

Product Catalogue – Islamic Derivatives Module

Oracle Banking Treasury Management

Accelerator Pack 14.6.1.0.0

Part No. F61876-01

The logo features the word "ORACLE" in a large, bold, red, sans-serif font. A horizontal red line is positioned directly beneath the "ORACLE" text. Below this line, the words "FINANCIAL SERVICES" are written in a smaller, black, sans-serif font. The entire logo is centered on the page and overlaid on a background of overlapping, semi-transparent blue and grey geometric shapes that resemble a stylized architectural structure or a map of the world.

ORACLE
FINANCIAL SERVICES

Product Catalogue – Islamic Derivatives Module

Oracle Financial Services Software Limited

Oracle Park

Off Western Express Highway

Gurgaon (East)

Mumbai, Maharashtra 400 063

India

Worldwide Inquiries:

Phone: +91 22 6718 3000

Fax: +91 22 6718 3001

<https://www.oracle.com/industries/financial-services/index.html>

Copyright © 2020, 2022 Oracle and/or its affiliates. All rights reserved.

Oracle and Java are registered trademarks of Oracle and/or its affiliates. Other names may be trademarks of their respective owners.

U.S. GOVERNMENT END USERS: Oracle programs, including any operating system, integrated software, any programs installed on the hardware, and/or documentation, delivered to U.S. Government end users are “commercial computer software” pursuant to the applicable Federal Acquisition Regulation and agency-specific supplemental regulations. As such, use, duplication, disclosure, modification, and adaptation of the programs, including any operating system, integrated software, any programs installed on the hardware, and/or documentation, shall be subject to license terms and license restrictions applicable to the programs. No other rights are granted to the U.S. Government.

This software or hardware is developed for general use in a variety of information management applications. It is not developed or intended for use in any inherently dangerous applications, including applications that may create a risk of personal injury. If you use this software or hardware in dangerous applications, then you shall be responsible to take all appropriate failsafe, backup, redundancy, and other measures to ensure its safe use. Oracle Corporation and its affiliates disclaim any liability for any damages caused by use of this software or hardware in dangerous applications.

This software and related documentation are provided under a license agreement containing restrictions on use and disclosure and are protected by intellectual property laws. Except as expressly permitted in your license agreement or allowed by law, you may not use, copy, reproduce, translate, broadcast, modify, license, transmit, distribute, exhibit, perform, publish or display any part, in any form, or by any means. Reverse engineering, disassembly, or decompilation of this software, unless required by law for interoperability, is prohibited. The information contained herein is subject to change without notice and is not warranted to be error-free. If you find any errors, please report them to us in writing.

This software or hardware and documentation may provide access to or information on content, products and services from third parties. Oracle Corporation and its affiliates are not responsible for and expressly disclaim all warranties of any kind with respect to third-party content, products, and services. Oracle Corporation and its affiliates will not be responsible for any loss, costs, or damages incurred due to your access to or use of third-party content, products, or services.

Safe Harbor Statement

Copyright © 2020, 2022 Oracle Financial Services Software Limited. All rights reserved.

No part of this work may be reproduced, stored in a retrieval system, adopted or transmitted in any form or by any means, electronic, mechanical, photographic, graphic, optic recording or otherwise, translated in any language or computer language, without the prior written permission of Oracle Financial Services Software Limited.

Due care has been taken to make this document and accompanying software package as accurate as possible. However, Oracle Financial Services Software Limited makes no representation or warranties with respect to the contents hereof and shall not be responsible for any loss or damage caused to the user by the direct or indirect use of this document and the accompanying Software System. Furthermore, Oracle Financial Services Software Limited reserves the right to alter, modify or otherwise change in any manner the content hereof, without obligation of Oracle Financial Services Software Limited to notify any person of such revision or changes.

All company and product names are trademarks of the respective companies with which they are associated.

Contents

| | |
|--|----|
| 1. Product Catalogue - Treasury – Islamic Derivatives | 5 |
| 1.1. Product Code - IDRS | 5 |
| 1.1.1. Business Scenario..... | 5 |
| 1.1.2. Synopsis (ex. high level features etc.) | 5 |
| 1.1.3. Detailed Coverage..... | 5 |
| 1.1.4. Events covered (including brief info. on accounting) | 6 |
| 1.1.5. Advices Supported | 6 |
| 1.1.6. Messages | 6 |
| 1.1.7. Interest / Charges / Commission and Fees..... | 7 |
| 1.1.8. Special/Other Features | 7 |
| 1.1.9. Reports Availability..... | 7 |
| 1.1.10. Additional information (ex. UDF and other Special Maintenance) | 8 |
| 1.2. Product Code - IDVR | 8 |
| 1.2.1. Business Scenario..... | 8 |
| 1.2.2. Synopsis (ex. high level features etc.) | 8 |
| 1.2.3. Detailed Coverage..... | 9 |
| 1.2.4. Events covered (including brief info. on accounting) | 9 |
| 1.2.5. Advices Supported | 9 |
| 1.2.6. Messages | 10 |
| 1.2.7. Interest / Charges / Commission and Fees..... | 10 |
| 1.2.8. Special/Other Features | 10 |
| 1.2.9. Reports Availability..... | 10 |
| 1.2.10. Additional information (ex. UDF and other Special Maintenance) | 11 |
| 2. ANNEXURE | 11 |

1. Product Catalogue - Treasury – Islamic Derivatives

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

1.1. Product Code - IDRS

IDRS – Islamic Rate Derivatives Swap

1.1.1. Business Scenario

Profit Rate Derivatives Swap is parameterized with below mentioned features.

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

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

1.1.3. Detailed Coverage

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

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

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

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

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

1.1.5. Advices Supported

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

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

1.1.6. Messages

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

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

1.1.7. Interest / Charges / Commission and Fees

Interest

In IDRS product two Interest components are parameterized

- DV_INT_IN - Derivative In Leg Interest Component Floating
- DV_IT_OUT - Derivative Out Leg Interest Component Fixed

Charges

In IDRS product following Charge components are parameterized

- DV_BK_CHRG - Derivative Booking Charge
- DV_AM_CHRG - Derivative Amendment Charge
- DV_TM_CHRG - Derivative Termination Charge

1.1.8. Special/Other Features

Other Features

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

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

1.1.9. Reports Availability

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

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

- Interest Accrual Report
- Settled Contracts Report

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

Other Special Maintenance

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

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

1.2. Product Code - IDVR

IDVR – Islamic Rate Derivatives Swap

1.2.1. Business Scenario

Profit Rate Derivatives Swap is parameterized with below mentioned features.

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

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

- Interest payments happen on maturity of Swap.

1.2.3. Detailed Coverage

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

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

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

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

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

1.2.5. Advices Supported

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

| Advices | |
|-----------|---------------------------|
| IRS_AMEND | IRS Amendment |
| IRS_CONFR | IRS Contract Confirmation |
| IRS_TERMN | IRS Termination |

| | |
|-------------|-----------------------------------|
| DV_ASSIGN_1 | Assignment Adv to Deal Party |
| DV_ASSIGN_2 | Assignment Adv to Assigning Party |
| DV_ASSUME_1 | Assumption Adv to Deal Party |
| DV_ASSUME_2 | Assumption Adv to Assigning Party |

1.2.6. Messages

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

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

1.2.7. Interest / Charges / Commission and Fees

Interest

In IDVR product two Interest components are parameterized

- DV_INT_IN - Derivative In Leg Interest Component Floating
- DV_IT_OUT - Derivative Out Leg Interest Component Fixed

1.2.8. Special/Other Features

Other Features

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

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

1.2.9. Reports Availability

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

- Back Dated Contracts Report

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

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

Other Special Maintenance

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

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

2. ANNEXURE

Refer to the attached Event Accounting Excel.