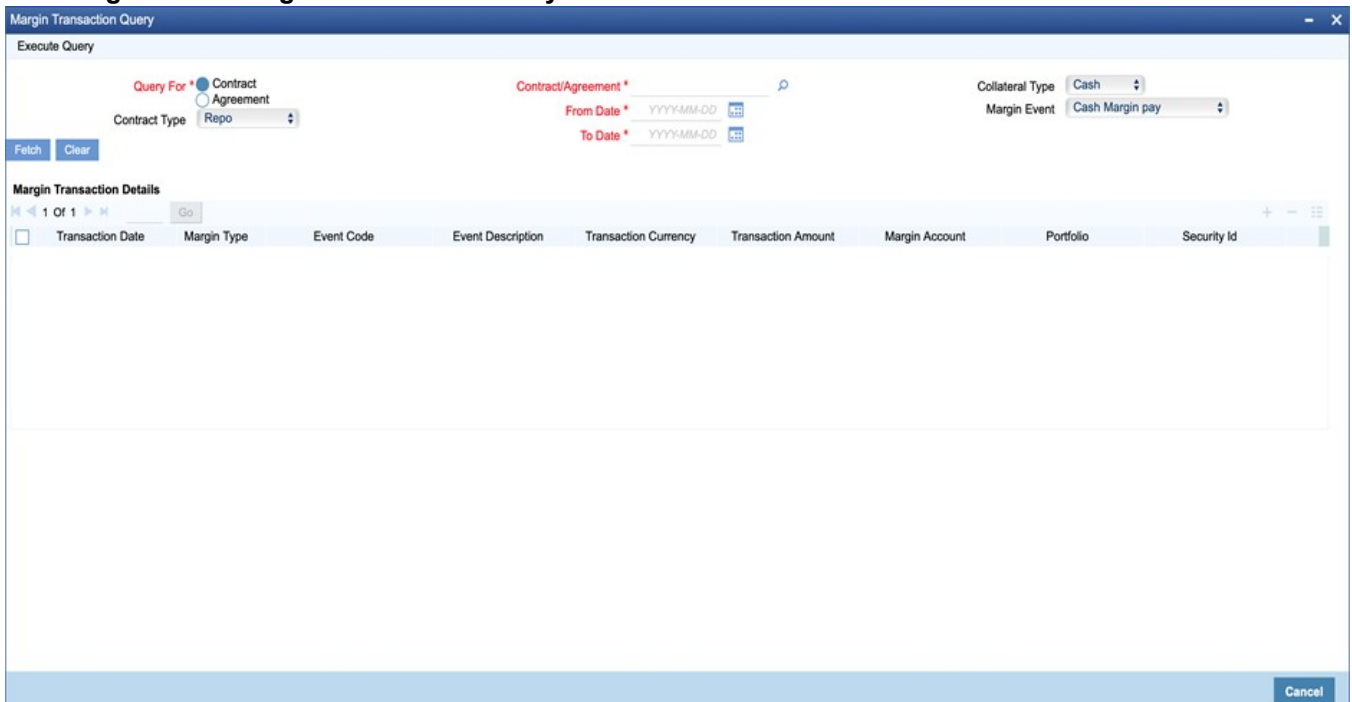
CONTEXT:

To view the details of margin transaction

1. Click the **Enter Query** button at the top of the screen.
2. Enter the values for the filter criteria as required.
3. Click the **Execute Query** button or **Fetch** button.
 1. Click the **Clear** button to clear the filter criteria and queried details.
 2. Click the **Print** button to print the queried details.

User can query the margin transactions initiated in this **Margin Transaction Query** function. User can invoke this screen by navigating through the menu button at the top left corner of the Application tool or by typing **SRDMRTRQ** in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Figure 7.1: Margin Transaction Query



The following table describes the fields captured for filtering transactions for margin transaction query.

* Indicates mandatory fields.

Table 7.1: Margin Transaction Query

Field	Description
Query For	User can indicate whether the margin transaction query is for an agreement or portfolio or a specific contract
Contract Type	User can select the deal type of the contract for which the linked margin transactions are to be queried. <ul style="list-style-type: none"> • Applicable only when Query For selected is 'Contract' • Only those Contracts of the selected deal type are available for selection • Displays 'All' by default

Field	Description
Contract/Agreement	<p>User to select the Agreement or Portfolio or a specific Contract for which the linked margin transactions are to be queried.</p> <ul style="list-style-type: none"> When 'Agreement' is selected for 'Query For' field, only those active agreements for Collateral purpose, with Branch as Head Office branch or current branch where user has logged in, is displayed for selection When 'Portfolio' is selected for 'Query For' field, only those active portfolios, available to the current branch where user has logged in, is displayed for selection <ul style="list-style-type: none"> Applicable only for Securities, Exchange Traded Derivatives and Credit Derivatives modules in which portfolios can be defined separately When 'Contract' is selected for 'Query For' field, only those active contracts eligible for Collateral assignment, having branch same as current branch where user has logged in and deal type same as that selected, is displayed for selection
From Date	User to enter the date to query the margin transactions initiated on or after this date.
To Date	User to enter the date to query the margin transactions initiated on or before this date.
Collateral Type	<p>User to select the collateral type of the margin transactions to be queried.</p> <ul style="list-style-type: none"> Can select Cash, to query only cash margin transactions Can select Securities, to query only securities margin transactions Displays 'Both' by default
Margin Event	<p>User to select the event type of the margin transactions to be queried.</p> <ul style="list-style-type: none"> Displays 'All' by default

On click of **Fetch** button, Margin Transaction Details are populated.

On click of **Clear** button, all the data are erased.

7.2.2 Margin Transaction Query – Report Fields

The following table describes the fields displayed for the transactions fetched for margin transaction query.

Table 7.2: Margin Transaction Query – Report Fields

Field	Description
Transaction Date	Displays the Event Date of the Margin transaction.
Margin Type	<p>Displays the Collateral Type of the Margin transaction.</p> <ul style="list-style-type: none"> Can be 'Cash' or 'Securities'

Field	Description
Event Code	Displays the Event Type of the Margin transaction.
Event Description	Displays the Description of the Event Code of the Margin transaction.
Transaction Currency	Displays the Margin Currency of the Margin transaction.
Transaction Amount	Displays the Cash Margin amount transferred for the Margin transaction.
Margin Account	Displays the Cash Margin Account to which the margin is transferred for the Margin transaction.
Portfolio	Displays the Securities Portfolio used for the Margin transaction.
Security ID	Displays the Security transferred as collateral for the Margin transaction.
SK Location	Displays the SK Location used for the Margin transaction.
SK Account	Displays the SK Account used for the Margin transaction.
Quantity	Displays the Quantity of the Security transferred as collateral for the Margin transaction.
Total Amount	Displays the Value of the Security transferred as collateral for the Margin transaction.
Buy Deal Reference	Displays the Contract reference of the Security Buy Deal created for receiving the Security collateral for the Margin transaction.
Sell Deal Reference	Displays the Contract reference of the Security Sell Deal created for transferring the Security collateral for the Margin transaction.

7.3 Settlement Scheme Balance Query

Net amount of cash that need to be settled for the selected settlement scheme can be queried and viewed, using 'Settlement Scheme Balance Query' function.

User can view the details for,

- Current balance in the scheme that need to be settled as of date
- Balances as of each value date for settlement
- Cash-Margin Netting transactions for each value date that resulted in the balance for that date

Scheme balances can be queried only for the branch to which user has access.

7.3.1 Process to query and view the details of Settlement Scheme Balance

This topic provides the systematic instructions to view the details of Settlement Scheme Balance.

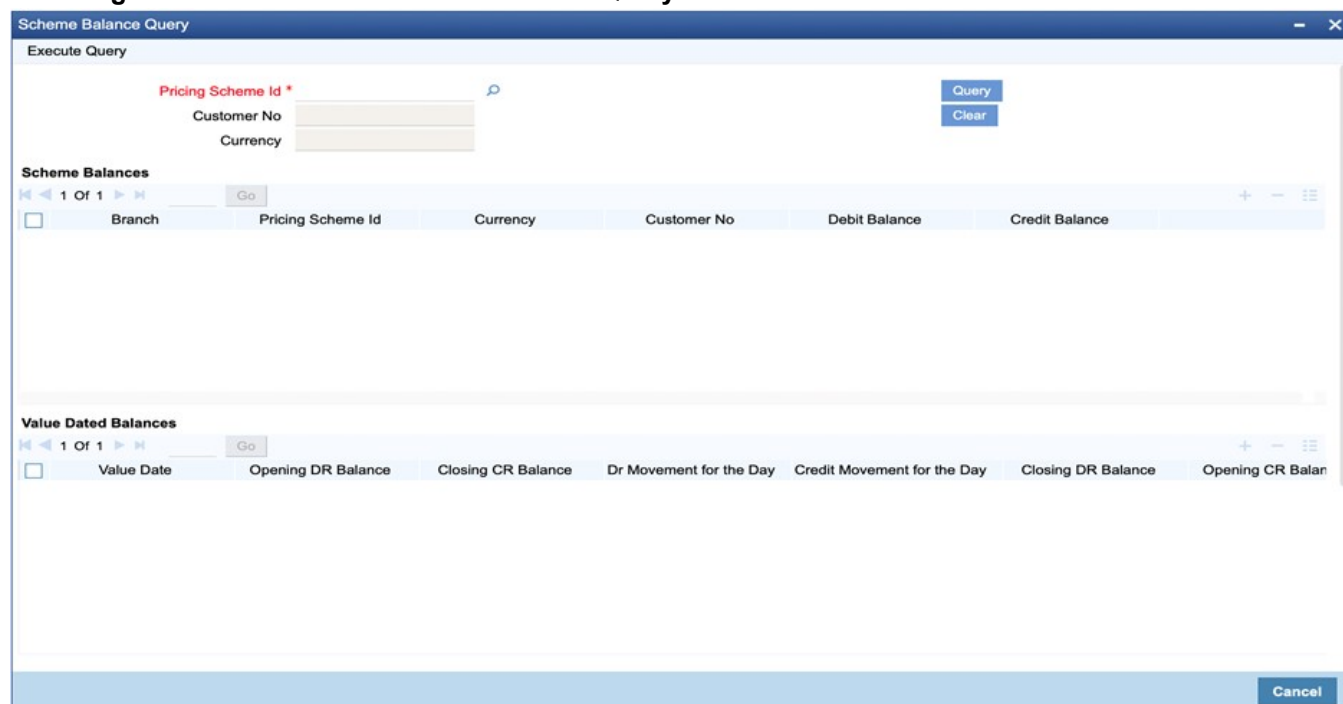
CONTEXT:

To view the details of Settlement Scheme Balance

1. Click the **Enter Query** button at the top of the screen.
2. Enter the values for the filter criteria as required.
3. Click the **Execute Query** button or **Fetch** button.
1. Click the **Clear** button to clear the filter criteria and queried details.
2. Click the **Print** button to print the queried details.

User can query the balance cash amount to be settled for selected scheme in this **Settlement Scheme Balance Query** function. User can invoke this screen by navigating through the menu button at the top left corner of the Application tool or by typing **MGDQCBAL** in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Figure 7.2: Settlement Scheme Balance Query



The following table describes the fields captured for filtering transactions for settlement scheme balance query.

* Indicates mandatory fields.

Table 7.3: Settlement Scheme Balance Query

Field	Description
Pricing Scheme Id	User to select the Settlement Scheme to view the current balance.
Customer No	Displays the customer for whom the selected scheme is used for settlement.

Field	Description
Currency	Displays the currency in which the transactions using the selected scheme are settled.

7.3.2 Settlement Scheme Balance Query – Scheme Balances

The following table describes the fields displayed for the balances fetched for settlement scheme balance query.

Table 7.4: Settlement Scheme Balance Query – Scheme Balances

Field	Description
Branch	Displays the branch in which the selected scheme is used for settlement.
Pricing Scheme Id	Displays the selected scheme.
Currency	Displays the currency in which the transactions using the selected scheme are settled.
Customer No	Displays the customer for whom the selected scheme is used for settlement.
Debit Balance	Displays the Net Amount Receivable by the bank, in Settlement Currency, calculated for the group of transactions linked to the selected scheme. <ul style="list-style-type: none"> • Zero, if the Net Amount calculated is payable by the Bank
Credit Balance	Displays the Net Amount Payable by the bank, in Settlement Currency, calculated for the group of transactions linked to the selected scheme. <ul style="list-style-type: none"> • Zero, if the Net Amount calculated is receivable by the Bank

7.3.3 Settlement Scheme Balance Query – Value Dated Balances

The following table describes the fields displayed for the balances fetched for settlement scheme balance query.

Table 7.5: Settlement Scheme Balance Query – Value Dated Balances

Field	Description
Value Date	Displays the Value Date of the transactions linked to the selected scheme.
Opening Dr Balance	Displays the Net Amount Receivable by the bank, in Settlement Currency, at the beginning of the selected value date. <ul style="list-style-type: none"> • Zero, if the Net Amount calculated is payable by the Bank
Opening Cr Balance	Displays the Net Amount Payable by the bank, in Settlement Currency, at the beginning of the selected value date. <ul style="list-style-type: none"> • Zero, if the Net Amount calculated is receivable by the Bank
Dr Movement of the Day	Displays the Net Amount Receivable by the bank, in Settlement Currency, calculated for the group of transactions with the selected value date, where the bank receives cash.
Cr Movement of the Day	Displays the Net Amount Payable by the bank, in Settlement Currency, calculated for the group of transactions with the selected value date, where the bank pays cash.

Field	Description
Closing Dr Balance	Displays the Net Amount Receivable by the bank, in Settlement Currency, at the end of the selected value date. <ul style="list-style-type: none"> • Zero, if the Net Amount calculated is payable by the Bank
Closing Cr Balance	Displays the Net Amount Payable by the bank, in Settlement Currency, at the beginning of the selected value date. <ul style="list-style-type: none"> • Zero, if the Net Amount calculated is receivable by the Bank

7.3.4 Settlement Scheme Balance Query – Transactions

The following table describes the fields displayed for the balances fetched for settlement scheme balance query.

Table 7.6: Settlement Scheme Balance Query – Transactions

Field	Description
Scheme ESN	Displays the accounting event sequence number for the accounting entries posted for the Net Settlement transaction linked to the selected scheme and with the selected value date.
Module Reference	Contract Reference of the Cash-Margin Netting transaction linked to the selected scheme and with the selected value date.
Module ESN	Displays the accounting event sequence number for the accounting entries posted for the Netting transaction linked to the selected scheme and with the selected value date.
Module Event	Displays the Event Type of the Netting transaction.
Module Currency Amt	Displays the net amount settled in the currency of the Cashflows netted.
Dr/Cr	Displays the direction of the Netting transaction. <ul style="list-style-type: none"> • Displays 'Dr', if the net amount is receivable by the bank • Displays 'Cr', if the net amount is payable by the bank
Exchange Rate	Displays the exchange rate used to convert the net amount Cashflow currency to the Settlement Currency of the Scheme.
Margin Currency Amount	Displays the net amount settled in the settlement currency of the selected settlement scheme.
Value Date	Displays the Value Date of the netting transaction.
Transaction Date	Displays the date on which the netting transaction was initiated.
Module	Displays the module of the netting transaction.
Amount Tag	Displays the amount tag used for the accounting entries posted for the Netting transaction.

8. Annexure A - Events and Accounting Entries

8.1 Introduction

This chapter explains the suggested accounting entries that can be maintained for various margin-netting events in Oracle Banking Treasury Management application.

Accounting entries can be maintained in a Margin-Netting product for a predefined list of Events by selecting predefined Accounting Roles and Amount Tags listed below.

This chapter contains the following sections:

- [List of Events](#)
- [List of Amount Tags](#)
- [List of Accounting Roles](#)
- [Event-wise Accounting Entries](#)

8.2 List of Events

The following is the pre-defined list of events that can be maintained for Margin-Netting products. In the subsequent sections we shall explain the accounting entries and advices that configured for each of the events listed below.

Table 8.1: List of Events

Event Code	Event Description
CMPY	Cash Margin Pay
CMRV	Cash Margin Receive
SMPY	Securities Margin Pay
SMRV	Securities Margin Receive
ADIM	Net Initial Margin Transfer
ADVM	Net Variation Margin Transfer
ADBR	Net Brokerage Settlement
LIQD	Net Cash Flow Settlement
MTOP	Cash Net Payment
MREF	Cash Net Receipt
SGEN	External Settlement Messages
RCMP	Reverse - Cash Margin Pay
RCMR	Reverse - Cash Margin Receive
RSMP	Reverse - Securities Margin Pay
RSMR	Reverse - Securities Margin Receive
RVIM	Reverse - Initial Margin Transfer

Event Code	Event Description
RVVM	Reverse - Variation Margin Transfer
RVBR	Reverse - Net Brokerage Settlement
RVLQ	Reverse - Net Cash Flow Settlement
RTOP	Reverse - Cash Net Payment
RREF	Reverse - Cash Net Receipt

8.3 List of Amount Tags

The following is the pre-defined list of amount tags that are available for configuring accounting entries for the events maintained in Margin-Netting products.

Table 8.2: List of Amount Tags

Amount Tag	Description	Remarks
TXN_AMOUNT	Margin amount	Cash margin amount, in account currency, to be credited or debited from the margin account with the party.
TXN_AMOUNT_EQ	Margin amount Equivalent	Cash margin amount to be credited or debited from the nostro account of the bank, in settlement currency.
BROKER_IM_PAY	Initial Margin – Payable Amount	Cash amount to be transferred for the Initial Margin payable by the bank, in account currency.
BROKER_IM_REC	Initial Margin – Receivable Amount	Cash amount to be transferred for the Initial Margin receivable by the bank, in account currency.
BROKER_VM_PAY	Variation Margin – Payable Amount	Cash amount to be transferred for the Variation Margin (net loss) payable by the bank, in account currency.
BROKER_VM_REC	Variation Margin – Receivable Amount	Cash amount to be transferred for the Variation Margin (net profit) receivable by the bank, in account currency.
BROKAMT_ADJ_CGEXP	Execution Brokerage Adjustments – Expense	Additional Clearing brokerage expense to be paid, when the net brokerage payable as per the broker statement is greater than the net clearing brokerage expense calculated in OBTR, for the linked deals.
BROKAMT_ADJ_CGINC	Clearing Brokerage Adjustments - Income	Deduction in Clearing brokerage expense or Discount income to be received, when the net brokerage payable as per the broker statement is lesser than the net clearing brokerage expense calculated in OBTR, for the linked deals.

Amount Tag	Description	Remarks
BROKAMT_AD J_EXEXP	Execution Brokerage Adjustments – Expense	Additional Execution brokerage expense to be paid, when the net brokerage payable as per the broker statement is greater than the net execution brokerage expense calculated in OBTR, for the linked deals.
BROKAMT_AD J_EXINC	Execution Brokerage Adjustments - Income	Deduction in Execution brokerage expense or Discount income to be received, when the net brokerage payable as per the broker statement is lesser than the net execution brokerage expense calculated in OBTR, for the linked deals.
BROKAMT_AD J_EXP	Brokerage Adjustments – Expense	Additional brokerage expense to be paid, when the net brokerage payable as per the broker statement is greater than the net brokerage expense calculated in OBTR, for the linked deals.
BROKAMT_AD J_INC	Brokerage Adjustments – Income	Deduction in brokerage expense or Discount income to be received, when the net brokerage payable as per the broker statement is lesser than the net brokerage expense calculated in OBTR, for the linked deals.
BROKAMT_LIQ D	Brokerage Liquidation Amount	Cash amount to be transferred for the net value of the brokerage payable by the bank, in brokerage currency.
BROK_NET_A DJ	Net Brokerage Adjustments	Net adjustments to brokerage expense to be paid, when the net brokerage payable as per the broker statement is different from the net brokerage expense calculated in OBTR, for the linked deals.
CASHFLOW_A DJ_EXP	Cashflow Adjustments – Expense	Additional expense to be posted, when the net amount to be settled as agreed with the counterparty is greater than the net amount posted in OBTR, for the same expense cashflow component in the linked deals.
CASHFLOW_A DJ_INC	Cashflow Adjustments – Income	Additional income to be posted, when the net amount to be settled as agreed with the counterparty is lesser than the net amount posted in OBTR, for the same income cashflow component in the linked deals.

Amount Tag	Description	Remarks
CASHFLOW_N ET_ADJ_PAY	Net Adjustments Cashflow Payable	Net adjustments to be posted for expense when the net amount to be settled as agreed with the counterparty is different from the net amount posted in OBTR, for the same expense cashflow component in the linked deals.
CASHFLOW_N ET_ADJ_REC	Net Adjustments Cashflow Receivable	Net adjustments to be posted for income when the net amount to be settled as agreed with the counterparty is different from the net amount posted in OBTR, for the same income cashflow component in the linked deals.
CASHFLOW_N ET_PAY	Cashflow Net Payment	Cash amount to be transferred for the net value of the cash component payable by the bank, in cashflow currency.
CASHFLOW_N ET_REC	Cashflow Net Receipt	Cash amount to be transferred for the net value of the cash component receivable by the bank, in cashflow currency.
SCHEME_SET L_AMNT	Settlement Amount Equivalent in Scheme currency	Cash amount to be transferred for the net value of the cash-margin components payable or receivable by the bank, in the scheme currency of the settlement scheme used.
MG_SETLM_A MT_MREF	Net Settlement Amount Received	Cash amount Received by the bank, for the net value of the cash-margin components, in scheme currency of the settlement scheme used.
MG_SETLM_A MT_MTOP	Net Settlement Amount Paid	Cash amount Paid by the bank, for the net value of the cash-margin components, in the scheme currency of the settlement scheme used.

8.4 List of Accounting Roles

The following is the pre-defined list of accounting roles that are available for configuring accounting entries for the events maintained in Margin-Netting products.

Table 8.3: List of Accounting Roles

Accounting Role	Description	Role Type
CUSTOMER_A C	Margin account	User Defined
CUST_AC_OFF SET	Nostro account	User Defined

Accounting Role	Description	Role Type
BROKER_IMA C	Initial Margin Account	User Defined
BROKER_VMA C	Variation Margin Account	User Defined
BROKADJ_CG EXP	Clearing Brokerage Adjustments Expense	Expense
BROKADJ_CGI NC	Clearing Brokerage Adjustments Income	Income
BROKADJ_EX EXP	Execution Brokerage Adjustments Expense	Expense
BROKADJ_EXI NC	Execution Brokerage Adjustments Income	Income
BROKADJ_EX P	Brokerage Adjustments Expense	Expense
BROKADJ_INC	Brokerage Adjustments Income	Income
BROK_NET_A DJ	Brokerage Net Adjustment	Expense
NET_SETT_PA Y	Net Settlement Payable	Liability
NET_SETT_RE C	Net Settlement Receivable	Asset
NET_SETT_AD J	Cashflow Net Adjustment	Expense
NET_SETT_EX P	Cashflow Adjustments Expense	Expense
NET_SETT_IN C	Cashflow Adjustments Income	Income
SCHEME_GL	Scheme Balance GL	User Defined
CUSTOMER	Customer Account	User Defined

8.5 Event-wise Accounting Entries

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

8.5.1 CMPY – Cash Margin Pay

This event is triggered when cash margin transfer to the counterparty is initiated from 'Collateral Assignment Process (SRDMRONL)' function.

- Applicable,
 - when a stand-alone transfer of cash margin for a specific Agreement or Portfolio or Contract is initiated
 - for all margin types including Initial and Variation margin
- Triggered,
 - when the bank (as 'Pledger') transfers the cash margin to provide additional collateral
 - when the bank (as 'Receiver') returns the excess cash margin received earlier

Accounting entries that can be configured for this event are tabled below.

- 'CUSTOMER_AC' is the Margin Account (with the Party) selected for the transaction (in the Cash tab)
- 'CUST_AC_OFFSET' is the Nostro Account (of the Bank) from the SSI selected for the transaction (in the Settlements tab)

Please refer [List of Amount Tags](#) and [List of Accounting Roles](#), in this document for the description of the amount tags and accounting roles used in this event.

Table 8.4: CMPY – Cash Margin Pay

Accounting Role	Amount Tag	Debit/Credit
CUSTOMER_A C	TXN_AMOUNT	Debit
CUST_AC_OFF SET	TXN_AMOUNT_EQ	Credit

8.5.2 CMRV – Cash Margin Receive

This event is triggered when cash margin receipt from the counterparty is initiated from 'Collateral Assignment Process (SRDMRONL)' function.

- Applicable,
 - when a stand-alone receipt of cash margin for a specific Agreement or Portfolio or Contract is initiated
 - for all margin types including Initial and Variation margin
- Triggered,
 - when the bank (as 'Pledger') receives the excess cash margin returned by the counterparty

- when the bank (as 'Receiver') receives cash as additional collateral from the counterparty

Accounting entries that can be configured for this event are tabled below.

- 'CUSTOMER_AC' is the Margin Account (with the Party) selected for the transaction (in the Cash tab)
- 'CUST_AC_OFFSET' is the Nostro Account (of the Bank) from the SSI selected for the transaction (in the Settlements tab)

Please refer [List of Amount Tags](#) and [List of Accounting Roles](#) in this document for the description of the amount tags and accounting roles used in this event.

Table 8.5: CMRV – Cash Margin Receive

Accounting Role	Amount Tag	Debit/Credit
CUST_AC_OFFSET	TXN_AMOUNT_EQ	Debit
CUSTOMER_AC	TXN_AMOUNT	Credit

8.5.3 SMPY – Securities Margin Pay

This event is triggered when securities transfer to the counterparty is initiated from 'Collateral Assignment Process (SRDMRONL)' function.

- Applicable,
 - when a stand-alone transfer of securities collateral for a specific Agreement or Portfolio or Contract is initiated
 - for all margin types including Initial and Variation margin
- Triggered,
 - when the bank (as 'Pledger') transfers the securities to provide additional collateral
 - when the bank (as 'Receiver') returns the excess securities collateral received earlier

No Accounting entries can be configured for this event, since the accounting entries would be posted for the linked Securities deals created by the system for the securities transferred.

8.5.4 SMRV – Securities Margin Receive

This event is triggered when securities receipt to the counterparty is initiated from 'Collateral Assignment Process (SRDMRONL)' function.

- Applicable,
 - when a stand-alone receipt of securities collateral for a specific Agreement or Portfolio or Contract is initiated
 - for all margin types including Initial and Variation margin
- Triggered,

- when the bank (as 'Pledger') receives the excess securities collateral returned by the counterparty
- when the bank (as 'Receiver') receives additional securities collateral from the counterparty

No Accounting entries can be configured for this event, since the accounting entries would be posted for the linked Securities deals created by the system for the securities received.

8.5.5 ADIM – Net Initial Margin Transfer

This event is triggered when pre-netting of cash margin for net initial margin required, is initiated from 'Cash-Margin Netting Initiation Process (MGDCMINI)' function.

- Triggered,
 - when cash margins for multiple Margin Accounts linked to the selected settlement scheme are initiated together
 - for the net margin calculated for all the deals linked to the respective margin accounts
- Applicable,
 - when net margin calculated is to be paid or received by the bank
 - for all margin types other than variation margin, including Initial Margin and Independent Amount

Accounting entries that can be configured for this event are tabled below.

- 'BROKER_IMAC' is the Margin Account (with the Party) selected for the transaction (in the Initial Margin tab)
- 'SCHEME_GL' is the 'Net Settlement-Bridge GL' configured for the selected (Margin-Netting) Scheme for the transaction
- Entries is posted separately for each Margin Account selected for the transaction

Please refer [List of Amount Tags](#) and [List of Accounting Roles](#) in this document for the description of the amount tags and accounting roles used in this event.

Table 8.6: ADIM – Net Initial Margin Transfer

Accounting Role	Amount Tag	Debit/Credit
BROKER_IMA C	BROKER_IM_PAY	Debit
SCHEME_GL	SCHEME_SETL_AMNT	Credit
SCHEME_GL	SCHEME_SETL_AMNT	Debit
BROKER_IMA C	BROKER_IM_REC	Credit

8.5.6 ADVM – Net Variation Margin Transfer

This event is triggered when pre-netting of cash margin for net variation margin required, is initiated from 'Cash-Margin Netting Initiation Process (MGDCMINI)' function.

- Triggered,

- when cash margins for multiple Margin Accounts linked to the selected settlement scheme are initiated together
- for the net profit-loss calculated for all the deals linked to the respective margin accounts
- Applicable,
- when net profit-loss calculated is to be paid or received by the bank
- only for variation margin

Accounting entries that can be configured for this event are tabled below.

- 'BROKER_VMAC' is the Margin Account (with the Party) selected for the transaction (in the Initial Margin tab)
- 'SCHEME_GL' is the 'Net Settlement-Bridge GL' configured for the selected (Margin-Netting) Scheme for the transaction
- Entries are posted separately for each Margin Account selected for the transaction

Please refer [List of Amount Tags](#) and [List of Accounting Roles](#) in this document for the description of the amount tags and accounting roles used in this event.

Table 8.7: ADVM – Net Variation Margin Transfer

Accounting Role	Amount Tag	Debit/Credit
BROKER_VMA C	BROKER_VM_PAY	Debit
SCHEME_GL	SCHEME_SETL_AMNT	Credit
SCHEME_GL	SCHEME_SETL_AMNT	Debit
BROKER_VMA C	BROKER_VM_REC	Credit

8.5.7 ADBR – Net Brokerage Settlement

This event is triggered when pre-netting of deal cashflows, is initiated from 'Cash-Margin Netting Initiation Process (MGDCMINI)' function.

- Triggered,
 - when liquidation of multiple Brokerage components linked to the selected settlement scheme are initiated together
 - for the net amount calculated for the respective cashflow components for all the deals linked to the selected scheme
- Applicable,
 - only for Brokerage Payable

Accounting entries that can be configured for this event are tabled below.

- 'SCHEME_GL' is the 'Net Settlement-Bridge GL' configured for the selected (Margin-Netting) Scheme for the transaction

- Entries are posted separately for each Brokerage component selected for the transaction

Please refer [List of Amount Tags](#) and [List of Accounting Roles](#), in this document for the description of the amount tags and accounting roles used in this event.

Table 8.8: ADBR – Net Brokerage Settlement

Accounting Role	Amount Tag	Debit/Credit
BROKADJ_CG EXP	BROKAMT_ADJ_CGEXP	Debit
NET_SETT_PA Y	BROKAMT_ADJ_CGEXP	Credit
NET_SETT_PA Y	BROKAMT_ADJ_CGINC	Debit
BROKADJ_CGI NC	BROKAMT_ADJ_CGINC	Credit
BROKADJ_EX EXP	BROKAMT_ADJ_EXEXP	Debit
NET_SETT_PA Y	BROKAMT_ADJ_EXEXP	Credit
NET_SETT_PA Y	BROKAMT_ADJ_EXINC	Debit
BROKADJ_EXI NC	BROKAMT_ADJ_EXINC	Credit
BROKADJ_EX P	BROKAMT_ADJ_EXP	Debit
NET_SETT_PA Y	BROKAMT_ADJ_EXP	Credit
NET_SETT_PA Y	BROKAMT_ADJ_INC	Debit
BROKADJ_INC	BROKAMT_ADJ_INC	Credit
BROK_NET_A DJ	BROK_NET_ADJ	Debit
NET_SETT_PA Y	BROK_NET_ADJ	Credit
NET_SETT_PA Y	BROKAMT_LIQD	Debit
SCHEME_GL	SCHEME_SETL_AMNT	Credit

8.5.8 LIQD – Net Cashflow Settlement

This event is triggered when pre-netting of deal cashflows, is initiated from 'Cash-Margin Netting Initiation Process (MGDCMINI)' function.

- Triggered,
 - when liquidation of multiple cashflow components linked to the selected settlement scheme are initiated together
 - for the net amount calculated, for the respective cashflow components, for all the deals linked to the selected scheme for netting
- Applicable,
 - when net amount calculated is to be paid or received by the bank
 - for all cashflow types enabled for netting and linked to the settlement scheme through an Agreement or Portfolio or Deal

Accounting entries that can be configured for this event are tabled below.

- 'SCHEME_GL' is the 'Net Settlement-Bridge GL' configured for the selected (Margin-Netting) Scheme for the pre-netting transaction
- Entries are posted separately for each Cashflow component selected for the pre-netting transaction (in the Deal Cashflows tab)

Please refer [List of Amount Tags](#) and [List of Accounting Roles](#), in this document for the description of the amount tags and accounting roles used in this event.

Table 8.9: LIQD – Net Cashflow Settlement

Accounting Role	Amount Tag	Debit/Credit
NET_SETT_EX P	CASHFLOW_ADJ_EXP	Debit
NET_SETT_PA Y	CASHFLOW_ADJ_EXP	Credit
NET_SETT_RE C	CASHFLOW_ADJ_INC	Debit
NET_SETT_IN C	CASHFLOW_ADJ_INC	Credit
NET_SETT_AD J	CASHFLOW_NET_ADJ_PAY	Debit
NET_SETT_PA Y	CASHFLOW_NET_ADJ_PAY	Credit
NET_SETT_RE C	CASHFLOW_NET_ADJ_REC	Debit

Accounting Role	Amount Tag	Debit/Credit
NET_SETT_ADJ	CASHFLOW_NET_ADJ_REC	Credit
NET_SETT_PAY	CASHFLOW_NET_PAY	Debit
SCHEME_GL	SCHEME_SETL_AMNT	Credit
SCHEME_GL	SCHEME_SETL_AMNT	Debit
NET_SETT_REC	CASHFLOW_NET_REC	Credit

8.5.9 MTOP – Cash Net Payment

This event is triggered when net settlement of cash is initiated from 'Cash-Margin Net Settlement Process (MGDSETLM)' function.

- Applicable,
 - for all pre-netting transactions initiated using 'Cash-Margin Netting Initiation (MGDCMINI)' function
 - for all cash settlement transactions marked for netting
- Triggered,
 - when net amount calculated is to be paid by the bank

Accounting entries that can be configured for this event are tabled below.

- 'SCHEME_GL' is the 'Net Settlement-Bridge GL' configured for the selected (Margin-Netting) Scheme for the net settlement transaction
- 'CUSTOMER' is the Nostro Account (of the Bank) from the SSI selected for the transaction (in the Settlements tab)

Please refer [List of Amount Tags](#) and [List of Accounting Roles](#), in this document for the description of the amount tags and accounting roles used in this event.

Table 8.10: MTOP – Cash Net Payment

Accounting Role	Amount Tag	Debit/Credit
SCHEME_GL	MG_SETLM_AMT_MTOP	Debit
CUSTOMER	MG_SETLM_AMT_MTOP	Credit

8.5.10 MREF – Cash Net Receipt

This event is triggered when net settlement of cash is initiated from 'Cash-Margin Net Settlement Process (MGDSETLM)' function.

- Applicable,

- for all pre-netting transactions initiated using 'Cash-Margin Netting Initiation (MGDCMINI)' function
- for all cash settlement transactions marked for netting
- Triggered,
 - when net amount calculated is to be received by the bank

Accounting entries that can be configured for this event are tabled below.

- 'SCHEME_GL' is the 'Net Settlement-Bridge GL' configured for the selected (Margin-Netting) Scheme for the net settlement transaction
- 'CUSTOMER' is the Nostro Account (of the Bank) from the SSI selected for the transaction (in the Settlements tab)

Please refer [List of Amount Tags](#) and [List of Accounting Roles](#), in this document for the description of the amount tags and accounting roles used in this event.

Table 8.11: MREF – Cash Net Receipt

Accounting Role	Amount Tag	Debit/Credit
CUSTOMER	MG_SETLM_AMT_MREF	Debit
SCHEME_GL	MG_SETLM_AMT_MREF	Credit

8.5.11 SGEN – External Settlement Messages

This event is triggered when cash settlement that requires payment messages to be sent to an external settlement network.

- Applicable,
 - when stand-alone cash margin payment or receipt is initiated from 'Collateral Assignment Process (SRDMRONL)' function
 - when net settlement of cash is initiated from 'Cash-Margin Net Settlement Process (MGDSETLM)' function
- Triggered,
 - when net amount calculated is to be paid or received by the bank
 - when the network applicable for the transaction is an external settlement system like SWIFT, CHAPS, Fedwire, etc

Triggered,

- few days before the parent event for cash settlement, when the settlement date > branch date, based on the settlement days defined for the currency of settlement

- on the same day along with the parent event for cash settlement, when the settlement date <= branch date

No Accounting entries can be configured for this event, since the accounting entries would be posted in the parent event.

8.5.12 Reversal Events

These events are triggered when the respective parent event is reversed from the respective functions.

No Accounting entries can be configured for these events, since the system is internally identify the accounting entries posted for the parent event and post the same entries for the reversal event but with negative amounts (same amounts multiplied by -1).

Table 8.12: Reversal Events

Reversal Event Code	Description	Parent Event Code
RCMP	Reverse - Cash Margin Pay	CMPY
RCMR	Reverse - Cash Margin Receive	CMRV
RSMP	Reverse - Securities Margin Pay	SMPY
RSMR	Reverse - Securities Margin Receive	SMRV
RVIM	Reverse - Initial Margin Transfer	ADIM
RVVM	Reverse - Variation Margin Transfer	ADVM
RVBR	Reverse - Net Brokerage Settlement	ADBR
RVLQ	Reverse - Net Cash Flow Settlement	LIQD
RTOP	Reverse - Cash Net Payment	MTOP
RREF	Reverse - Cash Net Receipt	MREF

9. Annexure B- Glossary of Margin Calculation Fields

9.1 List of Fields

The following table describes the fields displayed for Margin calculation and explains with example, how exposure and margin are calculated.

Table 9.1: Margin Calculation Fields

Field	Description
Margin Calculation Rule Setup	<p>Below are the group of fields for which a unique margin calculation rule can be defined.</p> <ul style="list-style-type: none"> • Rule is a predefined set of preferences to be used for determining exposure and for calculating margin required for that exposure • For all the contracts satisfying the values configured for the below group of fields, the same rule is used for margin calculation
Module	<p>Displays the Module of the transactions group for which a unique calculation rule setup is available.</p> <ul style="list-style-type: none"> • Displays 'ALL' by default, if Calculation Type is 'External' or if no margin calculation rule is defined for the group of transactions, belonging to specific modules
Product	<p>Displays the Product of the transactions group for which a unique calculation rule setup is available.</p> <ul style="list-style-type: none"> • 'Instrument Products' are displayed for the modules, in which instruments can be defined separately. These modules are: Securities, Exchange Traded Derivatives and Credit Derivatives • 'Deal Products' are displayed for all the other modules • Displays 'ALL' by default, if Calculation Type is 'External' or if no margin calculation rule is defined for the group of transactions, belonging to specific products
Instrument	<p>Displays the Instrument of the transactions group for which a unique calculation rule setup is available.</p> <ul style="list-style-type: none"> • Displays 'ALL' by default, if Calculation Type is 'External' or if no margin calculation rule is defined for the group of transactions, belonging to specific instruments

Field	Description
Portfolio	<p>Displays the Portfolio of the transactions group for which a unique calculation rule setup is available.</p> <ul style="list-style-type: none"> • Displays 'ALL' by default, if Calculation Type is 'External' or if no margin calculation rule is defined for the group of transactions, belonging to specific portfolios • Set to the selected Portfolio to which collateral is assigned, if Margin For selected is 'Portfolio'
Trade Type	<p>Displays the Trade type of the transactions group for which a unique calculation rule setup is available.</p> <ul style="list-style-type: none"> • 'Exchange Traded' is displayed for the group of transactions that are traded on an Execution Venue (or Exchange) • 'Over the Counter' is displayed for other transaction groups • Displays 'ALL' by default, if Calculation Type is 'External' or if no margin calculation rule is defined for the group of transactions
Clear Type	<p>Displays the Clearing type of the transactions group for which a unique calculation rule setup is available.</p> <ul style="list-style-type: none"> • 'Cleared' is displayed for the group of transactions that are cleared and settled through a Clearing House (or CCP) • 'Uncleared' is displayed for other transaction groups • Displays 'ALL' by default, if Calculation Type is 'External' or if no margin calculation rule is defined for the group of transactions
Calculation Level	<p>Displays the level at which the exposure would be aggregated for margin calculation purposes for the selected Agreement or Portfolio, for the selected Margin Type.</p> <ul style="list-style-type: none"> • If the level configured is 'Agreement', then margin is calculated on the total exposure from all transactions linked to the selected agreement • If the level configured is 'Portfolio / Product', then margin is calculated on the total exposure from the group of transactions belonging to each Portfolio or deal Product is scope of the collateral assignment • If the level configured is 'Trade', then margin is calculated for exposure from each contract individually • Displays 'Trade' by default, if Margin Type selected is 'Variation Margin' or if no margin calculation rule is defined for the selected Portfolio

Field	Description
Calculation Type	<p>Displays where the margin required is calculated for the selected Agreement or Portfolio, for the selected Margin Type.</p> <ul style="list-style-type: none"> • If configured as 'Internal', then margin is calculated internally in Oracle Banking Treasury Management application • If configured as 'External', then margin required is calculated and received from an external system through interface • Displays 'Internal' by default, if Margin Type selected is 'Variation Margin' and mark to market revaluation calculated in OBTR is considered as the variation margin required • Displays 'External' by default, if no margin calculation rule is defined or if Calculation Setup is 'External'
Calculation Method	<p>Displays the method that is used for calculating margin required for the selected Agreement or Portfolio, for the selected Margin Type.</p> <ul style="list-style-type: none"> • Can be 'Standard Rate(%)' or 'Flat Amount' as configured, if Calculation Type is 'Internal' • Can be 'SPAN', 'SIMM', 'GRID', 'Standard Rate(%)' or 'Flat Amount' as configured, if Calculation Type is 'External' • Displays 'Standard Rate(%)' by default, if no margin calculation rule is defined • Blank and not applicable, if Margin Type selected is 'Variation Margin' or if Calculation Type is 'External'

Field	Description
Exposure Type	<p>Displays the amount to be considered as exposure for calculating margin required for the selected Agreement or Portfolio, for the selected Margin Type.</p> <ul style="list-style-type: none"> • If configured as 'Market Value', then current market value or market price * quantity or contract fair value (as applicable) is considered as the exposure of the contract • If configured 'Principal', then the current principal or notional or deal value or deal nominal amount (as applicable) is considered as the exposure of the contract • If 'Maturity Amount' is selected, then the settlement amount or principal + interest or notional + interest as on the maturity date (as applicable) is considered as the exposure of the contract • If 'Contract Value' is selected, then the deal value or principal or net consideration or deal price * quantity or deal premium (as applicable) is considered as the exposure of the contract • Displays 'Principal' by default, if no margin calculation rule is defined for the selected Contract • Blank and not applicable, if Margin Type selected is 'Variation Margin' or if Calculation Type is 'External'

Field	Description
Offsetting Allowed	<p>Displays whether exposure booked in opposite directions within the same transactions group can be offset, to arrive at the net exposure for margin calculation purposes for the selected Agreement or Portfolio, for the selected Margin Type.</p> <ul style="list-style-type: none"> • If configured as 'Not Allowed', then the exposure in opposite directions is considered as absolute exposures and added together without considering the direction <ul style="list-style-type: none"> • Example: For a Long 10,000 and Short 7,000, Net Exposure = 17,000 • If configured as 'Product', then exposures from all the transactions in a Product is netted together considering the direction <ul style="list-style-type: none"> • Example: For a Long 10,000 and Short 7,000 in the same product, Net Exposure = 3,000 • If configured as 'Position', then exposures from all the transactions with the same Instrument and Portfolio is netted together considering the direction • If 'Risk Type' is selected, then exposures from all the transactions with the same Risk type is netted together considering the direction • If 'Module' is selected, then exposures from all the transactions in the same Module is netted together considering the direction • Displays 'Module' by default, if no margin calculation rule is defined for the selected Portfolio • Blank and not applicable, <ul style="list-style-type: none"> • if Margin Type selected is 'Variation Margin' • if Calculation Method configured is 'Flat Amount' • if Calculation Level selected is 'Trade'
Total Exposure	<p>Displays the total exposure after offsetting (as applicable) for the group of transactions belonging to the selected Agreement or Portfolio, for the selected Margin Type.</p> <ul style="list-style-type: none"> • Exposure in different currencies is converted to the Exposure currency equivalent, using the applicable FX Rates, for arriving at the Exposure Amount for each contract before aggregating for total exposure

Field	Description
Multiplication Factor	<p>Displays the configured multiplication factor to be used for arriving at the adjusted exposure considered for margin calculation purposes for the group of transactions belonging to the selected Agreement or Portfolio, for the selected Margin Type.</p> <ul style="list-style-type: none"> • Factor may depend on many parameters like the risk type of the exposure, etc. • Adjusted Exposure = Total Exposure (after offsetting) * Multiplication Factor <ul style="list-style-type: none"> • Example: If the Total exposure determined for the group of transactions is 250,000 and with multiplication factor 0.65, Adjusted Exposure = 250,000 * 0.46 = 115,000 • Displays '1' by default, if no margin calculation rule is defined for the group of transactions • Blank and not applicable, if Margin Type selected is 'Variation Margin' or if Calculation Method is 'Flat Amount' or if Calculation Type is 'External'
Margin Applicable	<p>Displays the configured margin as flat amount or % of the final exposure to calculate the margin required for the group of transactions belonging to the selected Agreement or Portfolio, for the selected Margin Type.</p> <ul style="list-style-type: none"> • If Calculation Method configured is 'Standard Rate(%)', then Margin Required = Adjusted Exposure * Margin Applicable /100 <ul style="list-style-type: none"> • Example: If Adjusted Exposure = 115,000 and with margin applicable = 35%, Margin Required = 115,000 * 35/100 = 40,250 • If Calculation Method configured is 'Flat Amount', then Margin Required = Margin Applicable <ul style="list-style-type: none"> • Example: If Margin Applicable = 35,000, Margin Required = 35,000 • Displays '100%' by default, if no margin calculation rule is defined for the group of transactions • Blank and not applicable, if Margin Type selected is 'Variation Margin' or if Calculation Type is 'External'
Net Exposure Amount	<p>Displays the calculated Net Exposure determined as of the Event Date, for the Agreement or Portfolio selected for Collateral Assignment, for the selected Margin Type.</p> <ul style="list-style-type: none"> • Net Exposure Amount is the total of individual Exposure Calculated for each group of transactions, linked to the selected Agreement or Portfolio <p>Net Exposure Amount = SUM(Exposure Calculated)</p>

Field	Description
Net Margin Required	<p>Displays the calculated Net Margin Required for the exposure determined as of the Event Date, for the Agreement or Portfolio selected for Collateral Assignment, for the selected Margin Type.</p> <ul style="list-style-type: none"> Net Margin Required is the total of individual Margin Required calculated for each group of transactions, linked to the selected Agreement or Portfolio Net Margin Required = SUM(Margin Required) <p>Blank and not applicable, if Calculation Type is 'External'</p>
Margin Account	<p>Displays the selected Cash Margin Account to which Margin is transferred. Blank and not applicable, if Collateral Type selected is 'Securities'</p>
Module	<p>Displays the Module of the contract.</p>
Product	<p>Displays the Product of the contract.</p> <ul style="list-style-type: none"> 'Instrument Product' is displayed for the modules, in which instruments can be defined separately. These modules are: Securities, Exchange Traded Derivatives and Credit Derivatives <p>'Deal Product' is displayed for all the other modules</p>
Instrument	<p>Displays the Instrument of the contract.</p> <ul style="list-style-type: none"> Displayed only for the modules, in which instruments can be defined separately. <p>Blank for all the other modules.</p>
Portfolio	<p>Displays the Portfolio of the contract.</p> <ul style="list-style-type: none"> Displayed only for the modules, in which instruments can be defined separately. <p>Blank for all the other modules.</p>
Trade Type	<p>Displays whether the contract is traded on an execution venue, based on the value specified for 'Traded On' field in Linkages sub system while booking the contract.</p> <ul style="list-style-type: none"> 'Exchange Traded' is displayed, if the contract is traded on an Execution Venue (or Exchange) <p>'Over the Counter' is displayed otherwise</p>
Clear Type	<p>Displays whether the contract is cleared through a third party, based on the value specified for 'To be Cleared' field in Linkages sub system while booking the contract.</p> <ul style="list-style-type: none"> 'Cleared' is displayed, if the contract is cleared and settled through a Clearing House (or CCP) <p>'Uncleared' is displayed otherwise</p>
Deal Type	<p>Displays the deal type of the contract, as selected in Collateral-Netting sub system while booking the contract.</p>

Field	Description
Contract Reference	Displays the User Reference of the contract.
Value Date	Displays the Value Date of the contract.
Exposure Amount	<p>Displays the Exposure determined as of the Event Date, for the contract.</p> <ul style="list-style-type: none"> • Can be Contract Value or Market Value or Principal or Maturity Amount of the contract, according to the 'Exposure Type' configured for the applicable calculation rule • If Contract Currency is different from the Exposure currency, amount in contract currency is converted to the Exposure currency equivalent, using the applicable Exposure FX Rate, for arriving at the Exposure Amount for margin calculation purposes • Example: If Exposure type = 'Market Value', Exposure Amount = Market Value * Exposure FX Rate <p>Exposure Amount = (238,095 * 1.05) = 250,000</p>
Exposure FX Rate	<p>Displays the exchange rate used for converting the exposure amount in contract currency to exposure currency.</p> <p>Example: If Exposure ccy = 'USD' and Contract ccy = EUR, FX Rate = 1.05</p>
Profit-Loss	<p>Displays the difference between the Market Value and Contract Value.</p> <p>Displays the realized profit-loss, if the position is already closed or matched</p>
Profit-Loss Event	Displays the accounting event triggered for posting the accounting entries for the profit-loss.
Contract Ccy	<p>Displays the Currency of the contract amount.</p> <ul style="list-style-type: none"> • If module is 'Foreign Exchange', then displays the Other currency of the currency pair of the contract. <p>Example: EUR</p>
Contract Value	<p>Displays the Contract amount in contract ccy.</p> <p>Can be the Deal Value or (deal price * quantity) or Principal or Notional or Deal premium or Net consideration, as applicable for the deal type</p>
Market Value	<p>Displays the current Market value of the contract in contract ccy.</p> <ul style="list-style-type: none"> • Can be (market price * quantity) or Contract fair value or Outstanding Principal, as applicable for the deal type. <p>Displays the closing contract value, if the position is already closed or matched</p>
Principal	<p>Displays the Principal amount in contract ccy.</p> <p>Can be the current Principal or Notional or Deal Nominal or Deal Value, as applicable for the deal type</p>

Field	Description
Maturity Amount	Displays the Settlement amount in contract ccy. Can be the expected Settlement amount or (Principal + Interest) or (Notional + Interest) as on the maturity date, as applicable for the deal type.

10. Function ID - Glossary

MGDCLCIF

Collateral Party

ENDINMRG

Instrument Margin Calculation Setup

MGDCPROD

Margin-Netting Product

MGDSCHEM

Cash-Margin Settlement Scheme

MGDMAMNT

Master Agreement

SRDMRONL

Collateral Assignment

MGDCMINI

Cash-Margin Netting Initiation

MGDSETLM

Cash-Margin Net Settlement

SESDMNT

Securities Netting

SRDMRTRQ

Margin Transaction Query

MGDQCBAL

Settlement Scheme Balance Query